

CITY OF BROOKSVILLE, FLORIDA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2013

**CITY OF BROOKSVILLE, FLORIDA
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INTRODUCTORY SECTION

**CITY OF BROOKSVILLE, FLORIDA
GOVERNMENTAL OFFICIALS CONTENTS
YEAR ENDED SEPTEMBER 30, 2013**

CITY COUNCIL

MAYOR	KEVIN HOHN
VICE MAYOR	FRANKIE BURNETT
COUNCIL MEMBER	LAURA BRADBURN
COUNCIL MEMBER	JOE JOHNSTON
COUNCIL MEMBER	JOE BERNARDINI

CITY MANAGER

T. JENNENE NORMAN-VACHA

INTERIM FINANCE DIRECTOR

JIM DELACH

CITY CLERK

JANICE L. PETERS

CITY ATTORNEY

THE HOGAN LAW FIRM

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

City Council
City of Brooksville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brooksville, Florida, (the "City") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2013, and the respective changes in net position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter Regarding a Correction of an Error

As described in Note 13 to the financial statements, the City has restated beginning net position as of September 30, 2013 to correct reporting of capital assets to account for capitalized interest in the amount of \$477,397 and to correct reporting and recognize the fire fighters' net pension asset. The net pension asset at the beginning of the year was \$78,836. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining and individual fund statements and schedules and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Lakeland, FL
May 23, 2014

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

The City of Brooksville's (the "City") management discussion and analysis is intended to provide a narrative introduction to the basic financial statements and an analytical overview of the City's financial activities for the fiscal year ending September 30, 2013.

FINANCIAL HIGHLIGHTS

- The assets of the City of Brooksville exceeded its liabilities at September 30, 2013 by \$43,874,643 (net position) and decreased \$1,495,769. Of this amount, \$3,441,676 of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- As of September 30, 2013, the City of Brooksville's governmental funds reported combining ending fund balances of \$5,162,282 which decreased \$600,367 from the previous fiscal year.
- General Fund expenditures and transfers out came in under final budget projections by \$874,698. General Fund expenditures excluding transfers out are down from September 30, 2012 by \$1,455,628. The major differences are that the Fire Department was moved to a Special Revenue Fund.
- Utility Fund Cash and Cash Equivalents decreased from \$3,121,712 at the beginning of the fiscal year to \$2,938,838 at the end of the fiscal year. The primary reason in the decrease is the construction of the reuse components at the City's Cobb Road Wastewater Treatment facility. Total capital expenditures for the fiscal year were \$644,309. Of the \$2,938,838 Cash and Cash Equivalents, \$1,098,696 is unrestricted.
- The Cash and Cash Equivalents for the Sanitation Fund decreased from \$550,534 at the beginning of the fiscal year to \$470,484 at the end of the fiscal year. The Sanitation Fund purchased equipment in the amount of \$213,197 by paying cash which accounted for the decrease in Cash Equivalents.
- Total net position of the Pension Trust Funds (Police and Fire) increased by \$1,157,300. The main reason for the increase was a gain on the total investment earnings of \$1,012,591. Net position of the two plans were \$9,769,558. This compares to \$8,612,258 for fiscal year ending September 30, 2012. The improvement in the equities market during September 30, 2013 improved our pension reserves considerably after the earlier serious economic downturn.
- City adopted an electric and propane Public Service Tax effective January 1, 2004. In the 2012-2013 fiscal year the tax brought in \$742,056 in revenues. This is a decrease of \$39,062 from the previous fiscal year.
- The City of Brooksville complied with the maximum millage levy allowed by Florida Department of Revenue Chapter 2007-321. The City's millage in 2013 was set at 6.7317 mills. The millage rate was 6.6000 in 2012.
- On April 28, 2011, the City Council approved the Guaranteed Energy Savings Performance Contract with Energy Systems (ESG). The City with ESG designed projects that are guaranteed to generate energy and operational savings. These energy projects are guaranteed by ESG to generate enough savings to offset the loan payments. The projects selected are City Hall and Public Works HVAC, City Hall roof, Public Works and Walking Trail Lighting, and radio-read meter change out. Through SunTrust, the City issued debt on May 20, 2011 in the amount of \$3,333,022 entitled "City of Brooksville, Florida Capital Improvement Revenue Note, Series 2011, and Financing Energy Performance Projects." The radio read meter project started in the summer of 2011 and was completed in October 2011. At the close of the fiscal year ending September 30, 2012, all the original projects

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

were completed. The remaining energy project that was added by City Council is the City Police Station HVAC budgeted for \$133,056 in the fiscal year 2012/2013 budget and was completed in fiscal year ending September 30, 2013.

- In October 2012, the City proceeded with the installation of the reuse components to their Cobb Road Water Reclamation Facility. The funding for the Cobb Road expansion is coming from Bond Settlement funds, Sewer Impact Fees, and the Southwest Florida Water Management District Reuse Cooperative Funding Agreement. At the close of our fiscal year ending September 30, 2012, the City had spent \$3,429,419 on the project. In December 2012, the City received confirmation from the Southwest Florida Water Management District that the City had met the contractual obligation that the reclaim portions of our Cobb Road Wastewater Treatment Plant were completed on time.
- The City's Sanitation Fund purchased in 2012-2013 a 2014 Peterbilt Model 320 Garbage truck at a cost of \$196,770. In addition, the Fund purchased a 2013 Ford F-150 4X2 pickup truck at a cost of \$16,427. The monies for both vehicles came out of the Sanitation reserves.
- Funding through the City's Vehicle Replacement Fund purchased two 2013 Dodge Charger police cars costing \$68,430. In addition, the City purchased a 2013 Dodge Charger for \$28,505 from the Federal Edward Byrne Memorial JAG Program Grant (Patrol Vehicle Program).
- The City's Multi-Capital Fund (a Capital Projects Fund) provided the funding and capitalized the Peck Sink Water Course Improvement Project at a cost of \$113,000.
- Our McKethan Capital Projects Fund funded resurfacing of our tennis courts located at McKethan Park at a cost of \$9,650.

CITY HIGHLIGHTS

- The City County adopted a special fire assessment for the fiscal year 2012/2013 budget year. The estimated revenue from the assessment is budgeted at \$380,000. The Fire Department Fund was created and moved from General Fund. The City's Fire Department will be funded via the special assessment and a transfer from General Fund.
- The South Brooksville Water, Sewer, and Storm water project is a joint project between Hernando County and the City of Brooksville. Hernando County issued the notice to proceed on July 12, 2011. The project was funded by a \$750,000 Community Development Block Grant. The project installed 5,359 linear feet of 8-inch water main to replace previously undersized lines to serve residents with potable water and provide adequate water pressure and volume for firefighting and property protection. The project installed 650 linear feet of 2-inch water main for providing potable water. The project installed 24 new fire hydrants and 47 new water service connections for existing customers. Remaining grant dollars of \$64,684 were used for building sidewalks which were completed in February 2013. The City will own the water and sewer lines when completed and add new sewer customers to their system which will increase our utility's revenues.
- The City's past annexations envisioned substantial growth; and with the world-wide economic crisis behind us, we see growth in our future. Southern Hills Plantation has plans for 1,163 residences in a gated golf community. In 2009, Hampton Ridge Developers (developer for Southern Hills Plantation) filed for bankruptcy reorganization. On October 25, 2010 Hampton Ridge Developers sold the Southern Hills Development to Greenpointe Communities, LLC and subsidiaries. The sale included the golf club, the amenity center, the platted lots not owned by private individuals, and the undeveloped parcels outside of the Southern Hills Plantation development.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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- In fiscal year 2009-2010 one (1) single family residential permit was issued in the Southern Hills Plantation and was completed in November 2011. The value of the new home totaled \$625,000. In fiscal year 2010-2011 four (4) new single family residential permits were issued at a construction cost of \$1,194,370. In fiscal year 2011-2012 seven single family homes have been finalized at a total construction cost of \$826,020. In fiscal year 2012-2013, seven single family residential permits were issued in Southern Hills with a total valuation of \$2,500,260.
- Cascades at Southern Hills retirement development had plans to build out to 925 units. On November 9, 2007 Levitt & Sons Hernando County, LLC filed Chapter 11 Bankruptcy. Levitt & Sons were developing Cascades at Southern Hills. On October 31, 2009 this property was purchased by a development company with corporate names listed known as CASHP1, 2 & 3LLC's. In the Cascades, eleven (11) new homes were permitted and Certified for Occupancy in 2009-2010 totaling \$1,757,367. In 2010-2011 three (3) new residential homes were permitted and Certified for Occupancy with construction cost of \$392,240. In fiscal year 2011-2012 two new single family homes were finalized at a value of \$230,000. There were no single family home permits issued in the Cascades during October 1, 2012 through September 30, 2013.
- Majestic Oaks near the Brooksville County Club is proposing 900 units.
- In fiscal year 2009-2010, outside of the Southern Hills/Cascades development area there were two (2) single family residential homes permitted and Certified for Occupancy within the City with a total construction cost of \$136,500. In fiscal year 2010-2011, outside of the Southern Hills/Cascades developments, there were three new single family residential homes permitted of which all three have been certified for occupancy at a construction cost of \$212,950. There were no new construction homes permitted in fiscal year 2011-2012 outside of Southern Hills and Cascades area. In 2012-2013, there was one single family residence permit issued outside of Southern Hills valued at \$202,785.
- The old Brooksville Regional Hospital Facility was renovated into "The Grande" which is an adult living facility with 170 units which are leased. In fiscal year 2010, commercial renovations to the old hospital building were originally completed to provide 60,000 square feet of commercial space and the project was called Oaks Towne Centre. Due to the economic climate and the fact the residential portion of The Grande was at full capacity; the project owner of the commercial space elected to convert said commercial space (Oaks Towne Centre) into 95 additional residential units (Grande Phase II). The work to convert the commercial space into 95 residential units at a cost of \$1,100,000 was completed in late 2012.
- In fiscal year 2008-2009 there was limited commercial permit activity. The activity included the City fire station renovation and a renovation of the County animal control building. In fiscal year 2009-2010, McDonald's and L.R.E. Ground Services had commercial renovations. The total construction costs permitted in fiscal year 2009-2010 were \$250,000. In fiscal year 2010-2011 permits were issued for the Enrichment Center at the Quarry in the amount of \$1,000,000. Also, in fiscal year 2010-2011, there were 22 additional permits issued for commercial interior build outs, renovations, additions/expansions and ADA Compliance which totaled \$1,108,000. Alteration permits for 2011-2012 have been issued totaling \$29,400. Alteration permits for 2012-2013 have been issued totaling \$730,007. In 2012-2013, 4 new commercial permits were issued and included O'Reilly Auto Parts, a pavilion for Saxon Manor, a new addition to the Police Department and an "Ice House" business, all totaling \$710,340.

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

- In 2006, the City took back the Building Division services function that was being provided by Hernando County. The City hired PDCS, LLC as the contractual company to handle the building inspections and the building permits activity for the City.

USING THIS ANNUAL REPORT

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

Government-wide Financial Statements

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

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. The focus of the Statement of Net Position (the "unrestricted net position") is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

The government-wide financial statements include the City of Brooksville (the primary government) and the component unit, Brooksville Community Redevelopment Agency. The City formed the Brooksville Fire District, but the District was dissolved in 2012.

The government-wide financial statements can be found on pages 21-22 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial transactions of the City are

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

recorded in individual funds and each fund has a self-balancing set of accounts. All of the funds of the City can be divided into three categories: governmental, proprietary, and fiduciary. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

The City maintains multiple funds; however certain funds are combined for presentation purpose as presented in these financial statements. Information is presented separately in the Balance Sheet and in the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Brooksville Community Redevelopment Agency, the Fire Department Fund, the Traffic Camera Fund, the Utility Fund, and the Sanitation Fund, which are considered to be major funds. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in this report, immediately following the notes to the financial statements.

The City adopts an annual appropriated budget for its General Fund and other governmental funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget and are presented as required supplemental information.

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

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

The basic governmental fund financial statements can be found on pages 21-26 of this report.

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

The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on pages 27-31 of this report.

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

The basic fiduciary fund financial statements can be found on pages 32-33 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes can be found on pages 34-69 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning budgetary comparisons and the City's progress in its obligation to provide pension benefits to its employees. Combining and individual fund statements can be found on pages 73-109 of this report. The schedule of funding progress and contributions of the pension trust funds can be found on pages 71-72 of this report.

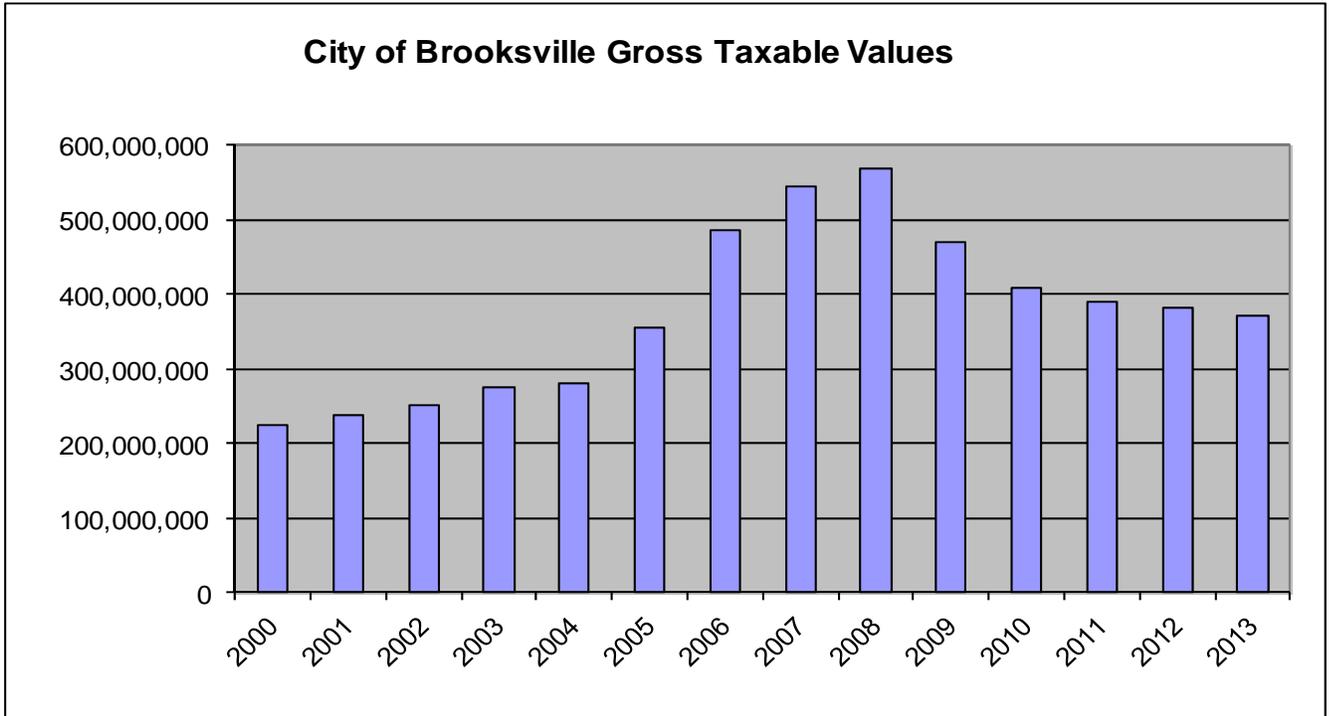
ECONOMIC FACTORS

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

The annual estimates for the population of Brooksville were identified as being 7,711 which was used in the fiscal year 2012-2013 State Revenue Sharing calculations. The City of Brooksville's Community Development Department estimates that the City will experience growth in population of 14.3% over the next 10 years. This estimate is based on the 2010 U.S. Census and the growth in the last decade within the City.

Although, the official data from the Hernando County Property Appraisers for 2014 is not yet available it is expected that the City's taxable values may increase. In the 2013 Tax Year the current year gross taxable value is \$371,205,008. In the 2012 Tax Year the current year gross taxable values for operating purposes were \$381,485,556. This is a drop in taxable values of \$10,280,548 and a 2.7% decline in values in one year. In 2008, the final gross taxable values were \$568,431,915 (the highest in the City's history); this is a decline of \$194,688,672 from 2008 to 2013 and over a 34.7% loss in values in that period. At the 2013 millage rate of 6.7317mills, the decline of \$194,688,672 represents a decrease in annual Ad Valorem revenues of approximately \$1,245,056 (at 95%) in the span from the high in 2008 to 2013. This has been a challenge for many Florida cities as their property values drop. However, we believe that the City of Brooksville property values for 2014-15 will start to increase after the 5 year decline. Values are increasing; the City's has increased new single family home permits. The Chart below shows the City's gross taxable values from 2000 to 2013.

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Hernando County's unemployment stood at 9.4% in December 2012 and down from 12.7% one year ago. It is also higher than the state rate of 7.9% and the 7.7% national rate. The highest unemployment rate in Hernando County in the last 20 years was 15.4% recorded in November 2010. The halt in residential and commercial construction hit the County hard. As an indicator, the City in 06-07 collected \$183,685 in Building permits. In 07-08 the City collected \$128,932 in Building permits; and in 08-09 the City collected 123,831—a 33% decline from 06-07. In 2009-2010, the City collected \$112,109 Building permits revenues and in 2010-2011 the City collected \$95,835. In 2011-2012 the City collected \$97,583 Building permits revenues. In 2012-2013 the City collected \$97,211 Building permit revenues.

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

Approximately nine years ago, the City increased in size from approximately 5 square miles to approximately 10.68 square miles through voluntary annexations. These annexations increased the acreage of taxable property within City boundaries. The City is also helping improve the taxable property base by encouraging high quality development and redevelopment. Both of these measures should increase the City's future revenue streams that will assist economically for decades to come. The recent economic downturn has impacted the timing of the future revenue streams, however we believe in several years the economic cycle will improve and growth at a sustainable rate will begin again. Nationally franchised retail chains are noticing Brooksville's changing demographics and have moved to the area. To assist in promoting business, the City

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Council repealed the City Occupational Business License Tax in 2008 and maintaining a low millage of 6.7317 mills.

The list of national retailers who are in the City includes Wal-Mart, Lowe's Home Improvement, Tractor Supply, Applebee's, Dunkin Donuts and Baskin Robbins, McDonalds, Wendy's, Popeye's, CVS, and Walgreen's. Countless other established retailers and small local businesses continue to do business in our City. In 2009, Beef O' Brady's Restaurant was a new addition to the City and an Express Lube was completed on Cortez Boulevard. In 2009-2010 LRE Ground Services purchased the former Grubbs property on South Main Street for their operations. Under construction, in 2013 is the \$640,000 new O'Reilly Auto Parts on South Broad. Also, the renovation of the Old Brooksville Regional Hospital to The Grande (originally 75 assisted living units) which has turned a vacant building to a beautiful asset to the City. Due to the economic climate and the fact that the residential portion of The Grande is at full capacity; the project owner of the commercial space elected to convert the commercial space into 95 additional residential units. The Grande Phase II has been completed with the construction value of \$1,100,000.

The City is also being proactive in how it will accommodate new growth by planning in advance to upgrade City facilities. In particular, the City is currently making improvements to its water and sewer transmission lines so that existing and future customers can take advantage of the highest quality services. The City has also established a private-public partnership venture to expand its wastewater treatment facility, which will provide reuse water for irrigation purposes. The Developer and the City made a direct purchase of equipment for the Wastewater Treatment Plant and stored the equipment until actual construction begins. There was a delay in the construction due to the bankruptcy of the Developer. However, the City was able to settle its lawsuit with the bonding companies and proceeded with the planned improvements to their Cobb Road Water Reclamation Facility. The re-use component of our Cobb Road Waste Reclamation Facility will be a huge asset to the City and her residents for years to come. In addition to infrastructure improvements, the City is expanding and improving public areas like parks and landscaped right-of-ways so as to create an ideal environment for people to live, work and play.

Prominent businessman Dr. Dennis Wilfong is serving as Brooksville's Ambassador of Commerce and Employment to promote business and development in the City and Hernando County. Working with Dr. Wilfong is Mrs. Michael Heard who serves as the President/Festival Coordinator of the Florida Blueberry Festival which is now 3 years old. It was estimated that the inaugural festive brought upwards of 45,000 to 50,000 visitors to Brookville. Hernando County Commissioner Dave Russell was quoted in the January 31, 2013 *Hernando Today* that the Brookville Blueberry Festival is a priority because it attracts tourists and it raises the County's profile. This is part of the proactive approach of the City Council and the City Manager to encourage growth and promote our beautiful City along with being the county governmental seat.

The City is also taking on significant "green initiatives" by retrofitting lighting in City facilities to save electricity (and taxpayer dollars). On April 12, 2011, the City Council approved the Guaranteed Energy Savings Performance Contract. Council approved the conservation measures projects to move forward to be completed through the guaranteed energy Savings Performance contract. The selected conservation projects totaling \$3,333,022 are the City Hall HVAC, City Hall roof, Public Works HVAC, Public Works lighting, walking trail lighting, and radio-read water meter replacement. Those projects were completed and the remaining dollars were utilized for the City Police HVAC which was added to the fiscal year 2012-2013 Budget. Also, the City has partnered with the Brooksville Wal-Mart Distribution center to provide curb-side recycling to City residents which began September 2, 2009. A recycling truck was purchased in 2011-2012 by our Sanitation Fund. There is no charge to the City residents for this program. The growth has slowed, but the

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City is optimistic that growth will come back with a City that offers many amenities to her residents. The following tables highlight some of the noteworthy development activities that has been planned in and around the City of Brooksville:

Project Name	Acreage	Land Use	Units	Comments/Status
GGW, LLC/BTM, LLC	75	Single Family Residential	131 Units proposed	Annexed. Land use and zoning approved
Brooksville Associates Wiscon Rd.	41.165	Townhouses	156 Units proposed	Zoning, Master Plan approved
Hometown America (Cloverleaf)	19	Manufactured Housing	Up to 68 lots	Rezoning, Master Plan approved and preliminary plat approved
State Road 50 West	N/A	Anticipated commercial development along SR 50 corridor	Expected growth due to Brooksville Regional Hospital	City providing supporting water and sewer on SR50
Innovators Investment Group	7.71	Commercial & Professional Development	Undetermined at present time	Land use, zoning & CPA approved
Malouf Enterprises- Horse Lake Rd.	25	Commercial PDP	Beef O'Brady's and undetermined additional commercial units	Commercial PDP approved; Beef O'Brady's has opened and other shops have opened and occupy the commercial center
Metro Bay Development (Old Hospital site redevelopment)	11	Residential & Commercial	75 units and with an additional 95 units built in 2012	Approved master plan/plat. Adult living units completed; commercial plan abandoned and 95 additional residential units were built within the previously planned commercial space
Southern Hills Plantation	1,189	Residential w/associated Recreational and commercial uses	1,163 residences proposed in gated golf course community; 240,000 sq. feet retail/office	Annexed May 2003; infrastructure is complete in Phase 1 & 2. Nearing completion in Phase 3 and 3A-1. Chapter 11 on 6/10/09. Purchased by Greenpointe October 2010. Infrastructure for approved phases being completed by City with bond proceeds in 2012
The Cascades	414	Residential	925 residences proposed in a age-restricted (senior) gated community	Annexed. Phase I infrastructure compl. in 2011. Filed Chapter 11 Bankruptcy in November 2007. Property assumed by Key Bank. Key Bank sold property to CASHP1,2,&3 LLC's.
Majestic Oaks	428	Residential, Multi-family, Commercial and recreational	900 residences proposed	Annexed, CPA approved 2/12 /07. Zoning appr. 6/18/ 08.
Brooksville Country Club North and of Majesty Oaks	168	Residential Units and Townhouse Units	53 SRF 80 MFR units proposed	Annexed. CPA approved 2/12/07. Zoning approved 6/18/08.
Southern Pines	31	Multi-family residential	240 Condominiums proposed	Annexed March 2004, partial first phase constructed. Developer filed bankruptcy and has since deceased. Property has been taken over by lenders.
Southern Pines	9	Multi-family residential	64 Condominiums proposed	Developer filed bankruptcy and has since deceased. Property has been taken over by lenders.
Brook Haven Apartments	16	Multi-family residential with amenities	160 units	Project completed in 2006
SeaGate	77	Residential PDP	Vacant-proposed office with Multi-Family and Single Family	Annexed 1/3/11
Cornerstone Communities	9.7	Commercial; greater than 100,000 sq. feet.	Proposed Commercial PDP	Annexed 3/15/11; CPA 3/15/10

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THE CITY AS A WHOLE

The City's combined net position as of September 30, 2013 was \$43,874,643. Table 1 below reflects the condensed Statement of Net Position for the last two years:

The largest portion of the City's net position (80.6%) are its investment in capital assets such as land, buildings, and machinery and equipment, less the outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens; consequently these assets are not available for future spending. It is also important to recognize that other resources will be required to repay the outstanding debt on capital assets.

Restricted net position, representing (11.5%) of total net position, are based on Government Accounting Standards Board Statement No. 54 for Governmental Activities. The restricted for business type activities is external restrictions on how the funds may be used. The remaining (7.8%) are unrestricted net position. The unrestricted net position total \$3,441,676 which may be used to meet the City's ongoing obligations to citizens and creditors. The City's overall financial position continues to be healthy.

Table 1	Governmental Activities		Business-Type Activities		Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 7,384,695	\$ 7,780,949	\$ 4,349,166	\$ 4,884,073	\$ 11,733,861	\$ 12,665,022
Capital Assets, net of deprec.	12,302,676	12,319,691	38,561,759	38,843,955	50,864,435	51,163,646
Total Assets	<u>19,687,371</u>	<u>20,100,640</u>	<u>42,910,925</u>	<u>43,728,028</u>	<u>62,598,296</u>	<u>63,828,668</u>
Long-Term Liabilities	3,765,369	3,849,838	12,554,275	12,923,809	16,319,644	16,773,647
Other Liabilities	1,112,763	863,713	1,291,246	1,377,129	2,404,009	2,240,842
Total Liabilities	<u>4,878,132</u>	<u>4,713,551</u>	<u>13,845,521</u>	<u>14,300,938</u>	<u>18,723,653</u>	<u>19,014,489</u>
Net Position:						
Net Investment in Capital Assets	8,667,791	8,467,182	26,699,269	26,274,774	35,367,060	34,741,956
Restricted	3,225,765	4,029,279	1,840,142	1,148,690	5,065,907	5,177,969
Unrestricted	2,915,683	2,890,628	525,993	2,003,626	3,441,676	4,894,254
Total Net Assets	<u>\$ 14,809,239</u>	<u>\$ 15,387,089</u>	<u>\$ 29,065,404</u>	<u>\$ 29,427,090</u>	<u>\$ 43,874,643</u>	<u>\$ 44,814,179</u>

Table 2 below is the condensed change in net position for the fiscal year ended September 30, 2013. This schedule compares the revenues and expenses for the primary government for the current and previous fiscal years.

Table 2 shows us the cost of governmental expense activities this fiscal year was \$10,617,260 going up 36.2% from last year. The City's total governmental activities revenues increased \$4,074,223 due to the Interfund transfers and other taxes. Property tax collections went down by \$265,524. Table 2 shows the cost of Business-type expense activities was \$5,014,609 (increase of 1.7% over last year). The Business-type accounts revenues decreased from 2012 to 2013 by \$4,075,782; this was due to the decrease of Capital Grants and Contributions of \$2,138,746 and Interfund transfers decreased by \$1,638,070. Business-type charges for services decreased by 4.3%.

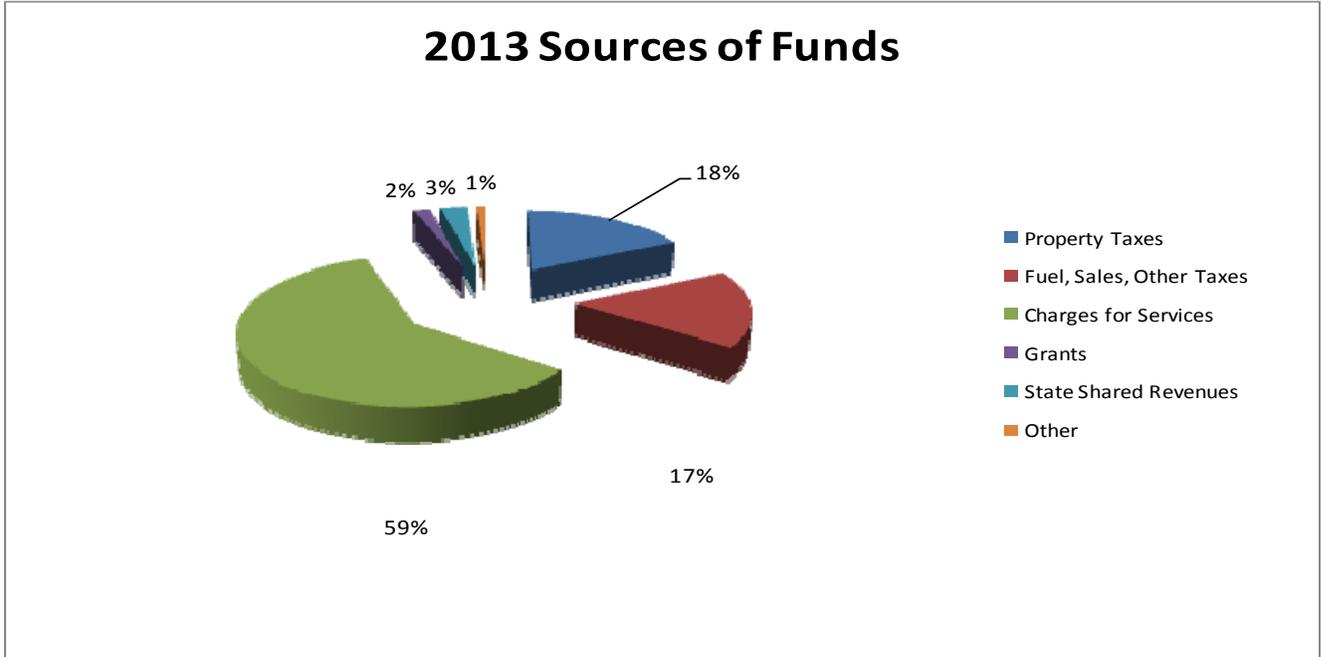
**CITY OF BROOKSVILLE, FLORIDA
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On Table 2, the total primary government expenses were \$15,631,869. There was an increase from the previous year by \$2,907,880. Total primary government revenues were down slightly by \$1,559. Capital Grants and Contributions totaled \$156,209 which was down by \$2,185,710 mainly because of the contribution from the South Florida Water Management District taxes on the Cobb Road reuse facility in 2012. Taxes brought in to the City totaled \$5,325,204.

Table 2	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
Charges for Services	\$ 3,606,462	\$ 1,508,606	\$ 4,775,747	\$ 4,985,739	\$ 8,382,209	\$ 6,494,345
Operating Grants and Contributions	81,155	65,098	-	-	81,155	65,098
Capital Grants and Contributions	28,775	75,739	127,434	2,266,180	156,209	2,341,919
Property Taxes	2,477,077	2,742,601	-	-	2,477,077	2,742,601
Fuel Taxes	247,184	256,284	-	-	247,184	256,284
Sales Taxes	344,948	334,343	-	-	344,948	334,343
Other Taxes	1,853,510	1,191,605	-	-	1,853,510	1,191,605
State Shared Revenues	402,485	402,499	-	-	402,485	402,499
Investment Earning	8,367	49,984	5,581	22,048	13,948	72,032
Miscellaneous	166,080	378,980	31,061	85,354	197,141	464,334
Sale of Capital Assets	4,804	-	-	18,214	4,804	18,214
Interfund Transfers	764,297	(1,119,388)	(764,297)	873,773	-	(245,615)
Total Revenues	9,985,144	5,886,351	4,175,526	8,251,308	14,160,670	14,137,659
Expenses						
General Government	2,765,333	1,916,941	-	-	2,765,333	1,916,941
Public Safety	5,978,979	3,959,562	-	-	5,978,979	3,959,562
Physical Environment	221,431	170,167	-	-	221,431	170,167
Transportation	688,842	583,431	-	-	688,842	583,431
Culture and Recreation	829,796	948,028	-	-	829,796	948,028
Interest on long-term debt	157,449	214,616	-	-	157,449	214,616
Utility Fund	-	-	3,769,413	3,896,209	3,769,413	3,896,209
Sanitation Fund	-	-	1,245,196	1,035,035	1,245,196	1,035,035
Total Expenses	10,641,830	7,792,745	5,014,609	4,931,244	15,656,439	12,723,989
Change in Net Position	(656,686)	(1,906,394)	(839,083)	3,320,064	(1,495,769)	1,413,670
Net Position, Beginning of Year	15,465,925	17,293,483	29,904,487	26,107,026	45,370,412	43,400,509
Net Position, End of Year	\$ 14,809,239	\$ 15,387,089	\$ 29,065,404	\$ 29,427,090	\$ 43,874,643	\$ 44,814,179

The pie chart below shows the 2013 Sources of Funds Government-wide with the data obtained from Table 2 above. Charges for Services provide 59% of our Revenues. Property taxes provide 18% and Fuel, Sales, and Other Taxes provide 17%. State Shared Revenues and miscellaneous provide 4%. Grants this year provided 2% of the City's revenues. The dependence on revenues, such as sales and use taxes and state revenue sharing limits the City's ability to change or improve revenue streams as part of managing resources. Also, the dependence on property taxes and State revenues create issues if the City's property values drop and if the State revenue collections drop due to the economic downturn. A bright spot is the long economic downturn appears to be over and in the future our property values will likely rise giving us higher ad valorem tax revenues.

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**



The City's Funds

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

Governmental Funds

Governmental funds are comprised of the general fund, special revenue funds, debt service funds, permanent funds and capital projects funds. Governmental funds use the current financial resources measurement focus that provides information on the near-term inflows, outflows and balances of spendable resources. See page 23 which begins the governmental funds detail.

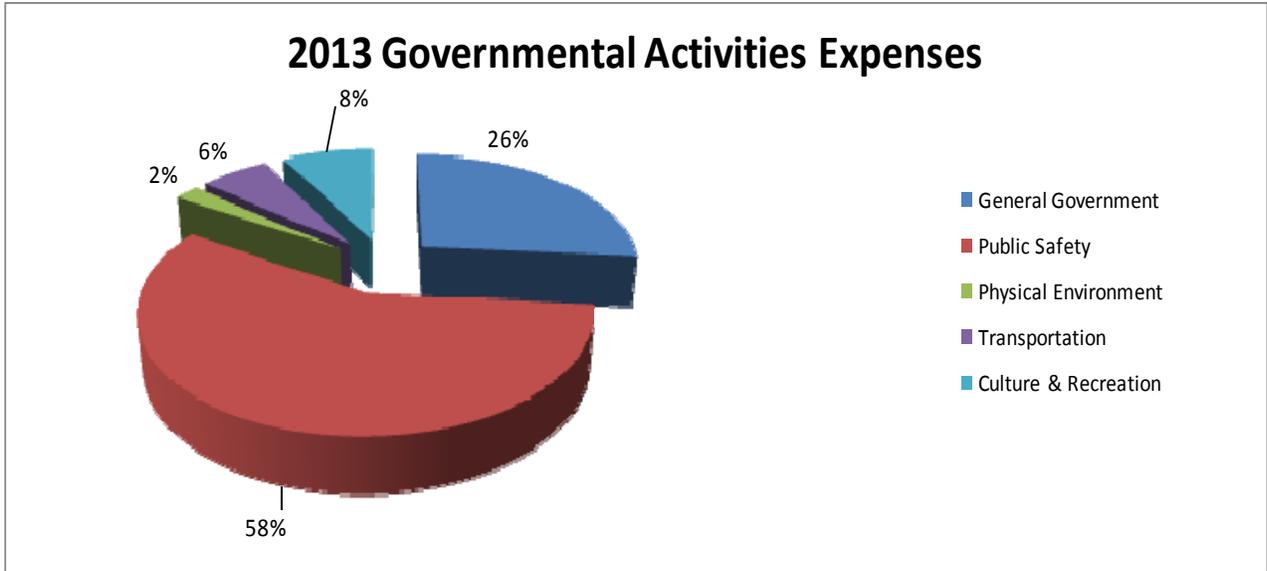
There are four major funds in the governmental fund group. The four major funds are the General Fund, Brooksville Community Redevelopment Agency, Traffic Camera Fund and Fire Department Fund. To determine a major fund, GASB 34 requires a two-step process based on 10% and 5% criteria. The General Fund is the chief operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund. At the end of the fiscal year, the fund balance of the General Fund was \$1,035,640. The fund balance increased from the previous year in the amount of \$318,475.

The Brooksville Community Redevelopment Agency (CRA) is considered a major fund based on Section 163.387(8) F.S. In meeting the statutory requirements, the CRA Fund must be treated as a major fund. The Brooksville CRA Fund Balance was \$478,416 at September 30, 2013.

The nonmajor governmental funds consist of Special Revenue Funds of \$2,275,013, Capital Projects Funds of \$505,429, Debt Service Funds of \$67,875 and a Permanent Fund of \$365,208. The nonmajor Government Funds had a year-end Fund Balance of \$3,213,525. Together the City had approximately \$5.16 million in Fund Balance Reserves as opposed to \$5.8 million in the previous year.

**CITY OF BROOKSVILLE, FLORIDA
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The pie chart below indicates the percentage of dollars spent on governmental activities. Public Safety makes up 57% of the City's governmental activities. General Government is 26% of the total governmental activities. General government includes City Manager's Office, Finance, Human Resources, Community Development, and Technology Services. Streets are 7% and Culture and Recreation activities are 8%. Physical Environment is 2%. The information is obtained from Table 2 on page 14.



Proprietary Funds

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

The Utility Fund represents the City's water and sewer utility. The Fund experienced a negative change in net position of \$894,257. The change in capital grants and contributions and transfers In were the primary reason for the decrease. Current assets decreased by \$234,915 from the previous fiscal year. Total liabilities decreased by \$470,719 from the previous fiscal year. Charges for services decreased \$140,993 from the previous year. Operating expenses increased by \$83,692 from the previous year due to an increase in depreciation.

The Sanitation Fund sustained a negative change in net position of \$39,356. The Fund purchased a Ford 150 Pickup Truck and a 2014 Peterbilt Truck and Heil Body out of its cash reserves without the need to borrow the funds.

The Internal Service Funds reports activities that provide a service to the City's other operations for vehicle maintenance, vehicle replacement, and equipment replacement. Internal service funds are combined with governmental activities in the government-wide statements since they primarily benefit governmental activities.

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The presentation below shows the reserves in Vehicle Replacement for each fund with additional detail presented in General Fund departments:

VEHICLE REPLACEMENT RESERVES

Administration and Finance	\$	39,061
Police		3,258
Fire		439,008
Streets		71,675
Parks		4,227
General Fund Total		<u>557,229</u>

Utility Fund		181,915
Sanitation Fund		686,961
Proprietary Funds Total		<u>868,876</u>
Grand Total	\$	<u>1,426,105</u>

Capital Assets

The City's capital assets (net of accumulated depreciation) as of September 30, 2013 reflect an investment of \$50,864,435 on Statement of Net Position. Please refer to Note 5 beginning on pages 50 and 51 to review detail of the Capital Asset activity for the fiscal year ended September 30, 2013. In compliance with GASB #34, the City report infrastructure assets, such as roads and bridges.

Significant increases in assets or Construction in Progress (CIP) this fiscal year include:

- The City's Vehicle Replacement Fund capitalized two police vehicles costing \$68,430. In addition, the City capitalized one police vehicle from the Federal Edward Byrne Memorial JAG Program Grant (Patrol Vehicle Program) for \$28,505.
- The Equipment Replacement Fund capitalized \$13,573 for a Tractor with Loader for the Parks Department.
- We capitalized \$11,889 for the remodel of Customer Service.
- \$64,393 was capitalized for the Police Department Lobby Expansion and Strom Windows and Doors.
- We capitalized \$14,192 for an in car Video System, DVR System, ATV Camera, and Rear Facing Camera for the Police Department.
- John Grubbs Boulevard and McKethan Park parking improvements was capitalized at a cost of \$199,936. Funding came from the Public Building Impact Fees.
- This fiscal year, the City received \$588,860 in U. S. Department of Housing and Urban Development CDBG funding for water lines and fire hydrants. We installed 5,359 linear feet of

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

8-inch water main to replace undersized lines to serve residents and also installed 1,650 linear feet of 2-inch water main. With the funding, we installed 24 new fire hydrants and installed 47 new water service connections for existing customers. The project was completed in February 2013.

- The Utility Fund capitalized \$44,758 for a Pot Hole Trailer and \$107,000 for a Ford F750 Truck with Manata and Crane.
- Approximately \$3.4 million was spent during the fiscal year on the City's Cobb Road Water Reclamation Facility reuse component. The funding was coming from the Southwest Florida Water Management District (SWFWMD), sewer impact fees, and the bond settlement funds based on the settlement of the surety bond litigation. In December 2013, the City received confirmation from the SWFWMD that the City had met the contractual obligations of the SWFWMD cooperative funding agreement on time.
- The Sanitation Fund purchased a 2014 Peterbilt Truck and Hail Body at a cost of \$196,770 and a Ford F150 Pickup Truck at a cost of \$16,427. This was purchased from Sanitation reserves with no debt attached.

Long-term Debt

The City purchased a new ladder truck for the fire department on November 10, 2005. SunTrust Bank issued the loan for \$633,659. The balance on the loan as of September 30, 2013 is \$378,041 interest rate of 4.23% maturing May 10, 2021. See Note 6 page 52 for further details.

The City obtained a \$258,800 (at 4.125%) Capital Improvement Revenue Bond in November 2006 with a maturity of 30 years. The loan was financed through USDA and included a grant portion of \$286,000. The loan/grant was utilized to purchase emergency generators and retrofit the City Hall and Police Department windows. Refer to Note 6 beginning on page 52. The balance as of September 30, 2013 is \$170,000. Mobile Home licenses are the assigned collateral for this USDA Bond Payable.

The City borrowed through SunTrust \$3,333,022 on May 20, 2011. The Note Payable is entitled City of Brooksville, Florida Capital Improvement Revenue Note, Series 2011 and Financing Energy Performance Projects. The Note Payable interest rate is at 4.136% maturing October 2026 with quarterly payments. The debt will fund energy conservation projects. The City has a Guaranteed Energy Savings Agreement with Energy Systems Group approved on April 28, 2011. This agreement guarantees that the debt service will be offset by the energy savings. See Note 6 beginning on page 52.

In 2011, the Utility Fund borrowed two loan payables via the State Revolving Fund to the State of Florida Department of Environmental Protection. Both are semiannual payments and are due February 15, 2031. The total debt at September 30, 2013 is \$942,517 at 2.3%. The project associated with the debt was sewer rehabilitation with a combination of grant/loan proceeds. See Note 6 page 52.

In 2013, the City Council approved the issuance of the 2013 SunTrust Water and Sewer Refunding Revenue Bond in the amount of \$9,510,366 for the Utility Fund. The loan has an interest rate of 2.442% and will mature on October 1, 2027. The total debt at September 30, 2013 is \$9,439,706. This action refunds the following two Revenue Bonds and Hancock Bank loan:

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MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

- The 1999 Water and Sewer Revenue Bond have a principal balance due of \$5,492,000 which was due in 2039. The bonds carry interest rates of 3.25%. The funds were used for the construction of the Cobb Road Wastewater Treatment Plant and transmission lines.
- In November 2002, the City issued \$6,610,000 in Water and Sewer Revenue Refunding Bonds to refund outstanding 1988A and 1992 Series bonds. As a result of the refunding, the City reduced their debt service requirements by \$1,257,216. The bonds carry interest rates varying from 2.50% to 4.60%.
- The Hancock Bank City of Brooksville, Florida Subordinated Water and Sewer Revenue Notes in the amount of \$1,558,656 were issued July 23, 2008. The loan had quarterly installments with 3.49% interest rate which would have matured in August 15, 2018. This loan financed certain improvements to the City-owned water and sewer system primarily along the State Road 50 West corridor. The Hancock Note paid out a SunTrust line of credit that was utilized during the construction phase from 2005 thru 2008.

Performance Measured Against Expectations (Budget)

General Fund revenues were under budget by \$764,765. The major difference was tax revenues when comparing budget to actual. General Fund expenditures were under budget by \$826,815 (excluding transfers out).

There were specific expenditures that exceeded budget for Traffic Camera Fund, Bond Settlement Fund and Law Enforcement Trust Fund during the year.

2013 Millage Rate

The City's elected and appointed officials considered many factors when adopting the fiscal year 2012-2013 Annual Budget. The State of Florida under s. 200.185, F.S, required that the City adopt a tax levy permitted under the law. If the City adopted a tax levy that exceeds the maximum tax levy, s. 200.185, F.S. requires that the municipality will lose their half-cent sales tax distribution. By majority vote, the tax authority could levy a maximum millage equal to their rolled-back rate adjusted for the change in per capita Florida personal income (.10447% for 2013). The City of Brooksville's maximum rate by majority vote was 10.4566 mills (exceeds the 10 mill cap). A two-thirds vote maximum millage allowed by law exceed was 12.6023 mills which exceeds the maximum millage allowed of 10 mills. The City of Brooksville complied with the requirements and did not lose their half-cent sales tax distribution. In 2013, the City adopted the millage rate of 6.6000. The current year rolled-back rate was 6.5834 which was only slightly over the adopted rate.

The rolled-back rate is a tax rate the county property appraiser determines is necessary to give a governmental agency the same amount of property tax dollars it received during the previous budget year.

The 2013 millage rate of 6.6000 was 3.8566 mills lower than required by the State of Florida with a majority vote. This is a testament to the City's elected officials and management by maintaining the same millage rate with property values that have dropped over the last four years.

Acknowledgements

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

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

Requests for Information

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

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Pooled Cash and Investments	\$ 6,297,095	\$ 1,569,180	\$ 7,866,275
Accounts Receivable, Net	365,079	363,604	728,683
Internal Balances	(92,827)	92,827	-
Due from Other Governments	153,125	348,347	501,472
Inventories	6,855	132,515	139,370
Prepaid Items	17,572	2,551	20,123
Net Pension Asset	75,370	-	75,370
Restricted Assets:			
Cash and Investments	562,426	1,840,142	2,402,568
Capital Assets not being Depreciated	4,042,235	3,520,610	7,562,845
Capital Assets Net of Accumulated Depreciation	8,260,441	35,041,149	43,301,590
Total Assets	<u>19,687,371</u>	<u>42,910,925</u>	<u>62,598,296</u>
LIABILITIES			
Accounts Payable	380,494	134,707	515,201
Accrued Interest Payable	34,767	118,580	153,347
Accrued Wages Payable	117,022	28,450	145,472
Deposits	63,291	381,960	445,251
Other Current Liabilities	200,600	13,303	213,903
Unearned Revenue	7,802	-	7,802
Non-Current Liabilities:			
Due Within One Year:			
Accrued Compensated Absences	82,163	20,063	102,226
Notes Payable	220,624	44,303	264,927
Revenue Bonds Payable	6,000	549,880	555,880
Due in More Than One Year:			
Accrued Compensated Absences	180,845	32,334	213,179
Notes Payable	3,244,261	898,214	4,142,475
Revenue Bonds Payable	164,000	8,889,826	9,053,826
Other Long-Term Liabilities	176,263	2,733,901	2,910,164
Total Liabilities	<u>4,878,132</u>	<u>13,845,521</u>	<u>18,723,653</u>
NET POSITION			
Net Investment in Capital Assets	8,667,791	26,699,269	35,367,060
Restricted:			
Restricted - Business Type Activities	-	1,840,142	1,840,142
Restricted - Governmental Activities	3,225,765	-	3,225,765
Unrestricted	2,915,683	525,993	3,441,676
Total Net Position	<u>\$ 14,809,239</u>	<u>\$ 29,065,404</u>	<u>\$ 43,874,643</u>

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2013**

Functional/Program Activities	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
Primary Government							
General Government	\$ 2,765,333	\$ 151,634	\$ 264	\$ -	\$ (2,613,435)	\$ -	\$ (2,613,435)
Public Safety	5,978,979	3,365,781	3,809	28,775	(2,580,614)	-	(2,580,614)
Physical Environment	221,431	-	-	-	(221,431)	-	(221,431)
Transportation	688,842	(3,356)	-	-	(692,198)	-	(692,198)
Culture and Recreation	829,796	92,403	77,082	-	(660,311)	-	(660,311)
Debt Service							
Interest on Long-Term Debt	157,449	-	-	-	(157,449)	-	(157,449)
Total Governmental Activities	10,641,830	3,606,462	81,155	28,775	(6,925,438)	-	(6,925,438)
Business-Type Activities:							
Utility	3,769,413	3,472,726	-	127,434	-	(169,253)	(169,253)
Sanitation	1,245,196	1,303,021	-	-	-	57,825	57,825
Total Business-Type Activities	5,014,609	4,775,747	-	127,434	-	(111,428)	(111,428)
Totals Primary Government	\$ 15,656,439	\$ 8,382,209	\$ 81,155	\$ 156,209	(6,925,438)	(111,428)	(7,036,866)
General Revenues:							
Taxes							
Property Taxes					2,477,077	-	2,477,077
Utility Taxes					1,238,733	-	1,238,733
Fuel Taxes					247,184	-	247,184
Franchise Taxes					609,301	-	609,301
Sales Taxes					344,948	-	344,948
Other Taxes					5,476	-	5,476
State Shared Revenue					402,485	-	402,485
Investment Earnings					8,367	5,581	13,948
Miscellaneous					166,080	31,061	197,141
Gain (Loss) on Sale of Capital Assets					4,804	-	4,804
Transfers, Net					764,297	(764,297)	-
Total General Revenues, Contribution of CIP and Transfers					6,268,752	(727,655)	5,541,097
Change in Net Position					(656,686)	(839,083)	(1,495,769)
Net Position - Beginning of Year, as Previously Reported					15,387,089	29,427,090	44,814,179
Prior Period Adjustment					78,836	477,397	556,233
Net Position - Beginning of year, as Restated					15,465,925	29,904,487	45,370,412
Net Position, End of Year					\$ 14,809,239	29,065,404	\$ 43,874,643

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2013**

	Major Funds					
	General Fund	City of Brooksville Community Redevelopment Agency	Traffic Camera Fund	Fire Department Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Pooled Cash and Investments	\$ 901,287	\$ 478,416	\$ 453,734	\$ 20,852	\$ 3,014,042	\$ 4,868,331
Restricted Pool Cash and Investments	-	-	-	-	562,426	562,426
Accounts Receivable	204,526	-	55,662	103,826	1,065	365,079
Due from Other Funds	39,875	-	-	-	17,811	57,686
Advance to Other Funds	97,516	-	-	-	-	97,516
Due from Other Governments	69,864	-	5,325	730	77,206	153,125
Inventories	1,925	-	-	-	-	1,925
Prepaid Items	17,572	-	-	-	-	17,572
Total Assets	\$ 1,332,565	\$ 478,416	\$ 514,721	\$ 125,408	\$ 3,672,550	\$ 6,123,660
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	\$ 118,015	\$ -	\$ 3,388	\$ 13,437	\$ 242,914	\$ 377,754
Accrued Wages Payable	88,752	-	-	27,098	-	115,850
Unearned Revenue	1,609	-	-	103,826	6,193	111,628
Due to Other Funds	17,811	-	-	24,440	15,435	57,686
Deposits	63,291	-	-	-	-	63,291
Other Current Liabilities	7,447	-	28,680	4,559	194,483	235,169
Total Liabilities	296,925	-	32,068	173,360	459,025	961,378
FUND BALANCE						
Nonspendable:						
Inventories	1,925	-	-	-	-	1,925
Prepaid Items	17,572	-	-	-	-	17,572
Long-Term Accounts Receivable	67,500	-	-	-	-	67,500
Advance to Other Funds	97,516	-	-	-	-	97,516
Restricted:						
Special Revenue Funds	-	478,416	-	-	2,234,011	2,712,427
Capital Project Funds	-	-	-	-	80,255	80,255
Debt Service Funds	-	-	-	-	67,875	67,875
Permanent Funds	-	-	-	-	365,208	365,208
Committed:						
Special Revenue Funds	-	-	482,653	-	41,002	523,655
Assigned:						
General Fund	160,420	-	-	-	-	160,420
Capital Project Funds	-	-	-	-	425,174	425,174
Unassigned (deficit)	690,707	-	-	(47,952)	-	642,755
Total Fund Balance (Deficit)	1,035,640	478,416	482,653	(47,952)	3,213,525	5,162,282
Total Liabilities and Fund Balance	\$ 1,332,565	\$ 478,416	\$ 514,721	\$ 125,408	\$ 3,672,550	\$ 6,123,660

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013**

Fund Balances - Total Governmental Funds \$ 5,162,282

Amounts reported for governmental activities in statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.

Governmental Capital Assets	17,214,576	
Less: Accumulated Depreciation	<u>(5,413,182)</u>	11,801,394

The net pension asset is not an available resource and, therefore, is not reported in the governmental funds		75,370
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Accrued Compensated Absences	(259,529)	
Notes Payable	(3,464,885)	
Bond Payable	(170,000)	
Other Long-Term Liabilities	<u>(176,263)</u>	(4,070,677)

Internal service funds are used by management to charge the costs of certain activities to the individual funds.

Assets and liabilities of the internal service funds that are reported in the governmental activities portion of the statement of net position.		1,927,387
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Operating income of the internal service funds is allocated between governmental activities and business-type activities. Internal service fund operating income allocated to business-type activities.		(190,343)
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Unearned Revenue is recognized as revenue in the government-wide statement of activities.		<u>103,826</u>
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Net Position of Governmental Activities		<u>\$ 14,809,239</u>
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See accompanying Notes to Financial Statements.

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	Major Funds					Total Governmental Funds
	General Fund	City of Brooksville Community Redevelopment Agency	Traffic Camera Fund	Fire Department Fund	Nonmajor Governmental Funds	
REVENUES						
Taxes	\$ 3,638,233	\$ 77,577	\$ -	\$ 301,972	\$ 247,184	\$ 4,264,966
Licenses and Permits	745,146	-	-	375	31,563	777,084
Intergovernmental Revenue	754,718	-	-	3,250	105,857	863,825
Charges for Services	182,484	-	-	-	21,214	203,698
Fines and Forfeits	63,156	-	2,713,342	-	47,644	2,824,142
Net Investment Earnings	1,307	563	-	-	6,832	8,702
Miscellaneous Revenues	150,133	-	9	4,804	19,993	174,939
Total Revenues	<u>5,535,177</u>	<u>78,140</u>	<u>2,713,351</u>	<u>310,401</u>	<u>480,287</u>	<u>9,117,356</u>
EXPENDITURES						
Current:						
General Government	1,628,963	-	-	-	77,082	1,706,045
Culture and Recreation	649,583	-	-	-	15,469	665,052
Public Safety	1,993,564	-	2,123,046	1,419,380	30,537	5,566,527
Physical Environment	102,649	29,498	-	-	-	132,147
Transportation	552,175	-	-	-	25,967	578,142
Debt Service:						
Principal	-	-	-	39,976	176,837	216,813
Interest	-	-	-	19,558	137,891	157,449
Aids to Private Organizations	-	21,943	-	-	896,366	918,309
Capital Outlay	52,656	21,337	37,536	-	592,466	703,995
Total Expenditures	<u>4,979,590</u>	<u>72,778</u>	<u>2,160,582</u>	<u>1,478,914</u>	<u>1,952,615</u>	<u>10,644,479</u>
Excess (Deficiency) of Revenues Over Expenditures	555,587	5,362	552,769	(1,168,513)	(1,472,328)	(1,527,123)
OTHER FINANCING SOURCES (USES)						
Transfers In	1,062,064	-	-	1,239,366	739,627	3,041,057
Transfers Out	(1,299,176)	-	(200,250)	(4,500)	(610,375)	(2,114,301)
Total Other Financing Sources (Uses)	<u>(237,112)</u>	<u>-</u>	<u>(200,250)</u>	<u>1,234,866</u>	<u>129,252</u>	<u>926,756</u>
NET CHANGE IN FUND BALANCES	318,475	5,362	352,519	66,353	(1,343,076)	(600,367)
Fund Balances, Beginning of Year	<u>717,165</u>	<u>473,054</u>	<u>130,134</u>	<u>(114,305)</u>	<u>4,556,601</u>	<u>5,762,649</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,035,640</u>	<u>\$ 478,416</u>	<u>\$ 482,653</u>	<u>\$ (47,952)</u>	<u>\$ 3,213,525</u>	<u>\$ 5,162,282</u>

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2013**

Net Changes in Fund Balances - Total Governmental Funds \$ (600,367)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for Capitalized Assets	\$ 606,886	
Less: Current Year Depreciation	<u>(541,326)</u>	65,560

Net pension asset is not a current financial resource and consequently is not reported in the funds. The current year change in this asset on the statement of net position. (3,466)

In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net position differs from the change in fund balance by the carrying value of the capital asset sold. (59,907)

Repayment of principal is an expenditure in the governmental funds, however the repayment reduces long-term liabilities in the statement of net assets. 216,813

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. The amounts below represent the change in these accounts.

Accrued Compensated Absences	(12,632)	
Other Long-Term Liabilities	<u>(176,263)</u>	(188,895)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service fund is reported with governmental activities. (190,250)

Some revenues reported in the statement of activities will not be collected for several months after the fiscal year and, therefore, are not reported as revenue in the governmental funds 103,826

Change in Net Position of Governmental Activities \$ (656,686)

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013**

	<u>Business-Type Activities</u>			Governmental Activities - Internal Service Fund
	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>	
ASSETS				
Current Assets:				
Pooled Cash and Investments	\$ 1,098,696	\$ 470,484	\$ 1,569,180	\$ 1,428,764
Accounts Receivable, Net	363,604	-	363,604	-
Due from Other Governments	347,576	771	348,347	-
Inventories	132,515	-	132,515	4,930
Prepaid Items	1,913	638	2,551	-
Total Current Assets	<u>1,944,304</u>	<u>471,893</u>	<u>2,416,197</u>	<u>1,433,694</u>
Non-Current Assets:				
Restricted Assets:				
Cash and Investments	1,840,142	-	1,840,142	-
Capital Assets, Net:				
Land	1,148,912	47,020	1,195,932	-
Construction In Progress	2,324,678	-	2,324,678	-
Building	92,679	273,395	366,074	-
Improvement Other than Building	50,080,237	57,040	50,137,277	-
Machinery and Equipment	<u>1,739,827</u>	<u>1,888,935</u>	<u>3,628,762</u>	<u>1,453,084</u>
	55,386,333	2,266,390	57,652,723	1,453,084
Less: Accumulated Depreciation	<u>18,005,751</u>	<u>1,085,213</u>	<u>19,090,964</u>	<u>951,802</u>
Net Capital Assets	<u>37,380,582</u>	<u>1,181,177</u>	<u>38,561,759</u>	<u>501,282</u>
Total Non-Current Assets	<u>39,220,724</u>	<u>1,181,177</u>	<u>40,401,901</u>	<u>501,282</u>
Total Assets	<u>\$ 41,165,028</u>	<u>\$ 1,653,070</u>	<u>\$ 42,818,098</u>	<u>\$ 1,934,976</u>

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
SEPTEMBER 30, 2013**

	<u>Business-Type Activities</u>			Governmental Activities - Internal Service Fund
	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>	
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 82,696	\$ 52,011	\$ 134,707	\$ 2,740
Accrued Interest Payable	118,580	-	118,580	-
Accrued Wages Payable	23,175	5,275	28,450	1,172
Deposits	381,960	-	381,960	-
Accrued Compensated Absences - Current	14,646	5,417	20,063	-
Note Payable - Due within One Year	44,303	-	44,303	-
Bond Payable - Due within One Year	549,880	-	549,880	-
Other Current Liabilities	12,307	996	13,303	198
Total Current Liabilities	<u>1,227,547</u>	<u>63,699</u>	<u>1,291,246</u>	<u>4,110</u>
Non-Current Liabilities:				
Accrued Compensated Absences	23,379	8,955	32,334	3,479
Advance from Other Funds	97,516	-	97,516	-
Notes Payable	898,214	-	898,214	-
Bond Payable	8,889,826	-	8,889,826	-
Other Long-Term Liabilities	2,733,901	-	2,733,901	-
Total Non-Current Liabilities	<u>12,642,836</u>	<u>8,955</u>	<u>12,651,791</u>	<u>3,479</u>
Total Liabilities	13,870,383	72,654	13,943,037	7,589
NET POSITION				
Net Investment in Capital Assets	25,518,092	1,181,177	26,699,269	501,282
Restricted	1,840,142	-	1,840,142	-
Unrestricted (deficit)	<u>(63,589)</u>	<u>399,239</u>	<u>335,650</u>	<u>1,426,105</u>
Total Net Position	<u>\$ 27,294,645</u>	<u>\$ 1,580,416</u>	28,875,061	<u>\$ 1,927,387</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			<u>190,343</u>	
Net Position of Business-Type Activities			<u>\$ 29,065,404</u>	

See accompanying Notes to Financial Statements.

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Utility Fund	Sanitation Fund	Total	
OPERATING REVENUE				
Charges for Services	\$ 3,472,726	\$ 1,303,021	\$ 4,775,747	\$ 273,384
Miscellaneous Revenues	21,908	9,153	31,061	386
Total Operating Revenues	3,494,634	1,312,174	4,806,808	273,770
OPERATING EXPENSES				
Personal Services	1,086,095	437,174	1,523,269	64,568
Other Services and Charges	1,035,611	672,875	1,708,486	22,653
Depreciation	1,490,038	149,090	1,639,128	103,402
Total Operating Expenses	3,611,744	1,259,139	4,870,883	190,623
OPERATING INCOME (LOSS)	(117,110)	53,035	(64,075)	83,147
NONOPERATING REVENUES (EXPENSES)				
Net Investment Earnings	5,150	431	5,581	(333)
Interest Expense	(189,767)	-	(189,767)	-
Issuance Costs	(48,489)	-	(48,489)	-
Gain on Sale of Capital Assets	-	-	-	8,497
Total Nonoperating Revenues (Expenses)	(233,106)	431	(232,675)	8,164
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(350,216)	53,466	(296,750)	91,311
CONTRIBUTIONS AND TRANSFERS				
Capital Grants and Contributions	127,434	-	127,434	-
Transfers Out	(671,475)	(92,822)	(764,297)	(187,031)
Total Contributions and Transfers	(544,041)	(92,822)	(636,863)	(187,031)
CHANGE IN NET POSITION	(894,257)	(39,356)	(933,613)	(95,720)
Net Position Beginning of Year, as Previously Reported	27,711,505	1,619,772		2,023,107
Prior Period Adjustment	477,397	-		-
Net Position Beginning of Year, as Restated	28,188,902	1,619,772		2,023,107
NET POSITION, END OF YEAR	\$ 27,294,645	\$ 1,580,416		\$ 1,927,387
Adjustment to Reflect Consolidation of Internal Service Fund Activities Related to Enterprise Funds.			94,530	
CHANGE IN POSITION OF BUSINESS-TYPE ACTIVITIES			\$ (839,083)	

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2013**

	<u>Business-Type Activities</u>			Governmental Activities - Internal Service Fund
	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 3,479,144	\$ 1,325,489	\$ 4,804,633	\$ 277,454
Payments to Suppliers	(1,023,587)	(436,523)	(1,460,110)	(64,667)
Payments to Employees	(1,081,987)	(663,428)	(1,745,415)	(22,684)
Net Cash Provided by Operating Activities	<u>1,373,570</u>	<u>225,538</u>	<u>1,599,108</u>	<u>190,103</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to Other Funds	<u>(676,608)</u>	<u>(92,822)</u>	<u>(769,430)</u>	<u>(187,031)</u>
Net Cash (Used) by Noncapital Financing Activities	(676,608)	(92,822)	(769,430)	(187,031)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Grants and Contributions	483,247	-	483,247	-
Acquisition and construction of capital assets	(644,309)	(213,197)	(857,506)	(82,002)
Proceeds from sale of assets	-	-	-	8,497
Principal paid on long term debt	(1,115,438)	-	(1,115,438)	-
Debt Retired	(8,902,000)	-	(8,902,000)	-
Debt Issued	9,510,366	-	9,510,366	-
Interest paid	(168,363)	-	(168,363)	-
Issuance Costs	<u>(48,489)</u>	<u>-</u>	<u>(48,489)</u>	<u>-</u>
Net Cash (Used) by Capital and Related Financing Activities	(884,986)	(213,197)	(1,098,183)	(73,505)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of Interest and Dividends	5,150	431	5,581	(333)
Net Cash Provided by Investing Activities	<u>5,150</u>	<u>431</u>	<u>5,581</u>	<u>(333)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(182,874)	(80,050)	(262,924)	(70,766)
Cash and Cash Equivalents, Beginning of Year	<u>3,121,712</u>	<u>550,534</u>	<u>3,672,246</u>	<u>1,499,530</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,938,838</u>	<u>\$ 470,484</u>	<u>\$ 3,409,322</u>	<u>\$ 1,428,764</u>
CLASSIFIED AS:				
Unrestricted	\$ 1,098,696	\$ 470,484	\$ 1,569,180	\$ 1,428,764
Restricted	1,840,142	-	1,840,142	-
Total Cash and Cash Equivalents	<u>\$ 2,938,838</u>	<u>\$ 470,484</u>	<u>\$ 3,409,322</u>	<u>\$ 1,428,764</u>

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2013**

	<u>Business-Type Activities</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>	
RECONCIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (117,110)	\$ 53,035	\$ (64,075)	\$ 83,147
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense and Amortization	1,490,038	149,090	1,639,128	103,402
(Increase) Decrease in:				
Accounts Receivable	11,895	13,315	25,210	3,685
Inventories	(9,242)	-	(9,242)	(963)
Prepaid Items	(64)	(17)	(81)	-
Increase (Decrease) in:				
Accounts Payable	12,373	9,430	21,803	1,000
Accrued Wages Payable	3,644	(90)	3,554	(612)
Other current Liabilities	8,957	34	8,991	(69)
Deposits	1,760	-	1,760	-
Accrued Compensated Absences	464	741	1,205	513
Other Long-Term Liabilities	(29,145)	-	(29,145)	-
 Net Cash Provided by Operating Activities	 <u>\$ 1,373,570</u>	 <u>\$ 225,538</u>	 <u>\$ 1,599,108</u>	 <u>\$ 190,103</u>

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2013**

	Private Purpose Trust Funds	Pension Trust Funds	Agency Funds
ASSETS			
Pooled Cash	\$ 12,698	\$ 304,676	\$ 27,845
Investment in Debt Securities	-	2,997,314	-
Investment in Marketable Equity Securities	-	6,435,523	-
Accounts Receivable	-	32,045	-
	<u>\$ 12,698</u>	<u>\$ 9,769,558</u>	<u>\$ 27,845</u>
Total Assets	<u>\$ 12,698</u>	<u>\$ 9,769,558</u>	<u>\$ 27,845</u>
 LIABILITIES AND FUND BALANCE			
Liabilities:			
Account Payable	-	-	2,600
Other Current Liabilities	5,825	-	25,245
	<u>5,825</u>	<u>-</u>	<u>27,845</u>
Total Liabilities	5,825	-	<u>\$ 27,845</u>
 NET POSITION			
Held in Trust for Retirement and Other Purposes	<u>6,873</u>	<u>9,769,558</u>	
Total Net Position	<u>\$ 6,873</u>	<u>\$ 9,769,558</u>	

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SEPTEMBER 30, 2013**

	Private Purpose Trust Funds	Pension Trust Funds
ADDITIONS		
CONTRIBUTIONS		
Employer	\$ -	\$ 310,845
Plan Members	-	31,532
Other	24,440	205,592
Total Contributions	24,440	547,969
INVESTMENT EARNINGS		
Net Increase (Decrease) in Fair Value	23	267,398
Gain on Sale of Investments	-	509,973
Interest and Dividends	7	235,220
Total Investment Earnings	30	1,012,591
TRANSFERS IN	31,925	-
MISCELLANEOUS REVENUES	-	241
Total Additions	56,395	1,560,801
DEDUCTIONS		
BENEFIT PAYMENTS	-	304,630
ADMINISTRATIVE EXPENSES	38,465	98,871
TRANSFERS OUT	7,355	-
Total Deductions	45,820	403,501
CHANGE IN NET POSITION	10,575	1,157,300
Net Position (Deficit), Beginning of Year	(3,702)	8,612,258
NET POSITION (DEFICIT), END OF YEAR	\$ 6,873	\$ 9,769,558

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 REPORTING ENTITY

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

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

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

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

City of Brooksville Community Redevelopment Agency

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

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 REPORTING ENTITY (CONTINUED)

Brooksville Housing Authority

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

Brooksville Fire District

The Brooksville Fire District was created by action of City Council on November 15, 2004. The members of the City Council serve as the members of the Brooksville Fire District Board. Resolution 2012-05 established a fire assessment to fund fire protection and related essential services within the City commencing fiscal year 2012-2013. The Brooksville Fire District satisfies the criteria for treatment as a blended component unit. A special revenue fund was established to account for these funds.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic Financial Statements - Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

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

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Basic Financial Statements - Government-Wide and Fund Financial Statements
(Continued)**

Government-Wide Financial Statements (Continued)

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

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

Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (or expenses), as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds of the City are divided into three categories: governmental, proprietary and fiduciary.

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

The City operates the following major governmental funds:

Government Funds

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

- The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **City of Brooksville Community Redevelopment Agency**, a major special revenue fund, accounts for expenditures associated with oversight and implementation of the City's redevelopment plan and control of the expenditures of tax increment financing funds placed in the City of Brooksville Community Redevelopment Agency.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Basic Financial Statements - Government-Wide and Fund Financial Statements
(Continued)**

Fund Financial Statements (Continued)

- The **Traffic Camera Fund**, a major special revenue fund, accounts for the funding of red light camera and expenditures associated with police protection.
- The **Fire Department Fund**, a major special revenue fund, accounts for the funding of fire protection and related essential services within the City.

Proprietary Funds

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

The City reports the following major proprietary funds:

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

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

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

Fiduciary Funds

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

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds (Continued)

The City reports the following fiduciary funds:

- The **Butterweck Bond Fund**, a private purpose trust fund, accounts for the fiscal activity to maintain Butterweck Crypt at Brooksville Cemetery.
- The **HRA Fund** accounts for the health reimbursement for City of Brooksville employees, retirees and employees families if participating in City medical insurance.
- The **Donor Memorial Wall Fund**, a private purpose trust fund, accounts for the Donor Memorial Wall at the Brooksville Cemetery.
- The **Fireman's Retirement Fund**, a pension trust fund, accounts for the firefighter's pension benefits, contractual services and investment services.
- The **Police Retirement Fund**, a pension trust fund, accounts for the poice pension benefits, contractual services and investment services.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

The modified accrual basis of accounting is followed by governmental funds. Under the modified accrual basis of accounting, revenues are recorded when they become measurable and available to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability has been incurred except for (1) principal and interest on long-term debt, which is recorded when due, and (2) the noncurrent portion of accrued vacation and sick leave.

Property taxes, sales taxes and franchise taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, fines and forfeitures, charges for sales and services (other than utility) and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until actually received. In the category of use of money and property, property rentals are recorded as revenue when received in cash, but investment earnings are recorded as earned, since they are measurable and available.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Budgets and Budgetary Accounting

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

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

As of September 30, 2013, the City's actual expenditures exceeded the budget for three funds, the Traffic Camera Fund, Law Enforcement Investigative Trust Fund, and the Bond Settlement Fund which is presented in the Nonmajor Governmental funds on the statement of revenues, expenditures and changes in fund balance. Upon legislative approval, the expenditure requests in the budget become binding appropriations, which may not legally be exceeded unless subsequently amended by the legislative body.

Encumbrance Accounting

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

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pooled Cash and Investments

All of the City's cash and investments except pension funds and certain bond related investments, are combined in a pooled cash accounting system to allow the investment of idle cash for short periods of time, thereby maximizing interest earnings for the City as a whole. Interest earned on pooled cash is allocated to each fund participating in the pool on a pro-rata basis.

Allowances For Uncollectibles

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

Investments

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

Inventories

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

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

Prepaid Items

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

Capital Assets

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

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value on date of donation. Capital assets in the proprietary funds are stated at cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided using the straight-line method. The estimated useful lives are as follows:

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Buildings	40 Years
Utility Plant in Service	20 - 40 Years
Equipment	5 - 10 Years
Infrastructure	10 - 50 Years

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

Compensated Absences

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

Additionally, City employees accumulate sick leave in varying amounts as services are provided. Effective with the first pay period each October, employees are given the option to convert up to 50% of the unused sick leave earned for the previous 12 months to cash payment based upon the employee's current rate of pay. The remaining balance is accrued for the employee's use. The exception to the 50% sick buy-back is members of the Brooksville Professional Firefighters' Local #4661; the annual 50% sick buy-back payment to the Firefighters' Local members is paid at the option of the City Manager if deemed in the best interest of the City. Upon separation or retirement of employment with the City, the balance of unused sick leave by City employees, with the exception of the Brooksville Professional Firefighters' Local #4661, has no value.

Based on the Labor Agreement between the City of Brooksville and the Brooksville Professional Firefighters' Local #4461, members of the Local #4461 are allowed a payment of sick leave upon termination unless an employee is terminated for gross misconduct. Members are paid 25% of their sick leave balance with 3 years but not including 7 years of service; members are paid 35% of their sick leave balance with 7 years but not including 15 years of service; and members are paid 50% of their sick leave balance with 15 or more years of service.

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

Governmental Fund Balances

Effective for the year ended September 30, 2011, the City adopted a Fund Balance Policy to comply with Governmental Accounting and Financial Standards Board Statement (GASB) No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balances (Continued)

The governmental fund types classify fund balance as follows:

Non-spendable fund balance - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

Committed fund balance - amounts that can be used only for the specific purposes determined by a formal action of the City Council, the City's highest level of decision making authority. Commitments may only be removed or changed by the City Council taking the same formal action that imposed the constraint. The commitment action should occur by the end of the fiscal year.

Assigned fund balance - amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. The City Council delegated the City Manager the authority to assign amounts to be used for specific purposes.

Unassigned fund balance - the residual classification for the City's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City has formally adopted a fund balance and spending policy to clearly define the process for tracking the various classifications of fund balance. When a fund expenditure is incurred which restricted, committed, assigned, or unassigned amounts are available to be used, the City will first use restricted amounts, then committed amounts, then assigned amounts, and finally unassigned amounts.

At September 30, 2013, the Fire Department fund had a fund balance deficit of \$47,952. The deficit in the Fire Department fund will be eliminated through future receipts of fire assessments.

Stabilization Arrangements

The City Council established a stabilization amount by formally requiring – in accordance with its Fund Balance Policy – that the City will maintain a minimum unassigned fund balance in its General Fund of 3% of the current year's budgeted expenditures and outgoing transfers. If fund balance falls below the minimum 3%, the City will replenish shortages/deficiencies over a period not to exceed one year using one or the combination of the following:

- The City will reduce recurring expenditures to eliminate any structural deficit
- The City will increase revenues or pursue other funding sources

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Stabilization Arrangements (continued)

The City's Fund Balance Policy also states an unassigned fund balance in its General Fund over 20% of the subsequent year's budgeted expenditures and outgoing transfers will be considered a surplus. If fund balance rises above 20%, the City will consider such fund balance surpluses for one-time expenditures that are non-recurring in nature and which will not require additional future expense outlays for maintenance, additional staffing or other recurring expenditures.

Statement of Cash Flows

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

Use of Estimates

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

Implementation of New Accounting Standards

During the year the City implemented GASBS 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, supersedes GASBS 20. GASBS 20 gave governments the choice to elect to follow only GASB's authoritative literature, or to follow FASB and AICPA pronouncements that did not conflict with GASB pronouncements. Upon adoption of GASBS 62, all governmental accounting guidance is codified into the GASB literature.

During the year the City implemented GASBS 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS 63 provides guidance on deferred outflows and inflows of resources. It also renames the residual amounts from "net assets" to "net position". These financial statements include the statement of net position, which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, as applicable.

During the year the City implemented GASBS 65, *Items Previously Reported as Assets and Liabilities*. GASBS 65 reclassifies certain items that were previously reported as assets and liabilities, as deferred outflows of resources or deferred inflows of resources to ensure consistency in financial reporting. The Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of major fund calculations and limiting the use of the term deferred in financial statement presentations. The implementation of this Statement eliminated deferred charges from the statement of net position as a result of expensing debt issuance costs (excluding debt insurance costs).

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 3 CASH AND INVESTMENTS

Cash Deposits

As of September 30, 2013, the City's cash deposits were entirely covered by federal depository insurance or by the banking network provided by Chapter 280 of the Florida Statutes. Florida Statutes provide for collateral pooling by banks and savings and loans, and limit local government deposits to "authorized depositories." Therefore, all cash deposits held by banks can be classified as fully insured. Customer deposits, renewal and replacement and debt retirement funds are shown as restricted cash due to the legal limitations imposed on them. At September 30, 2013, the carrying amount of the City's deposits was \$1,556,994 and the total book balances was \$1,468,624.

Custodial Risk

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its deposits and securities that are in the possession of an outside party. Demand deposits are fully insured by the Federal Depository Insurance Corporation and the multiple financial institution collateral pool, required by Sections 280.07 and 280.08, Florida Statutes. To mitigate custodial risk, broker/dealers must meet established capital requirements as set forth by the Securities Exchange Commission, be registered in the State of Florida, provide proof of registration, complete a broker/dealer questionnaire, certify understanding of the City's investment policy, and provide a copy of most recent audit report.

Investments

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

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

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

- a. Annuity and life insurance contracts;
- b. Time and savings accounts of National Bank and a State of Florida bank insured by FDIC;

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

- c. Obligations of the United States;
- d. State and local government bonds (as restricted); and
- e. Corporate stocks and bonds (as restricted).

Pension trust fund investments are made up primarily of trust company and equity funds (bank common funds). The investments are insured or registered securities that are held by the City or its agent, in the City's name. As of September 30, 2013, pension trust fund investments totaled \$9,432,837.

Credit Risk

Credit risk is the risk resulting from potential default of investments that are not financially sound. To mitigate credit risk, the City primarily invests in U.S. government securities and the State of Florida local government surplus trust fund pool. Money market accounts are held with qualified public depositories who meet the State of Florida requirements.

The following illustrates the credit quality distribution with credit exposure as a percentage of the City's investment securities.

<u>Investment Type</u>	<u>Credit Ratings</u>	<u>Concentration Risk at Fair Value</u>	<u>Percentage of Total Pooled Investments</u>
LGIP - SBA Florida PRIME	AAAm	\$ 2,298,443	26.13%
LGIP - SBA B	No Rating	71,373	0.81%
LGIP -FMIvT: 0-2 Year High Quality Bond	AAA/V1	4,364,391	49.61%
LGIP -FMIvT: 1-3 Year High Quality Bond	AAA/V2	1,434,499	16.31%
LGIP -FMIvT: Intermediate High Quality Bond Fund	AAA/V3	628,818	7.15%
Total		<u>\$ 8,797,524</u>	<u>100.00%</u>

The police and fire pension funds limit their credit risk by diversifying the investment portfolio so that potential losses on individual securities will be minimized.

The following illustrates the credit quality distribution with credit exposure as a percentage of the police pension fund investment securities.

<u>Investment Type</u>	<u>Credit Ratings</u>	<u>Concentration Risk at Fair Value</u>	<u>Percentage of Total Pooled Investments</u>
Domestic Equity	No Rating	\$ 1,785,567	41.77%
International Equity	No Rating	1,059,805	24.79%
Real Estate Investment Trust (REIT)	No Rating	129,183	3.02%
Fixed Income Mutual Funds	B	126,089	2.95%
Fixed Income Mutual Funds	AA	482,073	11.28%
Fixed Income Mutual Funds	AA	481,521	11.27%
Fixed Income Mutual Funds	B	126,821	2.97%
Fixed Income Mutual Funds	A	83,293	1.95%
		<u>\$ 4,274,352</u>	<u>100.00%</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Credit Risk (Continued)

The following illustrates the credit quality distribution with credit exposure as a percentage of the fire pension fund investment securities.

<u>Investment Type</u>	<u>Credit Ratings</u>	<u>Concentration Risk at Fair Value</u>	<u>Percentage of Total Pooled Investments</u>
Fixed Income			
US Government Obligations	Aaa	\$ 227,666	4.41%
Mortgage/Asset Back Securities	No Ratings	402,716	7.81%
Collateralized MTGE Obligations	Aaa	91,175	1.77%
Collateralized MTGE Obligations	Aa2	16,776	0.33%
Collateralized MTGE Obligations	A2	9,628	0.19%
Collateralized MTGE Obligations	A-	9,130	0.18%
Corporate Bonds	A1	52,198	1.01%
Corporate Bonds	A2	71,944	1.39%
Corporate Bonds	A3	183,833	3.56%
Corporate Bonds	Aa2	16,905	0.33%
Corporate Bonds	Aa3	9,944	0.19%
Corporate Bonds	Ba1	5,415	0.10%
Corporate Bonds	Baa1	194,460	3.77%
Corporate Bonds	Baa2	226,079	4.38%
Corporate Bonds	Baa3	46,253	0.90%
Corporate Bonds	BBB	10,436	0.20%
Foreign Bonds NTS	A2	22,154	0.43%
Foreign Bonds NTS	A3	21,008	0.41%
Foreign Bonds NTS	Aa2	23,890	0.46%
Foreign Bonds NTS	Baa1	31,329	0.61%
Foreign Bonds NTS	Baa2	18,448	0.36%
Foreign Bonds NTS	Baa3	6,131	0.12%
Domestic Equities	No Rating	2,670,977	51.78%
International Equities	No Rating	789,992	15.31%
Total		<u>\$ 5,158,487</u>	<u>100.00%</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the quality of investments in a single user. The City's investment policy requires that investments be diversified by security type and institution. Approximately 72.82% of the City's investments are in Florida Municipal Investment Trust. Approximately 26.85% of the City's Investments are in the Local Government Surplus Trust Fund Investment Pools.

To limit this risk, the fire pension fund requires that not more than 65% of the plan's assets may be invested in corporate, common stock and convertible bonds. Investment in real estate must not exceed 10% of the cost value of the fund. In addition, foreign securities shall not exceed 25% of the market value of the Plans' assets.

To limit this risk, the police pension fund has established allocation ranges by asset classed as followed:

<u>Asset Classes</u>	<u>Ranges</u>
Domestic Equity	25 - 45 %
International Equity	15 - 25 %
Real Estate Investment Trust (REIT)	0 - 10 %
Inflation Hedge	0 - 5 %
Fixed Income Mutual Funds	25 - 60 %
Cash Equivalent	0 - 20 %

Interest Rate Risk

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

<u>Investment Type</u>	<u>Average Duration</u>	<u>Total Fair Value</u>
LGIP - SBA Florida PRIME	0.12	\$ 2,298,443
LGIP - SBA B	4.04	71,373
LGIP -FMIvT: 0-2 Year High Quality Bond	0.68	4,364,391
LGIP -FMIvT: 1-3 Year High Quality Bond	1.52	1,434,250
LGIP -FMIvT: Intermediate High Quality Bond Fund	3.71	628,818
		<u>\$ 8,797,275</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

The City's pension trust funds do not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates. The performance of the police and fire pension funds are measured against various nationally recognized benchmarks depending on the category.

The police pension fund maturities are as follow:

	Fixed Income Mutual Funds
One to Five	\$ 734,983
Five to Ten	564,814
Total Fair Value	\$ 1,299,797

The fire pension fund maturities are as follow:

	Fixed Income Investments
One to Five	\$ 358,855
Five to Ten	651,096
More than Ten	687,567
Total Fair Value	\$ 1,697,518

NOTE 4 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due from Other Funds

The balances due from other funds were as follows at September 30, 2013:

General Fund	\$ 39,875
Cemetary Perpetual Care Fund	17,811
Total	\$ 57,686

Due to Other Funds

The balances due to other funds were as follows at September 30, 2013:

General Fund	\$ 17,811
Fire Department Fund	24,440
Nonmajor Governmental Fund	15,435
Total	\$ 57,686

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 4 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Advance to Other Funds

The balance advanced to other funds was as follows at September 30, 2013:

General Fund	\$ 97,516
Total	<u>\$ 97,516</u>

Advance from Other Funds

The balance advanced from other funds was as follows at September 30, 2013:

Utilities Fund	\$ 97,516
Total	<u>\$ 97,516</u>

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

Interfund Transfers In/Transfers Out

Individual interfund transfers were as follows for the fiscal year ended September 30, 2013:

	Transfers In	Transfers Out
General Fund	\$ 1,062,064	\$ 1,299,176
Traffic Camera Fund	-	200,250
Fire Department Fund	1,239,366	4,500
Utility Fund	-	671,473
Sanitation Fund	-	92,822
Internal Service Funds	-	187,031
Nonmajor Governmental Funds	739,627	610,375
Private Purpose Trust Fund	31,925	7,355
Total Transfers In/Transfers Out	<u>\$ 3,072,982</u>	<u>\$ 3,072,982</u>

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

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 5 CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2013 is as follows:

	Balance September 30, 2012	Additions	Deletions	Balance September 30, 2013
Governmental Activities				
Non-Depreciable:				
Land	\$ 1,510,978	\$ -	\$ -	\$ 1,510,978
Construction in Progress	2,595,803	158,872	223,418	2,531,257
Total Non-Depreciable	4,106,781	158,872	223,418	4,042,235
Depreciable:				
Buildings	5,965,884	81,463	-	6,047,347
Improvements Other Than Buildings	4,363,696	412,720	59,907	4,716,509
Equipment	3,771,390	257,985	167,803	3,861,572
Total Depreciable	14,100,970	752,168	227,710	14,625,428
Less: Accumulated Depreciation:				
Buildings	1,416,899	211,491	-	1,628,390
Improvements Other Than Buildings	2,038,723	194,454	-	2,233,177
Equipment	2,432,438	238,784	167,802	2,503,420
Total Accumulated Depreciation	5,888,060	644,729	167,802	6,364,987
Total Capital Assets, Being Depreciated, Net	8,212,910	107,439	59,908	8,260,441
Governmental Activities Capital Assets, Net	\$ 12,319,691	\$ 266,311	\$ 283,326	\$ 12,302,676

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 5 CAPITAL ASSETS (CONTINUED)

	Balance September 30, 2012	Prior Period Adjustment	Additions	Deletions	Balance September 30, 2013
Business-Type Activities (Includes Utility and Sanitation)					
Non-Depreciable:					
Land	\$ 1,195,933	\$ -	\$ -	\$ -	\$ 1,195,933
Construction in Progress	8,392,975	477,397	518,309	7,064,004	2,324,677
Total Non-Depreciable	9,588,908	477,397	518,309	7,064,004	3,520,610
Depreciable:					
Buildings	366,074	-	-	-	366,074
Improvements Other Than Buildings	43,073,274	-	7,064,006	-	50,137,280
Machinery and Equipment	3,263,805	-	364,952	-	3,628,757
Total Depreciable	46,703,153	-	7,428,958	-	54,132,111
Less: Accumulated Depreciation:					
Buildings	167,199	-	11,612	-	178,811
Improvements Other Than Buildings	15,555,517	-	1,295,110	-	16,850,627
Machinery and Equipment	1,849,862	-	211,662	-	2,061,524
Total Accumulated Depreciation	17,572,578	-	1,518,384	-	19,090,962
Total Capital Assets, Being Depreciated, Net	29,130,575	-	5,910,574	-	35,041,149
Business-Type Activities Capital Assets, Net	\$ 38,719,483	\$ 477,397	\$ 6,428,883	\$ 7,064,004	\$ 38,561,759

Depreciation expense was charged to the functions of the primary government as follows:

Governmental Activities

General Government	\$ 127,306
Public Safety	144,721
Physical Environment	64,689
Culture and Recreation	159,166
Transportation	45,444
Total Depreciation for Governmental Activities	<u>\$ 541,326</u>

Business-Type Activities:

Utility Fund	1,369,295
Sanitation Fund	149,090
Physical Environment	<u>\$ 1,518,385</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 6 LONG-TERM LIABILITIES

Long-term liability activity of the City for the year ended September 30, 2013 was as follows:

PRIMARY GOVERNMENT	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds Payable:					
2006 Capital Improvement Revenue Bonds	\$ 176,000	\$ -	\$ 6,000	\$ 170,000	\$ 6,000
Notes Payable:					
Promissory Note	418,017	-	39,976	378,041	41,766
2011 Capital Improvement Revenue Note	3,258,492	-	171,648	3,086,844	178,858
Total Notes Payable	3,676,509	-	211,624	3,464,885	220,624
Accrued Compensated Absences	250,376	297,071	284,439	263,008	82,163
Other Long-Term Liabilities	-	176,263	-	176,263	-
Governmental Activity-Long Term Liabilities	<u>\$ 4,102,885</u>	<u>\$ 297,071</u>	<u>\$ 502,063</u>	<u>\$ 4,074,156</u>	<u>\$ 308,787</u>
BUSINESS-TYPE ACTIVITIES					
Bonds Payable:					
1999A Water and Wastewater Bond	\$ 3,806,000	\$ -	\$ 3,806,000	\$ -	\$ -
1999B Water and Wastewater Bond	1,686,000	-	1,686,000	-	-
2002 Water and Wastewater Bond	3,410,000	-	3,410,000	-	-
Less: Deferred Charges on Refunding	(21,268)	-	21,268	-	-
Less: Unamortized Bond Discount	(760)	-	760	-	-
2013 Water and Sewer Refunding Revenue Bond	-	9,510,366	70,660	9,439,706	549,880
Total Bonds Payable	8,879,972	9,510,366	8,994,688	9,439,706	549,880
Notes Payable:					
Wastewater /ARRA Loan	593,377	-	26,063	567,314	26,666
Direct State Revolving Fund Loan	392,440	-	17,237	375,203	17,637
Hancock Bank Loan	1,001,478	-	1,001,478	-	-
Total Notes Payable	1,987,295	-	1,044,778	942,517	44,303
Accrued Compensated Absences	51,192	85,926	84,721	52,397	20,063
Other Long-Term Liabilities	2,763,046	-	29,145	2,733,901	-
Governmental Activity-Long Term Liabilities	<u>\$ 10,918,459</u>	<u>\$ 9,596,292</u>	<u>\$ 10,124,187</u>	<u>\$ 13,168,521</u>	<u>\$ 614,246</u>

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

Year	Governmental Activities		Business-Type Activities	
	2006 Capital Improvement Revenue Bonds		2013 Water and Sewer Refunding Revenue Bond	
	Principal	Interest	Principal	Interest
2014	\$ 6,000	\$ 7,013	\$ 549,880	\$ 227,194
2015	7,000	6,765	563,400	213,684
2016	7,000	6,476	576,690	200,379
2017	7,000	6,188	591,410	185,673
2018	7,000	5,899	605,940	171,143
2019 - 2023	42,000	24,709	3,260,040	625,356
2024 - 2028	51,000	15,387	3,292,346	204,518
2029 - 2033	43,000	4,249	-	-
	<u>\$ 170,000</u>	<u>\$ 76,686</u>	<u>\$ 9,439,706</u>	<u>\$ 1,827,947</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

The following bonds payable and notes payable were outstanding at September 30, 2013:

2006 Capital Improvement Revenue Bonds

In November 2006, the City issued \$258,800 in Capital Improvement Revenue Bonds, Series 2006 for the purpose of providing a part of the funds required to finance a part of the cost of acquiring and installing certain capital improvements to the City Hall Building and wastewater utility lift stations. The City established an advance between the General Fund and the Utility Fund for the Utility Fund's portion due for the cost of improvements at the wastewater utility lift stations. The balance of the advance at September 30, 2013 was \$97,516.

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

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

Without premium, if redeemed on September 1, 2035 or thereafter, but prior to maturity. The bonds matures on September 1, 2036.

2013 Water and Sewer Refunding Revenue Bonds

During 2013, City Council approved Resolution 2013-03 authorizing the issuance of the Water and Sewer Refunding Revenue Bond, Series 2013 of \$9,510,366. This action refunds the Water and Sewer Systems Bonds Series 1999, Water and Sewer Revenue Refunding Bonds Series 2002, and the Hancock Bank Subordinated Water and Sewer Revenue Note Series 2008. The 2013 Bonds have an interest rate of 2.442% and will mature on October 1, 2017. The cash flow savings is \$1,344,518 and the present value of the savings is \$657,542.

The loan requires the City to set aside the annual debt service for three years in the amount of \$777,087. After the three years are up based on meeting certain debt ratios, the \$777,087 will be available for capital or operating expenses. The new loan freed up Renewal and Replacement and Debt Service Fund reserves in the amount of approximately \$390,000 for capital expenditures which will be used for drilling wells at PHCC. In addition, old Renewal and Replacement (R&R) requirements on the old debt freed up annual required contributions from Water and Sewer Operating funds in the amount of \$65,712 to the year 2039.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Notes Payable

The notes payable included in Long-Term Liabilities as of September 30, 2013 consist of the following:

<u>Description</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
4.136% note payable to SunTrust Bank; principal and interest payable quarterly beginning January 1, 2012 until October 2026; subject to prepayment penalties; financing energy performance projects.	\$ 3,086,844
4.23% note payable to SunTrust Bank; interest only payable for the first two quarters; principal and interest payable quarterly beginning July 26, 2007 until May 10, 2021; used to purchase a 2006 Sutphan Fire Aerial Platform Truck.	378,041
Total	<u>\$ 3,464,885</u>
BUSINESS-TYPE ACTIVITIES	
2.3% state revolving fund note payable to the State of Florida Department of Environmental Protection; secured by and payable from the pledged funds; principal and interest payable in semiannual installments beginning August 15, 2011 until February 15, 2031	\$ 375,203
2.3% state revolving fund note payable to the State of Florida Department of Environmental Protection; secured by and payable from the pledged funds; principal and interest payable in semiannual installments beginning August 15, 2011 until February 15, 2031	567,314
	<u>\$ 942,517</u>

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

<u>Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 220,624	\$ 140,469	\$ 44,303	\$ 21,426
2015	229,952	131,099	45,329	20,399
2016	239,643	121,407	46,376	19,352
2017	249,782	111,268	47,448	18,278
2018	260,349	100,701	48,547	17,180
2019 - 2023	1,345,164	334,092	260,105	68,532
2024 - 2028	919,371	67,912	291,612	37,021
2029 - 2033	-	-	158,799	5,520
	<u>\$ 3,464,885</u>	<u>\$ 1,006,948</u>	<u>\$ 942,519</u>	<u>\$ 207,708</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Other Long-term Liabilities

The City has recorded a liability for the water and sewer impact fee credits in the Southern Hill Plantation development. As of September 30, 2013 the liability is \$2,733,901

The City has entered into an agreement with a vendor to monitor and enforced red light violations in accordance with applicable laws and ordinance. Per the agreement a monthly fee is charged based on number of traffic cameras per month per installed camera. However the City only pays a maximum of 50% per month of the monthly photo enforcement revenue generated by operation of the camera systems per the contract. Any payment shortfalls related to the difference between the fees and the enforcement revenue for the month is accumulated from month to month until paid in full. As of September 30, 2013, there was a shortfall of \$176,263. This amount was accrued in the governmental activities in the government-wide financial statements.

NOTE 7 PENSION

Retirement System

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

The Florida Retirement System (FRS) is a cost-sharing multiple-employer defined benefit public employee retirement system administered by the State of Florida Department of Administration. The FRS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The FRS issues a publicly available financial report that incorporates the financial statements and required supplementary information for the FRS. That report may be obtained by writing to State of Florida, Division of Retirement, Research Education Section, 1317 Winewood Blvd., Bldg 8, Tallahassee, Florida 32399-1560 or by calling (877) 377-1737.

FRS provides for vesting of benefits after 6 years of credit services. Normal retirement benefits are available to employees who retire at or after age 62 with 6 or more years of service. Early retirement is available after 6 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Benefits are based upon age, years-of-service credit and average compensation, which are computed using the individual's 5 highest yearly earnings. Benefits are established by Chapter 121, Florida Statutes and Chapter 22B, Florida Administrative Code.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 7 PENSION (CONTINUED)

Effective July 1, 1998, the FRS instituted the Deferred Retirement Option Program (DROP), which provides an alternative method for payment of retirement benefits for up to 60 months after a member reaches his normal retirement date. DROP allows eligible employees to save all retirement benefits plus interest for up to 60 months while continuing employment with a participating employer and receiving a salary. Regular monthly retirement benefits are determined at the time the employee enters DROP. At termination of employment, the employee will receive payment of the accumulated DROP benefits, and begin receiving their monthly retirement benefits.

Funding Policy: The Florida Retirement System requires a 3% contribution for members effective July 1, 2011. Employer contributions are based upon state-wide rates established by the State of Florida. From October 1, 2012 through June 30, 2013, the employer rates, which include the health insurance subsidy contributions of 1.11%, and the 0.03% administrative/education fee, are applied to employee salaries as follows: regular employees – 5.18%; senior management – 6.30%; and deferred retirement option plan – 5.44%. The employer contribution rates, effective July 1, 2013, which include the health insurance subsidy of contributions of 1.20%, and the 0.03% administrative/education fee, are applied to employee salaries as follows: regular employees – 6.95%; senior management – 18.31%; and deferred retirement option plan – 12.84%. The City’s contributions to FRS for the three years ended September 30, 2013, 2012 and 2011 were \$174,651, \$125,598 and \$281,450 respectively, equal to the required contribution for each year.

Firefighters’ Retirement Trust Fund

The City provides a retirement plan covering substantially all full time firefighters employed by the City. The plan was amended and restated by Ordinance 754-D, adopted by City Council on January 7, 2011. The plan is a defined benefit plan with actuarial valuations performed annually. The most recent valuation was done as of October 1, 2012.

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

Active Employees	19
Service Retirees	13
Beneficiaries	-
DROP Retirees	3
Terminated Vested	9
Disability Retirees	-
Total Participants	44

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 7 PENSION (CONTINUED)

Firefighters' Retirement Trust Fund (Continues)

The following is a summary of eligibility, contribution methods, and plan provisions:

Eligibility	Employees who are classified as full-time and volunteer firefighters shall participate in the System as a condition of employment
Vesting Schedule	100% after 10 years of credited service
Member Contributions	3.29% of salary effective 10/1/2010
Contribution Rate as of September 30, 2013	
City and State	51.74%
Plan Member	3.29%
Valuation Date	10/1/2012
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	28 Years (As of 10/1/12)
Actuarial Asset Valuation Method	4 Year Smooth
Actuarial Assumptions:	
Investment Rate of Return	7.75% (as of 10/1/12)
Projected Salary Increase	6.5%
Including Inflation at	3.0%
Post Retirement COLA	3.0%
(Beginning at age 56)	

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

<u>Year Ending September 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Assets)</u>
2013	\$ 320,441	99%	\$ (75,370)
2012	295,135	99%	(78,836)
2011	223,141	98%	(82,346)

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 7 PENSION (CONTINUED)

Firefighters' Retirement Trust Fund (Continued)

The City's annual pension costs and net pension obligation (assets) to the Firefighter's Retirement Trust Fund for the current year is show below:

Annual required contributions	\$ 316,975
Interest on net pension obligation (assets)	(6,110)
Adjustment to annual required contribution	9,576
Annual pension cost	<u>320,441</u>
Contributions made	<u>316,975</u>
Increase (decrease) in net pension obligation (assets)	3,466
Net pension obligation (assets) - beginning	(78,836)
Net pension obligation (assets) - ending	<u><u>\$ (75,370)</u></u>

*The actual determined contributions and the contributions made included both City and State Contributions beginning fiscal year September 30, 2012

The following represents funding progress for the Firefighter's Retirement Trust Fund funding status as of the most recent actuarial valuation date, is as follow:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annualized Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
10/01/12	\$ 4,810,525	\$ 6,488,945	\$ 1,678,420	74.13%	\$ 651,086	257.8%
10/01/11	4,484,550	6,219,138	1,734,588	72.11%	687,564	252.3%
10/01/10	4,527,289	5,896,346	1,369,057	76.78%	750,916	182.3%

Police Retirement Chapter 185

The City Council adopted Ordinance No. 552 on December 18, 1995, providing for the establishment of a Chapter 185 Local Law Municipal Police Officers' Pension Trust Fund effective for all police officers hired after January 1, 1996. The plan was amended and restated by Ordinance No. 770-A, adopted by City Council on May 3, 2010. The plan is a defined benefit plan.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 7 PENSION (CONTINUED)

Police Retirement Chapter 185 (Continued)

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

Active Employees	22
Service Retirees	-
Beneficiaries	-
DROP Retirees	-
Terminated Vested	7
Disability Retirees	-
Total Participants	29

The following is a summary of eligibility, contribution methods, and plan provisions:

Eligibility	Employee who are classified as full-time Police Offices hired after January 1, 1996 shall participate in the system as a condition of employment
Vesting Schedule	100% after 6 years of credited service
Member Contributions	1% of salary
Contribution Rate as of September 30, 2013	
City and State	34.90%
Plan Member	1.00%
Valuation Date	10/1/2012
Actuarial Cost Method	Aggregate
Amortization Method	N/A
Remaining Amortization Period	N/A
Actuarial Asset Valuation Method	4 Year Smoth
Actuarial Assumptions:	
Investment Rate of Return	7.75% (as of 10/1/12)
Projected Salary Increase	Graduated
Including Inflation at	3.8%
Post Retirement COLA	3.0%
(Age 55 to 65)	

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

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 7 PENSION (CONTINUED)

Police Retirement Chapter 185 (Continued)

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

<u>Year Ending September 30,</u>	<u>Annual Pension Cost (APC)*</u>	<u>Percentage of APC Contributed **</u>	<u>Net Pension Obligation</u>
2013	\$ 397,020	100%	\$ -
2012	292,599	100%	-
2011	277,567	100%	-

* Beginning September 30, 2012, this amount includes both City and State contributions.

**Plan drew required contribution from the surplus contribution account.

As of September 30, 2012, the Accumulated Funding Credit was \$715,882.

The following represents funding progress for the Polices' Retirement Trust Fund funding status as of the most recent actuarial valuation date, is as follow:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annualized Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
10/01/12	\$ 3,524,461	\$ 3,560,524	\$ 36,063	99.0%	\$ 1,155,943	3.1%
10/01/11	3,208,199	3,477,532	269,333	92.3%	1,162,664	23.2%
10/01/10	3,102,669	3,239,304	136,635	95.8%	959,684	14.2%

Schedule above discloses the funded ration the plan would have if it were utilizing the entry age normal cost method rather than the aggregate actuarial cost method as required by GASB 50.

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

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 8 TRUST FUNDS

Health Reimbursement Account (HRA) Fund

Effective October 1, 2008, the City established an HRA Fund in the Trust and Agency Funds in order to pay the annual HRA reimbursement to eligible employees. The annual maximum reimbursement is \$500 for each eligible employee; however, the employee must provide receipts of out-of-pocket medical expenses in order to receive reimbursement. The City has been providing an HRA benefit for a number of years; however, the HRA benefit was charged to an expense account in each Department. Based on the 2012-2013 budget, monies are being transferred from each Department to the HRA Fund to reimburse employees directly out of the HRA Fund. In 2012-2013, the City Funds transferred \$31,932 to the HRA Fund and the HRA Fund paid out to employees \$38,472. Reserve funds as accumulated will likely be used for health related initiatives for City employees based on direction from the City Manager and the City Council. Future budgets will likely have expenditures budgeted for those initiatives. Carryover reserves in the HRA Fund from the 2012-2013 year are \$4,640.

Donor Memorial Wall Trust Fund

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

During the fiscal year ended September 30, 2013, no money was collected for construction and engraving, nor was any money expended. A transfer of \$7,335 was done to close the corpus to the cemetery perpetual care fund and the general fund.

Butterweck Bond Fund

This Fund is used for the future maintenance of the Butterweck Crypt of the Brooksville Cemetery. As of September 30, 2013, the balance remaining is \$2,233.

Brooksville Fire District Trust

This Fund was formed for the future maintenance and operation of the Brooksville Fire District. As of September 30, 2013, the fund was closed.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 9 PROPERTY TAXES

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

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

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

Any persons owning real property upon which a tax certificate has been sold may redeem the property by paying the Tax Collector the face amount of the tax certificate plus interest and costs associated with the sale of the certificate. After taxes have been delinquent (April 1) for two years, the owner of a tax certificate may file an application for tax deed sale. The County is able to do the same two years after taxes were due (November 1). All taxes imposed on any property become a first lien, superior to all other liens, as of January 1, of the year the taxes are levied.

NOTE 10 RESTRICTED NET POSITION

As of September 30, 2013, restricted assets in the enterprise funds were held for the following purposes:

Utility Fund:	
Debt Retirement	\$ 788,825
Capital Improvement Reserves	671,117
Customers' Meter Deposits	380,200
Total Utility Fund	<u>\$ 1,840,142</u>

NOTE 11 RISK MANAGEMENT

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

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 11 RISK MANAGEMENT (CONTINUED)

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

On September 20, 2005 the Hernando County Board of County Commissioners voted to extend the prepayment of impact fees from one to three years. County property owners were allowed to prepay their impact fees prior to an increase on July 5, 2005. County property owners who prepaid impact fees were given until June 2, 2008 to obtain a building permit. If a building permit was not pulled by June 2, 2008, the increased impact fees would be charged. Subsequently, the Hernando County Board of Commissioners extended the prepaid program through June 2012. Through Interlocal Agreement, the City opted to assess the same impact fees for roads, public buildings, police, fire, parks, and schools as Hernando County. The City stopped collecting Impact Fees effective November 2011. As of September 30, 2013, the City had the following in prepaid impact fees: Road Impact Fees \$4,779; Public Building Impact Fees \$525; Police Impact Fees \$341; Fire Impact Fees \$230; and Parks Impact Fees \$318. The amounts are reflected as unearned revenues in the accompanying financial statements.

NOTE 12 INTERNAL SERVICE FUNDS

The three Internal Service Funds are used for two purposes: maintenance and replacement. The Fleet Maintenance Fund provides maintenance and repairs to the City's vehicles and equipment. The Vehicle Replacement Fund and the Equipment Replacement Fund are used to accumulate funds in advance for the purchase of vehicles and equipment. The Vehicle Replacement Fund sets aside cash to purchase a portion of the City's future vehicles. These vehicles are also depreciated within this Fund. The Equipment Replacement Fund reserves cash to purchase equipment for the four General Fund departments or divisions which are Cemetery, Parks, Streets, and the Quarry Golf Course. As of September 30, 2013, the reserves for Fleet Maintenance, Vehicle Replacement and Equipment Replacement Funds were \$10,879, \$1,885,562 and \$30,946, respectively. If necessary, the annual payments for services transfers are adjusted to maintain adequate, but not excessive cash reserves in the Fleet Maintenance Fund.

The maintenance and replacement schedule is allocated among the City as follows:

	Fleet Maintenance	Vehicle Replacement	Equipment Replacement	Total
General Fund	\$ 6,384	\$ 548,212	\$ 2,633	\$ 557,229
Utility Fund	2,661	179,254	-	181,915
Sanitation Fund	1,834	685,127	-	686,961
Total	<u>\$ 10,879</u>	<u>\$ 1,412,593</u>	<u>\$ 2,633</u>	<u>\$ 1,426,105</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 12 INTERNAL SERVICE FUNDS (CONTINUED)

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

The maintenance and replacement schedule is allocated among the following General Fund departments:

	Fleet Maintenance	Vehicle Replacement	Equipment Replacement	Total
Administration and Finance	\$ 37	\$ 39,065	\$ -	\$ 39,102
Police	1,417	1,843	-	3,260
Fire	604	438,859	-	439,463
Streets	2,959	67,211	1,575	71,745
Parks	1,269	1,234	1,058	3,561
Cemetery	98	-	-	98
Total	<u>\$ 6,384</u>	<u>\$ 548,212</u>	<u>\$ 2,633</u>	<u>\$ 557,229</u>

NOTE 13 PRIOR PERIOD ADJUSTMENTS

The City has restated beginning net position as of September 30, 2013 to a) correct reporting of capital assets to account for capitalized interest of \$477,397 b) to correct reporting and recognized the fire fighters' net pension asset. The net pension asset at the beginning of the year was \$82,346.

	Governmental Activities	Business-Type Activities	Utility Fund
Fund balance/Net position, as Previously Reported	\$ 15,387,089	\$ 29,427,090	\$ 27,711,505
Restated for			
a) Capital Assets	-	477,397	477,397
b) Net Pension Asset	78,836	-	-
Fund balance/Net Position as Restated	<u>\$ 15,465,925</u>	<u>\$ 29,904,487</u>	<u>\$ 28,188,902</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 14 COMMITMENTS AND CONTINGENCIES

Agreement between the Southwest Florida Water Management District and the City of Brooksville for Reuse and Encore Contract for Completion of Reuse Facility

On November 19, 2007, the Council authorized staff to request a three-year extension of the construction completion date in our Reuse Cooperative Funding Agreement with the Southwest Florida Water Management District (SWFMD) and the City of Brooksville for the Construction of the US 41 South Service Area Reuse System, The 4th Amendment to the Reuse Cooperative Agreement changed the completion date for construction to December 31, 2012 and was approved by City Council on April 21, 2008. The 4th Amendment allowed for the completion of the expansion of the Cobb Road wastewater treatment plant for reuse to April 30, 2012. The City's ability to meet its obligations under this agreement was impeded by the bankruptcy of Hampton Ridge Developers, LLC and the surety bond litigation. The City reached a settlement with its surety bond litigation approved by City Council on June 6, 2011.

The City entered into a contract with Encore Construction at a cost of \$3,285,000. Ordinance No. 822 entitled Encore Contract Amendment approved on 2nd reading by City Council on August 15, 2011 which set forth the authority to proceed with Encore Construction Company as the contractor for completion of the Cobb Road Water Reclamation Facility.

In October, 2012, the City proceeded with the installation of the reuse components to its Cobb Road Water Reclamation Facility (Cobb). This was done to take advantage of a funding agreement with the SWFWMD before it expired. The improvements did not add any treatment capacity to the Wastewater Treatment Plant; the improvements only improved the quality of water discharged from the plant. The funding for the Cobb Road expansion is coming from the Bond Settlement Funds, Sewer Impact Fees, and the Southwest Florida Water Management District Reuse Cooperative Funding Agreement.

As of September 30, 2013, the construction contract with Encore Construction for the modification is closed. The modifications to the Cobb Road Water Reclamation Facility were completed on time and on budget. This satisfied the contract requirements for the funding portion of the SWFWM grant agreement. There are continuing reporting requirements in the grant agreement. The plant is providing reclaim water to the Southern Hills Plantation for use on the golf course, common landscape areas and individual homes. The Southern Hills Plantation is no longer using water directly from the aquifer.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

The City was served with a Class Action complaint on November 16, 2009 which was brought by a vehicle owner who received a Florida Uniform Traffic Citation on September 19, 2009 for his violation of City of Brooksville Code of Ordinances No. 758.

Attorneys from Public Risk Management are defending the City in regard to this matter. Public Risk Management (PRM) is the City's public entity pool for property, casualty and workers' compensation coverage. This civil lawsuit is currently pending in the Hernando County Circuit Court. PRM has stated they have a duty to defend this claim. However, PRM has reserved their rights as to coverage defenses to certain counts of the complaint. The PRM Coverage document has exclusion against the Member gaining in fact any personal profit or advantage to which they are not legally entitled including remuneration paid in violation of law as determined by the Courts.

Energy Systems Group Project

On April 28, 2011, the City Council approved the Guaranteed Energy Savings Performance Contract with Energy Systems Group. Council approved the conservation measures projects to move forward to be completed through the Guaranteed Energy Savings Performance contract. The selected conservation projects are the following: City Hall HVAC, City Hall Roof, Public Works HVAC, Public Works Lighting, Walking Trail Lighting, and radio-read water meters.

Through SunTrust, the City issued debt on May 20, 2011 in the amount of \$3,333,022 entitled "City of Brooksville, Florida Capital Improvement Revenue Note, Series 2011, Financing Energy Performance Projects". The proceeds of this debt have been used to fund the energy savings projects as discussed in the above paragraph.

During 2012, the City had drawn from the SunTrust Escrow account \$3,193,849 for energy projects. The remaining project which was added to the 2012-2013 budget is an upgrade for the Brooksville Police Department HVAC.

The Brooksville Police Department HVAC project was completed July 31, 2013. This satisfied the "City of Brooksville, Florida Capital Improvement Revenue Note, Series 2011, and Financing Energy Performance Projects."

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Southern Hills Phase 3A-1, Phase 3, Final Asphalt Lift, and Southern Hills Boulevard Mill and Resurface Bid No. PW 2012-03

On November 21, 2011, City Council were provided an engineering analysis for the work required to complete civil improvements and infrastructure for Phases 3A-1, Phase 3, and roadway repairs to Southern Hills Boulevard and Phase 2 for the Southern Hills Plantation subdivision. Phase 2 was bid separately by the Southern Hills Homeowners Association. City gave the Southern Hills Homeowners Association the \$78,931 to complete Phase 2 from the Bond Settlement monies. On November 21, 2011 the City Council approved bidding the projects. The City's budget for these Southern Hills Plantation projects is based on the proceeds from the bond settlement involving infrastructure commitments taken on by Hampton Ridge Developers, LLC and affiliates in the process of developing the overall project (less legal fees and budgeted allocation of the Cobb Road Water Reuse facility). The money available for the repairs was approximately \$1,291,000. On March 13, 2012 City Council approved the bid to Goodwin Brothers Construction for \$880,678 for the Southern Hills Phase 3A-1, Phase 3, and Southern Hills Boulevard. Approximately \$60,000 was spent on Bond Settlement funds in Southern Hills in the 2011-2012 fiscal year.

Phase 3a-1

Extension of Summit View and construction of Real Tree Lane:

This project began in May of 2012 and included roadway construction, installation and availability to thirteen residential lots, potable water, reuse water irrigation, sanitary sewer service, storm water drainage and all other necessary utilities. There was installed more than 1900 feet of potable water lines, 1500 feet of reuse water lines and 1500 feet of sanitary sewer lines.

Additionally storm drains and infrastructure was provided, sidewalks installed and grass sod placement at common areas and between the curbs and sidewalks. Completion of the project was in early April 2013. That included additional construction time of about 6 months due to an exceptionally wet spring in 2012. The City was satisfied with the contractors work performance and completion of the project.

Phase 3 -Final asphalt lift

This project consisted mainly of paving the remainder of roadways in phase 3. This included the existing section of Evening Ray Drive, portions of Summit View and portions of Creek Ridge Drive. Road bases where damaged were repaired prior to paving. Sod, sidewalks and handrails were installed per plans. This project was completed successfully and within the extended time allowances due to wet weather. The City was satisfied with the work done.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Southern Hills Phase 3A-1, Phase 3, Final Asphalt Lift, and Southern Hills Boulevard Mill and Resurface Bid No. PW 2012-03 (Continued)

*Southern Hills Boulevard
Mill and resurface roadway*

The existing pavement was removed up to 2 inches. The roadway was proof rolled for compaction and was found to be structurally sound. New asphalt in one application was completed. This project was finished successfully and on time in the spring of 2013. It should be noted that after completion of the project, there were concerns about a couple of areas of pavement that seemed to indicate a washboard type surface. The contractor met with the Project Engineer and City staff on location where a Rolling Straight Edge device was used to determine if the road surface was level. Testing revealed that the ride-ability of the roadway was well within Florida Department of Transportation requirements. The City was satisfied with this test and conclusion of the project.

Good Neighbor Trail Phase 2B

Construction on the Good Neighbor Trail Phase 2B through Majestic Oaks was completed via MPO enhancement funding in the 2012-13 fiscal year. The City has assumed maintenance responsibility for all of the segments of the Good Neighbor Trail project that are within the incorporated area.

Acceptance of EPA Brownfields Assessment Grant of \$400,000

On October 15, 2012 the City Council approved acceptance of a United States Environmental Protection Agency (EPA) Brownfields Assessment \$400,000 Grant. The notice of award by the EPA was sent to the City on September 27, 2012. The City of Brooksville was one of four Florida cities to be named as an EPA grant recipient. The EPA Brownfields Assessment Grant funds may be used for community engagement and outreach, identification of priority sites, conducting Phase I and Phase II Environmental Site Assessments at priority sites that qualify, and conducting cleanup and redevelopment planning of assessed Brownfield properties.

The City received confirmation from the Southwest Florida Water Management District on December 21, 2012 that the City has met the contractual obligation of December 31, 2012, that the reclaim portions of our Cobb Road Wastewater Treatment Plant (WTP) were completed on time.

As of September 30, 2013, the Cobb Road Water Reclamation Facility is now providing reclaim water to the Southern Hills Plantation for use on the golf course, common landscape areas and individual homes. The Southern Hills Plantation is no longer using water directly from the aquifer.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 15 GOVERNMENTAL FUND BALANCE CLASSIFICATION

Certain funds reported as special revenue funds in the prior year did not meet the criteria, as defined in GASB Statement No. 54, for treat as special revenue funds. These funds have been incorporated into the general fund for financial reporting purposes.

As a result of this the City's governmental fund balances as of September 30, 2013 were classified as follows:

	Major Funds					Total Governmental Funds
	City of Brooksville Community Redevelopment Agency	Traffic Camera Fund	Fire Department Fund	Nonmajor Governmental Funds	General Fund	
Nonspendable:						
Inventories	\$ 1,925	\$ -	\$ -	\$ -	\$ -	\$ 1,925
Prepaid Items	17,572	-	-	-	-	17,572
Long-Term Receivable	67,500	-	-	-	-	67,500
Advance to Other Funds	97,516	-	-	-	-	97,516
Total nonspendable	<u>184,513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>184,513</u>
Restricted:						
Community Redevelopment	-	478,416	-	-	-	478,416
Local Option Gas Tax	-	-	-	16,390	-	16,390
Law Enforcement	-	-	-	84,956	-	84,956
Impact Fees	-	-	-	2,099,682	-	2,099,682
Law Enforcement Grants and Donations	-	-	-	28,655	-	28,655
Enrichment Center	-	-	-	4,328	-	4,328
Capital Project Funds	-	-	-	80,255	-	80,255
Debt Service Funds	-	-	-	67,875	-	67,875
Cemetery Perpetual Care	-	-	-	365,208	-	365,208
Total restricted	<u>-</u>	<u>478,416</u>	<u>-</u>	<u>2,747,349</u>	<u>-</u>	<u>3,225,765</u>
Committed:						
Traffic Camera	-	482,653	-	-	-	482,653
First Tee	-	-	-	41,002	-	41,002
Total Committed	<u>-</u>	<u>-</u>	<u>482,653</u>	<u>-</u>	<u>41,002</u>	<u>523,655</u>
Assigned:						
Good Neighbor Trail Project	2,138	-	-	-	-	2,138
Major Storm Readiness	73,195	-	-	-	-	73,195
Tree and Streetscaping	85,087	-	-	-	-	85,087
Capital Project Funds	-	-	-	425,174	-	425,174
Total assigned	<u>160,420</u>	<u>-</u>	<u>-</u>	<u>425,174</u>	<u>-</u>	<u>585,594</u>
Unassigned (deficit)	690,707	-	-	(47,952)	-	642,755
Total Fund Balance (deficit)	<u>\$ 1,035,640</u>	<u>\$ 478,416</u>	<u>\$ 478,416</u>	<u>\$ (47,952)</u>	<u>\$ 3,373,945</u>	<u>\$ 5,162,282</u>

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL- GENERAL FUND
SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 3,574,763	\$ 3,574,763	\$ 3,638,233	\$ 63,470
Licenses and Permits	769,145	769,145	745,146	(23,999)
Intergovernmental Revenue	1,189,496	1,189,496	754,718	(434,778)
Charges for Services	168,500	168,500	182,484	13,984
Fines and Forfeits	67,250	67,250	63,156	(4,094)
Net Investment Earnings	19,500	19,500	1,307	(18,193)
Miscellaneous Revenues	152,750	153,750	150,133	(3,617)
Balances Carried Forward	357,538	357,538	-	(357,538)
Total Revenues	<u>6,298,942</u>	<u>6,299,942</u>	<u>5,535,177</u>	<u>(764,765)</u>
EXPENDITURES				
Current:				
General Government	1,749,804	1,770,773	1,628,963	141,810
Culture and Recreation	739,388	739,388	649,583	89,805
Public Safety	2,068,818	2,072,496	1,993,564	78,932
Physical Environment	103,223	103,223	102,649	574
Transportation	583,191	584,242	552,175	32,067
Capital Outlay	536,283	536,283	52,656	483,627
Total Expenditures	<u>5,780,707</u>	<u>5,806,405</u>	<u>4,979,590</u>	<u>826,815</u>
Excess (Deficiency) of Revenues Over Expenditures	518,235	493,537	555,587	62,050
OTHER FINANCING SOURCES (USES)				
Transfers In	1,064,299	1,064,299	1,062,064	(2,235)
Transfers Out	(1,347,059)	(1,347,059)	(1,299,176)	47,883
Reserves	(235,475)	(210,777)	-	210,777
Total Other Financing Sources (Uses)	<u>(518,235)</u>	<u>(493,537)</u>	<u>(237,112)</u>	<u>256,425</u>
NET CHANGE IN FUND BALANCES	-	-	318,475	318,475
Fund Balances, Beginning of Year	-	-	717,165	717,165
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,035,640</u>	<u>\$ 1,035,640</u>

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL- COMMUNITY REDEVELOPMENT AGENCY
SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 80,148	\$ 80,148	\$ 77,577	\$ (2,571)
Net Investment Earnings	650	650	563	(87)
Balances Carried Forward	460,988	460,988	-	(460,988)
Total Revenues	541,786	541,786	78,140	(463,646)
EXPENDITURES				
Current:				
Physical Environment	36,825	36,825	29,498	7,327
Aids to Private Organizations	80,000	80,000	21,943	58,057
Capital Outlay	60,000	60,000	21,337	38,663
Total Expenditures	176,825	176,825	72,778	104,047
Excess (Deficiency) of Revenues Over Expenditures	364,961	364,961	5,362	(359,599)
OTHER FINANCING SOURCES (USES)				
Reserves	(364,961)	(364,961)	-	364,961
Total Other Financing Sources (Uses)	(364,961)	(364,961)	-	364,961
NET CHANGE IN FUND BALANCE	-	-	5,362	5,362
Fund Balances, Beginning of Year	-	-	473,054	473,054
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 478,416	\$ 478,416

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL- TRAFFIC CAMERA FUND
SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and Forfeits	2,449,632	2,706,911	2,713,342	6,431
Miscellaneous Revenues	-	3,829	9	(3,820)
Balances Carried Forward	39,235	39,235	-	(39,235)
Total Revenues	2,488,867	2,749,975	2,713,351	(36,624)
EXPENDITURES				
Current:				
Public Safety	1,949,731	2,100,186	2,123,046	(22,860)
Capital Outlay	30,000	30,000	37,536	(7,536)
Total Expenditures	1,979,731	2,130,186	2,160,582	(30,396)
Excess (Deficiency) of Revenues Over Expenditures	509,136	619,789	552,769	(67,020)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(200,250)	(200,250)	(200,250)	-
Reserves	(308,886)	(419,539)	-	419,539
Total Other Financing Sources (Uses)	(509,136)	(619,789)	(200,250)	419,539
NET CHANGE IN FUND BALANCES	-	-	352,519	352,519
Fund Balances, Beginning of Year	-	-	130,134	130,134
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 482,653	\$ 482,653

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL- FIRE DEPARTMENT FUND
SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 380,000	\$ 380,000	\$ 301,972	\$ (78,028)
Licenses and Permits	-	-	375	375
Intergovernmental Revenue	-	-	3,250	3,250
Miscellaneous Revenues	-	-	4,804	4,804
Total Revenues	380,000	380,000	310,401	(69,599)
EXPENDITURES				
Current:				
Public Safety	1,444,580	1,469,982	1,419,380	50,602
Debt Service:				
Principal	40,027	40,027	39,976	51
Interest	17,243	17,243	19,558	(2,315)
Capital Outlay	2,050	2,050	-	2,050
Total Expenditures	1,503,900	1,529,302	1,478,914	50,388
Excess (Deficiency) of Revenues Over Expenditures	(1,123,900)	(1,149,302)	(1,168,513)	(19,211)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,239,366	1,239,366	1,239,366	-
Transfers Out	(9,526)	(9,526)	(4,500)	5,026
Reserves	(105,940)	(80,538)	-	80,538
Total Other Financing Sources (Uses)	1,123,900	1,149,302	1,234,866	85,564
NET CHANGE IN FUND BALANCE	-	-	66,353	66,353
Fund Balances (Deficit), Beginning of Year	-	-	(114,305)	(114,305)
FUND BALANCES (DEFICIT), END OF YEAR	\$ -	\$ -	\$ (47,952)	\$ (47,952)

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2013**

**Supplementary Schedule of Funding Progress
(in thousands of dollars)**

Actuarial Valuation Date	Entry Age Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Firefighters' Retirement Trust Fund						
10/1/2004	\$ 3,638,910	\$ 4,212,509	\$ 573,599	86.38%	\$ 447,703	128.1%
10/1/2005	\$ 3,790,259	\$ 4,497,765	\$ 707,506	84.27%	\$ 603,701	117.2%
10/1/2006	\$ 4,029,916	\$ 4,672,236	\$ 642,320	86.25%	\$ 676,103	95.0%
10/1/2007	\$ 4,335,385	\$ 5,071,858	\$ 736,473	85.48%	\$ 721,491	102.1%
10/1/2008	\$ 4,330,318	\$ 5,486,712	\$ 1,156,394	78.92%	\$ 805,384	143.6%
10/1/2009	\$ 4,421,906	\$ 5,732,264	\$ 1,310,358	77.14%	\$ 831,397	157.6%
10/1/2010	\$ 4,527,289	\$ 5,896,346	\$ 1,369,057	76.8%	\$ 750,916	182.3%
10/1/2011	\$ 4,484,550	\$ 6,219,138	\$ 1,734,588	72.1%	\$ 687,564	252.3%
10/1/2012	\$ 4,810,525	\$ 6,488,945	\$ 1,678,420	74.1%	\$ 651,086	257.8%
Police Officers' Retirement Chapter 185						
10/1/2004	\$ 1,436,530	\$ -	\$ -	0%	\$ 381,485	0%
10/1/2005	\$ 1,793,050	\$ -	\$ -	0%	\$ 447,677	0%
10/1/2006	\$ 2,124,194	\$ -	\$ -	0%	\$ 630,818	0%
10/1/2007	\$ 2,543,399	\$ -	\$ -	0%	\$ 722,141	0%
10/1/2008	\$ 2,767,031	\$ 2,596,143	\$ (170,888)	106.6%	\$ 884,446	-19.3%
10/1/2009	\$ 2,942,336	\$ 2,892,544	\$ (49,792)	101.7%	\$ 947,749	-5.3%
10/1/2010	\$ 3,102,669	\$ 3,239,304	\$ 136,635	95.8%	\$ 959,684	14.2%
10/1/2011	\$ 3,208,199	\$ 3,477,532	\$ 269,333	92.3%	\$ 1,162,664	23.2%
10/1/2012	\$ 3,524,461	\$ 3,560,524	\$ 36,063	99.0%	\$ 1,155,943	3.1%

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2013**

Supplementary Schedule of Employer Contributions

<u>Year Ended September 30</u>	<u>Annual Required Contribution</u>	<u>City Contribution</u>	<u>State Contribution</u>	<u>Percentage Contributed</u>
Firefighters' Retirement Trust Fund				
2004	\$ 146,006	\$ 60,422	\$ 87,158 (1)	101.1%
2005	\$ 193,387	\$ 99,914	\$ 93,473	100.0%
2006	\$ 199,876	\$ 120,301	\$ 95,088 (1)	107.8%
2007	\$ 225,402	\$ 136,406	\$ 95,088 (1)	102.7%
2008	\$ 245,722	\$ 165,510	\$ 98,795	107.6%
2009	\$ 279,598	\$ 187,821	\$ 103,671	104.3%
2010	\$ 299,293	\$ 196,922	\$ 102,371	100.0%
2011	\$ 310,150	\$ 218,000	\$ 92,150	100.0%
2012	\$ 291,625	\$ 227,759	\$ 63,866	100.0%

(1) "Frozen" pursuant to the provisions of Chapter 175, Florida Statutes, as amended.

Police Officers' Retirement Chapter 185

2004	\$ 133,457	\$ -	\$ 181,704 (2)	100.0%
2005	\$ 145,651	\$ -	\$ 180,300 (2)	100.0%
2006	\$ 138,387	\$ -	\$ 180,300 (2)	100.0%
2007	\$ 180,894	\$ 594	\$ 180,300 (2)	100.0%
2008	\$ 188,896	\$ 8,596	\$ 180,300 (2)	100.0%
2009	\$ 292,030	\$ 142,846	\$ 149,184	100.0%
2010	\$ 340,473	\$ 221,129	\$ 119,344	100.0%
2011	\$ 401,006	\$ 277,567	\$ 123,439	100.0%
2012	\$ 394,875	\$ 292,599	\$ 102,276	100.0%

(2) "Frozen" pursuant to the provisions of Chapter 185, Florida Statutes, as amended.

**CITY OF BROOKSVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	Special Revenue Funds							
	Police Special Education Fund	Law Enforcement Trust Fund	Local Option Gas Tax	Law Enforcement Investigative Trust	Law Enforcement Impact Fees	Public Building Impact Fees	Fire Impact Fees	Parks Impact Fees
ASSETS								
Pooled Cash and Investments	\$ 26,980	\$ 39,695	\$ -	\$ 33,373	\$ 3,941	\$ 182,035	\$ 48,933	\$ 44,540
Restricted Pooled Cash and Investments	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Due from Other Governments	560	-	19,086	-	-	-	-	-
	<u>560</u>	<u>-</u>	<u>19,086</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 27,540</u>	<u>\$ 39,695</u>	<u>\$ 19,086</u>	<u>\$ 33,373</u>	<u>\$ 3,941</u>	<u>\$ 182,035</u>	<u>\$ 48,933</u>	<u>\$ 44,540</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts Payable	\$ -	\$ -	\$ 2,695	\$ 15,652	\$ -	\$ 130,641	\$ -	\$ -
Unearned Revenue	-	-	-	-	341	525	230	318
Due to Other Funds	-	-	-	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	-	-	2,695	15,652	341	131,166	230	318
Fund Balance:								
Restricted	27,540	39,695	16,391	17,721	3,600	50,869	48,703	44,222
Comitted	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Total Fund Balance	<u>27,540</u>	<u>39,695</u>	<u>16,391</u>	<u>17,721</u>	<u>3,600</u>	<u>50,869</u>	<u>48,703</u>	<u>44,222</u>
Total Liabilities and Fund Balance	<u>\$ 27,540</u>	<u>\$ 39,695</u>	<u>\$ 19,086</u>	<u>\$ 33,373</u>	<u>\$ 3,941</u>	<u>\$ 182,035</u>	<u>\$ 48,933</u>	<u>\$ 44,540</u>

**CITY OF BROOKSVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2013**

	Special Revenue Funds						Total Special Revenue Funds	
	Justice Assistance Grant	Road Impact Fees	Fire Grants and Donations	Police Grants and Donation	First Tee	Enrichment Center Premises Maintenance		Brownfields Assessment Grant
ASSETS								
Pooled Cash and Investments	\$ -	\$ 2,119,047	\$ 10,982	\$ 17,868	\$ 41,002	\$ 3,610	\$ -	\$ 2,572,006
Restricted Pooled Cash and Investments	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	1,065	-	1,065
Due from Other Funds	-	-	-	-	-	-	-	-
Due from Other Governments	2,430	-	-	-	-	-	55,103	77,179
Total Assets	\$ 2,430	\$ 2,119,047	\$ 10,982	\$ 17,868	\$ 41,002	\$ 4,675	\$ 55,103	\$ 2,650,250
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts Payable	\$ -	\$ -	\$ -	\$ 195	\$ -	\$ 347	\$ 42,098	\$ 191,628
Unearned Revenue	-	4,779	-	-	-	-	-	6,193
Due to Other Funds	2,430	-	-	-	-	-	13,005	15,435
Other Current Liabilities	-	161,981	-	-	-	-	-	161,981
Total Liabilities	2,430	166,760	-	195	-	347	55,103	375,237
Fund Balance:								
Restricted	-	1,952,287	10,982	17,673	-	4,328	-	2,234,011
Comitted	-	-	-	-	41,002	-	-	41,002
Assigned	-	-	-	-	-	-	-	-
Total Fund Balance	-	1,952,287	10,982	17,673	41,002	4,328	-	2,275,013
Total Liabilities and Fund Balance	\$ 2,430	\$ 2,119,047	\$ 10,982	\$ 17,868	\$ 41,002	\$ 4,675	\$ 55,103	\$ 2,650,250

**CITY OF BROOKSVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2013**

	Capital Project Funds					Total Capital Project Funds	
	McKethan Park	Multi-Year Capital Project Accumulation	Capital Improvement Revenue 2006 Bond	Capital Improvement Revenue Note- Loan - 2011	Capital Improvement Loan - Capital Projects		Bond Settlement
ASSETS							
Pooled Cash and Investments	\$ 24,215	\$ 400,959	\$ 10,720	\$ -	\$ 6,142	\$ -	\$ 442,036
Restricted Pooled Cash and Investments			2,504	-	-	112,148	114,652
Accounts Receivable	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-
Due from Other Governments	-	-	27	-	-	-	27
Total Assets	\$ 24,215	\$ 400,959	\$ 13,251	\$ -	\$ 6,142	\$ 112,148	\$ 556,715
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,286	\$ 51,286
Unearned Revenue	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	51,286	51,286
Fund Balance:							
Restricted	-	-	13,251	-	6,142	60,862	80,255
Comitted	-	-	-	-	-	-	-
Assigned	24,215	400,959	-	-	-	-	425,174
Total Fund Balance	24,215	400,959	13,251	-	6,142	60,862	505,429
Total Liabilities and Fund Balance	\$ 24,215	\$ 400,959	\$ 13,251	\$ -	\$ 6,142	\$ 112,148	\$ 556,715

**CITY OF BROOKSVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2013**

	<u>Debt Service Funds</u>		Total Debt Service Funds	<u>Permanent Fund</u>		Total Nonmajor Governmental Funds
	Capital Improvement Revenue Note - 2011	Capital Improvement Revenue Bond 2006		Cemetery Perpetual Care	Total Permanent Funds	
ASSETS						
Pooled Cash and Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,014,042
Restricted Pooled Cash and Investments	75,952	24,425	100,377	347,397	347,397	562,426
Accounts Receivable	-	-	-	-	-	1,065
Due from Other Funds	-	-	-	17,811	17,811	17,811
Due from Other Governments	-	-	-	-	-	77,206
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,206</u>
Total Assets	<u>\$ 75,952</u>	<u>\$ 24,425</u>	<u>\$ 100,377</u>	<u>\$ 365,208</u>	<u>\$ 365,208</u>	<u>\$ 3,672,550</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 242,914
Unearned Revenue	-	-	-	-	-	6,193
Due to Other Funds	-	-	-	-	-	15,435
Other Current Liabilities	31,918	584	32,502	-	-	194,483
	<u>31,918</u>	<u>584</u>	<u>32,502</u>	<u>-</u>	<u>-</u>	<u>194,483</u>
Total Liabilities	31,918	584	32,502	-	-	459,025
Fund Balance:						
Restricted	44,034	23,841	67,875	365,208	365,208	2,747,349
Comitted	-	-	-	-	-	41,002
Assigned	-	-	-	-	-	425,174
	<u>44,034</u>	<u>23,841</u>	<u>67,875</u>	<u>365,208</u>	<u>365,208</u>	<u>3,213,525</u>
Total Fund Balance	<u>44,034</u>	<u>23,841</u>	<u>67,875</u>	<u>365,208</u>	<u>365,208</u>	<u>3,213,525</u>
Total Liabilities and Fund Balance	<u>\$ 75,952</u>	<u>\$ 24,425</u>	<u>\$ 100,377</u>	<u>\$ 365,208</u>	<u>\$ 365,208</u>	<u>\$ 3,672,550</u>

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds							
	Police Special Education Fund	Law Enforcement Trust Fund	Local Option Gas Tax	Law Enforcement Investigative Trust	Law Enforcement Impact Fees	Public Building Impact Fees	Fire Impact Fees	Parks Impact Fees
REVENUES								
Taxes	\$ -	\$ -	247,184	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	162	1,047	432	747
Intergovernmental Revenue	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Fines and Forfeits	7,890	4,400	-	35,354	-	-	-	-
Net Investment Earnings	31	17	-	145	12	944	105	135
Miscellaneous Revenues	-	9,740	-	-	-	-	-	-
Total Revenues	<u>7,921</u>	<u>14,157</u>	<u>247,184</u>	<u>35,499</u>	<u>174</u>	<u>1,991</u>	<u>537</u>	<u>882</u>
EXPENDITURES								
Current:								
General Government	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-
Public Safety	-	-	-	27,543	-	-	-	-
Transporation	-	-	-	-	-	-	-	-
Debt Services:								
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Aids to Private Organizations	-	-	-	-	-	-	-	-
Capital Outlay	-	4,267	-	83,543	2,641	214,631	-	-
Total Expenditures	<u>-</u>	<u>4,267</u>	<u>-</u>	<u>111,086</u>	<u>2,641</u>	<u>214,631</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	7,921	9,890	247,184	(75,587)	(2,467)	(212,640)	537	882
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	(248,583)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(248,583)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	7,921	9,890	(1,399)	(75,587)	(2,467)	(212,640)	537	882
Fund Balances, Beginning of Year	<u>19,619</u>	<u>29,805</u>	<u>17,790</u>	<u>93,308</u>	<u>6,067</u>	<u>263,509</u>	<u>48,166</u>	<u>43,340</u>
FUND BALANCES, END OF YEAR	<u>\$ 27,540</u>	<u>\$ 39,695</u>	<u>\$ 16,391</u>	<u>\$ 17,721</u>	<u>\$ 3,600</u>	<u>\$ 50,869</u>	<u>\$ 48,703</u>	<u>\$ 44,222</u>

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds							Total Special Revenue Funds
	Justice Assistance Grant	Road Impact Fees	Fire Grants and Donations	Police Grants and Donations	First Tee	Enrichment Center Premises Maintenance	Brownfields Assessment Grant	
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 247,184
Licenses and Permits	-	(3,518)	-	-	-	-	-	(1,130)
Intergovernmental Revenue	28,775	-	-	-	-	-	77,082	105,857
Charges for Services	-	-	-	-	21,214	-	-	21,214
Fines and Forfeits	-	-	-	-	-	-	-	47,644
Net Investment Earnings	-	1,779	9	37	45	-	-	3,259
Miscellaneous Revenues	-	-	2,070	2,000	-	6,183	-	19,993
Total Revenues	28,775	(1,739)	2,079	2,037	21,259	6,183	77,082	444,021
EXPENDITURES								
Current:								
General Government	-	-	-	-	-	-	77,082	77,082
Culture and Recreation	-	-	-	-	4,873	10,422	-	15,295
Public Safety	-	-	253	2,741	-	-	-	30,537
Transporation	-	-	-	-	-	-	-	-
Debt Services:								
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Aids to Private Organizations	-	-	-	-	-	-	-	-
Capital Outlay	31,449	-	-	-	-	-	-	336,531
Total Expenditures	31,449	-	253	2,741	4,873	10,422	77,082	459,445
Excess (Deficiency) of Revenues Over Expenditures	(2,674)	(1,739)	1,826	(704)	16,386	(4,239)	-	(15,424)
OTHER FINANCING SOURCES (USES)								
Transfers In	2,674	-	-	-	-	6,949	-	9,623
Transfers Out	-	-	-	-	(2,073)	-	-	(250,656)
Total Other Financing Sources (Uses)	2,674	-	-	-	(2,073)	6,949	-	(241,033)
NET CHANGE IN FUND BALANCES	-	(1,739)	1,826	(704)	14,313	2,710	-	(256,457)
Fund Balances, Beginning of Year	-	1,954,026	9,156	18,377	26,689	1,618	-	2,531,470
FUND BALANCES, END OF YEAR	\$ -	\$ 1,952,287	\$ 10,982	\$ 17,673	\$ 41,002	\$ 4,328	\$ -	\$ 2,275,013

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013

	Capital Project Funds					Total Capital Project Funds	
	McKethan Park	Multi-Year Capital Project Accumulation	Capital Improvement Revenue 2006 Bond	Capital Improvement Revenue Note - 2011	Capital Improvement Loan - Capital Projects		Bond Settlement
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Licenses and Permits	-	-	32,693	-	-	32,693	
Intergovernmental Revenue	-	-	-	-	-	-	
Charges for Services	-	-	-	-	-	-	
Fines and Forfeits	-	-	-	-	-	-	
Net Investment Earnings	87	777	11	-	254	2,273	
Miscellaneous Revenues	-	-	-	-	-	-	
Total Revenues	87	777	32,704	-	254	34,966	
EXPENDITURES							
Current:							
General Government	-	-	-	-	-	-	
Culture and Recreation	174	-	-	-	-	174	
Public Safety	-	-	-	-	-	-	
Transporation	-	25,967	-	-	-	25,967	
Debt Services:							
Principal	-	-	-	-	-	-	
Interest and Fiscal Charges	-	-	-	-	-	-	
Aids to Private Organizations	-	-	-	-	896,366	896,366	
Capital Outlay	9,650	113,000	-	-	133,285	255,935	
Total Expenditures	9,824	138,967	-	-	133,285	1,178,442	
Excess (Deficiency) of Revenues Over Expenditures	(9,737)	(138,190)	32,704	-	(133,031)	(895,222)	(1,143,476)
OTHER FINANCING SOURCES (USES)							
Transfers In	-	100,000	-	303,780	-	-	403,780
Transfers Out	-	-	(55,939)	(303,780)	-	-	(359,719)
Total Other Financing Sources (Uses)	-	100,000	(55,939)	-	-	-	44,061
NET CHANGE IN FUND BALANCES	(9,737)	(38,190)	(23,235)	-	(133,031)	(895,222)	(1,099,415)
Fund Balances, Beginning of Year	33,952	439,149	36,486	-	139,173	956,084	1,604,844
FUND BALANCES, END OF YEAR	\$ 24,215	\$ 400,959	\$ 13,251	\$ -	\$ 6,142	\$ 60,862	\$ 505,429

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013

	<u>Debt Service Funds</u>		Total Debt Service Funds	<u>Permanent Fund</u>		Total Nonmajor Governmental Funds
	Capital Improvement Revenue Note - 2011	Capital Improvement Revenue Bond 2006		Cemetery Perpetual Care	Total Permanent Funds	
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 247,184
Licenses and Permits	-	-	-	-	-	31,563
Intergovernmental Revenue	-	-	-	-	-	105,857
Charges for Services	-	-	-	-	-	21,214
Fines and Forfeits	-	-	-	-	-	47,644
Net Investment Earnings	-	29	29	1,271	1,271	6,832
Miscellaneous Revenues	-	-	-	-	-	19,993
Total Revenues	<u>-</u>	<u>29</u>	<u>29</u>	<u>1,271</u>	<u>1,271</u>	<u>480,287</u>
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	77,082
Culture and Recreation	-	-	-	-	-	15,469
Public Safety	-	-	-	-	-	30,537
Transporation	-	-	-	-	-	25,967
Debt Services:						
Principal	171,648	5,189	176,837	-	-	176,837
Interest and Fiscal Charges	130,080	7,811	137,891	-	-	137,891
Aids to Private Organizations	-	-	-	-	-	896,366
Capital Outlay	-	-	-	-	-	592,466
Total Expenditures	<u>301,728</u>	<u>13,000</u>	<u>314,728</u>	<u>-</u>	<u>-</u>	<u>1,952,615</u>
Excess (Deficiency) of Revenues Over Expenditures	(301,728)	(12,971)	(314,699)	1,271	1,271	(1,472,328)
OTHER FINANCING SOURCES (USES)						
Transfers In	303,780	12,435	316,215	10,009	10,009	739,627
Transfers Out	-	-	-	-	-	(610,375)
Total Other Financing Sources (Uses)	<u>303,780</u>	<u>12,435</u>	<u>316,215</u>	<u>10,009</u>	<u>10,009</u>	<u>129,252</u>
NET CHANGE IN FUND BALANCES	2,052	(536)	1,516	11,280	11,280	(1,343,076)
Fund Balances, Beginning of Year	<u>41,982</u>	<u>24,377</u>	<u>66,359</u>	<u>353,928</u>	<u>353,928</u>	<u>4,556,601</u>
FUND BALANCES, END OF YEAR	<u>\$ 44,034</u>	<u>\$ 23,841</u>	<u>\$ 67,875</u>	<u>\$ 365,208</u>	<u>\$ 365,208</u>	<u>\$ 3,213,525</u>

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds							
	Police Special Education Fund				Law Enforcement Trust Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Fines and Forfeits	\$ 4,000	\$ 4,000	\$ 7,890	\$ 3,890	\$ 10,000	\$ 10,000	\$ 4,400	\$ (5,600)
Net Investment Earnings	-	-	31	31	10	10	17	7
Miscellaneous Revenues	-	-	-	-	-	-	9,740	9,740
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>7,921</u>	<u>3,921</u>	<u>10,010</u>	<u>10,010</u>	<u>14,157</u>	<u>4,147</u>
EXPENDITURES								
Current:								
Public Safety	10,000	10,000	-	10,000	1,000	1,000	-	1,000
Capital Outlay	-	-	-	-	4,500	4,500	4,267	233
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>5,500</u>	<u>5,500</u>	<u>4,267</u>	<u>1,233</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,000)	(6,000)	7,921	13,921	4,510	4,510	9,890	5,380
OTHER FINANCING SOURCES (USES)								
Reserves	6,000	6,000	-	(6,000)	(4,510)	(4,510)	-	4,510
Total Other Financing Sources (Uses)	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>(6,000)</u>	<u>(4,510)</u>	<u>(4,510)</u>	<u>-</u>	<u>4,510</u>
NET CHANGE IN FUND BALANCES	-	-	7,921	7,921	-	-	9,890	9,890
Fund Balances, Beginning of Year	-	-	19,619	19,619	-	-	29,805	29,805
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,540</u>	<u>\$ 27,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,695</u>	<u>\$ 39,695</u>

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds							
	Local Option Gas Tax				Law Enforcement Investigative Trust			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ 250,820	\$ 250,820	\$ 247,184	\$ (3,636)	\$ -	\$ -	\$ -	\$ -
Fines and Forfeits	-	-	-	-	60,000	60,000	35,354	(24,646)
Net Investment Earnings	-	-	-	-	-	-	145	145
Total Revenues	<u>250,820</u>	<u>250,820</u>	<u>247,184</u>	<u>(3,636)</u>	<u>60,000</u>	<u>60,000</u>	<u>35,499</u>	<u>(24,501)</u>
EXPENDITURES								
Current:								
Public Safety	-	-	-	-	25,000	25,000	27,543	(2,543)
Capital Outlay	-	-	-	-	86,000	86,000	83,543	2,457
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,000</u>	<u>111,000</u>	<u>111,086</u>	<u>(86)</u>
Excess (Deficiency) of Revenues Over Expenditures	250,820	250,820	247,184	(3,636)	(51,000)	(51,000)	(75,587)	(24,587)
OTHER FINANCING SOURCES (USES)								
Transfers Out	(250,820)	(250,820)	(248,583)	2,237	-	-	-	-
Reserves	-	-	-	-	51,000	51,000	-	(51,000)
Total Other Financing Sources (Uses)	<u>(250,820)</u>	<u>(250,820)</u>	<u>(248,583)</u>	<u>2,237</u>	<u>51,000</u>	<u>51,000</u>	<u>-</u>	<u>(51,000)</u>
NET CHANGE IN FUND BALANCES	-	-	(1,399)	(1,399)	-	-	(75,587)	(75,587)
Fund Balances, Beginning of Year	-	-	17,790	17,790	-	-	93,308	93,308
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,391</u>	<u>\$ 16,391</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,721</u>	<u>\$ 17,721</u>

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds							
	Law Enforcement Impact Fees				Public Building Impact Fees			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Licenses and Permits	\$ -	\$ -	\$ 162	\$ 162	\$ -	\$ -	\$ 1,047	\$ 1,047
Net Investment Earnings	20	20	12	(8)	650	650	944	294
Total Revenues	20	20	174	154	650	650	1,991	1,341
EXPENDITURES								
Capital Outlay	-	5,967	2,641	3,326	197,700	216,301	214,631	1,670
Total Expenditures	-	5,967	2,641	3,326	197,700	216,301	214,631	1,670
Excess (Deficiency) of Revenues Over Expenditures	20	(5,947)	(2,467)	3,480	(197,050)	(215,651)	(212,640)	3,011
OTHER FINANCING SOURCES (USES)								
Reserves	(20)	5,947	-	(5,947)	197,050	215,651	-	(215,651)
Total Other Financing Sources (Uses)	(20)	5,947	-	(5,947)	197,050	215,651	-	(215,651)
NET CHANGE IN FUND BALANCES	-	-	(2,467)	(2,467)	-	-	(212,640)	(212,640)
Fund Balances, Beginning of Year	-	-	6,067	6,067	-	-	263,509	263,509
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,600</u>	<u>\$ 3,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,869</u>	<u>\$ 50,869</u>

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds							
	Fire Impact Fees				Parks Impact Fees			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Licenses and Permits	\$ -	\$ -	\$ 432	\$ 432	\$ -	\$ -	\$ 747	\$ 747
Net Investment Earnings	180	180	105	(75)	190	190	135	(55)
Total Revenues	<u>180</u>	<u>180</u>	<u>537</u>	<u>357</u>	<u>190</u>	<u>190</u>	<u>882</u>	<u>692</u>
EXPENDITURES								
Capital Outlay	6,000	6,000	-	6,000	30,000	30,000	-	30,000
Total Expenditures	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,820)	(5,820)	537	6,357	(29,810)	(29,810)	882	30,692
OTHER FINANCING SOURCES (USES)								
Reserves	5,820	5,820	-	(5,820)	29,810	29,810	-	(29,810)
Total Other Financing Sources (Uses)	<u>5,820</u>	<u>5,820</u>	<u>-</u>	<u>(5,820)</u>	<u>29,810</u>	<u>29,810</u>	<u>-</u>	<u>(29,810)</u>
NET CHANGE IN FUND BALANCES	-	-	537	537	-	-	882	882
Fund Balances, Beginning of Year	-	-	48,166	48,166	-	-	43,340	43,340
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,703</u>	<u>\$ 48,703</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,222</u>	<u>\$ 44,222</u>

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds							
	Justice Assistance Grant				Road Impact Fees			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Intergovernmental Revenue	\$ 25,831	\$ 28,775	\$ 28,775	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	(3,518)	(3,518)
Net Investment Earnings	-	-	-	-	11,000	11,000	1,779	(9,221)
Total Revenues	25,831	28,775	28,775	-	11,000	11,000	(1,739)	(12,739)
EXPENDITURES								
Capital Outlay	28,505	31,449	31,449	-	200,000	200,000	-	200,000
Total Expenditures	28,505	31,449	31,449	-	200,000	200,000	-	200,000
Excess (Deficiency) of Revenues Over Expenditures	(2,674)	(2,674)	(2,674)	-	(189,000)	(189,000)	(1,739)	187,261
OTHER FINANCING SOURCES (USES)								
Transfers In	2,674	2,674	2,674	-	-	-	-	-
Reserves	-	-	-	-	189,000	189,000	-	(189,000)
Total Other Financing Sources (Uses)	2,674	2,674	2,674	-	189,000	189,000	-	(189,000)
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-	(1,739)	(1,739)
Fund Balances, Beginning of Year	-	-	-	-	-	-	1,954,026	1,954,026
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,952,287	\$ 1,952,287

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds							
	Fire Grants and Donations				Police Grants and Donations			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Net Investment Earnings	\$ -	\$ -	\$ 9	\$ 9	\$ -	\$ -	\$ 37	\$ 37
Miscellaneous Revenues	2,300	2,300	2,070	(230)	1,000	1,000	2,000	1,000
Total Revenues	<u>2,300</u>	<u>2,300</u>	<u>2,079</u>	<u>(221)</u>	<u>1,000</u>	<u>1,000</u>	<u>2,037</u>	<u>1,037</u>
EXPENDITURES								
Current:								
Public Safety	1,150	1,150	253	897	5,000	5,000	2,741	2,259
Capital Outlay	500	500	-	500	8,500	8,500	-	8,500
Total Expenditures	<u>1,650</u>	<u>1,650</u>	<u>253</u>	<u>1,397</u>	<u>13,500</u>	<u>13,500</u>	<u>2,741</u>	<u>10,759</u>
Excess (Deficiency) of Revenues Over Expenditures	650	650	1,826	1,176	(12,500)	(12,500)	(704)	11,796
OTHER FINANCING SOURCES (USES)								
Reserves	(650)	(650)	-	650	12,500	12,500	-	(12,500)
Total Other Financing Sources (Uses)	<u>(650)</u>	<u>(650)</u>	<u>-</u>	<u>650</u>	<u>12,500</u>	<u>12,500</u>	<u>-</u>	<u>(12,500)</u>
NET CHANGE IN FUND BALANCES	-	-	1,826	1,826	-	-	(704)	(704)
Fund Balances, Beginning of Year	-	-	9,156	9,156	-	-	18,377	18,377
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,982</u>	<u>\$ 10,982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,673</u>	<u>\$ 17,673</u>

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds							
	First Tee				Enrichment Center Premises Maintenance			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Charges for Services	\$ 12,500	\$ 12,500	\$ 21,214	\$ 8,714	\$ -	\$ -	\$ -	\$ -
Miscellaneous Revenue	3,000	3,000	-	(3,000)	5,300	7,091	6,183	(908)
Net Investment Earnings	-	-	45	45	-	-	-	-
Total Revenues	<u>15,500</u>	<u>15,500</u>	<u>21,259</u>	<u>5,759</u>	<u>5,300</u>	<u>7,091</u>	<u>6,183</u>	<u>(908)</u>
EXPENDITURES								
Current:								
General Government	-	-	-	-	-	-	-	-
Culture and Recreation	19,350	19,350	4,873	14,477	10,300	11,770	10,422	1,348
Total Expenditures	<u>19,350</u>	<u>19,350</u>	<u>4,873</u>	<u>14,477</u>	<u>10,300</u>	<u>11,770</u>	<u>10,422</u>	<u>1,348</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,850)	(3,850)	16,386	20,236	(5,000)	(4,679)	(4,239)	440
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	5,000	6,949	6,949	-
Transfers Out	(125)	(2,073)	(2,073)	-	-	-	-	-
Reserves	3,975	5,923	-	(5,923)	-	(2,270)	-	2,270
Total Other Financing Sources (Uses)	<u>3,850</u>	<u>3,850</u>	<u>(2,073)</u>	<u>(5,923)</u>	<u>5,000</u>	<u>4,679</u>	<u>6,949</u>	<u>2,270</u>
NET CHANGE IN FUND BALANCES	-	-	14,313	14,313	-	-	2,710	2,710
Fund Balances, Beginning of Year	-	-	26,689	26,689	-	-	1,618	1,618
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,002</u>	<u>\$ 41,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,328</u>	<u>\$ 4,328</u>

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds				Capital Project Funds			
	Brownfields Assessment Grant				McKethan Park			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
Original	Final	Original			Final			
REVENUES								
Intergovernmental Revenue	\$ 400,000	\$ 400,000	\$ 77,082	\$ (322,918)	\$ -	\$ -	\$ -	\$ -
Net Investment Earnings	-	-	-	-	-	-	87	87
Miscellaneous Revenues	-	-	-	-	2,500	2,500	-	(2,500)
Total Revenues	<u>400,000</u>	<u>400,000</u>	<u>77,082</u>	<u>(322,918)</u>	<u>2,500</u>	<u>2,500</u>	<u>87</u>	<u>(2,413)</u>
EXPENDITURES								
Current:								
General Government	400,000	400,000	77,082	322,918	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	174	(174)
Capital Outlay	-	-	-	-	30,000	30,000	9,650	20,350
Total Expenditures	<u>400,000</u>	<u>400,000</u>	<u>77,082</u>	<u>322,918</u>	<u>30,000</u>	<u>30,000</u>	<u>9,824</u>	<u>20,176</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	(27,500)	(27,500)	(9,737)	17,763
OTHER FINANCING SOURCES (USES)								
Reserves	-	-	-	-	27,500	27,500	-	(27,500)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,500</u>	<u>27,500</u>	<u>-</u>	<u>(27,500)</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-	(9,737)	(9,737)
Fund Balances, Beginning of Year	-	-	-	-	-	-	33,952	33,952
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,215</u>	<u>\$ 24,215</u>

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013

Capital Project Funds

	Multi-Year Capital Project Accumulation				Capital Improvement Revenue Note - 2011			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Licenses and Permits	\$ -	\$ -	\$ 777	\$ 777	\$ -	\$ -	\$ -	\$ -
Net Investment Earnings	-	-	-	-	-	-	-	-
Miscellaneous Revenues	-	-	777	777	-	-	-	-
Total Revenues					-	-	-	-
EXPENDITURES								
Current:								
Culture and Recreation	-	-	-	-	-	-	-	-
Transportation	-	-	25,967	(25,967)	-	-	-	-
Capital Outlay	430,515	430,515	113,000	317,515	-	-	-	-
Total Expenditures	430,515	430,515	138,967	291,548	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	(430,515)	(430,515)	(138,190)	292,325	-	-	-	-
OTHER FINANCING SOURCES (USES)								
Transfers In	100,000	100,000	100,000	-	303,780	303,780	303,780	-
Transfers Out	-	-	-	-	(303,780)	(303,780)	(303,780)	-
Reserves	330,515	330,515	-	(330,515)	-	-	-	-
Total Other Financing Sources (Uses)	430,515	430,515	100,000	(330,515)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	(38,190)	(38,190)	-	-	-	-
Fund Balances, Beginning of Year	-	-	439,149	439,149	-	-	-	-
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 400,959	\$ 400,959	\$ -	\$ -	\$ -	\$ -

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013

	Capital Project Funds							
	Capital Improvement Revenue 2006 Bond				Capital Improvement Loan - Capital Projects			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Licenses and Permits	\$ 32,500	\$ 32,500	\$ 32,693	\$ 193				
Net Investment Earnings	-	-	11	11	\$ -	\$ -	\$ 254	\$ 254
Total Revenues	<u>32,500</u>	<u>32,500</u>	<u>32,704</u>	<u>204</u>	<u>-</u>	<u>-</u>	<u>254</u>	<u>254</u>
EXPENDITURES								
Capital Outlay	-	-	-	-	133,056	133,285	133,285	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,056</u>	<u>133,285</u>	<u>133,285</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	32,500	32,500	32,704	204	(133,056)	(133,285)	(133,031)	254
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-				
Transfers Out	(55,939)	(55,939)	(55,939)	-				
Reserves	23,439	23,439	-	(23,439)	133,056	133,285	-	(133,285)
Total Other Financing Sources (Uses)	<u>(32,500)</u>	<u>(32,500)</u>	<u>(55,939)</u>	<u>(23,439)</u>	<u>133,056</u>	<u>133,285</u>	<u>-</u>	<u>(133,285)</u>
NET CHANGE IN FUND BALANCES	-	-	(23,235)	(23,235)	-	-	(133,031)	(133,031)
Fund Balances, Beginning of Year	-	-	36,486	36,486	-	-	139,173	139,173
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,251</u>	<u>\$ 13,251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,142</u>	<u>\$ 6,142</u>

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013

	Capital Project Funds				Debt Service Fund			
	Bond Settlement				Capital Improvement Revenue Note - 2011			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
Original	Final	Original			Final			
REVENUES								
Net Investment Earnings	\$ -	\$ -	\$ 1,144	\$ 1,144	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	1,144	1,144	-	-	-	-
EXPENDITURES								
Debt Service:								
Principal	-	-	-	-	173,422	173,422	171,648	1,774
Interest	-	-	-	-	130,358	130,358	130,080	278
Aids to Private Organizations	-	-	896,366	(896,366)	-	-	-	-
Capital Outlay	895,846	895,846	-	895,846	-	-	-	-
Total Expenditures	895,846	895,846	896,366	(520)	303,780	303,780	301,728	2,052
Excess (Deficiency) of Revenues Over Expenditures	(895,846)	(895,846)	(895,222)	624	(303,780)	(303,780)	(301,728)	2,052
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	303,780	303,780	303,780	-
Reserves	895,846	895,846	-	(895,846)	-	-	-	-
Total Other Financing Sources (Uses)	895,846	895,846	-	(895,846)	303,780	303,780	303,780	-
NET CHANGE IN FUND BALANCES	-	-	(895,222)	(895,222)	-	-	2,052	2,052
Fund Balances, Beginning of Year	-	-	956,084	956,084	-	-	41,982	41,982
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 60,862	\$ 60,862	\$ -	\$ -	\$ 44,034	\$ 44,034

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013

	Debt Service Fund				Permanent Fund			
	Capital Improvement Revenue Bond - 2006				Cemetery Perpetual Care			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Net Investment Earnings	100	100	\$ 29	\$ (71)	850	850	\$ 1,271	\$ 421
Total Revenues	100	100	29	(71)	850	850	1,271	421
EXPENDITURES								
Debt Service:								
Principal	6,000	6,000	5,189	811	-	-	-	-
Interest	6,435	7,000	7,811	(811)	-	-	-	-
Total Expenditures	12,435	13,000	13,000	-	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	(12,335)	(12,900)	(12,971)	(71)	850	850	1,271	421
OTHER FINANCING SOURCES (USES)								
Reserves	12,435	12,435	12,435	-	(10,850)	(10,850)	-	10,850
Transfers In	(100)	465	-	(465)	10,000	10,000	10,009	9
Total Other Financing Sources (Uses)	12,335	12,900	12,435	(465)	(850)	(850)	10,009	10,859
NET CHANGE IN FUND BALANCES	-	-	(536)	(536)	-	-	11,280	11,280
Fund Balances, Beginning of Year	-	-	24,377	24,377	-	-	353,928	353,928
FUND BALANCES, END OF YEAR	\$ -	\$ -	23,841	\$ 23,841	\$ -	\$ -	\$ 365,208	\$ 365,208

**CITY OF BROOKSVILLE, FLORIDA
COMBINING BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2013**

	General Fund	Good Neighbor Trail Project	Major Storm Readiness	Tree and Streetscaping	Total General Fund
ASSETS					
Pooled Cash and Investments	\$ 740,867	\$ 2,138	\$ 73,195	\$ 85,087	\$ 901,287
Restricted Pool Cash and Investments	-	-	-	-	-
Accounts Receivable	204,526	-	-	-	204,526
Due from Other Funds	39,875	-	-	-	39,875
Advance to Other Funds	97,516	-	-	-	97,516
Due from Other Governments	69,864	-	-	-	69,864
Inventories	1,925	-	-	-	1,925
Prepaid Items	17,572	-	-	-	17,572
Total Assets	<u>\$ 1,172,145</u>	<u>\$ 2,138</u>	<u>\$ 73,195</u>	<u>\$ 85,087</u>	<u>\$ 1,332,565</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$ 118,015	\$ -	\$ -	\$ -	\$ 118,015
Accrued Wages Payable	88,752	-	-	-	88,752
Unearned Revenue	1,609	-	-	-	1,609
Due to Other Funds	17,811	-	-	-	17,811
Deposits	63,291	-	-	-	63,291
Other Current Liabilities	7,447	-	-	-	7,447
Total Liabilities	296,925	-	-	-	296,925
Fund Balance:					
Nonspendable:					
Inventories	1,925	-	-	-	1,925
Prepaid Items	17,572	-	-	-	17,572
Long-Term Accounts Receivable	67,500	-	-	-	67,500
Advance to Other Funds	97,516	-	-	-	97,516
Assigned	-	2,138	73,195	85,087	160,420
Unassigned (deficit)	690,707	-	-	-	690,707
Total Fund Balance (Deficit)	<u>875,220</u>	<u>2,138</u>	<u>73,195</u>	<u>85,087</u>	<u>1,035,640</u>
Total Liabilities and Fund Balance	<u>\$ 1,172,145</u>	<u>\$ 2,138</u>	<u>\$ 73,195</u>	<u>\$ 85,087</u>	<u>\$ 1,332,565</u>

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2013

	General Fund	Good Neighbor Trail Project	Major Storm Readiness	Tree and Streetscaping	Total General Fund
REVENUES					
Taxes	\$ 3,638,233	\$ -	\$ -	\$ -	\$ 3,638,233
Licenses and Permits	741,049	-	-	4,097	745,146
Intergovernmental Revenue	754,718	-	-	-	754,718
Charges for Services	182,484	-	-	-	182,484
Fines and Forfeits	63,156	-	-	-	63,156
Net Investment Earnings	759	-	284	264	1,307
Miscellaneous Revenues	150,133	-	-	-	150,133
Total Revenues	<u>5,530,532</u>	<u>-</u>	<u>284</u>	<u>4,361</u>	<u>5,535,177</u>
EXPENDITURES					
Current:					
General Government	1,628,963	-	-	-	1,628,963
Culture and Recreation	649,583	-	-	-	649,583
Public Safety	1,993,564	-	-	-	1,993,564
Physical Environment	102,649	-	-	-	102,649
Transportation	552,175	-	-	-	552,175
Aids to Private Organizations	-	-	-	-	-
Capital Outlay	35,726	4,250	12,680	-	52,656
Total Expenditures	<u>4,962,660</u>	<u>4,250</u>	<u>12,680</u>	<u>-</u>	<u>4,979,590</u>
Excess (Deficiency) of Revenues Over Expenditures	567,872	(4,250)	(12,396)	4,361	555,587
OTHER FINANCING SOURCES (USES)					
Transfers In	1,062,064	-	-	-	1,062,064
Transfers Out	(1,299,176)	-	-	-	(1,299,176)
Total Other Financing Sources (Uses)	<u>(237,112)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(237,112)</u>
NET CHANGE IN FUND BALANCES	330,760	(4,250)	(12,396)	4,361	318,475
Fund Balances, Beginning of Year	<u>544,460</u>	<u>6,388</u>	<u>85,591</u>	<u>80,726</u>	<u>717,165</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 875,220</u></u>	<u><u>\$ 2,138</u></u>	<u><u>\$ 73,195</u></u>	<u><u>\$ 85,087</u></u>	<u><u>\$ 1,035,640</u></u>

CITY OF BROOKSVILLE, FLORIDA
COMBINING SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2013

	General Fund				Treescaping			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ 3,574,763	\$ 3,574,763	\$ 3,638,233	\$ 63,470	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	766,645	766,645	741,049	(25,596)	2,500	2,500	4,097	1,597
Intergovernmental Revenue	712,536	712,536	754,718	42,182	-	-	-	-
Charges for Services	168,500	168,500	182,484	13,984	-	-	-	-
Fines and Forfeits	67,250	67,250	63,156	(4,094)	-	-	-	-
Net Investment Earnings	19,350	19,350	759	(18,591)	150	150	264	114
Miscellaneous Revenues	152,750	153,750	150,133	(3,617)	-	-	-	-
Balances Carried Forward	357,538	357,538	-	(357,538)	-	-	-	-
Total Revenues	5,819,332	5,820,332	5,530,532	(289,800)	2,650	2,650	4,361	1,711
EXPENDITURES								
Current:								
General Government	1,749,804	1,770,773	1,628,963	141,810	-	-	-	-
Culture and Recreation	739,388	739,388	649,583	89,805	-	-	-	-
Public Safety	2,068,818	2,072,496	1,993,564	78,932	-	-	-	-
Physical Environment	103,223	103,223	102,649	574	-	-	-	-
Transportation	558,191	559,242	552,175	7,067	25,000	25,000	-	25,000
Capital Outlay	46,323	46,323	35,726	10,597	-	-	-	-
Total Expenditures	5,265,747	5,291,445	4,962,660	328,785	25,000	25,000	-	25,000
Excess (Deficiency) of Revenues Over Expenditures	553,585	528,887	567,872	38,985	(22,350)	(22,350)	4,361	26,711
OTHER FINANCING SOURCES (USES)								
Transfers In	1,064,299	1,064,299	1,062,064	(2,235)	-	-	-	-
Transfers Out	(1,347,059)	(1,347,059)	(1,299,176)	47,883	-	-	-	-
Reserves	(270,825)	(246,127)	-	246,127	22,350	22,350	-	(22,350)
Total Other Financing Sources (Uses)	(553,585)	(528,887)	(237,112)	291,775	22,350	22,350	-	(22,350)
NET CHANGE IN FUND BALANCES	-	-	330,760	330,760	-	-	4,361	4,361
Fund Balances, Beginning of Year	-	-	544,460	544,460	-	-	80,726	80,726
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 875,220	\$ 875,220	\$ -	\$ -	\$ 85,087	\$ 85,087

**CITY OF BROOKSVILLE, FLORIDA
COMBINING SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013**

	Good Neighbor Trail Project				Major Storm Readiness			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Intergovernmental Revenue	\$ 476,960	\$ 476,960	\$ -	\$ (476,960)	\$ -	\$ -	\$ -	\$ -
Net Investment Earnings	-	-	-	-	-	-	284	284
Total Revenues	476,960	476,960	-	(476,960)	-	-	284	284
EXPENDITURES								
Current:								
Public Safety	-	-	-	-	-	-	-	-
Capital Outlay	476,960	476,960	4,250	472,710	13,000	13,000	12,680	320
Total Expenditures	476,960	476,960	4,250	472,710	13,000	13,000	12,680	320
Excess (Deficiency) of Revenues Over Expenditures	-	-	(4,250)	(4,250)	(13,000)	(13,000)	(12,396)	604
OTHER FINANCING SOURCES (USES)								
Reserves	-	-	-	-	13,000	13,000	-	(13,000)
Total Other Financing Sources (Uses)	-	-	-	-	13,000	13,000	-	(13,000)
NET CHANGE IN FUND BALANCES	-	-	(4,250)	(4,250)	-	-	(12,396)	(12,396)
Fund Balances, Beginning of Year	-	-	6,388	6,388	-	-	85,591	85,591
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 2,138	\$ 2,138	\$ -	\$ -	\$ 73,195	\$ 73,195

**CITY OF BROOKSVILLE, FLORIDA
COMBINING SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013**

	Total General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,574,763	\$ 3,574,763	\$ 3,638,233	\$ 63,470
Licenses and Permits	769,145	769,145	745,146	(23,999)
Intergovernmental Revenue	1,189,496	1,189,496	754,718	(434,778)
Charges for Services	168,500	168,500	182,484	13,984
Fines and Forfeits	67,250	67,250	63,156	(4,094)
Net Investment Earnings	19,500	19,500	1,307	(18,193)
Miscellaneous Revenues	152,750	153,750	150,133	(3,617)
Balances Carried Forward	357,538	357,538	-	(357,538)
Total Revenues	<u>6,298,942</u>	<u>6,299,942</u>	<u>5,535,177</u>	<u>(764,765)</u>
EXPENDITURES				
Current:				
General Government	1,749,804	1,770,773	1,628,963	141,810
Culture and Recreation	739,388	739,388	649,583	89,805
Public Safety	2,068,818	2,072,496	1,993,564	78,932
Physical Environment	103,223	103,223	102,649	574
Transportation	583,191	584,242	552,175	32,067
Capital Outlay	536,283	536,283	52,656	483,627
Total Expenditures	<u>5,780,707</u>	<u>5,806,405</u>	<u>4,979,590</u>	<u>826,815</u>
Excess (Deficiency) of Revenues Over Expenditures	518,235	493,537	555,587	62,050
OTHER FINANCING SOURCES (USES)				
Transfers In	1,064,299	1,064,299	1,062,064	(2,235)
Transfers Out	(1,347,059)	(1,347,059)	(1,299,176)	47,883
Reserves	(235,475)	(210,777)	-	210,777
Total Other Financing Sources (Uses)	<u>(518,235)</u>	<u>(493,537)</u>	<u>(237,112)</u>	<u>256,425</u>
NET CHANGE IN FUND BALANCES	-	-	318,475	318,475
Fund Balances, Beginning of Year	-	-	717,165	717,165
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,035,640</u>	<u>\$ 1,035,640</u>

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2013**

	Internal Service Funds			Total Internal Service Funds
	Fleet Maintenance Fund	Vehicle Replacement Fund	Equipment Replacement Fund	
ASSETS				
Current Assets:				
Pooled Cash and Investments	\$ 13,538	\$ 1,412,593	\$ 2,633	\$ 1,428,764
Inventories	4,930	-	-	4,930
Total Current Assets	<u>18,468</u>	<u>1,412,593</u>	<u>2,633</u>	<u>1,433,694</u>
Non-Current Assets:				
Machinery and Equipment	32,403	1,383,558	37,123	1,453,084
Less: Accumulated Depreciation	<u>32,403</u>	<u>910,589</u>	<u>8,810</u>	<u>951,802</u>
Net Capital Assets	<u>-</u>	<u>472,969</u>	<u>28,313</u>	<u>501,282</u>
Total Assets	<u><u>\$ 18,468</u></u>	<u><u>\$ 1,885,562</u></u>	<u><u>\$ 30,946</u></u>	<u><u>\$ 1,934,976</u></u>
LIABILITIES AND NET POSITION				
Current Liabilities:				
Accounts Payable	\$ 2,740	\$ -	\$ -	\$ 2,740
Accrued Wages Payable	1,172	-	-	1,172
Other Current Liabilities	<u>198</u>	<u>-</u>	<u>-</u>	<u>198</u>
Total Current Liabilities	<u>4,110</u>	<u>-</u>	<u>-</u>	<u>4,110</u>
Non-Current Liabilities:				
Accrued Compensated Absences	<u>3,479</u>	<u>-</u>	<u>-</u>	<u>3,479</u>
Total Liabilities	<u>7,589</u>	<u>-</u>	<u>-</u>	<u>7,589</u>
NET POSITION				
Net Investment in Capital Assets	-	472,969	28,313	501,282
Unrestricted	<u>10,879</u>	<u>1,412,593</u>	<u>2,633</u>	<u>1,426,105</u>
Total Net Position	<u>10,879</u>	<u>1,885,562</u>	<u>30,946</u>	<u>1,927,387</u>
Total Liabilities and Net Position	<u><u>\$ 18,468</u></u>	<u><u>\$ 1,885,562</u></u>	<u><u>\$ 30,946</u></u>	<u><u>\$ 1,934,976</u></u>

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	Internal Service Funds			Total Internal Service Funds
	Fleet Maintenance Fund	Vehicle Replacement Fund	Equipment Replacement Fund	
OPERATING REVENUE				
Charges for Services	\$ 87,014	\$ 186,370	\$ -	\$ 273,384
Miscellaneous Revenues	386	-	-	386
Total Operating Revenues	<u>87,400</u>	<u>186,370</u>	<u>-</u>	<u>273,770</u>
OPERATING EXPENSES				
Personal Services	64,568	-	-	64,568
Other Services and Charges	22,653	-	-	22,653
Depreciation	-	97,561	5,841	103,402
Total Operating Expenses	<u>87,221</u>	<u>97,561</u>	<u>5,841</u>	<u>190,623</u>
OPERATING INCOME (LOSS)	179	88,809	(5,841)	83,147
NONOPERATING REVENUES				
Net Investment Earnings (Loss)	19	(404)	52	(333)
Gain on Sale of Capital Assets	-	8,497	-	8,497
Total Nonoperating Revenues (Expenses)	<u>19</u>	<u>8,093</u>	<u>52</u>	<u>8,164</u>
INCOME (LOSS) BEFORE TRANSFERS	198	96,902	(5,789)	91,311
CONTRIBUTIONS AND TRANSFERS				
Transfers Out	(373)	(186,658)	-	(187,031)
Total Transfers In (Out)	<u>(373)</u>	<u>(186,658)</u>	<u>-</u>	<u>(187,031)</u>
CHANGE IN NET POSITION	(175)	(89,756)	(5,789)	(95,720)
Net Position, Beginning of Year	<u>11,054</u>	<u>1,975,318</u>	<u>36,735</u>	<u>2,023,107</u>
NET POSITION, END OF YEAR	<u>\$ 10,879</u>	<u>\$ 1,885,562</u>	<u>\$ 30,946</u>	<u>\$ 1,927,387</u>

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2013**

	Internal Service Funds			Total Internal Service Funds
	Fleet Maintenance Fund	Vehicle Replacement Fund	Equipment Replacement Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 87,399	\$ 189,318	\$ 737	\$ 277,454
Payments to Suppliers	(64,667)	-	-	(64,667)
Payments to Employees	(22,684)	-	-	(22,684)
Net Cash Provided by Operating Activities	<u>48</u>	<u>189,318</u>	<u>737</u>	<u>190,103</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to Other Funds	(373)	(186,658)	-	(187,031)
Net Cash (Used) by Noncapital Financing Activities	<u>(373)</u>	<u>(186,658)</u>	<u>-</u>	<u>(187,031)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of Machinery and Equipment	-	(68,429)	(13,573)	(82,002)
Gain on Disposal of Assets	-	8,497	-	8,497
Net Cash (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(59,932)</u>	<u>(13,573)</u>	<u>(73,505)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Net Investment Income (Loss)	19	(404)	52	(333)
Net Cash Provided (Used) by Investing Activities	<u>19</u>	<u>(404)</u>	<u>52</u>	<u>(333)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(306)	(57,676)	(12,784)	(70,766)
Cash and Cash Equivalents, Beginning of Year	<u>13,844</u>	<u>1,470,269</u>	<u>15,417</u>	<u>1,499,530</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 13,538</u>	<u>\$ 1,412,593</u>	<u>\$ 2,633</u>	<u>\$ 1,428,764</u>

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013**

	Internal Service Funds			Total Internal Service Funds
	Fleet Maintenance Fund	Vehicle Replacement Fund	Equipment Replacement Fund	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 179	\$ 88,809	\$ (5,841)	\$ 83,147
Depreciation and Amortization	-	97,561	5,841	103,402
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
(Increase) Decrease in:				
Accounts Receivable	-	2,948	737	3,685
Inventories	(963)	-	-	(963)
Increase (Decrease) in:				
Accounts Payable	1,000	-	-	1,000
Accrued Wages Payable	(612)	-	-	(612)
Other Current Liabilities	(69)	-	-	(69)
Accrued Compensated Absences	513	-	-	513
Total Adjustments	<u>(131)</u>	<u>100,509</u>	<u>6,578</u>	<u>106,956</u>
Net Cash Provided by Operating Activities	<u>\$ 48</u>	<u>\$ 189,318</u>	<u>\$ 737</u>	<u>\$ 190,103</u>

**CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2013**

	Private Purpose Trust Funds				Total Private Purpose Trust Funds	Pension Trust Funds		Total Pension Trust Funds
	Butterweck Bond Fund	HRA Fund	Donor Memorial Wall Fund	Brooksville Fire District		Fireman's Retirement Fund	Police Retirement Fund	
ASSETS								
Pooled Cash	\$ 2,233	\$ 10,465	\$ -	\$ -	\$ 12,698	\$ 292,012	\$ 12,664	\$ 304,676
Investment in Debt Securities	-	-	-	-	-	1,697,518	1,299,796	2,997,314
Investment in Marketable Equity Securities	-	-	-	-	-	3,460,969	2,974,554	6,435,523
Accounts Receivable	-	-	-	-	-	25,491	6,554	32,045
Total Assets	\$ 2,233	\$ 10,465	\$ -	\$ -	\$ 12,698	\$ 5,475,990	\$ 4,293,568	\$ 9,769,558
LIABILITIES AND FUND BALANCE								
Liabilities:								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Current Liabilities	-	5,825	-	-	5,825	-	-	-
Total Liabilities	-	5,825	-	-	5,825	-	-	-
NET POSITION								
Held in Trust for Retirement and Other Purposes	2,233	4,640	-	-	6,873	5,475,990	4,293,568	9,769,558
Total Net Position	\$ 2,233	\$ 4,640	\$ -	\$ -	\$ 6,873	\$ 5,475,990	\$ 4,293,568	\$ 9,769,558

**CITY OF BROOKSVILLE, FLORIDA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)
 SEPTEMBER 30, 2013**

	<u>Agency Fund</u>	
	<u>Payroll Account</u>	<u>Total Agency Funds</u>
ASSETS		
Pooled Cash and Investments	27,845	\$ 27,845
Total Assets	\$ 27,845	\$ 27,845
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	2,600	\$ 2,600
Other Current Liabilities	25,245	25,245
Total Liabilities	\$ 27,845	\$ 27,845

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2013

	Private Purpose Trust Funds				Total Private Purpose Trust Funds	Pension Trust Funds		Total Pension Trust Funds
	Butterweck Bond Fund	HRA Fund	Donor Memorial Wall Fund	Brooksville Fire		Fireman's Retirement Fund	Police Retirement Fund	
ADDITIONS:								
CONTRIBUTIONS								
Employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 259,662	\$ 51,183	\$ 310,845
Plan Members	-	-	-	-	-	20,156	11,376	31,532
Other	-	-	-	24,440	24,440	103,782	101,810	205,592
Total Contributions	-	-	-	24,440	24,440	383,600	164,369	547,969
INVESTMENT EARNINGS								
Net Increase (Decrease) in Fair Value	5	-	18	-	23	57,232	210,166	267,398
Gain/(Loss) on Sales of Investments	-	-	-	-	-	350,781	159,192	509,973
Interest/Dividends	5	-	2	-	7	141,443	93,777	235,220
Total Investment Earnings	10	-	20	-	30	549,456	463,135	1,012,591
TRANSFERS IN	-	31,925	-	-	31,925	-	-	-
MISCELLANEOUS REVENUES	-	-	-	-	-	141	100	241
Total Additions	10	31,925	20	24,440	56,395	933,197	627,604	1,560,801
DEDUCTIONS:								
BENEFIT PAYMENTS	-	-	-	-	-	304,630	-	304,630
ADMINISTRATIVE EXPENSES	-	38,465	-	-	38,465	64,986	33,885	98,871
TRANSFERS OUT	-	-	7,355	-	7,355	-	-	-
Total Deductions	-	38,465	7,355	-	45,820	369,616	33,885	403,501
CHANGE IN NET POSITION	10	(6,540)	(7,335)	24,440	10,575	563,581	593,719	1,157,300
Net Assets, Beginning of Year	2,223	11,180	7,335	(24,440)	(3,702)	4,912,409	3,699,849	8,612,258
NET POSITION, END OF YEAR	<u>\$ 2,233</u>	<u>\$ 4,640</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,873</u>	<u>\$ 5,475,990</u>	<u>\$ 4,293,568</u>	<u>\$ 9,769,558</u>

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2013**

Grantor Pass-Through Grantor Program/Project Title	Contract #	CFDA/ CSFA #	Grant Funds Expended
<u>FEDERAL AWARDS</u>			
U.S. Department of Justice			
Bureau of Justice Assistance:			
Patrol Vehicle Replacement Grant	2013-JAGC-HERN-1-D7-055	16.738	\$ 25,831
Project Night Vision	2013-JAGD-HERN-1-D8-118	16.738	<u>2,944</u>
			28,775
U.S. Department of Housing and Urban Development			
Office of Community Planning and Development:			
CDBG-NR	11DB-C5-05-37-02-N 11	14.228	131,776
U.S. Department of Environmental Protection			
Brownfields Assessment and Cleanup Cooperative Agreement			
	5 SP016561	66.818	<u>77,082</u>
Total Federal Awards			<u><u>\$ 237,633</u></u>

CITY OF BROOKSVILLE, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2013

NOTE 1 GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal programs for the City of Brooksville. The City reporting entity is defined in Note 1 to the City's basic financial statements for the year ended September 30, 2013.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements for the year ended September 30, 2013.

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

City Council
City of Brooksville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Brooksville, Florida, (the "City") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise City of Brooksville, Florida's basic financial statements, and have issued our report thereon dated May 23, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-001 and 2013-002 described in the accompanying schedule of findings and responses to be material weaknesses.

Compliance and Other Matters

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

City of Brooksville, Florida's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Lakeland, FL
May 23, 2014

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2013**

MATERIAL WEAKNESSES

Finding 2013-001

Criteria

Management is responsible for maintaining adequate internal control over accounting and financial reporting related to non-recurring transactions.

Condition

Misstatements were not prevented or detected by the City's system of internal control relating to its net pension as well as interest costs subject to capitalization within the Utility Fund. Adjustments were required correct these misstatements.

Cause

The City did not record the correct amount of annual pension cost and adjustment to the net pension asset based upon an actuarial valuation relating to the firefighters' retirement plan. Furthermore, the City did not perform a detailed calculation of capitalized interest in order to adequately gauge how material the interest costs were subject to capitalization.

Effect

The City's general ledger did not reflect the proper accounting treatment for pension and assets within the City's Utility Fund. Correcting adjustments were subsequently made after audit inquiry.

Recommendation

We recommend that the City establish, as part of its year end closing protocol of its accounting records, an additional procedure specifically designed to identify unusual, infrequent or non-recurring transactions. Once identified, the accounting treatment for such transactions should be researched and, if appropriate, discussed with designated audit committee members and advisors with relevant financial knowledge, to ensure proper treatment in accordance with GAAP.

Views of Responsible Officials

Management agrees that the City did not record the correct amount of annual pension cost and adjustment to the net pension asset based on the actuarial valuation for the firefighters' pension fund. We further agree that the City did not perform a detailed calculation of capitalized interest within the utility fund to gauge how material the interest costs were subject to the capitalization. The City will prepare the adjusting entry related to the annual pension cost and the net pension asset based on the actuarial valuation for the firefighters' retirement plan at year end. Historically, the City of Brooksville has not capitalized interest cost into the asset value; however, we agree that this should have been the regular practice of the City. We will assure that this will be the regular practice of the City's year end closing protocol of its accounting records. We will assure that it will be our regular practice to identify unusual, infrequent or non-recurring transactions and treat such transactions appropriately.

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2013**

2013-002 - Fund Type Classifications

Criteria

Fund Type Classification

Special revenue funds should be established to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Per GASB 54 guidance, special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. Special revenue funds should not be used to account for resources held in trust for individuals, private organizations, or other governments. The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. Other resources (investment earnings and transfers from other funds, for example) also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund. Governments should discontinue reporting a special revenue fund, and instead report the fund's remaining resources in the general fund, if the government no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources.

Committed Fund Balances

Per GASB 54 guidance, amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority should be reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts. The formal action of the government's highest level of decision-making authority that commits fund balance to a specific purpose should occur prior to the end of the reporting period, but the amount, if any, which will be subject to the constraint, may be determined in the subsequent period. The following additional guidance was provided in the implementation guidance for GASB 54:

54.13. Q—What effect does the legal adoption of budget and appropriation documents for the subsequent year have on fund balance classification? (Q&A2010-Z.54.13)

A—An adopted appropriation ordinance, resolution, or similar legislation generally authorizes a government to spend budgeted revenues and other financing sources and, therefore, does not impose constraints on the use of existing resources. However, if a portion of existing fund balance is included as a budgetary resource in the subsequent year's budget to eliminate a projected excess of expected expenditures over expected revenues, then that portion of fund balance (in an amount no greater than is necessary to eliminate the excess) should be classified as assigned. The amount should not be classified as committed because the governing body does not have to take formal action to remove or modify that specific use—the purpose assignment expires with the appropriation.

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2013**

2013-002 - Fund Type Classifications (continued)

Condition

The City incorrectly classified the following funds as special revenue funds: Good Neighbor Trail Project Fund, Major Storm Readiness Fund, and the Tree and Streetscaping Fund. The cumulative revenue for those funds was material and was not from a specific restricted or committed source. In addition, we noted during year end testing that several fund balances were identified as committed based on the subsequent budget. However, the committed fund balances were not formally approved by specific Council resolution or ordinance.

Cause

The City's year end procedures did not address review of fund type classifications.

Effect

The City's financial statements did not reflect the proper presentation of governmental funds.

Recommendation

We recommend the City establish procedures to ensure all funds are appropriately classified. This will help ensure that all funds are properly recorded in the City's financial statements. In addition, we recommend that the Council establish procedures to formally approve via resolution or ordinance any committed fund balances. This will help ensure that all funds are properly recorded in the City's financial statements.

Views of Responsible Officials

Management agrees and we have taken immediate steps as recommended by the Auditor. The City Council has already passed two (2) resolutions specifically to formally commit, through resolution action, monies for the Traffic Camera Fund (Resolution 2014-07) and First Tee Fund (Resolution 2014-08) outlining and designating each fund's use for a specific purpose, as historically directed by City Council. As directed by the Auditors, management agrees that the Good Neighbor Trail Project Fund, Major Storm Readiness Fund, and the Tree and Streetscaping Fund will be absorbed into the General Fund or as appropriate for financial and budgeting purposes beginning immediately. Procedures and practices have already been implemented by staff to ensure all funds are classified appropriately and recognize that City Council will approve, through resolution or ordinance, any committed fund balances.

MANAGEMENT LETTER

City Council
City of Brooksville, Florida

We have audited the financial statements of the City of Brooksville, Florida, (the "City") as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated May 23, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*. Disclosures in that report, which is dated May 23, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the Management Letter any recommendations to improve financial management. Refer to Appendix A for recommendations to improve financial management.

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings..
- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been included in the notes to the basic financial statements.
- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the City Council, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Lakeland, FL
May 23, 2014

CITY OF BROOKSVILLE, FLORIDA
APPENDIX A - RECOMMENDATIONS - CONTINUED
SEPTEMBER 30, 2013

2013-003 - City Council Minutes

Criteria

The City Council meetings should be documented in written minutes in order to provide verification of the actions and decisions related to the City's resolutions, policies, procedures, intentions or actions.

Condition

The minutes for the Council were not transcribed and approved timely for several meetings during the year. We noted that the Council minutes from July 2013 through December 2013 were not available during year end testing as of January 2014.

Cause

There was a delay in transcribing council minutes due to staffing changes.

Effect

Untimely transcription of minutes could result in Council actions not being properly documented.

Recommendation

Historical summarization of the Council's decision is critical. The Council's meetings provide a verification of the actions and decisions relating to the City's policies, procedures or intentions. In addition, we recommend that all minutes be formally approved on a timely basis at the subsequent council meeting.

Views of Responsible Officials

Management agrees that the timely adoption of City Council minutes is critical. Preparation of minutes during the time of the budget process time for the City (July to September) is many times delayed due to the sheer number of Council meetings and workshops that require transcription. Additionally the City's practice for review and approval of Council minutes has recently slowed beyond an acceptable level. City will work to improve this process and seek to establish a policy that requires Council approval within an acceptable timeframe.

2013-004 - Journal Entry Approval

Criteria

Journal entries should show evidence of proper approval by a responsible employee.

Condition

Journal entries did not include written approval signature. Auditor performed additional inquiry of staff and noted all department heads including the city manager have viewing access to the general ledger; however, no formal written approval requirement exists.

Cause

The City does not have a policy in place for approver to sign journal entries.

Effect

Financial statements could be material misstated due to fraud or error.

**CITY OF BROOKSVILLE, FLORIDA
APPENDIX A - RECOMMENDATIONS - CONTINUED
SEPTEMBER 30, 2013**

2013-004 - Journal Entry Approval (continued)

Recommendation

We recommend that all journal entries be approved by separate individual by evidence of written approval signatures. All entries should be initialed by the preparer and the individual approving them in order to attribute responsibility to the appropriate individuals.

Views of Responsible Officials

Management agrees. Historically, journal entries have been reviewed by a separate staff member than the staff preparer; however, we have not documented our records to reflect this practice. Management has already implemented that regular practice will appropriately document the signature/initials of both the preparer and the reviewer of each journal entry.

2013-005 - Investment Policy

Criteria

The investment policy did not address diversification or allocation strategy for the City as required by Florida Statutes.

Condition

The City allocated their funds between different investments. However, there was no specific diversification or allocation policy per review of the Investment Policy.

Cause

The investment policy did not make clear reference to diversification or allocation.

Effect

Funds could be invested outside of the parameters established by management.

Recommendation

We recommend the City update their investment policy and establish guidelines to include an acceptable diversification strategy. In addition, we recommend that management periodically review their investment policy and revise as deemed necessary.

Views of Responsible Officials

Management agrees. Staff will prepare an amendment to the City's current investment policy to include an acceptable diversification strategy for the review and approval of City Council.

2013-006 - Retainages

Criteria

The general ledger account should capture all activity during the year.

Condition

The City did not track and record retainages related to construction in progress projects.

**CITY OF BROOKSVILLE, FLORIDA
APPENDIX A - RECOMMENDATIONS - CONTINUED
SEPTEMBER 30, 2013**

2013-006 - Retainages (continued)

Cause

The City does not have a policy to track and record construction retainages.

Effect

Financial statements could be materially misstated.

Recommendation

We recommend the City establish procedures to track retainages for construction projects. This will help ensure that liabilities and net position are properly recorded in the City's financial statements.

Views of Responsible Officials

Management agrees. We have already implemented procedures to assure that all construction projects track and record related retainages timely and as appropriate. A written procedure will be developed for proper tracking and recording of construction retainages.

2013-007 - Information Technology Monitoring

Criteria

The City should establish controls to ensure adequate monitoring of information technology service provider.

Condition

The City does not have adequate monitoring controls in place over the service provider who provides certain information technology network administration and other support services.

Cause

The City is not provided adequate reports for monitoring information technology services.

Effect

Inadequate monitoring of controls could result in the intentional or unintentional loss of data.

Recommendation

We recommend that the City increase monitoring of information technology controls. As a best practice, we recommend the City update its technology services agreement that includes but is not limited to the following requested reports for adequate monitoring purposes:

- Report on the service provider's annual penetration testing.
- Confirmations from the Service provider related to terminating employee access from the City's system.
- Report on the service provider's disaster recovery plan and how they will support the City in case of a disaster.
- A report on the number of service/help tickets completed by the service provider during the year.
- A report on whether the service provider's antivirus is up to date.

CITY OF BROOKSVILLE, FLORIDA
APPENDIX A - RECOMMENDATIONS - CONTINUED
SEPTEMBER 30, 2013

2013-007 - Information Technology Monitoring (continued)

Views of Responsible Officials

Management agrees that although there are regular communications/discussions for monitoring information technology controls, additional reporting and monitoring information could be provided to the City in writing for best practices. Staff will seek additional reporting provisions within our agreement with Hernando County Board of County Commissioners.

2013-008 - Budget Violation

Criteria

Expenditures may not legally exceed appropriations for each fund as required by Florida Statutes 166.241(2).

Condition

The City's actual expenditures exceeded budget for the Traffic Camera Fund, Bond Settlement Fund and Law Enforcement Trust Fund.

Cause

As a result of adjustments posted subsequent to year-end, expenditures for the special revenue funds exceeded budget.

Effect

The City is not in compliance with Florida Statutes 166.241(2).

Recommendation

We recommend the City review year-end procedures to ensure all expenditures are appropriately recorded in their accounting system at year end. This will aid in the City completing timely budget amendments in accordance with legal requirements required by Florida Statutes 166.241(2).

Views of Responsible Officials

Management agrees. The specific expenditures that exceeded approved budget amounts for the Traffic Camera Fund were related to an untimely payment of required disbursement expenses due from offsetting revenues that the City had already received. The Law Enforcement Trust Fund was over the approved expenditure line of FY2013 budget by \$86.00 and the Bond Settlement Fund was over the approved expenditure line of FY2013 budget by \$520.00 due to minor cost overruns of City Council approved expenditures. Although it has been the practice of the City to ensure that all expenditures are appropriately recorded in the accounting system at year end and timely budget amendments are prepared/approved in accordance with the Florida Statutes, we will closely review our procedures and adjust as necessary for improvement in this area.