

CITY OF BROOKSVILLE, FLORIDA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2014

**CITY OF BROOKSVILLE, FLORIDA
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2014**

INTRODUCTORY SECTION

GOVERNMENTAL OFFICIALS	1
-------------------------------	----------

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	2
-------------------------------------	----------

MANAGEMENT'S DISCUSSION AND ANALYSIS	4
---	----------

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION	20
----------------------------------	-----------

STATEMENT OF ACTIVITIES	21
--------------------------------	-----------

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUND FINANCIAL STATEMENTS

BALANCE SHEET	22
----------------------	-----------

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	23
--	-----------

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	24
--	-----------

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	25
--	-----------

PROPRIETARY FUND FINANCIAL STATEMENTS

STATEMENT OF NET POSITION	26
----------------------------------	-----------

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION	28
---	-----------

STATEMENT OF CASH FLOWS	29
--------------------------------	-----------

FIDUCIARY FUND STATEMENTS

STATEMENT OF FIDUCIARY NET POSITION	31
--	-----------

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	32
---	-----------

NOTES TO FINANCIAL STATEMENTS	33
--------------------------------------	-----------

**CITY OF BROOKSVILLE, FLORIDA, FLORIDA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - GENERAL FUND	73
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - COMMUNITY REDEVELOPMENT AGENCY	74
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - TRAFFIC CAMERA FUND	75
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - FIRE DEPARTMENT FUND	76
PENSION SCHEDULES	
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS	77
SCHEDULE OF CONTRIBUTIONS	79
SCHEDULE OF INVESTMENT RETURNS	82
SCHEDULE OF FUNDING PROGRESS	83
SCHEDULE OF EMPLOYER CONTRIBUTIONS	84

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	85
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	89
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS	93
COMBINING BALANCE SHEET – GENERAL FUND	106
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GENERAL FUNDS	107
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND	108
STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS	111

**CITY OF BROOKSVILLE, FLORIDA, FLORIDA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014**

STATEMENT REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – INTERNAL SERVICE FUNDS	112
STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS	113
COMBINING STATEMENT OF FIDUCIARY NET POSITION	115
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	117
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	118
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	119
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 <i>GOVERNMENT AUDITING STANDARDS</i>	120
MANAGEMENT LETTER	122
INDEPENDENT ACCOUNTANTS' REPORT	125

INTRODUCTORY SECTION

**CITY OF BROOKSVILLE, FLORIDA
GOVERNMENTAL OFFICIALS CONTENTS
YEAR ENDED SEPTEMBER 30, 2014**

CITY COUNCIL

MAYOR	FRANKIE BURNETT
VICE MAYOR	JOE JOHNSTON
COUNCIL MEMBER	ROBERT BATTISTA
COUNCIL MEMBER	BETTY ERHARD
COUNCIL MEMBER	NATALIE KAHLER

CITY MANAGER

T. JENNENE NORMAN-VACHA

ASSISTANT 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, 2014, 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, 2014, 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.

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, Florida
April 29, 2015

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

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, 2014.

FINANCIAL HIGHLIGHTS

- The assets of the City of Brooksville exceeded its liabilities at September 30, 2014 by \$46,621,823 (net position) and increased \$2,747,180. Of this amount, \$3,457,305 of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- As of September 30, 2014, the City of Brooksville's governmental funds reported combining ending fund balances of \$5,508,750 which increased \$346,468 from the previous fiscal year.
- General Fund expenditures and transfers out came in under final budget projections by \$267,004. General Fund expenditures excluding transfers out are up from September 30, 2013 by \$356,664. The major differences are that wages and benefit cost increased.
- Utility Fund cash and cash equivalents increased from \$2,938,838 at the beginning of the fiscal year to \$6,638,427 at the end of the fiscal year. The primary reason for the increase is due to the Crescent Resources litigation settlement. Total capital expenditures for the fiscal year were \$143,309. Of the \$6,638,427 cash and cash equivalents, \$865,501 is unrestricted.
- The cash and cash equivalents for the Sanitation Fund increased from \$470,484 at the beginning of the fiscal year to \$600,350 at the end of the fiscal year. The Sanitation Fund did not purchased equipment in the 2014 fiscal year which accounted for the increase in cash equivalents.
- Total net position of the Pension Trust Funds (Police and Fire) increased by \$1,128,348. Net position of the two plans was \$10,897,906. This compares to \$9,769,559 for fiscal year ending September 30, 2013. The improvement in the equities market during September 30, 2014 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 2013-2014 fiscal year the tax brought in \$790,581 in revenues. This is an increase of \$48,525 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 2014 was set at 6.7317 mills. The millage rate was 6.6000 in 2013.
- 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 were completed. The remaining energy project that was added by City Council is the City

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

- Police Station HVAC budgeted for \$133,056 in the fiscal year 2012/2013 budget and was completed in fiscal year ending September 30, 2013.
- The City's Sanitation Division purchased in 2013-2014 a 2014 Isuzu Chassis street sweeper at a cost of \$177,150. In addition, they purchased a 2014 Ford F-550 container truck at a cost of \$63,207. The monies for both vehicles came out of the Sanitation Vehicle Replacement Fund 502 reserves.
- Funding through the City's General Fund Vehicle Replacement Fund purchased one 2013 Dodge Charger police cars costing \$35,202. In addition, the City purchased a 2014 Dodge Charger for \$30,067 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 Early Road Project at a cost of \$36,740 and the Sharon Street at a cost of \$8,129.

CITY HIGHLIGHTS

- The City adopted a special fire assessment for the fiscal year 2012/2013 budget year. The revenue from the assessment for the year ending September 30, 2014 is \$542,617. The Fire Department Fund was created and moved from General Fund. The City's Fire Department is funded via the special assessment and a transfer from General Fund.
- 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.
- In fiscal year 2013-2014 twenty two (22) single family residential permit was issued in the Southern Hills Plantation. The value of the new home totaled \$6,525,920. 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. There were no single family home permits issued in the Cascades during October 1, 2012 through September 30, 2013 or during the period October 1, 2013 through September 30, 2014.
- Majestic Oaks near the Brooksville County Club is proposing 900 units.
- In fiscal year 2013-2014, outside of the Southern Hills/Cascades development area there was one (1) single family residential homes permitted within the City with a total construction cost of \$205,860. 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

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

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 2013-2014 we had a good year in commercial permit activity. Total commercial permit activity was \$3,397,692. The major new construction and remodeling amounted to \$2,488,607. The major projects completed were Popeye's, Sears Outlet and The One Room Schoolhouse. The major remodeling project were Aaron's Rentals, Applebee's, Anytime Fitness, Benes Beauty School, American Gun & Pawn, Candlelight Wellness and 14 interiors completed at Southern Pines Condominiums. In fiscal year 2012-2013 total commercial permits were \$1,440,347. We had an increase in total commercial permit over last year of \$1,957,345.
- 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.

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

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 20-21 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 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 22-25 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

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

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 26-30 of this report.

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

The basic fiduciary fund financial statements can be found on pages 31-32 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 33-72 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 73-117 of this report. The schedule of changes in net pension liability and related ratios, investment returns, funding progress and contributions of the pension trust funds can be found on pages 77-84 of this report.

ECONOMIC FACTORS

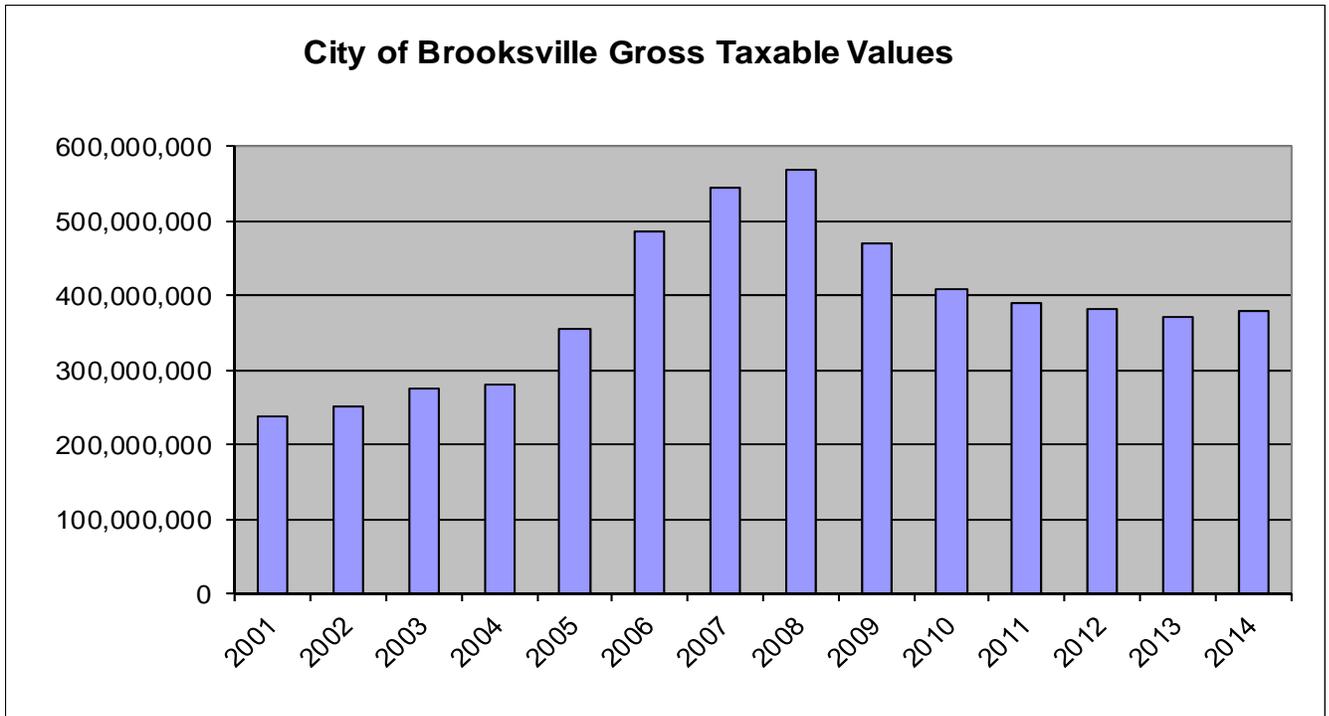
The City of Brooksville, the County Seat of Hernando County, has experienced a period of growth over the last decade. The Greater Tampa metropolitan area is expanding northward, due in part to limited available land for development in the southern regions and the completion of the Suncoast Parkway toll 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 7,643 which was used in the fiscal year 2013-2014 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 2015 is not yet available it is expected that the City's taxable values may increase. In the 2014 Tax Year the current year gross taxable value is \$381,361,875. In the 2013 Tax Year the current year gross taxable values for operating purposes were \$371,205,008. This is an increase in taxable values of \$10,156,867 and a 1.3% increase in values in one year. In 2008, the final gross taxable values

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

were \$568,431,915 (the highest in the City's history); this is a decline of \$187,070,040 from 2008 to 2014 and over a 32.9% loss in values in that period. At the 2014 millage rate of 6.6962 mills, the decline of \$187,070,040 represents a decrease in annual Ad Valorem revenues of approximately \$1,190,025 (at 95%) in the span from the high in 2008 to 2014. 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 2015-16 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 2001 to 2014.



Hernando County's unemployment stood at 7.6% in December 2013 was down from 9.4% one year ago. It is also higher than the state rate of 6.1% and the 6.7% 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 and \$161,342 in FY 2013-2014.

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.

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

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 Council repealed the City Occupational Business License Tax in 2008 and maintaining a low millage of 6.6962 mills.

The list of national retailers who are in the City includes Wal-Mart, Sears Outlet, 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. Completed 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 4 years old. It was estimated that the inaugural festive brought upwards of 45,000 to 50,000 visitors to Brooksville. Hernando County Commissioner Dave Russell was quoted in the January 31, 2013 *Hernando Today* that the Brooksville 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.

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

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 curbside 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 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 have been planned in and around the City of Brooksville:

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

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

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

THE CITY AS A WHOLE

The City's combined net position as of September 30, 2014 was \$46,621,823. Table 1 below reflects the condensed Statement of Net Position for the last two years.

The largest portion of the City's net position (74.3%) 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 (18.3%) 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 (7.4%) are unrestricted net position. The unrestricted net position total \$3,457,305 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.

City of Brooksville Net Position						
Table 1	Governmental Activities		Business-Type Activities		Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 7,352,067	\$ 7,384,695	\$ 7,986,696	\$ 4,349,166	\$ 15,338,763	\$ 11,733,861
Capital Assets, net of deprec.	12,310,047	12,302,676	36,998,870	38,561,759	49,308,917	50,864,435
Total Assets	19,662,114	19,687,371	44,985,566	42,910,925	64,647,680	62,598,296
Long-Term Liabilities	3,834,648	3,765,369	11,874,446	12,554,275	15,709,094	16,319,644
Other Liabilities	1,038,068	1,112,763	1,278,695	1,291,246	2,316,763	2,404,009
Total Liabilities	4,872,716	4,878,132	13,153,141	13,845,521	18,025,857	18,723,653
Net Position:						
Net Investment in Capital Assets	8,901,786	8,667,791	25,730,564	26,699,269	34,632,350	35,367,060
Restricted	3,139,442	3,225,765	5,392,726	1,840,142	8,532,168	5,065,907
Unrestricted	2,748,170	2,915,683	709,135	525,993	3,457,305	3,441,676
Total Net Assets	\$ 14,789,398	\$ 14,809,239	\$ 31,832,425	\$ 29,065,404	\$ 46,621,823	\$ 43,874,643

Table 2 below is the condensed change in net position for the fiscal year ended September 30, 2014. 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 \$9,694,465 going down 8.9% from last year. The City's total governmental activities revenues decreased \$310,520 due to the charges for services and other taxes. Property tax collections went up by \$121,976. Table 2 shows the cost of Business-type expense activities was \$5,037,744 (increase of .5% over last year). The Business-type accounts revenues increased from 2013 to 2014 by \$3,629,239; this was due to the increase of settlement, miscellaneous revenue, charges for services and investment earnings of \$3,761,858 and interfund transfers increased by \$5,387. Business-type charges for services increased by 4.7%.

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

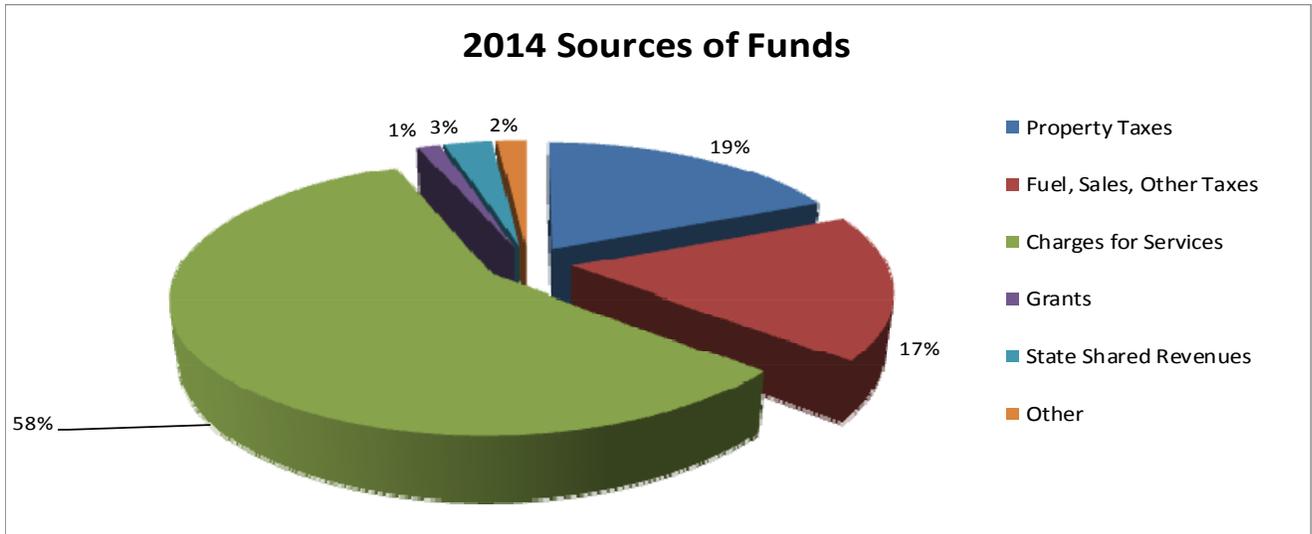
On Table 2, the total primary government expenses were \$14,732,209. There was a decrease from the previous year by \$924,230. Total primary government revenues were up by \$3,318,565. Capital Grants and Contributions totaled \$31,853 which was down by \$124,356 mainly because of the Grant from the CDBG Grant in 2013. Taxes brought in to the City totaled \$5,414,266.

City of Brooksville, Florida's Change in Net Position

Table 2	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues						
Charges for Services	\$ 3,089,057	\$ 3,606,462	\$ 4,996,967	\$ 4,775,747	\$ 8,086,024	\$ 8,382,209
Operating Grants and Contributions	159,832	81,155	-	-	159,832	81,155
Capital Grants and Contributions	31,853	28,775	-	127,434	31,853	156,209
Property Taxes	2,599,053	2,477,077	-	-	2,599,053	2,477,077
Fuel Taxes	247,916	247,184	-	-	247,916	247,184
Sales Taxes	361,829	344,948	-	-	361,829	344,948
Other Taxes	1,801,698	1,853,510	-	-	1,801,698	1,853,510
State Shared Revenues	403,770	402,485	-	-	403,770	402,485
Investment Earning	23,952	8,367	12,647	5,581	36,599	13,948
Miscellaneous	182,735	166,080	26,849	31,061	209,584	197,141
Legal Settlement	-	-	3,537,938	-	3,537,938	-
Sale of Capital Assets	3,245	4,804	48	-	3,293	4,804
Interfund Transfers	769,684	764,297	(769,684)	(764,297)	-	-
Total Revenues	9,674,624	9,985,144	7,804,765	4,175,526	17,479,389	14,160,670
Expenses						
General Government	2,083,483	2,765,333	-	-	2,083,483	2,765,333
Public Safety	5,721,311	5,978,979	-	-	5,721,311	5,978,979
Physical Environment	214,313	221,431	-	-	214,313	221,431
Transportation	614,681	688,842	-	-	614,681	688,842
Culture and Recreation	913,029	829,796	-	-	913,029	829,796
Interest on long-term debt	147,648	157,449	-	-	147,648	157,449
Utility Fund	-	-	3,780,435	3,769,413	3,780,435	3,769,413
Sanitation Fund	-	-	1,257,309	1,245,196	1,257,309	1,245,196
Total Expenses	9,694,465	10,641,830	5,037,744	5,014,609	14,732,209	15,656,439
Change in Net Position	(19,841)	(656,686)	2,767,021	(839,083)	2,747,180	(1,495,769)
Net Position, Beginning of Year	14,809,239	15,465,925	29,065,404	29,904,487	43,874,643	45,370,412
Net Position, End of Year	\$ 14,789,398	\$ 14,809,239	\$ 31,832,425	\$ 29,065,404	\$ 46,621,823	\$ 43,874,643

The pie chart below shows the 2014 Sources of Funds Government-wide with the data obtained from Table 2 above. Charges for Services provide 32% of our Revenues. Property taxes provide 27% and Fuel, Sales, and Other Taxes provide 25%. State Shared Revenues and miscellaneous provide 14%. 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, 2014**



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 20 which begins the governmental funds detail.

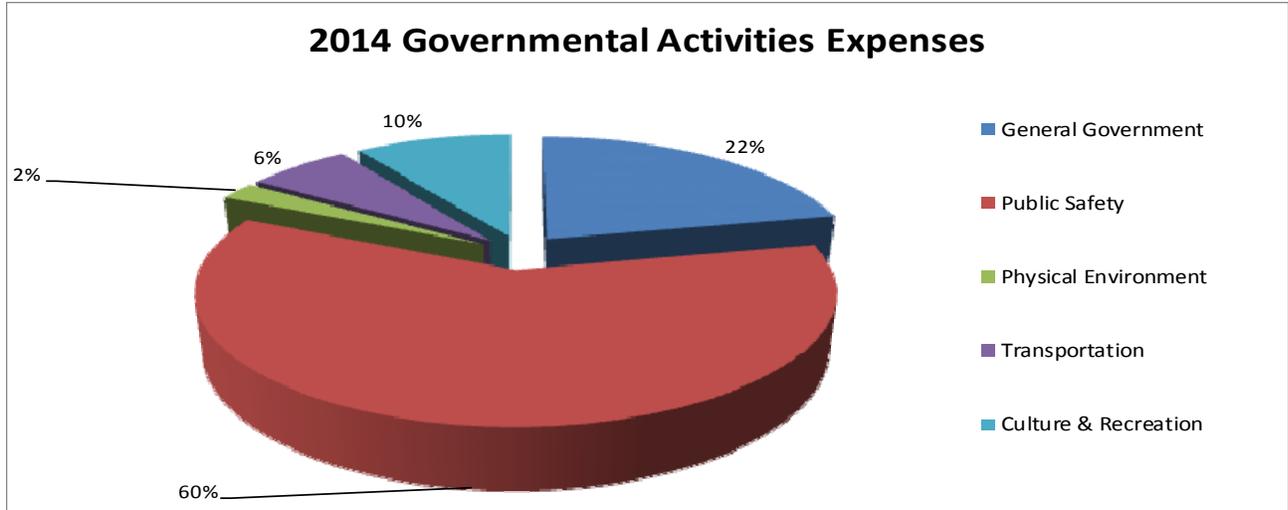
There are four major funds in the governmental fund group. The four major funds are the General Fund, Brooksville Community Redevelopment Agency, Traffic Camera Fund and Fire Department Fund. To determine a major fund, GASB 34 requires a two-step process based on 10% and 5% criteria. The General Fund 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 \$1,208,874. The fund balance increased from the previous year in the amount of \$173,234.

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 \$470,492 at September 30, 2014.

The nonmajor governmental funds consist of Special Revenue Funds of \$2,298,588, Capital Projects Funds of \$895,296, Debt Service Funds of \$60,177 and a Permanent Fund of \$375,385. The nonmajor Government Funds had a year-end Fund Balance of \$3,629,446. Together the City had approximately \$5.5 million in Fund Balance Reserves as opposed to \$5.16 million in the previous year.

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

The pie chart below indicates the percentage of dollars spent on governmental activities. Public Safety makes up 59% of the City's governmental activities. General Government is 21% of the total governmental activities. General government includes City Manager's Office, Finance, Human Resources, Community Development, and Technology Services. Streets are 6% and Culture and Recreation activities are 11%. 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 positive change in net position of \$2,668,609. The change in Charges for Services and litigation settlement were the primary reason for the increase. Current assets decreased by \$548,809 from the previous fiscal year. Total liabilities decreased by \$690,284 from the previous fiscal year. Charges for services increased \$201,769 from the previous year. Operating expenses increased by \$116,275 from the previous year due to an increase in depreciation.

The Sanitation Fund sustained a negative change in net position of \$20,370.

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.

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

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	\$ 39,288
Police	1,770
Fire	440,125
Streets	76,928
Parks	9,319
Cemetery	3,041
General Fund Total	570,471
Utility Fund	155,003
Sanitation Fund	607,601
Proprietary Funds Total	762,604
Grand Total	\$ 1,333,075

Capital Assets

The City's capital assets (net of accumulated depreciation) as of September 30, 2014 reflect an investment of \$49,308,917 on Statement of Net Position. Please refer to Note 5 beginning on pages 49 and 50 to review detail of the Capital Asset activity for the fiscal year ended September 30, 2014. 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 one police vehicles costing \$36,061, one 2014 Isuzu chassis street sweeper costing \$177,150, one 2013 Caterpillar Mini Excavator with trailer for \$42,623, one 2014 Ford Cargo Van costing \$29,799 and one 2014 ford F550 Container Truck for \$63,207. In addition, the City capitalized one police vehicle from the Federal Edward Byrne Memorial JAG Program Grant (Patrol K-9 Vehicle Program) for \$30,067.
- The Equipment Replacement Fund capitalized \$6,658 for a 2014 Gravely Pro Turn 148 Riding Lawn Mower for the Parks Department.
- We capitalized \$13,170 for the remodel of City Hall first floor bathrooms and \$10,620 for second floor carpeting of City Hall.
- \$18,867 was capitalized for the Police Department retaining wall and \$12,479 for Police room redesign part A out of General Fund and \$3,000 for room redesign part B from Fund 128.
- Other General Fund projects that were capitalized are 2014 All Pro trailer dump (\$6,095), netting for adult fields at Jerome Brown Center (\$9,215), and repaving of JBCC skate and bike trail (\$19,263).
- Fund 109 Law Enforcement Invest. Trust bought a Cellbrite Kit Touch for \$7,084.

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

- Fund 115 Parks Impact Fees built a Pavilion for \$31,311.
- Fund 312 our 2011 Capital Improvement Loan- Capital Projects Fund bought Basketball Court lights for \$6,100.
- Fund 308 Multi-Year Capital Project Accumulation capitalized two projects, Early Road for \$36,740 and Sharon Street for \$8,129.
- Fund 615 Community Redevelopment Agency completed the task 2 CRA Recreation Master Plan for \$7,890 and the task 3 CRA Storm water Master Plan for \$9,890.
- The Utility Fund capitalized \$22,058 for Hope Hill Generator and \$9,232 for a Gear Box Out Put Coupler.

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, 2014 is \$336,275 interest rate of 4.23% maturing May 10, 2021. See Note 6 page 51 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 51. The balance as of September 30, 2014 is \$164,000. 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 51.

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, 2014 is \$898,213 at 2.3%. The project associated with the debt was sewer rehabilitation with a combination of grant/loan proceeds. See Note 6 page 51.

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, 2014 is \$8,889,826. This action refunds the following two Revenue Bonds and Hancock Bank loan:

- 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.

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

- 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 \$868,063. The major difference was tax revenues when comparing budget to actual. General Fund expenditures were under budget by \$368,421 (excluding transfers out).

2014 Millage Rate

The City's elected and appointed officials considered many factors when adopting the fiscal year 2013-2014 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 (1.0169% for 2014). The City of Brooksville's maximum rate by majority vote was 11.9580 mills (exceeds the 10 mill cap). A two-thirds vote maximum millage allowed by law exceed was 13.1538 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 2014, the City adopted the millage rate of 6.7317. The current year rolled-back rate was 6.7317 which was the same as 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 2014 millage rate of 6.7317 was 5.2263 mills lower than required by the State of Florida with a majority vote.

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.

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, 2014**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Pooled Cash and Investments	\$ 6,505,337	\$ 1,465,851	\$ 7,971,188
Accounts Receivable, Net	270,590	386,224	656,814
Internal Balances	(216,485)	216,485	-
Due from Other Governments	181,030	1,328	182,358
Inventories	6,086	141,176	147,262
Prepaid Items	18,385	2,706	21,091
Net Pension Asset	75,370	-	75,370
Restricted Assets:			
Cash and Investments	511,754	5,772,926	6,284,680
Capital Assets not being Depreciated	4,165,426	3,633,170	7,798,596
Capital Assets Net of Accumulated Depreciation	8,144,621	33,365,700	41,510,321
Total Assets	<u>19,662,114</u>	<u>44,985,566</u>	<u>64,647,680</u>
LIABILITIES			
Accounts Payable	321,343	96,159	417,502
Accrued Interest Payable	34,914	111,721	146,635
Accrued Wages Payable	128,667	33,517	162,184
Deposits	70,766	400,288	471,054
Other Current Liabilities	182,453	9,277	191,730
Unearned Revenue	6,192	-	6,192
Non-Current Liabilities:			
Due Within One Year:			
Accrued Compensated Absences	56,781	19,006	75,787
Notes Payable	229,952	45,329	275,281
Revenue Bonds Payable	7,000	563,398	570,398
Due in More Than One Year:			
Accrued Compensated Absences	183,213	39,656	222,869
Notes Payable	3,014,309	852,888	3,867,197
Revenue Bonds Payable	157,000	8,326,424	8,483,424
Other Long-Term Liabilities	480,126	2,655,478	3,135,604
Total Liabilities	<u>4,872,716</u>	<u>13,153,141</u>	<u>18,025,857</u>
NET POSITION			
Net Investment in Capital Assets	8,901,786	25,730,564	34,632,350
Restricted:			
Restricted - Business Type Activities	-	5,392,726	5,392,726
Restricted - Governmental Activities	2,894,234	-	2,894,234
Nonexpendable	245,208	-	245,208
Unrestricted	2,748,170	709,135	3,457,305
Total Net Position	<u>\$ 14,789,398</u>	<u>\$ 31,832,425</u>	<u>\$ 46,621,823</u>

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014**

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	\$ 2,083,483	\$ 178,750	\$ -	\$ -	\$ (1,904,733)	\$ -	\$ (1,904,733)
Public Safety	5,721,311	2,820,967	11,891	31,853	(2,856,600)	-	(2,856,600)
Physical Environment	214,313	-	-	-	(214,313)	-	(214,313)
Transportation	614,681	2,111	-	-	(612,570)	-	(612,570)
Culture and Recreation	913,029	87,229	147,941	-	(677,859)	-	(677,859)
Debt Service							
Interest on Long-Term Debt	147,648	-	-	-	(147,648)	-	(147,648)
Total Governmental Activities	9,694,465	3,089,057	159,832	31,853	(6,413,723)	-	(6,413,723)
Business-Type Activities:							
Utility	3,780,435	3,674,495	-	-	-	(105,940)	(105,940)
Sanitation	1,257,309	1,322,472	-	-	-	65,163	65,163
Total Business-Type Activities	5,037,744	4,996,967	-	-	-	(40,777)	(40,777)
Totals Primary Government	\$ 14,732,209	\$ 8,086,024	\$ 159,832	\$ 31,853	(6,413,723)	(40,777)	(6,454,500)
General Revenues:							
Taxes							
Property Taxes					2,599,053	-	2,599,053
Utility Taxes					1,143,597	-	1,143,597
Fuel Taxes					247,916	-	247,916
Franchise Taxes					652,541	-	652,541
Sales Taxes					361,829	-	361,829
Other Taxes					5,560	-	5,560
State Shared Revenue					403,770	-	403,770
Investment Earnings					23,952	12,647	36,599
Legal Settlement					-	3,537,938	3,537,938
Miscellaneous					182,735	26,849	209,584
Gain (Loss) on Sale of Capital Assets					3,245	48	3,293
Transfers, Net					769,684	(769,684)	-
Total General Revenues and Transfers					6,393,882	2,807,798	9,201,680
Change in Net Position					(19,841)	2,767,021	2,747,180
Net Position - Beginning of Year					14,809,239	29,065,404	43,874,643
Net Position, End of Year					\$ 14,789,398	\$ 31,832,425	\$ 46,621,823

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	Major Funds					
	City of Brooksville Community				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Redevelopment Agency	Traffic Camera Fund	Fire Department Fund		
ASSETS						
Pooled Cash and Investments	\$ 1,144,424	\$ 486,179	\$ 132,353	\$ 79,342	\$ 3,329,963	\$ 5,172,261
Restricted Pool Cash and Investments	-	-	-	-	511,754	511,754
Accounts Receivable	217,324	-	48,315	-	4,951	270,590
Due from Other Funds	7,045	-	-	-	17,811	24,856
Advance to Other Funds	92,640	-	-	-	-	92,640
Due from Other Governments	94,229	-	7,992	630	78,179	181,030
Inventories	1,925	-	-	-	-	1,925
Prepaid Items	18,385	-	-	-	-	18,385
Total Assets	\$ 1,575,972	\$ 486,179	\$ 188,660	\$ 79,972	\$ 3,942,658	\$ 6,273,441
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	\$ 175,925	\$ 15,687	\$ 9,230	\$ 9,250	\$ 107,363	\$ 317,455
Accrued Wages Payable	92,719	-	6,217	29,299	-	128,235
Unearned Revenue	-	-	-	-	6,192	6,192
Due to Other Funds	17,811	-	-	-	7,045	24,856
Deposits	70,766	-	-	-	-	70,766
Other Current Liabilities	9,877	-	7,946	6,752	192,612	217,187
Total Liabilities	367,098	15,687	23,393	45,301	313,212	764,691
FUND BALANCE						
Nonspendable:						
Permanent Funds	-	-	-	-	245,208	245,208
Inventories	1,925	-	-	-	-	1,925
Prepaid Items	18,385	-	-	-	-	18,385
Long-Term Accounts Receivable	67,500	-	-	-	-	67,500
Advance to Other Funds	92,640	-	-	-	-	92,640
Restricted:						
Special Revenue Funds	-	470,492	-	34,671	2,264,534	2,769,697
Permanent Funds	-	-	-	-	177	177
Capital Project Funds	-	-	-	-	64,183	64,183
Debt Service Funds	-	-	-	-	60,177	60,177
Committed:						
Special Revenue Funds	-	-	165,267	-	439,976	605,243
Assigned:						
Capital Project Funds	-	-	-	-	425,191	425,191
Permanent Funds	-	-	-	-	130,000	130,000
Unassigned (Deficit)	1,028,424	-	-	-	-	1,028,424
Total Fund Balance (Deficit)	1,208,874	470,492	165,267	34,671	3,629,446	5,508,750
Total Liabilities and Fund Balance	\$ 1,575,972	\$ 486,179	\$ 188,660	\$ 79,972	\$ 3,942,658	\$ 6,273,441

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, 2014**

Fund Balances - Total Governmental Funds \$ 5,508,750

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	17,506,053	
Less: Accumulated Depreciation	<u>(5,926,983)</u>	11,579,070

The net pension asset is not an available resource and, therefore, is not reported in the governmental funds		75,370
--	--	--------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Accrued Compensated Absences	(239,346)	
Notes Payable	(3,244,261)	
Bond Payable	(164,000)	
Other Long-Term Liabilities	<u>(480,126)</u>	(4,127,733)

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.		2,063,066
---	--	-----------

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.		<u>(309,125)</u>
---	--	------------------

Net Position of Governmental Activities \$ 14,789,398

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, 2014

	Major Funds					Total Governmental Funds
	General Fund	City of Brooksville Community Redevelopment Agency	Traffic Camera Fund	Fire Department Fund	Nonmajor Governmental Funds	
REVENUES						
Taxes	\$ 3,654,706	\$ 87,790	\$ -	\$ 542,771	\$ 247,915	\$ 4,533,182
Licenses and Permits	850,236	-	-	25	62,299	912,560
Intergovernmental Revenue	776,005	-	-	2,870	186,839	965,714
Charges for Services	204,794	-	-	8,988	6,812	220,594
Fines and Forfeits	87,047	-	2,021,510	-	57,673	2,166,230
Net Investment Earnings	8,500	410	-	-	9,024	17,934
Miscellaneous Revenues	148,131	-	23,616	600	14,185	186,532
Total Revenues	<u>5,729,419</u>	<u>88,200</u>	<u>2,045,126</u>	<u>555,254</u>	<u>584,747</u>	<u>9,002,746</u>
EXPENDITURES						
Current:						
General Government	1,770,277	-	-	-	147,941	1,918,218
Culture and Recreation	694,507	-	-	-	36,339	730,846
Public Safety	2,082,058	-	1,707,907	1,422,327	33,668	5,245,960
Physical Environment	109,192	29,115	-	-	-	138,307
Transportation	563,621	-	-	-	10,778	574,399
Debt Service:						
Principal	-	-	-	41,700	184,858	226,558
Interest	-	-	-	17,584	130,064	147,648
Aids to Private Organizations	-	15,292	-	-	-	15,292
Capital Outlay	116,599	51,717	4,105	13,197	217,269	402,887
Total Expenditures	<u>5,336,254</u>	<u>96,124</u>	<u>1,712,012</u>	<u>1,494,808</u>	<u>760,917</u>	<u>9,400,115</u>
Excess (Deficiency) of Revenues Over Expenditures	393,165	(7,924)	333,114	(939,554)	(176,170)	(397,369)
OTHER FINANCING SOURCES (USES)						
Transfers In	863,705	-	-	1,026,677	1,189,795	3,080,177
Transfers Out	(1,083,636)	-	(650,500)	(4,500)	(597,704)	(2,336,340)
Total Other Financing Sources (Uses)	<u>(219,931)</u>	<u>-</u>	<u>(650,500)</u>	<u>1,022,177</u>	<u>592,091</u>	<u>743,837</u>
NET CHANGE IN FUND BALANCES	173,234	(7,924)	(317,386)	82,623	415,921	346,468
Fund Balances, Beginning 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>
FUND BALANCES, END OF YEAR	<u>\$ 1,208,874</u>	<u>\$ 470,492</u>	<u>\$ 165,267</u>	<u>\$ 34,671</u>	<u>\$ 3,629,446</u>	<u>\$ 5,508,750</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, 2014**

Net Changes in Fund Balances - Total Governmental Funds \$ 346,468

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	\$ 353,142	
Less: Current Year Depreciation	<u>(575,466)</u>	(222,324)

Repayment of principal is an expenditure in the governmental funds, however the repayment reduces long-term liabilities in the statement of net assets.	226,558
---	---------

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	20,183	
Other Long-Term Liabilities	<u>(303,797)</u>	(283,614)

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.	16,897
--	--------

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	<u>(103,826)</u>
--	------------------

Change in Net Position of Governmental Activities \$ (19,841)

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014**

	<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	\$ 865,501	\$ 600,350	\$ 1,465,851	\$ 1,333,075
Accounts Receivable, Net	386,224	-	386,224	-
Due from Other Governments	565	763	1,328	-
Inventories	141,176	-	141,176	4,162
Prepaid Items	2,029	677	2,706	-
Total Current Assets	<u>1,395,495</u>	<u>601,790</u>	<u>1,997,285</u>	<u>1,337,237</u>
Non-Current Assets:				
Restricted Assets:				
Cash and Investments	5,772,926	-	5,772,926	-
Capital Assets, Net:				
Land	1,148,912	47,020	1,195,932	-
Construction In Progress	2,437,238	-	2,437,238	-
Building	92,679	273,395	366,074	-
Improvement Other than Building	50,089,469	57,040	50,146,509	-
Machinery and Equipment	1,761,885	1,876,591	3,638,476	1,808,581
	<u>55,530,183</u>	<u>2,254,046</u>	<u>57,784,229</u>	<u>1,808,581</u>
Less: Accumulated Depreciation	<u>19,555,247</u>	<u>1,230,112</u>	<u>20,785,359</u>	<u>1,077,604</u>
Net Capital Assets	<u>35,974,936</u>	<u>1,023,934</u>	<u>36,998,870</u>	<u>730,977</u>
Total Non-Current Assets	<u>41,747,862</u>	<u>1,023,934</u>	<u>42,771,796</u>	<u>730,977</u>
Total Assets	<u>\$ 43,143,357</u>	<u>\$ 1,625,724</u>	<u>\$ 44,769,081</u>	<u>\$ 2,068,214</u>

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
SEPTEMBER 30, 2014**

	<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	\$ 54,463	\$ 41,696	\$ 96,159	\$ 3,888
Accrued Interest Payable	111,721	-	111,721	-
Accrued Wages Payable	25,367	8,150	33,517	432
Deposits	400,288	-	400,288	-
Accrued Compensated Absences - Current	13,874	5,132	19,006	-
Note Payable - Due within One Year	45,329	-	45,329	-
Bond Payable - Due within One Year	563,398	-	563,398	-
Other Current Liabilities	7,956	1,317	9,273	180
Total Current Liabilities	<u>1,222,396</u>	<u>56,295</u>	<u>1,278,691</u>	<u>4,500</u>
Non-Current Liabilities:				
Accrued Compensated Absences	30,273	9,383	39,656	648
Advance from Other Funds	92,640	-	92,640	-
Notes Payable	852,888	-	852,888	-
Bond Payable	8,326,424	-	8,326,424	-
Other Long-Term Liabilities	2,655,478	-	2,655,478	-
Total Non-Current Liabilities	<u>11,957,703</u>	<u>9,383</u>	<u>11,967,086</u>	<u>648</u>
Total Liabilities	13,180,099	65,678	13,245,777	5,148
NET POSITION				
Net Investment in Capital Assets	24,706,630	1,023,934	25,730,564	730,977
Restricted	5,392,726	-	5,392,726	-
Unrestricted (Deficit)	<u>(136,098)</u>	<u>536,112</u>	<u>400,014</u>	<u>1,332,089</u>
Total Net Position	<u>\$ 29,963,258</u>	<u>\$ 1,560,046</u>	31,523,304	<u>\$ 2,063,066</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			<u>309,121</u>	
Net Position of Business-Type Activities			<u>\$ 31,832,425</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, 2014

	<u>Business-Type Activities</u>			Governmental Activities - Internal Service Fund
	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>	
OPERATING REVENUE				
Charges for Services	\$ 3,674,495	\$ 1,322,472	\$ 4,996,967	\$ 295,585
Miscellaneous Revenues	20,492	6,357	26,849	32,540
Total Operating Revenues	<u>3,694,987</u>	<u>1,328,829</u>	<u>5,023,816</u>	<u>328,125</u>
OPERATING EXPENSES				
Personal Services	1,130,453	430,218	1,560,671	48,411
Other Services and Charges	1,048,072	669,847	1,717,919	18,848
Depreciation	1,549,494	157,244	1,706,738	125,803
Total Operating Expenses	<u>3,728,019</u>	<u>1,257,309</u>	<u>4,985,328</u>	<u>193,062</u>
OPERATING INCOME	(33,032)	71,520	38,488	135,063
NONOPERATING REVENUES (EXPENSES)				
Legal Settlement	3,537,938	-	3,537,938	-
Net Investment Earnings	11,720	927	12,647	6,020
Interest Expense	(171,198)	-	(171,198)	-
Gain on Sale of Capital Assets	-	48	48	-
Total Nonoperating Revenues (Expenses)	<u>3,378,460</u>	<u>975</u>	<u>3,379,435</u>	<u>6,020</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	3,345,428	72,495	3,417,923	141,083
CONTRIBUTIONS AND TRANSFERS				
Transfers Out	(676,819)	(92,865)	(769,684)	(5,404)
Total Contributions and Transfers	<u>(676,819)</u>	<u>(92,865)</u>	<u>(769,684)</u>	<u>(5,404)</u>
CHANGE IN NET POSITION	2,668,609	(20,370)	2,648,239	135,679
Net Position Beginning of Year	<u>27,294,649</u>	<u>1,580,416</u>		<u>1,927,387</u>
NET POSITION, END OF YEAR	<u>\$ 29,963,258</u>	<u>\$ 1,560,046</u>		<u>\$ 2,063,066</u>
Adjustment to Reflect Consolidation of Internal Service Fund Activities Related to Enterprise Funds.			<u>118,782</u>	
CHANGE IN POSITION OF BUSINESS-TYPE ACTIVITIES			<u>\$ 2,767,021</u>	

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2014**

	<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	\$ 3,612,272	\$ 1,328,829	\$ 4,941,101	\$ 328,125
Payments to Suppliers	(1,089,433)	(427,200)	(1,516,633)	(51,982)
Payments to Employees	(1,122,139)	(679,880)	(1,802,019)	(16,950)
Net Cash Provided by Operating Activities	<u>1,400,700</u>	<u>221,749</u>	<u>1,622,449</u>	<u>259,193</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to Other Funds	(676,819)	(92,865)	(769,684)	(5,404)
Advances from Other Funds	(4,876)	-	(4,876)	-
Net Cash (Used) by Noncapital Financing Activities	<u>(681,695)</u>	<u>(92,865)</u>	<u>(774,560)</u>	<u>(5,404)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Grants and Contributions	347,015	-	347,015	-
Acquisition and construction of capital assets	(143,848)	-	(143,848)	(355,498)
Legal Settlement	3,537,938	-	3,537,938	-
Proceeds from sale of assets	-	48	48	-
Principal paid on long term debt	(594,184)	-	(594,184)	-
Interest paid	(178,057)	-	(178,057)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>2,968,864</u>	<u>48</u>	<u>2,968,912</u>	<u>(355,498)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of Interest and Dividends	11,720	934	12,654	6,020
Net Cash Provided by Investing Activities	<u>11,720</u>	<u>934</u>	<u>12,654</u>	<u>6,020</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,699,589	129,866	3,829,455	(95,689)
Cash and Cash Equivalents, Beginning of Year	<u>2,938,838</u>	<u>470,484</u>	<u>3,409,322</u>	<u>1,428,764</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 6,638,427</u>	<u>\$ 600,350</u>	<u>\$ 7,238,777</u>	<u>\$ 1,333,075</u>
CLASSIFIED AS:				
Unrestricted	\$ 865,501	\$ 600,350	\$ 1,465,851	\$ 1,333,075
Restricted	5,772,926	-	5,772,926	-
Total Cash and Cash Equivalents	<u>\$ 6,638,427</u>	<u>\$ 600,350</u>	<u>\$ 7,238,777</u>	<u>\$ 1,333,075</u>

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2014**

	<u>Business-Type Activities</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income	\$ (33,032)	\$ 71,520	\$ 38,488	\$ 135,063
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense and Amortization	1,549,494	157,244	1,706,738	125,803
(Increase) Decrease in:				
Accounts Receivable	(22,620)	-	(22,620)	-
Inventories	(8,661)	-	(8,661)	768
Prepaid Items	(116)	(39)	(155)	-
Increase (Decrease) in:				
Accounts Payable	(28,233)	(10,315)	(38,548)	1,148
Accrued Wages Payable	2,192	2,875	5,067	(740)
Other Current Liabilities	(4,351)	321	(4,030)	(18)
Deposits	18,328	-	18,328	-
Accrued Compensated Absences	6,122	143	6,265	(2,831)
Other Long-Term Liabilities	(78,423)	-	(78,423)	-
Net Cash Provided by Operating Activities	<u>\$ 1,400,700</u>	<u>\$ 221,749</u>	<u>\$ 1,622,449</u>	<u>\$ 259,193</u>

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2014**

	Private Purpose Trust Funds	Pension Trust Funds	Agency Funds
ASSETS			
Pooled Cash	\$ 2,237	\$ 128,649	\$ 11,894
Investment in Debt Securities	-	3,797,821	-
Investment in Marketable Equity Securities	-	6,859,604	-
Prepaid Expenses	24,712	-	-
Due from Other Government Unit	-	89,298	-
Accounts Receivable	-	22,534	-
	<u>\$ 26,949</u>	<u>\$ 10,897,906</u>	<u>\$ 11,894</u>
Total Assets	<u>\$ 26,949</u>	<u>\$ 10,897,906</u>	<u>\$ 11,894</u>
 LIABILITIES AND FUND BALANCE			
Liabilities:			
Other Current Liabilities	\$ 37,867	\$ -	\$ 11,894
Total Liabilities	37,867	-	\$ 11,894
 NET POSITION			
Held in Trust for Retirement and Other Purposes	(10,918)	10,897,906	
Total Net Position	<u>\$ (10,918)</u>	<u>\$ 10,897,906</u>	

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SEPTEMBER 30, 2014**

	Private Purpose Trust Funds	Pension Trust Funds
ADDITIONS		
CONTRIBUTIONS		
Employer	\$ -	\$ 364,968
Plan Members	-	32,929
Other	-	166,720
Total Contributions	-	564,617
INVESTMENT EARNINGS		
Net Increase in Fair Value	-	106,059
Gain on Sale of Investments	-	584,207
Interest and Dividends	4	311,285
Total Investment Earnings	4	1,001,551
TRANSFERS IN	31,251	-
MISCELLANEOUS REVENUES	-	9,349
Total Additions	31,255	1,575,517
DEDUCTIONS		
BENEFIT PAYMENTS	-	305,584
ADMINISTRATIVE EXPENSES	49,046	141,585
Total Deductions	49,046	447,169
CHANGE IN NET POSITION	(17,791)	1,128,348
Net Position, Beginning of Year	6,873	9,769,558
NET POSITION (DEFICIT), END OF YEAR	\$ (10,918)	\$ 10,897,906

See accompanying Notes to the Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2014**

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.

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, 2014**

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, 2014**

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, 2014**

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 **Payroll Account**, an agency fund, accounts for the payroll and related liabilities for City employees.
- 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 police 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, 2014**

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.

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 assigned since they do not constitute expenditures or liabilities under GAAP.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2014**

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, 2014**

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, 2014, the HRA fund had a fund balance deficit of \$13,155. The deficit in the HRA fund will be eliminated through future contributions.

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, 2014**

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 ended September 30, 2014, the City adopted the provisions of GASB Statement No. 67, Financial Reporting for Pension Plans. GASB 67 replaces GASB Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and Statement No. 50, Pension Disclosures, which amended GASB Statement 25 to enhance the standards for footnote disclosures and required supplementary information for pension plans, including disclosing the plan's funding status, actuarial methods and assumptions.

NOTE 3 CASH AND INVESTMENTS

Cash Deposits

As of September 30, 2014, 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, 2014, the carrying amount of the City's deposits was \$2,628,497 and the total book balances was \$2,535,127. The City also had \$5,025 cash on hand at September 30, 2014.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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;
- 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, 2014, pension trust fund investments totaled \$10,657,425.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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	\$ 1,472,216	12.41%
LGIP -FMIvT: 0-2 Year High Quality Bond	AAA/V1	8,300,538	70.00%
LGIP -FMIvT: 1-3 Year High Quality Bond	AAA/V2	1,442,680	12.17%
LGIP -FMIvT: Intermediate High Quality Bond Fund	AAA/V3	643,062	5.42%
Total		<u>\$ 11,858,496</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	\$ 2,080,281	44.00%
International Equity	No Rating	1,126,413	23.82%
Fixed Income Mutual Funds	B	141,195	2.99%
Fixed Income Mutual Funds	AA	557,532	11.79%
Fixed Income Mutual Funds	AA	182,595	3.86%
Fixed Income Mutual Funds	AA	135,057	2.86%
Fixed Income Mutual Funds	B	146,414	3.10%
Fixed Income Mutual Funds	B	229,063	4.84%
Fixed Income Mutual Funds	A	129,602	2.74%
		<u>\$ 4,728,152</u>	<u>100.00%</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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	\$ 272,616	4.60%
Mortgage/Asset Back Securities	No Ratings	548,913	9.26%
Collateralized MTGE Obligations	Aaa	60,277	1.02%
Collateralized MTGE Obligations	Aa2	16,306	0.28%
Collateralized MTGE Obligations	A2	9,042	0.15%
Collateralized MTGE Obligations	No ratings	20,809	0.35%
Corporate Bonds	A1	52,978	0.89%
Corporate Bonds	A2	77,001	1.30%
Corporate Bonds	A3	164,964	2.78%
Corporate Bonds	Aa2	28,575	0.48%
Corporate Bonds	Aa3	22,075	0.37%
Corporate Bonds	Ba1	11,125	0.19%
Corporate Bonds	Baa1	274,531	4.63%
Corporate Bonds	Baa2	233,317	3.94%
Corporate Bonds	Baa3	51,022	0.86%
Corporate Bonds	WR	5,423	0.09%
Foreign Bonds NTS	A2	5,570	0.09%
Foreign Bonds NTS	A3	15,918	0.27%
Foreign Bonds NTS	Aa2	24,065	0.41%
Foreign Bonds NTS	Aa3	5,615	0.09%
Foreign Bonds NTS	Baa1	44,471	0.75%
Foreign Bonds NTS	Baa2	26,859	0.45%
Domestic Equities	No Rating	3,009,548	50.76%
Mutual Funds	No Ratings	304,891	5.14%
International Equities	No Rating	643,362	10.85%
Total		<u>\$ 5,929,273</u>	<u>100.00%</u>

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 88% of the City's investments are in Florida Municipal Investment Trust. Approximately 12% of the City's Investments are in the Local Government Surplus Trust Fund Investment Pools.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk (Continued)

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	0.11	\$ 1,472,216
LGIP -FMIvT: 0-2 Year High Quality Bond	0.75	8,300,538
LGIP -FMIvT: 1-3 Year High Quality Bond	1.49	1,442,680
LGIP -FMIvT: Intermediate High Quality Bond Fund	3.96	643,062
		<u>\$ 11,858,496</u>

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.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

The police pension fund maturities are as follow:

	Fixed Income Mutual Funds
One to Five	\$ 974,744
Five to Ten	546,714
Total Fair Value	<u>\$ 1,521,458</u>

The fire pension fund maturities are as follow:

	Fixed Income Investments
One to Five	\$ 402,125
Five to Ten	662,985
More than Ten	906,369
Total Fair Value	<u>\$ 1,971,479</u>

Reconciliation of deposits and investments to amounts shown on statement of net position and statement of fiduciary net position:

Deposits	\$ 2,535,127
Cash on Hand	5,025
Investments	22,515,921
Total	<u>\$ 25,056,073</u>

Statement of Net Position:	
Cash and investments	\$ 7,971,188
Restricted Cash and Investments	6,284,680
Statement of Fiduciary Net Positions	
Pooled Cash	142,780
Investments	10,657,425
Total Cash and Investments	<u>\$ 25,056,073</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 4 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due from Other Funds

The balances due from other funds were as follows at September 30, 2014:

General Fund	\$ 7,045
Cemetary Perpetual Care Fund	17,811
Total	<u>\$ 24,856</u>

Due to Other Funds

The balances due to other funds were as follows at September 30, 2014:

General Fund	\$ 17,811
Nonmajor Governmental Fund	7,045
Total	<u>\$ 24,856</u>

Advance to Other Funds

The balance advanced to other funds was as follows at September 30, 2014:

General Fund	\$ 92,640
Total	<u>\$ 92,640</u>

Advance from Other Funds

The balance advanced from other funds was as follows at September 30, 2014:

Utilities Fund	\$ 92,640
Total	<u>\$ 92,640</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, 2014:

	Transfers In	Transfers Out
General Fund	\$ 863,705	\$ 1,083,636
Traffic Camera Fund	-	650,500
Fire Department Fund	1,026,677	4,500
Utility Fund	-	676,819
Sanitation Fund	-	92,865
Internal Service Funds	-	5,404
Nonmajor Governmental Funds	1,189,795	597,704
Private Purpose Trust Fund	31,251	-
Total Transfers In/Transfers Out	<u>\$ 3,111,428</u>	<u>\$ 3,111,428</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, 2014**

NOTE 5 CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2014 is as follows:

	Balance September 30, 2013	Additions	Deletions	Balance September 30, 2014
Governmental Activities				
Non-Depreciable:				
Land	\$ 1,510,978	\$ -	\$ -	\$ 1,510,978
Construction in Progress	2,531,257	131,103	7,912	2,654,448
Total Non-Depreciable	4,042,235	131,103	7,912	4,165,426
Depreciable:				
Buildings	6,047,347	46,791	-	6,094,138
Improvements Other Than Buildings	4,716,509	139,916	-	4,856,425
Equipment	3,861,572	398,744	61,666	4,198,650
Total Depreciable	14,625,428	585,451	61,666	15,149,213
Less: Accumulated Depreciation:				
Buildings	1,628,390	216,290	-	1,844,680
Improvements Other Than Buildings	2,233,177	221,567	-	2,454,744
Equipment	2,503,420	263,414	61,666	2,705,168
Total Accumulated Depreciation	6,364,987	701,271	61,666	7,004,592
Total Capital Assets, Being Depreciated, Net	8,260,441	(115,820)	-	8,144,621
Governmental Activities Capital Assets, Net	\$ 12,302,676	\$ 15,283	\$ 7,912	\$ 12,310,047

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 5 CAPITAL ASSETS (CONTINUED)

	Balance September 30, 2013	Additions	Deletions	Balance September 30, 2014
Business-Type Activities (Includes Utility and Sanitation)				
Non-Depreciable:				
Land	\$ 1,195,933	\$ -	\$ -	\$ 1,195,933
Construction in Progress	2,324,677	112,561	-	2,437,238
Total Non-Depreciable	3,520,610	112,561	-	3,633,171
Depreciable:				
Buildings	366,074	-	-	366,074
Improvements Other Than Buildings	50,137,280	9,233	-	50,146,513
Machinery and Equipment	3,628,757	22,058	12,344	3,638,471
Total Depreciable	54,132,111	31,291	12,344	54,151,058
Less: Accumulated Depreciation:				
Buildings	178,811	11,612	-	190,423
Improvements Other Than Buildings	16,850,627	1,463,245	-	18,313,872
Machinery and Equipment	2,061,524	231,884	12,344	2,281,064
Total Accumulated Depreciation	19,090,962	1,706,741	12,344	20,785,359
Total Capital Assets, Being Depreciated, Net	35,041,149	(1,675,450)	-	33,365,699
Business-Type Activities Capital Assets, Net	<u>\$ 38,561,759</u>	<u>\$ (1,562,889)</u>	<u>\$ -</u>	<u>\$ 36,998,870</u>

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

Governmental Activities

General Government	\$ 252,309
Public Safety	160,927
Physical Environment	61,103
Culture and Recreation	178,915
Transportation	48,017
Total Depreciation for Governmental Activities	<u>\$ 701,271</u>

Business-Type Activities:

Utility Fund	1,549,496
Sanitation Fund	157,245
Total Depreciation for Business-Type Activities	<u>\$ 1,706,741</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 6 LONG-TERM LIABILITIES

Long-term liability activity of the City for the year ended September 30, 2014 was as follows:

	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014	Amounts Due Within One Year
PRIMARY GOVERNMENT					
GOVERNMENTAL ACTIVITIES					
Bonds Payable:					
2006 Capital Improvement Revenue Bonds	\$ 170,000	\$ -	\$ 6,000	\$ 164,000	\$ 7,000
Notes Payable:					
Promissory Note	378,041	-	41,766	336,275	43,581
2011 Capital Improvement Revenue Note	3,086,844	-	178,858	2,907,986	186,371
Total Notes Payable	<u>3,464,885</u>	<u>-</u>	<u>220,624</u>	<u>3,244,261</u>	<u>229,952</u>
Accrued Compensated Absences	263,008	329,446	352,460	239,994	56,781
Other Long-Term Liabilities	<u>176,263</u>	<u>303,863</u>	<u>-</u>	<u>480,126</u>	<u>-</u>
Governmental Activity-Long Term Liabilities	<u>\$ 4,074,156</u>	<u>\$ 329,446</u>	<u>\$ 579,084</u>	<u>\$ 4,128,381</u>	<u>\$ 293,733</u>
BUSINESS-TYPE ACTIVITIES					
Bonds Payable:					
2013 Water and Sewer Refunding Revenue Bond	<u>\$ 9,439,706</u>	<u>\$ -</u>	<u>\$ 549,880</u>	<u>\$ 8,889,826</u>	<u>\$ 563,398</u>
Total Bonds Payable	9,439,706	-	549,880	8,889,826	563,398
Notes Payable:					
Wastewater /ARRA Loan	567,314	-	26,666	540,648	27,284
Direct State Revolving Fund Loan	<u>375,203</u>	<u>-</u>	<u>17,638</u>	<u>357,565</u>	<u>18,045</u>
Total Notes Payable	942,517	-	44,304	898,213	45,329
Accrued Compensated Absences	52,397	94,368	88,103	58,662	19,006
Other Long-Term Liabilities	<u>2,733,901</u>	<u>-</u>	<u>78,423</u>	<u>2,655,478</u>	<u>-</u>
Governmental Activity-Long Term Liabilities	<u>\$ 10,434,620</u>	<u>\$ 94,368</u>	<u>\$ 682,287</u>	<u>\$ 12,502,179</u>	<u>\$ 627,733</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

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 Bonds	
	Principal	Interest	Principal	Interest
2015	7,000	6,765	563,398	213,684
2016	7,000	6,476	576,692	200,379
2017	7,000	6,188	591,410	185,673
2018	7,000	5,899	605,940	171,143
2020-2024	43,000	22,977	3,339,940	545,457
2025-2029	53,000	13,283	2,591,626	128,162
2030-2034	32,000	2,475	-	-
	156,000	64,063	8,269,006	1,444,498

The following bonds payable and notes payable were outstanding at September 30, 2014:

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, 2014 was \$92,640.

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 mature on September 1, 2036.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

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.

Notes Payable

The notes payable included in Long-Term Liabilities as of September 30, 2014 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.	\$ 2,907,986
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.	336,275
Total	<u>\$ 3,244,261</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	\$ 357,566
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	540,648
	<u>\$ 898,214</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

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

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
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	271,361	89,689	49,670	16,058
2020-2024	1,343,709	278,277	266,121	62,515
2025-2029	649,465	34,038	298,359	30,275
2030-2034	-	-	96,364	2,225
	<u>\$ 3,244,261</u>	<u>\$ 866,479</u>	<u>\$ 898,214</u>	<u>\$ 186,282</u>

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, 2014 the liability is \$2,655,477.

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 accumulates from month to month until paid in full. As of September 30, 2014, there was a shortfall of \$480,126. 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.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7 PENSION (CONTINUED)

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 (844) 377-1888.

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.

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, 2013 through June 30, 2014, the employer rates, which include the health insurance subsidy 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%; elected officers – 33.03%; and deferred retirement option plan – 12.84%. The employer contribution rates, effective July 1, 2014, which include the health insurance subsidy of contributions of 1.26%, and the 0.04% administrative/education fee, are applied to employee salaries as follows: regular employees – 7.37%; senior management – 21.14%; elected officers – 43.24%; and deferred retirement option plan – 12.28%. The City's contributions to FRS for the three years ended September 30, 2014, 2013 and 2012 were \$231,683, \$174,651, and \$125,598 respectively, equal to the required contribution for each year.

Plan Description

The City maintains two defined benefit pension plans as follows:

The City provides a Firefighters' Retirement Trust Fund 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, 2013.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7 PENSION (CONTINUED)

Plan Description (Continued)

Summary of Significant Accounting Policies (Continued)

- **Method Used to Value Investments** – Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.
- **Stand-Alone Report** – 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.

Funding Policy

The City's funding policy is to provide for periodic employer contributions at actuarially determined rates that expressed as percentages of annual covered payroll which, when combined with employee and state contributions, are designed to accumulate sufficient assets to pay benefits when due. Information related to contributions for the year ended September 30, 2014 is as follows:

	Firefighters' Retirement Trust Fund	Police Retirement Chapter 185
Contribution Rates as of 9/30/2014:		
City	54.76%	34.90%
Plan Members	3.29%	1.00%
Annual Pension Cost	\$ 320,441	\$ 397,020
Contributions Made	\$ 316,975	\$ 397,020
Actuarial Valuation Date	10/1/2013	10/1/2013
Actuarial Cost Method	Entry Age Normal	Aggregate
Amortization Method	Level Percentage of Pay, Closed	NA
Remaining Amortization Period	28	NA
Asset Valuation Method	4 Year Smooth	4 Year Smooth
Actuarial Assumptions:		
Investment Rate of Return	7.75%	7.50%
Projected Salary Increase *	6.50%	Graduated
*Includes Inflation at	3.00%	3.75%
Post Retirement COLA	3.00%	3.00%
	Beginning at age 55	Age 55 - 65

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7 PENSION (CONTINUED)

Funding Policy (Continued)

Three-Year Trend Information

Firefighters' Retirement Trust Fund			
Year Ending	Annual Pension Cost	Percentage Contribution	Net Pension Obligation
9/30/2014	\$ 339,988	99.00%	\$ (72,008)
9/30/2013	320,441	99.00%	(75,370)
9/30/2012	295,135	99.00%	(78,836)

Police Retirement Chapter 185			
Year Ending	Annual Pension Cost	Percentage Contribution	Net Pension Obligation
9/30/2014	\$ 386,212	100.00%	\$ -
9/30/2013	397,020	100.00%	-
9/30/2012	394,875	100.00%	-

Funding Status and Progress

The funding status of the plans as of October 1, 2013, the most recent actuarial valuation date, is as follows:

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (a) - (b)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b - a) / c
Firemen	5,249,323	6,844,293	(1,594,970)	76.70%	651,472	244.83%
Police	4,001,304	3,709,750	291,554	107.90%	1,298,588	-22.50%

The schedule of funding progress is presented in the required supplementary information following the notes to the financial statements. The schedule presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits overtime.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7 PENSION (CONTINUED)

Funding Policy (Continued)

Development of Net Pension Obligation (NPO)

The City's annual pension cost and net pension obligation (assets) for the current year is shown below:

	Retirement Trust Fund	Police Retirement Chapter 185
Actuarially Determined Contribution (A)	\$ 336,626	\$ 386,212
Interest on NPO	(5,841)	-
Adjustment to (A)	9,203	-
Annual Pension Cost	339,988	386,212
Contributions Made - City*	336,626	386,212
Increase (Decrease) in NPO	3,362	-
NPO Beginning of Year	(75,370)	-
NPO End of Year	\$ (72,008)	\$ -

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

GASB 67 – Financial Reporting For Pension Plans

The City has adopted GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. The Statement enhances the City's footnote disclosures and expands the Required Supplemental Information (RSI) data with new schedules. It was issued to improve financial reporting by state and local government pension plans. The following provides information required to be disclosed under Statement No. 67 that is not discussed as part of the information disclosed previously.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7 PENSION (CONTINUED)

Firefighters' Retirement Trust Fund

Employees who are classified as full-time and volunteer firefighters shall participate in the System as a condition of employment. The plan is administered by a Board of Trustees comprised of:

- a. Two Council appointees,
- b. Two Members of the Department elected by the membership, and
- c. A Fifth Member elected by the other four and appointed by council.

Plan Membership as of October 1, 2013

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	18
Inactive Plan Members Entitled to but Not Receiving Benefits	9
Active Plan Members	17
	44

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

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: Earlier of age 60, age 55 and 10 years of Credited Service, or 20 years of Credited Service regardless of age.
Benefit: 3.1% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.
Benefit: Accrued benefit, reduced 3% per year.

Vesting:

Schedule: 100% after 10 years of Credited Service.
Benefit Amount: Member will receive the vested portion of his/her accrued benefit payable at the other normal retirement date.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7 PENSION (CONTINUED)

GASB 67 – Financial Reporting For Pension Plans (Continued)

Firefighters’ Retirement Trust Fund (Continued)

Disability:

Eligibility:

Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

Benefit:

Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred).

Pre-Retirement Death Benefits:

Vested:

Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested:

Refund of accumulated contributions, without interest.

Cost-of-Living Adjustment:

3% increase each January from age 55 through age 65.

Investments

Investment Policy:

The following is the Board’s adopted asset allocation policy as of September 30, 2014:

Asset Class	Target Allocation
Domestic Equity	45%
International Equity	15%
Domestic Fixed Income	35%
Global Fixed Income	5%
	100%

Concentrations:

The plan does not hold investments in any one organization that represent 5% or more of the Pension Plan’s fiduciary net position.

Rate of return:

For the year ended September 30, 2014, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 9.91%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amount actually invested.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7 PENSION (CONTINUED)

GASB 67 – Financial Reporting For Pension Plans (Continued)

Firefighters’ Retirement Trust Fund (Continued)

Deferred Retirement Option Program

Deferred Retirement Option Program

Eligibility:	Satisfaction of Normal Retirement requirements.
Participation:	Not to exceed the earlier of 60 months or the completion of 30 years of service with the City as a firefighter.
Rate of Return:	At members election: either 6.5% or Net Investment Return.

The DROP balance as of September 30, 2014 was \$404,081.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2014 using the following actuarial assumptions applied to all measurement periods:

Inflation	3.00%
Salary Increases	6.50%
Investment Rate of Return	7.75%

The actuarial assumptions used in the October 1, 2013 valuation were based on the results of an actuarial experience study for the period 1991-2011.

The long-term expected rate of return on pension plan investment was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of September 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	7.50%
International Equity	8.50%
Domestic Fixed Income	2.50%
Global Fixed Income	3.50%

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7 PENSION (CONTINUED)

GASB 67 – Financial Reporting For Pension Plans (Continued)

Firefighters’ Retirement Trust Fund (Continued)

Discount Rate:

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that all member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability. The table below shows the sensitivity of the net pension liability to the changes in the discount rate:

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Sponsor's Net Pension Liability	\$ 1,975,582	\$ 1,133,296	\$ 502,113

Police Retirement Chapter 185

Plan Description

Employees who are classified as full-time police officers hired after January 1, 1996 shall participate in the System as a condition of employment. The plan is administered by a Board of Trustees comprised of:

- a. Two Council appointees,
- b. Two Members of the Department elected by the membership, and
- c. A Fifth Member elected by the other four and appointed by council.

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

Plan Membership as of October 1, 2013

Inactive Plan Members Entitled to but Not Receiving Benefits	10
Active Plan Members	25
	35

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7 PENSION (CONTINUED)

Police Retirement Chapter 185 (Continued)

The following is a summary of eligibility, contribution methods, and plan provisions:
The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: Earlier of age 55 and 6 years of Credited Service, or 20 years of Credited Service regardless of age.
Benefit: 4.0% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 50 and 6 Years of Credited Service.
Benefit: Accrued benefit, reduced 3% per year.

Vesting:

Schedule: 100% after 6 years of Credited Service.
Benefit Amount: Member will receive the vested portion of his/her accrued benefit payable at the otherwise normal retirement date.

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.
Benefit: Benefit accrued to date of disability but not less than 42% of Average Final Compensation for service incurred and 25% of Average Final Compensation for non-service incurred.

Pre-Retirement Death Benefits:

Line-of-Duty

Vested: Maximum of monthly accrued benefit of 75% if Salary payable to designated beneficiary for life of beneficiary.

Non-Vested: 75 % of salary payable for life of beneficiary.

Non-Line of Duty

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years at member's other Normal, or Early (reduced) retirement date.

Non-Vested: Refund of accumulated contributions, without interest.

Cost-of-Living

Adjustment: 3% increase each January from age 55 through age 65.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7 PENSION (CONTINUED)

Police Retirement Chapter 185 (Continued)

Investments

Investment Policy:

The following is the Board's adopted asset allocation policy as of September 30, 2014:

Asset Class	Target Allocation
Domestic Equity	36%
International Equity	23%
REITS	3%
Inflation Hedge	3%
Fixed Income	35%
	100%

Concentrations:

The plan does not hold investments in any one organization that represent 5% or more of the Pension Plan's fiduciary net position.

Rate of return:

For the year ended September 30, 2014, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 8.58%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amount actually invested.

Deferred Retirement Option Program

Deferred Retirement Option Program

- Eligibility: Satisfaction of Normal Retirement requirements.
 Participation: Not to exceed the earlier of 60 months or the completion of 25 years of service with the City as a police officer.
 Rate of Return: At members election: either 6.5% or Net Investment Return.

The DROP balance as of September 30, 2014 was \$0.

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2014 using the following actuarial assumptions applied to all measurement periods:

Inflation	3.00%
Salary Increases	5.20%-8.00%
Investment Rate of Return	7.75%

The actuarial assumptions used in the October 1, 2013 valuation were based on the results of an actuarial experience study for the period 2003-2011.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7 PENSION (CONTINUED)

Police Retirement Chapter 185 (Continued)

The long-term expected rate of return on pension plan investment was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	7.50%
International Equity	8.50%
REITS	2.50%
Inflation Hedge	2.50%
Fixed Income	2.50%

Discount Rate:

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that all member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

The table below shows the sensitivity of the net pension liability (asset) to the changes in the discount rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Sponsor's Net Pension Liability (Asset)	\$ (79,407)	\$ (680,556)	\$ (1,172,739)

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, 2014**

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 2013-2014 budget, monies are being transferred from each Department to the HRA Fund to reimburse employees directly out of the HRA Fund. In 2013-2014, the City Funds transferred \$31,251 to the HRA Fund and the HRA Fund paid out to employees \$49,046.

Butterweck Bond Fund

This Fund is used for the future maintenance of the Butterweck Crypt of the Brooksville Cemetery. As of September 30, 2014, the balance remaining is \$2,237.

NOTE 9 PROPERTY TAXES

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.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 10 RESTRICTED NET POSITION

As of September 30, 2014, restricted assets in the enterprise funds were held for the following purposes:

Utility Fund:	
Capital Improvement Reserves	\$ 4,212,512
Debt Retirement	1,180,214
Total Utility Fund	<u>\$ 5,392,726</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. The City carries such insurance as is ordinarily carried by private or public corporations owning and operating similar utilities. The City, in addition to general liability and personal liability for auto accidents and property damage of autos, buildings and equipment, carries an umbrella policy for an additional \$1,000,000. The City does not carry insurance against loss or damage to the Utility Fund's water meters, fire hydrants or water and sewer lines, but self-funds these expenses.

NOTE 12 IMPACT FEES

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, 2014, 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 \$229; and Parks Impact Fees \$318. The amounts are reflected as unearned revenues in the accompanying financial statements.

NOTE 13 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.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 13 INTERNAL SERVICE FUNDS (CONTINUED)

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, 2014, the reserves for Fleet Maintenance, Vehicle Replacement and Equipment Replacement Funds were \$35,163, \$1,291,885 and \$6,027, 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	\$ 21,486	\$ 542,958	\$ 6,027	\$ 570,471
Utility Fund	6,330	148,673	-	155,003
Sanitation Fund	7,347	600,254	-	607,601
Total	<u>\$ 35,163</u>	<u>\$ 1,291,885</u>	<u>\$ 6,027</u>	<u>\$ 1,333,075</u>

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	\$ 284	\$ 39,004	\$ -	\$ 39,288
Police	4,321	(2,551)	-	1,770
Fire	1,957	438,168	-	440,125
Streets	8,521	67,105	1,302	76,928
Parks	6,362	1,232	1,725	9,319
Cemetery	41	-	3,000	3,041
Total	<u>\$ 21,486</u>	<u>\$ 542,958</u>	<u>\$ 6,027</u>	<u>\$ 570,471</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 14 COMMITMENTS AND CONTINGENCIES

Commitments

The City routinely enters into various construction commitments. At September 30, 2014, the City had the following outstanding major construction commitments in process:

Project	Project Authorization	Expended in Prior Years	Expended in September 30, 2014	Commitment
Governmental Activities:				
EPA Brownsfield Assessment Grant	\$ 400,000	\$ 77,082	\$ 147,941	\$ 174,977
Paving Management Projects				
Brooksville Ave	214,049	-	5,848	208,201
Veterans Ave.	415,584	-	23,882	391,702
Chatman Blvd.	113,109	-	8,155	104,954
Daniel Ave.	54,117	-	5,986	48,131
Bell Ave.	71,529	-	9,271	62,258
Mildred Ave.	536,352	-	19,882	516,470
Hammock Rd.	786,000	-	9,229	776,771
Downtown Sidewalks	17,900	-	7,000	10,900
CRA Development Projects				
Wayfinding Signage Project	44,750	17,146	40,275	(12,671)
Downtown Beautiful Project	30,000	-	14,999	15,001
Professional Consulting	35,000	28,642	-	6,358
Total Governmental Activities	<u>\$ 2,718,390</u>	<u>\$ 122,870</u>	<u>\$ 292,468</u>	<u>\$ 2,303,052</u>
Business-Type Activities:				
Utility Projects				
New Well Field Northwest	\$ 2,850,000	\$ 620,941	\$ -	\$ 2,229,059
Sewer System Rehab	12,500,000	1,650,925	33,642	10,815,433
Oversizing Water Extension	1,250,759	-	42,503	1,208,256
Total Business-Type Activities	<u>\$ 16,600,759</u>	<u>\$ 2,271,866</u>	<u>\$ 76,145</u>	<u>\$ 14,252,748</u>

Contingencies

Various suits and claims, arising in the ordinary course of the City's operations, are pending. These claims consist of suits involving sewer fees, loss of employment and discrimination. Except as noted below, management does not expect the resolution of these matters to have a material effect on the City's financial statements.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 treatment 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, 2014 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	18,385	-	-	-	-	18,385
Long-Term Receivable	67,500	-	-	-	-	67,500
Advance to Other Funds	92,640	-	-	-	-	92,640
Cemetery Perpetual Care	-	-	-	-	245,208	245,208
Total Nonspendable	180,450	-	-	-	245,208	425,658
Restricted:						
Community Redevelopment	-	470,492	-	-	-	470,492
Fire	-	-	34,671	-	-	34,671
Local Option Gas Tax	-	-	-	23,518	-	23,518
Law Enforcement	-	-	-	112,956	-	112,956
Impact Fees	-	-	-	2,104,984	-	2,104,984
Law Enforcement Grants and Donations	-	-	-	-	22,826	22,826
Cemetery Perpetual Care	-	-	-	-	177	177
Enrichment Center	-	-	-	-	250	250
Capital Project Funds	-	-	-	-	64,183	64,183
Debt Service Funds	-	-	-	-	60,177	60,177
Total Restricted	-	470,492	-	34,671	2,389,071	2,894,234
Committed:						
Traffic Camera	-	-	165,267	-	-	165,267
First Tee	-	-	-	-	34,054	34,054
Total Committed	-	-	165,267	-	34,054	199,321
Assigned:						
Capital Project Funds	-	-	-	-	831,113	831,113
Cemetery Perpetual Care	-	-	-	-	130,000	130,000
Total Assigned	-	-	-	-	961,113	961,113
Unassigned (Deficit)	1,028,424	-	-	-	-	1,028,424
Total Fund Balance (Deficit)	\$ 1,208,874	\$ 470,492	\$ 165,267	\$ 34,671	\$ 3,629,446	\$ 5,508,750

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL- GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 3,580,056	\$ 3,722,944	\$ 3,654,706	\$ (68,238)
Licenses and Permits	795,113	795,113	850,236	55,123
Intergovernmental Revenue	720,448	724,665	776,005	51,340
Charges for Services	214,088	214,088	204,794	(9,294)
Fines and Forfeits	65,231	65,231	87,047	21,816
Net Investment Earnings	15,050	15,050	8,500	(6,550)
Miscellaneous Revenues	141,070	141,070	148,131	7,061
Balances Carried Forward	919,321	919,321	-	(919,321)
Total Revenues	<u>6,450,377</u>	<u>6,597,482</u>	<u>5,729,419</u>	<u>(868,063)</u>
EXPENDITURES				
Current:				
General Government	1,931,450	1,944,939	1,770,277	174,662
Culture and Recreation	737,200	737,200	694,507	42,693
Public Safety	2,167,380	2,179,135	2,082,058	97,077
Physical Environment	113,153	113,153	109,192	3,961
Transportation	602,905	609,131	563,621	45,510
Capital Outlay	121,316	121,117	116,599	4,518
Total Expenditures	<u>5,673,404</u>	<u>5,704,675</u>	<u>5,336,254</u>	<u>368,421</u>
Excess (Deficiency) of Revenues Over Expenditures	776,973	892,807	393,165	(499,642)
OTHER FINANCING SOURCES (USES)				
Transfers In	864,234	1,029,155	1,024,125	(5,030)
Transfers Out	(1,141,129)	(1,142,639)	(1,244,056)	(101,417)
Reserves	(500,078)	(779,323)	-	779,323
Total Other Financing Sources (Uses)	<u>(776,973)</u>	<u>(892,807)</u>	<u>(219,931)</u>	<u>672,876</u>
NET CHANGE IN FUND BALANCES	-	-	173,234	173,234
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>1,035,640</u>	<u>1,035,640</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,208,874</u>	<u>\$ 1,208,874</u>

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL- COMMUNITY REDEVELOPMENT AGENCY
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 80,655	\$ 80,655	\$ 87,790	\$ 7,135
Net Investment Earnings	650	650	410	(240)
Balances Carried Forward	501,493	501,493	-	(501,493)
Total Revenues	582,798	582,798	88,200	(494,598)
EXPENDITURES				
Current:				
Physical Environment	89,315	89,315	29,115	60,200
Aids to Private Organizations	50,000	50,000	15,292	34,708
Capital Outlay	200,000	200,000	51,717	148,283
Total Expenditures	339,315	339,315	96,124	243,191
Excess (Deficiency) of Revenues Over Expenditures	243,483	243,483	(7,924)	(251,407)
OTHER FINANCING SOURCES (USES)				
Reserves	(243,483)	(243,483)	-	243,483
Total Other Financing Sources (Uses)	(243,483)	(243,483)	-	243,483
NET CHANGE IN FUND BALANCE	-	-	(7,924)	(7,924)
Fund Balances, Beginning of Year	-	-	478,416	478,416
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 470,492	\$ 470,492

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL- TRAFFIC CAMERA FUND
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Fines and Forfeits	\$ 2,303,100	\$ 2,303,100	\$ 2,021,510	\$ (281,590)
Miscellaneous Revenues	-	-	23,616	23,616
Balances Carried Forward	464,171	464,171	-	(464,171)
Total Revenues	<u>2,767,271</u>	<u>2,767,271</u>	<u>2,045,126</u>	<u>(722,145)</u>
EXPENDITURES				
Current:				
Public Safety	1,891,089	1,891,089	1,707,907	183,182
Capital Outlay	5,000	5,000	4,105	895
Total Expenditures	<u>1,896,089</u>	<u>1,896,089</u>	<u>1,712,012</u>	<u>184,077</u>
Excess (Deficiency) of Revenues Over Expenditures	871,182	871,182	333,114	(538,068)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(650,500)	(650,500)	(650,500)	-
Reserves	(220,682)	(220,682)	-	220,682
Total Other Financing Sources (Uses)	<u>(871,182)</u>	<u>(871,182)</u>	<u>(650,500)</u>	<u>220,682</u>
NET CHANGE IN FUND BALANCES	-	-	(317,386)	(317,386)
Fund Balances, Beginning of Year	-	-	482,653	482,653
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,267</u>	<u>\$ 165,267</u>

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL- FIRE DEPARTMENT FUND
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 576,829	\$ 576,829	\$ 542,771	\$ (34,058)
Licenses and Permits	100	100	25	(75)
Intergovernmental Revenue	2,520	2,520	2,870	350
Charges for Services	9,000	9,000	8,988	(12)
Miscellaneous Revenues	-	-	600	600
Balance Carried Forward	(44,084)	(44,084)	-	44,084
Total Revenues	544,365	544,365	555,254	10,889
EXPENDITURES				
Current:				
Public Safety	1,470,058	1,472,145	1,422,327	49,818
Debt Service:				
Principal	41,766	41,766	41,700	66
Interest	15,503	15,503	17,584	(2,081)
Capital Outlay	14,250	14,250	13,197	1,053
Total Expenditures	1,541,577	1,543,664	1,494,808	48,856
Excess (Deficiency) of Revenues Over Expenditures	(997,212)	(999,299)	(939,554)	59,745
OTHER FINANCING SOURCES (USES)				
Transfers In	1,026,677	1,028,187	1,026,677	(1,510)
Transfers Out	(9,460)	(9,460)	(4,500)	4,960
Reserves	(20,005)	(19,428)	-	19,428
Total Other Financing Sources (Uses)	997,212	999,299	1,022,177	22,878
NET CHANGE IN FUND BALANCE	-	-	82,623	82,623
Fund Balances (Deficit), Beginning of Year	-	-	(47,952)	(47,952)
FUND BALANCES (DEFICIT), END OF YEAR	\$ -	\$ -	\$ 34,671	\$ 34,671

**CITY OF BROOKSVILLE, FLORIDA
FIREFIGHTERS' RETIREMENT TRUST FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2014**

	2013	2014
Total Pension Liability		
Service Cost	\$ 130,102	\$ 140,185
Interest	501,977	528,251
Benefit Payments, Including Refunds of Employee Contributions	(304,630)	(301,643)
Net Change in Total Pension Liability	327,449	366,793
Total Pension Liability - Beginning	6,499,441	6,826,890
Total Pension Liability - Ending	\$ 6,826,890	\$ 7,193,683
 Plan Fiduciary Net Position		
Contributions - Employer	\$ 259,662	\$ 276,596
Contributions - State	103,782	77,423
Contributions - Employee	20,156	20,225
Net Investment Income	549,456	587,937
Benefit Payments, Including Refunds of Employee Contributions	(304,489)	(292,630)
Administrative Expense	(64,986)	(85,154)
Net Change in Plan Fiduciary Net Position	563,581	584,397
 Plan Fiduciary Net Position - Beginning	4,912,409	5,475,990
Plan Fiduciary Net Position - Ending	5,475,990	6,060,387
 Net Pension Liability - Ending	\$ 1,350,900	\$ 1,133,296
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	80.21%	84.25%
 Covered Employee Payroll	\$ 612,631	\$ 614,729
Net Pension Liability as a Percentage of Employee Payroll	220.51%	184.36%

**CITY OF BROOKSVILLE, FLORIDA
POLICE OFFICERS' RETIREMENT TRUST FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2014**

	2013	2014
Total Pension Liability		
Service Cost	\$ 358,727	\$ 385,631
Interest	256,068	304,047
Other Changes	-	(208,542)
Benefit Payments, Including Refunds of Employee Contributions	-	(3,941)
Net Change in Total Pension Liability	614,795	477,195
Total Pension Liability - Beginning	3,064,973	3,679,768
Total Pension Liability - Ending	\$ 3,679,768	\$ 4,156,963
 Plan Fiduciary Net Position		
Contributions - Employer	\$ 51,183	\$ 88,372
Contributions - State	101,810	89,297
Contributions - Employee	11,376	12,704
Net Investment Income	441,974	371,180
Benefit Payments, Including Refunds of Employee Contributions	-	(3,941)
Administrative Expense	(12,623)	(13,662)
Net Change in Plan Fiduciary Net Position	593,720	543,950
Plan Fiduciary Net Position - Beginning	3,699,849	4,293,569
Plan Fiduciary Net Position - Ending	4,293,569	4,837,519
Net Pension Liability - Ending	\$ (613,801)	\$ (680,556)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	116.68%	116.37%
Covered Employee Payroll	\$ 1,137,593	\$ 1,270,433
Net Pension Liability as a Percentage of Employee Payroll	-53.96%	-53.57%

**CITY OF BROOKSVILLE, FLORIDA
FIREFIGHTERS' RETIREMENT TRUST FUND
SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2014**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Actuarially Determined Contribution	\$ 193,387	\$ 199,876	\$ 225,402	\$ 245,722	\$ 279,598	\$ 299,293	\$ 310,150	\$ 291,265	\$ 316,975	\$ 336,626
Contributions in Relation to the Actuarially Determined Contributions	193,387	199,876	225,402	245,722	279,598	299,293	310,150	291,265	316,975	336,626
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 603,701	\$ 676,103	\$ 721,491	\$ 805,384	\$ 831,397	\$ 800,247	\$ 764,108	\$ 650,368	\$ 612,631	\$ 614,729
Contributions as a Percentage of Covered Employee Payroll	32.03%	29.56%	31.24%	30.51%	33.63%	37.40%	40.59%	44.78%	51.74%	54.76%

Notes to Schedule:

Valuation Date: 10/1/2012

Actuarially determined contributions rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rate:

Funding Method: Entry Age Normal Actuarial Cost.

Amortization Method: Level Percentage of Pay, closed.

Remaining Amortization Period: 30 Years (As of 10/1/2012).

Actuarial Asset Method: Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric four-year average market value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below market value of assets.

Inflation: 3.0% per year.

Salary Increases: 6.5% per year until retirement age. Final salary in year of retirement is increased 20% (individual in AIS) to account for additional non-regular compensation.

Interest Rate: 7.75% per year, compounded annually.

Payroll Increase: Up to 3% per year, (2.87% for 10/1/12 valuation).

Cost of Living Adjustments: 3% per year, from age 55 to 65.

Retirement Age: Earlier of age 55 and the completion of 10 years of service, or the completion of 20 years of service regardless of age, or age 60 regardless of service. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.

Early Retirement: Commencing upon a member's eligibility for early retirement (age 50 with years of credited service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

Termination Rates: See table below.

Disability Rates: See table below. It is assumed that 75% of disablements and active member deaths are service related.

Mortality: RP2000 Combined Healthy (sex distinct.) Disableds set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

Other Information: Termination and Disability Rate Table:

Age	% Terminating	% Becoming Disabled
20	12.00%	0.03%
30	10.00%	0.04%
40	5.20%	0.07%
50	1.60%	0.18%

**CITY OF BROOKSVILLE, FLORIDA
POLICE OFFICERS' RETIREMENT TRUST FUND
SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2014**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Actuarially Determined Contribution	\$ 193,387	\$ 138,387	\$ 180,894	\$ 188,896	\$ 292,030	\$ 340,437	\$ 401,006	\$ 394,875	\$ 397,020	\$ 386,212
Contributions in Relation to the										
Actuarially Determined Contributions	193,387	138,387	180,894	188,896	292,030	340,437	401,006	394,875	397,020	386,212
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 603,701	\$ 630,818	\$ 722,141	\$ 884,446	\$ 880,431	\$ 989,643	\$ 1,057,365	\$ 1,081,850	\$ 1,137,593	\$ 1,270,433
Contributions as a Percentage of										
Covered Employee Payroll	32.03%	21.94%	25.05%	21.36%	33.17%	34.40%	37.93%	36.50%	34.90%	30.40%

Notes to Schedule:

Valuation Date: 10/1/2013

Actuarially determined contributions rates are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rate:

Funding Method: Aggregate Actuarial Cost Method

Amortization Method: Level Percentage of Pay, Closed.

Actuarial Asset Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.

Inflation: 3.75% per year

Salary Increases: Final Average Salary is increased individually to account for additional non-regular compensation.

Year	1	2	3	4	5 & Up
	8.00%	7.00%	6.00%	5.50%	5.20%

Interest Rate: 7.5% per year, compounded annually, gross of investment related expenses.

Cost of Living Adjustment: 3.0% per year from age 55 to 65, for normal and early retirees only.

Retirement Rates: If member has less than 20 years of service, the rates are 15% from ages 50-54, and 100% at age 55.

Age	51	52	53	54	55
Hired after age 35	15%	15%	15%	15%	100%
Hired at 34	15%	15%	15%	40%	100%
Hired at 33	15%	15%	40%	15%	100%
Hired at 32	15%	40%	15%	15%	100%
Hired Before 32	20%	20%	100%		

Termination Rates:

Select Rates:

Year	1	3	5	7	9
Male	15.0%	8.5%	6.0%	5.2%	4.3%
Female	10.0%	8.5%	7.0%	5.7%	4.7%
Ultimate Age	25	35	45	55	
Male	4.30%	3.12%	2.88%	0.00%	
Female	5.40%	4.03%	3.67%	0.00%	

**CITY OF BROOKSVILLE, FLORIDA
POLICE OFFICERS' RETIREMENT TRUST FUND
SCHEDULE OF CONTRIBUTIONS (CONTINUED)
SEPTEMBER 30, 2014**

Notes to Schedule:

Termination Benefit

Assumptions:

Vested participants are assumed to elect a deferred benefit, except that participants that are under age 40 or have less than 15 years of service are assumed to elect a refund of contributions with interest.

Disability Rates:

It is assumed that 75% of disablements are service related.

Age	25	35	45	55
Male	0.07%	0.12%	0.46%	1.00%
Female	4.00%	0.12%	0.43%	0.84%

In-Line-Of-Duty Death:

75% of all deaths are assumed to be in the line of duty.

Mortality:

RP 2000 Combined Healthy Mortality Table (without projection). Disabled lives are set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

**CITY OF BROOKSVILLE, FLORIDA
POLICE OFFICERS' RETIREMENT TRUST FUND
SCHEDULE OF INVESTMENT RETURNS
SEPTEMBER 30, 2014**

FIREFIGHTERS' RETIREMENT TRUST FUND

	<u>2013</u>	<u>2014</u>
Annual Money-Weighted Rate of Return		
Net of Investment Expenses	10.35%	9.91%

POLICE OFFICERS' RETIREMENT TRUST FUND

	<u>2013</u>	<u>2014</u>
Annual Money-Weighted Rate of Return		
Net of Investment Expenses	12.30%	5.58%

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2014**

**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%
10/1/2013	\$ 5,249,323	\$ 6,844,294	\$ 1,594,970	76.7%	\$ 651,472	244.8%
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%
10/1/2013	\$ 4,001,304	\$ 3,709,750	\$ (291,554)	107.9%	\$ 1,298,588	-22.5%

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
SEPTEMBER 30, 2014**

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%
2013	\$ 316,975	\$ 213,304	\$ 103,671	100.0%
2014	\$ 336,626	\$ 248,414	\$ 88,212	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%
2013	\$ 397,020	\$ 295,210	\$ 101,810	100.0%
2014	\$ 386,212	\$ 296,914	\$ 89,298	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, 2014**

	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	\$ 35,095	\$ 41,426	\$ 1,974	\$ 44,796	\$ 6,057	\$ 62,910	\$ 54,250	\$ 52,107
Restricted Pooled Cash and Investments	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Due from Other Governments	810	-	21,544	2,520	-	-	-	-
Total Assets	\$ 35,905	\$ 41,426	\$ 23,518	\$ 47,316	\$ 6,057	\$ 62,910	\$ 54,250	\$ 52,107
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts Payable	\$ -	\$ -	\$ -	\$ 12,802	\$ -	\$ -	\$ -	\$ 28,961
Unearned Revenue	-	-	-	-	341	525	229	318
Due to Other Funds	-	-	-	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	12,802	341	525	229	29,279
Fund Balance:								
Restricted	35,905	41,426	23,518	34,514	5,716	62,385	54,021	22,828
Nonspendable	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Total Fund Balance	35,905	41,426	23,518	34,514	5,716	62,385	54,021	22,828
Total Liabilities and Fund Balance	\$ 35,905	\$ 41,426	\$ 23,518	\$ 47,316	\$ 6,057	\$ 62,910	\$ 54,250	\$ 52,107

**CITY OF BROOKSVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2014**

	Special Revenue Funds							
	Justice Assistance Grant	Road Impact Fees	Fire Grants and Donations	Police Grants and Donation	First Tee	Enrichment Center Premises Maintenance	FDOT Projects	
ASSETS								
Pooled Cash and Investments	\$ 447	\$ 2,126,793	\$ 7,042	\$ 15,837	\$ 35,721	\$ 1,112	\$ -	\$ -
Restricted Pooled Cash and Investments	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	4,951	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Due from Other Governments	3,184	-	-	-	-	-	7,045	43,020
Total Assets	\$ 3,631	\$ 2,126,793	\$ 7,042	\$ 15,837	\$ 35,721	\$ 6,063	\$ 7,045	\$ 43,020
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts Payable	\$ 2,520	\$ -	\$ -	\$ 53	\$ 1,667	\$ 5,813	\$ -	\$ 43,020
Unearned Revenue	-	4,779	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	7,045	-
Other Current Liabilities	-	161,980	-	-	-	-	-	-
Total Liabilities	2,520	166,759	-	53	1,667	5,813	7,045	43,020
Fund Balance:								
Restricted	1,111	1,960,034	7,042	15,784	-	250	-	-
Nonspendable	-	-	-	-	-	-	-	-
Committed	-	-	-	-	34,054	-	-	-
Assigned	-	-	-	-	-	-	-	-
Total Fund Balance	1,111	1,960,034	7,042	15,784	34,054	250	-	-
Total Liabilities and Fund Balance	\$ 3,631	\$ 2,126,793	\$ 7,042	\$ 15,837	\$ 35,721	\$ 6,063	\$ 7,045	\$ 43,020

**CITY OF BROOKSVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2014**

	Total Special Revenue Funds	Capital Project Funds					Bond Settlement
		McKethan Park	Multi-Year Capital Project Accumulation	Capital Improvement Revenue 2006 Bond	Capital Improvement Revenue Note- Loan - 2011	Capital Improvement Loan - Capital Projects	
ASSETS							
Pooled Cash and Investments	\$ 2,485,567	\$ 24,232	\$ 819,408	\$ 740	\$ -	\$ 16	\$ -
Restricted Pooled Cash and Investments	-	-	-	2,509	-	-	60,862
Accounts Receivable	4,951	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-
Due from Other Governments	78,123	-	-	56	-	-	-
Total Assets	\$ 2,568,641	\$ 24,232	\$ 819,408	\$ 3,305	\$ -	\$ 16	\$ 60,862
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$ 94,836	\$ -	\$ 12,527	\$ -	\$ -	\$ -	\$ -
Unearned Revenue	6,192	-	-	-	-	-	-
Due to Other Funds	7,045	-	-	-	-	-	-
Other Current Liabilities	161,980	-	-	-	-	-	-
Total Liabilities	270,053	-	12,527	-	-	-	-
Fund Balance:							
Restricted	2,264,534	-	-	3,305	-	16	60,862
Nonspendable	-	-	-	-	-	-	-
Committed	34,054	-	405,922	-	-	-	-
Assigned	-	24,232	400,959	-	-	-	-
Total Fund Balance	2,298,588	24,232	806,881	3,305	-	16	60,862
Total Liabilities and Fund Balance	\$ 2,568,641	\$ 24,232	\$ 819,408	\$ 3,305	\$ -	\$ 16	\$ 60,862

**CITY OF BROOKSVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2014**

	Total Capital Project Funds	Debt Service Funds		Total Debt Service Funds	Permanent Fund		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	\$ 844,396	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,329,963
Restricted Pooled Cash and Investments	63,371	75,952	14,857	90,809	357,574	357,574	511,754
Accounts Receivable	-	-	-	-	-	-	4,951
Due from Other Funds	-	-	-	-	17,811	17,811	17,811
Due from Other Governments	56	-	-	-	-	-	78,179
Total Assets	\$ 907,823	\$ 75,952	\$ 14,857	\$ 90,809	\$ 375,385	\$ 375,385	\$ 3,942,658
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$ 12,527	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107,363
Unearned Revenue	-	-	-	-	-	-	6,192
Due to Other Funds	-	-	-	-	-	-	7,045
Other Current Liabilities	-	30,068	564	30,632	-	-	192,612
Total Liabilities	12,527	30,068	564	30,632	-	-	313,212
Fund Balance:							
Restricted	64,183	45,884	14,293	60,177	177	177	2,389,071
Nonspendable	-	-	-	-	245,208	245,208	245,208
Committed	405,922	-	-	-	-	-	439,976
Assigned	425,191	-	-	-	130,000	130,000	555,191
Total Fund Balance	895,296	45,884	14,293	60,177	375,385	375,385	3,629,446
Total Liabilities and Fund Balance	\$ 907,823	\$ 75,952	\$ 14,857	\$ 90,809	\$ 375,385	\$ 375,385	\$ 3,942,658

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	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	\$ -	\$ -	\$ 247,915	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	2,111	11,437	5,277	9,864
Intergovernmental Revenue	-	-	-	2,520	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Fines and Forfeits	8,353	628	-	48,692	-	-	-	-
Net Investment Earnings	12	7	-	22	5	79	41	53
Miscellaneous Revenues	-	2,982	-	3,501	-	-	-	-
Total Revenues	<u>8,365</u>	<u>3,617</u>	<u>247,915</u>	<u>54,735</u>	<u>2,116</u>	<u>11,516</u>	<u>5,318</u>	<u>9,917</u>
EXPENDITURES								
Current:								
General Government	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-
Public Safety	-	1,886	-	25,938	-	-	-	-
Transporation	-	-	-	-	-	-	-	-
Debt Services:								
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Aids to Private Organizations	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	12,004	-	-	-	31,311
Total Expenditures	<u>-</u>	<u>1,886</u>	<u>-</u>	<u>37,942</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,311</u>
Excess (Deficiency) of Revenues Over Expenditures	8,365	1,731	247,915	16,793	2,116	11,516	5,318	(21,394)
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	(240,788)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(240,788)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	8,365	1,731	7,127	16,793	2,116	11,516	5,318	(21,394)
Fund Balances, Beginning 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>
FUND BALANCES, END OF YEAR	<u>\$ 35,905</u>	<u>\$ 41,426</u>	<u>\$ 23,518</u>	<u>\$ 34,514</u>	<u>\$ 5,716</u>	<u>\$ 62,385</u>	<u>\$ 54,021</u>	<u>\$ 22,828</u>

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue Funds							
	Justice Assistance Grant	Road Impact Fees	Fire Grants and Donations	Police Grants and Donations	First Tee	Enrichment Center Premises Maintenance	FDOT Grant	Brownfields Assessment Grant
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental Revenue	29,333	-	-	-	-	-	7,045	147,941
Charges for Services	-	-	-	-	6,812	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Net Investment Earnings	-	7,747	4	11	18	-	-	-
Miscellaneous Revenues	-	-	-	-	-	7,702	-	-
Total Revenues	<u>29,333</u>	<u>7,747</u>	<u>4</u>	<u>11</u>	<u>6,830</u>	<u>7,702</u>	<u>7,045</u>	<u>147,941</u>
EXPENDITURES								
Current:								
General Government	-	-	-	-	-	-	-	147,941
Culture and Recreation	-	-	-	-	13,328	15,966	7,045	-
Public Safety	-	-	3,944	1,900	-	-	-	-
Transporation	-	-	-	-	-	-	-	-
Debt Services:								
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Aids to Private Organizations	-	-	-	-	-	-	-	-
Capital Outlay	33,251	-	-	-	450	-	-	-
Total Expenditures	<u>33,251</u>	<u>-</u>	<u>3,944</u>	<u>1,900</u>	<u>13,778</u>	<u>15,966</u>	<u>7,045</u>	<u>147,941</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,918)	7,747	(3,940)	(1,889)	(6,948)	(8,264)	-	-
OTHER FINANCING SOURCES (USES)								
Transfers In	5,029	-	-	-	-	4,186	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>5,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,186</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,111	7,747	(3,940)	(1,889)	(6,948)	(4,078)	-	-
Fund Balances, Beginning of Year	-	1,952,287	10,982	17,673	41,002	4,328	-	-
FUND BALANCES, END OF YEAR	<u>\$ 1,111</u>	<u>\$ 1,960,034</u>	<u>\$ 7,042</u>	<u>\$ 15,784</u>	<u>\$ 34,054</u>	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014

	Total Special Revenue Funds	Capital Project Funds					Bond Settlement
		McKethan Park	Multi-Year Capital Project Accumulation	Capital Improvement Revenue 2006 Bond	Capital Improvement Revenue Note - 2011	Capital Improvement Loan - Capital Projects	
REVENUES							
Taxes	\$ 247,915	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	28,689	-	-	33,610	-	-	-
Intergovernmental Revenue	186,839	-	-	-	-	-	-
Charges for Services	6,812	-	-	-	-	-	-
Fines and Forfeits	57,673	-	-	-	-	-	-
Net Investment Earnings	7,999	17	823	4	-	4	-
Miscellaneous Revenues	14,185	-	-	-	-	-	-
Total Revenues	<u>550,112</u>	<u>17</u>	<u>823</u>	<u>33,614</u>	<u>-</u>	<u>4</u>	<u>-</u>
EXPENDITURES							
Current:							
General Government	147,941	-	-	-	-	-	-
Culture and Recreation	36,339	-	-	-	-	-	-
Public Safety	33,668	-	-	-	-	-	-
Transporation	-	-	10,778	-	-	-	-
Debt Services:							
Principal	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-
Aids to Private Organizations	-	-	-	-	-	-	-
Capital Outlay	77,016	-	134,123	-	-	6,130	-
Total Expenditures	<u>294,964</u>	<u>-</u>	<u>144,901</u>	<u>-</u>	<u>-</u>	<u>6,130</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	255,148	17	(144,078)	33,614	-	(6,126)	-
OTHER FINANCING SOURCES (USES)							
Transfers In	9,215	-	550,000	-	303,780	-	-
Transfers Out	(240,788)	-	-	(43,560)	(303,780)	-	-
Total Other Financing Sources (Uses)	<u>(231,573)</u>	<u>-</u>	<u>550,000</u>	<u>(43,560)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	23,575	17	405,922	(9,946)	-	(6,126)	-
Fund Balances, Beginning of Year	<u>2,275,013</u>	<u>24,215</u>	<u>400,959</u>	<u>13,251</u>	<u>-</u>	<u>6,142</u>	<u>60,862</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,298,588</u>	<u>\$ 24,232</u>	<u>\$ 806,881</u>	<u>\$ 3,305</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 60,862</u>

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014

	Total Capital Project Funds	Debt Service Funds		Total Debt Service Funds	Permanent Fund		Total Nonmajor Governmental Funds
		Capital Improvement Revenue Note - 2011	Capital Improvement Revenue Bond 2006		Cemetery Perpetual Care	Total Permanent Funds	
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 247,915
Licenses and Permits	33,610	-	-	-	-	-	62,299
Intergovernmental Revenue	-	-	-	-	-	-	186,839
Charges for Services	-	-	-	-	-	-	6,812
Fines and Forfeits	-	-	-	-	-	-	57,673
Net Investment Earnings	848	-	-	-	177	177	9,024
Miscellaneous Revenues	-	-	-	-	-	-	14,185
Total Revenues	34,458	-	-	-	177	177	584,747
EXPENDITURES							
Current:							
General Government	-	-	-	-	-	-	147,941
Culture and Recreation	-	-	-	-	-	-	36,339
Public Safety	-	-	-	-	-	-	33,668
Transportation	10,778	-	-	-	-	-	10,778
Debt Services:							
Principal	-	178,858	6,000	184,858	-	-	184,858
Interest and Fiscal Charges	-	123,072	6,992	130,064	-	-	130,064
Aids to Private Organizations	-	-	-	-	-	-	-
Capital Outlay	140,253	-	-	-	-	-	217,269
Total Expenditures	151,031	301,930	12,992	314,922	-	-	760,917
Excess (Deficiency) of Revenues Over Expenditures	(116,573)	(301,930)	(12,992)	(314,922)	177	177	(176,170)
OTHER FINANCING SOURCES (USES)							
Transfers In	853,780	303,780	13,020	316,800	10,000	10,000	1,189,795
Transfers Out	(347,340)	-	(9,576)	(9,576)	-	-	(597,704)
Total Other Financing Sources (Uses)	506,440	303,780	3,444	307,224	10,000	10,000	592,091
NET CHANGE IN FUND BALANCES	389,867	1,850	(9,548)	(7,698)	10,177	10,177	415,921
Fund Balances, Beginning of Year	505,429	44,034	23,841	67,875	365,208	365,208	3,213,525
FUND BALANCES, END OF YEAR	\$ 895,296	\$ 45,884	\$ 14,293	\$ 60,177	\$ 375,385	\$ 375,385	\$ 3,629,446

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	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	\$ 9,277	\$ 9,277	\$ 8,353	\$ (924)	\$ 36,711	\$ 36,711	\$ 628	\$ (36,083)
Net Investment Earnings	25	25	12	(13)	-	-	7	7
Miscellaneous Revenues	-	-	-	-	10	10	2,982	2,972
Balances Carried Forward	28,153	28,153	-	(28,153)	37,717	37,717	-	(37,717)
Total Revenues	37,455	37,455	8,365	(29,090)	74,438	74,438	3,617	(70,821)
EXPENDITURES								
Current:								
Public Safety	10,000	10,000	-	10,000	1,500	1,500	1,886	(386)
Capital Outlay	5,000	5,000	-	5,000	9,000	9,000	-	9,000
Total Expenditures	15,000	15,000	-	15,000	10,500	10,500	1,886	8,614
Excess (Deficiency) of Revenues Over Expenditures	22,455	22,455	8,365	(14,090)	63,938	63,938	1,731	(62,207)
OTHER FINANCING SOURCES (USES)								
Reserves	(22,455)	(22,455)	-	22,455	(63,938)	(63,938)	-	63,938
Total Other Financing Sources (Uses)	(22,455)	(22,455)	-	22,455	(63,938)	(63,938)	-	63,938
NET CHANGE IN FUND BALANCES	-	-	8,365	8,365	-	-	1,731	1,731
Fund Balances, Beginning of Year	-	-	27,540	27,540	-	-	39,695	39,695
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 35,905	\$ 35,905	\$ -	\$ -	\$ 41,426	\$ 41,426

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014

	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	\$ 238,449	\$ 247,916	\$ 247,915	\$ (1)	\$ -	\$ -	\$ -	\$ -
Fines and Forfeits	-	-	-	-	54,711	54,711	48,692	(6,019)
Net Investment Earnings	-	-	-	-	412	412	22	(390)
Intergovernmental Revenue	-	-	-	-	-	-	2,520	2,520
Miscellaneous Revenue	-	-	-	-	1,227	1,227	3,501	2,274
Balances Carried Forward	17,790	17,790	-	(17,790)	41,258	51,258	-	(51,258)
Total Revenues	<u>256,239</u>	<u>265,706</u>	<u>247,915</u>	<u>(17,791)</u>	<u>97,608</u>	<u>107,608</u>	<u>54,735</u>	<u>(52,873)</u>
EXPENDITURES								
Current:								
Public Safety	-	-	-	-	22,000	22,000	25,938	(3,938)
Capital Outlay	-	-	-	-	20,000	20,000	12,004	7,996
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,000</u>	<u>42,000</u>	<u>37,942</u>	<u>4,058</u>
Excess (Deficiency) of Revenues Over Expenditures	256,239	265,706	247,915	(17,791)	55,608	65,608	16,793	(48,815)
OTHER FINANCING SOURCES (USES)								
Transfers Out	(238,449)	(240,789)	(240,788)	1	(6,206)	(6,206)	-	6,206
Reserves	(17,790)	(24,917)	-	24,917	(49,402)	(59,402)	-	59,402
Total Other Financing Sources (Uses)	<u>(256,239)</u>	<u>(265,706)</u>	<u>(240,788)</u>	<u>24,918</u>	<u>(55,608)</u>	<u>(65,608)</u>	<u>-</u>	<u>65,608</u>
NET CHANGE IN FUND BALANCES	-	-	7,127	7,127	-	-	16,793	16,793
Fund Balances, Beginning of Year	-	-	16,391	16,391	-	-	17,721	17,721
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,518</u>	<u>\$ 23,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,514</u>	<u>\$ 34,514</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, 2014

	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	\$ 4,490	\$ 4,490	\$ 2,111	\$ (2,379)	\$ 24,190	\$ 24,190	\$ 11,437	\$ (12,753)
Net Investment Earnings	-	-	5	5	650	650	79	(571)
Balances Carried Forward	31	31	-	(31)	50,099	50,099	-	(50,099)
Total Revenues	4,521	4,521	2,116	(2,405)	74,939	74,939	11,516	(63,423)
EXPENDITURES								
Total Expenditures	-	-	-	-	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	4,521	4,521	2,116	(2,405)	74,939	74,939	11,516	(63,423)
OTHER FINANCING SOURCES (USES)								
Reserves	(4,521)	(4,521)	-	4,521	(74,939)	(74,939)	-	74,939
Total Other Financing Sources (Uses)	(4,521)	(4,521)	-	4,521	(74,939)	(74,939)	-	74,939
NET CHANGE IN FUND BALANCES	-	-	2,116	2,116	-	-	11,516	11,516
Fund Balances, Beginning of Year	-	-	3,600	3,600	-	-	50,869	50,869
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,716</u>	<u>\$ 5,716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,385</u>	<u>\$ 62,385</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, 2014

	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	\$ 11,150	\$ 11,150	\$ 5,277	\$ (5,873)	\$ 4,110	\$ 9,864	\$ 9,864	\$ -
Net Investment Earnings	55	55	41	(14)	70	70	53	(17)
Balances Carried Forward	51,667	51,667	-	(51,667)	42,992	42,992	-	(42,992)
Total Revenues	62,872	62,872	5,318	(57,554)	47,172	52,926	9,917	(43,009)
EXPENDITURES								
Capital Outlay	-	-	-	-	31,311	31,311	31,311	-
Total Expenditures	-	-	-	-	31,311	31,311	31,311	-
Excess (Deficiency) of Revenues Over Expenditures	62,872	62,872	5,318	(57,554)	15,861	21,615	(21,394)	(43,009)
OTHER FINANCING SOURCES (USES)								
Reserves	(62,872)	(62,872)	-	62,872	(15,861)	(21,615)	-	21,615
Total Other Financing Sources (Uses)	(62,872)	(62,872)	-	62,872	(15,861)	(21,615)	-	21,615
NET CHANGE IN FUND BALANCES	-	-	5,318	5,318	-	-	(21,394)	(21,394)
Fund Balances, Beginning of Year	-	-	48,703	48,703	-	-	44,222	44,222
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 54,021	\$ 54,021	\$ -	\$ -	\$ 22,828	\$ 22,828

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014

	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	\$ 29,333	\$ 29,333	\$ 29,333	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-
Net Investment Earnings	-	-	-	-	5,500	7,150	7,747	597
Balances Carried Forward	-	-	-	-	1,964,603	1,964,603	-	(1,964,603)
Total Revenues	<u>29,333</u>	<u>29,333</u>	<u>29,333</u>	<u>-</u>	<u>1,970,103</u>	<u>1,971,753</u>	<u>7,747</u>	<u>(1,964,006)</u>
EXPENDITURES								
Capital Outlay	34,362	34,362	33,251	1,111	200,000	200,000	-	200,000
Total Expenditures	<u>34,362</u>	<u>34,362</u>	<u>33,251</u>	<u>1,111</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,029)	(5,029)	(3,918)	1,111	1,770,103	1,771,753	7,747	(1,764,006)
OTHER FINANCING SOURCES (USES)								
Transfers In	5,029	5,029	5,029	-	-	-	-	-
Reserves	-	-	-	-	(1,770,103)	(1,771,753)	-	1,771,753
Total Other Financing Sources (Uses)	<u>5,029</u>	<u>5,029</u>	<u>5,029</u>	<u>-</u>	<u>(1,770,103)</u>	<u>(1,771,753)</u>	<u>-</u>	<u>1,771,753</u>
NET CHANGE IN FUND BALANCES	-	-	1,111	1,111	-	-	7,747	7,747
Fund Balances, Beginning of Year	-	-	-	-	-	-	1,952,287	1,952,287
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,111</u>	<u>\$ 1,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,960,034</u>	<u>\$ 1,960,034</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, 2014

	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	\$ -	\$ -	\$ 4	\$ 4	\$ -	\$ -	\$ 11	\$ 11
Miscellaneous Revenues	2,300	2,300	-	(2,300)	1,000	1,000	-	(1,000)
Balances Carried Forward	11,135	11,135	-	(11,135)	16,418	16,418	-	(16,418)
Total Revenues	<u>13,435</u>	<u>13,435</u>	<u>4</u>	<u>(13,431)</u>	<u>17,418</u>	<u>17,418</u>	<u>11</u>	<u>(17,407)</u>
EXPENDITURES								
Current:								
Public Safety	3,600	3,600	3,944	(344)	2,000	2,000	1,900	100
Capital Outlay	460	460	-	460	8,500	8,500	-	8,500
Total Expenditures	<u>4,060</u>	<u>4,060</u>	<u>3,944</u>	<u>116</u>	<u>10,500</u>	<u>10,500</u>	<u>1,900</u>	<u>8,600</u>
Excess (Deficiency) of Revenues Over Expenditures	9,375	9,375	(3,940)	(13,315)	6,918	6,918	(1,889)	(8,807)
OTHER FINANCING SOURCES (USES)								
Reserves	(9,375)	(9,375)	-	9,375	(6,918)	(6,918)	-	6,918
Total Other Financing Sources (Uses)	<u>(9,375)</u>	<u>(9,375)</u>	<u>-</u>	<u>9,375</u>	<u>(6,918)</u>	<u>(6,918)</u>	<u>-</u>	<u>6,918</u>
NET CHANGE IN FUND BALANCES	-	-	(3,940)	(3,940)	-	-	(1,889)	(1,889)
Fund Balances, Beginning of Year	-	-	10,982	10,982	-	-	17,673	17,673
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,042</u>	<u>\$ 7,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,784</u>	<u>\$ 15,784</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, 2014

	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	\$ 19,500	\$ 19,500	\$ 6,812	\$ (12,688)	\$ -	\$ -	\$ -	\$ -
Miscellaneous Revenue	-	-	-	-	5,500	8,985	7,702	(1,283)
Net Investment Earnings	-	-	18	18	-	-	-	-
Balances Carried Forward	40,161	40,161	-	(40,161)	3,569	3,569	-	(3,569)
Total Revenues	<u>59,661</u>	<u>59,661</u>	<u>6,830</u>	<u>(52,831)</u>	<u>9,069</u>	<u>12,554</u>	<u>7,702</u>	<u>(4,852)</u>
EXPENDITURES								
Current:								
Culture and Recreation	23,757	23,757	13,328	10,429	8,372	16,656	15,966	690
Capital Outley	-	-	450	(450)	-	-	-	-
Total Expenditures	<u>23,757</u>	<u>23,757</u>	<u>13,778</u>	<u>9,979</u>	<u>8,372</u>	<u>16,656</u>	<u>15,966</u>	<u>690</u>
Excess (Deficiency) of Revenues Over Expenditures	35,904	35,904	(6,948)	(42,852)	697	(4,102)	(8,264)	(4,162)
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	4,186	4,186	4,186	-
Transfers Out	-	-	-	-	-	-	-	-
Reserves	(35,904)	(35,904)	-	35,904	(4,883)	(84)	-	84
Total Other Financing Sources (Uses)	<u>(35,904)</u>	<u>(35,904)</u>	<u>-</u>	<u>35,904</u>	<u>(697)</u>	<u>4,102</u>	<u>4,186</u>	<u>84</u>
NET CHANGE IN FUND BALANCES	-	-	(6,948)	(6,948)	-	-	(4,078)	(4,078)
Fund Balances, Beginning of Year	-	-	41,002	41,002	-	-	4,328	4,328
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,054</u>	<u>\$ 34,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250</u>	<u>\$ 250</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, 2014

	Special Revenue Funds							
	Brownfields Assessment Grant				FDOT - 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								
Intergovernmental Revenue	\$ 134,000	\$ 147,941	\$ 147,941	\$ -	\$ 30,000	\$ 30,000	\$ 7,045	\$ (22,955)
Net Investment Earnings	-	-	-	-	-	-	-	-
Miscellaneous Revenues	-	-	-	-	-	-	-	-
Balances Carried Forward	-	-	-	-	-	-	-	-
Total Revenues	<u>134,000</u>	<u>147,941</u>	<u>147,941</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>7,045</u>	<u>(22,955)</u>
EXPENDITURES								
Current:								
General Government	134,000	147,941	147,941	-	-	-	-	-
Culture and Recreation	-	-	-	-	30,000	30,000	7,045	22,955
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>134,000</u>	<u>147,941</u>	<u>147,941</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>7,045</u>	<u>22,955</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES)								
Reserves	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2014

	Capital Project Funds							
	McKethan Park				Multi-Year Capital Project Accumulation			
	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 759	\$ 823	\$ 64
Net Investment Earnings	-	-	17	17	-	-	-	-
Miscellaneous Revenue	1,500	1,500	-	(1,500)	-	-	-	-
Balances Carried Forward	24,497	24,497	-	(24,497)	399,749	399,749	-	(399,749)
Total Revenues	25,997	25,997	17	(25,980)	399,749	400,508	823	(399,685)
EXPENDITURES								
Current:								
Transporation	-	-	-	-	-	-	10,778	(10,778)
Capital Outlay	20,000	20,000	-	20,000	940,000	940,000	134,123	805,877
Total Expenditures	20,000	20,000	-	20,000	940,000	940,000	144,901	795,099
Excess (Deficiency) of Revenues Over Expenditures	5,997	5,997	17	(5,980)	(540,251)	(539,492)	(144,078)	395,414
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	550,000	550,000	550,000	-
Reserves	(5,997)	(5,997)	-	5,997	(9,749)	(10,508)	-	10,508
Total Other Financing Sources (Uses)	(5,997)	(5,997)	-	5,997	540,251	539,492	550,000	10,508
NET CHANGE IN FUND BALANCES	-	-	17	17	-	-	405,922	405,922
Fund Balances, Beginning of Year	-	-	24,215	24,215	-	-	400,959	400,959
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 24,232	\$ 24,232	\$ -	\$ -	\$ 806,881	\$ 806,881

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014

	Capital Project Funds							
	Capital Improvement Revenue Note - 2011				Capital Improvement Revenue 2006 Bond			
	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	\$ 33,553	\$ 33,610	\$ 57
Net Investment Earnings	-	-	-	-	-	(5)	4	9
Balances Carried Forward	-	-	-	-	11,053	11,053	-	(11,053)
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,553</u>	<u>44,601</u>	<u>33,614</u>	<u>(10,987)</u>
EXPENDITURES								
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	43,553	44,601	33,614	(10,987)
OTHER FINANCING SOURCES (USES)								
Transfers In	303,780	303,780	303,780	-	-	-	-	-
Transfers Out	(303,780)	(303,780)	(303,780)	-	(43,553)	(43,560)	(43,560)	-
Reserves	-	-	-	-	-	(1,041)	-	1,041
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,553)</u>	<u>(44,601)</u>	<u>(43,560)</u>	<u>1,041</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-	(9,946)	(9,946)
Fund Balances, Beginning of Year	-	-	-	-	-	-	13,251	13,251
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,305</u>	<u>\$ 3,305</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, 2014

	Capital Project Funds							
	Capital Improvement Loan - Capital Projects				Bond Settlement			
	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								
Balances Carried Forward	\$ -	\$ -	\$ 4	\$ 4	\$ -	\$ -	\$ -	\$ -
Total Revenues	6,130	6,130	-	(6,130)	-	-	-	-
	<u>6,130</u>	<u>6,130</u>	<u>4</u>	<u>(6,126)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES								
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest	6,130	6,130	6,130	-	-	-	-	-
Total Expenditures	<u>6,130</u>	<u>6,130</u>	<u>6,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	(6,126)	(6,126)	-	-	-	-
OTHER FINANCING SOURCES (USES)								
Transfers In					-	-	-	-
Reserves	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	(6,126)	(6,126)	-	-	-	-
Fund Balances, Beginning of Year	-	-	6,142	6,142	-	-	60,862	60,862
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,862</u>	<u>\$ 60,862</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, 2014

	Debt Service Fund							
	Capital Improvement Revenue Note - 2011				Capital Improvement Revenue Bond - 2006			
	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balances Carried Forward	41,982	41,982	-	(41,982)	26,210	26,210	-	(26,210)
Total Revenues	<u>41,982</u>	<u>41,982</u>	<u>-</u>	<u>(41,982)</u>	<u>26,210</u>	<u>26,210</u>	<u>-</u>	<u>(26,210)</u>
EXPENDITURES								
Debt Service:								
Principal	180,708	180,708	178,858	1,850	6,000	6,000	6,000	-
Interest	123,072	123,072	123,072	-	7,013	7,013	6,992	21
Total Expenditures	<u>303,780</u>	<u>303,780</u>	<u>301,930</u>	<u>1,850</u>	<u>13,013</u>	<u>13,013</u>	<u>12,992</u>	<u>21</u>
Excess (Deficiency) of Revenues Over Expenditures	(261,798)	(261,798)	(301,930)	(40,132)	13,197	13,197	(12,992)	(26,189)
OTHER FINANCING SOURCES (USES)								
Transfers In	303,780	303,780	303,780	-	13,013	13,013	13,020	7
Transfers Out	-	-	-	-	(12,445)	(12,445)	(9,576)	2,869
Reserves	(41,982)	(41,982)	-	41,982	(13,765)	(13,765)	-	13,765
Total Other Financing Sources (Uses)	<u>261,798</u>	<u>261,798</u>	<u>303,780</u>	<u>41,982</u>	<u>(13,197)</u>	<u>(13,197)</u>	<u>3,444</u>	<u>16,641</u>
NET CHANGE IN FUND BALANCES	-	-	1,850	1,850	-	-	(9,548)	(9,548)
Fund Balances, Beginning of Year	-	-	44,034	44,034	-	-	23,841	23,841
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,884</u>	<u>\$ 45,884</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,293</u>	<u>\$ 14,293</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, 2014

	Permanent Fund			
	Cemetery Perpetual Care			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
Original	Final			
REVENUES				
Net Investment Earnings	\$ 1,360	\$ 1,360	\$ 177	\$ (1,183)
Balances Carried Forward	365,249	365,249	-	(365,249)
Total Revenues	<u>366,609</u>	<u>366,609</u>	<u>177</u>	<u>(366,432)</u>
EXPENDITURES				
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	366,609	366,609	177	(366,432)
OTHER FINANCING SOURCES (USES)				
Transfers In	10,000	10,000	10,000	-
Transfers Out	-	-	-	-
Reserves	(376,609)	(376,609)	-	376,609
Total Other Financing Sources (Uses)	<u>(366,609)</u>	<u>(366,609)</u>	<u>10,000</u>	<u>376,609</u>
NET CHANGE IN FUND BALANCES	-	-	10,177	10,177
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>365,208</u>	<u>353,928</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 375,385</u>	<u>\$ 364,105</u>

**CITY OF BROOKSVILLE, FLORIDA
COMBINING BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2014**

	General Fund	Good Neighbor Trail Project	Major Storm Readiness	Tree and Streetscaping	Total General Fund
ASSETS					
Pooled Cash and Investments	\$ 1,144,424	\$ -	\$ -	\$ -	\$ 1,144,424
Accounts Receivable	217,324	-	-	-	217,324
Due from Other Funds	7,045	-	-	-	7,045
Advance to Other Funds	92,640	-	-	-	92,640
Due from Other Governments	94,229	-	-	-	94,229
Inventories	1,925	-	-	-	1,925
Prepaid Items	18,385	-	-	-	18,385
Total Assets	<u>\$ 1,575,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,575,972</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$ 175,925	\$ -	\$ -	\$ -	\$ 175,925
Accrued Wages Payable	92,719	-	-	-	92,719
Due to Other Funds	17,811	-	-	-	17,811
Deposits	70,766	-	-	-	70,766
Other Current Liabilities	9,877	-	-	-	9,877
Total Liabilities	<u>367,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>367,098</u>
Fund Balance:					
Nonspendable:					
Inventories	1,925	-	-	-	1,925
Prepaid Items	18,385	-	-	-	18,385
Long-Term Accounts Receivable	67,500	-	-	-	67,500
Advance to Other Funds	92,640	-	-	-	92,640
Unassigned (deficit)	1,028,424	-	-	-	1,028,424
Total Fund Balance (Deficit)	<u>1,208,874</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,208,874</u>
Total Liabilities and Fund Balance	<u>\$ 1,575,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,575,972</u>

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014

	General Fund	Good Neighbor Trail Project	Major Storm Readiness	Tree and Streetscaping	Eliminations	Total General Fund
REVENUES						
Taxes	\$ 3,654,706	\$ -	\$ -	\$ -	\$ -	\$ 3,654,706
Licenses and Permits	850,236	-	-	-	-	850,236
Intergovernmental Revenue	776,005	-	-	-	-	776,005
Charges for Services	204,794	-	-	-	-	204,794
Fines and Forfeits	87,047	-	-	-	-	87,047
Net Investment Earnings	8,500	-	-	-	-	8,500
Miscellaneous Revenues	148,131	-	-	-	-	148,131
Total Revenues	<u>5,729,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,729,419</u>
EXPENDITURES						
Current:						
General Government	1,770,277	-	-	-	-	1,770,277
Culture and Recreation	694,507	-	-	-	-	694,507
Public Safety	2,082,058	-	-	-	-	2,082,058
Physical Environment	109,192	-	-	-	-	109,192
Transportation	563,621	-	-	-	-	563,621
Capital Outlay	116,599	-	-	-	-	116,599
Total Expenditures	<u>5,336,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,336,254</u>
Excess (Deficiency) of Revenues Over Expenditures	393,165	-	-	-	-	393,165
OTHER FINANCING SOURCES (USES)						
Transfers In	1,024,125	-	-	-	(160,420)	863,705
Transfers Out	(1,083,636)	(2,138)	(73,195)	(85,087)	160,420	(1,083,636)
Total Other Financing Sources (Uses)	<u>(59,511)</u>	<u>(2,138)</u>	<u>(73,195)</u>	<u>(85,087)</u>	<u>-</u>	<u>(219,931)</u>
NET CHANGE IN FUND BALANCES	333,654	(2,138)	(73,195)	(85,087)	-	173,234
Fund Balances, Beginning of Year	<u>875,220</u>	<u>2,138</u>	<u>73,195</u>	<u>85,087</u>	<u>-</u>	<u>1,035,640</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,208,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,208,874</u>

CITY OF BROOKSVILLE, FLORIDA
COMBINING SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014

	General Fund				Tree and Streetscaping			
	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	\$ 3,580,056	\$ 3,722,944	\$ 3,654,706	\$ (68,238)	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	792,113	795,113	850,236	55,123	3,000	-	-	-
Intergovernmental Revenue	720,448	724,665	776,005	51,340	-	-	-	-
Charges for Services	214,088	214,088	204,794	(9,294)	-	-	-	-
Fines and Forfeits	65,231	65,231	87,047	21,816	-	-	-	-
Net Investment Earnings	14,700	15,050	8,500	(6,550)	150	-	-	-
Miscellaneous Revenues	141,070	141,070	148,131	7,061	-	-	-	-
Balances Carried Forward	755,205	755,205	-	(755,205)	84,839	84,839	-	(84,839)
Total Revenues	6,282,911	6,433,366	5,729,419	(703,947)	87,989	84,839	-	(84,839)
EXPENDITURES								
Current:								
General Government	1,931,450	1,944,939	1,770,277	174,662	-	-	-	-
Culture and Recreation	737,200	737,200	694,507	42,693	-	-	-	-
Public Safety	2,167,380	2,179,135	2,082,058	97,077	-	-	-	-
Physical Environment	113,153	113,153	109,192	3,961	-	-	-	-
Transportation	577,905	609,131	563,621	45,510	25,000	-	-	-
Capital Outlay	119,916	121,117	116,599	4,518	-	-	-	-
Total Expenditures	5,647,004	5,704,675	5,336,254	368,421	25,000	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	635,907	728,691	393,165	(335,526)	62,989	84,839	-	(84,839)
OTHER FINANCING SOURCES (USES)								
Transfers In	864,234	1,029,155	1,024,125	(5,030)	-	-	-	-
Transfers Out	(1,141,129)	(1,142,639)	(1,083,636)	59,003	-	-	(85,087)	(85,087)
Reserves	(359,012)	(615,207)	-	615,207	(62,989)	(84,839)	-	84,839
Total Other Financing Sources (Uses)	(635,907)	(728,691)	(59,511)	669,180	(62,989)	(84,839)	(85,087)	(248)
NET CHANGE IN FUND BALANCES	-	-	333,654	333,654	-	-	(85,087)	(85,087)
Fund Balances, Beginning of Year	-	-	875,220	875,220	-	-	85,087	85,087
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 1,208,874	\$ 1,208,874	\$ -	\$ -	\$ -	\$ -

**CITY OF BROOKSVILLE, FLORIDA
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE - BUDGET AND ACTUAL
 GENERAL FUND (CONTINUED)
 YEAR ENDED SEPTEMBER 30, 2014**

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Investment Earnings	-	-	-	-	200	-	-	-
Balances Carried Forward	6,388	6,388	-	(6,388)	72,889	72,889	-	(72,889)
Total Revenues	6,388	6,388	-	(6,388)	73,089	72,889	-	(72,889)
EXPENDITURES								
Current:								
Public Safety	-	-	-	-	-	-	-	-
Capital Outlay	1,400	-	-	-	-	-	-	-
Total Expenditures	1,400	-	-	-	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	4,988	6,388	-	(6,388)	73,089	72,889	-	(72,889)
OTHER FINANCING SOURCES (USES)								
Transfers Out	-	-	(2,138)	(2,138)	-	-	(73,195)	(73,195)
Reserves	(4,988)	(6,388)	-	6,388	(73,089)	(72,889)	-	72,889
Total Other Financing Sources (Uses)	(4,988)	(6,388)	(2,138)	4,250	(73,089)	(72,889)	(73,195)	(306)
NET CHANGE IN FUND BALANCES	-	-	(2,138)	(2,138)	-	-	(73,195)	(73,195)
Fund Balances, Beginning of Year	-	-	2,138	2,138	-	-	73,195	73,195
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CITY OF BROOKSVILLE, FLORIDA
COMBINING SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014**

	Total General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,580,056	\$ 3,722,944	\$ 3,654,706	\$ (68,238)
Licenses and Permits	795,113	795,113	850,236	55,123
Intergovernmental Revenue	720,448	724,665	776,005	51,340
Charges for Services	214,088	214,088	204,794	(9,294)
Fines and Forfeits	65,231	65,231	87,047	21,816
Net Investment Earnings	15,050	15,050	8,500	(6,550)
Miscellaneous Revenues	141,070	141,070	148,131	7,061
Balances Carried Forward	919,321	919,321	-	(919,321)
Total Revenues	<u>6,450,377</u>	<u>6,597,482</u>	<u>5,729,419</u>	<u>(868,063)</u>
EXPENDITURES				
Current:				
General Government	1,931,450	1,944,939	1,770,277	174,662
Culture and Recreation	737,200	737,200	694,507	42,693
Public Safety	2,167,380	2,179,135	2,082,058	97,077
Physical Environment	113,153	113,153	109,192	3,961
Transportation	602,905	609,131	563,621	45,510
Capital Outlay	121,316	121,117	116,599	4,518
Total Expenditures	<u>5,673,404</u>	<u>5,704,675</u>	<u>5,336,254</u>	<u>368,421</u>
Excess (Deficiency) of Revenues Over Expenditures	776,973	892,807	393,165	(499,642)
OTHER FINANCING SOURCES (USES)				
Transfers In	864,234	1,029,155	1,024,125	(5,030)
Transfers Out	(1,141,129)	(1,142,639)	(1,244,056)	(101,417)
Reserves	(500,078)	(779,323)	-	779,323
Total Other Financing Sources (Uses)	<u>(776,973)</u>	<u>(892,807)</u>	<u>(219,931)</u>	<u>672,876</u>
NET CHANGE IN FUND BALANCES	-	-	173,234	173,234
Fund Balances, Beginning of Year	-	-	1,035,640	1,035,640
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,208,874</u>	<u>\$ 1,208,874</u>

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2014**

	Internal Service Funds			Total Internal Service Funds
	Fleet Maintenance Fund	Vehicle Replacement Fund	Equipment Replacement Fund	
ASSETS				
Current Assets:				
Pooled Cash and Investments	\$ 35,163	\$ 1,291,885	\$ 6,027	\$ 1,333,075
Inventories	4,162	-	-	4,162
Total Current Assets	<u>39,325</u>	<u>1,291,885</u>	<u>6,027</u>	<u>1,337,237</u>
Non-Current Assets:				
Machinery and Equipment	32,403	1,732,397	43,781	1,808,581
Less: Accumulated Depreciation	<u>32,403</u>	<u>1,029,769</u>	<u>15,432</u>	<u>1,077,604</u>
Net Capital Assets	<u>-</u>	<u>702,628</u>	<u>28,349</u>	<u>730,977</u>
Total Assets	<u><u>\$ 39,325</u></u>	<u><u>\$ 1,994,513</u></u>	<u><u>\$ 34,376</u></u>	<u><u>\$ 2,068,214</u></u>
LIABILITIES AND NET POSITION				
Current Liabilities:				
Accounts Payable	\$ 88	\$ 3,800	\$ -	\$ 3,888
Accrued Wages Payable	432	-	-	432
Other Current Liabilities	<u>180</u>	<u>-</u>	<u>-</u>	<u>180</u>
Total Current Liabilities	<u>700</u>	<u>3,800</u>	<u>-</u>	<u>4,500</u>
Non-Current Liabilities:				
Accrued Compensated Absences	<u>648</u>	<u>-</u>	<u>-</u>	<u>648</u>
Total Liabilities	1,348	3,800	-	5,148
NET POSITION				
Net Investment in Capital Assets	-	702,628	28,349	730,977
Unrestricted	<u>37,977</u>	<u>1,288,085</u>	<u>6,027</u>	<u>1,332,089</u>
Total Net Position	<u>37,977</u>	<u>1,990,713</u>	<u>34,376</u>	<u>2,063,066</u>
Total Liabilities and Net Position	<u><u>\$ 39,325</u></u>	<u><u>\$ 1,994,513</u></u>	<u><u>\$ 34,376</u></u>	<u><u>\$ 2,068,214</u></u>

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	Internal Service Funds			Total Internal Service Funds
	Fleet Maintenance Fund	Vehicle Replacement Fund	Equipment Replacement Fund	
OPERATING REVENUE				
Charges for Services	\$ 94,725	\$ 192,860	\$ 8,000	\$ 295,585
Miscellaneous Revenues	-	30,490	2,050	32,540
Total Operating Revenues	<u>94,725</u>	<u>223,350</u>	<u>10,050</u>	<u>328,125</u>
OPERATING EXPENSES				
Personal Services	48,411	-	-	48,411
Other Services and Charges	18,848	-	-	18,848
Depreciation	-	119,181	6,622	125,803
Total Operating Expenses	<u>67,259</u>	<u>119,181</u>	<u>6,622</u>	<u>193,062</u>
OPERATING INCOME (LOSS)	27,466	104,169	3,428	135,063
NONOPERATING REVENUES				
Net Investment Earnings (Loss)	7	6,011	2	6,020
Gain on Sale of Capital Assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>7</u>	<u>6,011</u>	<u>2</u>	<u>6,020</u>
INCOME (LOSS) BEFORE TRANSFERS	27,473	110,180	3,430	141,083
CONTRIBUTIONS AND TRANSFERS				
Transfers Out	(375)	(5,029)	-	(5,404)
Total Transfers In (Out)	<u>(375)</u>	<u>(5,029)</u>	<u>-</u>	<u>(5,404)</u>
CHANGE IN NET POSITION	27,098	105,151	3,430	135,679
Net Position, Beginning of Year	<u>10,879</u>	<u>1,885,562</u>	<u>30,946</u>	<u>1,927,387</u>
NET POSITION, END OF YEAR	<u>\$ 37,977</u>	<u>\$ 1,990,713</u>	<u>\$ 34,376</u>	<u>\$ 2,063,066</u>

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2014**

	Internal Service Funds			Total Internal Service Funds
	Fleet Maintenance Fund	Vehicle Replacement Fund	Equipment Replacement Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 94,725	\$ 223,350	\$ 10,050	\$ 328,125
Payments to Suppliers	(51,982)	-	-	(51,982)
Payments to Employees	(20,750)	3,800	-	(16,950)
Net Cash Provided by Operating Activities	<u>21,993</u>	<u>227,150</u>	<u>10,050</u>	<u>259,193</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to Other Funds	(375)	(5,029)	-	(5,404)
Net Cash (Used) by Noncapital Financing Activities	<u>(375)</u>	<u>(5,029)</u>	<u>-</u>	<u>(5,404)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of Machinery and Equipment	-	(348,840)	(6,658)	(355,498)
Net Cash (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(348,840)</u>	<u>(6,658)</u>	<u>(355,498)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Net Investment Income (Loss)	7	6,011	2	6,020
Net Cash Provided (Used) by Investing Activities	<u>7</u>	<u>6,011</u>	<u>2</u>	<u>6,020</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	21,625	(120,708)	3,394	(95,689)
Cash and Cash Equivalents, Beginning of Year	<u>13,538</u>	<u>1,412,593</u>	<u>2,633</u>	<u>1,428,764</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 35,163</u></u>	<u><u>\$ 1,291,885</u></u>	<u><u>\$ 6,027</u></u>	<u><u>\$ 1,333,075</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH				

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014**

	Internal Service Funds			Total Internal Service Funds
	Fleet Maintenance Fund	Vehicle Replacement Fund	Equipment Replacement Fund	
PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 27,466	\$ 104,169	\$ 3,428	\$ 135,063
Depreciation and Amortization	-	119,181	6,622	125,803
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
(Increase) Decrease in:				
Inventories	768	-	-	768
Increase (Decrease) in:				
Accounts Payable	(2,652)	3,800	-	1,148
Accrued Wages Payable	(740)	-	-	(740)
Other Current Liabilities	(18)	-	-	(18)
Accrued Compensated Absences	(2,831)	-	-	(2,831)
Total Adjustments	(5,473)	122,981	6,622	124,130
Net Cash Provided by Operating Activities	\$ 21,993	\$ 227,150	\$ 10,050	\$ 259,193
	-	-	-	-

**CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2014**

	Private Purpose Trust Funds			Pension Trust Funds		
	Butterweck Bond Fund	HRA Fund	Total Private Purpose Trust Funds	Fireman's Retirement Fund	Police Retirement Fund	Total Pension Trust Funds
ASSETS						
Pooled Cash	\$ 2,237	\$ -	\$ 2,237	\$ 112,037	\$ 16,612	\$ 128,649
Investment in Debt Securities	-	-	-	2,276,363	1,521,458	3,797,821
Investment in Marketable Equity Securities	-	-	-	3,652,910	3,206,694	6,859,604
Prepaid Expenses	-	24,712	24,712	-	-	-
Due from Other Government Unit	-	-	-	-	89,298	89,298
Accounts Receivable	-	-	-	19,077	3,457	22,534
Total Assets	\$ 2,237	\$ 24,712	\$ 26,949	\$ 6,060,387	\$ 4,837,519	\$ 10,897,906
LIABILITIES AND FUND BALANCE						
Liabilities:						
Other Current Liabilities	\$ -	\$ 37,867	\$ 37,867	\$ -	\$ -	\$ -
Total Liabilities	-	37,867	37,867	-	-	-
NET POSITION						
Held in Trust for Retirement and Other Purposes	2,237	(13,155)	(10,918)	6,060,387	4,837,519	10,897,906
Total Net Position	\$ 2,237	\$ (13,155)	\$ (10,918)	\$ 6,060,387	\$ 4,837,519	\$ 10,897,906

**CITY OF BROOKSVILLE, FLORIDA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)
 SEPTEMBER 30, 2014**

	Payroll Account	Total Agency Funds
ASSETS		
Pooled Cash and Investments	\$ 11,894	\$ 11,894
Total Assets	\$ 11,894	\$ 11,894
LIABILITIES AND FUND BALANCE		
Liabilities:		
Other Current Liabilities	\$ 11,894	\$ 11,894
Total Liabilities	\$ 11,894	\$ 11,894

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2014

	Private Purpose Trust Funds		Total Private Purpose Trust Funds	Pension Trust Funds		Total Pension Trust Funds
	Butterweck Bond Fund	HRA Fund		Fireman's Retirement Fund	Police Retirement Fund	
ADDITIONS:						
CONTRIBUTIONS						
Employer	\$ -	\$ -	\$ -	\$ 276,596	\$ 88,372	\$ 364,968
Plan Members	-	-	-	20,225	12,704	32,929
Other	-	-	-	77,423	89,297	166,720
Total Contributions	-	-	-	374,244	190,373	564,617
INVESTMENT EARNINGS						
Net Increase (Decrease) in Fair Value	-	-	-	(101,480)	207,539	106,059
Gain/(Loss) on Sales of Investments	-	-	-	536,946	47,261	584,207
Interest/Dividends	4	-	4	152,471	158,814	311,285
Total Investment Earnings	4	-	4	587,937	413,614	1,001,551
TRANSFERS IN	-	31,251	31,251	-	-	-
MISCELLANEOUS REVENUES	-	-	-	9,013	336	9,349
Total Additions	4	31,251	31,255	971,194	604,323	1,575,517
DEDUCTIONS:						
BENEFIT PAYMENTS	-	-	-	301,643	3,941	305,584
ADMINISTRATIVE EXPENSES	-	49,046	49,046	85,154	56,431	141,585
TRANSFERS OUT	-	-	-	-	-	-
Total Deductions	-	49,046	49,046	386,797	60,372	447,169
CHANGE IN NET POSITION	4	(17,795)	(17,791)	584,397	543,951	1,128,348
Net Assets, Beginning of Year	2,233	4,640	6,873	5,475,990	4,293,568	9,769,558
NET POSITION, END OF YEAR	\$ 2,237	\$ (13,155)	\$ (10,918)	\$ 6,060,387	\$ 4,837,519	\$ 10,897,906

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2014**

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	2014-JAGC-HERN-1-E5-179	16.738	\$ 26,149
Patrol Camera Program II	2014-JAGD-HERN-1-E6-079	16.738	3,184
			<u>29,333</u>
U.S. Department of Environmental Protection			
Brownfields Assessment and Cleanup Cooperative Agreement	5 SP016561	66.818	<u>147,941</u>
Total Federal Awards			<u><u>\$ 177,274</u></u>

See accompanying Notes to Schedule of Expenditures and Federal Awards.

CITY OF BROOKSVILLE, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2014

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, 2014.

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, 2014.

**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, as of and for the year ended September 30, 2014, 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 April 29, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Brooksville, Florida'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 of Brooksville, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Brooksville, Florida's internal control.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Brooksville, Florida'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*.

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, Florida
April 29, 2015

MANAGEMENT LETTER

City Council
City of Brooksville, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Brooksville, Florida, (the “City”) as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated April 29, 2015.

Auditor’s Responsibility

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.

Other Reports and Schedule

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated April 29, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Refer to Appendix A for schedule of prior years findings.

Official Title and Legal Authority

Section 10.554(1)(i)4., 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. See Note 1 to the financial statements.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not The City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In

connection with our audit, we determined that The City did not meet any of the conditions described in Section 218.503(1), Florida Statutes. Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), 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.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for The City for the fiscal year ended September 30, 2014, 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, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)3., 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.

Purpose of this Letter

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 Florida Auditor General, federal and other granting agencies, the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Lakeland, Florida
April 29, 2015

**CITY OF BROOKSVILLE, FLORIDA
APPENDIX A – SCHEDULE OF PRIOR YEAR FINDINGS
SEPTEMBER 30, 2014**

Prior Years Findings		Current Year Status		
		Cleared	Partially Cleared	Not Cleared
2013-001 Inadequate Internal Controls Relating to Pension and Interest Costs	Material Weakness	X		
2013-002 - Fund Type Classifications	Material Weakness	X		
2013-003 - City Council Minutes	Control Deficiency	X		
2013-004 - Journal Entry Approval	Control Deficiency	X		
2013-005 - Investment Policy	Control Deficiency	X		
2013-006 - Retainages	Control Deficiency	X		
2013-007 - Information Technology Monitoring	Control Deficiency	X		
2013-008 Budget Violation	Control Deficiency	X		



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT ACCOUNTANTS' REPORT

City Council
City of Brooksville, Florida
Brooksville, Florida

We have examined the City of Brooksville, Florida, compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2014. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
April 29, 2015