

CITY OF BROOKSVILLE, FLORIDA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2015

**CITY OF BROOKSVILLE, FLORIDA
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INTRODUCTORY SECTION

**CITY OF BROOKSVILLE, FLORIDA
GOVERNMENTAL OFFICIALS
YEAR ENDED SEPTEMBER 30, 2015**

CITY COUNCIL

MAYOR	NATALIE KAHLER
VICE MAYOR	ROBERT BATTISTA
COUNCIL MEMBER	FRANKIE BURNETT
COUNCIL MEMBER	BETTY ERHARD
COUNCIL MEMBER	WILLIAM KEMERER

CITY MANAGER

T. JENNENE NORMAN-VACHA

FINANCE DIRECTOR

TANNETTE GAYLE

ASSISTANT FINANCE DIRECTOR

JIM DELACH

CITY CLERK

VIRGINIA WRIGHT

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, 2015, 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, 2015, and the respective changes in net position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Correction of an Error

As described in Note 16, the City restated beginning balances to correct accounting errors that occurred in prior year. Our opinion is not modified with respect to that matter.

Change in Accounting Principle

As described in Note 16, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and the related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68. As a result of the implementation of GASB Statements No.68 and 71, the City reported a restatement for the change in accounting principle. The auditors' opinion was not modified with respect to the restatement.

Other Matters

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.

Other 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.

City Council
City of Brooksville, Florida

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
June 20, 2016

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

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, 2015.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Brooksville exceeded its liabilities and deferred inflows of resources at September 30, 2015 by \$44,051,534 (net position) and decreased (\$539,133).
- As of September 30, 2015, the City of Brooksville's governmental funds reported combining ending fund balances of \$5,437,453 which increased \$71,297 from the previous fiscal year.
- General Fund expenditures and transfers out came in under final budget projections by \$633,987. General Fund expenditures excluding transfers out are up from September 30, 2014 by \$109,245. The major differences are that wages and benefit cost increased.
- Utility Fund cash and cash equivalents decreased from \$6,638,427 at the beginning of the fiscal year to \$5,438,606 at the end of the fiscal year. The primary reason for the decrease is due to the acquisition and construction of capital assets. Total capital expenditures for the fiscal year were \$1,437,183. All of which is restricted cash and cash equivalents.
- The cash and cash equivalents for the Sanitation Fund increased from \$600,350 at the beginning of the fiscal year to \$674,715 at the end of the fiscal year.

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, 2015 is \$514,989. 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 2015 seventeen (17) single family residential permits were issued in the Southern Hills Plantation subdivision. The value of the new homes totaled \$5,826,951.
- 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 as CASHP1, 2 & 3LLC's. There were no single family home permits issued in the Cascades during October 1, 2014 through September 30, 2015.

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

CITY HIGHLIGHTS (CONTINUED)

- Four (4) additional new single family residential permits were issued for locations in the City outside of the Southern Hills/Cascade subdivisions adding \$175,200 of property value for fiscal year 2015.
- Total single family residential units added to the City in fiscal year 2015 were Twenty-one (21) units at a value of \$6,002,151.
- In fiscal year 2015 total commercial permit activity (new and remodels) was \$2,972,789. The major new and remodel projects completed were Anytime Fitness Health Spa, Dickey's BBQ Restaurant, Domino's Pizza, McDonalds, Dunkin Donuts, Grindy Enterprises(recycling facility), Insight Credit Union, Garden of Eden Bookstore, Florida Cracker Trading Company, Country Home style Restaurant, Wendy's Restaurant and the Lowman law Firm (addition).

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 governmental activities and business-type activities.

The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the four 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, 2015**

Government-Wide Financial Statements (Continued)

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 18-19 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 20-23 of this report.

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

Proprietary funds

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

The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on pages 24-28 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 four fiduciary funds are Butterweck Bond Fund, HRA Fund, Police Retirement and the Firefighters' Retirement.

The basic fiduciary fund financial statements can be found on pages 29-30 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 31-85 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 97-128 of this report. The schedule of changes in net pension liability and related ratios, investment returns, and contributions of the pension trust funds can be found on pages 86-96 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).

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

ECONOMIC FACTORS (CONTINUED)

The annual estimates for the population of Brooksville were identified as being 7,687 which was used in the fiscal year 2014-2015 State Revenue Sharing calculations. The City of Brooksville's Community Development Department estimates that the City will experience growth in population of 16.8% over the next 10 years. This estimate is based on the 2010 U.S. Census, and the growth rate applied by the Southwest Florida Water Management District to 2011 community data sheet projections 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 2015 Tax Year the current year gross taxable value is \$387,026,317. In the 2014 Tax Year the current year gross taxable values for operating purposes were \$376,058,431. This is an increase in taxable values of \$10,967,866 and a 2.9% increase in values in one year. In 2008, the final gross taxable values were \$568,431,915 (the highest in the City's history); this is a decline of \$187,405,598 from 2008 to 2015 and over a 31.9% loss in values in that period. At the 2014 millage rate of 6.6962 mills, the decline of \$187,405,598 represents a decrease in annual Ad Valorem revenues of approximately \$1,153,992 (at 95%) in the span from the high in 2008 to 2015. This has been a challenge for many Florida cities as their property values drop.

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, Beef O'Brady's, Publix, Winn Dixie and Walgreen's. Countless other established retailers and small local businesses continue to do business in our City.

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

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, 2015**

THE CITY AS A WHOLE

The City's combined net position as of September 30, 2015 was \$44,051,534. Table 1 below reflects the condensed Statement of Net Position for the last two years.

The largest portion of the City's net position (80.4%) 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 (18.9%) 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.

City of Brooksville Net Position						
Table 1	Governmental Activities		Business-Type Activities		Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 7,827,820	\$ 7,957,254	\$ 7,466,029	\$ 8,394,803	\$ 15,293,849	\$ 16,352,057
Capital Assets, net of deprec.	12,493,063	12,310,047	36,799,846	36,998,870	49,292,909	49,308,917
Total Assets	20,320,883	20,267,301	44,265,875	45,393,673	64,586,758	65,660,974
Defererd Outflows of Resources	1,082,107	218,015	156,966	113,554	1,239,073	331,569
Long-Term Liabilities	6,519,942	5,898,973	11,830,045	12,271,850	18,349,987	18,170,823
Other Liabilities	1,155,663	1,038,068	1,365,093	1,278,695	2,520,756	2,316,763
Total Liabilities	7,675,605	6,937,041	13,195,138	13,550,545	20,870,743	20,487,586
Defererd Inflows of Resources	771,687	596,736	131,867	317,554	903,554	914,290
Net Position:						
Net Investment in Capital Assets	9,256,954	8,901,786	26,140,267	25,730,564	35,397,221	34,632,350
Restricted	3,327,397	3,139,442	5,021,233	5,392,726	8,348,630	8,532,168
Unrestricted	371,347	910,311	(65,664)	515,838	305,683	1,426,149
Total Net Position	\$ 12,955,698	\$ 12,951,539	\$ 31,095,836	\$ 31,639,128	\$ 44,051,534	\$ 44,590,667

Table 2 below is the condensed change in net position for the fiscal year ended September 30, 2015. 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 \$9,208,992 going down 5.01% from last year. The City's total governmental activities revenues decreased \$461,473 due to the charges for services and property taxes. Property tax collections went down by \$76,000. Table 2 shows the cost of Business-type expense activities was \$5,089,471 (increase of 1.0% over last year). The Business-type accounts revenues decreased from 2014 to 2015 by \$3,258,586; this was due to the prior year we had a legal settlement of \$3,537,938. If you backed the one time revenue source from the legal settlement from last year we would actually have a \$279,352 increase. Interfund transfers decreased by \$8,688. Business-type charges for services increased by 12%.

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

THE CITY AS A WHOLE (CONTINUED)

On Table 2, the total primary government expenses were \$14,298,463. There was an decrease from the previous year by \$433,746. Total primary government revenues were down by \$3,720,059. This was due to the one time revenue source of a legal settlement in 2014. Taxes brought in to the City totaled \$5,453,910.

City of Brooksville, Florida's Change in Net Position

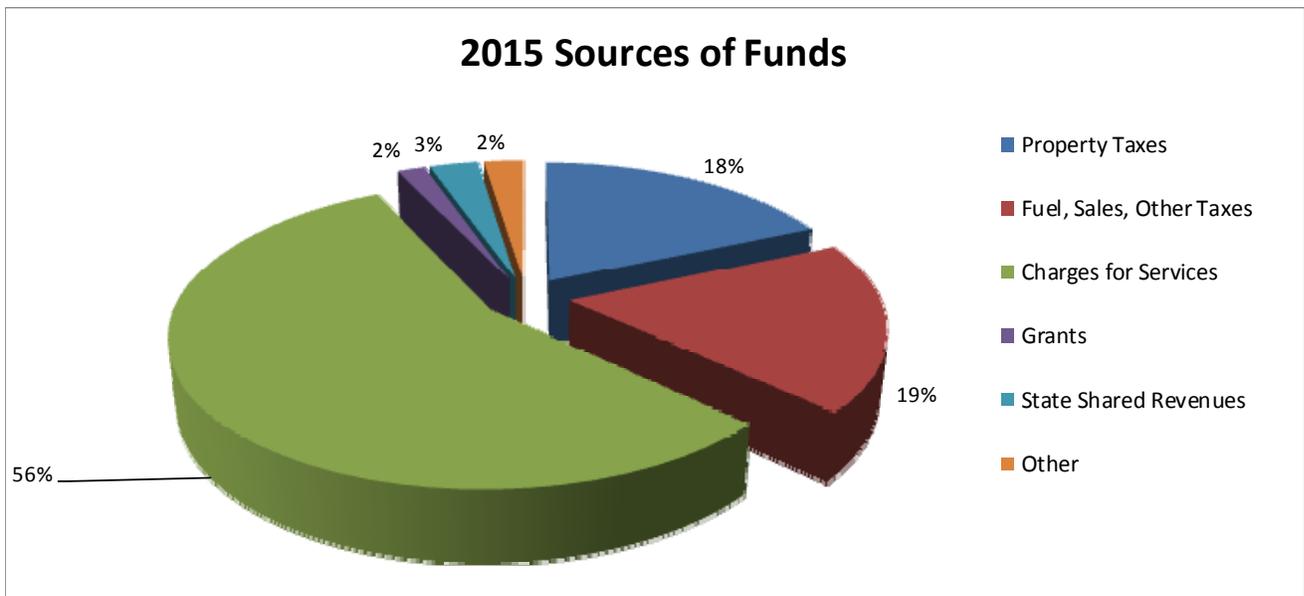
Table 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Charges for Services	\$ 2,494,144	\$ 3,089,057	\$ 5,212,186	\$ 4,996,967	\$ 7,706,330	\$ 8,086,024
Operating Grants and Contributions	203,444	159,832	-	-	203,444	159,832
Capital Grants and Contributions	27,604	31,853	-	-	27,604	31,853
Property Taxes	2,523,053	2,599,053	-	-	2,523,053	2,599,053
Fuel Taxes	273,880	247,916	-	-	273,880	247,916
Sales Taxes	418,683	361,829	-	-	418,683	361,829
Other Taxes	1,832,149	1,801,698	-	-	1,832,149	1,801,698
State Shared Revenues	406,145	403,770	-	-	406,145	403,770
Investment Earning	43,357	23,952	24,874	12,647	68,231	36,599
Miscellaneous	228,732	182,735	30,668	26,849	259,400	209,584
Legal Settlement	-	-	39,447	3,537,938	39,447	3,537,938
Sale of Capital Assets	964	3,245	-	48	964	3,293
Interfund Transfers	760,996	769,684	(760,996)	(769,684)	-	-
Total Revenues	9,213,151	9,674,624	4,546,179	7,804,765	13,759,330	17,479,389
Expenses						
General Government	1,777,589	2,083,483	-	-	1,777,589	2,083,483
Public Safety	5,537,554	5,721,311	-	-	5,537,554	5,721,311
Physical Environment	219,239	214,313	-	-	219,239	214,313
Transportation	621,798	614,681	-	-	621,798	614,681
Culture and Recreation	917,115	913,029	-	-	917,115	913,029
Interest on long-term debt	135,697	147,648	-	-	135,697	147,648
Utility Fund	-	-	3,927,513	3,780,435	3,927,513	3,780,435
Sanitation Fund	-	-	1,161,958	1,257,309	1,161,958	1,257,309
Total Expenses	9,208,992	9,694,465	5,089,471	5,037,744	14,298,463	14,732,209
Change in Net Position	4,159	(19,841)	(543,292)	2,767,021	(539,133)	2,747,180
Net Position, Beginning of Year, as Previously Reported	14,789,398	14,809,239	31,832,425	29,065,404	46,621,823	43,874,643
Prior Period Adjustment	(1,837,859)	-	(193,297)	-	(2,031,156)	-
Net Position, End of Year	12,951,539	14,809,239	31,639,128	29,065,404	44,590,667	43,874,643
Net Position, End of Year	\$ 12,955,698	\$ 14,789,398	\$ 31,095,836	\$ 31,832,425	\$ 44,051,534	\$ 46,621,823

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

THE CITY AS A WHOLE (CONTINUED)

The pie chart below shows the 2015 Sources of Funds Government-wide with the data obtained from Table 2 above. Charges for Services provide 56% of our Revenues. Property taxes provide 18% and Fuel, Sales, and Other Taxes provide 19%. State Shared Revenues and miscellaneous provide 5%. 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. 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.



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 \$1,384,931. The fund balance increased from the previous year in the amount of \$176,057.

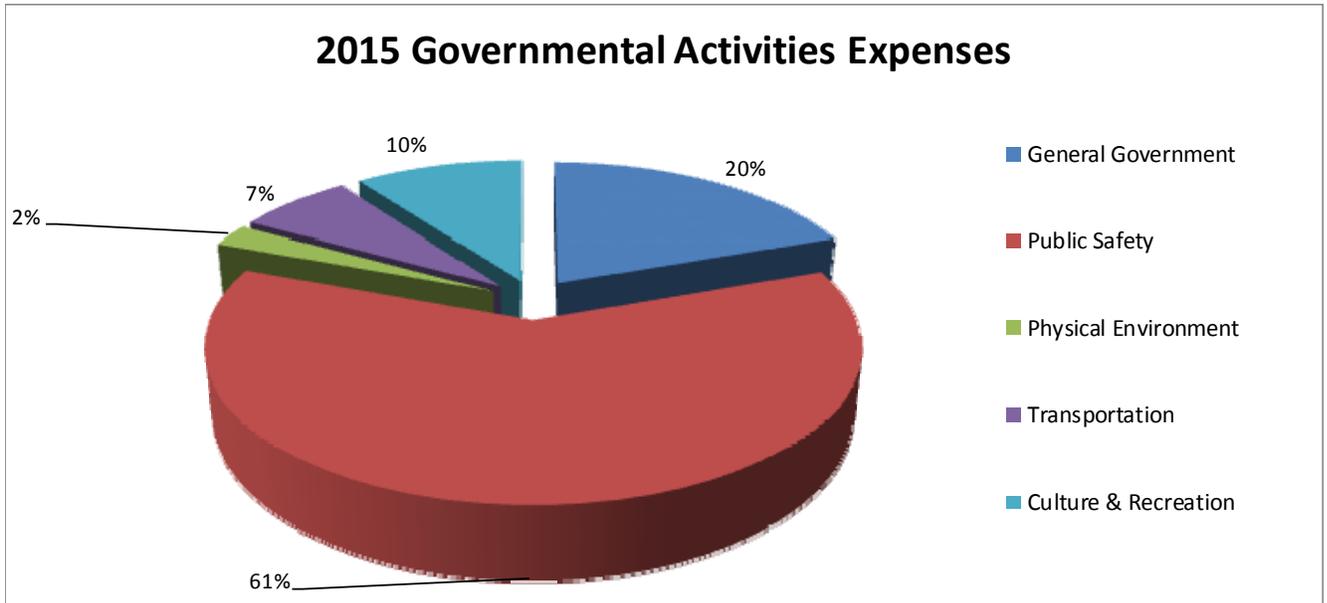
**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

Governmental Funds (Continued)

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 \$522,588 at September 30, 2015.

The non-major governmental funds consist of Special Revenue Funds of \$2,363,618, Capital Projects Funds of \$612,085, Debt Service Funds of \$62,139 and a Permanent Fund of \$385,549. The non-major Government Funds had a year-end fund balance of \$3,423,391. Together the City had approximately \$5.44 million in fund balance reserves as opposed to \$5.5 million in the previous year.

The pie chart below indicates the percentage of dollars spent on governmental activities. Public Safety makes up 61% of the City's governmental activities. General Government is 20% of the total governmental activities. General government includes City Manager's Office, Finance, Human Resources, Community Development, and Technology Services. Transportation are 7% and Culture and Recreation activities are 10%. Physical Environment is 2%. The information is obtained from Table 2 on page 12.



Proprietary Funds

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

The Utility Fund represents the City's water and sewer utility. The Fund experienced a negative change in net position of \$735,569. The change in litigation settlement is the primary reason for the decrease. Current assets increased by \$3,952,109 from the previous fiscal year. Total liabilities increased by \$4,412,441 from the previous fiscal year. Charges for services increased \$482,340 from the previous year. Operating expenses increased by \$53,205 from the previous year due to an increase in depreciation.

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

Proprietary Funds (Continued)

The Sanitation Fund sustained a positive change in net position of \$14,228.

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

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

VEHICLE REPLACEMENT RESERVES	
Administration and Finance	\$ 39,664
Police	15,286
Fire	302,537
Streets	79,007
Parks	12,088
Cemetery	212
Community Development	368
General Fund Total	449,162
Utility Fund	105,923
Sanitation Fund	879,929
Proprietary Funds Total	985,852
Grand Total	\$ 1,435,014

Capital Assets

The City's capital assets (net of accumulated depreciation) as of September 30, 2015 reflect an investment of \$49,292,909 on Statement of Net Position. Please refer to Note 5 beginning on pages 48 to review detail of the Capital Asset activity for the fiscal year ended September 30, 2015. 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 three Public Work's vehicles costing \$100,446.
- The Equipment Replacement Fund capitalized \$15,000 for two 2015 Gravely Pro Turn 148 Riding Lawn Mower for the Parks Department.
- Other General Fund project that was capitalized is repaving of JBCC parking lot \$9,000.
- Fund 308 Multi-Year Project Accumulation capitalized Moon Light Lane Storm Water Project at a cost of approximately \$25,000.

**CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

Capital Assets (Continued)

- Fund 615 Community Redevelopment Agency (CRA)- The CRA completed Task Order 2 project labeled as the CRA Recreation Master Plan for \$7,890, and the CRA Storm Water Master Plan for \$9,890. Since June 1,2009 the CRA approved 23 commercial exterior improvement grants to private property owners totaling \$111,820.50 in grant funds that were matched with private investment funds of approximately \$493,841.
- The Utility Fund capitalized \$14,000 for a sewer push camera.

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, 2015 is \$292,694 interest rate of 4.23% maturing May 10, 2021. See Note 6 page 50 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 50. The balance as of September 30, 2015 is \$157,000. 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 50.

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, 2015 is \$852,884 at 2.3%. The project associated with the debt was sewer rehabilitation with a combination of grant/loan proceeds. See Note 6 page 50.

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, 2015 is \$8,326,428.

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, 2015**

Long-term Debt (Continued)

- 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 over budget by \$281,853. The major difference was tax revenues when comparing budget to actual. General Fund expenditures were under budget by \$87,267 (excluding transfers out).

2015 Millage Rate

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 2015, the City adopted the millage rate of 6.6962. The current year rolled-back rate was 6.6962 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 2015 millage rate of 6.6962 was 5.6585 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, 2015**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Pooled Cash and Investments	\$ 6,619,912	\$ 674,715	\$ 7,294,627
Accounts Receivable, Net	240,536	809,800	1,050,336
Internal Balances	(399,166)	399,166	-
Due from Other Governments	297,945	2,632	300,577
Inventories	4,543	138,346	142,889
Prepaid Items	48,734	2,764	51,498
Restricted Assets:			
Cash and Investments	521,934	5,438,606	5,960,540
Net Pension Asset	493,382	-	493,382
Capital Assets not being Depreciated	4,254,700	3,595,786	7,850,486
Capital Assets Net of Accumulated Depreciation	8,238,363	33,204,060	41,442,423
Total Assets	<u>20,320,883</u>	<u>44,265,875</u>	<u>64,586,758</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Items	1,082,107	156,966	1,239,073
Total Deferred Outflows of Resources	<u>1,082,107</u>	<u>156,966</u>	<u>1,239,073</u>
LIABILITIES			
Accounts Payable	303,649	155,728	459,377
Accrued Interest Payable	32,701	104,692	137,393
Accrued Wages Payable	139,551	34,791	174,342
Deposits	64,262	410,690	474,952
Other Current Liabilities	271,193	8,436	279,629
Unearned Revenue	6,193	-	6,193
Non-Current Liabilities:			
Due Within One Year:			
Accrued Compensated Absences	91,471	27,690	119,161
Notes Payable	239,643	46,376	286,019
Revenue Bonds Payable	7,000	576,690	583,690
Due in More Than One Year:			
Accrued Compensated Absences	142,865	28,631	171,496
Notes Payable	2,774,666	806,508	3,581,174
Revenue Bonds Payable	150,000	7,749,738	7,899,738
Net Pension Liability	2,573,429	644,573	3,218,002
Other Long-Term Liabilities	878,982	2,600,595	3,479,577
Total Liabilities	<u>7,675,605</u>	<u>13,195,138</u>	<u>20,870,743</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Items	771,687	131,867	903,554
Total Deferred Inflows of Resources	<u>771,687</u>	<u>131,867</u>	<u>903,554</u>
NET POSITION			
Net Investment in Capital Assets	9,256,954	26,140,267	35,397,221
Restricted:			
Restricted - Business-Type Activities	-	5,021,233	5,021,233
Restricted - Governmental Activities	3,082,189	-	3,082,189
Nonexpendable	245,208	-	245,208
Unrestricted	371,347	(65,664)	305,683
Total Net Position	<u>\$ 12,955,698</u>	<u>\$ 31,095,836</u>	<u>\$ 44,051,534</u>

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015**

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	\$ 1,777,589	\$ 154,387	\$ -	\$ -	\$ (1,623,202)	\$ -	\$ (1,623,202)
Public Safety	5,537,554	2,250,555	31,484	27,604	(3,227,911)	-	(3,227,911)
Physical Environment	219,239	-	-	-	(219,239)	-	(219,239)
Transportation	621,798	1,441	-	-	(620,357)	-	(620,357)
Culture and Recreation	917,115	87,761	171,960	-	(657,394)	-	(657,394)
Debt Service							
Interest on Long-Term Debt	135,697	-	-	-	(135,697)	-	(135,697)
Total Governmental Activities	9,208,992	2,494,144	203,444	27,604	(6,483,800)	-	(6,483,800)
Business-Type Activities:							
Utility	3,927,513	3,859,127	-	-	-	(68,386)	(68,386)
Sanitation	1,161,958	1,353,059	-	-	-	191,101	191,101
Total Business-Type Activities	5,089,471	5,212,186	-	-	-	122,715	122,715
Totals Primary Government	\$ 14,298,463	\$ 7,706,330	\$ 203,444	\$ 27,604	(6,483,800)	122,715	(6,361,085)
General Revenues:							
Taxes							
Property Taxes					2,523,053	-	2,523,053
Utility Taxes					1,154,368	-	1,154,368
Fuel Taxes					273,880	-	273,880
Franchise Taxes					671,786	-	671,786
Sales Taxes					418,683	-	418,683
Other Taxes					5,995	-	5,995
State Shared Revenue					406,145	-	406,145
Investment Earnings					43,357	24,874	68,231
Legal Settlement					-	39,447	39,447
Miscellaneous					228,732	30,668	259,400
Gain (Loss) on Sale of Capital Assets					964	-	964
Transfers, Net					760,996	(760,996)	-
Total General Revenues and Transfers					6,487,959	(666,007)	5,821,952
Change in Net Position					4,159	(543,292)	(539,133)
Net Position - Beginning of Year, as Previously Reported					14,789,398	31,832,425	46,621,823
Prior Period Adjustment					(1,837,859)	(193,297)	(2,031,156)
Net Position - Beginning of Year, as Restated					12,951,539	31,639,128	44,590,667
Net Position, End of Year					\$ 12,955,698	\$ 31,095,836	\$ 44,051,534

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	Major Funds					
	City of Brooksville				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Community Redevelopment Agency	Traffic Camera Fund	Fire Department Fund		
ASSETS						
Pooled Cash and Investments	\$ 1,089,751	\$ 522,588	\$ 35,717	\$ 133,831	\$ 3,097,282	\$ 4,879,169
Restricted Pool Cash and Investments	-	-	-	-	521,934	521,934
Accounts Receivable	211,950	-	27,021	-	1,565	240,536
Due from Other Funds	105,732	-	-	-	17,811	123,543
Advance to Other Funds	88,008	-	-	-	-	88,008
Due from Other Governments	134,552	-	5,230	16,946	141,153	297,881
Inventories	1,925	-	-	-	-	1,925
Prepaid Items	24,023	-	-	-	-	24,023
Total Assets	\$ 1,655,941	\$ 522,588	\$ 67,968	\$ 150,777	\$ 3,779,745	\$ 6,177,019
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	\$ 82,669	\$ -	\$ 6,190	\$ 3,987	\$ 109,212	\$ 202,058
Accrued Wages Payable	97,655	-	2,410	37,086	-	137,151
Unearned Revenue	-	-	-	-	6,193	6,193
Due to Other Funds	17,811	-	55,445	-	50,287	123,543
Deposits	64,262	-	-	-	-	64,262
Other Current Liabilities	8,613	-	183	6,901	190,662	206,359
Total Liabilities	271,010	-	64,228	47,974	356,354	739,566
FUND BALANCE						
Nonspendable:						
Permanent Funds	-	-	-	-	245,208	245,208
Inventories	1,925	-	-	-	-	1,925
Prepaid Items	24,023	-	-	-	-	24,023
Note Receivable	67,500	-	-	-	-	67,500
Advance to Other Funds	88,008	-	-	-	-	88,008
Restricted:						
Special Revenue Funds	-	522,588	-	102,803	2,332,019	2,957,410
Capital Project Funds	-	-	-	-	62,640	62,640
Debt Service Funds	-	-	-	-	62,139	62,139
Committed:						
Special Revenue Funds	-	-	3,740	-	30,452	34,192
Assigned:						
Special Revenue Funds	-	-	-	-	1,147	1,147
Capital Project Funds	-	-	-	-	549,445	549,445
Permanent Funds	-	-	-	-	140,341	140,341
Unassigned (Deficit)	1,203,475	-	-	-	-	1,203,475
Total Fund Balance (Deficit)	1,384,931	522,588	3,740	102,803	3,423,391	5,437,453
Total Liabilities and Fund Balance	\$ 1,655,941	\$ 522,588	\$ 67,968	\$ 150,777	\$ 3,779,745	\$ 6,177,019

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, 2015**

Fund Balances - Total Governmental Funds \$ 5,437,453

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	18,232,270	
Less: Accumulated Depreciation	<u>(6,492,116)</u>	11,740,154

The City's net pension liability and related deferred outflows and inflows of resources for governmental activities are recorded only on the Statement of Net Position. Balances at year end are:

Net Pension Liability	(2,573,429)	
Net Pension Asset	493,382	
Deferred Outflows of Resources - Pension Related	1,082,107	
Deferred Inflows of Resources - Pension Related	<u>(771,687)</u>	(1,769,627)

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

Accrued Compensated Absences	(231,420)	
Capital Lease	(64,801)	
Notes Payable	(3,014,309)	
Bond Payable	(157,000)	
Other Long-Term Liabilities	<u>(878,982)</u>	(4,346,512)

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.		2,381,404
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Operating income of the internal service funds is allocated between governmental activities and business-type activities. Internal service fund operating income allocated to business-type activities.		<u>(487,174)</u>
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Net Position of Governmental Activities \$ 12,955,698

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, 2015

	Major Funds					Total Governmental Funds
	General Fund	City of Brooksville Community Redevelopment Agency	Traffic Camera Fund	Fire Department Fund	Nonmajor Governmental Funds	
REVENUES						
Taxes	\$ 3,586,290	\$ 91,131	\$ -	\$ 514,989	\$ 273,880	\$ 4,466,290
Licenses and Permits	851,002	-	-	75	53,603	904,680
Intergovernmental Revenue	836,438	-	659	2,690	222,274	1,062,061
Charges for Services	181,998	-	-	9,220	4,791	196,009
Fines and Forfeits	104,096	-	1,399,965	-	43,450	1,547,511
Net Investment Earnings	24,374	327	-	-	11,092	35,793
Miscellaneous Revenues	171,167	-	13,302	1,738	32,674	218,881
Total Revenues	<u>5,755,365</u>	<u>91,458</u>	<u>1,413,926</u>	<u>528,712</u>	<u>641,764</u>	<u>8,431,225</u>
EXPENDITURES						
Current:						
General Government	1,738,819	-	-	-	171,960	1,910,779
Culture and Recreation	697,907	-	-	-	41,310	739,217
Public Safety	2,190,966	-	1,176,411	1,507,736	53,233	4,928,346
Physical Environment	120,530	28,125	-	-	-	148,655
Transportation	577,071	-	-	-	-	577,071
Debt Service:						
Principal	-	-	-	43,536	193,371	236,907
Interest	-	-	-	13,474	122,223	135,697
Aids to Private Organizations	-	8,999	-	-	-	8,999
Capital Outlay	120,206	2,238	-	6,200	614,003	742,647
Total Expenditures	<u>5,445,499</u>	<u>39,362</u>	<u>1,176,411</u>	<u>1,570,946</u>	<u>1,196,100</u>	<u>9,428,318</u>
Excess (Deficiency) of Revenues Over Expenditures	309,866	52,096	237,515	(1,042,234)	(554,336)	(997,093)
OTHER FINANCING SOURCES (USES)						
Capital Lease	64,800	-	-	-	-	64,800
Transfers In	852,341	-	200,000	1,110,366	1,135,378	3,298,085
Transfers Out	(1,050,950)	-	(599,042)	-	(787,097)	(2,437,089)
Total Other Financing Sources (Uses)	<u>(133,809)</u>	<u>-</u>	<u>(399,042)</u>	<u>1,110,366</u>	<u>348,281</u>	<u>925,796</u>
NET CHANGE IN FUND BALANCES	176,057	52,096	(161,527)	68,132	(206,055)	(71,297)
Fund Balances, Beginning 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>
FUND BALANCES, END OF YEAR	<u>\$ 1,384,931</u>	<u>\$ 522,588</u>	<u>\$ 3,740</u>	<u>\$ 102,803</u>	<u>\$ 3,423,391</u>	<u>\$ 5,437,453</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, 2015**

Net Changes in Fund Balances - Total Governmental Funds \$ (71,297)

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	\$ 742,647	
Less: Current Year Depreciation	<u>(581,562)</u>	161,085

Repayment of principal is an expenditure in the governmental funds, however the repayment reduces long-term liabilities in the statement of net assets. 236,907

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	7,926	
Capital Lease	(64,801)	
Pension Expense	(7,138)	
Other Long-Term Liabilities	<u>(398,812)</u>	(462,825)

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. 140,289

Change in Net Position of Governmental Activities \$ 4,159

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015**

	<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	\$ -	\$ 674,715	\$ 674,715	\$ 1,740,743
Accounts Receivable, Net	809,800	-	809,800	-
Due from Other Governments	1,135	1,497	2,632	-
Due from Other Funds	-	113,024	113,024	-
Inventories	138,346	-	138,346	2,682
Prepaid Items	2,073	691	2,764	24,711
Total Current Assets	<u>951,354</u>	<u>789,927</u>	<u>1,741,281</u>	<u>1,768,136</u>
Non-Current Assets:				
Restricted Assets:				
Cash and Investments	5,438,606	-	5,438,606	-
Capital Assets, Net:				
Land	1,148,912	47,020	1,195,932	-
Construction In Progress	2,399,854	-	2,399,854	-
Building	92,679	273,395	366,074	-
Improvement Other than Building	51,404,211	57,040	51,461,251	-
Machinery and Equipment	1,918,363	1,813,571	3,731,934	1,970,778
	<u>56,964,019</u>	<u>2,191,026</u>	<u>59,155,045</u>	<u>1,970,778</u>
Less: Accumulated Depreciation	<u>21,118,548</u>	<u>1,236,651</u>	<u>22,355,199</u>	<u>1,217,869</u>
Net Capital Assets	<u>35,845,471</u>	<u>954,375</u>	<u>36,799,846</u>	<u>752,909</u>
Total Non-Current Assets	<u>41,284,077</u>	<u>954,375</u>	<u>42,238,452</u>	<u>752,909</u>
Total Assets	<u>\$ 42,235,431</u>	<u>\$ 1,744,302</u>	<u>\$ 43,979,733</u>	<u>\$ 2,521,045</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Items	<u>119,868</u>	<u>37,098</u>	<u>156,966</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>119,868</u>	<u>37,098</u>	<u>156,966</u>	<u>-</u>

See accompanying Notes to Financial Statements.

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	<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	\$ 133,973	\$ 21,751	\$ 155,724	\$ 101,590
Accrued Interest Payable	104,692	-	104,692	-
Accrued Wages Payable	26,378	8,413	34,791	2,400
Deposits	410,690	-	410,690	-
Due to Other Funds	113,024	-	113,024	-
Accrued Compensated Absences - Current	20,214	7,476	27,690	819
Note Payable - Due within One Year	46,376	-	46,376	-
Bond Payable - Due within One Year	576,690	-	576,690	-
Other Current Liabilities	7,177	1,259	8,436	32,735
Total Current Liabilities	<u>1,439,214</u>	<u>38,899</u>	<u>1,478,113</u>	<u>137,544</u>
Non-Current Liabilities:				
Accrued Compensated Absences	19,442	9,189	28,631	2,097
Advance from Other Funds	88,008	-	88,008	-
Notes Payable	806,508	-	806,508	-
Bond Payable	7,749,738	-	7,749,738	-
Net Pension Liability	492,784	151,789	644,573	-
Other Long-Term Liabilities	2,600,595	-	2,600,595	-
Total Non-Current Liabilities	<u>11,757,075</u>	<u>160,978</u>	<u>11,918,053</u>	<u>2,097</u>
Total Liabilities	13,196,289	199,877	13,396,166	139,641
DEFERRED INFLOWS OF RESOURCES				
Pension Related Items	100,685	31,182	131,867	-
Total Deferred Inflows of Resources	<u>100,685</u>	<u>31,182</u>	<u>131,867</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	25,185,892	954,375	26,140,267	752,909
Restricted	5,021,233	-	5,021,233	-
Unrestricted (Deficit)	<u>(1,148,800)</u>	<u>595,966</u>	<u>(552,834)</u>	<u>1,628,495</u>
Total Net Position	<u>\$ 29,058,325</u>	<u>\$ 1,550,341</u>	30,608,666	<u>\$ 2,381,404</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			<u>487,170</u>	
Net Position of Business-Type Activities			<u>\$ 31,095,836</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, 2015

	<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	\$ 3,859,127	\$ 1,353,059	\$ 5,212,186	\$ 1,236,594
Miscellaneous Revenues	21,672	8,996	30,668	137,656
Total Operating Revenues	<u>3,880,799</u>	<u>1,362,055</u>	<u>5,242,854</u>	<u>1,374,250</u>
OPERATING EXPENSES				
Personal Services	974,765	386,290	1,361,055	784,171
Other Services and Charges	1,239,811	718,607	1,958,418	35,178
Depreciation and Amortization	1,566,648	153,840	1,720,488	144,338
Total Operating Expenses	<u>3,781,224</u>	<u>1,258,737</u>	<u>5,039,961</u>	<u>963,687</u>
OPERATING INCOME	99,575	103,318	202,893	410,563
NONOPERATING REVENUES (EXPENSES)				
Legal Settlement	39,447	-	39,447	-
Net Investment Earnings	23,739	1,135	24,874	7,562
Interest Expense	(227,559)	-	(227,559)	-
Gain on Sale of Capital Assets	-	-	-	213
Total Nonoperating Revenues (Expenses)	<u>(164,373)</u>	<u>1,135</u>	<u>(163,238)</u>	<u>7,775</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	(64,798)	104,453	39,655	418,338
CONTRIBUTIONS AND TRANSFERS				
Transfers Out	(670,771)	(90,225)	(760,996)	(100,000)
Total Contributions and Transfers	<u>(670,771)</u>	<u>(90,225)</u>	<u>(760,996)</u>	<u>(100,000)</u>
CHANGE IN NET POSITION	(735,569)	14,228	(721,341)	318,338
Net Position Beginning of Year, as Previously Reported	29,963,258	1,560,046		2,063,066
Prior Period Adjustment	(169,364)	(23,933)		-
Net Position Beginning of Year, as Restated	<u>29,793,894</u>	<u>1,536,113</u>		<u>2,063,066</u>
NET POSITION, END OF YEAR	<u>\$ 29,058,325</u>	<u>\$ 1,550,341</u>		<u>\$ 2,381,404</u>
Adjustment to Reflect Consolidation of Internal Service Fund Activities Related to Enterprise Funds.			<u>178,049</u>	
CHANGE IN POSITION OF BUSINESS-TYPE ACTIVITIES			<u>\$ (543,292)</u>	

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2015**

	<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	\$ 3,710,451	\$ 1,472,453	\$ 5,182,904	\$ 1,361,095
Payments to Suppliers	(1,158,294)	(372,334)	(1,530,628)	(659,662)
Payments to Employees	(971,717)	(738,625)	(1,710,342)	(48,425)
Net Cash Provided by Operating Activities	<u>1,580,440</u>	<u>361,494</u>	<u>1,941,934</u>	<u>653,008</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from Other Funds	113,024	(113,024)	-	13,155
Transfers to Other Funds	(670,771)	(90,225)	(760,996)	(100,000)
Advances from Other Funds	(4,632)	-	(4,632)	-
Net Cash (Used) by Noncapital Financing Activities	<u>(562,379)</u>	<u>(203,249)</u>	<u>(765,628)</u>	<u>(86,845)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Grants and Contributions	(570)	-	(570)	-
Acquisition and construction of capital assets	(1,437,183)	(84,281)	(1,521,464)	(166,057)
Legal Settlement	39,447	-	39,447	-
Principal paid on long term debt	(608,727)	-	(608,727)	-
Interest paid	(234,588)	-	(234,588)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,241,621)</u>	<u>(84,281)</u>	<u>(2,325,902)</u>	<u>(166,057)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of Interest and Dividends	23,739	401	24,140	7,562
Net Cash Provided by Investing Activities	<u>23,739</u>	<u>401</u>	<u>24,140</u>	<u>7,562</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,199,821)	74,365	(1,125,456)	407,668
Cash and Cash Equivalents, Beginning of Year	<u>6,638,427</u>	<u>600,350</u>	<u>7,238,777</u>	<u>1,333,075</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,438,606</u>	<u>\$ 674,715</u>	<u>\$ 6,113,321</u>	<u>\$ 1,740,743</u>
CLASSIFIED AS:				
Unrestricted	\$ -	\$ 674,715	\$ 674,715	\$ 1,740,743
Restricted	5,438,606	-	5,438,606	-
Total Cash and Cash Equivalents	<u>\$ 5,438,606</u>	<u>\$ 674,715</u>	<u>\$ 6,113,321</u>	<u>\$ 1,740,743</u>

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2015**

	<u>Business-Type Activities</u>			Governmental Activities - Internal Service Fund
	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income	\$ 99,575	\$ 103,318	\$ 202,893	\$ 397,408
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense and Amortization	1,566,648	153,840	1,720,488	144,338
Amortization of Pension Related Items	(176,551)	(52,547)	(229,098)	-
(Increase) Decrease in:				
Accounts Receivable	(125,867)	110,398	(15,469)	-
Inventories	2,830	-	2,830	1,480
Prepaid Items	(44)	(14)	(58)	(24,711)
Increase (Decrease) in:				
Accounts Payable	79,510	(19,946)	59,564	97,702
Accrued Wages Payable	1,011	263	1,274	1,968
Other Current Liabilities	(779)	(58)	(837)	32,555
Deposits	10,402	-	10,402	-
Accrued Compensated Absences	(4,491)	2,150	(2,341)	2,268
Net Pension Liability	183,079	64,090	247,169	-
Other Long-Term Liabilities	(54,883)	-	(54,883)	-
 Net Cash Provided by Operating Activities	 <u>\$ 1,580,440</u>	 <u>\$ 361,494</u>	 <u>\$ 1,941,934</u>	 <u>\$ 653,008</u>

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015**

	Private Purpose Trust Funds	Pension Trust Funds	Agency Funds
ASSETS			
Cash and Pooled Cash	\$ 2,242	\$ 350,267	\$ 15,052
Investment in Debt Securities	-	3,940,307	-
Investment in Marketable Equity Securities	-	6,564,368	-
Accounts Receivable	-	25,684	-
Total Assets	2,242	10,880,626	15,052
LIABILITIES			
Accounts Payable	-	-	15,052
Other Current Liabilities	-	3,238	-
Total Liabilities	-	3,238	\$ 15,052
NET POSITION			
Held in Trust for Retirement and Other Purposes	2,242	10,877,388	
Total Net Position	\$ 2,242	\$ 10,877,388	

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SEPTEMBER 30, 2015**

	Private Purpose Trust Funds	Pension Trust Funds
ADDITIONS		
CONTRIBUTIONS		
Employer	\$ -	\$ 497,065
Plan Members	-	33,322
Total Contributions	-	530,387
INVESTMENT EARNINGS		
Net Increase (Decrease) in Fair Value	-	(1,345,433)
Gain on Sale of Investments	-	928,505
Interest and Dividends	5	320,721
Total Investment Earnings	5	(96,207)
MISCELLANEOUS REVENUES	13,155	1,294
Total Additions	13,160	435,474
DEDUCTIONS		
BENEFIT PAYMENTS	-	314,209
ADMINISTRATIVE EXPENSES	-	141,783
Total Deductions	-	455,992
CHANGE IN NET POSITION	13,160	(20,518)
Net Position, Beginning of Year	(10,918)	10,897,906
NET POSITION (DEFICIT), END OF YEAR	\$ 2,242	\$ 10,877,388

See accompanying Notes to the Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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, 2015**

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, 2015**

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, 2015**

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, equipment replacement, and employee benefits) 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, 2015**

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, 2015**

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, 2015**

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, 2015**

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 and the Brooksville Professional Firefighters' Local #4661 are the values as listed in the paragraph below.

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, 2015**

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.

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, 2015**

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.

Pensions

Single Employer: for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Firefighters' Retirement Trust Fund Chapter 175 and Police Retirement Trust Fund Chapter 185 and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Cost Sharing Employer: In the government-wide and proprietary funds statements of net position, liabilities are recognized for the City's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources reported in the City's statement of net position represent changes in actuarial assumptions, the net difference between projected and actual earnings on Health Insurance Subsidy Program investments, changes in the proportion and differences between the City's contributions and proportionate share of contributions, and the City's contributions subsequent to the measurement date, relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. The City also has differences between expected and actual experience, changes in assumptions, and net difference between projected and actual earnings on pension plan investments. These amounts will be recognized as increases in pension expense in future years.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources reported in the City's statement of net position represent the difference between expected and actual economic experience, the net difference between projected and actual earnings on Florida Retirement System Pension investments, and changes in the proportion and differences between the City's contributions and proportionate share of contributions relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. The City also has differences between expected and actual experience, changes in assumptions, and net difference between projected and actual earnings on pension plan investments. These amounts will be recognized as reductions in pension expense in future years.

Deferred inflows of resources may also include amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criterion (availability) has not been met.

Implementation of New Accounting Standards

During the year ended September 30, 2015, the City adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB No. 27*. GASB 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. GASB 68 will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 3 CASH AND INVESTMENTS

Cash Deposits

As of September 30, 2015, 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, 2015, the carrying amount of the City's deposits was \$2,127,058 and the total book balance was \$2,003,562, which includes a \$77,045 overdraft that was reclassified to accounts payable in the financial statements. The City also had \$5,025 cash on hand at September 30, 2015.

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 OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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, 2015, pension trust fund investments totaled \$10,504,675.

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.

Investment Type	Credit Ratings	Concentration Risk at Fair Value	Percentage of Total Pooled Investments
LGIP - SBA Florida PRIME	AAAm	\$ 1,491,514	12.93%
LGIP -FMIvT: 0-2 Year High Quality Bond	AAA/V1	7,931,870	68.75%
LGIP -FMIvT: 1-3 Year High Quality Bond	AAA/V2	1,453,053	12.59%
LGIP -FMIvT: Intermediate High Quality Bond Fund	AAA/V3	660,659	5.73%
Total		<u>\$ 11,537,096</u>	100.00%

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.

Investment Type	Credit Ratings	Concentration Risk at Fair Value	Percentage of Total Pooled Investments
Domestic Equity	No Rating	\$ 2,058,266	41.89%
International Equity	No Rating	1,144,878	23.30%
Fixed Income Mutual Funds	A	476,092	9.69%
Fixed Income Mutual Funds	AA	154,930	3.15%
Fixed Income Mutual Funds	AA	476,346	9.70%
Fixed Income Mutual Funds	AAA	160,601	3.27%
Fixed Income Mutual Funds	A	441,919	8.99%
		<u>\$ 4,913,032</u>	100.00%

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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	\$ 182,133	3.26%
Mortgage/Asset Back Securities	No Rating	557,989	9.98%
Collateralized MTGE Obligations	Aaa	60,962	1.09%
Collateralized MTGE Obligations	No Rating	36,741	0.66%
Corporate Bonds	A1	55,814	1.00%
Corporate Bonds	A2	110,729	1.98%
Corporate Bonds	A3	191,305	3.42%
Corporate Bonds	Aa2	38,676	0.69%
Corporate Bonds	Aa3	28,354	0.51%
Corporate Bonds	Ba1	37,648	0.67%
Corporate Bonds	Baa1	351,379	6.28%
Corporate Bonds	Baa2	174,930	3.13%
Corporate Bonds	Baa3	62,314	1.11%
Foreign Bonds NTS	A3	5,553	0.10%
Foreign Bonds NTS	Aa2	19,723	0.35%
Foreign Bonds NTS	Aa3	5,562	0.10%
Foreign Bonds NTS	Baa1	48,025	0.86%
Foreign Bonds NTS	Baa2	18,251	0.33%
Domestic Equities	No Rating	2,791,180	49.92%
Mutual Funds	No Rating	244,330	4.37%
International Equities	No Rating	570,044	10.19%
Total		<u>\$ 5,591,643</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 87% of the City's investments are in Florida Municipal Investment Trust. Approximately 13% 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, 2015**

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	0.08	\$ 1,491,514
LGIP -FMIvT: 0-2 Year High Quality Bond	0.62	7,931,870
LGIP -FMIvT: 1-3 Year High Quality Bond	1.34	1,453,053
LGIP -FMIvT: Intermediate High Quality Bond Fund	3.25	660,659
		<u>\$ 11,537,096</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, 2015**

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	\$ 631,276
Five to Ten	1,078,612
Total Fair Value	<u>\$ 1,709,888</u>

The fire pension fund maturities are as follow:

	Fixed Income Investments
One to Five	\$ 741,843
Five to Ten	288,706
More than Ten	955,540
Total Fair Value	<u>\$ 1,986,089</u>

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

Deposits	\$ 2,080,607
Cash on Hand	5,025
Investments	22,041,771
Total	<u>\$ 24,127,403</u>

Statement of Net Position:

Cash and investments	\$ 7,294,627
Restricted Cash and Investments	5,960,540
Statement of Fiduciary Net Positions	
Pooled Cash	367,561
Investments	10,504,675
Total Cash and Investments	<u>\$ 24,127,403</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 4 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due from Other Funds

The balances due from other funds were as follows at September 30, 2015:

General Fund	\$ 105,732
Nonmajor Governmental Funds	17,811
Total	<u>\$ 123,543</u>

Due to Other Funds

The balances due to other funds were as follows at September 30, 2015:

General Fund	\$ 17,811
Traffic Camera Fund	55,445
Nonmajor Governmental Funds	50,287
Total	<u>\$ 123,543</u>

Advance to Other Funds

The balance advanced to other funds was as follows at September 30, 2015:

General Fund	\$ 88,008
Total	<u>\$ 88,008</u>

Advance from Other Funds

The balance advanced from other funds was as follows at September 30, 2015:

Utilities Fund	\$ 88,008
Total	<u>\$ 88,008</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, 2015:

	Transfers In	Transfers Out
General Fund	\$ 852,341	\$ 1,050,950
Traffic Camera Fund	200,000	599,042
Fire Department Fund	1,110,366	-
Utility Fund	-	670,771
Sanitation Fund	-	90,225
Internal Service Funds	-	100,000
Nonmajor Governmental Funds	1,135,378	787,097
Total Transfers In/Transfers Out	<u>\$ 3,298,085</u>	<u>\$ 3,298,085</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, 2015**

NOTE 5 CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2015 is as follows:

	Balance September 30, 2014	Additions	Deletions	Transfers	Balance September 30, 2015
Governmental Activities					
Non-Depreciable:					
Land	\$ 1,510,978	\$ -	\$ -	\$ -	\$ 1,510,978
Construction in Progress	2,654,448	116,261	-	(26,987)	2,743,722
Total Non-Depreciable	4,165,426	116,261	-	(26,987)	4,254,700
Depreciable:					
Buildings	6,094,138	-	-	-	6,094,138
Improvements Other Than Buildings	4,856,425	494,868	-	26,987	5,378,280
Equipment	4,198,650	298,000	20,720	-	4,475,930
Total Depreciable	15,149,213	792,868	20,720	26,987	15,948,348
Less: Accumulated Depreciation:					
Buildings	1,844,680	217,972	-	-	2,062,652
Improvements Other Than Buildings	2,454,744	225,009	-	-	2,679,753
Equipment	2,705,168	282,919	20,507	-	2,967,580
Total Accumulated Depreciation	7,004,592	725,900	20,507	-	7,709,985
Total Capital Assets, Being Depreciated, Net	8,144,621	66,968	213	26,987	8,238,363
Governmental Activities Capital Assets, Net	<u>\$ 12,310,047</u>	<u>\$ 183,229</u>	<u>\$ 213</u>	<u>\$ -</u>	<u>\$ 12,493,063</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 5 CAPITAL ASSETS (CONTINUED)

	Balance September 30, 2014	Additions	Deletions	Transfers	Balance September 30, 2015
Business-Type Activities (Includes Utility and Sanitation)					
Non-Depreciable:					
Land	\$ 1,195,933	\$ -	\$ -	\$ -	\$ 1,195,933
Construction in Progress	2,437,238	1,277,357	-	(1,314,742)	2,399,853
Total Non-Depreciable	3,633,171	1,277,357	-	(1,314,742)	3,595,786
Depreciable:					
Buildings	366,074	-	-	-	366,074
Improvements Other Than Buildings	50,146,513	-	-	1,314,742	51,461,255
Machinery and Equipment	3,638,471	240,759	147,301	-	3,731,929
Total Depreciable	54,151,058	240,759	147,301	1,314,742	55,559,258
Less: Accumulated Depreciation:					
Buildings	190,423	11,612	-	-	202,035
Improvements Other Than Buildings	18,313,872	1,467,434	-	-	19,781,306
Machinery and Equipment	2,281,064	238,094	147,301	-	2,371,857
Total Accumulated Depreciation	20,785,359	1,717,140	147,301	-	22,355,198
Total Capital Assets, Being Depreciated, Net	33,365,699	(1,476,381)	-	1,314,742	33,204,060
Business-Type Activities Capital Assets, Net	\$ 36,998,870	\$ (199,024)	\$ -	\$ -	\$ 36,799,846

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

Governmental Activities	
General Government	\$ 259,597
Public Safety	166,746
Physical Environment	62,138
Culture and Recreation	190,114
Transportation	47,305
Total Depreciation for Governmental Activities	<u>\$ 725,900</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 5 CAPITAL ASSETS (CONTINUED)

Business-Type Activities:

Utility Fund	1,563,300
Sanitation Fund	153,840
Total Depreciation for Business-Type Activities	<u>\$ 1,717,140</u>

NOTE 6 LONG-TERM LIABILITIES

Long-term liability activity of the City for the year ended September 30, 2015 was as follows:

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015	Amounts Due Within One Year
PRIMARY GOVERNMENT					
GOVERNMENTAL ACTIVITIES					
Bonds Payable:					
2006 Capital Improvement Revenue Bonds	\$ 164,000	\$ -	\$ 7,000	\$ 157,000	\$ 7,000
Notes Payable:					
Promissory Note	336,275	-	43,581	292,694	45,443
2011 Capital Improvement Revenue Note	2,907,986	-	186,371	2,721,615	194,200
Total Notes Payable	3,244,261	-	229,952	3,014,309	239,643
Accrued Compensated Absences	239,994	266,886	272,544	234,336	91,372
Other Long-Term Liabilities	480,126	398,856	-	878,982	-
Governmental Activity-Long Term Liabilities	<u>\$ 4,128,381</u>	<u>\$ 266,886</u>	<u>\$ 509,496</u>	<u>\$ 4,284,627</u>	<u>\$ 338,015</u>
BUSINESS-TYPE ACTIVITIES					
Bonds Payable:					
2013 Water and Sewer Refunding Revenue Bond	\$ 8,889,826	\$ -	\$ 563,398	\$ 8,326,428	\$ 576,690
Total Bonds Payable	8,889,826	-	563,398	8,326,428	576,690
Notes Payable:					
Wastewater /ARRA Loan	540,648	-	27,284	513,364	27,914
Direct State Revolving Fund Loan	357,565	-	18,045	339,520	18,462
Total Notes Payable	898,213	-	45,329	852,884	46,376
Accrued Compensated Absences	58,662	68,396	70,737	56,321	27,690
Other Long-Term Liabilities	2,655,478	-	54,883	2,600,595	-
Business-Type Activity-Long Term Liabilities	<u>\$ 12,502,179</u>	<u>\$ 68,396</u>	<u>\$ 734,347</u>	<u>\$ 11,836,228</u>	<u>\$ 650,756</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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
2016	\$ 7,000	\$ 6,476	\$ 576,690	\$ 200,379
2017	7,000	6,188	591,410	185,673
2018	7,000	5,899	605,940	171,143
2019	8,000	5,610	620,820	156,255
2020	8,000	5,280	635,700	141,378
2021-2025	45,000	21,203	3,422,380	463,021
2026-2030	55,000	11,097	1,873,488	69,220
2031-2035	20,000	1,155	-	-
	<u>\$ 157,000</u>	<u>\$ 62,908</u>	<u>\$ 8,326,428</u>	<u>\$ 1,387,069</u>

The following bonds payable and notes payable were outstanding at September 30, 2015:

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, 2015 was \$88,008.

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, 2015**

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, 2015:

Description	<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.	\$ 2,721,615
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.	292,694
Total	<u>\$ 3,014,309</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	\$ 339,520
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	513,364
	<u>\$ 852,884</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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
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	282,842	78,209	50,819	14,909
2021-2025	1,342,109	222,605	272,276	56,358
2026-2030	368,223	11,501	305,261	23,374
2031-2035	-	-	32,487	374
	<u>\$ 3,014,309</u>	<u>\$ 735,380</u>	<u>\$ 852,884</u>	<u>\$ 165,883</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, 2015 the liability is \$2,600,595.

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, 2015, there was a shortfall of \$878,982. This amount was accrued in the governmental activities in the government-wide financial statements.

NOTE 7 DEFINED BENEFIT PENSION PLANS

Plan Description

The City maintains two defined benefit pension plans as follows:

The City provides a Firefighter's Retirement Trust Fund Chapter 175 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, 2014.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Plan Description (Continued)

The City Council adopted Ordinance No. 552 on December 18, 1995, providing for the establishment of a Chapter 185 Local Law Municipal Police Officers' Pension Trust Fund effective for all police officers hired after January 1, 1996. The plan was amended and restated by Ordinance No. 770-A adopted by City Council on May 3, 2010. The most recent valuation was done as of October 1, 2014.

Employees under the Firemen's Retirement Trust Fund who are classified as full-time and volunteer firefighters shall participate in the system as a condition of employment. Employees are 100% vested after 10 years of credited service. Employees who are classified as full-time under the Police Retirement Trust Fund Chapter 185 plan hired after January 1, 1996 shall participate in the system as a condition of employment. Employees are 100% vested after 6 years of credited service.

Fire and Police employees are required to contribute 3.29% and 1.00%, respectively, of their annual salary. The City is required to contribute the remaining amounts after employee and state contributions necessary to fund the plans as specified by ordinance.

Summary of Significant Accounting Policies

- **Basis of Accounting** – The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.
- **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.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Firefighter's Retirement Trust Fund Chapter 175

Plan Description

Employees who are classified as full-time and volunteer firefighters shall participate in the System as a condition of employment.

Plan Administration

The Plan is a single-employer defined benefit pension plan administered by the Plan's 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, 2014

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	18
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	10
Active Plan Members	16
	44
	44

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

Benefits Provided

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.

Cost-of-Living Adjustment:

3% increase each January 1 from age 55 through age 65.

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 otherwise Normal Retirement Date.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Firefighter's Retirement Trust Fund Chapter 175 (Continued)

Plan Administration (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.

Contributions

Member Contribution: 3.29% of Salary effective 10/01/2010.

City and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any. In no event will the City's contribution be less than 5% of the total Salary of the Members, as provided in Chapter 112, Florida Statutes.

Investments

Investment Policy:

The following is the Board's adopted asset allocation policy as of September 30, 2015:

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

Concentrations:

The plan did 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, 2015, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -1.64%. 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, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Firefighter's Retirement Trust Fund Chapter 175 (Continued)

Actuarial Assumptions

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

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

Mortality Rate: RP2000 Combined Healthy (sex distinct). Disabled set forward 5 years. This assumption sufficiently accommodates future mortality improvements.

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, 2015 are summarized in the following table:

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

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 Plan 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 the total pension liability.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Firefighter's Retirement Trust Fund Chapter 175 (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 Member's election: either 6.5% or Net Investment Return.

The DROP balance as of September 30, 2015 was \$550,731.

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%	Rate 7.75%	1% Increase 8.75%
Sponsor's Net Pension Liability	\$ 2,126,762	\$ 1,346,637	\$ 699,661

The components of the Net Pension Liability of the Sponsor on September 30, 2015 were as follows:

Total Pension Liability	\$ 7,279,465
Plan Fiduciary Net Position	(5,932,828)
Sponsor's Net Pension Liability	\$ 1,346,637
Plan Fiduciary Net Position as a percentage of Total Pension Liability	81.50%

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Firefighter's Retirement Trust Fund Chapter 175 (Continued)

Total Pension Liability (Continued)

The schedule of changes in Net Pension Liability on September 30, 2015 were as follows:

	Increase(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2014	\$ 7,193,682	\$ 6,024,186	\$ 1,169,496
Changes for a Year:			
Service Cost	122,018	-	122,018
Interest	554,808	-	554,808
Difference between Expected and Actual Experience	(277,496)	-	(277,496)
Contributions- Employer	-	348,049	(348,049)
Contributions- Employee	-	20,999	(20,999)
Net Investment Income	-	(98,629)	98,629
Benefit Payments, Including Refunds of Employee Contributions	(313,547)	(313,547)	-
Administrative Expense	-	(48,230)	48,230
Net Changes	85,783	(91,358)	177,141
Balances at September 30, 2015	<u>\$ 7,279,465</u>	<u>\$ 5,932,828</u>	<u>\$ 1,346,637</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Firefighter's Retirement Trust Fund Chapter 175 (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	\$1,169,496	\$ -	\$ -	\$ -
Total Pension Liability Factors				
Service Cost	122,018	-	-	122,018
Interest	554,808	-	-	554,808
Difference Between Expected and Actual Experience with Regard to Economic or Demographic Assumptions				
Current Year Amortization of Experience Difference	-	(92,498)	-	(92,498)
Benefit payments	(313,547)	-	-	(313,547)
Net Change	<u>85,783</u>	<u>184,998</u>	<u>-</u>	<u>270,781</u>
Plan Fiduciary Net Position				
Contributions - Employer	348,049	-	-	-
Contributions - Employee	20,999	-	-	(20,999)
Net Investment Income	467,156	-	-	(467,156)
Difference Between Projected and Actual Earnings on Pension Plan Investments				
Current year amortization	-	-	(113,157)	113,157
Benefit payments	(313,547)	-	-	313,547
Administrative expenses	(48,230)	-	-	48,230
Net Change	<u>(91,358)</u>	<u>-</u>	<u>452,628</u>	<u>(13,221)</u>
Ending Balance	<u>\$1,346,637</u>	<u>\$184,998</u>	<u>\$452,628</u>	<u>\$ 257,560</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Firefighter's Retirement Trust Fund Chapter 175 (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

On September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 184,998
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>452,628</u>	<u>-</u>
Total	<u><u>\$ 452,628</u></u>	<u><u>\$ 184,998</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2016	\$ 20,658
2017	20,658
2018	113,157
2019	113,157
Thereafter	-
	<u><u>\$ 267,630</u></u>

Police Retirement Trust Fund 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.

Plan Administration

The plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a. Two Commission appointees,
- b. Two Members of the Department elected by the active Members of the Plan, and a
- c. Fifth Member elected by the other four and appointed by Commission.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Police Retirement Trust Fund Chapter 185 (Continued)

Plan Membership as of October 1, 2014

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	-
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	9
Active Plan Members	24
	33
	33

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

Benefits Provided

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: 4.00% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 50 and 6 Years of Credited Service.
Benefit: Accrued benefit, reduced 3.00% per year.

Cost-of-Living

Adjustment:
3.00% increase each January from age 55 through age 65.

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.
Non-Service Incurred 6 years of Credited Service.
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.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Police Retirement Trust Fund Chapter 185 (Continued)

Pre-Retirement Death Benefits:

Line-of-Duty

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

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

Not Line-of-Duty

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

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

Contributions

Member

Contributions: 1.00% of Salary.

City and State

Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Investments

Investment Policy:

The following is the Board's adopted asset allocation policy as of September 30, 2015:

Asset Class	Target Allocation
Domestic Equity	42%
International Equity	23%
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, 2015, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -1.60%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Police Retirement Trust Fund Chapter 185 (Continued)

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	5.20%-8.00%
Discount Rate	7.50%
Investment Rate of Return	7.50%

Mortality Rate: RP 2000 Combined Healthy Mortality Table (without projection). Disabled lives are set forward 5 years. This assumption sufficiently accommodates future mortality improvements.

The significant assumptions are based upon the most recent actuarial experience study performed on May 14th, 2012, for the period 2003-2011.

The Long-Term Expected Rate of Return on Pension Plan investments 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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	5.70%
International Equity	6.00%
Fixed Income	2.50%

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.50%. The projection of cash flows used to determine the Discount Rate assumed that Plan 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.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Police Retirement Trust Fund Chapter 185 (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 25 years of service with the City as a Police Officer.
 Rate of Return: At Member's election: 6.5% or Net Investment Return.
 The DROP balance as of September 30, 2015 is \$0.

Total Pension Liability

The table below shows the sensitivity of the Net Pension Liability to the changes in the Discount Rate:

	Current Discount		
	1% Decrease 6.50%	Rate 7.50%	1% Increase 8.50%
Sponsor's Net Pension Liability	\$ 191,948	\$ (493,382)	\$ (1,057,313)

The components of the Net Pension Liability of the Sponsor on September 30, 2015 were as follows:

Total Pension Liability	\$ 4,607,809
Plan Fiduciary Net Position	(4,930,633)
Sponsor's Net Pension Liability	\$ (322,824)
Plan Fiduciary Net Position as a percentage of Total Pension Liability	107.01%

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Police Retirement Trust Fund Chapter 185 (Continued)

Total Pension Liability (Continued)

The schedule of changes in Net Pension Liability on September 30, 2015 were as follows:

	Increase(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2014	\$ 4,156,963	\$ 4,837,520	\$ (680,557)
Changes for a Year:			
Service Cost	375,707	-	375,707
Interest	339,216	-	339,216
Difference between Expected and Actual Experience	(433,973)	-	(433,973)
Contributions- Employer	-	177,966	(177,966)
Contributions- Employee	-	12,418	(12,418)
Net Investment Income	-	(77,684)	77,684
Benefit Payments, Including Refunds of Employee Contributions	(662)	(662)	-
Administrative Expense	-	(18,925)	18,925
Net Changes	280,288	93,113	187,175
Balances at September 30, 2015	\$ 4,437,251	\$ 4,930,633	\$ (493,382)

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Police Retirement Trust Fund Chapter 185 (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	\$ (680,557)	\$ -	\$ -	\$ -
Total Pension Liability Factors				
Service Cost	375,707	-	-	375,707
Interest	339,216	-	-	339,216
Difference Between Expected and Actual Experience with Regard to Economic or Demographic Assumptions	(433,973)	433,973	-	-
Current Year Amortization	-	(72,328)	-	(72,328)
Benefit payments	(662)	-	-	(662)
Net Change	<u>280,288</u>	<u>361,645</u>	<u>-</u>	<u>641,933</u>
Plan Fiduciary Net Position				
Contributions - Employer	177,966	-	-	-
Contributions - Employee	12,418	-	-	(12,418)
Net Investment Income	369,219	-	-	(369,219)
Difference Between Projected and Actual Earnings on Pension Plan Investments	(446,903)	-	446,903	-
Current Year Amortization	-	-	(89,380)	89,380
Benefit payments	(662)	-	-	662
Administrative expenses	(18,925)	-	-	18,925
Net Change	<u>93,113</u>	<u>-</u>	<u>357,523</u>	<u>(272,670)</u>
Ending Balance	<u>\$ (493,382)</u>	<u>\$361,645</u>	<u>\$357,523</u>	<u>\$ 369,263</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Police Retirement Trust Fund Chapter 185 (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

On September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 361,645
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	357,523	-
Total	<u>\$ 357,523</u>	<u>\$ 361,645</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2016	\$ 17,051
2017	17,052
2018	17,052
2019	17,052
2020	(72,329)
Thereafter	-
	<u>\$ (4,122)</u>

Florida Retirement System Pension Plan

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.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Background

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the City are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost sharing, multiple employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

The City's pension expense totaled \$136,292 for both the FRS Pension Plan and HIS Plan for the year ended September 30, 2015.

Florida Retirement System Pension Plan

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected City Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Plan Description (Continued)

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided (Continued)

<u>Class, Initial Enrollment, and Retirement Age/Years of Service:</u>	<u>% Value</u>
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement up to age 63 or up to 31 years of service	1.63
Retirement up to age 64 or up to 32 years of service	1.65
Retirement up to age 65 or up to 33 years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement up to age 66 or up to 34 years of service	1.63
Retirement up to age 67 or up to 35 years of service	1.65
Retirement up to age 68 or up to 36 years of service	1.68
Elected County Officers	3.00
Senior Management Service Class	2.00
Special Risk Regular	
Service from December 1, 1970, through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The contribution rates attributable to the City, effective July 1, 2014, were applied to employee salaries as follows: regular employees 7.37%, City elected officials 43.24%, senior management 21.14%, DROP participants 12.28% and retirees initially reemployed on or after July 1, 2010, who are not eligible for retirement coverage 3.80%. The City's contributions to the FRS Plan were \$218,403 for the year ended September 30, 2015.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs

At September 30, 2015, the City reported a liability of \$1,039,505 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportion of the net pension liability was based on the City's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2015, the City's proportion was 0.00805%, which was a decrease of 0.0028% from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the City recognized pension expense of \$74,319 for its proportionate share of FRS's pension expense. In addition, the City reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 109,741	\$ 24,654
Changes in Actuarial Assumptions	68,995	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	248,217
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	130,746	37,041
City Contributions Subsequent to the Measurement Date	44,118	-
Total	<u>\$ 353,600</u>	<u>\$ 309,912</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs (Continued)

\$44,118 reported as deferred outflows of resources related to pensions resulting from City contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ended September 30	Amount
2016	\$ (58,816)
2017	(58,816)
2018	(58,816)
2019	145,970
2020	25,932
Thereafter	4,116
	\$ (430)

Actuarial Assumptions

The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	7.65%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2014.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Actuarial Assumptions (Continued)

The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.1%	1.7%
Fixed Income	18.0%	4.8%	4.7%	4.7%
Global Equity	53.0%	8.5%	7.2%	17.7%
Real Estate (Property)	10.0%	6.8%	6.2%	12.0%
Private Equity	6.0%	11.9%	8.2%	30.0%
Strategic Investments	12.0%	6.7%	6.1%	11.4%
Totals	<u>100%</u>			
Assumed Inflation - Mean		2.6%		1.9%

Discount Rate

The discount rate used to measure the total pension liability was 7.65% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
FRS Plan Discount Rate	6.65%	7.65%	8.65%
Authority's Proportionate Share of the FRS Plan Net Pension Liability	\$ 2,693,593	\$ 1,039,505	\$ (336,968)

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

Retiree Health Insurance Subsidy Program

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2015, the contribution rate was 1.26 percent of payroll pursuant to section 112.363, Florida Statutes. The City contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The City's contributions to the HIS Plan were \$31,765 for the year ended September 30, 2015.

Pension Costs

At September 30, 2015, the City reported a liability of \$831,855 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportion of the net pension liability was based on the City's contributions received during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all participating employers. At June 30, 2015, the City's proportion was 0.00816%, which was a decrease of 0.0022% from its proportion measured as of June 30, 2014.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Costs (Continued)

For the year ended September 30, 2015, the City recognized pension expense of \$61,973 for its proportionate share of HIS's pension expense. In addition, the City reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ -
Changes in Actuarial Assumptions	65,445	-
Net Difference Between Projected and Actual Earnings on HIS Program Investments	451	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	47,001
City Contributions Subsequent to the Measurement Date	9,426	-
Total	<u>\$ 75,322</u>	<u>\$ 47,001</u>

\$9,426 reported as deferred outflows of resources related to pensions resulting from City contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ended June 30	Amount
2016	\$ 2,906
2017	2,906
2018	2,906
2019	2,815
2020	2,771
Thereafter	4,591
	<u>\$ 18,895</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

HIS Actuarial Assumptions

Inflation	2.60% per year
Salary Increases	3.25%, Average, Including Inflation
Municipal Bond Rate	3.80%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 3.80% for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	2.80%	3.80%	4.80%
Authority's Proportionate Share of the HIS Plan Net Pension Liability	\$ 947,860	\$ 831,855	\$ 735,124

Pension Plan Fiduciary Net Position – Defined Contribution Plan

Detailed information about the HIS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan).

CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Pension Plan Fiduciary Net Position – Defined Contribution Plan (Continued)

The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected City Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2014-2015 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, Senior Management Service class 7.67% and County Elected Officers class 11.34%.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The City's Investment Plan pension expense totaled \$23,245 for the year ended September 30, 2015. Employee contributions to the Investment Plan totaled \$7,545 for the year ended September 30, 2015.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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. During the year ended September 30, 2015, the fund ceased operations for the HRA reimbursement account and began functioning as an internal service fund for employee benefits.

Butterweck Bond Fund

This Fund is used for the future maintenance of the Butterweck Crypt of the Brooksville Cemetery. As of September 30, 2015, the balance remaining is \$2,242.

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, 2015**

NOTE 10 RESTRICTED NET POSITION

As of September 30, 2015, restricted assets in the enterprise funds were held for the following purposes:

Utility Fund:	
Capital Improvement Reserves	\$ 4,266,219
Debt Retirement	794,461
Total Utility Fund	<u>\$ 5,060,680</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, and impact fees were reinstated for year ending September 30, 2015. As of September 30, 2015, the City had the following in prepaid impact fees: Road Impact Fees \$4,779, Public Building Impact Fees \$525; Police Impact Fees \$341; Fire Impact Fees \$230; and Parks Impact Fees \$318. The amounts are reflected as unearned revenues in the accompanying financial statements.

NOTE 13 INTERNAL SERVICE FUNDS

The four Internal Service Funds are used for three purposes: maintenance, replacement and employee benefits. The Fleet Maintenance Fund provides maintenance and repairs to the City's vehicles and equipment.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 13 INTERNAL SERVICE FUNDS (CONTINUED)

The Vehicle Replacement Fund and the Equipment Replacement Fund are used to accumulate funds in advance for the purchase of vehicles and equipment. The Vehicle Replacement Fund sets aside cash to purchase a portion of the City's future vehicles. These vehicles are also depreciated within this Fund. The Equipment Replacement Fund reserves cash to purchase equipment for the four General Fund departments or divisions which are Cemetery, Parks, Streets, and the Quarry Golf Course. As of September 30, 2015, the reserves for Fleet Maintenance, Vehicle Replacement and Equipment Replacement Funds were \$59,806, \$1,363,840 and \$1,028, respectively. If necessary, the annual payments for services transfers are adjusted to maintain adequate, but not excessive cash reserves in the Fleet Maintenance Fund. Employee Health Insurance and HRA funding is set up to pay for employee health benefits. The revenue source is transfers in from the division and department. The expenditures are for employee health/medical premium charges and HRA reimbursement cost. The reserves in this fund are \$316,069.

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

	Fleet Maintenance	Vehicle Replacement	Equipment Replacement	Employee Benefits	Total
General Fund	\$ 26,912	\$ 400,741	\$ 1,028	\$ 230,730	\$ 659,411
Utility Fund	13,755	94,333	-	56,892	164,980
Sanitation Fund	19,139	868,766	-	25,286	913,191
Internal Service fleet	-	-	-	3,161	3,161
Total	<u>\$ 59,806</u>	<u>\$ 1,363,840</u>	<u>\$ 1,028</u>	<u>\$ 316,069</u>	<u>\$ 1,740,743</u>

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

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

	Fleet Maintenance	Vehicle Replacement	Equipment Replacement	Employee Benefits	Total
Administration and Finance	\$ 210	\$ 39,296	\$ -	\$ 43,331	\$ 82,837
Police	10,130	(2,551)	-	77,918	85,497
Fire	4,195	295,148	-	48,361	347,704
Streets	6,475	67,606	-	15,459	89,540
Parks	5,572	1,242	1,028	29,556	37,398
Cemetery	120	-	-	5,376	5,496
Community Development	210	-	-	10,729	10,939
Total	<u>\$ 26,912</u>	<u>\$ 400,741</u>	<u>\$ 1,028</u>	<u>\$ 230,730</u>	<u>\$ 659,411</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 14 COMMITMENTS AND CONTINGENCIES

Commitments

The City routinely enters into various construction commitments. At September 30, 2015, the City had the following outstanding major construction commitments in process:

Project	Project Authorization	Expended in Prior Years	Expended in September 30, 2015	Commitment
Governmental Activities:				
EPA Brownsfield Assessment Grant	\$ 400,000	\$ 225,023	\$ 171,960	\$ 3,017
Paving Management Projects				
Veterans Ave.	415,584	23,882	79,427	312,275
Daniel Ave.	54,117	5,986	62	48,069
Bell Ave.	71,529	9,271	627	61,631
Mildred Ave.	536,352	19,882	27,672	488,798
Hammock Rd.	786,000	9,229	96	776,675
CRA Development Projects				
Wayfinding Signage Project	44,750	40,275	2,238	2,237
Downtown Beautiful Project	30,000	14,999	-	15,001
Professional Consulting	35,000	28,642	-	6,358
Total Governmental Activities	<u>\$ 2,373,332</u>	<u>\$ 377,189</u>	<u>\$ 282,082</u>	<u>\$ 1,714,061</u>
Business-Type Activities:				
Utility Projects				
New Well Field Northwest	\$ 2,850,000	\$ 620,941	\$ -	\$ 2,229,059
Sewer System Rehab	12,500,000	1,684,567	33,641	10,781,792
Total Business-Type Activities	<u>\$ 15,350,000</u>	<u>\$ 2,305,508</u>	<u>\$ 33,641</u>	<u>\$ 13,010,851</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, 2015**

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, 2015**

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, 2015 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	24,023	-	-	-	-	24,023
Note Receivable	67,500	-	-	-	-	67,500
Advance to Other Funds	88,008	-	-	-	-	88,008
Cemetery Perpetual Care	-	-	-	245,208	-	245,208
Total Nonspendable	181,456	-	-	-	245,208	426,664
Restricted:						
Community Redevelopment	-	522,588	-	-	-	522,588
Fire	-	-	102,803	-	-	102,803
Local Option Gas Tax	-	-	-	49,801	-	49,801
Law Enforcement	-	-	-	124,435	-	124,435
Impact Fees	-	-	-	2,134,232	-	2,134,232
Law Enforcement Grants and Donations	-	-	-	23,302	-	23,302
Enrichment Center	-	-	-	249	-	249
Capital Project Funds	-	-	-	62,640	-	62,640
Debt Service Funds	-	-	-	62,139	-	62,139
Total Restricted	-	522,588	-	102,803	2,456,798	3,082,189
Committed:						
Traffic Camera	-	3,740	-	-	-	3,740
First Tee	-	-	-	30,452	-	30,452
Total Committed	-	-	3,740	-	30,452	34,192
Assigned:						
Law Enforcement	-	-	-	1,147	-	1,147
Capital Project Funds	-	-	-	549,445	-	549,445
Cemetery Perpetual Care	-	-	-	140,341	-	140,341
Total Assigned	-	-	-	690,933	-	690,933
Unassigned (Deficit)	1,203,475	-	-	-	-	1,203,475
Total Fund Balance (Deficit)	\$ 1,384,931	\$ 522,588	\$ 3,740	\$ 102,803	\$ 3,423,391	\$ 5,437,453

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 16 PRIOR PERIOD ADJUSTMENTS

During the year ended September 30, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. These pronouncements requires the restatement of the September 30, 2014, net position of the governmental activities, business-type activities and enterprise funds as shown below.

During the current year, it was determined that certain utility and sanitation revenues were not recorded as revenue in the proper period. To correct these errors, beginning net position of business-type activities has been restated as follows:

	Governmental Activities	Business-Type Activities	Utility Fund	Sanitation Fund
Net Position, September 30, 2014, as Previously Reported	\$ 14,789,398	\$ 31,832,425	\$ 29,963,258	\$ 1,560,046
Cumulative Effect of Application of GASB 68, Net Pension Items	(1,837,860)	(601,404)	(467,073)	(134,331)
Business-type activities not recorded in the prior year	-	408,107	297,709	110,398
Total	<u>\$ 12,951,538</u>	<u>\$ 31,639,128</u>	<u>\$ 29,793,894</u>	<u>\$ 1,536,113</u>

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF CHANGES IN NET
PENSION LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2015**

Retirement System – Defined Benefit Plan

The following presents the changes in the employer's net pension liability:

**FIREFIGHTERS' RETIREMENT TRUST FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	2013	2014	2015
Total Pension Liability			
Service Cost	\$ 130,102	\$ 140,185	\$ 122,018
Interest	501,977	528,251	554,808
Differences Between Expected and Actual Experience	-	-	(277,496)
Benefit Payments, Including Refunds of Employee Contributions	(304,630)	(301,643)	(313,547)
Net Change in Total Pension Liability	327,449	366,793	85,783
Total Pension Liability - Beginning	6,499,440	6,826,889	7,193,682
Total Pension Liability - Ending	<u>\$ 6,826,889</u>	<u>\$ 7,193,682</u>	<u>\$ 7,279,465</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 317,086	\$ 336,626	\$ 348,049
Contributions - Employee	20,156	20,225	20,999
Net Investment Income	512,316	543,039	(98,629)
Benefit Payments, Including Refunds of Employee Contributions	(304,630)	(301,643)	(313,547)
Administrative Expense	(25,208)	(30,968)	(48,230)
Net Change in Plan Fiduciary Net Position	519,720	567,279	(91,358)
Plan Fiduciary Net Position - Beginning	4,937,187	5,456,907	6,024,186
Plan Fiduciary Net Position - Ending	<u>5,456,907</u>	<u>6,024,186</u>	<u>5,932,828</u>
Net Pension Liability - Ending	<u>\$ 1,369,982</u>	<u>\$ 1,169,496</u>	<u>\$ 1,346,637</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.93%	83.74%	81.50%
Covered Employee Payroll*	\$ 612,631	\$ 614,729	\$ 732,006
Net Pension Liability as a Percentage of Employee Payroll	223.62%	190.25%	183.97%

Notes to Schedule:

* The Covered Employee Payroll figures were not available. For the 2015 Fiscal year Pensionable Salary plus DROP has been reported instead.

Additional years will be added to this schedule annually until 10 years of data is presented.

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF CHANGES IN NET
PENSION LIABILITY AND RELATED RATIOS (CONTINUED)
SEPTEMBER 30, 2015**

Retirement System – Defined Benefit Plan (Continued)

The following presents the changes in the employer's net pension liability:

**POLICE OFFICERS' RETIREMENT TRUST FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	2013	2014	2015
Total Pension Liability			
Service Cost	\$ 358,727	\$ 385,631	\$ 375,707
Interest	256,068	304,047	339,216
Differences Between Expected and Actual Experience	-	-	(433,973)
Other Changes	-	(208,542)	-
Benefit Payments, Including Refunds of Employee Contributions	-	(3,941)	(662)
Net Change in Total Pension Liability	614,795	477,195	280,288
Total Pension Liability - Beginning	3,064,973	3,679,768	4,156,963
Total Pension Liability - Ending	<u>\$ 3,679,768</u>	<u>\$ 4,156,963</u>	<u>\$ 4,437,251</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 152,993	\$ 177,670	\$ 177,966
Contributions - Employee	11,376	12,704	12,418
Net Investment Income	441,974	371,180	(77,684)
Benefit Payments, Including Refunds of Employee Contributions	-	(3,941)	(662)
Administrative Expense	(12,623)	(13,662)	(18,925)
Net Change in Plan Fiduciary Net Position	593,720	543,951	93,113
Plan Fiduciary Net Position - Beginning	3,699,849	4,293,569	4,837,520
Plan Fiduciary Net Position - Ending	<u>4,293,569</u>	<u>4,837,520</u>	<u>4,930,633</u>
Net Pension Liability - Ending	<u>\$ (613,801)</u>	<u>\$ (680,557)</u>	<u>\$ (493,382)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	116.68%	116.37%	111.12%
Covered Employee Payroll*	\$ 1,137,593	\$ 1,270,433	\$ 1,241,801
Net Pension Liability as a Percentage of Employee Payroll	-53.96%	-53.57%	-39.73%

Notes to Schedule:

* The Covered Payroll figures were not available. Pensionable Salary has been reported instead.

Additional years will be added to this schedule annually until 10 years of data is presented.

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
SEPTEMBER 30, 2015**

Retirement System – Defined Benefit Plan (Continued)

The following presents a schedule of contributions:

FIREFIGHTERS' RETIREMENT TRUST FUND SCHEDULE OF CONTRIBUTIONS Last 10 Fiscal Years										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially Determined Contribution	\$ 199,876	\$ 225,402	\$ 245,722	\$ 279,598	\$ 299,293	\$ 310,150	\$ 291,265	\$ 316,975	\$ 336,626	\$ 348,049
Contributions in Relation to the Actuarially Determined Contributions	199,876	225,402	245,722	279,598	299,293	310,150	291,265	316,975	336,626	348,049
Contribution Deficiency (Excess)	<u>\$ -</u>									
Covered Employee Payroll *	\$ 676,103	\$ 721,491	\$ 805,384	\$ 831,397	\$ 800,247	\$ 764,108	\$ 650,368	\$ 612,631	\$ 614,729	\$ 732,006
Contributions as a Percentage of Covered Employee Payroll	29.56%	31.24%	30.51%	33.63%	37.40%	40.59%	44.78%	51.74%	54.76%	47.55%

* The Covered Employee Payroll figures were not available. For the 2015 Fiscal year Pensionable Salary plus DROP has been reported instead.

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF EMPLOYER CONTRIBUTIONS (CONTINUED)
SEPTEMBER 30, 2015**

Retirement System – Defined Benefit Plan (Continued)

Notes to the Schedule of Contributions

FIREFIGHTERS' RETIREMENT TRUST FUND

Valuation Date: 10/1/2013

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 rates:

Funding Method: Entry Age Normal Actuarial Cost.
 Amortization Method: Level Percentage of Pay, closed.
 Remaining Amortization Period: 29 Years (As of 10/1/2013).
 Inflation: 3.0% per year.
 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.

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

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 10 years of Credited Service), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

Interest Rate: 7.75% per year, compounded annually, net of investment related expenses.
 Salary Increases: 6.5% per year until retirement age. Final salary in year of retirement is increased individually to account for additional non-regular compensation.

Payroll Increase: Up to 3% per year, (2.28% for 10/1/13 valuation).
 Cost of Living Adjustments: 3% per year, from age 55 to 65.
 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.

Termination and Disability Rate Table:

Age	% Terminating	% Becoming Disabled
20	12.0%	0.03%
30	10.0%	0.04%
40	5.2%	0.07%
50	1.6%	0.18%

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF EMPLOYER CONTRIBUTIONS (CONTINUED)
SEPTEMBER 30, 2015**

Retirement System – Defined Benefit Plan (Continued)

The following presents a schedule of contributions:

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially Determined Contribution	\$ 138,387	\$ 180,894	\$ 188,896	\$ 292,030	\$ 340,437	\$ 401,006	\$ 394,875	\$ 397,020	\$ 386,212	\$ 378,753
Contributions in Relation to the										
Actuarially Determined Contributions	180,300	180,300	180,300	149,184	119,344	123,439	102,276	152,993	177,670	177,966
Contribution Deficiency (Excess)	<u>\$ (41,913)</u>	<u>\$ 594</u>	<u>\$ 8,596</u>	<u>\$ 142,846</u>	<u>\$ 221,093</u>	<u>\$ 277,567</u>	<u>\$ 292,599</u>	<u>\$ 244,027</u>	<u>\$ 208,542</u>	<u>\$ 200,787</u>
Covered Employee Payroll *	\$ 630,818	\$ 722,141	\$ 884,446	\$ 880,431	\$ 989,643	\$ 1,057,365	\$ 1,081,850	\$ 1,137,593	\$ 1,270,433	\$ 1,241,801
Contributions as a Percentage of										
Covered Employee Payroll	28.58%	24.97%	20.39%	16.94%	12.06%	11.67%	9.45%	13.45%	13.98%	14.33%

* The Covered Payroll figures were not available. Pensionable Salary has been reported instead.

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF EMPLOYER CONTRIBUTIONS (CONTINUED)
SEPTEMBER 30, 2015**

Retirement System – Defined Benefit Plan (Continued)

Notes to the Schedule of Contributions

POLICE OFFICERS' RETIREMENT TRUST FUND

Valuation Date: 10/1/2014

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 rates:

Funding Method: Aggregate Actuarial Cost Method.
 Inflation: 3.0% per year.
 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.
 Termination Rates: See table below.
 Disability Rates: See table below. It is assumed that 75% of disablements are service related.
 Retirement Age: If a member has less than 20 years of service, the rates are 15% from ages 50-54, and and 100% at age 55.
 Interest Rate: 7.5% per year, compounded annually, gross of investment related expenses.
 Salary Increases: Final Average Salary is increased individually to account for additional non-regular compensation.
 Payroll Increase: N/A.
 Cost of Living Adjustments: 3.0% per year from age 55 to 65, for Normal and Early Retirees only.
 Actuarial Asset Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Termination Rate Table:

Select Rates:	1	3	5	7	9
Year					
Male	15.00%	8.50%	6.00%	5.20%	4.30%
Female	10.00%	8.50%	7.00%	5.70%	4.70%
Ultimate Rates					
Age	25	35	45	55	
Male	4.28%	3.12%	2.88%	0.00%	
Female	5.41%	4.03%	3.67%	0.00%	
Disability Rate Table:					
Age	25	35	45	55	
Male	0.07%	0.12%	0.46%	1.00%	
Female	0.04%	0.12%	0.43%	0.84%	

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF INVESTMENT RETURNS
SEPTEMBER 30, 2015**

Retirement System – Defined Benefit Plan (Continued)

The following presents the annual money-weighted rate of return, net of investment expenses:

FIREFIGHTERS' RETIREMENT TRUST FUND

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Annual Money-Weighted Rate of Return			
Net of Investment Expenses	10.35%	9.91%	-1.64%

POLICE OFFICERS' RETIREMENT TRUST FUND

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Annual Money-Weighted Rate of Return			
Net of Investment Expenses	12.30%	8.58%	-1.60%

Additional years will be added to this schedule annually until 10 years of data is presented.

**CITY OF BROOKSVILLE, FLORIDA
 SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
 FLORIDA RETIREMENT SYSTEM PENSION PLAN
 SEPTEMBER 30, 2015**

Retirement System – Defined Benefit Plan (Continued)

**Schedule of City of Brooksville, Florida Proportionate Share of Net Pension Liability
 Florida Retirement System
 Last 10 Fiscal Years***

	2015	2014
City of Brooksville, Florida's proportion of the net pension liability (asset)	0.008047984%	0.008330218%
City of Brooksville, Florida's proportionate share of the net pension liability (asset)	\$ 1,039,505	\$ 508,266
City of Brooksville, Florida's covered-employee payroll	\$ 2,223,103	\$ 2,237,972
City of Brooksville, Florida's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	46.76%	22.71%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%

* The amounts presented for each fiscal year were determined as of 6/30.

¹ 2014 was the first year reporting net pension liability (GASB 68)

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF CITY CONTRIBUTIONS –
FLORIDA RETIREMENT SYSTEM PENSION PLAN
SEPTEMBER 30, 2015**

Retirement System – Defined Benefit Plan (Continued)

**Schedule of City of Brooksville, Florida Contributions
Florida Retirement System
Last 10 Fiscal Years***

	2015	2014
Contractually required contribution	\$ 218,403	\$ 212,334
Contributions in relation to the contractually required contribution	(218,403)	(212,334)
Contribution deficiency (excess)	\$ -	\$ -
City of Brooksville, Florida's covered-employee payroll	\$ 2,223,103	\$ 2,237,972
Contributions as a percentage of covered-employee payroll	9.82%	9.49%

* The amounts presented for each fiscal year were determined as of 9/30.

¹ 2014 was the first year reporting net pension liability (GASB 68)

**CITY OF BROOKSVILLE, FLORIDA
 SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
 HEALTH INSURANCE SUBSIDY PENSION PLAN
 SEPTEMBER 30, 2015**

Retirement System – Defined Benefit Plan (Continued)

**Schedule of City of Brooksville, Florida Proportionate Share of Net Pension Liability
 Health Insurance Subsidy Program
 Last 10 Fiscal Years***

	2015	2014
City of Brooksville, Florida's proportion of the net pension liability (asset)	0.008156699%	0.008384457%
City of Brooksville, Florida's proportionate share of the net pension liability (asset)	\$ 831,855	\$ 783,967
City of Brooksville, Florida's covered-employee payroll	\$ 2,521,077	\$ 2,491,146
City of Brooksville, Florida's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.00%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%

* The amounts presented for each fiscal year were determined as of 6/30.

¹ 2014 was the first year reporting net pension liability (GASB 68)

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF CITY CONTRIBUTIONS –
HEALTH INSURANCE SUBSIDY PENSION PLAN
SEPTEMBER 30, 2015**

Retirement System – Defined Benefit Plan (Continued)

**Schedule of City of Brooksville, Florida Contributions
Health Insurance Subsidy Program
Last 10 Fiscal Years***

	2015	2014
Contractually required contribution	\$ 31,765	\$ 33,880
Contributions in relation to the contractually required contribution	(31,765)	(33,880)
Contribution deficiency (excess)	\$ -	\$ -
City of Brooksville, Florida's covered-employee payroll	\$ 2,521,077	\$ 2,491,146
Contributions as a percentage of covered-employee payroll	1.26%	1.36%

* The amounts presented for each fiscal year were determined as of 9/30.

¹ 2014 was the first year reporting net pension liability (GASB 68)

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL- GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 3,517,098	\$ 3,517,098	\$ 3,586,290	\$ 69,192
Licenses and Permits	814,905	814,905	851,002	36,097
Intergovernmental Revenue	737,675	737,675	836,438	98,763
Charges for Services	178,436	178,436	181,998	3,562
Fines and Forfeits	70,893	70,893	104,096	33,203
Net Investment Earnings	14,198	14,198	24,374	10,176
Miscellaneous Revenues	140,475	141,025	171,167	30,142
Total Revenues	5,473,680	5,474,230	5,755,365	281,135
EXPENDITURES				
Current:				
General Government	1,947,367	1,971,179	1,738,819	232,360
Culture and Recreation	673,218	673,918	697,907	(23,989)
Public Safety	2,085,229	2,099,933	2,190,966	(91,033)
Physical Environment	104,856	104,856	120,530	(15,674)
Transportation	575,571	581,380	577,071	4,309
Capital Outlay	101,500	101,500	120,206	(18,706)
Total Expenditures	5,487,741	5,532,766	5,445,499	87,267
Excess (Deficiency) of Revenues Over Expenditures	(14,061)	(58,536)	309,866	368,402
OTHER FINANCING SOURCES (USES)				
Capital Lease	-	-	64,800	64,800
Transfers In	841,134	841,134	852,341	11,207
Transfers Out	(1,601,982)	(1,597,670)	(1,050,950)	546,720
Reserves	(274,448)	(274,448)	-	274,448
Total Other Financing Sources (Uses)	(1,035,296)	(1,030,984)	(133,809)	897,175
NET CHANGE IN FUND BALANCES	(1,049,357)	(1,089,520)	176,057	1,265,577
Fund Balances, Beginning of Year	1,049,357	1,089,520	1,208,874	119,354
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 1,384,931	\$ 1,384,931

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL- COMMUNITY REDEVELOPMENT AGENCY
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 90,480	\$ 90,480	\$ 91,131	\$ 651
Net Investment Earnings	500	500	327	(173)
Total Revenues	90,980	90,980	91,458	478
EXPENDITURES				
Current:				
Physical Environment	61,820	61,820	28,125	33,695
Aids to Private Organizations	30,000	30,000	8,999	21,001
Capital Outlay	245,000	245,000	2,238	242,762
Total Expenditures	336,820	336,820	39,362	297,458
Excess (Deficiency) of Revenues Over Expenditures	(245,840)	(245,840)	52,096	297,936
OTHER FINANCING SOURCES (USES)				
Reserves	(211,097)	(211,097)	-	211,097
Total Other Financing Sources (Uses)	(211,097)	(211,097)	-	211,097
NET CHANGE IN FUND BALANCE	(456,937)	(456,937)	52,096	509,033
Fund Balances, Beginning of Year	456,937	456,937	470,492	13,555
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 522,588	\$ 522,588

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL- TRAFFIC CAMERA FUND
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Fines and Forfeits	\$ 2,303,100	\$ 2,303,100	\$ 1,399,965	\$ (903,135)
Miscellaneous Revenues	-	-	13,302	13,302
Intergovernmental Revenue	-	-	659	659
Total Revenues	<u>2,303,100</u>	<u>2,303,100</u>	<u>1,413,926</u>	<u>(889,174)</u>
EXPENDITURES				
Current:				
Public Safety	1,890,229	1,890,229	1,176,411	713,818
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,890,229</u>	<u>1,890,229</u>	<u>1,176,411</u>	<u>713,818</u>
Excess (Deficiency) of Revenues Over Expenditures	412,871	412,871	237,515	(175,356)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	200,000	200,000	-
Transfers Out	(970,579)	(970,579)	(599,042)	(371,537)
Reserves	(245,780)	(245,780)	-	245,780
Total Other Financing Sources (Uses)	<u>(1,216,359)</u>	<u>(1,016,359)</u>	<u>(399,042)</u>	<u>(125,757)</u>
NET CHANGE IN FUND BALANCES	(803,488)	(603,488)	(161,527)	(301,113)
Fund Balances, Beginning of Year	<u>803,488</u>	<u>603,488</u>	<u>165,265</u>	<u>(438,223)</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,738</u>	<u>\$ (739,336)</u>

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL- FIRE DEPARTMENT FUND
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 549,053	\$ 551,375	\$ 514,989	\$ (36,386)
Licenses and Permits	50	75	75	-
Intergovernmental Revenue	2,552	2,552	2,690	138
Charges for Services	9,000	9,225	9,220	(5)
Miscellaneous Revenues	-	1,740	1,738	(2)
Total Revenues	<u>560,655</u>	<u>564,967</u>	<u>528,712</u>	<u>(36,255)</u>
EXPENDITURES				
Current:				
Public Safety	1,391,376	1,385,784	1,507,736	(121,952)
Debt Service:				
Principal	43,581	43,581	43,536	45
Interest	13,690	13,690	13,474	216
Capital Outlay	100,000	100,000	6,200	93,800
Total Expenditures	<u>1,548,647</u>	<u>1,543,055</u>	<u>1,570,946</u>	<u>(27,891)</u>
Excess (Deficiency) of Revenues Over Expenditures	(987,992)	(978,088)	(1,042,234)	(64,146)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,114,677	1,110,365	1,110,366	1
Transfers Out	(143,099)	(150,489)	-	150,489
Reserves	(25,834)	(25,834)	-	25,834
Total Other Financing Sources (Uses)	<u>945,744</u>	<u>934,042</u>	<u>1,110,366</u>	<u>176,324</u>
NET CHANGE IN FUND BALANCE	(42,248)	(44,046)	68,132	112,178
Fund Balances (Deficit), Beginning of Year	<u>42,248</u>	<u>44,046</u>	<u>34,672</u>	<u>(9,374)</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,804</u>	<u>\$ 102,804</u>

**CITY OF BROOKSVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	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	\$ 44,255	\$ 56,450	\$ 8,883	\$ 24,622	\$ 7,504	\$ 70,768	\$ 57,899	\$ 29,780
Restricted Pooled Cash and Investments	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Due from Other Governments	1,177	-	40,949	-	-	-	-	-
Total Assets	\$ 45,432	\$ 56,450	\$ 49,832	\$ 24,622	\$ 7,504	\$ 70,768	\$ 57,899	\$ 29,780
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts Payable	\$ 644	\$ -	\$ 31	\$ 1,425	\$ -	\$ -	\$ -	\$ -
Unearned Revenue	-	-	-	-	341	525	230	318
Due to Other Funds	-	-	-	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-	-	-	-
Total Liabilities	644	-	31	1,425	341	525	230	318
Fund Balance:								
Restricted	44,788	56,450	49,801	23,197	7,163	70,243	57,669	29,462
Nonspendable	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Total Fund Balance	44,788	56,450	49,801	23,197	7,163	70,243	57,669	29,462
Total Liabilities and Fund Balance	\$ 45,432	\$ 56,450	\$ 49,832	\$ 24,622	\$ 7,504	\$ 70,768	\$ 57,899	\$ 29,780

**CITY OF BROOKSVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2015**

	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	Brownfields Assessment Grant
ASSETS								
Pooled Cash and Investments	\$ 1,147	\$ 2,136,455	\$ 7,586	\$ 15,899	\$ 30,452	\$ 2,490	\$ -	\$ -
Restricted Pooled Cash and Investments	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	1,565	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-	14,983	83,993
Total Assets	\$ 1,147	\$ 2,136,455	\$ 7,586	\$ 15,899	\$ 30,452	\$ 4,055	\$ 14,983	\$ 83,993
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts Payable	\$ -	\$ -	\$ -	\$ 183	\$ -	\$ 494	\$ 1,130	\$ 50,871
Unearned Revenue	-	4,779	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	3,312	13,853	33,122
Other Current Liabilities	-	161,981	-	-	-	-	-	-
Total Liabilities	-	166,760	-	183	-	3,806	14,983	83,993
Fund Balance:								
Restricted	-	1,969,695	7,586	15,716	-	249	-	-
Nonspendable	-	-	-	-	-	-	-	-
Committed	-	-	-	-	30,452	-	-	-
Assigned	1,147	-	-	-	-	-	-	-
Total Fund Balance	1,147	1,969,695	7,586	15,716	30,452	249	-	-
Total Liabilities and Fund Balance	\$ 1,147	\$ 2,136,455	\$ 7,586	\$ 15,899	\$ 30,452	\$ 4,055	\$ 14,983	\$ 83,993

**CITY OF BROOKSVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2015**

	Total Special Revenue Funds	Capital Project Funds					Total Capital Project Funds	
		McKethan Park	Multi-Year Capital Project Accumulation	Capital Improvement Revenue 2006 Bond	Capital Improvement Revenue Note- Loan - 2011	Capital Improvement Loan - Capital Projects		Bond Settlement
ASSETS								
Pooled Cash and Investments	\$ 2,494,190	\$ 24,251	\$ 579,628	\$ (803)	\$ -	\$ 16	\$ -	\$ 603,092
Restricted Pooled Cash and Investments	-	-	-	2,514	-	-	60,862	63,376
Accounts Receivable	1,565	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Due from Other Governments	141,102	-	-	51	-	-	-	51
Total Assets	\$ 2,636,857	\$ 24,251	\$ 579,628	\$ 1,762	\$ -	\$ 16	\$ 60,862	\$ 666,519
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts Payable	\$ 54,778	\$ -	\$ 54,434	\$ -	\$ -	\$ -	\$ -	\$ 54,434
Unearned Revenue	6,193	-	-	-	-	-	-	-
Due to Other Funds	50,287	-	-	-	-	-	-	-
Other Current Liabilities	161,981	-	-	-	-	-	-	-
Total Liabilities	273,239	-	54,434	-	-	-	-	54,434
Fund Balance:								
Restricted	2,332,019	-	-	1,762	-	16	60,862	62,640
Nonspendable	-	-	-	-	-	-	-	-
Committed	30,452	-	-	-	-	-	-	-
Assigned	1,147	24,251	525,194	-	-	-	-	549,445
Total Fund Balance	2,363,618	24,251	525,194	1,762	-	16	60,862	612,085
Total Liabilities and Fund Balance	\$ 2,636,857	\$ 24,251	\$ 579,628	\$ 1,762	\$ -	\$ 16	\$ 60,862	\$ 666,519

**CITY OF BROOKSVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2015**

	<u>Debt Service Funds</u>		Total Debt Service Funds	<u>Permanent Fund</u>		Total Nonmajor Governmental Funds
	Capital Improvement Revenue Note - 2011	Capital Improvement Revenue Bond 2006		Cemetery Perpetual Care	Total Permanent Funds	
ASSETS						
Pooled Cash and Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,097,282
Restricted Pooled Cash and Investments	75,952	14,868	90,820	367,738	367,738	521,934
Accounts Receivable	-	-	-	-	-	1,565
Due from Other Funds	-	-	-	17,811	17,811	17,811
Due from Other Governments	-	-	-	-	-	141,153
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,153</u>
Total Assets	<u>\$ 75,952</u>	<u>\$ 14,868</u>	<u>\$ 90,820</u>	<u>\$ 385,549</u>	<u>\$ 385,549</u>	<u>\$ 3,779,745</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,212
Unearned Revenue	-	-	-	-	-	6,193
Due to Other Funds	-	-	-	-	-	50,287
Other Current Liabilities	28,141	540	28,681	-	-	190,662
	<u>28,141</u>	<u>540</u>	<u>28,681</u>	<u>-</u>	<u>-</u>	<u>190,662</u>
Total Liabilities	28,141	540	28,681	-	-	356,354
Fund Balance:						
Restricted	47,811	14,328	62,139	-	-	2,456,798
Nonspendable	-	-	-	245,208	245,208	245,208
Committed	-	-	-	-	-	30,452
Assigned	-	-	-	140,341	140,341	690,933
	<u>47,811</u>	<u>14,328</u>	<u>62,139</u>	<u>385,549</u>	<u>385,549</u>	<u>3,423,391</u>
Total Fund Balance	<u>47,811</u>	<u>14,328</u>	<u>62,139</u>	<u>385,549</u>	<u>385,549</u>	<u>3,423,391</u>
Total Liabilities and Fund Balance	<u>\$ 75,952</u>	<u>\$ 14,868</u>	<u>\$ 90,820</u>	<u>\$ 385,549</u>	<u>\$ 385,549</u>	<u>\$ 3,779,745</u>

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	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	\$ -	\$ -	\$ 273,880	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	1,441	7,811	3,603	6,575
Intergovernmental Revenue	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Fines and Forfeits	10,909	1,033	-	31,508	-	-	-	-
Net Investment Earnings	13	7	-	24	6	47	45	59
Miscellaneous Revenues	-	14,984	-	3,305	-	-	-	-
Total Revenues	<u>10,922</u>	<u>16,024</u>	<u>273,880</u>	<u>34,837</u>	<u>1,447</u>	<u>7,858</u>	<u>3,648</u>	<u>6,634</u>
EXPENDITURES								
Current:								
General Government	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-
Public Safety	2,039	1,000	-	46,154	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Debt Services:								
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Aids to Private Organizations	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>2,039</u>	<u>1,000</u>	<u>-</u>	<u>46,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	8,883	15,024	273,880	(11,317)	1,447	7,858	3,648	6,634
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	(247,597)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(247,597)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	8,883	15,024	26,283	(11,317)	1,447	7,858	3,648	6,634
Fund Balances, Beginning 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>
FUND BALANCES, END OF YEAR	<u>\$ 44,788</u>	<u>\$ 56,450</u>	<u>\$ 49,801</u>	<u>\$ 23,197</u>	<u>\$ 7,163</u>	<u>\$ 70,243</u>	<u>\$ 57,669</u>	<u>\$ 29,462</u>

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015

	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	26,945	-	-	-	-	-	23,369	171,960
Charges for Services	-	-	-	-	4,791	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Net Investment Earnings	-	9,661	4	12	20	-	-	-
Miscellaneous Revenues	5,358	-	2,000	2,500	-	4,527	-	-
Total Revenues	<u>32,303</u>	<u>9,661</u>	<u>2,004</u>	<u>2,512</u>	<u>4,811</u>	<u>4,527</u>	<u>23,369</u>	<u>171,960</u>
EXPENDITURES								
Current:								
General Government	-	-	-	-	-	-	-	171,960
Culture and Recreation	-	-	-	-	8,413	9,528	23,369	-
Public Safety	-	-	1,460	2,580	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Debt Services:								
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Aids to Private Organizations	-	-	-	-	-	-	-	-
Capital Outlay	32,267	-	-	-	-	-	-	-
Total Expenditures	<u>32,267</u>	<u>-</u>	<u>1,460</u>	<u>2,580</u>	<u>8,413</u>	<u>9,528</u>	<u>23,369</u>	<u>171,960</u>
Excess (Deficiency) of Revenues Over Expenditures	36	9,661	544	(68)	(3,602)	(5,001)	-	-
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	5,000	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	36	9,661	544	(68)	(3,602)	(1)	-	-
Fund Balances, Beginning 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>
FUND BALANCES, END OF YEAR	<u>\$ 1,147</u>	<u>\$ 1,969,695</u>	<u>\$ 7,586</u>	<u>\$ 15,716</u>	<u>\$ 30,452</u>	<u>\$ 249</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, 2015

	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	\$ 273,880	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	19,430	-	-	34,173	-	-	-
Intergovernmental Revenue	222,274	-	-	-	-	-	-
Charges for Services	4,791	-	-	-	-	-	-
Fines and Forfeits	43,450	-	-	-	-	-	-
Net Investment Earnings	9,898	19	1,007	4	-	-	-
Miscellaneous Revenues	32,674	-	-	-	-	-	-
Total Revenues	606,397	19	1,007	34,177	-	-	-
EXPENDITURES							
Current:							
General Government	171,960	-	-	-	-	-	-
Culture and Recreation	41,310	-	-	-	-	-	-
Public Safety	53,233	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Debt Services:							
Principal	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-
Aids to Private Organizations	-	-	-	-	-	-	-
Capital Outlay	32,267	-	581,736	-	-	-	-
Total Expenditures	298,770	-	581,736	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	307,627	19	(580,729)	34,177	-	-	-
OTHER FINANCING SOURCES (USES)							
Transfers In	5,000	-	499,042	-	303,780	-	-
Transfers Out	(247,597)	-	(200,000)	(35,720)	(303,780)	-	-
Total Other Financing Sources (Uses)	(242,597)	-	299,042	(35,720)	-	-	-
NET CHANGE IN FUND BALANCES	65,030	19	(281,687)	(1,543)	-	-	-
Fund Balances, Beginning of Year	2,298,588	24,232	806,881	3,305	-	16	60,862
FUND BALANCES, END OF YEAR	<u>\$ 2,363,618</u>	<u>\$ 24,251</u>	<u>\$ 525,194</u>	<u>\$ 1,762</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, 2015

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 273,880
Licenses and Permits	34,173	-	-	-	-	-	53,603
Intergovernmental Revenue	-	-	-	-	-	-	222,274
Charges for Services	-	-	-	-	-	-	4,791
Fines and Forfeits	-	-	-	-	-	-	43,450
Net Investment Earnings	1,030	-	-	-	164	164	11,092
Miscellaneous Revenues	-	-	-	-	-	-	32,674
Total Revenues	<u>35,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164</u>	<u>164</u>	<u>641,764</u>
EXPENDITURES							
Current:							
General Government	-	-	-	-	-	-	171,960
Culture and Recreation	-	-	-	-	-	-	41,310
Public Safety	-	-	-	-	-	-	53,233
Transportation	-	-	-	-	-	-	-
Debt Services:							
Principal	-	186,371	7,000	193,371	-	-	193,371
Interest and Fiscal Charges	-	115,482	6,741	122,223	-	-	122,223
Aids to Private Organizations	-	-	-	-	-	-	-
Capital Outlay	581,736	-	-	-	-	-	614,003
Total Expenditures	<u>581,736</u>	<u>301,853</u>	<u>13,741</u>	<u>315,594</u>	<u>-</u>	<u>-</u>	<u>1,196,100</u>
Excess (Deficiency) of Revenues Over Expenditures	(546,533)	(301,853)	(13,741)	(315,594)	164	164	(554,336)
OTHER FINANCING SOURCES (USES)							
Transfers In	802,822	303,780	13,776	317,556	10,000	10,000	1,135,378
Transfers Out	(539,500)	-	-	-	-	-	(787,097)
Total Other Financing Sources (Uses)	<u>263,322</u>	<u>303,780</u>	<u>13,776</u>	<u>317,556</u>	<u>10,000</u>	<u>10,000</u>	<u>348,281</u>
NET CHANGE IN FUND BALANCES	(283,211)	1,927	35	1,962	10,164	10,164	(206,055)
Fund Balances, Beginning of Year	<u>895,296</u>	<u>45,884</u>	<u>14,293</u>	<u>60,177</u>	<u>375,385</u>	<u>375,385</u>	<u>3,629,446</u>
FUND BALANCES, END OF YEAR	<u>\$ 612,085</u>	<u>\$ 47,811</u>	<u>\$ 14,328</u>	<u>\$ 62,139</u>	<u>\$ 385,549</u>	<u>\$ 385,549</u>	<u>\$ 3,423,391</u>

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	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	\$ 8,000	\$ 9,735	\$ 10,909	\$ 1,174	\$ 15,000	\$ 1,500	\$ 1,033	\$ (467)
Net Investment Earnings	-	13	13	-	-	10	7	(3)
Miscellaneous Revenues	-	-	-	-	-	15,000	14,984	(16)
Balances Carried Forward	35,451	35,451	-	(35,451)	38,138	38,138	-	(38,138)
Total Revenues	<u>43,451</u>	<u>45,199</u>	<u>10,922</u>	<u>(34,277)</u>	<u>53,138</u>	<u>54,648</u>	<u>16,024</u>	<u>(38,624)</u>
EXPENDITURES								
Current:								
Public Safety	5,000	5,000	2,039	2,961	2,500	2,500	1,000	1,500
Capital Outlay	-	-	-	-	13,500	13,500	-	13,500
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>2,039</u>	<u>2,961</u>	<u>16,000</u>	<u>16,000</u>	<u>1,000</u>	<u>15,000</u>
Excess (Deficiency) of Revenues Over Expenditures	38,451	40,199	8,883	(31,316)	37,138	38,648	15,024	(23,624)
OTHER FINANCING SOURCES (USES)								
Reserves	(38,466)	(38,466)	-	38,466	(37,138)	(37,138)	-	37,138
Total Other Financing Sources (Uses)	<u>(38,466)</u>	<u>(38,466)</u>	<u>-</u>	<u>38,466</u>	<u>(37,138)</u>	<u>(37,138)</u>	<u>-</u>	<u>37,138</u>
NET CHANGE IN FUND BALANCES	(15)	1,733	8,883	7,150	-	1,510	15,024	13,514
Fund Balances, Beginning of Year	<u>15</u>	<u>(1,733)</u>	<u>35,905</u>	<u>37,638</u>	<u>-</u>	<u>(1,510)</u>	<u>41,426</u>	<u>42,936</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,788</u>	<u>\$ 44,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,450</u>	<u>\$ 56,450</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, 2015

	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	\$ 238,449	\$ 273,880	\$ 35,431	\$ -	\$ -	\$ -	\$ -
Fines and Forfeits	-	-	-	-	25,000	31,510	31,508	(2)
Net Investment Earnings	-	-	-	-	70	70	24	(46)
Intergovernmental Revenue	-	-	-	-	-	-	-	-
Miscellaneous Revenue	-	-	-	-	-	3,310	3,305	(5)
Balances Carried Forward	17,042	17,042	-	(17,042)	65,961	65,961	-	(65,961)
Total Revenues	<u>255,491</u>	<u>255,491</u>	<u>273,880</u>	<u>18,389</u>	<u>91,031</u>	<u>100,851</u>	<u>34,837</u>	<u>(66,014)</u>
EXPENDITURES								
Current:								
Public Safety	-	-	-	-	33,000	46,020	46,154	(134)
Capital Outlay	-	-	-	-	10,000	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,000</u>	<u>46,020</u>	<u>46,154</u>	<u>(134)</u>
Excess (Deficiency) of Revenues Over Expenditures	255,491	255,491	273,880	18,389	48,031	54,831	(11,317)	(66,148)
OTHER FINANCING SOURCES (USES)								
Transfers Out	(238,449)	(247,599)	(247,597)	2	-	-	-	-
Reserves	(17,042)	(17,042)	-	17,042	(48,031)	(48,031)	-	48,031
Total Other Financing Sources (Uses)	<u>(255,491)</u>	<u>(264,641)</u>	<u>(247,597)</u>	<u>17,044</u>	<u>(48,031)</u>	<u>(48,031)</u>	<u>-</u>	<u>48,031</u>
NET CHANGE IN FUND BALANCES	-	(9,150)	26,283	35,433	-	6,800	(11,317)	(18,117)
Fund Balances, Beginning of Year	-	9,150	23,518	14,368	-	(6,800)	34,514	41,314
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,801</u>	<u>\$ 49,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,197</u>	<u>\$ 23,197</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, 2015

	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	\$ 2,580	\$ 2,570	\$ 1,441	\$ (1,129)	\$ 13,980	\$ 13,980	\$ 7,811	\$ (6,169)
Net Investment Earnings	-	10	6	(4)	300	300	47	(253)
Balances Carried Forward	5,369	5,369	-	(5,369)	60,527	60,527	-	(60,527)
Total Revenues	<u>7,949</u>	<u>7,949</u>	<u>1,447</u>	<u>(6,502)</u>	<u>74,807</u>	<u>74,807</u>	<u>7,858</u>	<u>(66,949)</u>
EXPENDITURES								
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	7,949	7,949	1,447	(6,502)	74,807	74,807	7,858	(66,949)
OTHER FINANCING SOURCES (USES)								
Reserves	(7,949)	(7,949)	-	7,949	(74,807)	(74,807)	-	74,807
Total Other Financing Sources (Uses)	<u>(7,949)</u>	<u>(7,949)</u>	<u>-</u>	<u>7,949</u>	<u>(74,807)</u>	<u>(74,807)</u>	<u>-</u>	<u>74,807</u>
NET CHANGE IN FUND BALANCES	-	-	1,447	1,447	-	-	7,858	7,858
Fund Balances, Beginning 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>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,163</u>	<u>\$ 7,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,243</u>	<u>\$ 70,243</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, 2015

	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	\$ 6,450	\$ 6,434	\$ 3,603	\$ (2,831)	\$ 12,330	\$ 12,320	\$ 6,575	\$ (5,745)
Net Investment Earnings	30	46	45	(1)	50	60	59	(1)
Balances Carried Forward	53,160	53,160	-	(53,160)	21,181	21,181	-	(21,181)
Total Revenues	<u>59,640</u>	<u>59,640</u>	<u>3,648</u>	<u>(55,992)</u>	<u>33,561</u>	<u>33,561</u>	<u>6,634</u>	<u>(26,927)</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	59,640	59,640	3,648	(55,992)	33,561	33,561	6,634	(26,927)
OTHER FINANCING SOURCES (USES)								
Reserves	(59,640)	(59,640)	-	59,640	(33,561)	(33,561)	-	33,561
Total Other Financing Sources (Uses)	<u>(59,640)</u>	<u>(59,640)</u>	<u>-</u>	<u>59,640</u>	<u>(33,561)</u>	<u>(33,561)</u>	<u>-</u>	<u>33,561</u>
NET CHANGE IN FUND BALANCES	-	-	3,648	3,648	-	-	6,634	6,634
Fund Balances, Beginning of Year	-	-	54,021	54,021	-	-	22,828	22,828
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,669</u>	<u>\$ 57,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,462</u>	<u>\$ 29,462</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, 2015

	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	\$ 24,363	\$ 26,946	\$ 26,945	\$ (1)	\$ -	\$ -	\$ -	\$ -
Miscellaneous Revenue	6,637	6,637	5,358					
Licenses and Permits	-	-	-	-	-	-	-	-
Net Investment Earnings	-	-	-	-	2,000	7,395	9,661	2,266
Balances Carried Forward	-	-	-	-	1,954,483	1,954,483	-	(1,954,483)
Total Revenues	<u>31,000</u>	<u>33,583</u>	<u>32,303</u>	<u>(1)</u>	<u>1,956,483</u>	<u>1,961,878</u>	<u>9,661</u>	<u>(1,952,217)</u>
EXPENDITURES								
Capital Outlay	31,000	33,583	32,267	1,316	1,260,223	1,260,223	-	1,260,223
Total Expenditures	<u>31,000</u>	<u>33,583</u>	<u>32,267</u>	<u>1,316</u>	<u>1,260,223</u>	<u>1,260,223</u>	<u>-</u>	<u>1,260,223</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	36	1,315	696,260	701,655	9,661	(691,994)
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	-	-	-
Reserves	-	-	-	-	(696,260)	(696,260)	-	696,260
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(696,260)</u>	<u>(696,260)</u>	<u>-</u>	<u>696,260</u>
NET CHANGE IN FUND BALANCES	-	-	36	1,315	-	5,395	9,661	4,266
Fund Balances, Beginning of Year	-	-	1,111	1,111	-	(5,395)	1,960,034	1,965,429
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,147</u>	<u>\$ 2,426</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,969,695</u>	<u>\$ 1,969,695</u>

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015

	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	\$ -	\$ -	\$ 12	\$ 12	\$ -
Miscellaneous Revenues	2,300	2,296	2,000	(296)	1,500	2,500	2,500	-
Balances Carried Forward	7,925	7,925	-	(7,925)	17,084	17,084	-	(17,084)
Total Revenues	10,225	10,225	2,004	(8,221)	18,584	19,596	2,512	(17,084)
EXPENDITURES								
Current:								
Public Safety	1,800	1,800	1,460	340	2,000	3,000	2,580	420
Capital Outlay	-	-	-	-	8,500	8,500	-	8,500
Total Expenditures	1,800	1,800	1,460	340	10,500	11,500	2,580	8,920
Excess (Deficiency) of Revenues Over Expenditures	8,425	8,425	544	(7,881)	8,084	8,096	(68)	(8,164)
OTHER FINANCING SOURCES (USES)								
Reserves	(8,425)	(8,425)	-	8,425	(8,084)	(8,084)	-	8,084
Total Other Financing Sources (Uses)	(8,425)	(8,425)	-	8,425	(8,084)	(8,084)	-	8,084
NET CHANGE IN FUND BALANCES	-	-	544	544	-	12	(68)	(80)
Fund Balances, Beginning of Year	-	-	7,042	7,042	-	(12)	15,784	15,796
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 7,586	\$ 7,586	\$ -	\$ -	\$ 15,716	\$ 15,716

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015

	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	\$ 19,480	\$ 4,791	\$ (14,689)	\$ -	\$ -	\$ -	\$ -
Miscellaneous Revenue	-	-	-	-	6,000	6,000	4,527	(1,473)
Net Investment Earnings	-	20	20	-	-	-	-	-
Balances Carried Forward	33,580	33,580	-	(33,580)	1,718	1,718	-	(1,718)
Total Revenues	<u>53,080</u>	<u>53,080</u>	<u>4,811</u>	<u>(48,269)</u>	<u>7,718</u>	<u>7,718</u>	<u>4,527</u>	<u>(3,191)</u>
EXPENDITURES								
Current:								
Culture and Recreation	26,622	26,622	8,413	18,209	10,090	10,090	9,528	562
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>26,622</u>	<u>26,622</u>	<u>8,413</u>	<u>18,209</u>	<u>10,090</u>	<u>10,090</u>	<u>9,528</u>	<u>562</u>
Excess (Deficiency) of Revenues Over Expenditures	26,458	26,458	(3,602)	(30,060)	(2,372)	(2,372)	(5,001)	(2,629)
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	5,000	5,000	5,000	-
Transfers Out	-	-	-	-	-	-	-	-
Reserves	(26,458)	(26,458)	-	26,458	(1,628)	(1,628)	-	1,628
Total Other Financing Sources (Uses)	<u>(26,458)</u>	<u>(26,458)</u>	<u>-</u>	<u>26,458</u>	<u>3,372</u>	<u>3,372</u>	<u>5,000</u>	<u>1,628</u>
NET CHANGE IN FUND BALANCES	-	-	(3,602)	(3,602)	1,000	1,000	(1)	(1,001)
Fund Balances, Beginning of Year	-	-	34,054	34,054	(1,000)	(1,000)	250	1,250
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,452</u>	<u>\$ 30,452</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249</u>	<u>\$ 249</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, 2015

	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	\$ 132,555	\$ 132,555	\$ 171,960	\$ 39,405	\$ 30,000	\$ 30,000	\$ 23,369	\$ (6,631)
Net Investment Earnings	-	-	-	-	-	-	-	-
Miscellaneous Revenues	-	-	-	-	-	-	-	-
Balances Carried Forward	-	-	-	-	-	-	-	-
Total Revenues	<u>132,555</u>	<u>132,555</u>	<u>171,960</u>	<u>39,405</u>	<u>30,000</u>	<u>30,000</u>	<u>23,369</u>	<u>(6,631)</u>
EXPENDITURES								
Current:								
General Government	132,555	132,555	171,960	(39,405)	-	-	-	-
Culture and Recreation	-	-	-	-	-	30,000	23,369	6,631
Capital Outlay	-	-	-	-	30,000	-	-	-
Total Expenditures	<u>132,555</u>	<u>132,555</u>	<u>171,960</u>	<u>(39,405)</u>	<u>30,000</u>	<u>30,000</u>	<u>23,369</u>	<u>6,631</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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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, 2015

	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	\$ -	\$ -	\$ -	\$ -	\$ 600	\$ 600	\$ 1,007	\$ 407
Net Investment Earnings	20	20	19	(1)	-	-	-	-
Miscellaneous Revenue	1,500	1,500	-	(1,500)	-	-	-	-
Balances Carried Forward	4,235	4,235	-	(4,235)	815,300	815,300	-	(815,300)
Total Revenues	<u>5,755</u>	<u>5,755</u>	<u>19</u>	<u>(5,736)</u>	<u>815,900</u>	<u>815,900</u>	<u>1,007</u>	<u>(814,893)</u>
EXPENDITURES								
Current:								
Transportation	-	-	-	-	(12,500)	(12,500)	-	(12,500)
Capital Outlay	-	-	-	-	1,430,000	1,430,000	581,736	848,264
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,417,500</u>	<u>1,417,500</u>	<u>581,736</u>	<u>835,764</u>
Excess (Deficiency) of Revenues Over Expenditures	5,755	5,755	19	(5,736)	(601,600)	(601,600)	(580,729)	20,871
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	855,500	855,500	499,042	(356,458)
Transfers Out	-	-	-	-	-	(200,000)	(200,000)	-
Reserves	(5,755)	(5,755)	-	5,755	(228,900)	(228,900)	-	228,900
Total Other Financing Sources (Uses)	<u>(5,755)</u>	<u>(5,755)</u>	<u>-</u>	<u>5,755</u>	<u>626,600</u>	<u>426,600</u>	<u>299,042</u>	<u>(127,558)</u>
NET CHANGE IN FUND BALANCES	-	-	19	19	25,000	(175,000)	(281,687)	(106,687)
Fund Balances, Beginning of Year	-	-	24,232	24,232	(25,000)	175,000	806,881	631,881
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,251</u>	<u>\$ 24,251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 525,194</u>	<u>\$ 525,194</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, 2015

	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	\$ 32,500	\$ 34,173	\$ 1,673
Net Investment Earnings	-	-	-	-	-	-	4	4
Balances Carried Forward	-	-	-	-	3,209	3,209	-	(3,209)
Total Revenues	-	-	-	-	35,709	35,709	34,177	(1,532)
EXPENDITURES								
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	35,709	35,709	34,177	(1,532)
OTHER FINANCING SOURCES (USES)								
Transfers In	303,780	303,780	303,780	-	-	-	-	-
Transfers Out	(303,780)	(303,780)	(303,780)	-	(35,709)	(35,709)	(35,720)	(11)
Reserves	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	(35,709)	(35,709)	(35,720)	(11)
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-	(1,543)	(1,543)
Fund Balances, Beginning of Year	-	-	-	-	-	-	3,305	3,305
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,762	\$ 1,762

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015

	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	\$ -	\$ -	\$ -	\$ -	\$ 60,862	\$ 60,862	\$ -	\$ -
Total Revenues	-	-	-	-	60,862	60,862	-	-
EXPENDITURES								
Current:								
General Government	-	-	-	-	60,862	60,862	-	60,862
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	60,862	60,862	-	60,862
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	(60,862)
OTHER FINANCING SOURCES (USES)								
Transfers In					-	-	-	-
Reserves	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-	-	(60,862)
Fund Balances, Beginning of Year	-	-	16	16	-	-	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>\$ -</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, 2015

	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	44,034	44,034	-	(44,034)	14,265	14,265	-	(14,265)
Total Revenues	<u>44,034</u>	<u>44,034</u>	<u>-</u>	<u>(44,034)</u>	<u>14,265</u>	<u>14,265</u>	<u>-</u>	<u>(14,265)</u>
EXPENDITURES								
Debt Service:								
Principal	186,371	186,371	186,371	-	7,000	7,000	7,000	-
Interest	117,409	117,409	115,482	1,927	6,765	6,765	6,741	24
Total Expenditures	<u>303,780</u>	<u>303,780</u>	<u>301,853</u>	<u>1,927</u>	<u>13,765</u>	<u>13,765</u>	<u>13,741</u>	<u>24</u>
Excess (Deficiency) of Revenues Over Expenditures	(259,746)	(259,746)	(301,853)	(42,107)	500	500	(13,741)	(14,241)
OTHER FINANCING SOURCES (USES)								
Transfers In	303,780	303,780	303,780	-	13,765	13,765	13,776	11
Transfers Out	-	-	-	-	-	-	-	-
Reserves	(44,034)	(44,034)	-	44,034	(14,265)	(14,265)	-	14,265
Total Other Financing Sources (Uses)	<u>259,746</u>	<u>259,746</u>	<u>303,780</u>	<u>44,034</u>	<u>(500)</u>	<u>(500)</u>	<u>13,776</u>	<u>14,276</u>
NET CHANGE IN FUND BALANCES	-	-	1,927	1,927	-	-	35	35
Fund Balances, Beginning of Year	-	-	45,884	45,884	-	-	14,293	14,293
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,811</u>	<u>\$ 47,811</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,328</u>	<u>\$ 14,328</u>

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015

	Permanent Fund			
	Cemetery Perpetual Care			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
Original	Final			
REVENUES				
Net Investment Earnings	\$ 660	\$ 660	\$ 164	\$ (496)
Balances Carried Forward	375,868	375,868	-	(375,868)
Total Revenues	<u>376,528</u>	<u>376,528</u>	164	<u>(376,364)</u>
EXPENDITURES				
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	376,528	376,528	164	(376,364)
OTHER FINANCING SOURCES (USES)				
Transfers In	10,000	10,000	10,000	-
Transfers Out	-	-	-	-
Reserves	<u>(386,528)</u>	<u>(386,528)</u>	-	386,528
Total Other Financing Sources (Uses)	<u>(376,528)</u>	<u>(376,528)</u>	10,000	386,528
NET CHANGE IN FUND BALANCES	-	-	10,164	10,164
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>375,385</u>	<u>353,928</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 385,549</u>	<u>\$ 364,092</u>

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2015**

	Internal Service Funds				Total Internal Service Funds
	Fleet Maintenance Fund	Vehicle Replacement Fund	Equipment Replacement Fund	Employee Benefits Fund	
ASSETS					
Current Assets:					
Pooled Cash and Investments	\$ 59,806	\$ 1,363,840	\$ 1,028	\$ 316,069	\$ 1,740,743
Prepaid	-	-	-	24,711	24,711
Inventories	2,682	-	-	-	2,682
Total Current Assets	<u>62,488</u>	<u>1,363,840</u>	<u>1,028</u>	<u>340,780</u>	<u>1,768,136</u>
Non-Current Assets:					
Machinery and Equipment	32,403	1,883,453	54,922	-	1,970,778
Less: Accumulated Depreciation	<u>32,403</u>	<u>1,166,049</u>	<u>19,417</u>	<u>-</u>	<u>1,217,869</u>
Net Capital Assets	<u>-</u>	<u>717,404</u>	<u>35,505</u>	<u>-</u>	<u>752,909</u>
Total Assets	<u><u>\$ 62,488</u></u>	<u><u>\$ 2,081,244</u></u>	<u><u>\$ 36,533</u></u>	<u><u>\$ 340,780</u></u>	<u><u>\$ 2,521,045</u></u>
LIABILITIES AND NET POSITION					
Current Liabilities:					
Accounts Payable	\$ 1,144	\$ 100,446	\$ -	\$ -	\$ 101,590
Accrued Wages Payable	2,400	-	-	-	2,400
Accrued Compensated Absences - Current	819	-	-	-	819
Other Current Liabilities	<u>333</u>	<u>-</u>	<u>-</u>	<u>32,402</u>	<u>32,735</u>
Total Current Liabilities	4,696	100,446	-	32,402	137,544
Non-Current Liabilities:					
Accrued Compensated Absences	<u>2,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,097</u>
Total Liabilities	6,793	100,446	-	32,402	139,641
NET POSITION					
Net Investment in Capital Assets	-	717,404	35,505	-	752,909
Unrestricted	<u>55,695</u>	<u>1,263,394</u>	<u>1,028</u>	<u>308,378</u>	<u>1,628,495</u>
Total Net Position	<u>55,695</u>	<u>1,980,798</u>	<u>36,533</u>	<u>308,378</u>	<u>2,381,404</u>
Total Liabilities and Net Position	<u><u>\$ 62,488</u></u>	<u><u>\$ 2,081,244</u></u>	<u><u>\$ 36,533</u></u>	<u><u>\$ 340,780</u></u>	<u><u>\$ 2,521,045</u></u>

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	Internal Service Funds				Total Internal Service Funds
	Fleet Maintenance Fund	Vehicle Replacement Fund	Equipment Replacement Fund	Employee Benefits Fund	
OPERATING REVENUE					
Charges for Services	\$ 105,549	\$ 218,813	\$ 10,000	\$ 902,232	\$ 1,236,594
Miscellaneous Revenues	-	-	-	137,656	137,656
Total Operating Revenues	<u>105,549</u>	<u>218,813</u>	<u>10,000</u>	<u>1,039,888</u>	<u>1,374,250</u>
OPERATING EXPENSES					
Personnel Services	52,661	-	-	731,510	784,171
Other Services and Charges	35,178	-	-	-	35,178
Depreciation	-	136,280	8,058	-	144,338
Total Operating Expenses	<u>87,839</u>	<u>136,280</u>	<u>8,058</u>	<u>731,510</u>	<u>963,687</u>
OPERATING INCOME (LOSS)	17,710	82,533	1,942	308,378	410,563
NONOPERATING REVENUES					
Net Investment Earnings (Loss)	8	7,552	2	-	7,562
Gain on Sale of Capital Assets	-	-	213	-	213
Total Nonoperating Revenues (Expenses)	<u>8</u>	<u>7,552</u>	<u>215</u>	<u>-</u>	<u>7,775</u>
INCOME (LOSS) BEFORE TRANSFERS	17,718	90,085	2,157	308,378	418,338
CONTRIBUTIONS AND TRANSFERS					
Transfers Out	-	(100,000)	-	-	(100,000)
Total Transfers In (Out)	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
CHANGE IN NET POSITION	17,718	(9,915)	2,157	308,378	318,338
Net Position, Beginning of Year	<u>37,977</u>	<u>1,990,713</u>	<u>34,376</u>	<u>-</u>	<u>2,063,066</u>
NET POSITION, END OF YEAR	<u>\$ 55,695</u>	<u>\$ 1,980,798</u>	<u>\$ 36,533</u>	<u>\$ 308,378</u>	<u>\$ 2,381,404</u>

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2015**

	Internal Service Funds				Total Internal Service Funds
	Fleet Maintenance Fund	Vehicle Replacement Fund	Equipment Replacement Fund	Employee Benefits Fund	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 105,549	\$ 218,813	\$ 10,000	\$ 1,039,888	\$ 1,374,250
Payments to Employees	(32,489)	96,646	-	(723,819)	(659,662)
Payments to Suppliers	(48,425)	-	-	-	(48,425)
Net Cash Provided by Operating Activities	<u>24,635</u>	<u>315,459</u>	<u>10,000</u>	<u>316,069</u>	<u>666,163</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from Other Funds	-	-	-	-	-
Transfers to Other Funds	-	(100,000)	-	-	(100,000)
Net Cash (Used) by Noncapital Financing Activities	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	-	(151,056)	(15,001)	-	(166,057)
Proceeds from Sale of Assets	-	-	-	-	-
Net Cash (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(151,056)</u>	<u>(15,001)</u>	<u>-</u>	<u>(166,057)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts of Interest and Dividends	<u>8</u>	<u>7,552</u>	<u>2</u>	<u>-</u>	<u>7,562</u>
Net Cash Provided (Used) by Investing Activities	<u>8</u>	<u>7,552</u>	<u>2</u>	<u>-</u>	<u>7,562</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	24,643	71,955	(4,999)	316,069	407,668
Cash and Cash Equivalents, Beginning of Year	<u>35,163</u>	<u>1,291,885</u>	<u>6,027</u>	<u>-</u>	<u>1,333,075</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 59,806</u>	<u>\$ 1,363,840</u>	<u>\$ 1,028</u>	<u>\$ 316,069</u>	<u>\$ 1,740,743</u>

**CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

	Internal Service Funds				Total Internal Service Funds
	Fleet Maintenance Fund	Vehicle Replacement Fund	Equipment Replacement Fund	Equipment Replacement Fund	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 17,710	\$ 82,533	\$ 1,942	\$ 308,378	\$ 410,563
Depreciation and Amortization	-	136,280	8,058	-	144,338
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
(Increase) Decrease in:					
Inventories	1,480	-	-	-	1,480
Prepays	-	-	-	(24,711)	(24,711)
Increase (Decrease) in:					
Accounts Payable	1,056	96,646	-	-	97,702
Accrued Wages Payable	1,968	-	-	-	1,968
Other Current Liabilities	153	-	-	32,402	32,555
Accrued Compensated Absences	2,268	-	-	-	2,268
Total Adjustments	<u>6,925</u>	<u>232,926</u>	<u>8,058</u>	<u>7,691</u>	<u>255,600</u>
 Net Cash Provided by Operating Activities	 <u>\$ 24,635</u>	 <u>\$ 315,459</u>	 <u>\$ 10,000</u>	 <u>\$ 316,069</u>	 <u>\$ 666,163</u>

**CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015**

	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						
Cash and Pooled Cash	\$ 2,242	\$ -	\$ 2,242	\$ 337,971	\$ 12,296	\$ 350,267
Investment in Debt Securities	-	-	-	2,230,419	1,709,888	3,940,307
Investment in Marketable Equity Securities	-	-	-	3,361,224	3,203,144	6,564,368
Prepaid Expenses	-	-	-	-	-	-
Due from Other Government Unit	-	-	-	-	-	-
Accounts Receivable	-	-	-	19,370	6,314	25,684
Net Pension Asset	-	-	-	-	-	-
Total Assets	<u>2,242</u>	<u>-</u>	<u>2,242</u>	<u>5,948,984</u>	<u>4,931,642</u>	<u>10,880,626</u>
LIABILITIES						
Other Current Liabilities	\$ -	\$ -	\$ -	\$ 3,238	\$ -	\$ 3,238
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,238</u>	<u>-</u>	<u>3,238</u>
NET POSITION						
Held in Trust for Retirement and Other Purposes	<u>2,242</u>	<u>-</u>	<u>2,242</u>	<u>5,945,746</u>	<u>4,931,642</u>	<u>10,877,388</u>
Total Net Position	<u>\$ 2,242</u>	<u>\$ -</u>	<u>\$ 2,242</u>	<u>\$ 5,945,746</u>	<u>\$ 4,931,642</u>	<u>\$ 10,877,388</u>

**CITY OF BROOKSVILLE, FLORIDA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)
 SEPTEMBER 30, 2015**

	<u>Agency Fund</u>	
	Payroll Account	Total Agency Funds
ASSETS		
Cash and Pooled Cash	\$ 15,052	\$ 15,052
Due from Other Funds	-	-
	<u>\$ 15,052</u>	<u>\$ 15,052</u>
Total Assets	<u>\$ 15,052</u>	<u>\$ 15,052</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$ 15,052	\$ 15,052
	<u>\$ 15,052</u>	<u>\$ 15,052</u>
Total Liabilities	<u>\$ 15,052</u>	<u>\$ 15,052</u>

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2015

	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	\$ -	\$ -	\$ -	\$ 315,861	\$ 181,204	\$ 497,065
Plan Members	-	-	-	20,904	12,418	33,322
Total Contributions	-	-	-	336,765	193,622	530,387
INVESTMENT EARNINGS						
Net Increase (Decrease) in Fair Value	-	-	-	(476,270)	(869,163)	(1,345,433)
Gain/(Loss) on Sales of Investments	-	-	-	241,941	686,564	928,505
Interest/Dividends	5	-	5	185,339	135,382	320,721
Total Investment Earnings	5	-	5	(48,990)	(47,217)	(96,207)
MISCELLANEOUS REVENUES	-	-	-	225	1,069	1,294
Total Additions	5	-	5	288,000	147,474	435,474
DEDUCTIONS:						
BENEFIT PAYMENTS	-	-	-	313,547	662	314,209
ADMINISTRATIVE EXPENSES	-	-	-	89,094	52,689	141,783
TRANSFERS OUT	-	(13,155)	(13,155)	-	-	-
Total Deductions	-	(13,155)	(13,155)	402,641	53,351	455,992
CHANGE IN NET POSITION	5	13,155	13,160	(114,641)	94,123	(20,518)
Net Position, Beginning of Year	2,237	(13,155)	(10,918)	6,060,387	4,837,519	10,897,906
NET POSITION, END OF YEAR	\$ 2,242	\$ -	\$ 2,242	\$ 5,945,746	\$ 4,931,642	\$ 10,877,388

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2015**

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	2015-JAGD-HERN-1-R1-074	16.738	\$ 2,583
Patrol Camera Program	2015-JAGC-HERN-2-R3-045	16.738	24,362
			<u>26,945</u>
U.S. Department of Environmental Protection			
Brownfields Assessment and Cleanup Cooperative Agreement	95498012	66.818	<u>171,960</u>
Total Federal Awards			<u><u>\$ 198,905</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, 2015

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, 2015.

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, 2015.

**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, 2015, 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 June 20, 2016.

Internal Control Over Financial Reporting

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

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

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. We consider the deficiencies described in finding 2015-001 of the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

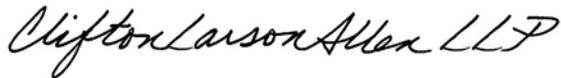
As part of obtaining reasonable assurance about whether City of Brooksville, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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*.

The City's Response to Findings

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Lakeland, Florida
June 20, 2016

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, 2015, and have issued our report thereon dated June 20, 2016.

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* Schedule of Findings and Questioned Costs; and Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated June 20, 2016, 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. There were no recommendations made in the preceding annual financial audit report.

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. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and 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.

Financial Condition (Continued)

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. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

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 recommendations.

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
June 20, 2016

**CITY OF BROOKSVILLE, FLORIDA
APPENDIX A – SCHEDULE OF CURRENT YEAR FINDINGS
SEPTEMBER 30, 2015**

Material Weakness

2015-001 – INTERNAL CONTROL OVER FINANCIAL REPORTING

Condition: The City did not record certain derived revenues, utility and sanitation billings in the period that the revenues were earned. In the current year, material adjustments to account balances were identified during the course of the audit. Material adjustments to beginning net position for the utility and sanitation funds were restated to correct the error.

Criteria: The City's management is responsible for establishing and maintaining internal controls to ensure that transactions are properly recorded and reported in the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). GASB Statement No. 33 outlines revenue recognition for non-exchange transactions.

Cause: The City previously recorded utility and sanitation billings in the month received instead of the month earned. The City previously recorded certain derived tax revenues based on the month the funds were collected by the Florida Department of Revenue rather than the month the revenue was earned.

Effect: Beginning net position of the business-type activities of the Utility fund was understated by \$408,107. Prior year balance has been restated to correct the error. Account balances were adjusted to correct errors in current year balances for the following accounts:

- Utility billings and accounts receivable
- Derived tax revenues and accounts receivable

Recommendation: Management should continue to evaluate revenue transactions to ensure revenue is recognized in accordance with GAAP.

Management Response: We agree with the audit findings, and the following actions will be taken to improve the situation. We will record all revenues in the month earned instead of the month received or collected. Also, a monthly reconciliation will be done instead of annually of these accounts. It is our goal to remain in compliance with all Generally Accepted Accounting Principles (GAAP) and the Government Accounting Standards Board (GASB).



CliftonLarsonAllen LLP
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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, 2015. 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, 2015.

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.

A handwritten signature in black ink that reads 'CliftonLarsonAllen LLP'.

CliftonLarsonAllen LLP

Lakeland, Florida
June 20, 2016