INTRODUCTORY SECTION

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CITY OF BROOKSVILLE, FLORIDA
GOVERNMENTAL OFFICIALS

CITY COUNCIL

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

CITY MANAGER

T. JENNENE NORMAN-VACHA

DIRECTOR OF FINANCE

STEPHEN J. BAUMGARTNER

CITY CLERK

JANICE L. PETERS

CITY ATTORNEY

THE HOGAN LAW FIRM

FINANCIAL SECTION

OLIVER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

City Council
City of Brooksville, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brooksville, Florida, as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Brooksville's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brooksville, Florida as of September 30, 2011, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the City of Brooksville Community Redevelopment Agency Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated March 26, 2012 on our consideration of the City of Brooksville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Members of:
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants
PCPS, The AICPA Alliance for CPA Firms

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Other Offices In: Citrus and Spring Hill

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

OLIVER & COMPANY, P.A.

Oliver & Company, P.A.

March 26, 2012

CITY OF BROOKSVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011

The City of Brooksville's (the "City") discussion and analysis is intended to provide a narrative introduction to the basic financial statements and an analytical overview of the City's financial activities for the fiscal year ending September 30, 2011. This is the seventh year the City has prepared financial statements in accordance with the guidelines prescribed in Governmental Accounting Standards Board's (GASB) Statement No. 34.

FINANCIAL HIGHLIGHTS

- The Assets of the City of Brooksville exceeded its liabilities at September 30, 2011 by $43,400,509 (net assets) and increased $2,578,122. Of this amount, $4,586,781 of unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.
- As of September 30, 2011, the City of Brooksville's governmental funds reported combining ending fund balances of $9,119,612 which increased $4,082,263 from the previous fiscal year. The large increase in fund balance in our governmental funds is due to the balance in the Capital Improvement Revenue 2011 Bond Fund balance of $3,168,449 (energy loan) and the Bond Settlement Fund of $1,290,870 (bond settlement monies).
- General Fund expenditures and Transfers Out came in under final budget projections by $451,563. The annual GASB adjustments performed by the Auditors created over budget variances primarily in Public Safety and Transportation which is adjusted by the offset entries to Transfers Out. These represent the annual transfers to our Internal Service Vehicle Maintenance Fund and our Vehicle Replacement Fund. Prior to these annual adjustments, the Public Safety Departments (Police and Fire) were under budget.
- Total General Fund expenditures including Transfers Out are down from 09/10 by $990,844. The major differences in the drop are legal expenses decreasing by approximately $110,000 and the 09-10 capital outlay for the Fire Station addition totaling $394,000.
- Utility Fund Cash and Cash Equivalents increased from $4,975,967 at the beginning of the fiscal year to $6,139,343 at the end of the fiscal year. The primary reason in the increase in cash due to the Bond settlement of $1,339,324 that was transferred to the Utility Fund. Of the $6,139,343 Cash and Cash Equivalents, $2,730,642 is unrestricted.
- The Cash & Cash Equivalents for the Sanitation Fund decreased from $806,222 at the beginning of the fiscal year to $679,019 at the end of the fiscal year. The Sanitation Fund purchased equipment in the amount of $350,275 by paying cash which accounted for the decrease in Cash Equivalents.
- Total net assets of the Pension Trust Funds (Police and Fire) increased by $70,045 dividends. Net assets of the two plans were $7,282,057.

- City adopted an electric and propane Public Service Tax effective 1/1/04. In the 10-11 fiscal year the tax brought in $717,829 in revenues. This is a decrease of $65,358 from the previous fiscal year.
- The City of Brooksville complied with the maximum millage levy allowed by Florida Department of Revenue Chapter 2007-321. The City's millage in 2011 was set at 6.3700 mills. The maximum millage allowed with a majority vote was 10.5376. The millage rate was 6.3700 in 2010.
- On April 28, 2011, the City Council approved the Guaranteed Energy Savings Performance Contract with Energy Systems (ESG). The City with ESG designed projects that are guaranteed to generate energy and operational savings. This energy project is guaranteed by ESG to generate enough savings to offset the loan payments. The projects selected are City Hall and Public Works HVAC, City Hall roof, Public Works and Walking Trail Lighting, and radio-read meter change out. Through SunTrust, the City issued debt on May 20, 2011 in the amount of $3,333,022 entitled "City of Brooksville, Florida Capital Improvement Revenue Note, Series 2011, and Financing Energy Performance Projects." The radio read meter project started in the summer of 2011 and was completed in October 2011. At this writing, most of the projects are completed with the exception of the City Hall HVAC.
- Our Water and Wastewater Utility completed the painting of the Liberty Street Water Tower in the spring of 2011. The cost of the painting was $213,094. In addition a 2011 Ford F-750 Dump Truck was purchased at a cost of $62,214 from Utility Reserve monies.
- The City's Solid Waste Fund purchased in 10-11 a 2011 Peterbilt Model 320 Front Loader Garbage Truck at a cost of $216,968. The 2011 Peterbilt replaced a 99 Peterbilt with approximately 145,000 miles. In addition, the Fund purchased a 2011 Peterbilt Model 337 Boom Truck at a cost of $127,824. The new boom truck replaced a 1992 Peterbilt with approximately 153,000 miles. The monies for both vehicles came out of the Solid Waste reserves.
- Funding through the City's Vehicle Replacement Fund purchased nine vehicles costing $177,762 in 10-11. The Vehicle Replacement Fund purchased a 2011 Ford F-150 ($15,557) for our Cemetery Division; a 2011 Ford Ranger ($15,169) was purchased for our Code Enforcement Officer (Community Development Department); Parks and Facilities received a 2011 Ford F-350 ($23,652) and a Ford F-150 ($15,557); our Police Department received a 2011 Ford Crown Victoria Interceptor cruiser ($26,509); our Streets Department received three Ford 2011 pickups (two F-250's and one F-150) at a total cost of $56,805; and our Utilities Fund purchased a 2011 Ford F-250 with utility bed at the cost of $24,513.
- In 10-11 reserves through the City's Equipment Replacement Fund purchased a Gravely ZTR lawn mower for our Cemetery Division at a cost of $5,264.
- In 10-11 through the U.S. Justice Assistance Grant Program entitled Marked Patrol Purchase Program Grant; the Brooksville Police Department was awarded $55,811. The grant purchased two 2011 Ford Crown Victoria Interceptor cruisers.
- The City's Multi-Capital Fund (a Capital Projects Fund) paid for the enlargement of a retention pond located at the City's Quarry Golf Course. The cost of the enlargement was $18,533. In addition, from reserves in the Multi-Capital Fund, our Streets Department purchased a JCB Backhoe Loader at a cost of $62,494 and a 2011 Ford F-850 Dump

Truck at a cost of $85,552. The new Backhoe replaced a 1997 Caterpillar with 6,400 hours and the new dump truck replaced a 1985 Chevrolet with approximately 97,000 miles.

- Our McKethan Capital Projects Fund funded a new park fence at Tom Varn Ball Park at a cost of $5,098.
- Funding from the U.S. Fish and Wildlife Service Rural Fire Assistance Grant provided to our Fire Department wild land suppression equipment. The grant paid for a nozzle for the City Fire Brush Truck at a cost of $9,910; the grant totaled $18,622.

CITY HIGHLIGHTS

- On May 25, 2011 the Grand Opening of the Mining Association Enrichment Center was held. On November 17, 2008, City Council approved Resolution 2008-30 which gave support for the Special Needs disaster Shelter in collaboration with the Enrichment Center, Inc. of Hernando County (ECI). The old Quarry Golf Cart Storage Facility was remodeled to a 2 story 13,276 square foot multi-purchase building to be used by ECI for senior activities, the Quarry Golf Course Offices, city sponsored recreation programs (First Tee Program as an example), and also as a special needs disaster shelter. Subsequently, in 2012 the City Council has used the ECI Building for Council Meetings while City Hall was being renovated. The construction funds came from the City providing the building and land (valued at $701,290); $600,000 from the State of Florida Division of Emergency Management; Federal funding appropriations of $600,000; and the Hernando County Board of County Commissioners provided $100,000. The City booked the additional value of $1,300,000 in the 10-11 Fiscal Year on their fixed assets. The Mining Association Enrichment Center is owned by the City which is governed by an Occupancy Agreement with the City as the Lessor and Enrichment Center, Inc. of Hernando County as Lessee. The terms of the lease between the City of Brooksville and ECI are for 40 years with options of two additional twenty year term.
- The City effective in the 11-12 Budget contracted their Quarry Golf Course to Mr. Robert Carson. The Quarry had been experiencing operating losses for a number of fiscal years. With this contract, the City is able to keep the Quarry Golf Course open for her citizens without the operating losses to the General Fund.
- The City was awarded a Federal American Recovery and Reinvestment Act (ARRA) of $2,409,827 in 2009. Of that amount, $1,044,363 (including service fee of $8,197) is two State Revolving Loans at 2.30% interest for 20 years. The remaining $1,370,200 was an ARRA principal forgiveness Grant. The program is through the Florida Department of Environmental Protection entitled FDEP Small Community Wastewater Facility Grant/SRF loan. The project was completed in the spring of 2011.
- In June 2011, the City met with a mutual agreement settling their lawsuit entitled City of Brooksville v. Travelers Casualty and Surety Company and Chubb Group Insurance Companies. The lawsuit was a result of the Landmar Developers' Chapter 11 bankruptcy and failure to complete their obligations under the Development Agreements for the Southern Hills Plantation area. Performance Bonds were issued to the City by Travelers and Chubb. In September 2010, the City filed suit against Travelers and Chubb. A mutual settlement agreement was reached by the City, Travelers, Chubb, and Duke Energy Corporation (the guarantor on the bonds). As a result of the mutual agreement,

the City received $3,500,000 in favor of releasing the City's legal claims on the performance bonds. The legal fees associated with the settlement were $875,000 which was paid out of the proceeds from Duke.

- The South Brooksville Water, Sewer, and Storm water project is a joint project between Hernando County and the City of Brooksville. Hernando County issued the notice to proceed on July 12, 2011. The project is expected to be completed in June 2012. The total cost of the project is estimated at $1,094,013 with $750,000 being paid by a Community Development Block-NR Grant awarded to Hernando County. The City's estimated obligations are $75,000. The City paid for the entire engineering design costs of $28,787 in 10-11 to make the project CDBG eligible. The project is located in the unincorporated area of the County that lies within the City's water and sewer service area. There are 33 residences on St. Frances and Easy Streets that will benefit from the project. The portion of the project associated with the City's utility fund involves replacing undersized water lines with 8-inch water lines and installing fire hydrants for adequate fire-fighting. There will be plumbing upgrades to install new house sewer lines and interconnects to the new sewer system. In addition, the project will pay for the abandonment and removal of septic tank (beginning in April 2012). The City will own the water and sewer lines when completed and add new sewer customers to their system which will increase our utility's revenues.
- The City's past annexations should create substantial growth in the future; however the economic crisis has slowed new construction substantially. 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 09-10 one (1) single family residential permits was issued in the Southern Hills Plantation and was completed in November 2011. The value of the new home totaled $625,000. In 10-11 four (4) new single family residential permits were issued at a construction cost of $1,194,370 of which one (1) has been Certified for Occupancy and the other three (3) are currently under construction. As of 03/26/2012 there have been four (4) new single family residential permits issued, of which two (2) have been Certified for Occupancy and two (2) are currently under construction. The value of the homes total $553,897.
- Cascades at Southern Hills retirement development had plans to build out to 925 units. On November 9, 2007 Levitt & Sons Hernando County, LLC filed Chapter 11 Bankruptcy. Levitt & Sons were developing Cascades at Southern Hills. On October 31, 2009 this property was purchased by a development company with corporate names listed known as CASHP1, 2 & 3LLC's. In the Cascades, eleven (11) new homes were permitted and Certified for Occupancy in 09-10 totaling $1,757,367. In 10-11 three (3) new residential homes were permitted and Certified for Occupancy with construction cost of $392,240. As of 03/26/2012, two (2) new residential homes have been permitted and currently under construction with a construction value total of $230,000.
- Majestic Oaks near the Brooksville County Club is proposing 900 units.

- In 09-10, outside of the Southern Hills development area there were two (2) single family residential homes permitted and Certified for Occupancy within the City with a total construction cost of $136,500. In 10-11, outside of the Southern Hills Plantation development, there were three (3) new single family residential homes permitted of which all three (3) have been Certified for Occupancy at a construction cost of $212,950.
- The old Brooksville Regional Hospital Facility was renovated to include adult living units and commercial space. The Grande is an adult living facility with 75 units which are now being leased. The commercial renovations were completed to provide 60,000 square feet of commercial space and the project was called Oaks Towne Centre. Due to the current economic climate and the fact the residential portion of The Grande is at full capacity; the project owner of the commercial space has elected to convert said space into 95 additional residential units. The work to convert the commercial space into residential units is expected to be permitted and completed during the 11-12 fiscal year. As of 3/26/2012 The Grande Phase II has been permitted and the construction value is $1,100,000.
- In 08-09 there was limited commercial permit activity. The activity included the City fire station renovation and a renovation of the County animal control building. In 09-10, McDonald's and I.R.E. Ground Services had commercial renovations. The total construction costs permitted in 09-10 were $250,000. In 10-11 permits were issued for the Enrichment Center at the Quarry in the amount of $1,000,000. Also, in 10-11, there were 22 additional permits issued for commercial interior build outs, renovations, additions/expansions and ADA Compliance which totaled $1,108,000.
- In 2006, the City took back the Building Division services function that was being provided by Hernando County. The City hired PDCS, LLC as the contractual company to handle the building inspections and the building permits activity for the City. In 2009, the Building Division moved from 25 East Liberty to the 2nd Floor of the Brooksville City Hall where they continue to provide the permitting and inspection services.
- Within the City's Internal Service Fund, the City has accumulated over $1.3 million in unrestricted reserves to purchase new vehicles and equipment. City Departments contribute to the Internal Service Vehicle Replacement cash reserves for their future purchases.

USING THIS ANNUAL REPORT

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

Government-wide Financial Statements

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

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

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

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

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial transactions of the City are recorded in individual funds and each fund has a self-balancing set of accounts. All of the funds of the City can be divided into three categories: governmental, proprietary, and fiduciary. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.
The City maintains 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 Utility Fund, and Sanitation Fund, which are considered to be major funds. Data from the non-major

governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in this report, immediately following the notes to the financial statements.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the governmental-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 governmental-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

The basic governmental fund financial statements can be found on pages 6-12 of this report.

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

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

The proprietary fund financial statements can be found on pages 13-17 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 six fiduciary funds are Butterweck Bond Fund, Donor Memorial Wall, HRA Fund, Payroll, Police Retirement and the Firefighters' Retirement.

The basic fiduciary fund financial statements can be found on pages 18-19 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 20-53 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 54-83 of this report.

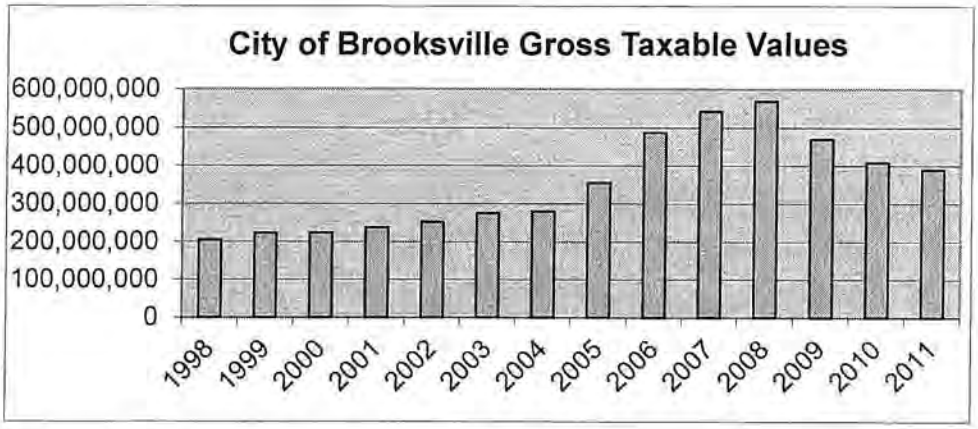
ECONOMIC FACTORS

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

The annual estimates for the population of Brooksville were identified as being 7,747 which was used in the FY 11-12 State Revenue Sharing calculations. This was a 1.1% increase over FY 10-11. The City of Brooksville's Community Development Department estimates that the City will experience growth in population of 14.3% over the next 10 years. This estimate is based on the 2010 U.S. Census and the growth in the last decade within the City.

Although, the official data from the Hernando County Property Appraisers for 2012 is not yet available it is expected that the City's taxable values could drop as much as 5% to 6% or more in the City of Brooksville. In the 2011 Tax Year the current year gross taxable values for operating purposes were $390,017,831; in the 2010 Tax year the final gross taxable values were $429,235,204. This is a drop in taxable values of $39,217,503 and a 9.14% decline in values in one year. In the 2008, the final gross taxable values were $568,431,915 (the highest in the City's history); this is a decline of $178,635,479 from 2008 to 2011 and over a 31% loss in values in that period. At the 2011 millage rate of 6.3700 mills, the decline of $178,635,479 represents a decrease in Ad Valorem revenues of approximately $1,081,00 (at 95%) in the span from the high in 2008 to 2011. This has been a challenge for many Florida cities as their property values drop. We believe we are nearing the bottom; however we may experience our 4th consequent year of

falling values if 2012 continues with the same trend. The reader can see the decline from 2009 to the present on the chart below.



Hernando County's unemployment stood at 12.7% in December 2011. The State of Florida's average in December 2011 was 9.9%. The highest unemployment rate in Hernando County in the last 20 years was 15.4% recorded in November 2010. The halt in residential and commercial construction hit the County hard. As an indicator, the City in 06-07 collected $183,685 in Building permits. In 07-08 the City collected $128,932 in Building permits; and in 08-09 the City collected 123,831—a 33% decline from 06-07. In 09-10, the City collected $112,109 Building permits revenues and in 10-11 the City collected $95,835. This is the 4th year in a row the revenues have dropped from the previous fiscal year. The table above shows the history of gross taxable values since 1998.

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

In the last 8 years, the City increased the size of the City 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 millage of 6.37 mills the last two years. The list of national retailers who are in the City includes Wal-Mart, Lowe's Home

Improvement, Tractor Supply, Applebee's, Dunkin Donuts and Baskin Robbins, McDonalds, Wendy's, Arby's, CVS, and Walgreen's. Countless other established retailers and small local businesses continue to do business in our City. In 2009, Beef O'Brady's Restaurant was a new addition to the City and an Express Lube was completed on Cortez Boulevard. In 09-10 LRE Ground Services purchased the former Grubbs property on South Main Street for their operations. Also, the beautiful renovation of the Old Brooksville Regional Hospital to The Grande (75 assisted living units) and commercial square footage space of the Oaks Towne Centre has become a great asset after the vacancy left by Brooksville Regional Hospital move to their new facility. Due to the economic climate and the fact that the residential portion of The Grande is at full capacity, the project owner of the commercial space has elected to convert said space into 95 additional residential units. As of 03/26/2012 The Grande Phase II has been permitted and the construction value is $1,100,000.

The City is also being proactive in how it will accommodate new growth by planning in advance to upgrade City facilities. In particular, the City is currently making improvements to its water and sewer transmission lines so that existing and future customers can take advantage of the highest quality services. The City has also established a private-public partnership venture to expand its wastewater treatment facility, which will provide reuse water for irrigation purposes. The Developer and the City made a direct purchase of equipment for the Wastewater Treatment Plant and stored the equipment until actual construction begins. There was a delay in the construction due to the bankruptcy of the Developer. However, the City was able to settle its lawsuit with the bonding companies and proceeded with the planned improvements to their Cobb Road Water Reclamation Facility at a cost of $3,285,000 in October 2011. The re-use component of our Cobb Road Waste Reclamation Facility will be a huge asset to the City and her residents for years to come. In addition to infrastructure improvements, the City is expanding and improving public areas like parks and landscaped right-of-ways so as to create an ideal environment for people to live, work and play.

Prominent businessman Dr. Dennis Wilfong is serving as Brooksville's Ambassador of Commerce and Employment to promote business and development in the City and Hernando County. His voluntary assistance along with Mrs. Michael Heard is encouraging businesses to look at Brooksville as a great place to live and work. Ms. Heard also serves as the President/Festival Coordinator of the Florida Blueberry Festival which will be held in the City May 4-6, 2012. This is part of the pro-active approach of the City Council and the City Manager to encourage growth and promote our beautiful City.

The City is also taking on significant "green initiatives" by retrofitting lighting in City facilitates to save electricity (and taxpayer dollars). On April 12, 2011, the City Council approved the Guaranteed Energy Savings Performance Contract. Council approved the conservation measures projects to move forward to be completed through the guaranteed energy Savings Performance contract. The selected conservation projects totaling $3,333,022 are the City Hall HVAC, City Hall roof, Public Works HVAC, Public Works lighting, walking trail lighting, and radio-read water meter replacement. Also, the City has partnered with the Brooksville Wal-Mart Distribution center to provide curb-side recycling to City residents which began September 2, 2009. There is no charge to the City residents for this program.

The growth has slowed, but the City is optimistic that growth will come back with a City that offers many amenities to her residents. The tables on 3 K and 3 L highlight some of the noteworthy development activity that has been planned in and around the City of Brooksville.

Project Name	Acreage	Land Use	Units	Comments/Status
GGW, LLC/BTM, LLC	75	Single Family Residential	131 Units proposed	Annexed Land use and zoning approved
Brooksville Associates Wiscon Rd.	41.165	Townhouses	156 Units proposed	Zoning, Master Plan approved
Villa Rosa (Ty Underwood)North Avenue	9	Townhouse project changed to senior housing complex.	Proposing 100 units	Zoning approved Master Plan revision approved (2-13-08). Project on hold
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 and 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 being built in 2012	Approved master plan/plat. Adult living units completed; commercial plan abandoned and 95 additional residential units are now under construction within the previously planned commercial space

Project	Acreage	Land Use	Units	Comments/Status
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 I..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 completed 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 approved 6/18/ 08.
Brooksville Country Club North end of Majestic Oaks	168 41	Residential Units Townhouse Units	53 SFR 80 MRF 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

THE CITY AS A WHOLE

The City's combined net assets as of September 30, 2011 were $43,400,509. The following Table 1 reflects the condensed Statement of Net Assets for the last two years:

Table 1

City of Brooksville Net Assets

	Governmental Activities		Business Type Activities		Primary Government	
	2011	2010	2011	2010	2011	2010
Current and other assets	10,995,495	7,151,161	7,032,704	7,024,476	18,028,199	14,175,637
Capital Assets, net of deprec.	11,001,057	9,423,660	35,276,395	34,722,318	46,277,452	44,145,978
Unrestricted	21,996,552	16,574,821	42,309,099	41,746,794	64,305,651	58,321,615
Long-Term Liabilities	(4,006,807)	(780,793)	(13,660,832)	(13,920,564)	(17,667,639)	(14,701,357)
Other Liabilities	(696,262)	(862,088)	(2,541,241)	(1,935,783)	(3,237,503)	(2,797,871)
Total Liabilities	(4,703,069)	(1,642,881)	(16,202,073)	(15,856,347)	(20,905,142)	(17,499,228)
Net Assets:						
Invested in capital assets	7,029,757	8,639,703	22,123,393	21,423,110	29,153,150	30,062,813
Restricted	7,466,968		2,193,610	1,009,172	9,660,578	1,009,172
Unrestricted	2,796,758	6,292,237	1,790,023	3,458,165	4,586,781	9,750,402
Total Net Assets	17,293,483	14,931,940	26,107,026	25,890,447	43,400,509	40,822,387

The largest portion of the City's net assets (67.2%) are its investment in capital assets such as land, buildings, and machinery and equipment, less the outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens; consequently these assets are not available for future spending. It is also important to recognize that other resources will be required to repay the outstanding debt on capital assets. Restricted net assets, representing (22.2%) of total net assets, are based on Government Accounting Standards Board Statement No. 54 for Governmental Activities. The restricted for business type activities is external restrictions on how the funds may be used. The remaining 10.6% are unrestricted net assets. The unrestricted net assets total $4,586,781 which may be used to meet the City's ongoing obligations to citizens and creditors. The City's overall financial position continues to be healthy. The City's current assets (primarily cash) have increased from the previous year. Liabilities have increased due to the State Revolving Fund Loan to the Utility Fund and the SunTrust Energy Performance Loan in our General Fund.

Table 2 on Page 3N is the condensed Change in Net Assets for the fiscal year ended September 30, 2011. 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 $8,536,581 going up 3.9% from last year. The City's total Governmental Activities Revenues increased $1,952,709 due to the Bond Settlement monies of $3,500,000 (in Miscellaneous revenues) and a deduction thru transfers to the Utility Fund of $1,339,224 for the Utility Fund's share of the Bond settlement monies.

Property tax collections went up $63,709 primarily due delinquent (previous years) tax collections. Table 2 shows the cost of Business-type expense activities was $6,269,181 (increase of 37% over last year). This large increase is due to the change out of the City Utility's water meters to radio read meters at a cost of approximately $1.4 million. The Business-type accounts Revenues increased from 2010 to 2011 by $1,377,016; this was due to the increase thru transfers to the Utility Fund of $1,339,224 for the Utility Fund's share of the Bond settlement monies. Business-type charges for services increased due to a rate adjustment.

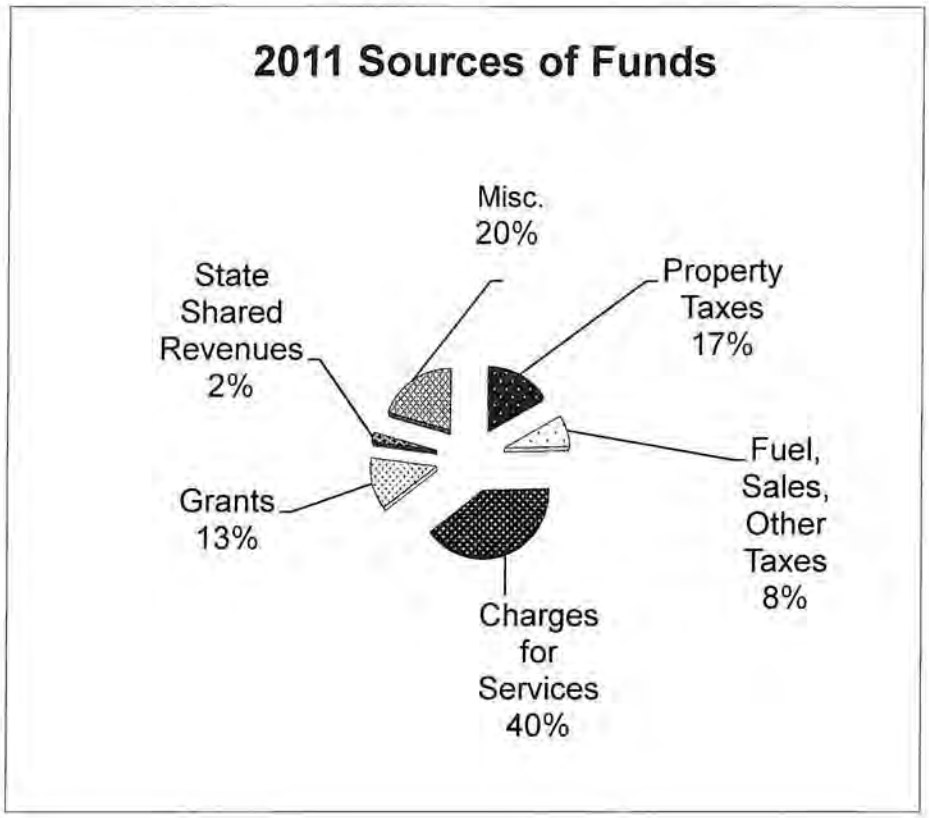
Table 2
City of Brooksville, Florida's Change in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenues						
Charges for Services	1,683,855	2,694,257	5,003,634	4,656,783	6,687,489	7,351,040
Operating Grants & Contributions	1,437,047	706,358			1,437,047	706,358
Capital Grants & Contributions	156,316	86,247	579,666	825,721	735,982	911,968
Property Taxes	2,784,300	2,720,591			2,784,300	2,720,591
Fuel Taxes	277,590	283,452			277,590	283,452
Sales Taxes	339,796	337,566			339,796	337,566
Other Taxes	746,741	819,976			746,741	819,976
Impact Fees	24,536	13,550			24,536	13,550
State Shared Revenues	401,789	400,091			401,789	400,091
Investment Earning	48,310	74,318	26,523	42,224	74,833	116,542
Miscellaneous	3,811,808	306,722	47,421	58,780	3,859,229	365,502
Sale of Capital Assets	0	19,487	14,552	8,036	14,552	27,523
Interfund Transfers	(813,964)	482,800	813,964	(482,800)		
Total Revenues	10,898,124	8,945,415	6,485,760	5,108,744	17,383,884	14,054,159
Expenses						
General Government	2,813,374	2,213,274			2,813,374	2,213,274
Public Safety	3,551,502	3,853,011			3,551,502	3,853,011
Physical Environment	297,568	230,999			297,568	230,999
Transportation	685,446	731,518			685,446	731,518
Culture & Recreation	1,158,527	1,145,496			1,158,527	1,145,496
Interest on long-term debt	30,164	38,031			30,164	38,031
Utility Fund			5,155,627	3,576,622	5,155,627	3,576,622
Sanitation Fund			1,113,554	998,076	1,113,554	998,076
Total Expenses	8,536,581	8,212,329	6,269,181	4,574,698	14,805,762	12,787,027
Change in Net Assets	2,361,543	733,086	216,579	534,046	2,578,122	1,267,132
Net Assets, Beginning of Year	14,931,940	14,198,854	25,890,447	25,356,401	40,822,387	39,555,255
Net Assets, End of Year	17,293,483	14,931,940	26,107,026	25,890,447	43,400,509	40,822,387

On Table 2, the total Primary Government Expenses were $14,805,762. The increase is due primarily due to the radio read meter energy savings project. Total Primary Government

Revenues were up due to the Bond Settlement of $3,500,000. Operating and Capital grants and contributions totaled $2,173,029. The Mining Association Enrichment Center Building improvement donation of $1,300,000 is included in this number. Taxes brought in to the City totaled $4,148,427. Approximately 23.95% of the City's total revenues came from taxes.

The Pie Chart below shows the 2011 Sources of Funds Government-wide with the data obtained from Table 2 above. Charges for Services provide 40% of our Revenues. Property Taxes provide 17% and Fuel, Sales, and Other Taxes provide 8%. State Shared Revenues and Miscellaneous provide 22%. Grants this year provided 13% of the City's revenues. Miscellaneous is abnormally high due to the bond settlement of $3,500.00. The dependence on revenues, such as sales and use taxes and state revenue sharing limits the City's ability to change or improve revenue streams as part of managing resources. Also, the dependence on property taxes and State revenues create issues if the City's property values drop and if the State revenue collections drop due to the economic downturn. Also, there are concerns on how long the economic downturn will continue especially in the State of Florida. This indicates more dependence on revenue streams that the City can manage versus State revenues that are outside our control.



The City's Funds

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

Governmental Funds

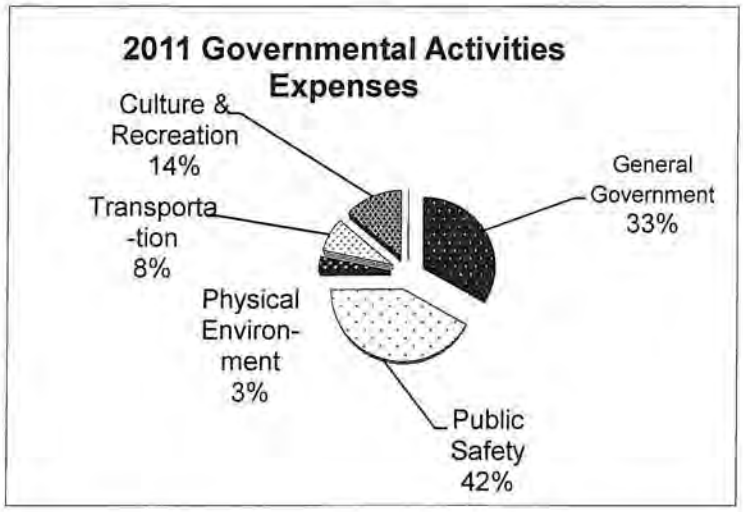
Governmental funds are comprised of the general fund, special revenue funds, permanent fund, and capital projects funds. Governmental funds use the current financial resources measurement focus that provides information on the near-term inflows, outflows and balances of spendable resources. See page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

There are two major Funds in the Governmental Fund group. The two are General Fund and Brooksville Community Redevelopment Agency. To determine a Major Fund, GASB 34 requires a two-step process based on 10% and 5% criteria. The General Fund is the chief operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund. At the end of the fiscal year, the fund balance of the General Fund was $255,886. The fund balance has declined due to decreased property values and lower property taxes. Also, property tax collections are down due to the economic situation.

The Brooksville Community Redevelopment Agency is considered a Major Fund based on Section 163.387(8) F.S. In meeting the statutory requirements, the CRA Trust Fund must be treated as a Major Fund. The Brooksville CRA Fund Balance was $455,854 at 09/30/11.

The non-major Governmental Funds consist of Special Revenue Funds, Capital Projects Funds, and a Permanent Fund. The non-major Government Funds had a year-end Fund Balance of $8,407,872. Please see page 7 for the Governmental Funds Balance Sheet. Together the City had approximately $9.12 million in Fund Balance Reserves as opposed to $5.04 million in the previous year.

The pie chart on the next page indicates the percentage of dollars spent on governmental activities. Public Safety makes up 42% of the City's Governmental Activities. General Government is 33% of the total Governmental Activities. General Government includes City Manager's Office, Finance, Human Resources, Community Development, and Management Information Services. Streets are 8% and Culture and Recreation activities are 14%. Physical Environment is 3%. The information is obtained from Table 2 on page 3N.



Proprietary Funds

The City's proprietary funds are comprised of enterprise funds and internal service funds. An enterprise fund is used to account for activities for which a fee is charged to external users for goods and services. Also, included is Internal Service Funds, which provides services to other City departments. See page 13 for the beginning of the Proprietary Funds detail.

The Utility Fund represents the City's water and sewer utility. The Fund experienced a change in net assets of $64,975. Capital Grants and Contributions were the primary reason for the increase. Current Assets decreased by $989,777 from the previous fiscal year due to payment of Grant Receivables. Total liabilities increased by $704,515 from the previous fiscal year. This increase is due to 2011 State Revolving Fund Loan. Charges for services increased $353,120 from the previous year due to rate increases. Operating expenses were up by $1,591,193 from the previous year due to radio-read meter purchases.

The Sanitation Fund sustained change in net assets of $113,909. The change in net assets indicates a continued positive increase in the Sanitation Fund net assets. The Fund also purchased a Sanitation Truck and a Boom Truck out of their cash reserves without the need to borrow the funds.

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

VEHICLE REPLACEMENT RESERVES

Administration & Finance	51,717
Police	101,080
Fire	580,909
Streets	88,967
Parks	1,624
General Fund Total	824,297
Utility Fund	112,742
Sanitation Fund	397,378
Proprietary Funds Total	510,120
Grand Total	1,334,417

Capital Assets

The City's capital assets (net of accumulated depreciation) as of September 30, 2011 reflect an investment of $46,277,452 on Statement of Net Assets. Please refer to Note H beginning on pages 42 and 43 to review detail of the Capital Asset activity for the fiscal year ended 9/30/11.

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

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

- The City booked the remodeling of the Mining Association Enrichment Center at a value of $1,300,000. This was collaboration with the Enrichment Center of Hernando County that remodeled the City's Quarry Golf Course Storage Facility to a 2 story 13,276 square foot multi-purpose building.
- The City's Vehicle Replacement Fund purchased 9 vehicles costing $177,762.
- The City of Brooksville Police Department purchased two police cars with a grant from the U.S. Department of Justice totaling $55,811.
- The City's Multi-Capital Fund provided the monies for the enlargement of a retention pond at the Quarry Golf Course at a cost of $18,533. In addition the Fund purchased a dump truck and a backhoe at a cost of $148,046 for our Streets Department's use.
- The City Energy Performance projects began in the summer of 2011. The City spent on new radio-read meters approximately $1.4 million. A large portion of the meters are not capitalized due to the cost, but expensed. The other energy projects included $128,600 for City Hall HVAC plus an additional $37,983 split among the other energy projects.
- Park Impact Fees constructed new Volley Ball Courts at Tom Varn Park at a cost of $27,744. The courts are in CIP and not completed at fiscal year end.

- The Brooksville Community Redevelopment Agency spent $18,057 for updating the Community Redevelopment Plan and assisting the Agency in moving forward in implementing future projects.
- Construction work that began in 09-10 on the Sewer Rehabilitation, Phase III project was completed in 10-11. The total budget of the sewer rehabilitation was $2,409,827 and was completed in February 2011. The grant portion is $1,370,200 and the loan amount if $1,044,362. The source of the funds for the grant is the Federal American Recovery and Reinvestment Act (ARRA) and the loans are from ARRA and the Florida Department of Environmental Protection, State Revolving Fund.
- The Sewer Rehabilitation Phase III project at completion accomplished a total of 33.9 miles of sewer lines being cleaned and videotaped. A total of 101 manholes were rehabilitated and numerous other sewer improvements to the City's older system.
- The Utility Fund expended $23,400 on the Hope Hill Well replacement project. A dump truck was purchased by the Utility Fund at a cost of $64,214.
- Also, through CDBG Neighborhood Revitalization funding the Utility Fund expended $43,202 on the water main/fire hydrant project.
- The Solid Waste Fund purchased a 2011 Peterbilt Garbage Truck at a cost of $216,968. This was purchased from Solid Waste reserves with no debt attached. . The Solid Waste Fund also purchased a Peterbilt 2011 Boom truck for their operations in the amount of $127,824.

Long-term Debt

General Fund paid off the City Hall Building/Park Office Loan with SunTrust in October 2010.

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, 2011 is $456,278 with an interest rate of 4.23% maturing May 10, 2021. See Note G page 41 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 G on page 39 and 40. The balance as of 9/30/2011 is $182,000. In addition to the regular debt service payment, an additional $20,000 principal payment was made on this Bond in 10-11. The City has budgeted since Fiscal year 07-08 to pay additional principal payments totaling $60,000. 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 G page 41.

The Utility Fund has two Revenue Bonds. Refer to Note D beginning on page 29:

- The 1999 Water and Sewer Revenue Bond have a principal balance due of $5,619,000 and are due in 2039. The bonds carry interest rates of 3.25%. The funds were used for the construction of the Cobb Road Wastewater Treatment Plant and transmission lines.
- In November 2002, the City issued $6,610,000 in Water and Sewer Revenue Refunding Bonds to refund outstanding 1988A and 1992 Series bonds. As a result of the refunding, the City reduced their debt service requirements by $1,257,216. The bonds carry interest rates varying from 2.50% to 4.60%. The principal balance due as of 9/30/11 is $3,820,000.

The Hancock Bank City of Brooksville, Florida Subordinated Water & Sewer Revenue Notes in the amount of $1,558,656 were issued July 23, 2008. The loan has quarterly installments with 3.49% interest rate maturing August 15, 2018. The balance as of 9/30/11 is $1,149,018. This loan financed certain improvements to the City-owned water and sewer system primarily along the State Road 50 West corridor. The Hancock Note paid out a SunTrust line of credit that was utilized during the construction phase from 2005 thru 2008. See Note D page 32 for information on the Hancock Bank Notes Payable.

In 2011, the Utility Fund borrowed via the State Revolving Fund to the State of Florida Department of Environmental Protection two loan payables. Both are semiannual payments due February 15, 2031. The total debt at 9/30/11 is $1,019,986 at 2.3%. The project associated with the debt was sewer rehabilitation with a combination of grant/loan proceeds. See Note D page 32.

Performance Measured Against Expectations (Budget)

General Fund Revenues were under the final budget by $16,132. The major difference was Intergovernmental revenues when comparing budget to actual. The Intergovernmental revenues were lower than expected with the City using 95% of the State estimates.

General Fund Expenditures were under budget by $358,255 (excluding Transfers Out).

2011 Millage Rate

The City's elected and appointed officials considered many factors when adopting the 10-11 Annual Budget. The State of Florida under s. 200.185, F.S, required that City adopt a tax levy permitted under the law. If the City adopted a tax levy that exceeds the maximum tax levy, s. 200.185, F.S. requires that the municipality will lose their half-cent sales tax distribution. By majority vote, the tax authority could levy a maximum millage equal to their rolled-back rate adjusted for the change in per capita Florida personal income (.1.0055% for 2011). The City of Brooksville's maximum rate by majority vote was 10.5376 mills (exceeds the 10 mill cap). A

two-thirds vote maximum millage allowed by law exceed was 11.5914 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 2011, the City maintained the same millage rate of 6.3700. However, the current year rolled-back rate was 7.1055 which was .7355 mills higher than 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 2011 millage rate of 6.3700 was 4.1676 mills lower than required by the State of Florida with a majority vote. This is a testament to the City's elected officials and management by maintaining the same millage rate with property values that have dropped over the last four years.

Acknowledgements

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

Requests for Information

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

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
POOLED CASH AND INVESTMENTS	$ 5,620,237	$ 3,409,661	$ 9,029,898
ACCOUNTS RECEIVABLE	285,310	400,323	685,633
ALLOWANCE FOR UNCOLLECTIBLES	0	(34,628)	(34,628)
INTEREST RECEIVABLE	213	0	213
INTERNAL BALANCES	419,166	(419,166)	0
DUE FROM OTHER FUNDS	0	89	89
DUE FROM OTHER GOVERNMENTS	118,140	1,307	119,447
INVENTORIES	3,692	132,043	135,735
PREPAID ITEMS	17,961	2,340	20,301
RESTRICTED ASSETS			
CASH AND INVESTMENTS	4,530,776	3,408,701	7,939,477
CAPITAL ASSETS			
LAND	1,510,979	1,195,933	2,706,912
CONSTRUCTION IN PROGRESS	2,863,691	4,780,901	7,644,592
PROPERTY, PLANT & EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	6,626,387	29,299,561	35,925,948
BOND ISSUE COSTS, NET	0	132,034	132,034
TOTAL ASSETS	$ 21,996,552	$ 42,309,099	$ 64,305,651
LIABILITIES			
ACCOUNTS PAYABLE	$ 202,029	$ 1,289,262	$ 1,491,291
UNEARNED REVENUE	20,123	0	20,123
DUE TO OTHER FUNDS	0	89	89
ACCRUED INTEREST PAYABLE	0	334	334
ACCRUED WAGES PAYABLE	97,372	26,904	124,276
ACCRUED PAYROLL LIABILITIES	259	4,223	4,482
DEPOSITS	49,089	0	49,089
OTHER CURRENT LIABILITIES	176,600	149	176,749
PAYABLE FROM RESTRICTED ASSETS			
METER DEPOSITS	0	382,005	382,005
NOTES PAYABLE	0	189,905	189,905
REVENUE BONDS PAYABLE	0	537,000	537,000
ACCRUED INTEREST PAYABLE	0	106,181	106,181
NON-CURRENT LIABILITIES			
DUE WITHIN ONE YEAR			
ACCRUED COMPENSATED ABSENCES	31,749	5,189	36,938
NOTES PAYABLE	113,041	0	113,041
BONDS PAYABLE	6,000	0	6,000
DUE IN MORE THAN ONE YEAR			
ACCRUED COMPENSATED ABSENCES	154,548	26,329	180,877
NOTES PAYABLE	3,676,259	1,979,099	5,655,358
REVENUE BONDS PAYABLE	176,000	8,860,216	9,036,216
OTHER LONG-TERM LIABILITIES	0	2,795,188	2,795,188
TOTAL LIABILITIES	$ 4,703,069	$ 16,202,073	$ 20,905,142
NET ASSETS			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	7,029,757	22,123,393	29,153,150
RESTRICTED			
RESTRICTED FOR DEBT RETIREMENT	0	1,115,381	1,115,381
RESTRICTED FOR RENEWAL & REPLACEMENT	0	1,078,229	1,078,229
RESTRICTED - GOVERNMENTAL ACTIVITIES	7,466,968	0	7,466,968
UNRESTRICTED	2,796,758	1,790,023	4,586,781
TOTAL NET ASSETS	$ 17,293,483	$ 26,107,026	$ 43,400,509

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

FUNCTION/PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: GOVERNMENTAL ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES							
GENERAL GOVERNMENT	$ 2,813,374	$ 1,334,360	$ 6,000	$ 5,827	$ (1,467,187)	$ 0	$ (1,467,187)
PUBLIC SAFETY	3,551,502	3,826	131,047	0	(3,416,629)	0	(3,416,629)
PHYSICAL ENVIRONMENT	297,568	825	0	0	(296,743)	0	(296,743)
TRANSPORTATION	685,446	190,935	0	0	(494,511)	0	(494,511)
CULTURE & RECREATION	1,158,527	153,909	1,300,000	150,489	445,871	0	445,871
INTEREST ON LONG-TERM DEBT	30,164	0	0	0	(30,164)	0	(30,164)
TOTAL GOVERNMENTAL ACTIVITIES	8,536,581	1,683,855	1,437,047	156,316	(5,259,363)	0	(5,259,363)
BUSINESS-TYPE ACTIVITIES							
UTILITY	5,155,627	3,681,581	0	579,666	0	(894,380)	(894,380)
SANITATION	1,113,554	1,322,053	0	0	0	208,499	208,499
TOTAL BUSINESS-TYPE ACTIVITIES	6,269,181	5,003,634	0	579,666	0	(685,881)	(685,881)
TOTALS	$ 14,805,762	$ 6,687,489	$ 1,437,047	$ 735,982	(5,259,363)	(685,881)	(5,945,244)
GENERAL REVENUES							
PROPERTY TAXES					2,784,300	0	2,784,300
FUEL TAXES					277,590	0	277,590
SALES TAXES					339,796	0	339,796
OTHER TAXES					746,741	0	746,741
IMPACT FEES					24,536	0	24,536
STATE SHARED REVENUE					401,789	0	401,789
INVESTMENT EARNINGS					48,310	26,523	74,833
MISCELLANEOUS					3,811,808	47,421	3,859,229
GAIN ON SALE OF CAPITAL ASSETS					0	14,552	14,552
TRANSFERS					(813,964)	813,964	0
TOTAL GENERAL REVENUES, CONTRIBUTION OF CIP AND TRANSFERS					7,620,906	902,460	8,523,366
CHANGE IN NET ASSETS					2,361,543	216,579	2,578,122
NET ASSETS, BEGINNING OF YEAR					14,931,940	25,890,447	40,822,387
NET ASSETS, END OF YEAR					$ 17,293,483	$ 26,107,026	$ 43,400,509

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	MAJOR FUNDS			
	GENERAL FUND	CITY OF BROOKSVILLE COMMUNITY REDEVELOPMENT AGENCY	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
POOLED CASH AND INVESTMENTS	$ 88,388	$ 455,641	$ 3,682,376	$ 4,226,405
RESTRICTED POOLED CASH AND INVESTMENTS	0	0	4,530,776	4,530,776
ACCOUNTS RECEIVABLE	284,290	0	1,020	285,310
INTEREST RECEIVABLE	0	213	0	213
DUE FROM OTHER FUNDS	16,656	0	21,369	38,025
ADVANCE TO OTHER FUNDS	108,351	0	347,934	456,285
DUE FROM OTHER GOVERNMENTS	71,487	0	46,653	118,140
INVENTORIES	1,025	0	0	1,025
PREPAID ITEMS	17,961	0	0	17,961
TOTAL ASSETS	$ 588,158	$ 455,854	$ 8,630,128	$ 9,674,140

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	MAJOR FUNDS			
	GENERAL FUND	CITY OF BROOKSVILLE COMMUNITY REDEVELOPMENT AGENCY	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
LIABILITIES AND FUND BALANCE				
LIABILITIES				
ACCOUNTS PAYABLE	$ 151,702	$ 0	$ 23,496	$ 175,198
UNEARNED REVENUE	0	0	20,123	20,123
DUE TO OTHER FUNDS	21,369	0	16,656	38,025
ACCRUED WAGES PAYABLE	95,493	0	0	95,493
DEPOSITS	49,089	0	0	49,089
OTHER CURRENT LIABILITIES	14,619	0	161,981	176,600
TOTAL LIABILITIES	332,272	0	222,256	554,528
FUND BALANCE				
NONSPENDABLE:				
INVENTORIES	1,025	0	0	1,025
PREPAID ITEMS	17,961	0	0	17,961
LONG-TERM ACCOUNTS RECEIVABLE	67,500	0	0	67,500
RESTRICTED:				
SPECIAL REVENUE FUNDS	0	0	2,576,659	2,576,659
CAPITAL PROJECT FUNDS	0	0	4,500,867	4,500,867
DEBT SERVICE FUNDS	0	0	47,470	47,470
PERMANENT FUNDS	0	0	341,972	341,972
COMMITTED:				
GENERAL FUND - ENCUMBRANCES	29,970	0	0	29,970
GENERAL FUND - POLICE PENSION	50,000	0	0	50,000
SPECIAL REVENUE FUNDS	0	455,854	313,584	769,438
CAPITAL PROJECT FUNDS	0	0	410,500	410,500
ASSIGNED:				
SPECIAL REVENUE FUNDS	0	0	128,988	128,988
CAPITAL PROJECT FUNDS	0	0	87,832	87,832
UNASSIGNED	89,430	0	0	89,430
TOTAL FUND BALANCE	255,886	455,854	8,407,872	9,119,612
TOTAL LIABILITIES AND FUND BALANCE	$ 588,158	$ 455,854	$ 8,630,128	$ 9,674,140

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 9,119,612
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	$ 15,158,337	
LESS: ACCUMULATED DEPRECIATION	(4,670,446)	10,487,891
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND THEREFORE ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS.		
ACCRUED COMPENSATED ABSENCES	(184,467)	
NOTES PAYABLE	(3,789,300)	
BOND PAYABLE	(182,000)	(4,155,767)
INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO CHARGE THE COSTS OF CERTAIN ACTIVITIES TO THE INDIVIDUAL FUNDS.		
ASSETS AND LIABILITIES OF THE INTERNAL SERVICE FUNDS THAT ARE REPORTED IN THE GOVERNMENTAL ACTIVITIES PORTION OF THE STATEMENT OF NET ASSETS.		1,878,866
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.		(37,119)
NET ASSETS OF GOVERNMENTAL ACTIVITIES		$ 17,293,483

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	MAJOR FUNDS			
	GENERAL FUND	CITY OF BROOKSVILLE COMMUNITY REDEVELOPMENT AGENCY	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
TAXES	$ 3,440,411	$ 90,630	$ 277,590	$ 3,808,631
LICENSES & PERMITS	1,226,479	0	2,894	1,229,373
INTERGOVERNMENTAL REVENUE	804,204	0	1,572,708	2,376,912
CHARGES FOR SERVICES	127,155	0	37,397	164,552
FINES & FORFEITS	49,829	0	6,076	55,905
MISCELLANEOUS REVENUES	288,359	1,145	3,611,041	3,900,545
TOTAL REVENUES	5,936,437	91,775	5,507,706	11,535,918
EXPENDITURES				
CURRENT				
CULTURE & RECREATION	982,491	0	44,446	1,026,937
GENERAL GOVERNMENT	1,805,222	0	875,250	2,680,472
PUBLIC SAFETY	3,315,491	0	36,144	3,351,635
PHYSICAL ENVIRONMENT	109,765	30,258	0	140,023
TRANSPORTATION	650,732	0	0	650,732
DEBT SERVICE				
PRINCIPAL	119,681	0	26,000	145,681
INTEREST	21,559	0	8,605	30,164
CAPITAL OUTLAY	21,874	18,057	1,907,133	1,947,064
TOTAL EXPENDITURES	7,026,815	48,315	2,897,578	9,972,708
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,090,378)	43,460	2,610,128	1,563,210
OTHER FINANCING SOURCES (USES)				
PROCEEDS OF DEBT	0	0	3,333,022	3,333,022
TRANSFERS IN	861,906	0	256,598	1,118,504
TRANSFERS OUT	(19,910)	0	(1,912,558)	(1,932,468)
TOTAL OTHER FINANCING SOURCES (USES)	841,996	0	1,677,062	2,519,058
NET CHANGE IN FUND BALANCES	(248,382)	43,460	4,287,190	4,082,268
FUND BALANCES, BEGINNING OF YEAR	504,268	412,394	4,120,682	5,037,344
FUND BALANCES, END OF YEAR	$ 255,886	$ 455,854	$ 8,407,872	$ 9,119,612

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 4,082,268
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	$ 1,875,953	
LESS: CURRENT YEAR DEPRECIATION	(415,505)	1,460,448
REPAYMENT OF PRINCIPAL IS AN EXPENDITURE IN THE GOVERNMENTAL FUNDS, HOWEVER THE REPAYMENT REDUCES LONG-TERM LIABILITIES IN THE STATEMENT OF NET ASSETS.		145,681
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		(35,027)
DEBT ISSUED IS AN OTHER FINANCING SOURCE (USE) IN THE GOVERNMENTAL FUNDS. HOWEVER, THE AMOUNT OF THE DEBT IS RECORDED AS A LIABILITY IN THE STATEMENT OF NET ASSETS.		(3,333,022)
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.		41,195
TRANSFERS BETWEEN GOVERNMENTAL FUNDS INCLUDING INTERNAL SERVICE FUNDS MUST BE ELIMINATED FOR PRESENTATION IN THE STATEMENT OF ACTIVITIES.		0
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		$ 2,361,543

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	BUDGETED AMOUNTS			
	ORIGINAL	FINAL	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
TAXES	$ 3,294,015	$ 3,294,015	$ 3,440,411	$ 146,396
LICENSES & PERMITS	1,313,494	1,313,494	1,226,479	(87,015)
INTERGOVERNMENTAL REVENUE	774,612	779,612	804,204	24,592
CHARGES FOR SERVICES	175,499	175,499	127,155	(48,344)
FINES & FORFEITS	61,900	61,900	49,829	(12,071)
MISCELLANEOUS REVENUES	308,049	328,049	288,359	(39,690)
TOTAL REVENUES	5,927,569	5,952,569	5,936,437	(16,132)
EXPENDITURES				
CURRENT				
CULTURE & RECREATION	1,049,508	1,049,508	982,491	67,017
GENERAL GOVERNMENT	1,922,020	2,006,457	1,805,222	201,235
PUBLIC SAFETY	3,394,091	3,404,849	3,315,491	89,358
PHYSICAL ENVIRONMENT	98,437	98,437	109,765	(11,328)
TRANSPORTATION	636,624	637,220	650,732	(13,512)
DEBT SERVICE				
PRINCIPAL	119,980	119,980	119,681	299
INTEREST	23,538	23,538	21,559	1,979
CAPITAL OUTLAY	45,081	45,081	21,874	23,207
TOTAL EXPENDITURES	7,289,279	7,385,070	7,026,815	358,255
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,361,710)	(1,432,501)	(1,090,378)	342,123
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	853,364	860,800	861,906	1,106
TRANSFERS OUT	(109,290)	(113,218)	(19,910)	93,308
TOTAL OTHER FINANCING SOURCES (USES)	744,074	747,582	841,996	94,414
NET CHANGE IN FUND BALANCE	(617,636)	(684,919)	(248,382)	436,537
FUND BALANCES, BEGINNING OF YEAR	617,636	684,919	504,268	(180,651)
FUND BALANCES, END OF YEAR	$ 0	$ 0	$ 255,886	$ 255,886

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CITY OF BROOKSVILLE COMMUNITY REDEVELOPMENT AGENCY (CRA) FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
TAXES	$ 91,865	$ 91,865	$ 90,630	$ (1,235)
MISCELLANEOUS REVENUES	1,200	1,200	1,145	(55)
TOTAL REVENUES	93,065	93,065	91,775	(1,290)
EXPENDITURES				
CURRENT				
PHYSICAL ENVIRONMENT	100,875	100,875	30,258	70,617
CAPITAL OUTLAY	350,000	350,000	18,057	331,943
TOTAL EXPENDITURES	450,875	450,875	48,315	402,560
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(357,810)	(357,810)	43,460	401,270
NET CHANGE IN FUND BALANCES	(357,810)	(357,810)	43,460	401,270
FUND BALANCES, BEGINNING OF YEAR	357,810	357,810	412,394	54,584
FUND BALANCES, END OF YEAR	$ 0	$ 0	$ 455,854	$ 455,854

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2011

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
	UTILITY FUND	SANITATION FUND	TOTAL	
ASSETS				
CURRENT ASSETS				
POOLED CASH AND INVESTMENTS	$ 2,730,642	$ 679,019	$ 3,409,661	$ 1,393,832
ACCOUNTS RECEIVABLE	400,323	0	400,323	0
ALLOWANCE FOR UNCOLLECTIBLES	(34,628)	0	(34,628)	0
DUE FROM OTHER FUNDS	89	0	89	0
DUE FROM OTHER GOVERNMENTS	556	751	1,307	0
INVENTORIES	132,043	0	132,043	2,667
PREPAID ITEMS	1,755	585	2,340	0
TOTAL CURRENT ASSETS	3,230,780	680,355	3,911,135	1,396,499
NON-CURRENT ASSETS				
RESTRICTED ASSETS				
CASH AND INVESTMENTS	3,408,701	0	3,408,701	0
CAPITAL ASSETS, NET				
LAND	1,148,913	47,020	1,195,933	0
PROPERTY PLANT & EQUIPMENT	28,451,457	848,104	29,299,561	513,166
CONSTRUCTION IN PROGRESS	4,775,415	5,486	4,780,901	0
BOND ISSUE COSTS, NET	132,034	0	132,034	0
TOTAL NON-CURRENT ASSETS	37,916,520	900,610	38,817,130	513,166
TOTAL ASSETS	$ 41,147,300	$ 1,580,965	$ 42,728,265	$ 1,909,665

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2011

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
	UTILITY FUND	SANITATION FUND	TOTAL	
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	$ 1,252,737	$ 36,525	$ 1,289,262	$ 26,831
DUE TO OTHER FUNDS	0	89	89	0
ACCRUED INTEREST PAYABLE	334	0	334	0
ACCRUED WAGES PAYABLE	21,240	5,664	26,904	1,879
ACCRUED PAYROLL LIABILITIES	3,249	974	4,223	259
OTHER CURRENT LIABILITIES	149	0	149	0
TOTAL CURRENT LIABILITIES	1,277,709	43,252	1,320,961	28,969
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)				
METER DEPOSITS	382,005	0	382,005	0
NOTES PAYABLE - CURRENT	189,905	0	189,905	0
REVENUE BONDS PAYABLE	537,000	0	537,000	0
ACCRUED INTEREST PAYABLE	106,181	0	106,181	0
TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)	1,215,091	0	1,215,091	0
NON-CURRENT LIABILITIES				
ACCRUED COMPENSATED ABSENCES	22,618	8,900	31,518	1,830
ADVANCE FROM OTHER FUNDS	450,799	5,486	456,285	0
NOTES PAYABLE	1,979,099	0	1,979,099	0
REVENUE BONDS PAYABLE	8,860,216	0	8,860,216	0
OTHER LONG-TERM LIABILITIES	2,795,188	0	2,795,188	0
TOTAL NON-CURRENT LIABILITIES	14,107,920	14,386	14,122,306	1,830
TOTAL LIABILITIES	$ 16,600,720	$ 57,638	$ 16,658,358	$ 30,799
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	21,222,783	900,610	22,123,393	513,166
RESTRICTED:				
RESERVED FOR DEBT RETIREMENT	1,115,381	0	1,115,381	0
RESERVED FOR RENEWAL & REPLACEMENT	1,078,229	0	1,078,229	0
UNRESTRICTED	1,130,187	622,717	1,752,904	1,365,700
TOTAL NET ASSETS	$ 24,546,580	$ 1,523,327	26,069,907	$ 1,878,866
ADJUSTMENT TO REFLECT THE CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS			37,119	
NET ASSETS OF BUSINESS-TYPE ACTIVITIES			$ 26,107,026	

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
	UTILITY FUND	SANITATION FUND	TOTAL	
OPERATING REVENUE				
CHARGES FOR SERVICES	$ 3,670,052	$ 1,295,887	$ 4,965,939	$ 260,125
MISCELLANEOUS REVENUES	39,918	7,503	47,421	3,185
TOTAL OPERATING REVENUES	3,709,970	1,303,390	5,013,360	263,310
OPERATING EXPENSES				
PERSONAL SERVICES	1,060,058	367,171	1,427,229	91,083
OTHER SERVICES & CHARGES	2,327,330	630,045	2,957,375	33,345
DEPRECIATION	1,326,572	116,338	1,442,910	84,342
TOTAL OPERATING EXPENSES	4,713,960	1,113,554	5,827,514	208,770
OPERATING INCOME (LOSS)	(1,003,990)	189,836	(814,154)	54,540
NONOPERATING REVENUES (EXPENSES)				
INTEREST EARNINGS	25,344	1,179	26,523	6,315
INTEREST EXPENSE	(441,667)	0	(441,667)	0
GAIN ON SALE OF FIXED ASSETS	2,473	12,079	14,552	0
TOTAL NONOPERATING REVENUES (EXPENSES)	(413,850)	13,258	(400,592)	6,315
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(1,417,840)	203,094	(1,214,746)	60,855
CONTRIBUTIONS AND TRANSFERS				
CAPITAL GRANTS AND CONTRIBUTIONS	579,666	0	579,666	0
TRANSFERS IN	1,339,324	0	1,339,324	0
TRANSFERS OUT	(436,175)	(89,185)	(525,360)	0
TOTAL CONTRIBUTIONS AND TRANSFERS	1,482,815	(89,185)	1,393,630	0
CHANGE IN NET ASSETS	64,975	113,909	178,884	60,855
NET ASSETS, BEGINNING OF YEAR	24,481,605	1,409,418		1,818,011
NET ASSETS, END OF YEAR	$ 24,546,580	$ 1,523,327		$ 1,878,866
ADJUSTMENT TO REFLECT CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS.			37,695	
CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES			$ 216,579	

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
	UTILITY FUND	SANITATION FUND	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES				
RECEIPTS FROM CUSTOMERS	$ 3,052,889	$ 1,295,887	$ 4,348,776	$ 260,125
PAYMENTS TO SUPPLIERS	(1,697,975)	(766,445)	(2,464,420)	(31,670)
PAYMENTS TO EMPLOYEES	(756,241)	(239,250)	(995,491)	(64,213)
OTHER RECEIPTS (PAYMENTS)	39,920	7,570	47,490	3,185
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	638,593	297,762	936,355	167,427
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
TRANSFERS FROM OTHER FUNDS	1,339,324	0	1,339,324	0
TRANSFERS TO OTHER FUNDS	(436,175)	(89,185)	(525,360)	0
NET CASH PROVIDED (USED BY) NONCAPITAL FINANCING ACTIVITIES	903,149	(89,185)	813,964	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
PURCHASES OF PROPERTY, PLANT & EQUIPMENT	(1,627,081)	(350,275)	(1,977,356)	(183,026)
PROCEEDS FROM SALE OF FIXED ASSETS	2,473	12,079	14,552	0
CAPITAL GRANT RECEIPTS	1,276,664	0	1,276,664	0
PROCEEDS OF LONG-TERM DEBT	1,044,363	0	1,044,363	0
PRINCIPAL PAYMENTS ON LONG-TERM DEBT	(672,875)	0	(672,875)	0
INTEREST PAYMENTS ON LONG-TERM DEBT	(431,880)	0	(431,880)	0
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(408,336)	(338,196)	(746,532)	(183,026)
CASH FLOWS FROM INVESTING ACTIVITIES				
RECEIPT OF INTEREST AND DIVIDENDS	29,972	2,414	32,386	9,400
NET CASH PROVIDED BY INVESTING ACTIVITIES	29,972	2,414	32,386	9,400
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,163,378	(127,205)	1,036,173	(6,199)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,975,965	806,224	5,782,189	1,400,031
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 6,139,343	$ 679,019	$ 6,818,362	$ 1,393,832
CLASSIFIED AS:				
UNRESTRICTED	$ 2,730,642	$ 679,019	$ 3,409,661	$ 1,393,832
RESTRICTED	3,408,701	0	3,408,701	0
TOTAL CASH AND CASH EQUIVALENTS	$ 6,139,343	$ 679,019	$ 6,818,362	$ 1,393,832

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
	UTILITY FUND	SANITATION FUND	TOTAL	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
OPERATING INCOME (LOSS)	$ (1,003,990)	$ 189,836	$ (814,154)	$ 54,540
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION EXPENSE	1,326,572	116,338	1,442,910	84,342
(INCREASE) DECREASE IN				
ACCOUNTS RECEIVABLE	(47,995)	0	(47,995)	0
DUE FROM OTHER FUNDS	(89)	0	(89)	0
DUE FROM OTHER GOVERNMENTS	0	67	67	0
INVENTORIES	2,416	0	2,416	2,753
PREPAID ITEMS	42,675	8,079	50,754	0
INCREASE (DECREASE) IN				
ACCOUNTS PAYABLE	542,073	(25,682)	516,391	25,548
DUE TO OTHER FUNDS	0	89	89	0
ADVANCE FROM OTHER FUNDS	336,745	5,486	342,231	0
ACCRUED WAGES PAYABLE	5,333	1,094	6,427	162
ACCRUED PAYROLL LIABILITIES	(262)	62	(200)	(81)
OTHER CURRENT LIABILITIES	(269)	0	(269)	0
METER DEPOSITS	10,300	0	10,300	0
ACCRUED COMPENSATED ABSENCES	4,552	2,393	6,945	163
OTHER LONG-TERM LIABILITIES	(579,468)	0	(579,468)	0
TOTAL ADJUSTMENTS	1,642,583	107,926	1,750,509	112,887
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 638,593	$ 297,762	$ 936,355	$ 167,427

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
SEPTEMBER 30, 2011

	PRIVATE PURPOSE TRUST FUNDS	PENSION TRUST FUNDS	AGENCY FUNDS
ASSETS			
POOLED CASH	$ 20,159	$ 175,768	$ 17,327
INVESTMENT IN DEBT SECURITIES	9,491	1,743,126	0
INVESTMENT IN MARKETABLE EQUITY SECURITIES	0	5,328,838	0
ACCOUNTS RECEIVABLE	0	32,252	0
PREPAID ITEMS	1,962	2,073	0
TOTAL ASSETS	$ 31,612	$ 7,282,057	$ 17,327
LIABILITIES AND FUND BALANCE			
LIABILITIES			
OTHER CURRENT LIABILITIES	$ 4,659	$ 0	$ 17,327
TOTAL LIABILITIES	4,659	0	$ 17,327
NET ASSETS			
HELD IN TRUST FOR RETIREMENT AND OTHER PURPOSES	26,953	7,282,057	
TOTAL NET ASSETS	$ 26,953	$ 7,282,057	

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	PRIVATE PURPOSE TRUST FUNDS	PENSION TRUST FUNDS
ADDITIONS		
CONTRIBUTIONS		
EMPLOYER	$ 0	$ 216,416
PLAN MEMBERS	0	35,684
OTHER	0	215,589
TOTAL CONTRIBUTIONS	0	467,689
INVESTMENT EARNINGS		
NET INCREASE (DECREASE) IN FAIR VALUE	116	(982,516)
GAIN ON SALE OF INVESTMENTS	0	739,955
INTEREST/DIVIDENDS	23	228,356
TOTAL INVESTMENT EARNINGS	139	(14,205)
CHARGES FOR SERVICES	33,750	0
MISCELLANEOUS REVENUES	0	1,404
TOTAL ADDITIONS	33,889	454,888
DEDUCTIONS		
BENEFIT PAYMENTS	29,814	286,736
ADMINISTRATIVE EXPENSES	0	98,107
TOTAL DEDUCTIONS	29,814	384,843
CHANGE IN NET ASSETS	4,075	70,045
NET ASSETS, BEGINNING OF YEAR	22,878	7,212,012
NET ASSETS, END OF YEAR	$ 26,953	$ 7,282,057

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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NOTE A – REPORTING ENTITY

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

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

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

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

City of Brooksville Community Redevelopment Agency

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

Brooksville Housing Authority

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

Brooksville Fire District

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic Financial Statements – Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

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

As a general rule, the effect of interfund balances and transfers 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 assets resulting from the current year's activities.

Fund Financial Statements

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

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

The City operates the following major governmental funds:

<u>Government Funds</u>

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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

Government Funds (Continued)

- 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.

Proprietary Funds

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

The City reports the following major proprietary funds:

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

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

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

Fiduciary Funds

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Budgets and Budgetary Accounting

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

1. All funds have legally adopted annual budgets. Prior to the inception of the fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of funding them.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to October 1, the budget is legally enacted through passage of an ordinance.

4. The City Manager is authorized to transfer budget amounts within departments; however, any revisions that alter the total expenditures of any department or fund must be approved by the City Council. City policy permits amendments to the budget during the fiscal year and subsequent to year-end.

5. Budgets for the General Fund, Special Revenue Funds and Capital Projects Funds are principally prepared on the modified accrual basis of accounting. Encumbrances, which do not lapse at the end of a fiscal year, are carried over to the next fiscal year.

Encumbrance Accounting

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

Cash and Cash Equivalents

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowances For Uncollectibles

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

Investments

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

Inventories

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

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

Prepaid Items

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

Capital Assets

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

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value on date of donation. Capital assets in the Proprietary Funds are stated at cost for all assets purchased subsequent to June 30, 1971. For those fixed assets purchased prior to July 1, 1971, an appraisal of the estimated cost of these assets was performed as of that date. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided using the straight-line method. The estimated useful lives are as follows:

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

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

Compensated Absences

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

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

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

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.

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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balances (Continued)

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.

Beginning fund balances for the City's governmental funds have been restated to reflect the above classifications.

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

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

Use of Estimates

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

NOTE C – CASH AND INVESTMENTS

Cash Deposits

As of September 30, 2011, 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.

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Restricted Cash

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

Investments

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

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

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

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

Pension trust fund investments are made up primarily of trust company and equity funds (bank common funds). The investments are insured or registered securities that are held by the City or its agent, in the City's name. As of September 30, 2011, pension trust fund investments totaled $7,247,732.

The following schedule reflects cash, demand deposits and investments on hand at September 30, 2011:

	Statement of Net Assets	Statement of Fiduciary Net Assets	Total
Unrestricted			
Cash	$ 4,875	$ 0	$ 4,875
Checking Accounts	394,298	37,486	431,784
Certificate of Deposit	29,452	0	29,452
Local Government Surplus Trust Fund	5,525,348	9,491	5,534,839
Federated	0	0	0
Savings Account	1,515	0	1,515
	5,955,488	46,977	6,002,465
U.S. Governmental Agencies	3,074,410	0	3,074,410
Total	$9,029,898	$46,977	$9,076,875

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

	Statement of Net Assets	Statement of Fiduciary Net Assets	Total
Restricted			
Checking Accounts	4,067,300	0	4,067,300
Local Government Surplus Trust Fund	819,046	0	819,046
	4,886,346	0	4,886,346
U.S. Government Agencies	3,053,131	0	3,053,131
Total	$7,939,477	$ 0	$7,939,477

Investments listed above as U.S. Government Agencies consist of variable rate bonds held with the Florida Municipal Investment Trust. As of September 30, 2011, the fair value and maturities of these securities are as follows:

	Fair Value	Maturity 0 - 2 Years	Maturity 1 - 3 Years	Intermediate High Quality Bond Fund
U.S. Government Agencies	$6,127,541	$4,172,240	$1,339,017	$616,284

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.

Credit Risk

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

Custodial Risk

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

Concentration of Credit Risk

The City's investment policy requires that investments be diversified by security type and institution. Approximately 33% of the City's investments are in Florida Municipal Investment Trust. The 0-2 Year High Quality Bond Fund is currently rated AAAf/S1 by Standard & Poor's (S&P) and AAA/V1 by Fitch's; the 1-3 Year High Quality Bond Fund is currently rated AAA/V2 by Fitch's; and the Intermediate High Quality Bond Fund is currently rated AAA/V3 by Fitch's.

Approximately 32% of the City's Investments are in the Local Government Surplus Trust Fund Investment Pools. The Local Government Surplus Trust Fund Investment Pools ("LGIP") are currently rated as AAAm by the S&P rating agency and the Local Government Surplus Trust Fund "Fund B" was not rated by a nationally recognized statistical rating agency as of September 30, 2011. Within Fund B, an AAAm rated money market fund is utilized as a cash reservoir to hold principal and interest payments from the Fund B securities and to earn interest on those monies prior to monthly sweeps from participants' Fund B balances into their LGIP (formerly Fund A) accounts.

NOTE D – UTILITY FUND

Revenue Bonds Payable

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

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

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

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

Interest on the 1999 bonds is payable annually on September 1 of each year. The bonds carry an interest rate of 3.25%.

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

NOTE D – UTILITY FUND (CONTINUED)

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

	1999 Issue		
	Principal	Interest	Total
2012	$ 127,000	$ 182,618	$ 309,618
2013	131,000	178,490	309,490
2014	134,000	174,233	308,233
2015	139,000	169,878	308,878
2016	144,000	165,360	309,360
2017	147,000	160,680	307,680
2018	153,000	155,903	308,903
2019	158,000	150,930	308,930
2020	163,000	145,795	308,795
2021	168,000	140,498	308,498
2022	173,000	135,038	308,038
2023	179,000	129,415	308,415
2024	186,000	123,598	309,598
2025	191,000	117,553	308,553
2026	198,000	111,345	309,345
2027	205,000	104,910	309,910
2028	211,000	98,248	309,248
2029	218,000	91,390	309,390
2030	225,000	84,305	309,305
2031	231,000	76,993	307,993
2032	238,000	69,485	307,485
2033	246,000	61,750	307,750
2034	254,000	53,755	307,755
2035	263,000	45,500	308,500
2036	271,000	36,953	307,953
2037	279,000	28,145	307,145
2038	289,000	19,078	308,078
2039	298,000	9,685	307,685
Totals	$5,619,000	$3,021,531	$8,640,531

NOTE D – UTILITY FUND (CONTINUED)

Revenue Bonds Payable (Continued)

	2002 Issue		Amortization	
	Principal	Interest	of Deferred Loss	Total
2012	$ 410,000	$157,564	$19,632	$ 587,196
2013	425,000	140,439	19,632	585,071
2014	440,000	122,164	1,634	563,798
2015	460,000	103,039	0	563,039
2016	485,000	82,654	0	567,654
2017	510,000	60,825	0	570,825
2018	535,000	37,568	0	572,568
2019	555,000	12,765	0	567,765
Totals	$3,820,000	$717,018	$40,898	$4,577,916

The deferred loss on early retirement of debt represents the unamortized balance of the bond discount and bond issuance costs of the retired debt. As of the date of refunding, this unamortized total was $215,947. The deferred amount is reflected in the accompanying financial statements as a decrease in the book value of the new debt. As required by generally accepted accounting principles, the deferral will be amortized over the original remaining life of the old debt on a straight-line basis. For the year ended September 30, 2011, amortization of $19,632 has been charged to interest expense, leaving an unamortized balance of $40,898.

The following is a reconciliation of total principal due on the Utility Revenue fund's bonds as of September 30, 2011 per the balance sheet and the preceding amortization schedule.

1999 Bonds – Principal Per Amortization Schedule	$5,619,000
2002 Bonds – Principal Per Amortization Schedule	3,820,000
Unamortized Discount as of September 30, 2011	(886)
Unamortized Deferred Loss on Early Retirement of Debt as of September 30, 2011	(40,898)
Total Principal	9,397,216
Current Portion	(537,000)
Long-Term Portion	$8,860,216

Bond debt activity for the fiscal year ended September 30, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	$9,945,000	$ 0	$506,000	$9,439,000	$537,000
Less: deferred amounts:					
For issuance discounts (premiums)	(1,011)	0	(125)	(886)	0
On refunding – gain (loss)	(60,530)	0	(19,632)	(40,898)	0
Total bonds payable	$9,883,459	$ 0	$486,243	$9,397,216	$537,000

NOTE D – UTILITY FUND (CONTINUED)

Notes Payable

The notes payable included in Note G - Long-Term Liabilities as of September 30, 2011 consist of the following:

3.49% note payable to Hancock Bank; secured by and payable from the pledged funds; principal and interest payable in quarterly installments beginning November 15, 2008 until August 15, 2018	$1,149,018
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	401,134
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	618,852
	$2,169,004

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

Year Ended September 30	Principal	Interest	Total
2012	$ 189,905	$ 61,545	$ 251,450
2013	196,056	55,394	251,450
2014	202,459	48,991	251,450
2015	209,077	42,373	251,450
2016	215,916	35,534	251,450
2017 and thereafter	1,155,591	168,899	1,324,490
	$2,169,004	$412,736	$2,581,740

NOTE E – TRUST FUNDS

Firefighters' Retirement Trust Fund

The City provides a retirement plan covering substantially all full time firefighters employed by the City. The plan was amended and restated by Ordinance 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, 2010.

NOTE E – TRUST FUNDS (CONTINUED)

Firefighters' Retirement Trust Fund (Continued)

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

Active employees	21
Service retirees	12
Beneficiaries	0
DROP retirees	0
Terminated Vested	8
Disability retirees	1
Total participants	42

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

Year Ended September 30	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
2010	$299,293	$196,922	$102,371	100.00%
2009	279,598	187,821	103,671*	104.25%
2008	245,722	165,511	98,795*	107.56%
2007	225,402	136,406	95,088*	102.70%
2006	199,876	120,301	95,088*	107.76%
2005	193,387	99,914	93,473	100.00%
2004	146,006	60,422	87,158*	101.08%
2003	102,122	26,884	85,243*	109.80%
2002	95,889	61,596	85,243*	153.13%

*"Frozen" per Chapter 175, Florida Statutes.

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

Eligibility	Employees who are classified as full-time and volunteer firefighters shall participate in the System as a condition of employment
Vesting Schedule	100% after 10 years of credited service
Member Contributions	3.29% of salary effective 10/1/2010
Contribution rates as of plan year ended September 30, 2011	
City	28.12%
Employee	3.29%
State	13.63%
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

NOTE E – TRUST FUNDS (CONTINUED)

Firefighters' Retirement Trust Fund (Continued)

Form of Benefit	Ten year certain and life annuity (options available)
Early Retirement	
Eligibility	Age 50 and 10 years of credited service
Benefit	Accrued benefit, reduced 3% per year

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

Investment rate of return	8.0%
Projected salary increase*	6.5%
*Includes inflation at	3.0%
Post retirement cost of living adjustment (age 55 to 65)	3.0%
Administrative expenses	$23,545 annually

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

	September 30 2010	September 30 2009	September 30 2008
Annual required contribution:	$196,922	$175,927	$146,927
Interest on net pension obligation (asset)	(7,355)	(6,284)	(4,805)
Adjustment to annual required contribution	11,802	4,793	4,907
Annual pension cost	201,369	174,436	147,029
Contributions made	196,922	187,821	165,511
Change in net pension obligation (asset)	4,447	(13,385)	(18,482)
Net pension obligation (asset) Beginning of year	(91,934)	(78,549)	(60,067)
Net pension obligation (asset) end of year	$(87,487)	$(91,934)	$(78,549)

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Annualized Covered Payroll	UAAL as a Percentage of Covered Payroll
10/01/10	$4,527,289	$5,896,346	$1,369,057	76.78%	$750,916	182.32%
10/01/09	4,421,906	5,732,264	1,310,358	77.14%	831,397	157.61%
10/01/08	4,330,318	5,486,712	1,156,394	78.92%	805,384	143.58%
10/01/07	4,335,385	5,071,858	736,473	85.48%	721,491	102.08%

Police Retirement Chapter 185

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

NOTE E – TRUST FUNDS (CONTINUED)

Police Retirement Chapter 185 (Continued)

Membership of the plan consisted of the following at October 1, 2010 the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	0
Terminated Vested	6
Active plan members	21
Total	27

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

Year Ended September 30	Annual Required Contribution	Percentage Contributed
2010	340,473	100% (a)
2009	292,030	100% (a)
2008	188,896	100% (a)
2007	180,894	100% (a)
2006	138,387	100% (a)
2005	145,651	100% (a)
2004	133,457	100% (a)

(a) Plan drew required contribution from the surplus contribution account. As of September 30, 2010, the Accumulated Funding Credit was $1,156,325.

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

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

Vesting Schedule: 100% after 6 years of credited service

Member Contributions: 1% of salary

Contribution rates as of plan year ended September 30, 2011:

City	26.0%*
Plan Members	1.0%
State	12.4%

*The City has access to a contribution surplus account to assist in meeting the plan's minimum funding requirements. As a result, no contribution was made by the City during the year ended September 30, 2011.

Normal Retirement

Date	Earlier of age 55 and 6 years of credited service or 20 years of credited service regardless of age
Benefit	4% of average final compensation times credited service
Form of Benefit	Ten year certain and life annuity (options available)

NOTE E – TRUST FUNDS (CONTINUED)

Police Retirement Chapter 185 (Continued)

Early Retirement

Date	Age 50 and 6 years of credited service
Benefit	Accrued benefit, reduced by 3% per year

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

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

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

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

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/10	$221,129	100%	0
9/30/09	142,846	100%	0
9/30/08	8,596	100%	0

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

Health Reimbursement Account (HRA) Fund

Effective October 1, 2008, the City established a HRA Fund in the Trust and Agency Funds in order to pay the annual HRA reimbursement to eligible employees. The annual maximum reimbursement is $500 for each eligible employee; however, the employee must provide receipts of out of pocket medical expenses in order to receive reimbursement. The City has been providing an HRA benefit for a number of years; however, the HRA benefit was charged to an expense account in each Department. Based on the 2010 - 11 budget, monies are being transferred from each Department to the HRA Fund to reimburse employees directly out of the HRA Fund. In 2010 - 11, the City Funds (General Fund, Water & Sewer, and Solid Waste) transferred $33,750 to the HRA Fund and the HRA Fund paid out to employees $29,814. Reserve funds as accumulated will likely be used for health related initiatives for City employees based on direction from the City Manager and the City Council. Future budgets will likely have expenditures budgeted for those initiatives. Carryover reserves in the HRA Fund from the 2010 - 11 year are $17,462.

NOTE E – TRUST FUNDS (CONTINUED)

Donor Memorial Wall Trust Fund

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

During the fiscal year ended September 30, 2011, no money was collected for construction and engraving, nor was any money expended.

Cemetery Perpetual Care Fund

This Fund is used for the future maintenance and improvement of the Brooksville Cemetery. Since 2000 the City has budgeted an annual $10,000 Transfer from the Cemetery Department to the Cemetery Perpetual Care Fund. In 2006 – 07, the general Fund borrowed $29,460 to construct a Columbarium at the Cemetery. As of September 30, 2011, the balance remaining is $21,369. The monies repaid were generated via Columbarium sales.

NOTE F – RETIREMENT SYSTEM

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

I. Plan Description

The Florida Retirement System is a cost-sharing multiple-employer retirement plan. Benefit provisions are established under Chapter 121, Florida Statutes, which may be amended by the Florida Legislature. A defined contribution plan alternative to the Pension Plan, the Florida System Investment Plan, is available to Florida Retirement System members.

II. Funding Policy

The Florida Retirement System funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due based upon plan assumptions. (See below for current rates.) Employer and employee contribution rates are established by state law as a level percentage of payroll. Employer contribution rates are determined using the entry-age actuarial cost method. The consulting actuary recommends rates based on the annual valuation, but actual contribution rates are established by the Florida Legislature. Unfunded actuarial liability as a result of past and future plan benefit changes, assumption changes, or methodology changes, and actuarial gains and losses are being amortized over 30 years, using level percentage of payroll amounts. Only gains reserved for rate stabilization will be amortized on a rolling 10 percent basis, as a level dollar amount. Actuarial assumptions included (1) 7.75% investment rate of return; and (2) 5.85% projected salary increases.

NOTE F – RETIREMENT SYSTEM (CONTINUED)

II. Funding Policy (Continued)

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability(AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annualized Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2009	118,764,692	136,375,597	17,610,905	87.09%	26,573,196	66.27%
July 1, 2010	120,929,666	139,652,377	18,722,711	86.59%	25,765,362	72.67%
July 1, 2011	126,078,053	145,034,475	18,956,422	86.93%	25,686,138	73.80%

The City is required to contribute the following percentages of covered employees' gross earnings: 4.91% for regular employees; 14.10% for special risk employees; 11.14% for elected officials; 6.27% for senior management service; and 4.42% for participants in the deferred retirement option ("DROP") program. These rates are established on a statewide basis and reflect changes effective July 1, 2011 Also, effective July 1, 2011, the FRS required a 3.00% contribution by employees with the exception of employees participating in DROP who are not required to pay the 3.00% employee contribution. The contribution paid by the City's employees from July 1, 2011 through September 30, 2011 was $20,669.

The City's actual contributions were equal to the required contributions:

2010-11	$281,450
2009-10	$304,552
2008-09	$306,075

NOTE G –LONG-TERM LIABILITIES

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

Governmental Activities:

	Balance October 1, 2010	**Additions**	**Deductions**	**Balance September 30, 2011**	**Amounts Due Within One Year**
Notes Payable	$575,957	$3,333,022	$119,679	$3,789,300	$113,041
Bonds Payable	208,000	0	26,000	182,000	6,000
Accrued Compensated Absences	150,884	63,261	27,848	186,297	31,749
TOTAL	$934,841	$3,396,283	$173,527	$4,157,597	$150,790

Included as part of the above totals for governmental activities are compensated absences for the internal service fund in the amount of $1,830. For governmental activities, claims and judgments are typically liquidated by the general fund.

NOTE G –LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities:

	Balance October 1, 2010	Additions	Deductions	Balance September 30, 2011	Amounts Due Within One Year
Notes Payable	$ 1,291,516	$1,044,363	$ 166,875	$ 2,169,004	$189,905
Bonds Payable	9,945,000	0	506,000	9,439,000	537,000
Other Long-Term Liabilities	3,374,656	507,910	1,087,378	2,795,188	0
Accrued Compensated Absences	24,573	12,085	5,140	31,518	5,189
TOTAL	$14,635,745	$1,564,358	$1,765,393	$14,434,710	$732,094

Bonds Payable

In November 2006, the City issued $258,800 in Capital Improvement Revenue Bonds, Series 2006 for the purpose of providing a part of the funds required to finance a part of the cost of acquiring and installing certain capital improvements to the City Hall Building and wastewater utility lift stations. The City established an advance between the General Fund and the Utility Fund for the Utility Fund's portion due for the cost of improvements at the wastewater utility lift stations. The balance of the advance at September 30, 2011 was $108,351.

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

5% if redeemed on September 1, 2015 or thereafter, to and including September 1, 2018;

4% if redeemed on September 1, 2019 or thereafter, to and including September 1, 2022;

3% if redeemed on September 1, 2023 or thereafter, to and including September 1, 2026;

2% if redeemed on September 1, 2027 or thereafter, to and including September 1, 2030;

1% if redeemed on September 1, 2031 or thereafter, to and including September 1, 2034;

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

NOTE G –LONG-TERM LIABILITIES (CONTINUED)

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

	2006 Issue		
	Principal	Interest	Total
2012	$ 6,000	$ 7,508	$ 13,508
2013	6,000	7,260	13,260
2014	6,000	7,013	13,013
2015	7,000	6,765	13,765
2016	7,000	6,476	13,476
2017	7,000	6,188	13,188
2018	7,000	5,899	12,899
2019	8,000	5,610	13,610
2020	8,000	5,280	13,280
2021	8,000	4,950	12,950
2022	9,000	4,620	13,620
2023	9,000	4,249	13,249
2024	9,000	3,878	12,878
2025	10,000	3,506	13,506
2026	10,000	3,094	13,094
2027	11,000	2,681	13,681
2028	11,000	2,228	13,228
2029	12,000	1,774	13,774
2030	12,000	1,279	13,279
2031	13,000	784	13,784
2032	6,000	248	6,248
Totals	$182,000	$91,290	$273,290

NOTE G –LONG-TERM LIABILITIES (CONTINUED)

Notes Payable

The City approved the Guaranteed Energy Savings Performance contract with Energy Systems Group on April 28, 2011. The conservation projects approved to be completed through the Guaranteed Energy Savings Performance contract are the following: City Hall HVAC, City Hall roof, Public Works HVAC, Public Works lighting, Walking Trail lighting, and radio-read water meters.

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

The Advance from Other Funds in the Utility Fund and the Sanitation Fund is the result of long term advances made to the Enterprise Funds as a result of the energy conservation measures. Specifically in the Utility Fund, the advance was for radio-read meters and Public Works HVAC and lighting. In the Sanitation Fund, the advance was for Public Works HVAC and lighting. The balance of the advance at September 30, 2011 for the Utility Fund and the Sanitation Fund was $342,448 and $5,486, respectively.

The notes payable included in long-term liabilities as of September 30, 2011 consist of the following:

4.136% note payable to SunTrust Bank; principal and interest payable quarterly beginning January 1, 2012 until October 2026; subject to prepayment penalties; financing energy performance projects.	$3,333,022
4.23% note payable to SunTrust Bank; interest only payable for the first two quarters; principal and interest payable quarterly beginning July 26, 2007 until May 10, 2021; used to purchase a 2007 Sutphan Fire Aerial Platform Truck with a book value of $619,577.	456,278
TOTAL	$3,789,300

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

Year Ended September 30	Principal	Interest	Total
2012	$ 113,041	$ 172,063	$ 285,104
2013	211,854	149,195	361,049
2014	220,792	140,257	361,049
2015	230,108	130,941	361,049
2016	239,816	121,233	361,049
2017 and Thereafter	2,773,689	614,632	3,388,321
	$3,789,300	$1,328,321	$5,117,621

NOTE H – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2011 is as follows:

	Balance September 30, 2010	Additions	Deletions	Balance September 30, 2011
Governmental Activities:				
Non-Depreciable:				
Land	$ 1,510,979	$ 0	$ 0	$ 1,510,979
Construction in Progress	2,506,873	356,818	0	2,863,691
Construction in Progress (I/S Fund)	0	0	0	0
Total Non-Depreciable	4,017,852	356,818	0	4,374,670
Depreciable:				
Buildings	3,114,744	1,300,000	0	4,414,744
Improvements Other Than Buildings	3,942,675	23,631	0	3,966,306
Machinery & Equipment	2,358,510	213,767	169,660	2,402,617
Machinery & Equipment (I/S Fund)	1,176,132	183,027	0	1,359,159
Total Machinery & Equipment	3,534,642	396,794	169,660	3,761,776
Total Depreciable	10,592,061	1,720,425	169,660	12,142,826
Less Accumulated Depreciation				
Buildings	1,184,810	102,503	0	1,287,313
Improvements Other Than Buildings	1,710,703	169,973	0	1,880,676
Machinery & Equipment	1,529,088	143,029	169,660	1,502,457
Machinery & Equipment (I/S Fund)	761,652	84,341	0	845,993
Total Machinery & Equipment	2,290,740	227,370	169,660	2,348,450
Total Accumulated Depreciation	5,186,253	499,846	169,660	5,516,439
Net Book Value	5,405,808	1,220,579	0	6,626,387
Governmental Activities Capital Assets, Net	$ 9,423,660	$1,577,397	$ 0	$11,001,057

NOTE H – CAPITAL ASSETS (CONTINUED)

	Balance September 30, 2010	Additions	Deletions	Balance September 30, 2011
Business-type Activities (includes Utility & Sanitation)				
Non-Depreciable				
Land	$ 1,195,933	$ 0	$ 0	$ 1,195,933
Construction in Progress	5,172,062	192,893	584,054	4,780,901
Total Non-Depreciable	6,367,995	192,893	584,054	5,976,834
Depreciable				
Buildings	256,002	0	0	256,002
Improvements Other Than Buildings	40,305,062	1,898,787	0	42,203,849
Machinery & Equipment	2,851,627	489,361	237,871	3,103,117
Total Depreciable	43,412,691	2,388,148	237,871	45,562,968
Less Accumulated Depreciation				
Buildings	155,740	5,730	0	161,470
Improvements Other Than Buildings	12,984,280	1,265,248	0	14,249,528
Machinery & Equipment	1,918,348	171,932	237,871	1,852,409
Total Accumulated Depreciation	15,058,368	1,442,910	237,871	16,263,407
Net Book Value	28,354,323	945,238	0	29,299,561
Business-Type Activities Capital Assets, Net	$34,722,318	$1,138,131	$584,054	$35,276,395

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

General Government	$ 56,841
Public Safety	203,256
Physical Environment	66,496
Culture and Recreation	136,873
Transportation	36,380
Total depreciation for governmental activities	$ 499,846
Business-type activities:	
Utility Fund	$1,326,572
Sanitation Fund	116,338
Physical Environment	$1,442,910

NOTE I – INTERFUND TRANSACTIONS

Due from Other Funds

The balances due from other funds were as follows at September 30, 2011:

General Fund	$16,656
Nonmajor Governmental Fund	21,369
Total	$38,025

Due to Other Funds

The balances due to other funds were as follows at September 30, 2011:

General Fund	$21,369
Nonmajor Governmental Fund	16,656
Total	$38,025

Advance to Other Funds

The balance advanced to other funds was as follows at September 30, 2011:

General Fund	$108,351
Nonmajor Governmental Fund	347,934
Total	$456,285

Advance from Other Funds

The balance advanced from other funds was as follows at September 30, 2011:

Utilities Fund	$450,799
Sanitation Fund	5,486
Total	$456,285

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 and the advance due between a Nonmajor Governmental Fund and Utility and Sanitation Funds.

Interfund Transfers In/Transfers Out

Individual interfund transfers were as follows for the fiscal year ended September 30, 2011:

	Transfer In	Transfers Out
General Fund	$ 861,906	$ 19,910
Utility Fund	1,339,324	436,175
Sanitation Fund	0	89,185
Nonmajor Governmental Funds	256,598	1,912,558
Total Transfers In/Transfers Out	$2,457,828	$2,457,828

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.

NOTE J – CURRENT YEAR DEFICITS

OPERATING DEFICITS

For the year ended September 30, 2011, expenditures and other financing uses exceeded revenues and other financing sources in the following funds:

	Amount of Excess
General Fund	$248,382
Special Revenue	
Local Option Gas Tax	1,516
Law Enforcement Impact Fees	236
Park Impact Fees	24,590
Cost Recovery	10,654
Traffic Camera	198,190
Capital Project Fund	
Multi-Year Capital Project Accumulation	66,829
Capital Improvement Revenue 2006 Bond	3,462
Internal Service Fund	
Fleet Maintenance Fund	3,470
Equipment Replacement Fund	15

NOTE K – PROPERTY TAXES

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

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

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

NOTE K – PROPERTY TAXES (CONTINUED)

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

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

NOTE L – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

NOTE M – RESTRICTED ASSETS

As of September 30, 2011 restricted assets in the enterprise funds were held for the following purposes:

Utility Fund	
Debt Retirement	$1,948,467
Renewal and Replacement	1,078,229
Customers' Meter Deposits	382,005
Total Utility Fund	$3,408,701

NOTE N – FRANCHISE FEES

The City of Brooksville receives franchise fees from each of the following sources, which are included in tax revenues of the General Fund. Revenues received for the year ended September 30, 2011 were as follows:

Electricity: Florida Power	$672,875
Telephone: Florida Telecommunication Franchise	$415,851

NOTE O – RISK MANAGEMENT

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

NOTE P – WATER AND SEWER FUND OPERATIONS

As of September 30, 2011, the Utility Fund had 7,493 residential and commercial water connections including 694 that were inactive. They also had 5,755 residential and commercial sewer connections including 614 that were inactive.

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

NOTE Q – IMPACT FEES

On September 20, 2005 the Hernando County Board of County Commissioners voted to extend the prepayment of impact fees from one (1) to three (3) years. County property owners were allowed to prepay their impact fees prior to an increase on July 5, 2005. County property owners who prepaid impact fees were given until June 2, 2008 to obtain a building permit. If a building permit was not pulled by June 2, 2008, the increased impact fees 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. As of September 30, 2011, 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 R – INTERNAL SERVICE FUNDS

The three Internal Service Funds are used for two purposes: maintenance and replacement. The Fleet Maintenance Fund provides maintenance and repairs to the City's vehicles and equipment. The Vehicle Replacement Fund and the Equipment Replacement Fund are used to accumulate funds in advance for the purchase of vehicles and equipment. The Vehicle Replacement Fund sets aside cash to purchase a portion of the City's future vehicles. These vehicles are also depreciated within this Fund. The Equipment Replacement Fund reserves cash to purchase equipment for the four General Fund departments or divisions which are Cemetery, Parks, Streets, and the Quarry Golf Course. As of September 30, 2011, the reserves for Fleet Maintenance, Vehicle Replacement and Equipment Replacement Funds were $7,230, $1,358,930, and $27,672, respectively. If necessary, the annual payments for services transfers are adjusted to maintain adequate, but not excessive cash reserves in the Fleet Maintenance Fund.

The cash reserves are allocated among the City as follows:

	Fleet Maintenance	Vehicle Replacement	Equipment Replacement	Total
General Fund	$3,306	$ 824,297	$27,672	$ 855,275
Utility Fund	1,458	137,255	0	138,713
Sanitation Fund	2,466	397,378	0	399,844
Total	$7,230	$1,358,930	$27,672	$1,393,832

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

NOTE R – INTERNAL SERVICE FUNDS (CONTINUED)

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

	Fleet Maintenance	Vehicle Replacement	Equipment Replacement	Total
Administration and Finance	$ 67	$ 51,717	$ 0	$ 51,784
Police	1,044	101,080	0	102,124
Fire	303	580,909	0	581,212
Streets	1,139	88,967	7,646	97,752
Parks	716	1,624	5,294	7,634
Cemetery	37	0	4,734	4,771
Quarry	0	0	9,998	9,998
Total	$3,306	$824,297	$27,672	$855,275

NOTE S – PRIOR YEAR COMPARISON INFORMATION

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

	2011	2010
General Fund		
Total Assets	$588,158	$989,353
Total Liabilities	332,272	485,085
Total Fund Balance	255,886	504,268
Total Revenues	5,936,437	6,482,414
Total Expenditures	7,026,815	7,895,909
Excess (Deficiency) of Revenues over Expenditures	(1,090,378)	(1,413,495)
Total Other Financing Sources/(Uses)	841,996	723,903
Net Change in Fund Balance	(248,382)	(689,592)

Proprietary Funds

Enterprise Funds

Includes Utility and Sanitation Funds

	2011	2010
Total Current Assets	$ 3,911,135	$5,037,496
Total Non-Current Assets	38,817,130	36,823,928
Total Assets	42,728,265	41,861,424
Total Current Liabilities	1,320,961	946,810
Total Current Liabilities (Payable from Restricted Assets)	1,215,091	983,833
Total Non-Current Liabilities	14,122,306	14,039,758
Total Liabilities	16,658,358	15,970,401
Total Net Assets	26,069,907	25,891,023
Total Operating Revenues	5,013,360	4,656,531
Total Operating Expenses	5,827,514	4,117,148
Operating Income (Loss)	(814,154)	539,383
Total Nonoperating Revenues (Expenses)	(400,592)	(407,290)
Income before Contributions and Transfers	(1,214,746)	132,093
Total Contributions and Transfers	1,393,630	342,921
Change in Net Assets	178,884	475,014

NOTE S – PRIOR YEAR COMPARISON INFORMATION (CONTINUED)

Internal Service Funds

	2011	2010
Total Current Assets	$1,396,499	$1,408,536
Total Non-Current Assets	513,166	414,480
Total Assets	1,909,665	1,823,016
Total Current Liabilities	28,969	3,340
Total Non-Current Liabilities	1,830	1,667
Total Liabilities	30,799	5,007
Total Net Assets	1,878,866	1,818,009
Total Operating Revenues	263,310	385,562
Total Operating Expenses	208,770	223,495
Operating Income	54,540	162,067
Total Nonoperating Revenues (Expenses)	6,315	(25,863)
Income before Contributions and Transfers	60,855	136,204
Total Contributions and Transfers	0	0
Change in Net Assets	60,855	136,204

NOTE T – COMMITMENTS AND CONTINGENCIES

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

The City had committed to reimburse $2,575,000 of the estimated $9,000,000 in costs to Hampton Ridge Developers, LLC (Southern Hills Plantation Development) for improvements to the City's Cobb Road Wastewater Treatment Plant, also known as the Water Reclamation Facility (WRF) with about $6,000,000 in sewer related costs being eligible for sewer impact fee credits. The Developer and the City agreed to construct additional waste water treatment capacity by doubling the size of the City's Cobb Road Plant from 1.5 to 3.0 mgd. The Development Agreement amendments revised the original plan to build a .5 mgd plant on South Broad Street and instead to expand the existing Cobb Road facility. The Cobb Road WWTP expansion will also increase the reuse capacity from the earlier proposal amount of 0.5mgd to 3.0mgd. It was expected that the City will pay $2,575,000 to the Developer by April 2012 when the Plant upgrade is expected to be completed. The Developer and City have made direct purchases of equipment for the Wastewater Treatment Plant that will be stored until actual construction begins. The construction on the Cobb Road Wastewater Treatment Plant started in October 2011 due to the settlement on the surety bond obligations that occurred in June 2011 (see below: Settlement of City of Brooksville v. Traveler's Casualty and Surety Insurance Company and Chubb Group Insurance Companies) and (Agreement between the Southwest Florida Water Management District and the City of Brooksville for Reuse).

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

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

NOTE T – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

In October 2011, the City has proceeded with the planned improvements to their Cobb Road Water Reclamation Facility (Cobb). The City entered into a contract with Encore Construction at a cost of $3,285,000. Ordinance No. 822 entitled Encore Contract Amendment approved on 2nd reading by City Council on 8/15/2011 which set forth the authority to proceed with Encore Construction Company as the contractor for completion of the Cobb Road water Reclamation Facility without conducting a competitive selection process. The funding for the Cobb Road expansion is coming from the Bond Settlement Funds, Sewer Impact Fees, and the Southwest Florida Water Management District Reuse Cooperative Funding Agreement.

Settlement of City of Brooksville v. Traveler's Casualty and Surety Insurance Company and Chubb Group Insurance Companies (Federal Insurance Company)

In May 2003, the City entered into a development agreement with certain LandMar entities to develop the Southern Hills Plantation project. In June, 2008, the LandMar Developers and their affiliated companies filed for protection under Chapter 11 of the U.S. Bankruptcy Code in Austin, Texas. As a result of the LandMar Developer's failure to complete their obligations under the Development Agreement and the LandMar Developer's subsequent Bankruptcy Action, the City foreclosed on the performance bonds securing the improvements associated with the Southern Hill Plantation project and certain obligations of the LandMar developers as set forth in the Development Agreement. Specifically the law concerned the performance bonds issued to the City by Travelers and those issued to the City by Chubb.

In September 2010, the City filed suit against Traveler's casualty and Surety Company (Traveler's) and Chubb Insurance Companies (Chubb) in the Fifth Judicial Circuit Court in and for Hernando County, Florida. Duke Energy Corporation ("Duke"), the guarantor on the bonds subject to the litigation, petitioned the court to intervene in the action.

On March, 28, 2011, the City, Traveler's, Chubb and Duke participated in settlement negotiations and reached a tentative agreement subject to direction of City Council. In consideration for the mutual settlement agreement and release, Duke Energy Corporation agreed to pay the City of Brooksville the sum of $3,500,000.

On June 6, 2011, the Brooksville City Council agreed to the mutual agreement. On June 23, 2011, the City received $2,625,000 less the legal fees of $875,000 based on the mutual agreement.

Levitt & Sons of Hernando County, LLC

Levitt & Sons of Hernando County, LLC, the Developer for the Cascades projects, filed for Chapter 11 Bankruptcy in November 2007 and abandoned the projects. Key Bank, N.A., the lien holder of the property, foreclosed on the lien and held the title to the Cascades property under its real estate holding company, OREO Corp. of Ohio. The project is currently subject to litigation in the matters styled *Westchester Fire Insurance Company v. City of Brooksville* and *City of Brooksville v. Bond Safeguard Insurance Company.* This relates to the performance and payment bonds which secure the various public works improvements required for final plat approval including roads and water and sewer lines. On July 31, 2009, the property was purchased by CaSHP 1, LLC, CaSHP2, LLC, CaSHP 3, LLC, CaSHP 4, LLC and other affiliated corporate entities. The amount of potential loss to the City is $5,617,646, which is the sum of the damages in the Westchester and Bond Safeguard matters.

City of Brooksville v. Westchester Fire Insurance Company

In the matter of *City of Brooksville v. Westchester Fire Insurance Company*, U.S. District Court of Appeals, 11th Circuit, Case No. 10-14075-CC which is an appeal of the U.S. District Court for the Middle District ruling denying on summary judgment the City's counterclaim for recovery on $5.3 million in surety bonds issued by Westchester to the City, and granting Westchester summary judgment on its claim for declaratory judgment that it has no obligation to pay under the bonds.

NOTE T – COMMITMENTS AND CONTINGENCIES (CONTINUED)

City of Brooksville v. Westchester Fire Insurance Company (Continued)

On October 4, 2010, City Council approved the law firm of Barnes & Thornburg in Atlanta as appellate co-counsel for the Westchester appeal in the U.S. 11th Circuit Court of Appeal.

The $5.3 million in surety bonds were to be used by the City to complete various public works improvements required for final plat approval including roads and water and sewer lines within the Cascades property. Levitt & Sons of Hernando County, LLC, the Developer of the Cascades projects, filed for Chapter 11 Bankruptcy in November 2007 and abandoned the projects. The amount of potential loss to the City is $ 5,366,455 plus attorney fees and costs in an unknown amount.

On March 8, 2012 the 11th Circuit Court of Appeals affirmed the grant of summary judgment against the City of Brooksville at the lower court. The City has filed a petition for rehearing in this matter.

Southern Hills Plantation Impact Fee Credits

The City has approximately $2.8 million booked as water and sewer impact fee credits in the Southern Hill Plantation developments.

Public Service Tax Audit

The City initiated an audit of records for both Progress Energy and Withlacoochee River Electric Cooperative to audit the assessment, collection and payment of the public service tax beginning in the fall of 2007. The City staff worked with both utilities to review parcel information identifying those parcels which have not been assessed the public service tax.

The City served official notice to Progress Energy of its intent to conduct a public service audit. The City retained Oliver & Company, P.A. in August 2009 to conduct a formal public service audit of Progress Energy accounts corresponding to those parcels identified as not having been assessed the tax. The records necessary to complete the audit were provided by Progress Energy as of September 3, 2010.

On November 7, 2011, the City Council approved an agreement with Progress Energy of Florida, Inc. (PEF) in order to ascertain the accuracy of the levy, collection, and payment of the 10% public service tax. The agreement provided for the payment of $192,000 from PEF for the audit period of November 2004 through October 2007. The agreement fully resolved any of the City's claims of public service taxes, franchise fees or interest owed for the audit period. The funds ($192,000) were received by the City in December 2011.

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 by 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 rights lawsuit is currently pending in the Hernando County Circuit Court. PRM has stated that 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.

NOTE T – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Energy Systems Group Project

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

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

As of September 30, 2011, the City had drawn from the SunTrust Escrow account $255,440 for energy projects (primarily radio read meters); the balance in the Escrow account was $3,077,582 at September 30, 2011.

NOTE U – SUBSEQUENT EVENTS

Water Meter Change-out

From the funding of the SunTrust Capital Improvement Revenue Note, Series 2011-A, the City completed their water meter change-out. In 2011 (completed October 2011) all water meters in the system are now radio-read meters. Approximately 3,439 meters were replaced. This project will reduce unaccounted water because of worn and inaccurate meters.

Traffic Infraction Detection & Enforcement Program

On October 3, 2011, the City Council approved the Sensys Agreement to re-implement the Traffic Infraction Detection and Enforcement Program. The program is expected to begin in Spring 2012.

Southern Hills Phase 3A-1, Phase 3, Southern Hills Boulevard and Phase 2 Completion of Civil Improvements/Roadway Repair Analysis

On November 21, 2011, City Council was provided an engineering analysis for the work required to complete civil improvements and infrastructure for Phases 3A-1,3, and roadway repairs to Southern Hills Boulevard and Phase 2 for the Southern Hills Plantation subdivision. On November 21, 2011, the City Council approved bidding the projects. The City's budget for these Southern Hills Plantation projects is based on the proceeds from the bond settlement involving infrastructure commitments taken on by Hampton Ridge Developers, LLC and affiliates in the process of developing the overall project (less legal fees and budgeted allocation of the Cobb Road Water Reuse facility). The money available for the repairs is approximately $1,291,000.

Hope Hill Well #3 Modifications

The connection of the first production well of the City's water source expansion project was designed and permitted during 2011; and on December 14, 2011, BRW Contracting, Inc. commenced construction of approximately 1,000 feet of 24 inch diameter pipe, and smaller piping, and modifications to connect Well #3 to the water system. The new well is expected to be online and fully operational during the 2nd quarter of 2012. This will increase the City's water production capability by about 600,000 gallons per days (enough for an additional 960 homes).

NOTE U – SUBSEQUENT EVENTS (CONTINUED)

CDBG Neighborhood Revitalization Grant for Water main and Fire Hydrants Construction Project

In 2011 and in anticipation of grant funding, the City paid for design and permitting to install 4,995 LF of new water transmission lines and 25 new or refurbished fire hydrants in the South Brooksville area. Application for a Community Development Block Grant (CDBG) was made and the City was awarded $750,000 on May 31, 2011. Bids were closed on February 17, 2012. Council awarded bid on March 19, 2012 in the amount of $581,433.

Property Values Expected to Decline in 2012

A decline in taxable values for the City of Brooksville is expected in 2012. As of this writing, 2012 estimated projections have been received from the Hernando County Property Appraiser. Those very tentative projections estimate the City's taxable values to drop as much as 5 to 6%. If taxable values drop 6% from 2011 to 2012, the City would have approximately $142,000 less in Ad Valorem Revenues than the previous year. This revenue estimate drop is based on the 2011 millage rate of 6.3700 at 95%.

CITY OF BROOKSVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	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	$ 13,543	$ 14,235	$ 1,906	$ 136,028	$ 21,320	$ 262,398	$ 91,213	$ 86,452
RESTRICTED POOLED CASH AND INVESTMENTS	0	0	0	0	0	0	0	0
ACCOUNTS RECEIVABLE	0	0	0	0	0	0	0	0
DUE FROM OTHER FUNDS	0	0	0	0	0	0	0	0
ADVANCE TO OTHER FUNDS	0	0	0	0	0	0	0	0
DUE FROM OTHER GOVERNMENTS	334	0	21,792	0	0	0	0	0
TOTAL ASSETS	$ 13,877	$ 14,235	$ 23,698	$ 136,028	$ 21,320	$ 262,398	$ 91,213	$ 86,452
LIABILITIES AND FUND BALANCE								
LIABILITIES								
ACCOUNTS PAYABLE	$ 0	$ 0	$ 0	$ 6,979	$ 450	$ 0	$ 0	$ 2,470
UNEARNED REVENUE	0	0	0	0	341	525	230	318
DUE TO OTHER FUNDS	0	0	0	0	0	0	0	0
OTHER CURRENT LIABILITIES	0	0	0	0	0	0	0	0
TOTAL LIABILITIES	0	0	0	6,979	791	525	230	2,788
FUND BALANCE								
RESTRICTED	13,877	14,235	23,698	129,049	20,529	261,873	90,983	83,664
COMMITTED	0	0	0	0	0	0	0	0
ASSIGNED	0	0	0	0	0	0	0	0
TOTAL FUND BALANCE	13,877	14,235	23,698	129,049	20,529	261,873	90,983	83,664
TOTAL LIABILITIES AND FUND BALANCE	$ 13,877	$ 14,235	$ 23,698	$ 136,028	$ 21,320	$ 262,398	$ 91,213	$ 86,452

CITY OF BROOKSVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	SPECIAL REVENUE FUNDS							
	JUSTICE ASSISTANCE GRANT	ROAD IMPACT FEES	GOOD NEIGHBOR TRAIL PROJECT	MAJOR STORM READINESS	FIRE GRANTS AND DONATIONS	POLICE GRANTS AND DONATIONS	COST RECOVERY	TRAFFIC CAMERA
ASSETS								
POOLED CASH AND INVESTMENTS	$ 0	$ 2,101,605	$ 6,388	$ 72,326	$ 5,933	$ 27,212	$ 0	$ 219,814
RESTRICTED POOLED CASH AND INVESTMENTS	0	0	0	0	0	0	0	0
ACCOUNTS RECEIVABLE	0	0	0	0	0	0	0	0
DUE FROM OTHER FUNDS	0	0	0	0	0	0	0	0
ADVANCE TO OTHER FUNDS	0	0	0	0	0	0	0	0
DUE FROM OTHER GOVERNMENTS	0	0	0	0	18,622	0	0	0
TOTAL ASSETS	$ 0	$ 2,101,605	$ 6,388	$ 72,326	$ 24,555	$ 27,212	$ 0	$ 219,814
LIABILITIES AND FUND BALANCE								
LIABILITIES								
ACCOUNTS PAYABLE	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 120
UNEARNED REVENUE	0	4,779	0	0	0	0	0	0
DUE TO OTHER FUNDS	0	0	0	0	13,418	0	0	0
OTHER CURRENT LIABILITIES	0	161,981	0	0	0	0	0	0
TOTAL LIABILITIES	0	166,760	0	0	13,418	0	0	120
FUND BALANCE								
RESTRICTED	0	1,934,845	0	0	0	0	0	0
COMMITTED	0	0	6,388	18,005	4,296	20,000	0	219,694
ASSIGNED	0	0	0	54,321	6,841	7,212	0	0
TOTAL FUND BALANCE	0	1,934,845	6,388	72,326	11,137	27,212	0	219,694
TOTAL LIABILITIES AND FUND BALANCE	$ 0	$ 2,101,605	$ 6,388	$ 72,326	$ 24,555	$ 27,212	$ 0	$ 219,814

CITY OF BROOKSVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	SPECIAL REVENUE FUNDS				
	FIRST TEE	TREESCAPING	ENRICHMENT CENTER PREMISES MAINTENANCE	FDOT	TOTAL SPECIAL REVENUE FUNDS
ASSETS					
POOLED CASH AND INVESTMENTS	$ 28,605	$ 77,401	$ 3,735	$ 0	$ 3,170,114
RESTRICTED POOLED CASH AND INVESTMENTS	0	0	0	0	0
ACCOUNTS RECEIVABLE	0	0	1,020	0	1,020
DUE FROM OTHER FUNDS	0	0	0	0	0
ADVANCE TO OTHER FUNDS	0	0	0	0	0
DUE FROM OTHER GOVERNMENTS	0	0	0	5,827	46,575
TOTAL ASSETS	$ 28,605	$ 77,401	$ 4,755	$ 5,827	$ 3,217,709
LIABILITIES AND FUND BALANCE					
LIABILITIES					
ACCOUNTS PAYABLE	$ 191	$ 0	$ 849	$ 2,589	$ 13,648
UNEARNED REVENUE	0	0	0	0	6,193
DUE TO OTHER FUNDS	0	0	0	3,238	16,656
OTHER CURRENT LIABILITIES	0	0	0	0	161,981
TOTAL LIABILITIES	191	0	849	5,827	198,478
FUND BALANCE					
RESTRICTED	0	0	3,906	0	2,576,659
COMMITTED	20,201	25,000	0	0	313,584
ASSIGNED	8,213	52,401	0	0	128,988
TOTAL FUND BALANCE	28,414	77,401	3,906	0	3,019,231
TOTAL LIABILITIES AND FUND BALANCE	$ 28,605	$ 77,401	$ 4,755	$ 5,827	$ 3,217,709

CITY OF BROOKSVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	CAPITAL PROJECT FUNDS						
	MCKETHAN PARK	MULTI-YEAR CAPITAL PROJECT ACCUMULATION	CAPITAL IMPROVEMENT REVENUE 2006 BOND	CAPITAL IMPROVEMENT BOND & INTEREST SINKING - 2006	CAPITAL IMPROVEMENT REVENUE 2011 BOND	BOND SETTLEMENT	TOTAL CAPITAL PROJECT FUNDS
ASSETS							
POOLED CASH AND INVESTMENTS	$ 47,098	$ 465,164	$ 0	$ 0	$ 0	$ 0	$ 512,262
RESTRICTED POOLED CASH AND INVESTMENTS	0	0	18,014	23,456	2,830,363	1,290,870	4,162,703
ACCOUNTS RECEIVABLE	0	0	0	0	0	0	0
DUE FROM OTHER FUNDS	0	0	0	0	0	0	0
ADVANCE TO OTHER FUNDS	0	0	0	0	347,934	0	347,934
DUE FROM OTHER GOVERNMENTS	0	0	78	0	0	0	78
TOTAL ASSETS	$ 47,098	$ 465,164	$ 18,092	$ 23,456	$ 3,178,297	$ 1,290,870	$ 5,022,977
LIABILITIES AND FUND BALANCE							
LIABILITIES							
ACCOUNTS PAYABLE	$ 0	$ 0	$ 0	$ 0	$ 9,848	$ 0	$ 9,848
UNEARNED REVENUE	13,930	0	0	0	0	0	13,930
DUE TO OTHER FUNDS	0	0	0	0	0	0	0
OTHER CURRENT LIABILITIES	0	0	0	0	0	0	0
TOTAL LIABILITIES	13,930	0	0	0	9,848	0	23,778
FUND BALANCE							
RESTRICTED	0	0	18,092	23,456	3,168,449	1,290,870	4,500,867
COMMITTED	19,500	391,000	0	0	0	0	410,500
ASSIGNED	13,668	74,164	0	0	0	0	87,832
TOTAL FUND BALANCE	33,168	465,164	18,092	23,456	3,168,449	1,290,870	4,999,199
TOTAL LIABILITIES AND FUND BALANCE	$ 47,098	$ 465,164	$ 18,092	$ 23,456	$ 3,178,297	$ 1,290,870	$ 5,022,977

CITY OF BROOKSVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	DEBT SERVICE FUND		PERMANENT FUND		
	CAPITAL IMPROVEMENT BOND & INTEREST SINKING - 2011	TOTAL DEBT SERVICE FUNDS	CEMETERY PERPETUAL CARE	TOTAL PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS					
POOLED CASH AND INVESTMENTS	$ 0	$ 0	$ 0	$ 0	$ 3,682,376
RESTRICTED POOLED CASH AND INVESTMENTS	47,470	47,470	320,603	320,603	4,530,776
ACCOUNTS RECEIVABLE	0	0	0	0	1,020
DUE FROM OTHER FUNDS	0	0	21,369	21,369	21,369
ADVANCE TO OTHER FUNDS	0	0	0	0	347,934
DUE FROM OTHER GOVERNMENTS	0	0	0	0	46,653
TOTAL ASSETS	$ 47,470	$ 47,470	$ 341,972	$ 341,972	$ 8,630,128
LIABILITIES AND FUND BALANCE					
LIABILITIES					
ACCOUNTS PAYABLE	$ 0	$ 0	$ 0	$ 0	$ 23,496
UNEARNED REVENUE	0	0	0	0	20,123
DUE TO OTHER FUNDS	0	0	0	0	16,656
OTHER CURRENT LIABILITIES	0	0	0	0	161,981
TOTAL LIABILITIES	0	0	0	0	222,256
FUND BALANCE					
RESTRICTED	47,470	47,470	341,972	341,972	7,466,968
COMMITTED	0	0	0	0	724,084
ASSIGNED	0	0	0	0	216,820
TOTAL FUND BALANCE	47,470	47,470	341,972	341,972	8,407,872
TOTAL LIABILITIES AND FUND BALANCE	$ 47,470	$ 47,470	$ 341,972	$ 341,972	$ 8,630,128

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	SPECIAL REVENUE FUNDS						
	POLICE SPECIAL EDUCATION FUND	LAW ENFORCEMENT TRUST FUND	LOCAL OPTION GAS TAX	LAW ENFORCEMENT INVESTIGATIVE TRUST	LAW ENFORCEMENT IMPACT FEES	PUBLIC BUILDING IMPACT FEES	FIRE IMPACT FEES
REVENUES							
TAXES	$ 0	$ 0	$ 277,590	$ 0	$ 0	$ 0	$ 0
LICENSES & PERMITS	0	0	0	0	0	0	0
INTERGOVERNMENTAL REVENUE	0	0	0	0	0	0	0
CHARGES FOR SERVICES	0	0	0	0	0	0	0
FINES & FORFEITS	3,826	0	0	0	0	0	0
MISCELLANEOUS REVENUES	96	53	0	62,162	2,000	3,411	3,768
TOTAL REVENUES	3,922	53	277,590	62,162	2,000	3,411	3,768
EXPENDITURES							
CURRENT							
CULTURE & RECREATION	0	0	0	0	0	0	0
GENERAL GOVERNMENT	0	0	0	0	0	0	0
PUBLIC SAFETY	0	0	0	28,461	476	0	0
DEBT SERVICE					0		
PRINCIPAL	0	0	0	0		0	0
INTEREST AND FISCAL CHARGES	0	0	0	0	0	0	0
CAPITAL OUTLAY	0	0	0	17,896	1,760	0	0
TOTAL EXPENDITURES	0	0	0	46,357	2,236	0	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,922	53	277,590	15,805	(236)	3,411	3,768
OTHER FINANCING SOURCES (USES)							
PROCEEDS OF DEBT	0	0	0	0	0	0	0
TRANSFERS IN	0	0	0	0	0	0	0
TRANSFERS OUT	0	0	(279,106)	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	0	0	(279,106)	0	0	0	0
NET CHANGE IN FUND BALANCES	3,922	53	(1,516)	15,805	(236)	3,411	3,768
FUND BALANCES, BEGINNING OF YEAR	9,955	14,182	25,214	113,244	20,765	258,462	87,215
FUND BALANCES, END OF YEAR	$ 13,877	$ 14,235	$ 23,698	$ 129,049	$ 20,529	$ 261,873	$ 90,983

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	SPECIAL REVENUE FUNDS						
	PARKS IMPACT FEES	JUSTICE ASSISTANCE GRANT	ROAD IMPACT FEES	GOOD NEIGHBOR TRAIL PROJECT	MAJOR STORM READINESS	FIRE GRANTS AND DONATIONS	POLICE GRANTS AND DONATIONS
REVENUES							
TAXES	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
LICENSES & PERMITS	0	0	0	0	0	0	0
INTERGOVERNMENTAL REVENUE	0	65,265	0	0	0	18,622	0
CHARGES FOR SERVICES	0	0	0	0	0	0	0
FINES & FORFEITS	0	0	0	0	0	0	0
MISCELLANEOUS REVENUES	1,409	0	24,401	0	106	514	1,162
TOTAL REVENUES	1,409	65,265	24,401	0	106	19,136	1,162
EXPENDITURES							
CURRENT							
CULTURE & RECREATION	0	0	0	0	0	0	0
GENERAL GOVERNMENT	0	0	0	0	0	0	0
PUBLIC SAFETY	0	0	0	0	0	5,793	974
DEBT SERVICE							
PRINCIPAL	0	0	0	0	0	0	0
INTEREST AND FISCAL CHARGES	0	0	0	0	0	0	0
CAPITAL OUTLAY	25,999	65,265	0	0	0	13,485	48
TOTAL EXPENDITURES	25,999	65,265	0	0	0	19,278	1,022
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(24,590)	0	24,401	0	106	(142)	140
OTHER FINANCING SOURCES (USES)							
PROCEEDS OF DEBT	0	0	0	0	0	0	0
TRANSFERS IN	0	0	0	0	0	4,296	6,358
TRANSFERS OUT	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0	4,296	6,358
NET CHANGE IN FUND BALANCES	(24,590)	0	24,401	0	106	4,154	6,498
FUND BALANCES, BEGINNING OF YEAR	108,254	0	1,910,444	6,388	72,220	6,983	20,714
FUND BALANCES, END OF YEAR	$ 83,664	$ 0	$ 1,934,845	$ 6,388	$ 72,326	$ 11,137	$ 27,212

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	SPECIAL REVENUE FUNDS						
	COST RECOVERY	TRAFFIC CAMERA	FIRST TEE	TREESCAPING	ENRICHMENT CENTER PREMISES MAINTENANCE	FDOT	TOTAL SPECIAL REVENUE FUNDS
REVENUES							
TAXES	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 277,590
LICENSES & PERMITS	0	0	0	2,894	0	0	2,894
INTERGOVERNMENTAL REVENUE	0	0	0	0	1,300,000	5,827	1,389,714
CHARGES FOR SERVICES	0	0	37,397	0	0	0	37,397
FINES & FORFEITS	0	2,250	0	0	0	0	6,076
MISCELLANEOUS REVENUES	0	0	336	638	1,020	0	101,076
TOTAL REVENUES	0	2,250	37,733	3,532	1,301,020	5,827	1,814,747
EXPENDITURES							
CURRENT							
CULTURE & RECREATION	0	0	34,543	990	2,114	5,827	43,474
GENERAL GOVERNMENT	0	0	0	0	0	0	0
PUBLIC SAFETY	0	440	0	0	0	0	36,144
DEBT SERVICE							
PRINCIPAL	0	0	0	0	0	0	0
INTEREST AND FISCAL CHARGES	0	0	0	0	0	0	0
CAPITAL OUTLAY	0	0	0	0	1,300,000	0	1,424,453
TOTAL EXPENDITURES	0	440	34,543	990	1,302,114	5,827	1,504,071
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	1,810	3,190	2,542	(1,094)	0	310,676
OTHER FINANCING SOURCES (USES)							
PROCEEDS OF DEBT	0	0	0	0	0	0	0
TRANSFERS IN	0	0	0	0	5,000	0	15,654
TRANSFERS OUT	(10,654)	(200,000)	0	0	0	0	(489,760)
TOTAL OTHER FINANCING SOURCES (USES)	(10,654)	(200,000)	0	0	5,000	0	(474,106)
NET CHANGE IN FUND BALANCES	(10,654)	(198,190)	3,190	2,542	3,906	0	(163,430)
FUND BALANCES, BEGINNING OF YEAR	10,654	417,884	25,224	74,859	0	0	3,182,661
FUND BALANCES, END OF YEAR	$ 0	$ 219,694	$ 28,414	$ 77,401	$ 3,906	$ 0	$ 3,019,231

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	CAPITAL PROJECT FUNDS						
	MCKETHAN PARK	MULTI-YEAR CAPITAL PROJECT ACCUMULATION	CAPITAL IMPROVEMENT REVENUE 2006 BOND	CAPITAL IMPROVEMENT BOND & INTEREST SINKING - 2006	CAPITAL IMPROVEMENT REVENUE 2011 BOND	BOND SETTLEMENT	TOTAL CAPITAL PROJECT FUNDS
REVENUES							
TAXES	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
LICENSES & PERMITS	0	0	0	0	0	0	0
INTERGOVERNMENTAL REVENUE	6,070	144,419	32,505	0	0	0	182,994
CHARGES FOR SERVICES	0	0	0	0	0	0	0
FINES & FORFEITS	0	0	0	0	0	0	0
MISCELLANEOUS REVENUES	280	(250)	37	148	2,261	3,505,194	3,507,670
TOTAL REVENUES	6,350	144,169	32,542	148	2,261	3,505,194	3,690,664
EXPENDITURES							
CURRENT							
CULTURE & RECREATION	972	0	0	0	0	0	972
GENERAL GOVERNMENT	0	0	0	0	250	875,000	875,250
PUBLIC SAFETY	0	0	0	0	0	0	0
DEBT SERVICE							
PRINCIPAL	0	0	0	26,000	0	0	26,000
INTEREST AND FISCAL CHARGES	0	0	0	8,605	0	0	8,605
CAPITAL OUTLAY	5,098	310,998	0	0	166,584	0	482,680
TOTAL EXPENDITURES	6,070	310,998	0	34,605	166,834	875,000	1,393,507
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	280	(166,829)	32,542	(34,457)	(164,573)	2,630,194	2,297,157
OTHER FINANCING SOURCES (USES)							
PROCEEDS OF DEBT	0	0	0	0	3,333,022	0	3,333,022
TRANSFERS IN	0	100,000	0	36,004	47,470	0	183,474
TRANSFERS OUT	0	0	(36,004)	0	(47,470)	(1,339,324)	(1,422,798)
TOTAL OTHER FINANCING SOURCES (USES)	0	100,000	(36,004)	36,004	3,333,022	(1,339,324)	2,093,698
NET CHANGE IN FUND BALANCES	280	(66,829)	(3,462)	1,547	3,168,449	1,290,870	4,390,855
FUND BALANCES, BEGINNING OF YEAR	32,888	531,993	21,554	21,909	0	0	608,344
FUND BALANCES, END OF YEAR	$ 33,168	$ 465,164	$ 18,092	$ 23,456	$ 3,168,449	$ 1,290,870	$ 4,999,199

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	DEBT SERVICE FUND		PERMANENT FUND		
	CAPITAL IMPROVEMENT BOND & INTEREST SINKING - 2011	TOTAL DEBT SERVICE FUNDS	CEMETERY PERPETUAL CARE	TOTAL PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES					
TAXES	$ 0	$ 0	$ 0	$ 0	$ 277,590
LICENSES & PERMITS	0	0	0	0	2,894
INTERGOVERNMENTAL REVENUE	0	0	0	0	1,572,708
CHARGES FOR SERVICES	0	0	0	0	37,397
FINES & FORFEITS	0	0	0	0	6,076
MISCELLANEOUS REVENUES	0	0	2,295	2,295	3,611,041
TOTAL REVENUES	0	0	2,295	2,295	5,507,706
EXPENDITURES					
CURRENT					
CULTURE & RECREATION	0	0	0	0	44,446
GENERAL GOVERNMENT	0	0	0	0	875,250
PUBLIC SAFETY	0	0	0	0	36,144
DEBT SERVICE					
PRINCIPAL	0	0	0	0	26,000
INTEREST AND FISCAL CHARGES	0	0	0	0	8,605
CAPITAL OUTLAY	0	0	0	0	1,907,133
TOTAL EXPENDITURES	0	0	0	0	2,897,578
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURE	0	0	2,295	2,295	2,610,128
OTHER FINANCING SOURCES (USES)					
PROCEEDS OF DEBT	0	0	0	0	3,333,022
TRANSFERS IN	47,470	47,470	10,000	10,000	256,598
TRANSFERS OUT	0	0	0	0	(1,912,558)
TOTAL OTHER FINANCING SOURCES (USES)	47,470	47,470	10,000	10,000	1,677,062
NET CHANGE IN FUND BALANCES	47,470	47,470	12,295	12,295	4,287,190
FUND BALANCES, BEGINNING OF YEAR	0	0	329,677	329,677	4,120,682
FUND BALANCES, END OF YEAR	$ 47,470	$ 47,470	$ 341,972	$ 341,972	$ 8,407,872

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	SPECIAL REVENUE FUNDS							
	POLICE SPECIAL EDUCATION FUND				LAW ENFORCEMENT TRUST FUND			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
FINES & FORFEITS	$ 7,000	$ 7,000	$ 3,826	$ (3,174)	$ 0	$ 0	$ 0	$ 0
MISCELLANEOUS REVENUES	25	25	96	71	10	10	53	43
TOTAL REVENUES	7,025	7,025	3,922	(3,103)	10	10	53	43
EXPENDITURES								
CURRENT								
PUBLIC SAFETY	15,000	15,000	0	15,000	2,500	2,500	0	2,500
CAPITAL OUTLAY	0	0	0	0	2,500	2,500	0	2,500
TOTAL EXPENDITURES	15,000	15,000	0	15,000	5,000	5,000	0	5,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,975)	(7,975)	3,922	11,897	(4,990)	(4,990)	53	5,043
OTHER FINANCING SOURCES (USES)								
TRANSFERS IN	0	0	0	0	0	0	0	0
TRANSFERS OUT	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0	0	0
NET CHANGE IN FUND BALANCES	(7,975)	(7,975)	3,922	11,897	(4,990)	(4,990)	53	5,043
FUND BALANCES, BEGINNING OF YEAR	7,975	7,975	9,955	1,980	4,990	4,990	14,182	9,192
FUND BALANCES, END OF YEAR	$ 0	$ 0	$ 13,877	$ 13,877	$ 0	$ 0	$ 14,235	$ 14,235

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	SPECIAL REVENUE FUNDS							
	LOCAL OPTION GAS TAX				LAW ENFORCEMENT INVESTIGATIVE TURST			
	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	$ 280,000	$ 280,000	$ 277,590	$ (2,410)	$ 0	$ 0	$ 0	$ 0
MISCELLANEOUS REVENUES	0	0	0	0	70,636	70,636	62,162	(8,474)
TOTAL REVENUES	280,000	280,000	277,590	(2,410)	70,636	70,636	62,162	(8,474)
EXPENDITURES								
CURRENT								
PUBLIC SAFETY	0	0	0	0	0	0	28,461	(28,461)
CAPITAL OUTLAY	0	0	0	0	80,000	80,000	17,896	62,104
TOTAL EXPENDITURES	0	0	0	0	80,000	80,000	46,357	33,643
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	280,000	280,000	277,590	(2,410)	(9,364)	(9,364)	15,805	25,169
OTHER FINANCING SOURCES (USES)								
TRANSFERS IN	0	0	0	0	0	0	0	0
TRANSFERS OUT	(280,000)	(278,000)	(279,106)	(1,106)	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	(280,000)	(278,000)	(279,106)	(1,106)	0	0	0	0
NET CHANGE IN FUND BALANCES	0	2,000	(1,516)	(3,516)	(9,364)	(9,364)	15,805	25,169
FUND BALANCES, BEGINNING OF YEAR	0	(2,000)	25,214	27,214	9,364	9,364	113,244	103,880
FUND BALANCES, END OF YEAR	$ 0	$ 0	$ 23,698	$ 23,698	$ 0	$ 0	$ 129,049	$ 129,049

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	SPECIAL REVENUE FUNDS							
	LAW ENFORCEMENT IMPACT FEES				PUBLIC BUILDING IMPACT FEES			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
MISCELLANEOUS REVENUES	$ 733	$ 733	$ 2,000	$ 1,267	$ 4,554	$ 4,554	$ 3,411	$ (1,143)
TOTAL REVENUES	733	733	2,000	1,267	4,554	4,554	3,411	(1,143)
EXPENDITURES								
CURRENT								
PUBLIC SAFETY	0	0	476	(476)	0	0	0	0
CAPITAL OUTLAY	15,000	15,000	1,760	13,240	6,400	6,400	0	6,400
TOTAL EXPENDITURES	15,000	15,000	2,236	12,764	6,400	6,400	0	6,400
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(14,267)	(14,267)	(236)	14,031	(1,846)	(1,846)	3,411	5,257
NET CHANGE IN FUND BALANCES	(14,267)	(14,267)	(236)	14,031	(1,846)	(1,846)	3,411	5,257
FUND BALANCES, BEGINNING OF YEAR	14,267	14,267	20,765	6,498	1,846	1,846	258,462	256,616
FUND BALANCES, END OF YEAR	$ 0	$ 0	$ 20,529	$ 20,529	$ 0	$ 0	$ 261,873	$ 261,873

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	SPECIAL REVENUE FUNDS							
	FIRE IMPACT FEES				PARKS IMPACT FEES			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
MISCELLANEOUS REVENUES	$ 3,268	$ 3,268	$ 3,768	$ 500	$ 1,904	$ 1,904	$ 1,409	$ (495)
TOTAL REVENUES	3,268	3,268	3,768	500	1,904	1,904	1,409	(495)
EXPENDITURES								
CAPITAL OUTLAY	34,000	34,000	0	34,000	35,000	35,000	25,999	9,001
TOTAL EXPENDITURES	34,000	34,000	0	34,000	35,000	35,000	25,999	9,001
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(30,732)	(30,732)	3,768	34,500	(33,096)	(33,096)	(24,590)	8,506
NET CHANGE IN FUND BALANCES	(30,732)	(30,732)	3,768	34,500	(33,096)	(33,096)	(24,590)	8,506
FUND BALANCES, BEGINNING OF YEAR	30,732	30,732	87,215	56,483	33,096	33,096	108,254	75,158
FUND BALANCES, END OF YEAR	$ 0	$ 0	$ 90,983	$ 90,983	$ 0	$ 0	$ 83,664	$ 83,664

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	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	$ 55,874	$ 68,543	$ 65,265	$ (3,278)	$ 0	$ 0	$ 0	$ 0
MISCELLANEOUS REVENUES	0	0	0	0	28,258	28,258	24,401	(3,857)
TOTAL REVENUES	55,874	68,543	65,265	(3,278)	28,258	28,258	24,401	(3,857)
EXPENDITURES								
CURRENT								
PUBLIC SAFETY	0	0	0	0	0	0	0	0
CAPITAL OUTLAY	55,874	68,543	65,265	3,278	200,000	200,000	0	200,000
TOTAL EXPENDITURES	55,874	68,543	65,265	3,278	200,000	200,000	0	200,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	0	0	0	(171,742)	(171,742)	24,401	196,143
OTHER FINANCING (USES)								
TRANSFERS OUT	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING (USES)	0	0	0	0	0	0	0	0
NET CHANGE IN FUND BALANCES	0	0	0	0	(171,742)	(171,742)	24,401	196,143
FUND BALANCES, BEGINNING OF YEAR	0	0	0	0	171,742	171,742	1,910,444	1,738,702
FUND BALANCES, END OF YEAR	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,934,845	$ 1,934,845

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	SPECIAL REVENUE FUNDS							
	GOOD NEIGHBOR TRAIL PROJECT				MAJOR STORM READINESS			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
MISCELLANEOUS REVENUES	$ 0	$ 0	$ 0	$ 0	$ 659	$ 659	$ 106	$ (553)
TOTAL REVENUES	0	0	0	0	659	659	106	(553)
EXPENDITURES								
CURRENT								
PUBLIC SAFETY	0	0	0	0	0	0	0	0
CAPITAL OUTLAY	0	0	0	0	34,000	34,000	0	34,000
TOTAL EXPENDITURES	0	0	0	0	34,000	34,000	0	34,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	0	0	0	(33,341)	(33,341)	106	33,447
OTHER FINANCING SOURCES (USES)								
TRANSFERS IN	0	0	0	0	0	0	0	0
TRANSFERS OUT	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0	0	0
NET CHANGE IN FUND BALANCES	0	0	0	0	(33,341)	(33,341)	106	33,447
FUND BALANCES, BEGINNING OF YEAR	0	0	6,388	6,388	33,341	33,341	72,220	38,879
FUND BALANCES, END OF YEAR	$ 0	$ 0	$ 6,388	$ 6,388	$ 0	$ 0	$ 72,326	$ 72,326

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	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								
INTERGOVERNMENTAL REVENUE	$ 18,622	$ 18,622	$ 18,622	$ -	$ -	$ -	$ -	$ -
MISCELLANEOUS REVENUES	2,145	2,145	514	(1,631)	6,000	6,000	1,162	(4,838)
TOTAL REVENUES	20,767	20,767	19,136	(1,631)	6,000	6,000	1,162	(4,838)
EXPENDITURES								
CURRENT								
PUBLIC SAFETY	4,373	4,373	5,793	(1,420)	5,000	5,000	974	4,026
CAPITAL OUTLAY	16,534	16,534	13,485	3,049	12,000	12,000	48	11,952
TOTAL EXPENDITURES	20,907	20,907	19,278	1,629	17,000	17,000	1,022	15,978
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(140)	(140)	(142)	(2)	(11,000)	(11,000)	140	11,140
OTHER FINANCING SOURCES (USES)								
TRANSFERS IN	4,296	4,296	4,296	0	6,358	6,358	6,358	0
TRANSFERS OUT	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	4,296	4,296	4,296	0	6,358	6,358	6,358	0
NET CHANGE IN FUND BALANCES	4,156	4,156	4,154	(2)	(4,642)	(4,642)	6,498	11,140
FUND BALANCES, BEGINNING OF YEAR	(4,156)	(4,156)	6,983	11,139	4,642	4,642	20,714	16,072
FUND BALANCES, END OF YEAR	$ 0	$ 0	$ 11,137	$ 11,137	$ 0	$ 0	$ 27,212	$ 27,212

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	SPECIAL REVENUE FUNDS							
	COST RECOVERY				TRAFFIC CAMERA			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
FINES AND FORFEITS	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,250	$ 2,250
MISCELLANEOUS REVENUE	0	0	0	0	0	0	0	0
TOTAL REVENUES	0	0	0	0	0	0	2,250	2,250
EXPENDITURES								
CURRENT								
PUBLIC SAFETY	0	0	0	0	0	0	440	(440)
CAPITAL OUTLAY	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	0	0	0	0	0	0	440	(440)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	0	0	0	0	0	1,810	1,810
OTHER FINANCING (USES)								
TRANSFERS OUT	(10,654)	(10,654)	(10,654)	0	(200,000)	(200,000)	(200,000)	0
TOTAL OTHER FINANCING (USES)	(10,654)	(10,654)	(10,654)	0	(200,000)	(200,000)	(200,000)	0
NET CHANGE IN FUND BALANCES	(10,654)	(10,654)	(10,654)	0	(200,000)	(200,000)	(198,190)	1,810
FUND BALANCES, BEGINNING OF YEAR	10,654	10,654	10,654	0	200,000	200,000	417,884	217,884
FUND BALANCES, END OF YEAR	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 219,694	$ 219,694

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	SPECIAL REVENUE FUNDS							
	FIRST TEE				TREESCAPING			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
LICENSES & PERMITS	$ 0	$ 0	$ 0	$ 0	$ 1,573	$ 1,573	$ 2,894	$ 1,321
CHARGES FOR SERVICES	33,950	33,950	37,397	3,447	0	0	0	0
MISCELLANEOUS REVENUES	18,000	18,000	336	(17,664)	117	117	638	521
TOTAL REVENUES	51,950	51,950	37,733	(14,217)	1,690	1,690	3,532	1,842
EXPENDITURES								
CURRENT								
CULTURE AND RECREATION	16,470	16,470	34,543	(18,073)	0	0	990	(990)
TRANSPORTATION	0	0	0	0	25,000	25,000	0	25,000
CAPITAL OUTLAY	33,480	33,480	0	33,480	0	0	0	0
TOTAL EXPENDITURES	49,950	49,950	34,543	15,407	25,000	25,000	990	24,010
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,000	2,000	3,190	1,190	(23,310)	(23,310)	2,542	25,852
OTHER FINANCING SOURCES								
TRANSFERS IN	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	0	0	0	0	0	0	0	0
NET CHANGE IN FUND BALANCES	2,000	2,000	3,190	1,190	(23,310)	(23,310)	2,542	25,852
FUND BALANCES, BEGINNING OF YEAR	(2,000)	(2,000)	25,224	27,224	23,310	23,310	74,859	51,549
FUND BALANCES, END OF YEAR	$ 0	$ 0	$ 28,414	$ 28,414	$ 0	$ 0	$ 77,401	$ 77,401

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	SPECIAL REVENUE FUNDS							
	ENRICHMENT CENTER PREMISES MAINTENANCE				FDOT			
	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	$ 1,305,000	$ 1,305,000	$ 1,300,000	$ (5,000)	$ 889,391	$ 889,391	$ 5,827	$ (883,564)
MISCELLANEOUS REVENUES	6,000	6,000	1,020	(4,980)	0	0	0	0
TOTAL REVENUES	1,311,000	1,311,000	1,301,020	(9,980)	889,391	889,391	5,827	(883,564)
EXPENDITURES								
CURRENT								
CULTURE AND RECREATION	15,000	15,000	2,114	12,886	30,000	30,000	5,827	24,173
CAPITAL OUTLAY	1,300,000	1,300,000	1,300,000	0	859,391	859,391	0	859,391
TOTAL EXPENDITURES	1,315,000	1,315,000	1,302,114	12,886	889,391	889,391	5,827	883,564
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,000)	(4,000)	(1,094)	2,906	0	0	0	0
OTHER FINANCING SOURCES								
TRANSFERS IN	5,000	5,000	5,000	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	5,000	5,000	5,000	0	0	0	0	0
NET CHANGE IN FUND BALANCES	1,000	1,000	3,906	2,906	0	0	0	0
FUND BALANCES, BEGINNING OF YEAR	(1,000)	(1,000)	0	1,000	0	0	0	0
FUND BALANCES, END OF YEAR	$ 0	$ 0	$ 3,906	$ 3,906	$ 0	$ 0	$ 0	$ 0

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	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								
INTERGOVERNMENTAL REVENUE	$ 20,000	$ 20,000	$ 6,070	$ (13,930)	$ 110,966	$ 110,966	$ 144,419	$ 33,453
MISCELLANEOUS REVENUES	15,045	15,045	280	(14,765)	1,341	1,341	(250)	(1,591)
TOTAL REVENUES	35,045	35,045	6,350	(28,695)	112,307	112,307	144,169	31,862
EXPENDITURES								
CURRENT								
CULTURE & RECREATION	0	0	972	(972)	0	0	0	0
CAPITAL OUTLAY	40,000	45,000	5,098	39,902	673,926	682,895	310,998	371,897
TOTAL EXPENDITURES	40,000	45,000	6,070	38,930	673,926	682,895	310,998	371,897
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,955)	(9,955)	280	10,235	(561,619)	(570,588)	(166,829)	403,759
OTHER FINANCING SOURCES (USES)								
TRANSFERS IN	0	0	0	0	100,000	100,000	100,000	0
TRANSFERS OUT	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	100,000	100,000	100,000	0
NET CHANGE IN FUND BALANCES	(4,955)	(9,955)	280	10,235	(461,619)	(470,588)	(66,829)	403,759
FUND BALANCES, BEGINNING OF YEAR	4,955	9,955	32,888	22,933	461,619	470,588	531,993	61,405
FUND BALANCES, END OF YEAR	$ 0	$ 0	$ 33,168	$ 33,168	$ 0	$ 0	$ 465,164	$ 465,164

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	CAPITAL PROJECT FUNDS							
	CAPITAL IMPROVEMENT REVENUE 2006 BOND				CAPITAL IMPROVEMENT BOND & INTEREST SINKING - 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								
INTERGOVERNMENTAL REVENUES	$ 35,010	$ 35,010	$ 32,505	$ (2,505)	$ 0	$ 0	$ 0	$ 0
MISCELLANEOUS REVENUES	0	0	37	37	0	0	148	148
TOTAL REVENUES	35,010	35,010	32,542	(2,468)	0	0	148	148
EXPENDITURES								
DEBT SERVICE								
PRINCIPAL	0	0	0	0	26,000	26,000	26,000	0
INTEREST AND FISCAL CHARGES	0	0	0	0	10,230	10,230	8,605	1,625
TOTAL EXPENDITURES	0	0	0	0	36,230	36,230	34,605	1,625
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	35,010	35,010	32,542	(2,468)	(36,230)	(36,230)	(34,457)	1,773
OTHER FINANCING SOURCES (USES)								
TRANSFERS IN	0	0	0	0	36,230	36,230	36,004	(226)
TRANSFERS OUT	(36,230)	(36,230)	(36,004)	226	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	(36,230)	(36,230)	(36,004)	226	36,230	36,230	36,004	(226)
NET CHANGE IN FUND BALANCES	(1,220)	(1,220)	(3,462)	(2,242)	0	0	1,547	1,547
FUND BALANCES, BEGINNING OF YEAR	1,220	1,220	21,554	20,334	0	0	21,909	21,909
FUND BALANCES, END OF YEAR	$ 0	$ 0	$ 18,092	$ 18,092	$ 0	$ 0	$ 23,456	$ 23,456

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	CAPITAL PROJECT FUNDS							
	CAPITAL IMPROVEMENT REVENUE 2011 BOND				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								
MISCELLANEOUS REVENUES	$ 0	$ 0	$ 2,261	$ 2,261	$ 0	$ 3,500,000	$ 3,505,194	$ 5,194
TOTAL REVENUES	0	0	2,261	2,261	0	3,500,000	3,505,194	5,194
EXPENDITURES								
CURRENT								
GENERAL GOVERNMENT	0	0	250	(250)	0	875,000	875,000	0
CAPITAL OUTLAY	0	166,785	166,584	201	0	0	0	0
TOTAL EXPENDITURES	0	166,785	166,834	(49)	0	875,000	875,000	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	(166,785)	(164,573)	2,212	0	2,625,000	2,630,194	5,194
OTHER FINANCING SOURCES (USES)								
PROCEEDS OF DEBT	0	3,333,022	3,333,022	0	0	0	0	0
TRANSFERS IN	0	47,470	47,470	0	0	0	0	0
TRANSFERS OUT	0	(47,470)	(47,470)	0	0	(1,339,324)	(1,339,324)	0
TOTAL OTHER FINANCING SOURCES (USES)	0	3,333,022	3,333,022	0	0	(1,339,324)	(1,339,324)	0
NET CHANGE IN FUND BALANCES	0	3,166,237	3,168,449	2,212	0	1,285,676	1,290,870	5,194
FUND BALANCES, BEGINNING OF YEAR	0	(3,166,237)	0	3,166,237	0	(1,285,676)	0	1,285,676
FUND BALANCES, END OF YEAR	$ 0	$ 0	$ 3,168,449	$ 3,168,449	$ 0	$ 0	$ 1,290,870	$ 1,290,870

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	DEBT SERVICE FUND				PERMANENT FUND			
	CAPITAL IMPROVEMENT BOND & INTEREST SINKING - 2011				CEMETERY PERPETUAL CARE			
	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS		ORIGINAL	FINAL	ACTUAL AMOUNTS	
REVENUES								
MISCELLANEOUS REVENUES	$ 0	$ 0	$ 0	$ 0	$ 1,443	$ 1,443	$ 2,295	$ 852
TOTAL REVENUES	0	0	0	0	1,443	1,443	2,295	852
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	0	0	0	1,443	1,443	2,295	852
OTHER FINANCING SOURCES								
TRANSFERS IN	0	47,470	47,470	0	10,000	10,000	10,000	0
TOTAL OTHER FINANCING SOURCES	0	47,470	47,470	0	10,000	10,000	10,000	0
NET CHANGE IN FUND BALANCES	0	47,470	47,470	0	11,443	11,443	12,295	852
FUND BALANCES, BEGINNING OF YEAR	0	(47,470)	0	47,470	(11,443)	(11,443)	329,677	341,120
FUND BALANCES, END OF YEAR	$ 0	$ 0	$ 47,470	$ 47,470	$ 0	$ 0	$ 341,972	$ 341,972

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2011

	INTERNAL SERVICE FUNDS			
	FLEET MAINTENANCE FUND	VEHICLE REPLACEMENT FUND	EQUIPMENT REPLACEMENT FUND	TOTAL INTERNAL SERVICE FUNDS
ASSETS				
CURRENT ASSETS				
POOLED CASH AND INVESTMENTS	$ 7,230	$ 1,358,930	$ 27,672	$ 1,393,832
INVENTORIES	2,667	0	0	2,667
TOTAL CURRENT ASSETS	9,897	1,358,930	27,672	1,396,499
NON-CURRENT ASSETS				
CAPITAL ASSETS, NET				
MACHINERY & EQUIPMENT	0	507,990	5,176	513,166
TOTAL CAPITAL ASSETS, NET	0	507,990	5,176	513,166
TOTAL ASSETS	$ 9,897	$ 1,866,920	$ 32,848	$ 1,909,665
LIABILITIES AND FUND EQUITY				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	$ 2,318	$ 24,513	$ 0	$ 26,831
ACCRUED WAGES PAYABLE	1,879	0	0	1,879
ACCRUED PAYROLL LIABILITIES	259	0	0	259
TOTAL CURRENT LIABILITIES	4,456	24,513	0	28,969
NON-CURRENT LIABILITIES				
ACCRUED COMPENSATED ABSENCES	1,830	0	0	1,830
TOTAL LIABILITIES	6,286	24,513	0	30,799
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	0	507,990	5,176	513,166
UNRESTRICTED	3,611	1,334,417	27,672	1,365,700
TOTAL NET ASSETS	3,611	1,842,407	32,848	1,878,866
TOTAL LIABILITIES AND NET ASSETS	$ 9,897	$ 1,866,920	$ 32,848	$ 1,909,665

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	INTERNAL SERVICE FUNDS			
	FLEET MAINTENANCE FUND	VEHICLE REPLACEMENT FUND	EQUIPMENT REPLACEMENT FUND	TOTAL INTERNAL SERVICE FUNDS
OPERATING REVENUE				
CHARGES FOR SERVICES	$ 122,653	$ 137,472	$ 0	$ 260,125
MISCELLANEOUS REVENUES	49	3,103	33	3,185
TOTAL OPERATING REVENUES	122,702	140,575	33	263,310
OPERATING EXPENSES				
PERSONAL SERVICES	91,083	0	0	91,083
OTHER SERVICES & CHARGES	33,345	0	0	33,345
DEPRECIATION	1,754	82,500	88	84,342
TOTAL OPERATING EXPENSES	126,182	82,500	88	208,770
OPERATING INCOME (LOSS)	(3,480)	58,075	(55)	54,540
NONOPERATING REVENUES				
INTEREST EARNINGS	10	6,265	40	6,315
TOTAL NONOPERATING REVENUES	10	6,265	40	6,315
INCOME (LOSS) BEFORE TRANSFERS	(3,470)	64,340	(15)	60,855
TRANSFERS IN (OUT)				
TRANSFERS IN	0	0	0	0
TRANSFERS OUT	0	0	0	0
TOTAL TRANSFERS IN (OUT)	0	0	0	0
CHANGE IN NET ASSETS	(3,470)	64,340	(15)	60,855
NET ASSETS, BEGINNING OF YEAR	7,081	1,778,067	32,863	1,818,011
NET ASSETS, END OF YEAR	$ 3,611	$ 1,842,407	$ 32,848	$ 1,878,866

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES		
RECEIPTS FROM CUSTOMERS	$	260,125
PAYMENTS TO SUPPLIERS		(31,670)
PAYMENTS TO EMPLOYEES		(64,213)
OTHER RECEIPTS (PAYMENTS)		3,185
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		167,427
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
TRANSFERS FROM OTHER FUNDS		0
TRANSFERS TO OTHER FUNDS		0
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
PURCHASES OF MACHINERY & EQUIPMENT		(183,026)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES		(183,026)
CASH FLOWS FROM INVESTING ACTIVITIES		
RECEIPT OF INTEREST AND DIVIDENDS		9,400
NET CASH PROVIDED BY INVESTING ACTIVITIES		9,400
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(6,199)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		1,400,031
CASH AND CASH EQUIVALENTS, END OF YEAR	$	1,393,832
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
OPERATING INCOME (LOSS)	$	54,540
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
DEPRECIATION EXPENSE		84,342
(INCREASE) DECREASE IN		
INVENTORIES		2,753
INCREASE (DECREASE) IN		
ACCOUNTS PAYABLE		25,548
ACCRUED WAGES PAYABLE		162
ACCRUED PAYROLL LIABILITIES		(81)
ACCRUED COMPENSATED ABSENCES		163
TOTAL ADJUSTMENTS		112,887
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$	167,427

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
SEPTEMBER 30, 2011

	PRIVATE PURPOSE TRUST FUNDS				PENSION TRUST FUNDS		
	BUTTERWECK BOND FUND	HRA FUND	DONOR MEMORIAL WALL FUND	TOTAL PRIVATE PURPOSE TRUST FUNDS	FIREMAN'S RETIREMENT FUND	POLICE RETIREMENT FUND	TOTAL PENSION TRUST FUNDS
ASSETS							
POOLED CASH	$ 0	$ 20,159	$ 0	$ 20,159	$ 165,969	$ 9,799	$ 175,768
INVESTMENT IN DEBT SECURITIES	2,207	0	7,284	9,491	1,743,126	0	1,743,126
INVESTMENT IN MARKETABLE EQUITY SECURITIES	0	0	0	0	2,282,189	3,046,649	5,328,838
ACCOUNTS RECEIVABLE	0	0	0	0	29,258	2,994	32,252
PREPAID ITEMS	0	1,962	0	1,962	2,073	0	2,073
TOTAL ASSETS	$ 2,207	$ 22,121	$ 7,284	$ 31,612	$ 4,222,615	$ 3,059,442	$ 7,282,057
LIABILITIES AND FUND BALANCE							
LIABILITIES							
OTHER CURRENT LIABILITIES	$ 0	$ 4,659	$ 0	$ 4,659	$ 0	$ 0	$ 0
TOTAL LIABILITIES	0	4,659	0	4,659	0	0	0
NET ASSETS							
HELD IN TRUST FOR RETIREMENT AND OTHER PURPOSES	2,207	17,462	7,284	26,953	4,222,615	3,059,442	7,282,057
TOTAL NET ASSETS	$ 2,207	$ 17,462	$ 7,284	$ 26,953	$ 4,222,615	$ 3,059,442	$ 7,282,057

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
SEPTEMBER 30, 2011

	AGENCY FUND	
	PAYROLL ACCOUNT	TOTAL AGENCY FUNDS
ASSETS		
POOLED CASH AND INVESTMENTS	$ 17,327	$ 17,327
TOTAL ASSETS	$ 17,327	$ 17,327
LIABILITIES AND FUND BALANCE		
LIABILITIES		
OTHER CURRENT LIABILITIES	$ 17,327	$ 17,327
TOTAL LIABILITIES	$ 17,327	$ 17,327

CITY OF BROOKSVILLE, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BUTTERWECK BOND FUND	HRA FUND	DONOR MEMORIAL WALL FUND	TOTAL PRIVATE PURPOSE TRUST FUNDS	FIREMAN'S RETIREMENT	POLICE RETIREMENT	TOTAL PENSION TRUST FUNDS
ADDITIONS							
CONTRIBUTIONS							
EMPLOYER	$ 0	$ 0	$ 0	$ 0	$ 216,416	$ 0	$ 216,416
PLAN MEMBERS	0	0	0	0	25,139	10,545	35,684
OTHER	0	0	0	0	92,150	123,439	215,589
TOTAL CONTRIBUTIONS	0	0	0	0	333,705	133,984	467,689
INVESTMENT EARNINGS							
NET INCREASE (DECREASE) IN FAIR VALUE	27	0	89	116	(351,039)	(631,477)	(982,516)
GAIN ON SALE OF INVESTMENTS	0	0	0	0	240,598	499,357	739,955
INTEREST/DIVIDENDS	5	0	18	23	146,965	81,391	228,356
TOTAL INVESTMENT EARNINGS	32	0	107	139	36,524	(50,729)	(14,205)
CHARGES FOR SERVICES	0	33,750	0	33,750	0	0	0
MISCELLANEOUS REVENUES	0	0	0	0	971	433	1,404
TOTAL ADDITIONS	32	33,750	107	33,889	371,200	83,688	454,888
DEDUCTIONS							
BENEFIT PAYMENTS	0	29,814	0	29,814	286,736	0	286,736
ADMINISTRATIVE EXPENSES	0	0	0	0	60,231	37,876	98,107
TOTAL DEDUCTIONS	0	29,814	0	29,814	346,967	37,876	384,843
CHANGE IN NET ASSETS	32	3,936	107	4,075	24,233	45,812	70,045
NET ASSETS, BEGINNING OF YEAR	2,175	13,526	7,177	22,878	4,198,382	3,013,630	7,212,012
NET ASSETS, END OF YEAR	$ 2,207	$ 17,462	$ 7,284	$ 26,953	$ 4,222,615	$ 3,059,442	$ 7,282,057

CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

GRANTOR PASS-THROUGH GRANTOR PROGRAM/PROJECT TITLE	CONTRACT #	CFDA/ CSFA #	AWARD AMOUNT	LOCAL MATCH	GRANT FUNDS EXPENDED	LOCAL MATCH EXPENDED
FEDERAL AWARDS						
U.S. Department of Justice						
Bureau of Justice Assistance						
Patrol Vehicle Replacement Grant	2011-JAGC-HERN-2-B2-065	16.738	$ 55,874	$ -	$ 55,874	$ -
Operation Night Owl	2011-JAGD-HERN-1-B3-009	16.738	3,921	-	3,921	-
			59,795	-	59,795	-
Bulletproof Vests	2010-BUBX-100-510-16	16.607	9,844	4,374	5,470	-
COPS Hiring Recovery Program	2009-RK-WX-0221	16.710	134,122	-	46,034	-
Total U.S. Department of Justice			203,761	4,374	111,299	-
U.S. Department of the Interior						
Bureau of Land Management						
Fish and Wildlife Service						
Wildland Grant	40181AG111	15.242	18,622	-	18,622	-
U.S. Department of Housing and Urban Development						
Office of Community Planning and Development						
CDBG-NR	11DB-C5-05-37-05-N 11	14.228	750,000	-	11,000	-
U.S. Department of Environmental Protection						
Florida Department of Environmental Protection						
Clean Water State Revolving Fund	WW270200	66.458	1,370,200	-	568,566	-
Total Federal Awards			$ 2,342,583	$ 4,374	$ 709,487	$ -

CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

GRANTOR PASS-THROUGH GRANTOR PROGRAM/PROJECT TITLE	CONTRACT #	CFDA/ CSFA #	AWARD AMOUNT	LOCAL MATCH	GRANT FUNDS EXPENDED	LOCAL MATCH EXPENDED
STATE FINANCIAL ASSISTANCE						
Florida Department of Transportation						
Landscape	AQ461	55.003	$ 30,000	$ -	$ 5,827	$ -
Total State Financial Assistance			$ 30,000	$ -	$ 5,827	$ -

SUPPLEMENTARY INFORMATION

CITY OF BROOKSVILLE, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
SEPTEMBER 30, 2011

NOTE A – GENERAL

The accompanying schedule of Expenditures of Federal Awards and State Financial Assistance presents the activity of all federal and state financial assistance programs for the City of Brooksville. The City reporting entity is defined in Note A to the City's basic financial statements for the year ended September 30, 2011.

NOTE B – BASIS OF ACCOUNTING

The accompanying schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the modified accrual basis of accounting, which is described in Note A to the City's basic financial statements for the year ended September 30, 2011.

NOTE C – MAJOR FEDERAL AWARDS

Name of Program	CFDA Number
Clean Water State Revolving Fund	66.458

OLIVER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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

City Council
City of Brooksville, Florida

We have audited the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brooksville as of and for the year ended September 30, 2011, and have issued our report thereon dated March 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item11-1that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Compliance and Other Matters

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

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

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

OLIVER & COMPANY, P.A.

Oliver & Company, P.A.

March 26, 2012

OLIVER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CIRCULAR A-133

City Council
City of Brooksville, Florida

Compliance

We have audited the compliance of the City of Brooksville with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2011. The City of Brooksville's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City of Brooksville's management. Our responsibility is to express an opinion on the City of Brooksville's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Brooksville's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Brooksville's compliance with those requirements.

In our opinion, the City of Brooksville complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2011.

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Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees in their normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

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

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

OLIVER & COMPANY, P.A.

Oliver & Company, P.A.

March 26, 2012

CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

Type of auditors' report issued on compliance for major programs:	Unqualified
Internal control over major programs:	
Any material weakness(es) identified?	No
Any significant deficiencies identified not considered to be material weaknesses?	None Reported
Any audit findings disclosed that are required to be Reported in accordance with U.S. Office of Management And Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, Section .510(a)?	No

Identification of major program:

CFDA Number	Name of Program
66.458	Clean Water State Revolving Fund

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

Section II – Financial Statement Findings

11-1

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

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

Finding 11-1 is considered a significant deficiency in internal control but is not a material weakness.

OLIVER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' MANAGEMENT LETTER

Honorable Council Members
Brooksville, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brooksville, Florida (the "City"), as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated March 26, 2012.

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 U.S. Office of Management and Budget Circular A-133. We have issued our Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with Circular A-133 and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 26, 2012, should be considered in conjunction with this management letter.

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

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

Prior Year Audit Finding and Recommendation

In conjunction with our audit of the City's financial statements for the year ended September 30, 2010, we commented on an audit finding and a recommendation relating to the City's accounting system and internal controls. The finding is repeated as item 11-1 in the Schedule of Findings and Questioned Costs.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415 Florida Statutes.

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

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Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

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

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

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City of Brooksville for the fiscal year ended September 30, 2011, 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, 2011. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management.

Pursuant to Chapter 119, Florida Statues, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

OLIVER & COMPANY, P.A.

Oliver & Company, P.A.

March 26, 2012

CITY OF BROOKSVILLE, FLORIDA
GOVERNMENTAL OFFICIALS

ATTACHMENT TO INDEPENDENT AUDITORS' MANAGEMENT LETTER

CITY COUNCIL

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

CITY MANAGER

T. JENNENE NORMAN-VACHA

DIRECTOR OF FINANCE

STEPHEN J. BAUMGARTNER

CITY CLERK

JANICE L. PETERS

CITY ATTORNEY

THE HOGAN LAW FIRM

City of Brooksville

Phone: (352) 540-3810
Fax: (352) 544-5424

March 26, 2012

Mr. David W. Martin, CPA
Auditor General
Local Government Audits/342
State of Florida
Claude Denson Pepper Building, Room 401
111 West Madison Street
Tallahassee, Florida 32399-1450

Re: Financial Audit of the City of Brooksville, Florida for the Audit Period: Fiscal Year Ended September 30, 2011

Dear Mr. Martin:

The financial statements of the City of Brooksville for the fiscal year ended September 30, 2011, have been audited by the City's independent auditing firm of Certified Public Accountants (Oliver & Company, P.A.). The financial statements, auditor's reports and management letter are completed and will be made available to the city officials and the public on March 30, 2012. In compliance with their audit tasking, Oliver & Company, P.A. have reported to you and to other concerned parties what they consider being reportable conditions or material weaknesses in the internal control structure, accounting methods and systems, etc. of the City of Brooksville, along with management comments made to the City.

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

Financial Statement Finding 10-1.

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

Corrective action plan: We believe we are recording our liabilities in the appropriate periods and checks are issued by their due dates with rare exceptions. With respect to establishing a centralized accounts payable system, additional finance staff would have to be hired to accomplish this recommendation. Approvals and coding are done by the various departments. Our Microix software was implemented in January 2009. Microix provides electronic purchase orders and requisitions that can easily be tracked by the finance staff and the departments alike. Plus management can enforce specific requirements to reduce errors. The requests are approved through a multi-level approval process and then are automatically converted to a purchase order or accounts payable transaction. The new software has increased efficiencies and decreased unnecessary paperwork. We disagree that this is not a centralized system since the information is entered and available to the finance department at all times. The departments enter their invoices or purchase orders and those transactions go through the proper

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approval levels to the finance department. In addition, approvals are recorded electronically.

Completion date: City will consider the recommendation of the Auditors; however there are costs to implement their recommendation.

Mr. Martin, I hope this letter has addressed the needs and concerns related to the auditor's findings and recommendations and the audit of the City of Brooksville's financial statements for the fiscal year ending September 30, 2011. Should you have any questions or suggestions, please feel free to contact me at (352) 540-3810, extension 37408.

Yours very truly,

Stephen J Baumgartner
Finance Director

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

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