

INTRODUCTORY SECTION

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**CITY OF BROOKSVILLE, FLORIDA
GOVERNMENTAL OFFICIALS**

CITY COUNCIL

MAYOR

LARA BRADBURN

VICE MAYOR

KEVIN HOHN

COUNCIL MEMBER

FRANKIE BURNETT

COUNCIL MEMBER

JOE JOHNSTON

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, 2012, 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, 2012, 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 11, 2013 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.

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.

Handwritten signature in cursive script that reads "Oliver & Company P.A." with a stylized flourish at the end.

March 11, 2013

CITY OF BROOKSVILLE, FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2012

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, 2012.

FINANCIAL HIGHLIGHTS

- The Assets of the City of Brooksville exceeded its liabilities at September 30, 2012 by \$44,814,179 (net assets) and increased \$1,413,670. Of this amount, \$4,894,254 of unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.
- As of September 30, 2012, the City of Brooksville's governmental funds reported combining ending fund balances of \$5,762,651 which decreased \$3,356,961 from the previous fiscal year. The large decrease in fund balance in our governmental funds is due primarily to the completion of the energy conservation projects in our Capital Improvement Revenue 2011 Bond Fund balance. Our energy loan projects were largely completed and our fund balance in our Capital Improvement Revenue 2011 Bond Fund decreased \$3,029,276.
- General Fund expenditures and Transfers Out came in under final budget projections by \$258,338. The annual GASB adjustments performed during the audit created over budget variances primarily in Physical Environment which is adjusted by the offset entries to Transfers Out.
- Total General Fund expenditures excluding Transfers Out are down from 10/11 by \$378,849. The major differences in the drop are legal expenses decreasing by approximately \$78,000; the Quarry Golf Course expenses (private contractor managing course) were down approximately \$117,000, and the reduction in principal paid on loans by \$81,421 due to the payoff of the City Hall loan.
- Utility Fund Cash and Cash Equivalents decreased from \$6,139,343 at the beginning of the fiscal year to \$3,121,709 at the end of the fiscal year. The primary reason in the decrease is the construction of the reuse components at the City's Cobb Road Wastewater Treatment facility. Total capital expenditures for the fiscal year were \$4,596,566. Of the \$3,121,709 Cash and Cash Equivalents, \$975,209 is unrestricted.
- The Cash & Cash Equivalents for the Sanitation Fund decreased from \$679,019 at the beginning of the fiscal year to \$550,534 at the end of the fiscal year. The Sanitation Fund purchased equipment in the amount of \$335,389 by paying cash which accounted for the decrease in Cash Equivalents.
- Total net assets of the Pension Trust Funds (Police and Fire) increased by \$1,330,201. The main reason for the increase was an increase in fair market value of the investment portfolios of \$1,076,929. Net assets of the two plans were \$8,612,258. This compares to

\$7,282,057 for FY ending 9 30 11. The improvement in the equities market in 11/12 improved our pension reserves considerably after the earlier serious economic downturn.

- City adopted an electric and propane Public Service Tax effective 1/1/04. In the 11-12 fiscal year the tax brought in \$781,118 in revenues. This is an increase of \$34,377 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 2012 was set at 6.600 mills. The millage rate was 6.3700 in 2011.
- On April 28, 2011, the City Council approved the Guaranteed Energy Savings Performance Contract with Energy Systems (ESG). The City with ESG designed projects that are guaranteed to generate energy and operational savings. These energy projects are guaranteed by ESG to generate enough savings to offset the loan payments. The projects selected are City Hall and Public Works HVAC, City Hall roof, Public Works and Walking Trail Lighting, and radio-read meter change out. Through SunTrust, the City issued debt on May 20, 2011 in the amount of \$3,333,022 entitled "City of Brooksville, Florida Capital Improvement Revenue Note, Series 2011, and Financing Energy Performance Projects." The radio read meter project started in the summer of 2011 and was completed in October 2011. At the close of the fiscal year, all the original projects were completed. The remaining energy project that was added by City Council is the City Police Station HVAC budgeted for \$133,056 in the 12/13 Budget.
- In October, 2012 the City proceeded with the installation of the reuse components to their Cobb Road Water Reclamation Facility. The funding for the Cobb Road expansion is coming from Bond Settlement funds, Sewer Impact Fees, and the Southwest Florida Water Management District Reuse Cooperative Funding Agreement. At the close of our fiscal year, the City had spent \$3,429,419 on the project. In December 2012, the City received confirmation from the Southwest Florida Water Management District that the City had met the contractual obligation that the reclaim portions of our Cobb Road Wastewater Treatment Plant were completed on time.
- The City's Utilities completed the Hope Well #3 project and the amount capitalized was \$630,592. The funding source was water connection fees. In addition, the City Utilities expended \$588,860 in 11-12 on the City of Brooksville Community Development Block Grant Neighborhood Revitalization Grant water system improvements and upgrades (south of the downtown central business district).
- The City's Solid Waste Fund purchased in 11-12 a 2013 Peterbilt Model TL3 Base Boom Truck at a cost of \$140,986. In addition, the Fund purchased a 2012 Ford Super Duty Recycling Truck at a cost of \$157,497. The monies for both vehicles came out of the Solid Waste reserves.
- Funding through the City's Vehicle Replacement Fund purchased a 2012 Dodge Charger police car costing \$28,608. In addition, the City purchased two 2011 Ford Crown Victoria Interceptor police cars at a capitalized equipped cost of \$55,227. The 2011 Fords were purchased with a \$44,398 Federal Edward Byrne Memorial JAG Program Grant (Patrol Vehicle Program) and the remaining dollars came from the City's Vehicle Replacement reserves.
- In 11-12 reserves through the City's Equipment Replacement Fund purchased three Gravely Pro 152 lawn mowers at a total cost of \$18,286 for our Parks and Facilities Department.

- The City's Multi-Capital Fund (a Capital Projects Fund) provided the funding and capitalized the City's welcome sign on South SR41 at a cost of \$17,554 (cost split between 2 fiscal years). In addition the City expended \$77,498 for a Street and Sidewalk Management Plan.
- Our McKethan Capital Projects Fund funded improvements to the Tom Varn Park basketball courts and enhancements to press box at a cost of \$18,281.

CITY HIGHLIGHTS

- The City County adopted a special fire assessment for the 2012/13 budget year. The estimated revenue from the assessment is budgeted at \$380,000. The Fire Department Fund was created and moved from General Fund. The City's Fire Department will be funded via the special assessment and a transfer from General Fund.
- The South Brooksville Water, Sewer, and Storm water project is a joint project between Hernando County and the City of Brooksville. Hernando County issued the notice to proceed on July 12, 2011. The project was funded by a \$750,000 Community Development Block Grant. The project installed 5,359 linear feet of 8-inch water main to replace previously undersized lines to serve residents with potable water and provide adequate water pressure and volume for firefighting and property protection. The project installed 650 linear feet of 2-inch water main for providing potable water. The project installed 24 new fire hydrants and 47 new water service connections for existing customers. Remaining grant dollars of \$64,684 were used for building sidewalks which were completed in February 2013. The City will own the water and sewer lines when completed and add new sewer customers to their system which will increase our utility's revenues.
- The Parks and Facilities Department expended \$13,232 on landscaping from a Florida Department of Transportation Grant (\$30,000) along the State highways within the City.
- The Brooksville Community Redevelopment Agency spent \$10,586 for updating the Community Redevelopment Plan and a 5-year Capital Improvement Plan.
- The City's past annexations envisioned substantial growth; and with the world-wide economic crisis behind us, we see growth in our future. Southern Hills Plantation has plans for 1,163 residences in a gated golf community. In 2009, Hampton Ridge Developers (developer for Southern Hills Plantation) filed for bankruptcy reorganization. On October 25, 2010 Hampton Ridge Developers sold the Southern Hills Development to Greenpointe Communities, LLC and subsidiaries. The sale included the golf club, the amenity center, the platted lots not owned by private individuals, and the undeveloped parcels outside of the Southern Hills Plantation development.
- In 09-10 one (1) single family residential permit was issued in the Southern Hills Plantation and was completed in November 2011. The value of the new home totaled \$625,000. In 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. In 11-12 seven single family homes have been finalized as of this writing at a total construction cost of \$826,020. Under construction as of this writing, are four single family homes permitted at \$2,058,490 and

newly permitted are two single family homes valued at \$354,528. In addition, multi-family Villas at Southern Hills are under construction permitted at \$375,000.

- 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. In 11-12 two new single family homes were finalized at a value 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 new single family residential homes permitted of which all three have been certified for occupancy at a construction cost of \$212,950. There were no new construction homes permitted in 11-12 outside of Southern Hills and Cascades.
- The old Brooksville Regional Hospital Facility was renovated to The Grande which is an adult living facility with 170 units which are leased. In 2010, commercial renovations to the old hospital building were originally completed to provide 60,000 square feet of commercial space and the project was called Oaks Towne Centre. Due to the economic climate and the fact the residential portion of The Grande was at full capacity; the project owner of the commercial space elected to convert said commercial space (Oaks Towne Centre) into 95 additional residential units (Grande Phase II). The work to convert the commercial space into 95 residential units at a cost of \$1,100,000 was completed in late 2012.
- In 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 L.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. Alteration permits for 11-12 have been issued totaling \$29,400. O'Reilly's Auto Parts on South Broad Street is permitted and under construction at \$640,000.
- 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.
- Within the City's Internal Service Funds, the City has accumulated over \$1.5 million in unrestricted reserves to purchase new vehicles and equipment.

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 formed the Brooksville Fire District, but the District was dissolved in 2012.

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 Capital Improvement Loan Capital Projects Fund, the Utility Fund, and the 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 government-wide financial statements, governmental fund financial focus is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements. The General Fund is the chief operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

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

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 6-13 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 14-18 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 seven fiduciary funds are Butterweck Bond Fund, Donor Memorial Wall, HRA Fund, Fire District, Payroll, Police Retirement and the Firefighters' Retirement.

The basic fiduciary fund financial statements can be found on pages 19-20 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 21-52 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 53-83 of this report.

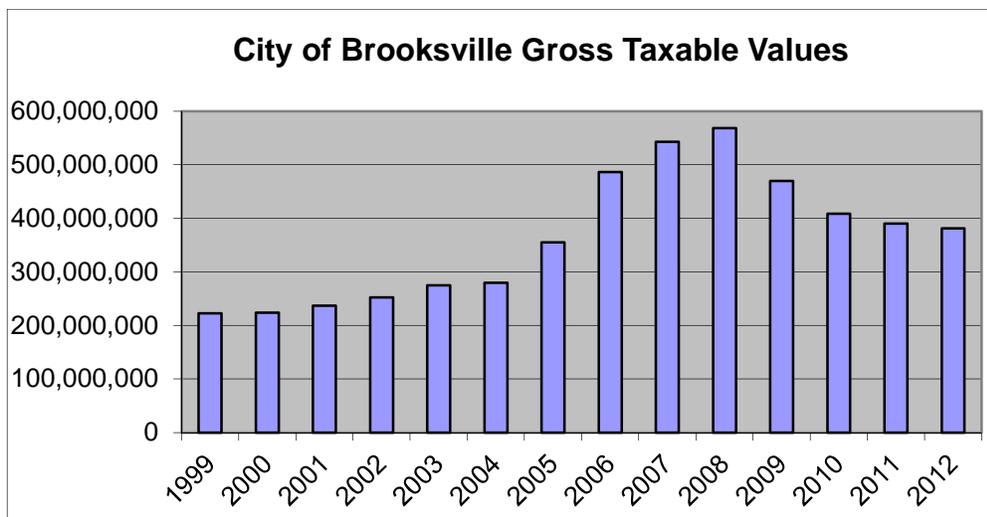
ECONOMIC FACTORS

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 7,711 which was used in the FY 12-13 State Revenue Sharing calculations. The City of Brooksville's Community Development Department estimates that the City will experience growth in population of 14.3%

over the next 10 years. This estimate is based on the 2010 U.S. Census and the growth in the last decade within the City.

Although, the official data from the Hernando County Property Appraisers for 2013 is not yet available it is expected that the City’s taxable values may increase. In the 2012 Tax Year the current year gross taxable value is \$381,485,556. In the 2011 Tax Year the current year gross taxable values for operating purposes were \$390,017,831. This is a drop in taxable values of \$8,532,275 and a 2.22% decline in values in one year. However, between 2010 and 2011, the decline in values dropped 9.14% so this is a much less dramatic decline. In the 2010 Tax year the final gross taxable values were \$429,235,204. In 2008, the final gross taxable values were \$568,431,915 (the highest in the City’s history); this is a decline of \$186,946,359 from 2008 to 2012 and over a 32% loss in values in that period. At the 2012 millage rate of 6.6000 mills, the decline of \$186,946,359 represents a decrease in annual Ad Valorem revenues of approximately \$1,172,154 (at 95%) in the span from the high in 2008 to 2012. This has been a challenge for many Florida cities as their property values drop. However, we believe that the City of Brooksville property values for 2013-14 will start to increase after the 4 year decline. Values are increasing; the City’s has increased new single family home permits. The Chart below shows the City’s gross taxable values from 1999 to 2012.



Hernando County’s unemployment stood at 9.4% in December 2012 and down from 12.7% one year ago. It is also higher than the state rate of 7.9% and the 7.7% nation rate. The highest unemployment rate in Hernando County in the last 20 years was 15.4% recorded in November 2010. The halt in residential and commercial construction hit the County hard. As an indicator, the City in 06-07 collected \$183,685 in Building permits. In 07-08 the City collected \$128,932 in Building permits; and in 08-09 the City collected 123,831—a 33% decline from 06-07. In 09-10, the City collected \$112,109 Building permits revenues and in 10-11 the City collected \$95,835. In 11-12 the City collected \$97,583 Building permits revenues. This is first increase from the previous year in 5 years.

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

Approximately 9 years ago, the City increased in size from approximately 5 square miles to approximately 10.68 square miles through voluntary annexations. These annexations increased the acreage of taxable property within City boundaries. The City is also helping improve the taxable property base by encouraging high quality development and redevelopment. Both of these measures should increase the City's future revenue streams that will assist economically for decades to come. The recent economic downturn has impacted the timing of the future revenue streams, however we believe in several years the economic cycle will improve and growth at a sustainable rate will begin again.

Nationally franchised retail chains are noticing Brooksville's changing demographics and have moved to the area. To assist in promoting business, the City Council repealed the City Occupational Business License Tax in 2008 and maintaining a low millage of 6.6000 mills. The list of national retailers who are in the City includes Wal-Mart, Lowe's Home Improvement, Tractor Supply, Applebee's, Dunkin Donuts and Baskin Robbins, McDonalds, Wendy's, 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. Under construction, in 2013 is the \$640,000 new O'Reilly Auto Parts on South Broad. Also, the renovation of the Old Brooksville Regional Hospital to The Grande (originally 75 assisted living units) which has turned a vacant building to a beautiful asset to the City. Due to the economic climate and the fact that the residential portion of The Grande is at full capacity; the project owner of the commercial space elected to convert the commercial space into 95 additional residential units. The Grande Phase II has been completed with the construction value of \$1,100,000.

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

infrastructure improvements, the City is expanding and improving public areas like parks and landscaped right-of-ways so as to create an ideal environment for people to live, work and play.

Prominent businessman Dr. Dennis Wilfong is serving as Brooksville's Ambassador of Commerce and Employment to promote business and development in the City and Hernando County. Working with Dr. Wilfong is Mrs. Michael Heard who serves as the President/Festival Coordinator of the Florida Blueberry Festival which was held in the City May 4-6, 2012. It was estimated that the inaugural festive brought upwards of 45,000 to 50,000 visitors to Brooksville. The 2013 Brooksville Blueberry Festival is scheduled for May 4-5, 2013 and estimates are it will bring upwards of 75,000 visitors to the 2 day event. Hernando County Commissioner Dave Russell was quoted in the January 31, 2013 *Hernando Today* that the Brooksville Blueberry Festival is a priority because it attracts tourists and it raises the County's profile. This is part of the pro-active approach of the City Council and the City Manager to encourage growth and promote our beautiful City along with being the county governmental seat.

The City is also taking on significant "green initiatives" by retrofitting lighting in City facilities to save electricity (and taxpayer dollars). On April 12, 2011, the City Council approved the Guaranteed Energy Savings Performance Contract. Council approved the conservation measures projects to move forward to be completed through the guaranteed energy Savings Performance contract. The selected conservation projects totaling \$3,333,022 are the City Hall HVAC, City Hall roof, Public Works HVAC, Public Works lighting, walking trail lighting, and radio-read water meter replacement. Those projects were completed and the remaining dollars will be utilized for the City Police HVAC which was added to the 12/13 Budget. Also, the City has partnered with the Brooksville Wal-Mart Distribution center to provide curb-side recycling to City residents which began September 2, 2009. A recycling truck was purchased in 11-12 by our Solid Waste Fund. There is no charge to the City residents for this program.

The growth has slowed, but the City is optimistic that growth will come back with a City that offers many amenities to her residents. The 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
Hometown America (Cloverleaf)	19	Manufactured Housing	Up to 68 lots	Rezoning, Master Plan approved and preliminary plat approved
State Road 50 West	N/A	Anticipated commercial development along SR 50 corridor	Expected growth due to Brooksville Regional Hospital	City providing supporting water and sewer on SR50
Innovators Investment Group	7.71	Commercial & Professional Development	Undetermined at present time	Land use, zoning & CPA approved
Malouf Enterprises- Horse Lake Rd.	25	Commercial PDP	Beef O'Brady's and undetermined additional commercial units	Commercial PDP approved; Beef O'Brady's has opened and other shops have opened and occupy the commercial center
Metro Bay Development (Old Hospital site redevelopment)	11	Residential & Commercial	75 units and with an additional 95 units built in 2012	Approved master plan/plat. Adult living units completed; commercial plan abandoned and 95 additional residential units were built within the previously planned commercial space
Southern Hills Plantation	1,189	Residential w/associated Recreational and commercial uses	1,163 residences proposed in gated golf course community; 240,000 sq. feet retail/office	Annexed May 2003; infrastructure is complete in Phase 1 & 2. Nearing completion in Phase 3 and 3A-1. Chapter 11 on 6/10/09. Purchased by Greenpointe October 2010. Infrastructure for approved phases being completed by City with bond proceeds in 2012
The Cascades	414	Residential	925 residences proposed in a age-restricted (senior) gated community	Annexed. Phase I infrastructure compl. in 2011. Filed Chapter 11 Bankruptcy in November 2007. Property assumed by Key Bank. Key Bank sold property to CASHP1,2,&3 LLC's.
Majestic Oaks	428	Residential, Multi-family, Commercial and recreational	900 residences proposed	Annexed, CPA approved 2/12 /07. Zoning appr. 6/18/ 08.

Project	Acreage	Land Use	Units	Comments/Status
Brooksville Country Club North and of Majesty Oaks	168	Residential Units and Townhouse Units	53 SRF 80 MFR units proposed	Annexed. CPA approved 2/12/07. Zoning approved 6/18/08.
Southern Pines	31	Multi-family residential	240 Condominiums proposed	Annexed March 2004, partial first phase constructed. Developer filed bankruptcy and has since deceased. Property has been taken over by lenders.
Southern Pines	9	Multi-family residential	64 Condominiums proposed	Developer filed bankruptcy and has since deceased. Property has been taken over by lenders.
Brook Haven Apartments	16	Multi-family residential with amenities	160 units	Project completed in 2006
SeaGate	77	Residential PDP	Vacant-proposed office with Multi-Family and Single Family	Annexed 1/3/11
Cornerstone Communities	9.7	Commercial; greater than 100,000 sq. feet.	Proposed Commercial PDP	Annexed 3/15/11; CPA 3/15/10

THE CITY AS A WHOLE

The City's combined net assets as of September 30, 2012 were \$44,814,179. The Table 1 on page 3M reflects the condensed Statement of Net Assets for the last two years:

The largest portion of the City's net assets (77.5%) 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 (11.6%) 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 10.9% are unrestricted net assets. The unrestricted net assets total \$4,894,254 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 decreased due to the spend down of the Energy loan and spending of bond settlement funds for the Cobb Road Reuse construction from the previous year. Liabilities have decreased due to principal reduction on long term debt.

Table 1
City of Brooksville Net Assets

	Governmental Activities		Business Type Activities		Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	7,780,949	10,995,495	4,884,073	7,032,704	12,665,022	18,028,199
Capital Assets, net of deprec.	<u>12,319,691</u>	<u>11,001,057</u>	<u>38,843,955</u>	<u>35,276,395</u>	<u>51,163,646</u>	<u>46,277,452</u>
Unrestricted	<u>20,100,640</u>	<u>21,996,552</u>	<u>43,728,028</u>	<u>42,309,099</u>	<u>63,828,668</u>	<u>64,305,651</u>
Long-Term Liabilities	(3,849,838)	(4,006,807)	(12,923,809)	(13,660,832)	(16,773,647)	(17,667,639)
Other Liabilities	<u>(863,713)</u>	<u>(696,262)</u>	<u>(1,377,129)</u>	<u>(2,541,241)</u>	<u>(2,240,842)</u>	<u>(3,237,503)</u>
Total Liabilities	(4,713,551)	(4,703,069)	(14,300,938)	(16,202,073)	(19,014,489)	(20,905,142)
Net Assets:						
Invested in capital assets	8,467,182	7,029,757	26,274,774	22,123,393	34,741,956	29,153,150
Restricted	4,029,279	7,466,968	1,148,690	2,193,610	5,177,969	9,660,578
Unrestricted	<u>2,890,628</u>	<u>2,796,758</u>	<u>2,003,626</u>	<u>1,790,023</u>	<u>4,894,254</u>	<u>4,586,781</u>
Total Net Assets	15,387,089	17,293,483	29,427,090	26,107,026	44,814,179	43,400,509

Table 2 on Page 3N is the condensed Change in Net Assets for the fiscal year ended September 30, 2012. This schedule compares the revenues and expenses for the primary government for the current and previous fiscal years.

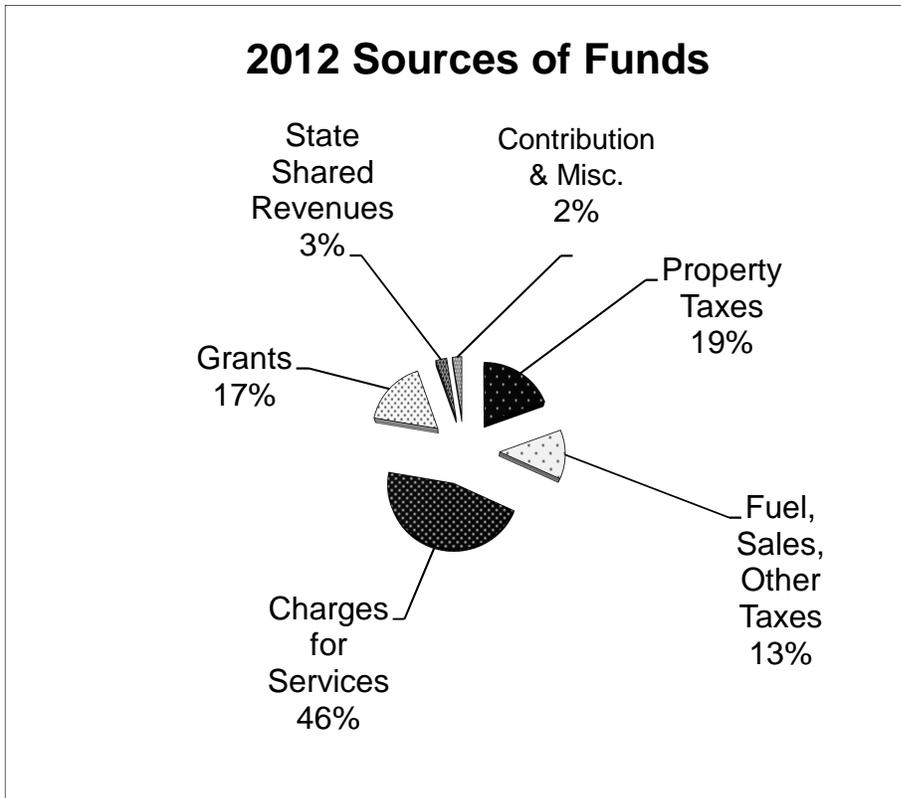
Table 2 shows us the cost of governmental expense activities this fiscal year was \$7,792,745 going down 8.7% from last year. The City's total Governmental Activities Revenues decreased \$4,977,803 due to the Bond Settlement monies of \$3,500,000 (in miscellaneous revenues in 2011) and the donation of the Enrichment Center enhancements in the amount of \$1,300,000 in 2011. Property tax collections went down slightly by \$41,699. Table 2 shows the cost of Business-type expense activities was \$4,931,244 (decrease of 21% over last year). This large decrease 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 in 2011. The Business-type accounts Revenues increased from 2011 to 2012 by \$1,765,548; this was due to the increase of Capital Grants and Contributions of \$1,686,514. Business-type charges for services decreased slightly by less than 1/2 percent.

On Table 2, the total Primary Government Expenses were \$12,723,989. The decrease from the previous year is due primarily due to the radio read meter energy savings project in 2011. Total Primary Government Revenues were down due to the extraordinary Bond Settlement of \$3,500,000 in 2011. Capital Grants and Contributions totaled \$2,341,919. The contribution from the South Florida Water Management District Taxes on the Cobb Road Reuse Facility was the prime reason for this increase. Taxes brought in to the City totaled \$4,524,833.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Revenues						
Charges for Services	1,508,606	1,683,855	4,985,739	5,003,634	6,494,345	6,687,489
Operating Grants & Contributions	65,098	1,437,047			65,098	1,437,047
Capital Grants & Contributions	75,739	156,316	2,266,180	579,666	2,341,919	735,982
Property Taxes	2,742,601	2,784,300			2,742,601	2,784,300
Fuel Taxes	256,284	277,590			256,284	277,590
Sales Taxes	334,343	339,796			334,343	339,796
Other Taxes	1,191,605	746,741			1,191,605	746,741
Impact Fees	0	24,536			0	24,536
State Shared Revenues	402,499	401,789			402,499	401,789
Investment Earning	49,984	48,310	22,048	26,523	72,032	74,833
Miscellaneous	378,980	3,811,808	85,354	47,421	464,334	3,859,229
Sale of Capital Assets	0	0	18,214	14,552	18,214	14,552
Interfund Transfers	<u>(1,119,388)</u>	<u>(813,964)</u>	<u>873,773</u>	<u>813,964</u>	<u>(245,615)</u>	
Total Revenues	<u>5,886,351</u>	<u>10,898,124</u>	<u>8,251,308</u>	<u>6,485,760</u>	<u>14,137,659</u>	<u>17,383,884</u>
Expenses						
General Government	1,916,941	2,813,374			1,916,941	2,813,374
Public Safety	3,959,562	3,551,502			3,959,562	3,551,502
Physical Environment	170,167	297,568			170,167	297,568
Transportation	583,431	685,446			583,431	685,446
Culture & Recreation	948,028	1,158,527			948,028	1,158,527
Interest on long-term debt	214,616	30,164			214,616	30,164
Utility Fund			3,896,209	5,155,627	3,896,209	5,155,627
Sanitation Fund			1,035,035	1,113,554	1,035,035	1,113,554
Total Expenses	<u>7,792,745</u>	<u>8,536,581</u>	<u>4,931,244</u>	<u>6,269,181</u>	<u>12,723,989</u>	<u>14,805,762</u>
Change in Net Assets	<u>(1,906,394)</u>	<u>2,361,543</u>	<u>3,320,064</u>	<u>216,579</u>	<u>1,413,670</u>	<u>2,578,122</u>
Net Assets, Beginning of Year	<u>17,293,483</u>	<u>14,931,940</u>	<u>26,107,026</u>	<u>25,890,447</u>	<u>43,400,509</u>	<u>40,822,387</u>
Net Assets, End of Year	<u>15,387,089</u>	<u>17,293,483</u>	<u>29,427,090</u>	<u>26,107,026</u>	<u>44,814,179</u>	<u>43,400,509</u>

The Pie Chart on page 30 shows the 2012 Sources of Funds Government-wide with the data obtained from Table 2 above. Charges for Services provide 46% of our Revenues. Property Taxes provide 19% and Fuel, Sales, and Other Taxes provide 13%. State Shared Revenues and Miscellaneous provide 5%. Grants this year provided 17% of the City's revenues. The dependence on revenues, such as sales and use taxes and state revenue sharing limits the City's ability to change or improve revenue streams as part of managing resources. Also, the dependence on property taxes and State revenues create issues if the City's property values drop and if the State revenue collections drop due to the economic downturn. A bright spot is the long economic downturn appears to be over and in the future our property values will likely rise giving us higher Ad Valorem tax revenues.



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.

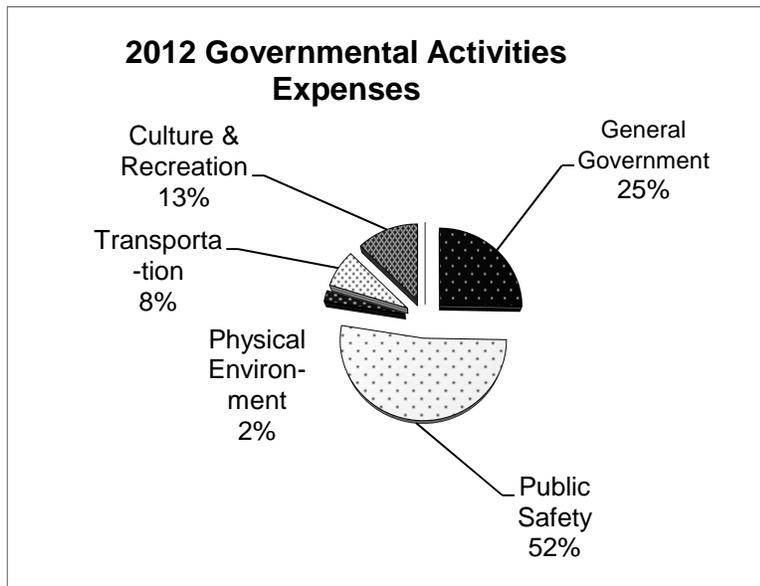
There are three major Funds in the Governmental Fund group. The three major Funds are the General Fund, Brooksville Community Redevelopment Agency, and the Energy Loan Capital Improvement Loan Capital Projects Fund. To determine a Major Fund, GASB 34 requires a two-step process based on 10% and 5% criteria. The General Fund is the chief operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund. At the end of the fiscal year, the fund balance of the General Fund was

\$544,460. The fund balance increased from the previous year from \$288,574. The Energy Loan Capital Projects fund met the criteria as a Major Fund for this fiscal year; however most of the loan proceeds have been expended on the energy projects. The ending fund balance was \$139,173. The remaining 12/13 budgeted energy project is the Police Department HVAC.

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 \$473,053 at 09/30/12.

The non-major Governmental Funds consist of Special Revenue Funds, Capital Projects Funds, Debt Service Funds, and a Permanent Fund. The non-major Government Funds had a year-end Fund Balance of \$4,605,965. Please see page 7 for the Governmental Funds Balance Sheet. Together the City had approximately \$5.8 million in Fund Balance Reserves as opposed to \$9.1 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 52% of the City's Governmental Activities. General Government is 25% of the total Governmental Activities. General Government includes City Manager's Office, Finance, Human Resources, Community Development, and Technology Services. Streets are 8% and Culture and Recreation activities are 13%. Physical Environment is 2%. 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 14 for the beginning of the Proprietary Funds detail.

The Utility Fund represents the City's water and sewer utility. The Fund experienced a positive change in net assets of \$3,164,923. Capital Grants and Contributions and Transfers In were the primary reason for the increase. Current Assets decreased by \$1,051,561 from the previous fiscal year due to the spending on the Cobb Road Reuse Facility. Total liabilities decreased by \$2,259,618 from the previous fiscal year. A major decrease was in Accounts Payable that decreased \$1,182,415 due to the completion of the Cobb Road Reuse expansion and reduction of long term debt totaling over \$700,000. Charges for services decreased \$56,333 from the previous year. Operating expenses were down by \$1,185,908 from the previous year due to radio-read meter purchases in 10-11.

The Sanitation Fund sustained a positive change in net assets of \$96,500. The change in net assets indicates a continued positive increase in the Sanitation Fund net assets. The Fund also purchased a Boom Truck (clam bucket) and a Recycling Truck (\$298,483) 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 below shows the reserves in Vehicle Replacement for each Fund with additional detail presented in General Fund departments:

VEHICLE REPLACEMENT RESERVES

Administration & Finance	52,157
Police	70,103
Fire	585,852
Streets	89,724
Parks	1,638
General Fund Total	799,474
Utility Fund	153,090
Sanitation Fund	520,653
Proprietary Funds Total	673,743
Grand Total	1,473,217

Capital Assets

The City's capital assets (net of accumulated depreciation) as of September 30, 2012 reflect an investment of \$51,039,174 on Statement of Net Assets. Please refer to Note H beginning on pages 43 and 44 to review detail of the Capital Asset activity for the fiscal year ended 9/30/12.

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 Energy Performance projects began in the summer of 2011. Total General Fund projects from the energy loan proceeds in 2011-12 were \$1,677,279. Two of the major projects in General Fund were the City Hall HVAC project expended at \$1,170,955 and the City Hall new roof project expended at \$255,000. Trail lighting was also installed with the energy funds which totaled \$46,075. This fiscal year, Water and Sewer's share of the energy projects totaled \$67,679 and our Solid Waste's share was \$42,392. The major costs were HVAC and lighting for our Frank Emerson Public Works Building which are shared by Water and Sewer and Solid Waste Funds.
- The City's Vehicle Replacement Fund capitalized 3 police vehicles costing \$83,835 which included \$44,399 from the Federal Edward Byrne Memorial JAG Program Grant Funds.
- We capitalized \$40,082 for improvements to the Police Department Parking lot with fencing, gates, and outside security lighting.
- We capitalized \$43,366 for a Fire Station Generator 100 kW single phase generator as a backup power source. Funding came for Fire Impact Fees.
- The City's Multi-Capital Fund provided the monies for completing a welcome sign on South US 41 (\$17,554) and funding of Road and sidewalk program (\$77,498).
- The trail resurfacing at Tom Varn Park was completed and capitalized at a cost of \$144,419. We capitalized \$38,578 for playground equipment at the Kiddie Park and \$29,815 for improvements to the Volleyball Court; and \$8,589 was capitalized for the Golf Cart carport. We resurfaced the basketball courts at a cost of \$10,500 and made improvements to Tom Varn Park Press Box at a cost of \$7,781.
- This fiscal year, the City received \$588,860 in U. S. Department of Housing and Urban Development CDBG funding for water lines and fire hydrants. We installed 5,359 linear feet of 8-inch water main to replace undersized lines to serve residents and also installed 1,650 linear feet of 2-inch water main. With the funding, we installed 24 new fire hydrants and installed 47 new water service connections for existing customers. The project was completed in February 2013.
- The Hope Well #3 project was capitalized at a cost of \$630,592.
- The Utility Fund capitalized \$35,405 for a Caterpillar Mini excavator.
- Approximately \$3.4 million was spent during the fiscal year on the City's Cobb Road Water Reclamation Facility reuse component. The funding was coming from the Southwest Florida Water Management District (SWFWMD), sewer impact fees, and the bond settlement funds based on the settlement of the surety bond litigation. In December

2013, the City received confirmation from the SWFWMD that the City had met the contractual obligations of the SWFWMD cooperative funding agreement on time.

- The Solid Waste Fund purchased a 2013 Peterbilt Boom Truck at a cost of \$140,986 and a Ford F-750 Recycling Truck with Kann Body at a cost of \$157,497. This was purchased from Solid Waste reserves with no debt attached.

Long-term Debt

The City purchased a new ladder truck for the fire department on November 10, 2005. SunTrust Bank issued the loan for \$633,659. The balance on the loan as of September 30, 2012 is \$418,017 interest rate of 4.23% maturing May 10, 2021. See Note G page 42 or 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 40 and 41. The balance as of 9/30/2012 is \$176,000. 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 42.

The Utility Fund has two Revenue Bonds. Refer to Note D beginning on page 30:

- The 1999 Water and Sewer Revenue Bond have a principal balance due of \$5,492,000 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 9/30/12 is \$3,410,000.

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 9/30/12 is \$1,001,478. 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 33 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 9/30/12 is \$985,816 at 2.3%. The project associated with the debt was sewer rehabilitation with a combination of grant/loan proceeds. See Note D page 33.

Performance Measured Against Expectations (Budget)

General Fund Revenues were under the final budget by \$89,793. The major difference was Licenses and Permit Revenues when comparing budget to actual.

General Fund Expenditures were under budget by \$212,748 (excluding Transfers Out).

2012 Millage Rate

The City's elected and appointed officials considered many factors when adopting the 11-12 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 (.1.0447% for 2012). The City of Brooksville's maximum rate by majority vote was 10.4566 mills (exceeds the 10 mill cap). A two-thirds vote maximum millage allowed by law exceed was 12.6023 mills which exceeds the maximum millage allowed of 10 mills. The City of Brooksville complied with the requirements and did not lose their half-cent sales tax distribution. In 2012, the City adopted the millage rate of 6.6000. The current year rolled-back rate was 6.5834 which was only slightly over the adopted rate. The rolled-back rate is a tax rate the county property appraiser determines is necessary to give a governmental agency the same amount of property tax dollars it received during the previous budget year. The 2012 millage rate of 6.6000 was 3.8566 mills lower than required by the State of Florida with a majority vote. This is a testament to the City's elected officials and management by maintaining the same millage rate with property values that have dropped over the last four years.

Acknowledgements

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

Requests for Information

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

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL	BUSINESS-TYPE	
	ACTIVITIES	ACTIVITIES	
ASSETS			
POOLED CASH AND INVESTMENTS	\$ 5,791,524	\$ 1,525,743	\$ 7,317,267
ACCOUNTS RECEIVABLE	298,963	422,699	721,662
ALLOWANCE FOR UNCOLLECTIBLES	0	(33,884)	(33,884)
INTEREST RECEIVABLE	0	0	0
INTERNAL BALANCES	6,889	(6,889)	0
DUE FROM OTHER FUNDS	1,900	0	1,900
DUE FROM OTHER GOVERNMENTS	126,642	704,165	830,807
INVENTORIES	5,892	123,273	129,165
PREPAID ITEMS	16,201	2,466	18,667
RESTRICTED ASSETS			
CASH AND INVESTMENTS	1,532,938	2,146,500	3,679,438
CAPITAL ASSETS			
LAND	1,510,978	1,195,933	2,706,911
CONSTRUCTION IN PROGRESS	2,595,803	8,392,975	10,988,778
PROPERTY, PLANT & EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	8,212,910	29,130,575	37,343,485
BOND ISSUE COSTS, NET	0	124,472	124,472
TOTAL ASSETS	\$ 20,100,640	\$ 43,728,028	\$ 63,828,668
LIABILITIES			
ACCOUNTS PAYABLE	\$ 214,878	\$ 112,904	\$ 327,782
UNEARNED REVENUE	6,193	0	6,193
DUE TO OTHER FUNDS	0	0	0
ACCRUED INTEREST PAYABLE	0	296	296
ACCRUED WAGES PAYABLE	101,612	24,896	126,508
ACCRUED PAYROLL LIABILITIES	268	3,943	4,211
DEPOSITS	56,301	0	56,301
OTHER CURRENT LIABILITIES	231,414	314	231,728
PAYABLE FROM RESTRICTED ASSETS			
METER DEPOSITS	0	380,200	380,200
NOTES PAYABLE	0	196,056	196,056
REVENUE BONDS PAYABLE	0	556,000	556,000
ACCRUED INTEREST PAYABLE	0	96,880	96,880
NON-CURRENT LIABILITIES			
DUE WITHIN ONE YEAR			
ACCRUED COMPENSATED ABSENCES	35,243	5,640	40,883
ADVANCE FROM OTHER FUNDS		0	
NOTES PAYABLE	211,804	0	211,804
BONDS PAYABLE	6,000	0	6,000
DUE IN MORE THAN ONE YEAR			
ACCRUED COMPENSATED ABSENCES	215,133	45,552	260,685
NOTES PAYABLE	3,464,705	1,791,238	5,255,943
REVENUE BONDS PAYABLE	170,000	8,323,973	8,493,973
OTHER LONG-TERM LIABILITIES	0	2,763,046	2,763,046
TOTAL LIABILITIES	\$ 4,713,551	\$ 14,300,938	\$ 19,014,489
NET ASSETS			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	8,467,182	26,274,774	34,741,956
RESTRICTED			
RESTRICTED FOR RENEWAL & REPLACEMENT	0	1,148,690	1,148,690
RESTRICTED - GOVERNMENTAL ACTIVITIES	4,029,279	0	4,029,279
UNRESTRICTED	2,890,628	2,003,626	4,894,254
TOTAL NET ASSETS	\$ 15,387,089	\$ 29,427,090	\$ 44,814,179

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

FUNCTION/PROGRAM ACTIVITIES	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING	CAPITAL	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
			GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS			
GOVERNMENTAL ACTIVITIES							
GENERAL GOVERNMENT	\$ 1,916,941	\$ 1,447,125	\$ 275	\$ 1,357	\$ (468,184)	\$ 0	\$ (468,184)
PUBLIC SAFETY	3,959,562	5,696	64,823	44,398	(3,844,645)	0	(3,844,645)
PHYSICAL ENVIRONMENT	170,167	905	0	0	(169,262)	0	(169,262)
TRANSPORTATION	583,431	0	0	0	(583,431)	0	(583,431)
CULTURE & RECREATION	948,028	54,880	0	29,984	(863,164)	0	(863,164)
INTEREST ON LONG-TERM DEBT	214,616	0	0	0	(214,616)	0	(214,616)
TOTAL GOVERNMENTAL ACTIVITIES	7,792,745	1,508,606	65,098	75,739	(6,143,302)	0	(6,143,302)
BUSINESS-TYPE ACTIVITIES							
UTILITY	3,896,209	3,630,062	0	2,266,180	0	2,000,033	2,000,033
SANITATION	1,035,035	1,355,677	0	0	0	320,642	320,642
TOTAL BUSINESS-TYPE ACTIVITIES	4,931,244	4,985,739	0	2,266,180	0	2,320,675	2,320,675
TOTALS	\$ 12,723,989	\$ 6,494,345	\$ 65,098	\$ 2,341,919	(6,143,302)	2,320,675	(3,822,627)
GENERAL REVENUES							
PROPERTY TAXES					2,742,601	0	2,742,601
FUEL TAXES					256,284	0	256,284
SALES TAXES					334,343	0	334,343
OTHER TAXES					1,191,605	0	1,191,605
STATE SHARED REVENUE					402,499	0	402,499
INVESTMENT EARNINGS					49,984	22,048	72,032
MISCELLANEOUS					378,980	85,354	464,334
GAIN ON SALE OF CAPITAL ASSETS					0	18,214	18,214
TRANSFERS					(1,119,388)	873,773	(245,615)
TOTAL GENERAL REVENUES, CONTRIBUTION OF CIP AND TRANSFERS					4,236,908	999,389	5,236,297
CHANGE IN NET ASSETS					(1,906,394)	3,320,064	1,413,670
NET ASSETS, BEGINNING OF YEAR					17,293,483	26,107,026	43,400,509
NET ASSETS, END OF YEAR					\$ 15,387,089	\$ 29,427,090	\$ 44,814,179

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	MAJOR FUNDS				
	GENERAL FUND	CITY OF BROOKSVILLE COMMUNITY REDEVELOPMENT AGENCY	CAPITAL IMPROVEMENT LOAN - CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
POOLED CASH AND INVESTMENTS	\$ 384,738	\$ 473,053	\$ 0	\$ 3,434,202	\$ 4,291,993
RESTRICTED POOLED CASH AND INVESTMENTS	0	0	139,173	1,393,765	1,532,938
ACCOUNTS RECEIVABLE	213,359	0	0	81,919	295,278
INTEREST RECEIVABLE	0	0	0	0	0
DUE FROM OTHER FUNDS	2,201	0	0	19,069	21,270
ADVANCE TO OTHER FUNDS	102,649	0	0	0	102,649
DUE FROM OTHER GOVERNMENTS	101,967	0	0	24,675	126,642
INVENTORIES	1,925	0	0	0	1,925
PREPAID ITEMS	16,201	0	0	0	16,201
TOTAL ASSETS	\$ 823,040	\$ 473,053	\$ 139,173	\$ 4,953,630	\$ 6,388,896

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	CITY OF BROOKSVILLE COMMUNITY REDEVELOPMENT AGENCY	CAPITAL IMPROVEMENT LOAN - CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	
LIABILITIES AND FUND BALANCE					
LIABILITIES					
ACCOUNTS PAYABLE	\$ 86,053	\$ 0	\$ 0	\$ 127,086	\$ 213,139
UNEARNED REVENUE	0	0	0	6,193	6,193
DUE TO OTHER FUNDS	19,069	0	0	301	19,370
ACCRUED WAGES PAYABLE	99,828	0	0	0	99,828
DEPOSITS	56,301	0	0	0	56,301
OTHER CURRENT LIABILITIES	17,329	0	0	214,085	231,414
TOTAL LIABILITIES	278,580	0	0	347,665	626,245
FUND BALANCE					
NONSPENDABLE:					
INVENTORIES	1,925	0	0	0	1,925
PREPAID ITEMS	16,201	0	0	0	16,201
LONG-TERM ACCOUNTS RECEIVABLE	67,500	0	0	0	67,500
RESTRICTED:					
SPECIAL REVENUE FUNDS	0	0	0	2,477,249	2,477,249
CAPITAL PROJECT FUNDS	0	0	139,173	992,570	1,131,743
DEBT SERVICE FUNDS	0	0	0	66,359	66,359
PERMANENT FUNDS	0	0	0	353,928	353,928
COMMITTED:					
GENERAL FUND - ENCUMBRANCES	0	0	0	0	0
GENERAL FUND - POLICE PENSION	0	0	0	0	0
SPECIAL REVENUE FUNDS	0	473,053	0	216,361	689,414
CAPITAL PROJECT FUNDS	0	0	0	460,515	460,515
ASSIGNED:					
SPECIAL REVENUE FUNDS	0	0	0	140,702	140,702
CAPITAL PROJECT FUNDS	0	0	0	12,586	12,586
DEBT SERVICE FUNDS	0	0	0	0	0
PERMANENT FUNDS	0	0	0	0	0
UNASSIGNED	458,834	0	0	(114,305)	344,529
TOTAL FUND BALANCE	544,460	473,053	139,173	4,605,965	5,762,651
TOTAL LIABILITIES AND FUND BALANCE	\$ 823,040	\$ 473,053	\$ 139,173	\$ 4,953,630	\$ 6,388,896

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2012

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 5,762,651

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	\$ 16,789,787	
LESS: ACCUMULATED DEPRECIATION	<u>(4,992,778)</u>	11,797,009

LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD
 AND THEREFORE ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS.

ACCRUED COMPENSATED ABSENCES	(247,410)	
NOTES PAYABLE	(3,676,509)	
BOND PAYABLE	<u>(176,000)</u>	(4,099,919)

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.		2,023,108
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OPERATING INCOME OF THE INTERNAL SERVICE FUNDS IS ALLOCATED BETWEEN GOVERNMENTAL ACTIVITIES AND BUSINESS-TYPE ACTIVITIES. INTERNAL SERVICE FUND OPERATING INCOME ALLOCATED TO BUSINESS-TYPE ACTIVITIES.		<u>(95,760)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 15,387,089</u></u>
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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, 2012

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	CITY OF BROOKSVILLE COMMUNITY REDEVELOPMENT AGENCY	CAPITAL IMPROVEMENT LOAN - CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	
REVENUES					
TAXES	\$ 3,843,346	\$ 90,860	\$ 0	\$ 256,284	\$ 4,190,490
LICENSES & PERMITS	860,771	0	0	2,916	863,687
INTERGOVERNMENTAL REVENUE	817,417	0	0	98,051	915,468
CHARGES FOR SERVICES	52,042	0	0	15,032	67,074
FINES & FORFEITS	79,504	0	0	444,224	523,728
MISCELLANEOUS REVENUES	277,601	787	2,949	134,589	415,926
TOTAL REVENUES	5,930,681	91,647	2,949	951,096	6,976,373
EXPENDITURES					
CURRENT					
CULTURE & RECREATION	745,587	0	0	31,541	777,128
GENERAL GOVERNMENT	1,661,078	0	0	80,417	1,741,495
PUBLIC SAFETY	3,260,486	0	0	465,936	3,726,422
PHYSICAL ENVIRONMENT	104,024	63,862	0	0	167,886
TRANSPORTATION	576,288	0	0	0	576,288
DEBT SERVICE					
PRINCIPAL	38,260	0	0	80,530	118,790
INTEREST	19,009	0	0	195,607	214,616
CAPITAL OUTLAY	30,486	10,586	1,412,351	438,273	1,891,696
TOTAL EXPENDITURES	6,435,218	74,448	1,412,351	1,292,304	9,214,321
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(504,537)	17,199	(1,409,402)	(341,208)	(2,237,948)
OTHER FINANCING SOURCES (USES)					
TRANSFERS IN	856,173	0	0	666,294	1,522,467
TRANSFERS OUT	(63,062)	0	(1,619,874)	(958,544)	(2,641,480)
TOTAL OTHER FINANCING SOURCES (USES)	793,111	0	(1,619,874)	(292,250)	(1,119,013)
NET CHANGE IN FUND BALANCES	288,574	17,199	(3,029,276)	(633,458)	(3,356,961)
FUND BALANCES, BEGINNING OF YEAR	255,886	455,854	3,168,449	5,239,423	9,119,612
FUND BALANCES, END OF YEAR	\$ 544,460	\$ 473,053	\$ 139,173	\$ 4,605,965	\$ 5,762,651
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, 2012

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (3,356,961)

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	\$ 1,752,771	
LESS: CURRENT YEAR DEPRECIATION	<u>(443,804)</u>	1,308,967

REPAYMENT OF PRINCIPAL IS AN EXPENDITURE IN THE GOVERNMENTAL FUNDS, HOWEVER THE REPAYMENT REDUCES LONG-TERM LIABILITIES IN THE STATEMENT OF NET ASSETS.	118,790
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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	(62,791)
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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.	0
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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.	85,601
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TRANSFERS BETWEEN GOVERNMENTAL FUNDS INCLUDING INTERNAL SERVICE FUNDS MUST BE ELIMINATED FOR PRESENTATION IN THE STATEMENT OF ACTIVITIES.	<u>0</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (1,906,394)</u></u>
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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, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
TAXES	\$ 3,745,510	\$ 3,841,510	\$ 3,843,346	\$ 1,836
LICENSES & PERMITS	913,750	1,009,750	860,771	(148,979)
INTERGOVERNMENTAL REVENUE	772,229	772,229	817,417	45,188
CHARGES FOR SERVICES	55,700	55,700	52,042	(3,658)
FINES & FORFEITS	55,700	55,700	79,504	23,804
MISCELLANEOUS REVENUES	285,585	285,585	277,601	(7,984)
TOTAL REVENUES	5,828,474	6,020,474	5,930,681	(89,793)
EXPENDITURES				
CURRENT				
CULTURE & RECREATION	780,111	780,111	745,587	34,524
GENERAL GOVERNMENT	1,735,565	1,735,565	1,661,078	74,487
PUBLIC SAFETY	3,360,501	3,360,501	3,260,486	100,015
PHYSICAL ENVIRONMENT	99,848	99,848	104,024	(4,176)
TRANSPORTATION	576,991	576,991	576,288	703
DEBT SERVICE				
PRINCIPAL	38,590	38,590	38,260	330
INTEREST	18,679	18,679	19,009	(330)
CAPITAL OUTLAY	37,681	37,681	30,486	7,195
TOTAL EXPENDITURES	6,647,966	6,647,966	6,435,218	212,748
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(819,492)	(627,492)	(504,537)	122,955
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	857,800	857,800	856,173	(1,627)
TRANSFERS OUT	(108,652)	(108,652)	(63,062)	45,590
RESERVE FOR CONTINGENCIES	(299,051)	(491,051)	0	0
TOTAL OTHER FINANCING SOURCES (USES)	450,097	749,148	793,111	43,963
NET CHANGE IN FUND BALANCE	(369,395)	121,656	288,574	166,918
FUND BALANCES, BEGINNING OF YEAR	369,395	(121,656)	255,886	377,542
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 544,460	\$ 544,460

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, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
TAXES	\$ 84,649	\$ 84,649	\$ 90,860	\$ 6,211
MISCELLANEOUS REVENUES	1,200	1,200	787	(413)
TOTAL REVENUES	<u>85,849</u>	<u>85,849</u>	<u>91,647</u>	<u>5,798</u>
EXPENDITURES				
CURRENT				
PHYSICAL ENVIRONMENT	129,025	129,025	63,862	65,163
CAPITAL OUTLAY	350,000	350,000	10,586	339,414
TOTAL EXPENDITURES	<u>479,025</u>	<u>479,025</u>	<u>74,448</u>	<u>404,577</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(393,176)</u>	<u>(393,176)</u>	<u>17,199</u>	<u>410,375</u>
OTHER FINANCING SOURCES (USES)				
RESERVE FOR CONTINGENCIES	(57,521)	(57,521)	0	57,521
TOTAL OTHER FINANCING SOURCES (USES)	<u>(57,521)</u>	<u>(57,521)</u>	<u>0</u>	<u>57,521</u>
NET CHANGE IN FUND BALANCES	(450,697)	(450,697)	17,199	467,896
FUND BALANCES, BEGINNING OF YEAR	<u>450,697</u>	<u>450,697</u>	<u>455,854</u>	<u>5,157</u>
FUND BALANCES, END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 473,053</u>	<u>\$ 473,053</u>

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
2011 CAPITAL IMPROVEMENT LOAN - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
INTERGOVERNMENTAL REVENUES	\$ 0	\$ 0	\$ 0	\$ 0
MISCELLANEOUS REVENUES	0	0	2,949	2,949
TOTAL REVENUES	0	0	2,949	2,949
EXPENDITURES				
CAPITAL OUTLAY	0	0	1,412,351	(1,412,351)
INTEREST AND FISCAL CHARGES	0	0	0	0
TOTAL EXPENDITURES	0	0	1,412,351	(1,412,351)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	0	(1,409,402)	(1,409,402)
OTHER FINANCING SOURCES (USES)				
RESERVE FOR CONTINGENCIES	(229,267)	(64,042)	0	64,042
TRANSFERS IN	0	0	0	0
TRANSFERS OUT	(1,380,000)	(1,545,225)	(1,619,874)	(74,649)
TOTAL OTHER FINANCING SOURCES (USES)	(1,609,267)	(1,609,267)	(1,619,874)	(10,607)
NET CHANGE IN FUND BALANCES	(1,609,267)	(1,609,267)	(3,029,276)	(1,420,009)
FUND BALANCES, BEGINNING OF YEAR	1,609,267	1,609,267	3,168,449	1,559,182
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 139,173	\$ 139,173

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2012

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
	UTILITY FUND	SANITATION FUND	TOTAL	
ASSETS				
CURRENT ASSETS				
POOLED CASH AND INVESTMENTS	\$ 975,209	\$ 550,534	\$ 1,525,743	\$ 1,499,531
ACCOUNTS RECEIVABLE	409,383	13,315	422,698	3,685
ALLOWANCE FOR UNCOLLECTIBLES	(33,884)	0	(33,884)	0
DUE FROM OTHER FUNDS	0	0	0	0
DUE FROM OTHER GOVERNMENTS	703,389	777	704,166	0
INVENTORIES	123,273	0	123,273	3,967
PREPAID ITEMS	1,849	616	2,465	0
TOTAL CURRENT ASSETS	2,179,219	565,242	2,744,461	1,507,183
NON-CURRENT ASSETS				
RESTRICTED ASSETS				
CASH AND INVESTMENTS	2,146,500	0	2,146,500	0
CAPITAL ASSETS, NET				
LAND	1,148,913	47,020	1,195,933	0
PROPERTY PLANT & EQUIPMENT	28,060,526	1,070,050	29,130,576	522,682
CONSTRUCTION IN PROGRESS	8,392,975	0	8,392,975	0
BOND ISSUE COSTS, NET	124,472	0	124,472	0
TOTAL NON-CURRENT ASSETS	39,873,386	1,117,070	40,990,456	522,682
TOTAL ASSETS	\$ 42,052,605	\$ 1,682,312	\$ 43,734,917	\$ 2,029,865

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2012

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
	UTILITY FUND	SANITATION FUND	TOTAL	ACTIVITIES - INTERNAL SERVICE FUND
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	\$ 70,322	\$ 42,582	\$ 112,904	\$ 1,739
DUE TO OTHER FUNDS	0	0	0	0
ACCRUED INTEREST PAYABLE	296	0	296	0
ACCRUED WAGES PAYABLE	19,531	5,365	24,896	1,784
ACCRUED PAYROLL LIABILITIES	3,036	907	3,943	268
OTHER CURRENT LIABILITIES	314	0	314	0
TOTAL CURRENT LIABILITIES	93,499	48,854	142,353	3,791
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)				
METER DEPOSITS	380,200	0	380,200	0
NOTES PAYABLE - CURRENT	196,056	0	196,056	0
REVENUE BONDS PAYABLE	556,000	0	556,000	0
ACCRUED INTEREST PAYABLE	96,880	0	96,880	0
TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)	1,229,136	0	1,229,136	0
NON-CURRENT LIABILITIES				
ACCRUED COMPENSATED ABSENCES	37,561	13,631	51,192	2,966
ADVANCE FROM OTHER FUNDS	102,649	0	102,649	0
NOTES PAYABLE	1,791,238	0	1,791,238	0
REVENUE BONDS PAYABLE	8,323,973	0	8,323,973	0
OTHER LONG-TERM LIABILITIES	2,763,046	0	2,763,046	0
TOTAL NON-CURRENT LIABILITIES	13,018,467	13,631	13,032,098	2,966
TOTAL LIABILITIES	\$ 14,341,102	\$ 62,485	\$ 14,403,587	\$ 6,757
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	25,157,704	1,117,070	26,274,774	522,682
RESTRICTED:				
RESERVED FOR RENEWAL & REPLACEMENT	1,148,690	0	1,148,690	0
UNRESTRICTED	1,405,109	502,757	1,907,866	1,500,426
TOTAL NET ASSETS	\$ 27,711,503	\$ 1,619,827	29,331,330	\$ 2,023,108
ADJUSTMENT TO REFLECT THE CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS			95,760	
NET ASSETS OF BUSINESS-TYPE ACTIVITIES			\$ 29,427,090	

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, 2012

	BUSINESS-TYPE ACTIVITIES		TOTAL	GOVERNMENTAL
	UTILITY FUND	SANITATION FUND		ACTIVITIES - INTERNAL SERVICE FUND
OPERATING REVENUE				
CHARGES FOR SERVICES	\$ 3,613,719	\$ 1,313,379	\$ 4,927,098	\$ 260,207
MISCELLANEOUS REVENUES	76,294	9,061	85,355	22,943
TOTAL OPERATING REVENUES	<u>3,690,013</u>	<u>1,322,440</u>	<u>5,012,453</u>	<u>283,150</u>
OPERATING EXPENSES				
PERSONAL SERVICES	1,099,919	406,713	1,506,632	66,868
OTHER SERVICES & CHARGES	1,058,193	664,197	1,722,390	29,636
DEPRECIATION	1,369,940	118,930	1,488,870	92,604
TOTAL OPERATING EXPENSES	<u>3,528,052</u>	<u>1,189,840</u>	<u>4,717,892</u>	<u>189,108</u>
OPERATING INCOME (LOSS)	<u>161,961</u>	<u>132,600</u>	<u>294,561</u>	<u>94,042</u>
NONOPERATING REVENUES (EXPENSES)				
INTEREST EARNINGS	21,220	828	22,048	6,177
INTEREST EXPENSE	(427,972)	0	(427,972)	0
GAIN ON SALE OF FIXED ASSETS	4,898	13,316	18,214	0
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(401,854)</u>	<u>14,144</u>	<u>(387,710)</u>	<u>6,177</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(239,893)</u>	<u>146,744</u>	<u>(93,149)</u>	<u>100,219</u>
CONTRIBUTIONS AND TRANSFERS				
CAPITAL GRANTS AND CONTRIBUTIONS	2,266,180	0	2,266,180	44,398
TRANSFERS IN	1,767,550	42,392	1,809,942	0
TRANSFERS OUT	(628,914)	(92,636)	(721,550)	(375)
TOTAL CONTRIBUTIONS AND TRANSFERS	<u>3,404,816</u>	<u>(50,244)</u>	<u>3,354,572</u>	<u>44,023</u>
CHANGE IN NET ASSETS	3,164,923	96,500	3,261,423	144,242
NET ASSETS, BEGINNING OF YEAR	<u>24,546,580</u>	<u>1,523,327</u>		<u>1,878,866</u>
NET ASSETS, END OF YEAR	<u>\$ 27,711,503</u>	<u>\$ 1,619,827</u>		<u>\$ 2,023,108</u>
ADJUSTMENT TO REFLECT CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS.			<u>58,641</u>	
CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES			<u>\$ 3,320,064</u>	

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
	UTILITY	SANITATION	TOTAL	
	FUND	FUND		
CASH FLOWS FROM OPERATING ACTIVITIES				
RECEIPTS FROM CUSTOMERS	\$ 3,569,969	\$ 1,313,379	\$ 4,883,348	\$ 260,207
PAYMENTS TO SUPPLIERS	(2,846,373)	(801,700)	(3,648,073)	(76,127)
PAYMENTS TO EMPLOYEES	(820,351)	(277,709)	(1,098,060)	(49,403)
OTHER RECEIPTS (PAYMENTS)	76,294	9,035	85,329	22,943
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(20,461)	243,005	222,544	157,620
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
TRANSFERS FROM OTHER FUNDS	1,767,550	42,392	1,809,942	0
TRANSFERS TO OTHER FUNDS	(628,914)	(92,636)	(721,550)	(375)
NET CASH PROVIDED (USED BY) NONCAPITAL FINANCING ACTIVITIES	1,138,636	(50,244)	1,088,392	(375)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
PURCHASES OF PROPERTY, PLANT & EQUIPMENT	(4,596,566)	(335,389)	(4,931,955)	(102,121)
PROCEEDS FROM SALE OF FIXED ASSETS	4,898	13,315	18,213	0
CAPITAL GRANT RECEIPTS	1,563,347	0	1,563,347	0
CAPITAL CONTRIBUTION	0	0	0	44,398
PROCEEDS OF LONG-TERM DEBT		0	0	0
PRINCIPAL PAYMENTS ON LONG-TERM DEBT	(718,708)	0	(718,708)	0
INTEREST PAYMENTS ON LONG-TERM DEBT	(410,000)	0	(410,000)	0
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(4,157,029)	(322,074)	(4,479,103)	(57,723)
CASH FLOWS FROM INVESTING ACTIVITIES				
RECEIPT OF INTEREST AND DIVIDENDS	21,220	828	22,048	6,177
NET CASH PROVIDED BY INVESTING ACTIVITIES	21,220	828	22,048	6,177
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,017,634)	(128,485)	(3,146,119)	105,699
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,139,343	679,019	6,818,362	1,393,832
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,121,709	\$ 550,534	\$ 3,672,243	\$ 1,499,531
CLASSIFIED AS:				
UNRESTRICTED	\$ 975,209	\$ 550,534	\$ 1,525,743	\$ 1,499,531
RESTRICTED	2,146,500	0	2,146,500	0
TOTAL CASH AND CASH EQUIVALENTS	\$ 3,121,709	\$ 550,534	\$ 3,672,243	\$ 1,499,531

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	SANITATION	TOTAL	
	FUND	FUND		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
OPERATING INCOME (LOSS)	\$ 161,961	\$ 132,600	\$ 294,561	\$ 94,042
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION EXPENSE	1,369,940	118,930	1,488,870	92,604
(INCREASE) DECREASE IN		0		
ACCOUNTS RECEIVABLE	(9,804)	(13,315)	(23,119)	(3,686)
DUE FROM OTHER FUNDS	89	0	89	0
DUE FROM OTHER GOVERNMENTS	0	(25)	(25)	0
INVENTORIES	8,770	0	8,770	(1,300)
PREPAID ITEMS	(94)	(31)	(125)	0
INCREASE (DECREASE) IN				
ACCOUNTS PAYABLE	(1,182,415)	6,057	(1,176,358)	(25,092)
DUE TO OTHER FUNDS	0	(89)	(89)	0
ADVANCE FROM OTHER FUNDS	(348,150)	(5,486)	(353,636)	0
ACCRUED WAGES PAYABLE	(1,709)	(299)	(2,008)	(95)
ACCRUED PAYROLL LIABILITIES	(213)	(67)	(280)	8
OTHER CURRENT LIABILITIES	165	0	165	0
METER DEPOSITS	(1,805)	0	(1,805)	0
ACCRUED COMPENSATED ABSENCES	14,943	4,730	19,673	1,139
OTHER LONG-TERM LIABILITIES	(32,139)	0	(32,139)	0
TOTAL ADJUSTMENTS	(182,422)	110,405	(72,017)	63,578
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (20,461)	\$ 243,005	\$ 222,544	\$ 157,620

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
SEPTEMBER 30, 2012

	PRIVATE PURPOSE TRUST FUNDS	PENSION TRUST FUNDS	AGENCY FUNDS
ASSETS			
POOLED CASH	\$ 18,914	\$ 170,748	\$ 18,571
INVESTMENT IN DEBT SECURITIES	9,558	1,872,747	0
INVESTMENT IN MARKETABLE EQUITY SECURITIES	0	6,544,079	0
ACCOUNTS RECEIVABLE	0	24,684	0
PREPAID ITEMS	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	\$ 28,472	\$ 8,612,258	\$ 18,571
	<u>28,472</u>	<u>8,612,258</u>	<u>18,571</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
ACCOUNTS PAYABLE	\$ 0	\$ 0	\$ 373
DUE TO OTHER FUNDS	1,900	-	-
OTHER CURRENT LIABILITIES	30,274	0	18,198
	<u>30,274</u>	<u>0</u>	<u>18,198</u>
TOTAL LIABILITIES	\$ 32,174	\$ 0	\$ 18,571
	<u>32,174</u>	<u>0</u>	<u>18,571</u>
NET ASSETS			
HELD IN TRUST FOR RETIREMENT AND OTHER PURPOSES	(3,702)	8,612,258	
	<u>(3,702)</u>	<u>8,612,258</u>	
TOTAL NET ASSETS	\$ (3,702)	\$ 8,612,258	
	<u>(3,702)</u>	<u>8,612,258</u>	

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	PRIVATE PURPOSE TRUST FUNDS	PENSION TRUST FUNDS
ADDITIONS		
CONTRIBUTIONS		
EMPLOYER	\$ 0	\$ 205,264
PLAN MEMBERS	0	32,245
OTHER	0	166,142
TOTAL CONTRIBUTIONS	<u>0</u>	<u>403,651</u>
INVESTMENT EARNINGS		
NET INCREASE (DECREASE) IN FAIR VALUE	39	1,076,929
GAIN (LOSS) ON SALE OF INVESTMENTS	0	(17,774)
INTEREST AND DIVIDENDS	29	270,353
TOTAL INVESTMENT EARNINGS	<u>68</u>	<u>1,329,508</u>
TRANSFERS IN	<u>30,995</u>	<u>0</u>
	<u>30,995</u>	<u>0</u>
MISCELLANEOUS REVENUES	<u>0</u>	<u>141</u>
TOTAL ADDITIONS	<u>31,063</u>	<u>1,733,300</u>
DEDUCTIONS		
BENEFIT PAYMENTS	37,277	286,699
ADMINISTRATIVE EXPENSES	24,440	116,400
TOTAL DEDUCTIONS	<u>61,717</u>	<u>403,099</u>
CHANGE IN NET ASSETS	(30,654)	1,330,201
NET ASSETS, BEGINNING OF YEAR	<u>26,952</u>	<u>7,282,057</u>
NET ASSETS, END OF YEAR	<u>\$ (3,702)</u>	<u>\$ 8,612,258</u>

SEE ACCOMPANYING NOTES

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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:

Government Funds

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

- The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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

Fiduciary Funds

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

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.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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

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

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.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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.

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, 2012, 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.

**CITY OF BROOKSVILLE, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012**

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, 2012, pension trust fund investments totaled \$8,416,826.

The following schedule reflects cash, demand deposits and investments on hand at September 30, 2012:

	Statement of Net Assets	Statement of Fiduciary Net Assets	Total
Unrestricted			
Cash	\$ 4,725	\$ 0	\$ 4,725
Checking Accounts	608,370	37,485	645,855
Certificate of Deposit	29,785	0	29,785
Local Government Surplus Trust Fund	2,221,529	9,558	2,231,087
Savings Account	<u>1,408</u>	<u>0</u>	<u>1,408</u>
	2,865,817	47,043	2,912,860
U.S. Governmental Agencies	<u>4,451,450</u>	<u>0</u>	<u>4,451,450</u>
Total	<u>\$7,317,267</u>	<u>\$47,043</u>	<u>\$7,364,310</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

	Statement of Net Assets	Statement of Fiduciary Net Assets	Total
Restricted			
Checking Accounts	\$1,068,936	\$ 0	\$1,068,936
Local Government Surplus Trust Fund	<u>824,360</u>	<u>0</u>	<u>824,360</u>
	1,893,296	0	1,893,296
U.S. Government Agencies	<u>1,786,142</u>	<u>0</u>	<u>1,786,142</u>
Total	<u>\$3,679,438</u>	<u>\$ 0</u>	<u>\$3,679,438</u>

Investments listed above as U.S. Government Agencies consist of variable rate bonds held with the Florida Municipal Investment Trust. As of September 30, 2012, 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	<u>\$6,237,592</u>	<u>\$4,188,369</u>	<u>\$1,413,014</u>	<u>\$636,209</u>

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 35% 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 17% 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, 2012. 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.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE D – UTILITY FUND (CONTINUED)

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

	<u>1999 Issue</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>298,000</u>	<u>9,685</u>	<u>307,685</u>
Totals	<u>\$5,492,000</u>	<u>\$2,838,913</u>	<u>\$8,330,913</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE D – UTILITY FUND (CONTINUED)

Revenue Bonds Payable (Continued)

	<u>2002 Issue</u>		<u>Amortization of Deferred Loss</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>		
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	<u>555,000</u>	<u>12,765</u>	<u>0</u>	<u>567,765</u>
Totals	<u>\$3,410,000</u>	<u>\$559,454</u>	<u>\$21,266</u>	<u>\$3,990,720</u>

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, 2012, amortization of \$19,632 has been charged to interest expense, leaving an unamortized balance of \$21,266.

The following is a reconciliation of total principal due on the Utility Revenue fund's bonds as of September 30, 2012 per the balance sheet and the preceding amortization schedule.

1999 Bonds – Principal Per Amortization Schedule	\$5,492,000
2002 Bonds – Principal Per Amortization Schedule	3,410,000
Unamortized Discount as of September 30, 2012	(761)
Unamortized Deferred Loss on Early Retirement of Debt as of September 30, 2012	<u>(21,266)</u>
Total Principal	8,879,973
Current Portion	<u>(556,000)</u>
Long-Term Portion	<u>\$8,323,973</u>

Bond debt activity for the fiscal year ended September 30, 2012:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds payable	\$9,439,000	\$ 0	\$537,000	\$8,902,000	\$556,000
Less: deferred amounts:					
For issuance discounts (premiums)	(886)	0	(125)	(761)	0
On refunding – gain (loss)	<u>(40,898)</u>	<u>0</u>	<u>(19,632)</u>	<u>(21,266)</u>	<u>0</u>
Total bonds payable	<u>\$9,397,216</u>	<u>\$ 0</u>	<u>\$517,243</u>	<u>\$8,879,973</u>	<u>\$556,000</u>

**CITY OF BROOKSVILLE, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012**

NOTE D – UTILITY FUND (CONTINUED)

Notes Payable

The notes payable included in Note G - Long-Term Liabilities as of September 30, 2012 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	\$1,001,478
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	392,440
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	<u>593,376</u>
	<u>\$1,987,294</u>

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

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 196,056	\$ 55,394	\$ 251,450
2014	202,461	48,991	251,452
2015	209,078	42,372	251,450
2016	215,914	35,534	251,448
2017	222,981	28,466	251,447
2018 and thereafter	<u>940,804</u>	<u>132,236</u>	<u>1,073,040</u>
	<u>\$1,987,294</u>	<u>\$342,993</u>	<u>\$2,330,287</u>

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, 2011.

**CITY OF BROOKSVILLE, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012**

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	2
Terminated Vested	9
Disability retirees	<u>0</u>
Total participants	<u>44</u>

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

<u>Year Ended September 30</u>	<u>Annual Required Contribution</u>	<u>City Contribution</u>	<u>State Contribution</u>	<u>Percentage Contributed</u>
2011	\$310,150	\$218,000	\$ 92,150	100.00%
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%

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, 2012	
City	31.21%
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

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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	\$23,995 annually

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

	September 30 2011	September 30 2010	September 30 2009
Annual required contribution:	\$218,000	\$196,922	\$175,927
Interest on net pension obligation (asset)	(6,999)	(7,355)	(6,284)
Adjustment to annual required contribution	<u>12,140</u>	<u>11,802</u>	<u>4,793</u>
Annual pension cost	223,141	201,369	174,436
Contributions made	<u>218,000</u>	<u>196,922</u>	<u>187,821</u>
Change in net pension obligation (asset)	5,141	4,447	(13,385)
Net pension obligation (asset)			
Beginning of year	<u>(87,487)</u>	<u>(91,934)</u>	<u>(78,549)</u>
Net pension obligation (asset) end of year	<u>\$ (82,346)</u>	<u>\$ (87,487)</u>	<u>\$ (91,934)</u>

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
10/01/11	\$4,484,550	\$6,118,491	\$1,633,941	73.30%	\$687,564	237.64%
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%

Police Retirement Chapter 185

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

**CITY OF BROOKSVILLE, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012**

NOTE E – TRUST FUNDS (CONTINUED)

Police Retirement Chapter 185 (Continued)

Membership of the plan consisted of the following at October 1, 2011 the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	0
Terminated Vested	7
Active plan members	<u>22</u>
Total	<u>29</u>

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

Year Ended September 30	Annual Required Contribution	Percentage Contributed
2011	\$401,006	100% (a)
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, 2011, the Accumulated Funding Credit was \$951,408.

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, 2012:

City	25.9%*
Plan Members	1.0%
State	10.6%

*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)

**CITY OF BROOKSVILLE, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012**

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:

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/11	\$277,567	100%	0
9/30/10	221,129	100%	0
9/30/09	142,846	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 2011 - 12 budget, monies are being transferred from each Department to the HRA Fund to reimburse employees directly out of the HRA Fund. In 2011 - 12, the City Funds (General Fund, Water & Sewer, and Solid Waste) transferred \$30,995 to the HRA Fund and the HRA Fund paid out to employees \$37,277. 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 2011 - 12 year are \$11,180.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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, 2012, 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, 2012, the balance remaining is \$19,069. 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.

**CITY OF BROOKSVILLE, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012**

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, 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%
July 1, 2012	127,891,781	147,193,166	19,301,385	86.89%	24,491,371	78.81%

The City is required to contribute the following percentages of covered employees' gross earnings: 5.18% for regular employees; 14.90% for special risk employees; 10.23% for elected officials; 6.30% for senior management service; and 5.44% for participants in the deferred retirement option ("DROP") program. These rates are established on a statewide basis and reflect changes effective July 1, 2012. Also, effective July 1, 2011, the FRS requires 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 October 1, 2011 through September 30, 2012 was \$73,957.

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

2011-12	\$125,598
2010-11	\$281,450
2009-10	\$304,552

NOTE G –LONG-TERM LIABILITIES

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

Governmental Activities:

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012	Amounts Due Within One Year
Notes Payable	\$3,789,300	\$ 0	\$112,791	\$3,676,509	\$211,804
Bonds Payable	182,000	0	6,000	176,000	6,000
Accrued Compensated Absences	<u>186,297</u>	<u>94,184</u>	<u>30,105</u>	<u>250,376</u>	<u>35,243</u>
TOTAL	<u>\$4,157,597</u>	<u>\$94,184</u>	<u>\$148,896</u>	<u>\$4,102,885</u>	<u>\$253,047</u>

Included as part of the above totals for governmental activities are compensated absences for the internal service fund in the amount of \$2,966. For governmental activities, claims and judgments are typically liquidated by the general fund.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE G –LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities:

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012	Amounts Due Within One Year
Notes Payable	\$ 2,169,004	\$ 0	\$181,710	\$ 1,987,294	\$196,056
Bonds Payable	9,439,000	0	537,000	8,902,000	556,000
Other Long-Term Liabilities	2,795,188	0	32,142	2,763,046	0
Accrued Compensated Absences	<u>31,518</u>	<u>25,312</u>	<u>5,638</u>	<u>51,192</u>	<u>5,640</u>
TOTAL	<u>\$14,434,710</u>	<u>\$25,312</u>	<u>\$756,490</u>	<u>\$13,703,532</u>	<u>\$757,696</u>

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, 2012 was \$102,649.

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.

**CITY OF BROOKSVILLE, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012**

NOTE G –LONG-TERM LIABILITIES (CONTINUED)

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

	<u>2006 Issue</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	11,000	1,774	12,774
2030	12,000	1,320	13,320
2031	12,000	825	12,825
2032	<u>8,000</u>	<u>330</u>	<u>8,330</u>
Totals	<u>\$176,000</u>	<u>\$83,946</u>	<u>\$259,946</u>

**CITY OF BROOKSVILLE, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012**

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 notes payable included in long-term liabilities as of September 30, 2012 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.	\$3,258,492
4.23% note payable to SunTrust Bank; interest only payable for the first two quarters; principal and interest payable quarterly beginning July 26, 2007 until May 10, 2021; used to purchase a 2006 Sutphan Fire Aerial Platform Truck with a net book value of \$366,114.	<u>418,017</u>
TOTAL	<u>\$3,676,509</u>

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

Year Ended September 30	Principal	Interest	Total
2013	\$ 211,804	\$ 147,651	\$ 359,455
2014	220,649	138,599	359,248
2015	229,549	129,164	358,713
2016	239,713	119,330	359,043
2017	249,877	109,079	358,956
2018 and Thereafter	<u>2,524,917</u>	<u>494,566</u>	<u>3,019,483</u>
	<u>\$3,676,509</u>	<u>\$1,138,389</u>	<u>\$4,814,898</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE H – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2012 is as follows:

	<u>Balance September 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2012</u>
Governmental Activities:				
Non-Depreciable:				
Land	\$ 1,510,978	\$ 0	\$ 0	\$ 1,510,978
Construction in Progress	<u>2,863,691</u>	<u>71,492</u>	<u>339,380</u>	<u>2,595,803</u>
Total Non-Depreciable	<u>4,374,669</u>	<u>71,492</u>	<u>339,380</u>	<u>4,106,781</u>
Depreciable:				
Buildings	4,414,744	1,551,140	0	5,965,884
Improvements Other Than Buildings	3,966,306	418,933	21,543	4,363,696
Machinery & Equipment	2,402,617	58,905	108,096	2,353,426
Machinery & Equipment (I/S Fund)	<u>1,359,159</u>	<u>102,121</u>	<u>43,316</u>	<u>1,417,964</u>
Total Machinery & Equipment	3,761,776	161,026	151,412	3,771,390
Total Depreciable	<u>12,142,826</u>	<u>2,131,099</u>	<u>172,955</u>	<u>14,100,970</u>
Less Accumulated Depreciation				
Buildings	1,287,313	129,586	0	1,416,899
Improvements Other Than Buildings	1,880,676	179,590	21,543	2,038,723
Machinery & Equipment	1,502,457	134,627	99,929	1,537,155
Machinery & Equipment (I/S Fund)	<u>845,993</u>	<u>92,606</u>	<u>43,316</u>	<u>895,283</u>
Total Machinery & Equipment	2,348,450	227,233	143,245	2,432,438
Total Accumulated Depreciation	<u>5,516,439</u>	<u>536,409</u>	<u>164,788</u>	<u>5,888,060</u>
Net Book Value	<u>6,626,387</u>	<u>1,594,690</u>	<u>8,167</u>	<u>8,212,910</u>
Governmental Activities Capital Assets, Net	<u>\$11,001,056</u>	<u>\$1,666,182</u>	<u>\$347,547</u>	<u>\$12,319,691</u>

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE H – CAPITAL ASSETS (CONTINUED)

	<u>Balance September 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2012</u>
Business-type Activities (includes Utility & Sanitation)				
Non-Depreciable				
Land	\$ 1,195,933	\$ 0	\$ 0	\$ 1,195,933
Construction in Progress	<u>4,780,901</u>	<u>4,024,144</u>	<u>412,070</u>	<u>8,392,975</u>
Total Non-Depreciable	<u>5,976,834</u>	<u>4,024,144</u>	<u>412,070</u>	<u>9,588,908</u>
Depreciable				
Buildings	256,002	110,072	0	366,074
Improvements Other Than Buildings	42,203,849	869,425	0	43,073,274
Machinery & Equipment	<u>3,103,117</u>	<u>340,388</u>	<u>179,700</u>	<u>3,263,805</u>
Total Depreciable	<u>45,562,968</u>	<u>1,319,885</u>	<u>179,700</u>	<u>46,703,153</u>
Less Accumulated Depreciation				
Buildings	161,470	5,729	0	167,199
Improvements Other Than Buildings	14,249,528	1,305,989	0	15,555,517
Machinery & Equipment	<u>1,852,409</u>	<u>177,151</u>	<u>179,698</u>	<u>1,849,862</u>
Total Accumulated Depreciation	<u>16,263,407</u>	<u>1,488,869</u>	<u>179,598</u>	<u>17,572,578</u>
Net Book Value	<u>29,299,561</u>	<u>(168,984)</u>	<u>2</u>	<u>29,130,575</u>
Business-Type Activities Capital Assets, Net	<u>\$35,276,395</u>	<u>\$3,855,160</u>	<u>\$412,072</u>	<u>\$38,719,483</u>

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

General Government	\$ 53,938
Public Safety	201,796
Physical Environment	67,023
Culture and Recreation	169,090
Transportation	<u>44,561</u>
Total depreciation for governmental activities	<u>\$ 536,408</u>
Business-type activities:	
Utility Fund	\$1,369,940
Sanitation Fund	<u>118,930</u>
Physical Environment	<u>\$1,488,870</u>

**CITY OF BROOKSVILLE, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012**

NOTE I – INTERFUND TRANSACTIONS

Due from Other Funds

The balances due from other funds were as follows at September 30, 2012:

General Fund	\$ 1,900
Nonmajor Governmental Fund	<u>19,069</u>
Total	<u>\$20,969</u>

Due to Other Funds

The balances due to other funds were as follows at September 30, 2012:

General Fund	\$ 19,069
Private Purpose Trust Fund	<u>1,900</u>
Total	<u>\$20,969</u>

Advance to Other Funds

The balance advanced to other funds was as follows at September 30, 2012:

General Fund	<u>\$102,649</u>
Total	<u>\$102,649</u>

Advance from Other Funds

The balance advanced from other funds was as follows at September 30, 2012:

Utilities Fund	<u>\$102,649</u>
Total	<u>\$102,649</u>

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

Interfund Transfers In/Transfers Out

Individual interfund transfers were as follows for the fiscal year ended September 30, 2012:

	Transfer In	Transfers Out
Fiduciary Fund	\$ 30,995	\$ 0
Internal Service Fund	0	375
General Fund	856,174	63,062
Utility Fund	1,767,550	628,914
Sanitation Fund	42,392	92,636
Nonmajor Governmental Funds	<u>666,294</u>	<u>2,578,418</u>
Total Transfers In/Transfers Out	<u>\$3,363,405</u>	<u>\$3,363,405</u>

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

**CITY OF BROOKSVILLE, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012**

NOTE J – CURRENT YEAR DEFICITS

OPERATING DEFICITS

For the year ended September 30, 2012, expenditures and other financing uses exceeded revenues and other financing sources in the following funds:

	<u>Amount of Excess</u>
<u>Special Revenue</u>	
Local Option Gas Tax	\$5,908
Law Enforcement Investigative Trust	35,741
Law Enforcement Impact Fees	14,461
Fire Impact Fees	42,817
Park Impact Fees	40,324
Fire Grants and Donations	1,981
Police Grants and Donations	8,834
Fire Department	114,305
Traffic Camera	89,560
First Tee	1,725
Enrichment Center Premises Maintenance	2,288
<u>Debt Service</u>	
Capital Improvement Revenue Note – 2011	5,488
<u>Capital Projects</u>	
Multi-Year Capital Project Accumulation	26,015
Capital Improvement Bond & Interest Sinking – 2006	23,456
2011 Capital Improvement Loan	3,029,276
Bond Settlement	334,786

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.

**CITY OF BROOKSVILLE, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012**

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, 2012 restricted assets in the enterprise funds were held for the following purposes:

Utility Fund	
Debt Retirement	\$ 617,610
Renewal and Replacement	1,148,690
Customers' Meter Deposits	<u>380,200</u>
Total Utility Fund	<u>\$2,146,500</u>

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, 2012 were as follows:

Electricity: Florida Power	\$726,801
Telephone: Florida Telecommunication Franchise	\$410,487

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.

**CITY OF BROOKSVILLE, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012**

NOTE P – WATER AND SEWER FUND OPERATIONS

As of September 30, 2012, the Utility Fund had 7,490 residential and commercial water connections including 709 that were inactive. They also had 5,752 residential and commercial sewer connections including 609 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. The City stopped collecting Impact Fees effective November 2011. As of September 30, 2012, 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, 2012, the reserves for Fleet Maintenance, Vehicle Replacement and Equipment Replacement Funds were \$10,854, \$1,473,217, and \$16,154, 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 unrestricted net assets are allocated among the City as follows:

	<u>Fleet Maintenance</u>	<u>Vehicle Replacement</u>	<u>Equipment Replacement</u>	<u>Total</u>
General Fund	\$ 5,043	\$ 799,474	\$16,154	\$ 820,671
Utility Fund	2,233	153,090	0	155,323
Sanitation Fund	<u>3,779</u>	<u>520,653</u>	<u>0</u>	<u>524,432</u>
Total	<u>\$11,055</u>	<u>\$1,473,217</u>	<u>\$16,154</u>	<u>\$1,500,426</u>

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

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE R – INTERNAL SERVICE FUNDS (CONTINUED)

The unrestricted net assets are allocated among the following General Fund departments:

	<u>Fleet Maintenance</u>	<u>Vehicle Replacement</u>	<u>Equipment Replacement</u>	<u>Total</u>
Administration and Finance	\$ 101	\$ 52,157	\$ 0	\$ 52,258
Police	1,592	70,103	0	71,695
Fire	463	585,852	0	586,315
Streets	1,738	89,724	1,536	92,998
Parks	1,093	1,638	3,184	5,915
Cemetery	56	0	568	624
Quarry	<u>0</u>	<u>0</u>	<u>10,866</u>	<u>10,866</u>
Total	<u>\$5,043</u>	<u>\$799,474</u>	<u>\$16,154</u>	<u>\$820,671</u>

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.

	<u>2012</u>	<u>2011</u>
<u>General Fund</u>		
Total Assets	\$823,040	\$588,158
Total Liabilities	278,580	332,272
Total Fund Balance	544,460	255,886
Total Revenues	5,930,681	5,936,437
Total Expenditures	6,435,218	7,026,815
Excess (Deficiency) of Revenues over Expenditures	(504,537)	(1,090,378)
Total Other Financing Sources/(Uses)	793,111	841,996
Net Change in Fund Balance	286,574	(248,382)

Proprietary Funds

Enterprise Funds

Includes Utility and Sanitation Funds

	<u>2012</u>	<u>2011</u>
Total Current Assets	\$ 2,744,461	\$ 3,911,135
Total Non-Current Assets	40,990,456	38,817,130
Total Assets	43,734,917	42,728,265
Total Current Liabilities	142,353	1,320,961
Total Current Liabilities (Payable from Restricted Assets)	1,229,136	1,215,091
Total Non-Current Liabilities	13,032,098	14,122,306
Total Liabilities	14,403,587	16,658,358
Total Net Assets	29,331,330	26,069,907
Total Operating Revenues	5,012,453	5,013,360
Total Operating Expenses	4,717,892	5,827,514
Operating Income (Loss)	294,561	(814,154)
Total Nonoperating Revenues (Expenses)	(387,710)	(400,592)
Income before Contributions and Transfers	(93,149)	(1,214,746)
Total Contributions and Transfers	3,354,572	1,393,630
Change in Net Assets	3,261,423	178,884

**CITY OF BROOKSVILLE, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012**

NOTE S – PRIOR YEAR COMPARISON INFORMATION (CONTINUED)

Internal Service Funds

	<u>2012</u>	<u>2011</u>
Total Current Assets	\$1,507,183	\$1,396,499
Total Non-Current Assets	522,682	513,166
Total Assets	2,029,865	1,909,665
Total Current Liabilities	3,791	28,969
Total Non-Current Liabilities	2,966	1,830
Total Liabilities	6,757	30,799
Total Net Assets	2,023,108	1,878,866
Total Operating Revenues	283,150	263,310
Total Operating Expenses	189,108	208,770
Operating Income	94,042	54,540
Total Nonoperating Revenues (Expenses)	6,177	6,315
Income before Contributions and Transfers	100,219	60,855
Total Contributions and Transfers	44,023	0
Change in Net Assets	144,242	60,855

NOTE T – COMMITMENTS AND CONTINGENCIES

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

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

The City entered into a contract with Encore Construction at a cost of \$3,285,000. Ordinance No. 822 entitled Encore Contract Amendment approved on 2nd reading by City Council on 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.

In October, 2012, the City proceeded with the installation of the reuse components to their Cobb Road Water Reclamation Facility (Cobb). This was done to take advantage of a funding agreement with the SWFWMD before it expired. The improvements did not add any treatment capacity to the Wastewater Treatment Plant; the improvements only improved the quality of water discharged from the plant. The funding for the Cobb Road expansion is coming from the Bond Settlement Funds, Sewer Impact Fees, and the Southwest Florida Water Management District Reuse Cooperative Funding Agreement. As of September 30, 2012, the reuse project was nearly complete.

Southern Hills Plantation Impact Fee Credits

The City has approximately \$2.76 million booked as water and sewer impact fee credits in the Southern Hill Plantation developments.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE T – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

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

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

Energy Systems Group Project

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

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

As of September 30, 2012, the City had drawn from the SunTrust Escrow account \$3,193,849 for energy projects. The balance in the Escrow account was \$139,173 at September 30, 2012. The remaining project which was added to the 2012-2013 Budget is an upgrade for the Brooksville Police Department HVAC.

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

On November 21, 2011, City Council were provided an engineering analysis for the work required to complete civil improvements and infrastructure for Phases 3A-1, Phase 3, and roadway repairs to Southern Hills Boulevard and Phase 2 for the Southern Hills Plantation subdivision. Phase 2 was bid separately by the Southern Hills Homeowners Association. City gave the Southern Hills Homeowners Association the \$78,931 to complete Phase 2 from the Bond Settlement monies. On November 21, 2011 the City Council approved bidding the projects. The City's budget for these Southern Hills Plantation projects is based on the proceeds from the bond settlement involving infrastructure commitments taken on by Hampton Ridge Developers, LLC and affiliates in the process of developing the overall project (less legal fees and budgeted allocation of the Cobb Road Water Reuse facility). The money available for the repairs was approximately \$1,291,000. On March 13, 2012 City Council approved the bid to Goodwin Brothers Construction for \$880,678 for the Southern Hills Phase 3A-1, Phase 3, and Southern Hills Boulevard. Approximately \$60,000 was spent on Bond Settlement funds in Southern Hills in the 2011-2012 fiscal year. Due to wet weather, the project continues and resurfacing of Southern Hills Boulevard is expected in March 2013.

Good Neighbor Trail Phase 2B

Construction on the Good Neighbor Trail Phase 2B through Majesty Oaks is being completed via MPO enhancement funding. The City will take on maintenance responsibility for the new Phase 2B Good Neighbor Trail project when completed. As of February 2013, the project is more than halfway completed.

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE U – SUBSEQUENT EVENTS

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

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

Bid award for improvements to the Peck Sink Water Course (Horse Lake Creek)

On November 5, 2012 City Council approved a bid of \$113,000 to Lyric Services, Inc. for dredging of the Peck Sink Water Course (Horse Lake Creek). The project includes the removal of approximately 5,000 cubic yards of silt from the channel bottom, constructing 626 square yards of concrete on the bottom of the water course, and removal of silt in the corrugated culvert.

Completion of the Contractual Agreement between the Southwest Florida Water Management District (SWFWMD) and the City of Brooksville for Reuse by December 31, 2012

The City received confirmation from the Southwest Florida Water Management District on December 21, 2012 that the City has met the contractual obligation of December 31, 2012, that the reclaim portions of our Cobb Road Wastewater Treatment Plant (WTP) were completed on time. The final operational details are being worked out and it is expected that the Cobb Road WTP will be producing reclaim water by the end of the first quarter, 2013. When the plant is producing reclaim water the final terms of the funding agreement with SWFWMD will be satisfied.

CDBG Neighborhood Revitalization Grant

Sidewalks that were targeted in the South Brooksville area were completed in February 2013. The cost was \$64,684. These were the remaining funds from the City of Brooksville Development \$750,000 Block Grant.

SunTrust Bank 2013 Bond Refunding of 1999, 2002, and 2008 Debt of Water and Sewer Fund

On February 4, 2013, City Council approved Resolution 2013-03 and Escrow Deposit Agreement to authorize issuance of its not to exceed \$9,700,000 Water and Sewer Refunding Revenue Bond, Series 2013. This action refunds the Water and Sewer Systems Bonds Series 1999, Water and Sewer Revenue Refunding Bonds Series 2002, and the Hancock Bank Subordinated Water and Sewer Revenue Note Series 2008. The 2013 Bonds have an interest rate of 2.442% and will mature on October 1, 2017. The savings is \$1,344,518 and the present value of the savings is \$657,542.

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

CITY OF BROOKSVILLE, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012

	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	19,111	14,261	\$ (2,695)	\$ 93,848	\$ 6,409	\$ 264,034	\$ 48,396	\$ 43,658
RESTRICTED POOLED CASH AND INVESTMENTS	0	0	0	0	0	0	0	0
ACCOUNTS RECEIVABLE	0	15,544	0	727	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	508	0	20,485	0	0	0	0	0
TOTAL ASSETS	\$ 19,619	\$ 29,805	\$ 17,790	\$ 94,575	\$ 6,409	\$ 264,034	\$ 48,396	\$ 43,658
LIABILITIES AND FUND BALANCE								
LIABILITIES								
ACCOUNTS PAYABLE	\$ 0	\$ 0	\$ 0	\$ 1,267	\$ 0	\$ 0	\$ 0	\$ 0
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	1,267	341	525	230	318
FUND BALANCE								
RESTRICTED	19,619	29,805	17,790	93,308	6,068	263,509	48,166	43,340
COMMITTED	0	0	0	0	0	0	0	0
ASSIGNED	0	0	0	0	0	0	0	0
UNASSIGNED	0	0	0	0	0	0	0	0
TOTAL FUND BALANCE	19,619	29,805	17,790	93,308	6,068	263,509	48,166	43,340
TOTAL LIABILITIES AND FUND BALANCE	\$ 19,619	\$ 29,805	\$ 17,790	\$ 94,575	\$ 6,409	\$ 264,034	\$ 48,396	\$ 43,658

CITY OF BROOKSVILLE, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012

	SPECIAL REVENUE FUNDS							
	JUSTICE ASSISTANCE GRANT	ROAD IMPACT FEES	GOOD NEIGHBOR TRAIL PROJECT	MAJOR STORM READINESS	FIRE GRANTS AND DONATIONS	POLICE GRANTS AND DONATIONS	FIRE DEPARTMENT	TRAFFIC CAMERA
ASSETS								
POOLED CASH AND INVESTMENTS	\$ 0	\$ 2,120,786	\$ 6,388	\$ 85,592	\$ 9,308	\$ 27,692	\$ 699	\$ 82,335
RESTRICTED POOLED CASH AND INVESTMENTS	0	0	0	0	0	0	0	0
ACCOUNTS RECEIVABLE	0	0	0	0	0	0	0	63,699
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	56	0	0	0	0	0	0	2,775
TOTAL ASSETS	\$ 56	\$ 2,120,786	\$ 6,388	\$ 85,592	\$ 9,308	\$ 27,692	\$ 699	\$ 148,809
LIABILITIES AND FUND BALANCE								
LIABILITIES								
ACCOUNTS PAYABLE	\$ 56	\$ 0	\$ 0	\$ 0	\$ 152	\$ 9,314	\$ 115,004	\$ 541
UNEARNED REVENUE	0	4,779	0	0	0	0	0	0
DUE TO OTHER FUNDS	0	0	0	0	0	0	0	0
OTHER CURRENT LIABILITIES	0	161,981	0	0	0	0	0	18,134
TOTAL LIABILITIES	56	166,760	0	0	152	9,314	115,004	18,675
FUND BALANCE								
RESTRICTED	0	1,954,026	0	0	0	0	0	0
COMMITTED	0	0	6,388	13,000	1,650	13,500	0	130,134
ASSIGNED	0	0	0	72,592	7,506	4,878	0	0
UNASSIGNED	0	0	0	0	0	0	(114,305)	0
TOTAL FUND BALANCE	0	1,954,026	6,388	85,592	9,156	18,378	(114,305)	130,134
TOTAL LIABILITIES AND FUND BALANCE	\$ 56	\$ 2,120,786	\$ 6,388	\$ 85,592	\$ 9,308	\$ 27,692	\$ 699	\$ 148,809

CITY OF BROOKSVILLE, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012

	SPECIAL REVENUE FUNDS						TOTAL SPECIAL REVENUE FUNDS
	FIRST TEE	TREESCAPING	ENRICHMENT CENTER PREMISES		BROWNFIELDS ASSESSMENT GRANT	FDOT	
			MAINTENANCE				
ASSETS							
POOLED CASH AND INVESTMENTS	\$ 24,755	\$ 80,726	\$ 1,894	\$ 0	\$ 0	\$ 0	\$ 2,927,197
RESTRICTED POOLED CASH AND INVESTMENTS	0	0	0	0	0	0	0
ACCOUNTS RECEIVABLE	1,949	0	0	0	0	0	81,919
DUE FROM OTHER FUNDS	0	0	0	0	0	0	0
ADVANCE TO OTHER FUNDS	0	0	0	0	0	0	0
DUE FROM OTHER GOVERNMENTS	0	0	0	0	0	762	24,586
TOTAL ASSETS	\$ 26,704	\$ 80,726	\$ 1,894	\$ 0	\$ 0	\$ 762	\$ 3,033,702
LIABILITIES AND FUND BALANCE							
LIABILITIES							
ACCOUNTS PAYABLE	\$ 15	\$ 0	\$ 276	\$ 0	\$ 461	\$ 0	\$ 127,086
UNEARNED REVENUE	0	0	0	0	0	0	6,193
DUE TO OTHER FUNDS	0	0	0	0	301	0	301
OTHER CURRENT LIABILITIES	0	0	0	0	0	0	180,115
TOTAL LIABILITIES	15	0	276	0	762	0	313,695
FUND BALANCE							
RESTRICTED	0	0	1,618	0	0	0	2,477,249
COMMITTED	26,689	25,000	0	0	0	0	216,361
ASSIGNED	0	55,726	0	0	0	0	140,702
UNASSIGNED	0	0	0	0	0	0	(114,305)
TOTAL FUND BALANCE	26,689	80,726	1,618	0	0	0	2,720,007
TOTAL LIABILITIES AND FUND BALANCE	\$ 26,704	\$ 80,726	\$ 1,894	\$ 0	\$ 762	\$ 0	\$ 3,033,702

CITY OF BROOKSVILLE, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012

	CAPITAL PROJECTS FUNDS						TOTAL CAPITAL PROJECT FUNDS
	MCKETHAN PARK	MULTI-YEAR CAPITAL PROJECT ACCUMULATION	CAPITAL IMPROVEMENT REVENUE 2006 BOND	CAPITAL IMPROVEMENT BOND & INTEREST SINKING - 2006	CAPITAL IMPROVEMENT REVENUE NOTE LOAN - 2011	BOND SETTLEMENT	
ASSETS							
POOLED CASH AND INVESTMENTS	\$ 33,952	\$ 439,149	\$ 33,904	\$ 0	\$ 0	\$ 0	\$ 507,005
RESTRICTED POOLED CASH AND INVESTMENTS	0	0	2,493	0	0	956,084	958,577
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	0	0	0
DUE FROM OTHER GOVERNMENTS	0	0	89	0	0	0	89
TOTAL ASSETS	\$ 33,952	\$ 439,149	\$ 36,486	\$ 0	\$ 0	\$ 956,084	\$ 1,465,671
LIABILITIES AND FUND BALANCE							
LIABILITIES							
ACCOUNTS PAYABLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
UNEARNED REVENUE	0	0	0	0	0	0	0
DUE TO OTHER FUNDS	0	0	0	0	0	0	0
OTHER CURRENT LIABILITIES	0	0	0	0	0	0	0
TOTAL LIABILITIES	0	0	0	0	0	0	0
FUND BALANCE							
RESTRICTED	0	0	36,486	0	0	956,084	992,570
COMMITTED	30,000	430,515	0	0	0	0	460,515
ASSIGNED	3,952	8,634	0	0	0	0	12,586
UNASSIGNED	0	0	0	0	0	0	0
TOTAL FUND BALANCE	33,952	439,149	36,486	0	0	956,084	1,465,671
TOTAL LIABILITIES AND FUND BALANCE	\$ 33,952	\$ 439,149	\$ 36,486	\$ 0	\$ 0	\$ 956,084	\$ 1,465,671

CITY OF BROOKSVILLE, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012

	DEBT SERVICE FUNDS			PERMANENT FUND		TOTAL NONMAJOR GOVERNMENTAL FUNDS
	CAPITAL IMPROVEMENT REVENUE	CAPITAL IMPROVEMENT REVENUE BOND	TOTAL DEBT SERVICE FUNDS	CEMETERY PERPETUAL CARE	TOTAL PERMANENT FUNDS	
	NOTE - 2011	2006				
ASSETS						
POOLED CASH AND INVESTMENTS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,434,202
RESTRICTED POOLED CASH AND INVESTMENTS	75,952	24,377	100,329	334,859	334,859	1,393,765
ACCOUNTS RECEIVABLE	0	0	0	0	0	81,919
DUE FROM OTHER FUNDS	0	0	0	19,069	19,069	19,069
ADVANCE TO OTHER FUNDS	0	0	0	0	0	0
DUE FROM OTHER GOVERNMENTS	0	0	0	0	0	24,675
TOTAL ASSETS	\$ 75,952	\$ 24,377	\$ 100,329	\$ 353,928	\$ 353,928	\$ 4,953,630
LIABILITIES AND FUND BALANCE						
LIABILITIES						
ACCOUNTS PAYABLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 127,086
UNEARNED REVENUE	0	0	0	0	0	6,193
DUE TO OTHER FUNDS	0	0	0	0	0	301
OTHER CURRENT LIABILITIES	33,970	0	33,970	0	0	214,085
TOTAL LIABILITIES	33,970	0	33,970	0	0	347,665
FUND BALANCE						
RESTRICTED	41,982	24,377	66,359	353,928	353,928	3,890,106
COMMITTED	0	0	0	0	0	676,876
ASSIGNED	0	0	0	0	0	153,288
UNASSIGNED	0	0	0	0	0	(114,305)
TOTAL FUND BALANCE	41,982	24,377	66,359	353,928	353,928	4,605,965
TOTAL LIABILITIES AND FUND BALANCE	\$ 75,952	\$ 24,377	\$ 100,329	\$ 353,928	\$ 353,928	\$ 4,953,630

CITY OF BROOKSVILLE, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	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	\$ 256,284	\$ 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	5,696	0	0	0	0	0	0
MISCELLANEOUS REVENUES	46	15,570	0	47,982	102	1,636	549
TOTAL REVENUES	5,742	15,570	256,284	47,982	102	1,636	549
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	27,142	0	0	0
DEBT SERVICE					0		
PRINCIPAL	0	0	0	0	0	0	0
INTEREST AND FISCAL CHARGES	0	0	0	0	0	0	0
CAPITAL OUTLAY	0	0	0	56,581	14,563	0	43,366
TOTAL EXPENDITURES	0	0	0	83,723	14,563	0	43,366
EXCESS (DEFICIENCY) OF REVENUES OV	5,742	15,570	256,284	(35,741)	(14,461)	1,636	(42,817)
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	(262,192)	0	0	0	0
TOTAL OTHER FINANCING SOURCES (US	0	0	(262,192)	0	0	0	0
NET CHANGE IN FUND BALANCES	5,742	15,570	(5,908)	(35,741)	(14,461)	1,636	(42,817)
FUND BALANCES, BEGINNING OF YEAR	13,877	14,235	23,698	129,049	20,529	261,873	90,983
FUND BALANCES, END OF YEAR	\$ 19,619	\$ 29,805	\$ 17,790	\$ 93,308	\$ 6,068	\$ 263,509	\$ 48,166

CITY OF BROOKSVILLE, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	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	47,421	0	0	0	0	1,000
CHARGES FOR SERVICES	0	0	0	0	0	0	0
FINES & FORFEITS	0	0	0	0	0	0	0
MISCELLANEOUS REVENUES	605	0	20,181	0	13,542	2,315	74
TOTAL REVENUES	605	47,421	20,181	0	13,542	2,315	1,074
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	276	0	1,408
DEBT SERVICE							
PRINCIPAL	0	0	0	0	0	0	0
INTEREST AND FISCAL CHARGES	0	0	0	0	0	0	0
CAPITAL OUTLAY	40,929	47,421	1,000	0	0	4,296	8,500
TOTAL EXPENDITURES	40,929	47,421	1,000	0	276	4,296	9,908
EXCESS (DEFICIENCY) OF REVENUES OVER	(40,324)	0	19,181	0	13,266	(1,981)	(8,834)
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	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0	0
NET CHANGE IN FUND BALANCES	(40,324)	0	19,181	0	13,266	(1,981)	(8,834)
FUND BALANCES, BEGINNING OF YEAR	83,664	0	1,934,845	6,388	72,326	11,137	27,212
FUND BALANCES, END OF YEAR	\$ 43,340	\$ 0	\$ 1,954,026	\$ 6,388	\$ 85,592	\$ 9,156	\$ 18,378

CITY OF BROOKSVILLE, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	SPECIAL REVENUE FUNDS							TOTAL SPECIAL REVENUE FUNDS
	FIRE DEPARTMENT	TRAFFIC CAMERA	FIRST TEE	TREESCAPING	ENRICHMENT CENTER PREMISES MAINTENANCE	FDOT	BROWNFIELDS ASSESSMENT GRANT	
REVENUES								
TAXES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 256,284
LICENSES & PERMITS	0	0	0	2,916	0	0	0	2,916
INTERGOVERNMENTAL REVENUE	0	0	0	0	0	1,357	762	50,540
CHARGES FOR SERVICES	0	0	15,032	0	0	0	0	15,032
FINES & FORFEITS	0	438,528	0	0	0	0	0	444,224
MISCELLANEOUS REVENUES	0	0	3,019	409	3,969	0	0	109,999
TOTAL REVENUES	0	438,528	18,051	3,325	3,969	1,357	762	878,995
EXPENDITURES								
CURRENT								
CULTURE & RECREATION	0	0	19,651	0	10,533	1,357	0	31,541
GENERAL GOVERNMENT	0	0	0	0	724	0	762	1,486
PUBLIC SAFETY	114,305	322,805	0	0	0	0	0	465,936
DEBT SERVICE								
PRINCIPAL	0	0	0	0	0	0	0	0
INTEREST AND FISCAL CHARGES	0	0	0	0	0	0	0	0
CAPITAL OUTLAY	0	5,283	0	0	0	0	0	221,939
TOTAL EXPENDITURES	114,305	328,088	19,651	0	11,257	1,357	762	720,902
EXCESS (DEFICIENCY) OF REVENUES OVER (L	(114,305)	110,440	(1,600)	3,325	(7,288)	0	0	158,093
OTHER FINANCING SOURCES (USES)								
PROCEEDS OF DEBT	0	0	0	0	0	0	0	0
TRANSFERS IN	0	0	0	0	5,000	0	0	5,000
TRANSFERS OUT	0	(200,000)	(125)	0	0	0	0	(462,317)
TOTAL OTHER FINANCING SOURCES (USES)	0	(200,000)	(125)	0	5,000	0	0	(457,317)
NET CHANGE IN FUND BALANCES	(114,305)	(89,560)	(1,725)	3,325	(2,288)	0	0	(299,224)
FUND BALANCES, BEGINNING OF YEAR	0	219,694	28,414	77,401	3,906	0	0	3,019,231
FUND BALANCES, END OF YEAR	\$ (114,305)	\$ 130,134	\$ 26,689	\$ 80,726	\$ 1,618	\$ 0	\$ 0	\$ 2,720,007

CITY OF BROOKSVILLE, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	CAPITAL PROJECT FUNDS						TOTAL CAPITAL PROJECT FUNDS
	MCKETHAN PARK	MULTI-YEAR CAPITAL PROJECT ACCUMULATION	CAPITAL IMPROVEMENT REVENUE 2006 BOND	CAPITAL IMPROVEMENT BOND & INTEREST SINKING - 2006	CAPITAL IMPROVEMENT REVENUE NOTE - 2011	BOND SETTLEMENT	
REVENUES							
TAXES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
LICENSES & PERMITS	0	0	0	0	0	0	0
INTERGOVERNMENTAL REVENUE	13,930	0	33,581	0	0	0	47,511
CHARGES FOR SERVICES	0	0	0	0	0	0	0
FINES & FORFEITS	0	0	0	0	0	0	0
MISCELLANEOUS REVENUES	15,189	2,077	17	0	0	5,302	22,585
TOTAL REVENUES	29,119	2,077	33,598	0	0	5,302	70,096
EXPENDITURES							
CURRENT							
CULTURE & RECREATION	0	0	0	0	0	0	0
GENERAL GOVERNMENT	0	0	0	0	0	78,931	78,931
PUBLIC SAFETY	0	0	0	0	0	0	0
DEBT SERVICE							
PRINCIPAL	0	0	0	0	0	0	0
INTEREST AND FISCAL CHARGES	0	0	0	0	0	0	0
CAPITAL OUTLAY	28,335	128,092	0	0	0	59,907	216,334
TOTAL EXPENDITURES	28,335	128,092	0	0	0	138,838	295,265
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	784	(126,015)	33,598	0	0	(133,536)	(225,169)
OTHER FINANCING SOURCES (USES)							
PROCEEDS OF DEBT	0	0	0	0	0	0	0
TRANSFERS IN	0	100,000	0	0	256,317	0	356,317
TRANSFERS OUT	0	0	(15,204)	(23,456)	(256,317)	(201,250)	(496,227)
TOTAL OTHER FINANCING SOURCES (USES)	0	100,000	(15,204)	(23,456)	0	(201,250)	(139,910)
NET CHANGE IN FUND BALANCES	784	(26,015)	18,394	(23,456)	0	(334,786)	(365,079)
FUND BALANCES, BEGINNING OF YEAR	33,168	465,164	18,092	23,456	0	1,290,870	1,830,750
FUND BALANCES, END OF YEAR	\$ 33,952	\$ 439,149	\$ 36,486	\$ 0	\$ 0	\$ 956,084	\$ 1,465,671

CITY OF BROOKSVILLE, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	DEBT SERVICE FUNDS			PERMANENT FUND		TOTAL NONMAJOR GOVERNMENTAL FUNDS
	CAPITAL IMPROVEMENT REVENUE NOTE - 2011	CAPITAL IMPROVEMENT REVENUE BOND 2006	TOTAL DEBT SERVICE FUNDS	CEMETERY PERPETUAL CARE	TOTAL PERMANENT FUNDS	
REVENUES						
TAXES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 256,284
LICENSES & PERMITS	0	0	0	0	0	2,916
INTERGOVERNMENTAL REVENUE	0	0	0	0	0	98,051
CHARGES FOR SERVICES	0	0	0	0	0	15,032
FINES & FORFEITS	0	0	0	0	0	444,224
MISCELLANEOUS REVENUES	0	49	49	1,956	1,956	134,589
TOTAL REVENUES	0	49	49	1,956	1,956	951,096
EXPENDITURES						
CURRENT						
CULTURE & RECREATION	0	0	0	0	0	31,541
GENERAL GOVERNMENT	0	0	0	0	0	80,417
PUBLIC SAFETY	0	0	0	0	0	465,936
DEBT SERVICE			0			
PRINCIPAL	74,530	6,000	80,530	0	0	80,530
INTEREST AND FISCAL CHARGES	187,275	8,332	195,607	0	0	195,607
CAPITAL OUTLAY	0	0	0	0	0	438,273
TOTAL EXPENDITURES	261,805	14,332	276,137	0	0	1,292,304
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(261,805)	(14,283)	(276,088)	1,956	1,956	(341,208)
OTHER FINANCING SOURCES (USES)						
PROCEEDS OF DEBT	0	0	0	0	0	0
TRANSFERS IN	256,317	38,660	294,977	10,000	10,000	666,294
TRANSFERS OUT	0	0	0	0	0	(958,544)
TOTAL OTHER FINANCING SOURCES (USES)	256,317	38,660	294,977	10,000	10,000	(292,250)
NET CHANGE IN FUND BALANCES	(5,488)	24,377	18,889	11,956	11,956	(633,458)
FUND BALANCES, BEGINNING OF YEAR	47,470	0	47,470	341,972	341,972	5,239,423
FUND BALANCES, END OF YEAR	\$ 41,982	\$ 24,377	\$ 66,359	\$ 353,928	\$ 353,928	\$ 4,605,965

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, 2012

	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	\$ 3,600	\$ 3,600	\$ 5,696	\$ 2,096	\$ 0	\$ 0	\$ 0	\$ 0
MISCELLANEOUS REVENUES	0	0	46	46	0	0	15,570	15,570
TOTAL REVENUES	3,600	3,600	5,742	2,142	0	0	15,570	15,570
EXPENDITURES								
CURRENT								
PUBLIC SAFETY	15,000	15,000	0	15,000	1,000	1,000	0	1,000
CAPITAL OUTLAY	0	0	0	0	4,500	4,500	0	4,500
TOTAL EXPENDITURES	15,000	15,000	0	15,000	5,500	5,500	0	5,500
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(11,400)	(11,400)	5,742	17,142	(5,500)	(5,500)	15,570	21,070
OTHER FINANCING SOURCES (USES)								
TRANSFERS IN	0	0	0	0	0	0	0	0
TRANSFERS OUT	0	0	0	0	0	0	0	0
RESERVE FOR CONTINGENCIES	(10,300)	(10,300)	0	10,300	(3,260)	(3,260)	0	3,260
TOTAL OTHER FINANCING SOURCES (USES)	(10,300)	(10,300)	0	10,300	(3,260)	(3,260)	0	3,260
NET CHANGE IN FUND BALANCES	(21,700)	(21,700)	5,742	27,442	(8,760)	(8,760)	15,570	24,330
FUND BALANCES, BEGINNING OF YEAR	21,700	21,700	13,877	(7,823)	8,760	8,760	14,235	5,475
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 19,619	\$ 19,619	\$ 0	\$ 0	\$ 29,805	\$ 29,805

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, 2012

	SPECIAL REVENUE FUNDS							
	LOCAL OPTION GAS TAX				LAW ENFORCEMENT INVEST 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	\$ 275,000	\$ 275,000	\$ 256,284	\$ (18,716)	\$ 0	\$ 0	\$ 0	\$ 0
MISCELLANEOUS REVENUES	0	0	0	0	66,400	66,400	47,982	(18,418)
TOTAL REVENUES	275,000	275,000	256,284	(18,716)	66,400	66,400	47,982	(18,418)
EXPENDITURES								
CURRENT								
PUBLIC SAFETY	0	0	0	0	0	0	27,142	(27,142)
CAPITAL OUTLAY	0	0	0	0	61,560	111,560	56,581	54,979
TOTAL EXPENDITURES	0	0	0	0	61,560	111,560	83,723	27,837
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	275,000	275,000	256,284	(18,716)	4,840	(45,160)	(35,741)	9,419
OTHER FINANCING SOURCES (USES)								
TRANSFERS IN	0	0	0	0	0	0	0	0
TRANSFERS OUT	(275,000)	(275,000)	(262,192)	12,808	0	0	0	0
RESERVE FOR CONTINGENCIES	(25,541)	(25,541)	0	25,541	(96,840)	(46,840)	0	46,840
TOTAL OTHER FINANCING SOURCES (USES)	(300,541)	(300,541)	(262,192)	38,349	(96,840)	(46,840)	0	46,840
NET CHANGE IN FUND BALANCES	(25,541)	(25,541)	(5,908)	19,633	(92,000)	(92,000)	(35,741)	56,259
FUND BALANCES, BEGINNING OF YEAR	25,541	25,541	23,698	(1,843)	92,000	92,000	129,049	37,049
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 17,790	\$ 17,790	\$ 0	\$ 0	\$ 93,308	\$ 93,308

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, 2012

	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	\$ 1,540	\$ 1,540	\$ 102	\$ (1,438)	\$ 2,800	\$ 2,800	\$ 1,636	\$ (1,164)
TOTAL REVENUES	1,540	1,540	102	(1,438)	2,800	2,800	1,636	(1,164)
EXPENDITURES								
CURRENT								
PUBLIC SAFETY	0	0	0	0	0	0	0	0
CAPITAL OUTLAY	0	14,563	14,563	0	100,000	100,000	0	100,000
TOTAL EXPENDITURES	0	14,563	14,563	0	100,000	100,000	0	100,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,540	(13,023)	(14,461)	(1,438)	(97,200)	(97,200)	1,636	98,836
OTHER FINANCING SOURCES (USES)								
RESERVE FOR CONTINGENCIES	(22,069)	(7,506)	0	7,506	(159,800)	(159,800)	0	159,800
TOTAL OTHER FINANCING SOURCES (USES)	(22,069)	(7,506)	0	7,506	(159,800)	(159,800)	0	159,800
NET CHANGE IN FUND BALANCES	(20,529)	(20,529)	(14,461)	6,068	(257,000)	(257,000)	1,636	258,636
FUND BALANCES, BEGINNING OF YEAR	20,529	20,529	20,529	0	257,000	257,000	261,873	4,873
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 6,068	\$ 6,068	\$ 0	\$ 0	\$ 263,509	\$ 263,509

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, 2012

	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	\$ 3,300	\$ 3,300	\$ 549	\$ (2,751)	\$ 1,800	\$ 1,800	\$ 605	\$ (1,195)
TOTAL REVENUES	3,300	3,300	549	(2,751)	1,800	1,800	605	(1,195)
EXPENDITURES								
CAPITAL OUTLAY	34,000	43,278	43,366	(88)	42,500	42,500	40,929	1,571
TOTAL EXPENDITURES	34,000	43,278	43,366	(88)	42,500	42,500	40,929	1,571
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(30,700)	(39,978)	(42,817)	(2,839)	(40,700)	(40,700)	(40,324)	376
OTHER FINANCING (USES)								
RESERVE FOR CONTINGENCIES	(60,700)	(51,422)	0	51,422	(54,621)	(54,621)	0	54,621
TOTAL OTHER FINANCING (USES)	(60,700)	(51,422)	0	51,422	(54,621)	(54,621)	0	54,621
NET CHANGE IN FUND BALANCES	(91,400)	(91,400)	(42,817)	48,583	(95,321)	(95,321)	(40,324)	54,997
FUND BALANCES, BEGINNING OF YEAR	91,400	91,400	90,983	(417)	95,321	95,321	83,664	(11,657)
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 48,166	\$ 48,166	\$ 0	\$ 0	\$ 43,340	\$ 43,340

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, 2012

	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	\$ 44,399	\$ 47,422	\$ 47,421	\$ (1)	\$ 0	\$ 0	\$ 0	\$ 0
MISCELLANEOUS REVENUES	0	0	0	0	22,000	22,000	20,181	(1,819)
TOTAL REVENUES	44,399	47,422	47,421	(1)	22,000	22,000	20,181	(1,819)
EXPENDITURES								
CURRENT								
PUBLIC SAFETY	0	0	0	0	0	0	0	0
CAPITAL OUTLAY	44,399	47,422	47,421	1	200,000	200,000	1,000	199,000
TOTAL EXPENDITURES	44,399	47,422	47,421	1	200,000	200,000	1,000	199,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	0	0	0	(178,000)	(178,000)	19,181	197,181
OTHER FINANCING (USES)								
RESERVE FOR CONTINGENCIES	0	0	0	0	(1,732,444)	(1,732,444)	0	1,732,444
TRANSFERS OUT	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING (USES)	0	0	0	0	(1,732,444)	(1,732,444)	0	1,732,444
NET CHANGE IN FUND BALANCES	0	0	0	0	(1,910,444)	(1,910,444)	19,181	1,929,625
FUND BALANCES, BEGINNING OF YEAR	0	0	0	0	1,910,444	1,910,444	1,934,845	24,401
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,954,026	\$ 1,954,026

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, 2012

	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	\$ 476,960	\$ 476,960	\$ 0	\$ (476,960)	\$ 200	\$ 200	\$ 13,542	\$ 13,342
TOTAL REVENUES	476,960	476,960	0	(476,960)	200	200	13,542	13,342
EXPENDITURES								
CURRENT								
PUBLIC SAFETY	0	0	0	0	18,005	18,005	276	17,729
CAPITAL OUTLAY	476,960	476,960	0	476,960	0	0	0	0
TOTAL EXPENDITURES	476,960	476,960	0	476,960	18,005	18,005	276	17,729
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	0	0	0	(17,805)	(17,805)	13,266	31,071
OTHER FINANCING SOURCES (USES)								
TRANSFERS IN	0	0	0	0	0	0	0	0
TRANSFERS OUT	0	0	0	0	0	0	0	0
RESERVE FOR CONTINGENCIES	(6,388)	(6,388)	0	6,388	(20,865)	(20,865)	0	20,865
TOTAL OTHER FINANCING SOURCES (USES)	(6,388)	(6,388)	0	6,388	(20,865)	(20,865)	0	20,865
NET CHANGE IN FUND BALANCES	(6,388)	(6,388)	0	6,388	(38,670)	(38,670)	13,266	51,936
FUND BALANCES, BEGINNING OF YEAR	6,388	6,388	6,388	0	38,670	38,670	72,326	33,656
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 6,388	\$ 6,388	\$ 0	\$ 0	\$ 85,592	\$ 85,592

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, 2012

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000
MISCELLANEOUS REVENUES	-	-	-	-	6,000	6,000	-	(6,000)
MISCELLANEOUS REVENUES	1,000	1,000	2,315	1,315	-	-	74	74
TOTAL REVENUES	1,000	1,000	2,315	1,315	6,000	6,000	1,074	(4,926)
EXPENDITURES								
CURRENT								
PUBLIC SAFETY	0	0	0	0	11,500	11,500	1,408	10,092
CAPITAL OUTLAY	4,296	4,296	4,296	0	8,500	8,500	8,500	0
TOTAL EXPENDITURES	4,296	4,296	4,296	0	20,000	20,000	9,908	10,092
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,296)	(3,296)	(1,981)	1,315	(14,000)	(14,000)	(8,834)	5,166
OTHER FINANCING SOURCES (USES)								
TRANSFERS IN	0	0	0	0	0	0	0	0
RESERVE FOR CONTINGENCIES	(4,404)	(4,404)	0	4,404	(25,200)	(25,200)	0	25,200
TRANSFERS OUT	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	(4,404)	(4,404)	0	4,404	(25,200)	(25,200)	0	25,200
NET CHANGE IN FUND BALANCES	(7,700)	(7,700)	(1,981)	5,719	(39,200)	(39,200)	(8,834)	30,366
FUND BALANCES, BEGINNING OF YEAR	7,700	7,700	11,137	3,437	39,200	39,200	27,212	(11,988)
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 9,156	\$ 9,156	\$ 0	\$ 0	\$ 18,378	\$ 18,378

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, 2012

	SPECIAL REVENUE FUNDS							
	FDOT				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								
INTERGOVERNMENTAL REVENUE	\$ 30,000	\$ 30,000	\$ 1,357	\$ (28,643)	\$ 0	\$ 0	\$ 0	\$ 0
FINES AND FORFEITS	0	0	0	0	0	2,691,214	438,528	(2,252,686)
MISCELLANEOUS REVENUE	0	0	0	0	0	0	0	0
TOTAL REVENUES	30,000	30,000	1,357	(28,643)	0	2,691,214	438,528	(2,252,686)
EXPENDITURES								
CURRENT								
PUBLIC SAFETY	0	0	0	0	0	2,088,493	322,805	1,765,688
CULTURE AND RECREATION	0	0	1,357	(1,357)				
CAPITAL OUTLAY	30,000	30,000	0	30,000	0	0	5,283	(5,283)
TOTAL EXPENDITURES	30,000	30,000	1,357	28,643	0	2,088,493	328,088	1,760,405
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	0	0	0	0	602,721	110,440	(492,281)
OTHER FINANCING (USES)								
RESERVE FOR CONTINGENCIES	0	0	0	0	(19,750)	(622,471)	0	622,471
TRANSFERS OUT	0	0	0	0	(200,000)	(200,000)	(200,000)	0
TOTAL OTHER FINANCING (USES)	0	0	0	0	(219,750)	(822,471)	(200,000)	0
NET CHANGE IN FUND BALANCES	0	0	0	0	(219,750)	(219,750)	(89,560)	130,190
FUND BALANCES, BEGINNING OF YEAR	0	0	0	0	219,750	219,750	219,694	(56)
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 130,134	\$ 130,134

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, 2012

	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	\$ 2,100	\$ 2,100	\$ 2,916	\$ 816
CHARGES FOR SERVICES	17,500	22,500	15,032	(7,468)	0	0	0	0
MISCELLANEOUS REVENUES	0	0	3,019	3,019	0	0	409	409
TOTAL REVENUES	17,500	22,500	18,051	(4,449)	2,100	2,100	3,325	1,225
EXPENDITURES								
CURRENT								
CULTURE AND RECREATION	23,154	28,154	19,651	8,503	0	0	0	0
TRANSPORTATION	0	0	0	0	25,000	25,000	0	25,000
CAPITAL OUTLAY	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	23,154	28,154	19,651	8,503	25,000	25,000	0	25,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,654)	(5,654)	(1,600)	4,054	(22,900)	(22,900)	3,325	26,225
OTHER FINANCING SOURCES								
RESERVE FOR CONTINGENCIES	(18,734)	(18,734)	0	18,734	(54,325)	(54,325)	0	54,325
TRANSFERS IN	0	0	(125)	(125)	0	0	0	0
TOTAL OTHER FINANCING SOURCES	(18,734)	(18,734)	(125)	18,609	(54,325)	(54,325)	0	54,325
NET CHANGE IN FUND BALANCES	(24,388)	(24,388)	(1,725)	22,663	(77,225)	(77,225)	3,325	80,550
FUND BALANCES, BEGINNING OF YEAR	24,388	24,388	28,414	4,026	77,225	77,225	77,401	176
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 26,689	\$ 26,689	\$ 0	\$ 0	\$ 80,726	\$ 80,726

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, 2012

	SPECIAL REVENUE FUNDS							
	ENRICHMENT CENTER PREMISES MAINTENANCE				BROWNFIELDS ASSESSMENT GRANT			
	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	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 762	\$ 762
MISCELLANEOUS REVENUES	15,000	15,000	3,969	(11,031)	0	0	0	0
TOTAL REVENUES	15,000	15,000	3,969	(11,031)	0	0	762	762
EXPENDITURES								
CURRENT								
GENERAL GOVERNMENT	0	0	724	(724)	0	0	762	0
CULTURE AND RECREATION	15,000	15,000	10,533	4,467	0	0	0	0
MISCELLANEOUS REVENUES	0	0	0	-	0	0	0	0
CAPITAL OUTLAY	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	15,000	15,000	11,257	3,743	0	0	762	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	0	(7,288)	(7,288)	0	0	0	762
OTHER FINANCING SOURCES								
RESERVE FOR CONTINGENCIES	(9,000)	(9,000)	0	9,000	0	0	0	0
TRANSFERS IN	5,000	5,000	5,000	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	(4,000)	(4,000)	5,000	9,000	0	0	0	0
NET CHANGE IN FUND BALANCES	(4,000)	(4,000)	(2,288)	1,712	0	0	0	0
FUND BALANCES, BEGINNING OF YEAR	4,000	4,000	3,906	(94)	0	0	0	0
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 1,618	\$ 1,618	\$ 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, 2012

	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	\$ 0	\$ 0	\$ 13,930	\$ 13,930	\$ 0	\$ 0	\$ 0	\$ 0
MISCELLANEOUS REVENUES	0	10,054	15,189	5,135	0	0	2,077	2,077
TOTAL REVENUES	0	10,054	29,119	19,065	0	0	2,077	2,077
EXPENDITURES								
CURRENT								
CULTURE & RECREATION	0	0	0	0	0	33,660	0	33,660
CAPITAL OUTLAY	19,500	29,554	28,335	1,219	391,000	391,000	128,092	262,908
TOTAL EXPENDITURES	19,500	29,554	28,335	1,219	391,000	424,660	128,092	296,568
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(19,500)	(19,500)	784	20,284	(391,000)	(424,660)	(126,015)	298,645
OTHER FINANCING SOURCES								
RESERVE FOR CONTINGENCIES	(20,796)	(20,796)	0	20,796	(175,779)	(142,119)	0	142,119
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)	(20,796)	(20,796)	0	20,796	(75,779)	(42,119)	100,000	142,119
NET CHANGE IN FUND BALANCES	(40,296)	(40,296)	784	41,080	(466,779)	(466,779)	(26,015)	440,764
FUND BALANCES, BEGINNING OF YEAR	40,296	40,296	33,168	(7,128)	466,779	466,779	465,164	(1,615)
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 33,952	\$ 33,952	\$ 0	\$ 0	\$ 439,149	\$ 439,149

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, 2012

	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	\$ 32,500	\$ 32,500	\$ 33,581	\$ 1,081	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
MISCELLANEOUS REVENUES	0	0	17	17	0	0	0	0	0
TOTAL REVENUES	32,500	32,500	33,598	1,098	0	0	0	0	0
EXPENDITURES									
CAPITAL OUTLAY	0	0	0	0	0	0	0	0	0
INTEREST AND FISCAL CHARGES	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	0	0	0	0	0	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	32,500	32,500	33,598	1,098	0	0	0	0	0
OTHER FINANCING SOURCES (USES)									
RESERVE FOR CONTINGENCIES	(19,322)	(19,322)	0	19,322	0	0	0	0	0
TRANSFERS IN	0	0	0	0	0	0	0	0	0
TRANSFERS OUT	(33,508)	(33,508)	(15,204)	18,304	(23,559)	(23,559)	(23,456)	103	103
TOTAL OTHER FINANCING SOURCES (USES)	(52,830)	(52,830)	(15,204)	37,626	(23,559)	(23,559)	(23,456)	103	103
NET CHANGE IN FUND BALANCES	(20,330)	(20,330)	18,394	38,724	(23,559)	(23,559)	(23,456)	103	103
FUND BALANCES, BEGINNING OF YEAR	20,330	20,330	18,092	(2,238)	23,559	23,559	23,456	(103)	(103)
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 36,486	\$ 36,486	\$ 0	\$ 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, 2012

	CAPITAL PROJECT FUNDS							
	CAPITAL IMPROVEMENT REVENUE NOTE - 2011				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	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,302	\$ 5,302
TOTAL REVENUES	0	0	0	0	0	0	5,302	5,302
EXPENDITURES								
CURRENT								
GENERAL GOVERNMENT	0	0	0	0	0	0	78,931	(78,931)
CAPITAL OUTLAY	0	0	0	0	1,285,676	1,285,676	59,907	1,225,769
TOTAL EXPENDITURES	0	0	0	0	1,285,676	1,285,676	138,838	1,146,838
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	0	0	0	(1,285,676)	(1,285,676)	(133,536)	1,152,140
OTHER FINANCING SOURCES (USES)								
PROCEEDS OF DEBT	0	0	0	0	0	0	0	0
RESERVE FOR CONTINGENCIES	0	0	0	0	0	0	0	0
TRANSFERS IN	256,317	256,317	256,317	0	0	0	0	0
TRANSFERS OUT	(256,317)	(256,317)	(256,317)	0	0	(201,250)	(201,250)	0
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0	(201,250)	(201,250)	0
NET CHANGE IN FUND BALANCES	0	0	0	0	(1,285,676)	(1,486,926)	(334,786)	1,152,140
FUND BALANCES, BEGINNING OF YEAR	0	0	0	0	1,285,676	1,486,926	1,290,870	(196,056)
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 956,084	\$ 956,084

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, 2012

	DEBT SERVICE FUND				DEBT SERVICE FUND				
	CAPITAL IMPROVEMENT REVENUE NOTE - 2011				CAPITAL IMPROVEMENT REVENUE BOND - 2006				
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	
ORIGINAL	FINAL	ORIGINAL			FINAL				
REVENUES									
INTERGOVERNMENTAL REVENUE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
MISCELLANEOUS REVENUES	0	0	0	0	0	0	49	49	49
TOTAL REVENUES	0	0	0	0	0	0	49	49	49
EXPENDITURES									
DEBT SERVICE									
INTEREST	153,305	153,305	187,275	(33,970)	7,508	7,508	8,332	(824)	(824)
PRINCIPAL	74,530	74,530	74,530	0	26,000	26,000	6,000	20,000	20,000
TOTAL EXPENDITURES	227,835	227,835	261,805	(33,970)	33,508	33,508	14,332	19,176	19,176
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(227,835)	(227,835)	(261,805)	(33,970)	(33,508)	(33,508)	(14,283)	19,225	19,225
OTHER FINANCING SOURCES									
RESERVE FOR CONTINGENCIES	(75,952)	(75,952)	0	75,952	(23,559)	(23,559)	0	23,559	23,559
TRANSFERS IN	256,317	256,317	256,317	-	57,067	57,067	38,660	(18,407)	(18,407)
TRANSFERS OUT	0	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	180,365	180,365	256,317	75,952	33,508	33,508	38,660	5,152	5,152
NET CHANGE IN FUND BALANCES	(47,470)	(47,470)	(5,488)	41,982	0	0	24,377	24,377	24,377
FUND BALANCES, BEGINNING OF YEAR	47,470	47,470	47,470	0	0	0	0	0	0
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 41,982	\$ 41,982	\$ 0	\$ 0	\$ 24,377	\$ 24,377	\$ 24,377

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, 2012

	PERMANENT FUND			
	CEMETERY PERPETUAL CARE			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
ORIGINAL	FINAL			
REVENUES				
MISCELLANEOUS REVENUES	\$ 11,000	\$ 11,000	\$ 1,956	\$ (9,044)
TOTAL REVENUES	11,000	11,000	1,956	(9,044)
EXPENDITURES				
DEBT SERVICE				
INTEREST	0	0	0	0
PRINCIPAL	0	0	0	0
TOTAL EXPENDITURES	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	11,000	11,000	1,956	(9,044)
OTHER FINANCING SOURCES				
RESERVE FOR CONTINGENCIES	0	0	0	-
TRANSFERS IN (OUT)	(351,611)	(351,611)	0	351,611
TOTAL OTHER FINANCING SOURCES	0	0	10,000	10,000
	(351,611)	(351,611)	10,000	361,611
NET CHANGE IN FUND BALANCES	(340,611)	(340,611)	11,956	352,567
FUND BALANCES, BEGINNING OF YEAR	340,611	340,611	341,972	1,361
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 353,928	\$ 353,928

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2012

	INTERNAL SERVICE FUNDS			TOTAL INTERNAL SERVICE FUNDS
	FLEET MAINTENANCE FUND	VEHICLE REPLACEMENT FUND	EQUIPMENT REPLACEMENT FUND	
ASSETS				
CURRENT ASSETS				
POOLED CASH AND INVESTMENTS	\$ 13,845	\$ 1,470,269	\$ 15,417	\$ 1,499,531
ACCOUNTS RECEIVABLE		2,948	737	3,685
INVENTORIES	3,967	0	0	3,967
TOTAL CURRENT ASSETS	17,812	1,473,217	16,154	1,507,183
NON-CURRENT ASSETS				
CAPITAL ASSETS, NET				
MACHINERY & EQUIPMENT	0	502,101	20,581	522,682
TOTAL CAPITAL ASSETS, NET	0	502,101	20,581	522,682
TOTAL ASSETS	\$ 17,812	\$ 1,975,318	\$ 36,735	\$ 2,029,865
LIABILITIES AND FUND EQUITY				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	\$ 1,739	\$ 0	\$ 0	\$ 1,739
ACCRUED WAGES PAYABLE	1,784	0	0	1,784
ACCRUED PAYROLL LIABILITIES	268	0	0	268
TOTAL CURRENT LIABILITIES	3,791	0	0	3,791
NON-CURRENT LIABILITIES				
ACCRUED COMPENSATED ABSENCES	2,966	0	0	2,966
TOTAL LIABILITIES	6,757	0	0	6,757
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	0	502,101	20,581	522,682
UNRESTRICTED	11,055	1,473,217	16,154	1,500,426
TOTAL NET ASSETS	11,055	1,975,318	36,735	2,023,108
TOTAL LIABILITIES AND NET ASSETS	\$ 17,812	\$ 1,975,318	\$ 36,735	\$ 2,029,865

CITY OF BROOKSVILLE, FLORIDA
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	INTERNAL SERVICE FUNDS			TOTAL INTERNAL SERVICE FUNDS
	FLEET MAINTENANCE FUND	VEHICLE REPLACEMENT FUND	EQUIPMENT REPLACEMENT FUND	
OPERATING REVENUE				
CHARGES FOR SERVICES	\$ 99,688	\$ 160,519	\$ 0	\$ 260,207
MISCELLANEOUS REVENUES	317	15,908	6,718	22,943
TOTAL OPERATING REVENUES	<u>100,005</u>	<u>176,427</u>	<u>6,718</u>	<u>283,150</u>
OPERATING EXPENSES				
PERSONAL SERVICES	66,868	0	0	66,868
OTHER SERVICES & CHARGES	25,330	4,306	0	29,636
DEPRECIATION	0	89,723	2,881	92,604
TOTAL OPERATING EXPENSES	<u>92,198</u>	<u>94,029</u>	<u>2,881</u>	<u>189,108</u>
OPERATING INCOME (LOSS)	<u>7,807</u>	<u>82,398</u>	<u>3,837</u>	<u>94,042</u>
NONOPERATING REVENUES				
INTEREST EARNINGS	12	6,115	50	6,177
TOTAL NONOPERATING REVENUES	<u>12</u>	<u>6,115</u>	<u>50</u>	<u>6,177</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>7,819</u>	<u>88,513</u>	<u>3,887</u>	<u>100,219</u>
CONTRIBUTION AND TRANSFERS				
CONTRIBUTION	0	44,398	0	44,398
TRANSFERS IN	0	0	0	0
TRANSFERS OUT	(375)	0	0	(375)
TOTAL TRANSFERS IN (OUT)	<u>(375)</u>	<u>44,398</u>	<u>0</u>	<u>44,023</u>
CHANGE IN NET ASSETS	7,444	132,911	3,887	144,242
NET ASSETS, BEGINNING OF YEAR	<u>3,611</u>	<u>1,842,407</u>	<u>32,848</u>	<u>1,878,866</u>
NET ASSETS, END OF YEAR	<u>\$ 11,055</u>	<u>\$ 1,975,318</u>	<u>\$ 36,735</u>	<u>\$ 2,023,108</u>

CITY OF BROOKSVILLE, FLORIDA
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
RECEIPTS FROM CUSTOMERS	\$ 260,207
PAYMENTS TO SUPPLIERS	(76,127)
PAYMENTS TO EMPLOYEES	(49,403)
OTHER RECEIPTS (PAYMENTS)	22,943
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>157,620</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
TRANSFERS FROM OTHER FUNDS	0
TRANSFERS TO OTHER FUNDS	(375)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>(375)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
PURCHASES OF MACHINERY & EQUIPMENT	(102,121)
CAPITAL CONTRIBUTION	44,398
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(57,723)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
RECEIPT OF INTEREST AND DIVIDENDS	6,177
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>6,177</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	105,699
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,393,832</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,499,531</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
OPERATING INCOME (LOSS)	\$ 94,042
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
DEPRECIATION EXPENSE	92,604
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	(3,686)
INVENTORIES	(1,300)
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	(25,092)
ACCRUED WAGES PAYABLE	(95)
ACCRUED PAYROLL LIABILITIES	8
ACCRUED COMPENSATED ABSENCES	1,139
TOTAL ADJUSTMENTS	<u>63,578</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 157,620</u>

CITY OF BROOKSVILLE, FLORIDA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 SEPTEMBER 30, 2012

	PRIVATE PURPOSE TRUST FUNDS				TOTAL PRIVATE PURPOSE TRUST FUNDS	PENSION TRUST FUNDS		TOTAL PENSION TRUST FUNDS
	BUTTERWECK	HRA	DONOR	BROOKSVILLE		FIREMAN'S	POLICE	
	BOND FUND	FUND	MEMORIAL WALL FUND	FIRE		RETIREMENT FUND	RETIREMENT FUND	
ASSETS								
POOLED CASH	\$ 0	\$ 18,914	\$ 0	\$ 0	\$ 18,914	\$ 152,091	\$ 18,657	\$ 170,748
INVESTMENT IN DEBT SECURITIES	2,223	0	7,335	0	9,558	1,872,747	0	1,872,747
INVESTMENT IN MARKETABLE EQUITY SECURITIES	0	0	0	0	0	2,866,579	3,677,500	6,544,079
ACCOUNTS RECEIVABLE	0	0	0	0	0	20,992	3,692	24,684
PREPAID ITEMS	0	0	0	0	0	0	0	0
TOTAL ASSETS	\$ 2,223	\$ 18,914	\$ 7,335	\$ 0	\$ 28,472	\$ 4,912,409	\$ 3,699,849	\$ 8,612,258
LIABILITIES AND FUND BALANCE								
LIABILITIES								
DUE TO OTHER FUNDS	\$ 0	\$ 0	\$ 0	\$ 1,900	\$ 1,900	\$ 0	\$ 0	\$ 0
OTHER CURRENT LIABILITIES	0	7,734	0	22,540	30,274	0	0	0
TOTAL LIABILITIES	0	7,734	0	24,440	32,174	0	0	0
NET ASSETS								
HELD IN TRUST FOR RETIREMENT AND OTHER PURPOSES	2,223	11,180	7,335	(24,440)	(3,702)	4,912,409	3,699,849	8,612,258
TOTAL NET ASSETS	\$ 2,223	\$ 11,180	\$ 7,335	\$ (24,440)	\$ (3,702)	\$ 4,912,409	\$ 3,699,849	\$ 8,612,258

CITY OF BROOKSVILLE, FLORIDA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 SEPTEMBER 30, 2012

	<u>AGENCY FUND</u>		<u>TOTAL</u>
	PAYROLL		AGENCY
	ACCOUNT		FUNDS
	<u> </u>		<u> </u>
ASSETS			
POOLED CASH AND INVESTMENTS	\$ 18,571	\$	18,571
	<u> </u>		<u> </u>
TOTAL ASSETS	<u>\$ 18,571</u>	<u>\$</u>	<u>18,571</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
ACCOUNTS PAYABLE	\$ 373	\$	373
OTHER CURRENT LIABILITIES	18,198		18,198
	<u> </u>		<u> </u>
TOTAL LIABILITIES	<u>\$ 18,571</u>	<u>\$</u>	<u>18,571</u>

CITY OF BROOKSVILLE, FLORIDA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	PRIVATE PURPOSE TRUST FUNDS					PENSION TRUST FUNDS		TOTAL PENSION TRUST FUNDS
	BUTTERWECK BOND FUND	HRA FUND	DONOR MEMORIAL WALL FUND	BROOKSVILLE FIRE	TOTAL PRIVATE PURPOSE TRUST FUNDS	FIREMAN'S RETIREMENT	POLICE RETIREMENT	
ADDITIONS								
CONTRIBUTIONS								
EMPLOYER	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 205,264	\$ 0	\$ 205,264
PLAN MEMBERS	0	0	0	0	0	21,397	10,848	32,245
OTHER	0	0	0	0	0	63,866	102,276	166,142
TOTAL CONTRIBUTIONS	0	0	0	0	0	290,527	113,124	403,651
INVESTMENT EARNINGS								
NET INCREASE (DECREASE) IN FAIR VALUE	9	0	30	0	39	589,288	487,641	1,076,929
GAIN/(LOSS) ON SALE OF INVESTMENTS	0	0	0	0	0	10,677	(28,451)	(17,774)
INTEREST/DIVIDENDS	7	0	22	0	29	155,359	114,994	270,353
TOTAL INVESTMENT EARNINGS	16	0	52	0	68	755,324	574,184	1,329,508
TRANSFERS IN	0	30,995	0	0	30,995	0	0	0
MISCELLANEOUS REVENUES	0	0	0	0	0	131	10	141
TOTAL ADDITIONS	16	30,995	52	0	31,063	1,045,982	687,318	1,733,300
DEDUCTIONS								
BENEFIT PAYMENTS	0	37,277	0	0	37,277	286,699	0	286,699
ADMINISTRATIVE EXPENSES	0	0	0	24,440	24,440	69,489	46,911	116,400
TOTAL DEDUCTIONS	0	37,277	0	24,440	61,717	356,188	46,911	403,099
CHANGE IN NET ASSETS	16	(6,282)	52	(24,440)	(30,654)	689,794	640,407	1,330,201
NET ASSETS, BEGINNING OF YEAR	2,207	17,462	7,283	0	26,952	4,222,615	3,059,442	7,282,057
NET ASSETS, END OF YEAR	\$ 2,223	\$ 11,180	\$ 7,335	\$ (24,440)	\$ (3,702)	\$ 4,912,409	\$ 3,699,849	\$ 8,612,258

CITY OF BROOKSVILLE, FLORIDA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

GRANTOR PASS-THROUGH GRANTOR PROGRAM/PROJECT TITLE	CONTRACT #	CFDA/ CSFA #	AWARD AMOUNT	LOCAL MATCH	GRANT FUNDS EXPENDED	LOCAL MATCH EXPENDED
<u>FEDERAL AWARDS</u>						
U.S. Department of Justice						
Bureau of Justice Assistance						
Patrol Vehicle Replacement Grant	2012-JAGC-HERN-1-C4-140	16.738	\$ 44,398	\$ -	\$ 44,398	\$ -
Project Night Vision	2012-JAGD-HERN-1-C5-044	16.738	3,023	-	3,023	-
			47,421	-	47,421	-
Bulletproof Vests	2010-BUBX-100-510-16	16.607	9,844	4,374	1,933	-
COPS Hiring Recovery Program	2009-RK-WX-0221	16.710	134,122	-	42,334	-
Total U.S. Department of Justice			191,387	4,374	91,688	-
U.S. Department of Housing and Urban Development						
Office of Community Planning and Development						
CDBG-NR	11DB-C5-05-37-02-N 11	14.228	750,000	-	588,860	-
Federal Emergency Management Agency						
Tropical Storm Debby		97.036	21,028	5,257	15,771	5,257
Tropical Storm Debby		97.036	1,788	447	1,341	447
			22,816	5,704	17,112	5,704
US Department of Enviromental Protection						
Brownfields Assessment and Cleanup Cooperative Agreement	95498012	66.818	400,000	-	762	-
Total Federal Awards			\$ 1,364,203	\$ 10,078	\$ 698,422	\$ 5,704

CITY OF BROOKSVILLE, FLORIDA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

GRANTOR PASS-THROUGH GRANTOR PROGRAM/PROJECT TITLE	CONTRACT #	CFDA/ CSFA #	AWARD AMOUNT	LOCAL MATCH	GRANT FUNDS EXPENDED	LOCAL MATCH EXPENDED
<u>STATE FINANCIAL ASSISTANCE</u>						
Florida Department of Transportation Landscape	AQ461	55.003	\$ 30,000	\$ -	\$ 13,232	\$ -
Total State Financial Assistance			\$ 30,000	\$ -	\$ 13,232	\$ -

**CITY OF BROOKSVILLE, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
SEPTEMBER 30, 2012**

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, 2012.

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, 2012.

NOTE C – MAJOR FEDERAL AWARDS

<u>Name of Program</u>	<u>CFDA Number</u>
CDBG – NR	14.228

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, 2012, and have issued our report thereon dated March 11, 2013. 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

Management of the City of Brooksville is responsible for establishing and maintaining effective 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.

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*.

This report is intended solely for the information and use of the City of Brooksville's 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.

A handwritten signature in cursive script that reads "Oliver & Company P.A." is written over the printed name of the firm.

March 11, 2013

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, 2012. 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, 2012.

Internal Control Over Compliance

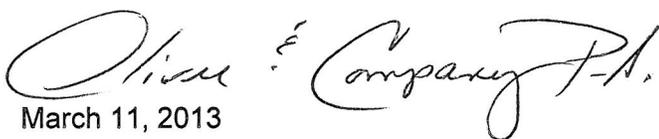
The management of the City of Brooksville is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Brooksville's 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.


March 11, 2013

**CITY OF BROOKSVILLE, FLORIDA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

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?	No
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:

<u>CFDA Number</u>	<u>Name of Program</u>
14.228	CDBG-NR

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

**CITY OF BROOKSVILLE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

Section II – Financial Statement Findings

None

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, 2012, and have issued our report thereon dated March 11, 2013.

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 11, 2013, 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 been taken to address the finding and recommendation made in the preceding annual financial report.

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve the City's financial management. No findings were noted resulting in recommendations for improvement to the current system of financial management as part of this audit engagement.

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, 2012, 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, 2012. 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 Statutes, 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.

A handwritten signature in cursive script that reads "Oliver & Company P.A." is written over the printed name.

March 11, 2013

**CITY OF BROOKSVILLE, FLORIDA
GOVERNMENTAL OFFICIALS**

ATTACHMENT TO INDEPENDENT AUDITORS' MANAGEMENT LETTER

CITY COUNCIL

MAYOR

LARA BRADBURN

VICE MAYOR

KEVIN HOHN

COUNCIL MEMBER

FRANKIE BURNETT

COUNCIL MEMBER

JOE JOHNSTON

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