

AGENDA ITEM NO. F-1  
4/06/09

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OLIVER & JOSEPH, P.A.  
CERTIFIED PUBLIC  
ACCOUNTANTS

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**INTRODUCTORY SECTION**

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**INTRODUCTORY SECTION**

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**CITY OF BROOKSVILLE, FLORIDA  
GOVERNMENTAL OFFICIALS**

**CITY COUNCIL**

**MAYOR**

JOE BERNARDINI

**VICE MAYOR**

LARA BRADBURN

**COUNCIL MEMBER**

JOE JOHNSTON

**COUNCIL MEMBER**

DAVID PUGH

**COUNCIL MEMBER**

RICHARD LEWIS

**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**

**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, 2008, 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, 2008, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the General and the City of Brooksville Community Redevelopment Agency for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated March 26, 2009 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(R) 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 & JOSEPH, P.A.

A handwritten signature in cursive script that reads "Oliver & Joseph, P.A.". The signature is written in dark ink and is positioned to the right of the printed name and date.

March 26, 2009

**CITY OF BROOKSVILLE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

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, 2008. This is the fifth year the City has prepared financial statements in accordance with the guidelines prescribed in Governmental Accounting Standards Board's (GASB) Statement No. 34.

**FINANCIAL HIGHLIGHTS**

- The Assets of the City of Brooksville exceeded its liabilities at September 30, 2008 by \$38,001,203 (net assets) and increased \$2,069,147. Of this amount, \$6,863,523 of unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.
- As of September 30, 2008, the City of Brooksville's governmental funds reported combining ending fund balances of \$4,886,722 and increased \$330,676. General Fund represents 32.3% of the governmental funds. City of Brooksville Community Redevelopment Agency and Nonmajor Governmental Funds represented 67.7% of the governmental funds.
- General Fund expenditures and Transfers Out came in under final budget projections by \$660,624.
- The City's Public Safety expenses dropped from 06 07 to 07 08 by \$61,780. On March 3, 2008, City Council approved consolidation of dispatch and communications services with the Hernando County Sheriff's Office. This now provides a single point of contact without transfer for all public safety responses. This fiscal year in order to accomplish the consolidation with the Hernando County Sheriff's Office, the City Police and Fire Departments spent approximately \$80,000 for laptop computers, modems, mobile data antennas, magnetic doors, security systems, exterior lightings and evidence room renovations. After the initial start-up costs paid in 07 08, additional savings are projected to be \$204,500 in the 08/09 Fiscal year due to the elimination of the five full-time Dispatch positions and several part-time Dispatch positions.
- Utility Fund Cash and Cash Equivalents increased from \$4,602,460 at the beginning of the fiscal year to \$4,819,579 at the end of the fiscal year. Of the \$4,819,579 Cash and Cash Equivalents, \$2,923,225 is unrestricted. The Cash & Cash Equivalents for the Sanitation Fund increased from \$480,669 at the beginning of the fiscal year to \$720,125 at the end of the fiscal year.
- Total net assets of the Pension Trust Funds (Police and Fire) decreased by \$616,570 due primarily to the decrease of investment market values. See page 18 of the Audit. Total net assets of the two plans are \$6,169,309.

- The City was obligated on July 23, 2008 for the City of Brooksville, Florida Subordinated Water and Sewer Revenue Note, Series 2008 with Hancock Bank of Florida in the amount of \$1,558,656 maturing August 15, 2008. The fixed loan rate is 3.490% with 40 quarterly payments. This loan paid out the \$2,250,000 City of Brooksville, Florida Subordinated Water and Sewer Revenue Note, Series 2005 with SunTrust Bank which was a Line of Credit. The loan is an obligation of our Water & Sewer Fund and the funds were used primarily for water and sewer improvements west of the City on State Road 50.
- City adopted an electric and propane Public Service Tax effective 1/1/04. In the 07 08 fiscal year the tax brought in \$640,129 in revenues.
- The City of Brooksville complied with the maximum millage levy allowed by Florida Department of Revenue Chapter 2007-321. The City's millage in 2008 was set at 6.0690 mills dropping from 6.3230 mills in 2007.
- City repealed the City Occupational License Tax effective in the 08 09 Fiscal Year.
- The City has committed to reimburse \$2,575,000 of the estimated \$9,000,000 in costs to Hampton Ridge Developers, LLC (Southern Hills Plantation Development) for improvements to the City's Cobb Road Wastewater Treatment Plant. It is expected that the City will pay the Developer the \$2,575,000 by April 2012.
- The City purchased 1.97 acres for \$209,805 from the Hernando County Fair Association which is required by the Development Agreement for the Hampton Ridge Project with the City in order to complete the north-south connector road in the proper alignment. Hampton Ridge Developers, LLC provided \$126,345 and received transportation impact fees credits. The remaining \$83,460 was provided by the Transportation Outreach Funds (TOPS).

## **CITY HIGHLIGHTS**

- The City adopted the millage rate at 6.0690 mills with the prior fiscal year rate at 6.3230 mills. It had been 8.0000 mills for seven consecutive years from 1997 through 2003
- City is receiving State Restoration Projects Grants for rehabilitation of the City's wastewater lines to work on the inflow and infiltration problems of old sewer lines. The Grants to date has funded the testing of all the City's sewer lines (200,000 linear feet) as well as the replacement and relining of about 34,000 linear feet of sewer lines. Since 2000, the City has been awarded State Legislative Appropriations totaling \$4,250,000. In 07 08, the City expended Grant funds totaling \$56,743. Remaining funds totaling \$440,000 are expected to be spent by December 31, 2009.
- The Transportation Outreach Program was used to build sidewalks in strategic locations and was used to purchase right-of way for Governor's Boulevard. Work was done on Providence Boulevard and Whitfield Avenue and a Broad Street sidewalk extension. Grant funds expended in this fiscal year were \$406,692.
- The City's past annexations should create substantial growth in the future; however the economic crisis has slowed new construction substantially.

Southern Hills Plantation has plans for 999 residences in a gated golf community; 10 homes were completed in 2008. In 2007, 28 homes were completed. Cascades at Southern Hills retirement development had plans to build out to 925 units; no homes were completed in 2008. On November 9, 2007 Levitt & Sons Hernando County, LLC filed Chapter 11 Bankruptcy. Levitt & Sons were developing Cascades at Southern Hills. Majesty Oaks near the Brooksville County Club is proposing 900 units.

- In 2008, outside of the Southern Hills development there were 7 single family residential homes completed within the City.
- The old Brooksville Regional Hospital Facility is being renovated to include adult living units and commercial space. The Grande is the new adult living facility with 75 units which are now being leased. The commercial renovations are continuing into 2009 which will have 60,000 of commercial square feet and the project is called Oaks Towne Centre.
- In 2009, a new Beef O'Brady's Restaurant opened in the City and a new Express Lube is under construction on Cortez Boulevard.
- In 2006 the City took back the Building Division function from Hernando County after the termination of their agreement. The new office is located at the old City Hall building. The City hired PDCS, LLC as the contractual company to handle the building inspections and the building permits for the City. Hernando County was the prior contractor.
- Within the City's Internal Service Fund, the City has accumulated over \$1,258,000 in reserves to purchase new vehicles. City departments contribute to the Internal Service Vehicle Replacement cash reserves for their future purchases.

## **USING THIS ANNUAL REPORT**

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

### **Government-wide Financial Statements**

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

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. The focus of the Statement of Net Assets (the "unrestricted net assets") is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund current resources (short-term spendable

resources) with capital assets and long-term obligations. Over time, the increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial transactions of the City are recorded in individual funds and each fund has a self-balancing set of accounts. All of the funds of the City can be divided into three categories: governmental, proprietary, and fiduciary. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The City maintains 36 funds. Information is presented separately in the Balance Sheet and in the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Brooksville Community Redevelopment Agency, the Utility Fund, and Sanitation Fund, which are considered to be major funds. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in this report, immediately following the notes to the financial statements.

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

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

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

**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 6-8 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 an internal service fund for its fleet operations. 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 12-16 of this report

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the

City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The four fiduciary funds are Butterweck Bond Fund, Donor Memorial Wall, Police Retirement and the Firefighters' Retirement.

The basic fiduciary fund financial statements can be found on pages 17-18 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 19-52 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 53-82 of this report.

## **ECONOMIC FACTORS**

The City of Brooksville, the County Seat of Hernando County, has experienced a period of substantial growth. 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).

Information obtained from the Florida statistical abstract supports the claim that the Brooksville area will grow significantly over the next 30 years. The annual estimates for the population of Brooksville were identified as being 7,640 as of 4/01/08. The adopted City of Brooksville Comprehensive Plan estimates Brooksville's population to nearly double within the next ten years.

The number of new residential building starts has declined from 2006. Although, the official data from the Hernando County Property Appraisers for 2009 is not yet available it is expected that the City's taxable values could drop as much as 10% to 15% in the City of Brooksville. Hernando County's unemployment rate jumped to 12.4% in January 2009 which reached its highest level in 33 years. The halt in residential and commercial construction hit the County hard. Hernando County has the second-worst job market in the State of Florida behind Flagler County. As an indicator, the City in 2006/07 collected \$183,685 in Building permit revenues. In 07/08 the City collected \$128,932 in Building permits; through February 2009 the City has collected \$33,614 in Building permits.

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 experiencing a very likely decrease in property values due to the economic turndown and the added decrease in revenues as a result of Amendment One.

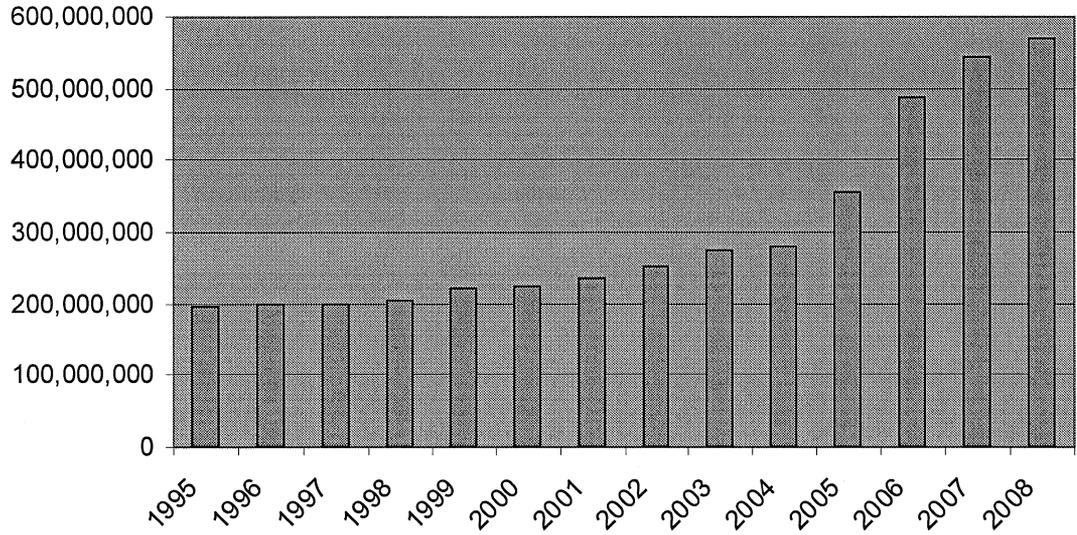
In the last 6 years, the City increased the size of the City from approximately 5 square miles to approximately 10 square miles through voluntary annexations. These annexations increased the acreage of taxable property within City boundaries. The City is also helping improve the taxable property base 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 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 License in 2008 and have been lowering the City millage rate. The list of national retailers who are in the City includes Wal-Mart, Sonic Drive Thru, Starbucks, Lowe's Home Improvement, Tractor Supply, Dunkin Donuts and Baskin Robbins, 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 is a new addition to the City and an Express Lube is under construction on Cortez Boulevard. Also, the beautiful renovation of the Old Brooksville Regional Hospital to the Grande (75 assisted living units) and commercial square footage space of the Oaks Towne Centre has become a great asset after the vacancy left by the new Hospital facility on State Road 50West.

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 a wastewater treatment facility, which will provide reuse water for irrigation purposes. 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.

The table on the next page shows the increase in gross taxable values since 1995. In 2009, we expect to see a decline in Gross Taxable Values. The table on 3 I and 3 J highlight some of the more noteworthy development activity that has been planned in and around the City of Brooksville. The growth has slowed, but the City is optimistic that growth will come back with a City that is fiscally sound and offers many amenities to her residents.

### City of Brooksville Gross Taxable Values



<b>Project Name</b>	<b>Acreage</b>	<b>Land Use</b>	<b>Units</b>	<b>Comment/Status</b>
Southern Hills Plantation	1,189	Residential w/associated Recreational and Commercial uses	999 residences proposed in Gated Golf Course Community	Annexed May 2003, Infrastructure is complete in Phase 1. Work continues in other approved phases.
The Cascades	414	Residential	925 residences proposed in a age-restricted (senior) gated community	Annexed. Phase 1 infrastructure nearly complete. Property currently in receivership.
Majestic Oaks	428	Residential, Multi-Family, Commercial and Recreational	900 residences proposed	Annexed. CPA approved 2-12-07 Zoning pending.
Brooksville Country Club North end of Majestic Oaks	168 41	Residential Units Townhouse Units	53 SFR 80 MFR Units proposed	Annexed. CPA approved 2/12/07. Zoning pending.
Southern Pines	31	Multi-family Residential	240 Condominiums proposed	Annexed March 2004, first phase under construction
Southern Pines	9	Multi-family Residential	64 Condominiums proposed	2 <sup>nd</sup> phase - pending
Brook Haven Apartments	16	Multi-Family Residential with amenities	160 units	Project completed in 2006
Vallery Custom Homes Howell Avenue	4	Single Family Residences	12 units proposed	Master Plan Revised – final subdivision approved with modifications
Milk-A-Way Farms 41 and Croom Rd	425	Residential and Commercial	850 residence and 30 acres of commercial proposed	Annexed. Land use, zoning and master plan pending

<b>Project Name</b>	<b>Acreage</b>	<b>Land Use</b>	<b>Units</b>	<b>Comment/Status</b>
Oak Brook Jefferson Street	48	Single Family Residences and Commercial	105 units proposed	Annexed 1984. Const. pending owner decision on phasing.
GGW,LLC/BTM, LLC	75	Single Family Residential	131 units proposed	Annexed. Land use & zoning approved.
Brooksville Assoc. Wiscon Rd	41.165	Townhouses	156 units proposed	Zoning, Master Plan approved.
Villa Rosa (Ty Underwood) North ave	9	Townhouse project changed to senior housing complex. Master Plan Revision went to P&Z on 2-13-08	was 128 units. Now proposing 100 units.	Zoning approved Master Plan Revision approved (2-13-08) Project on hold.
BV Holdings	1	4 Triplexes/1 Duplex	14 units proposed	Rezoning approved
Hometown America (Cloverleaf )	19	Manufactured Housing.	68 lots	Rezoning and Master Plan Approved
State Road 50 West	N/A	Anticipated Commercial development along SR 50 corridor	Expected growth due to Brooksville Regional Hospital which opened Fall 2005	City providing supporting water and sewer on SR 50.
Innovators Investment Group	7.71	Commercial and Professional Development	Undetermined at present time	Land use & zoning approved.
Malouf Enterprises - Horse Lake Rd. & Cortez Blvd.	25	Commercial PDP	Beef O'Brady Restaurant and undetermined additional units	Commercial PDP approved, Beef O'Brady Restaurant under construction.
Metro Bay Development – (Old Hospital Site Redevelopment)	11	Residential and Commercial	75 units and 60,000 s.f. Commercial retail, etc.	Approved Master Plan/Plat September 2009

## THE CITY AS A WHOLE

The City's combined net assets as of September 30, 2008 were \$38,001,203. The following Table 1 reflects the condensed Statement of Net Assets for the last two years:

	Governmental Activities		Business Type Activities		Primary Government	
	2008	2007	2008	2007	2008	2007
Current and other assets	6,641,287	6,414,149	5,971,648	5,511,880	12,612,935	11,926,029
Capital Assets, net of deprec.	<u>8,725,037</u>	<u>7,320,241</u>	<u>34,199,360</u>	<u>33,558,570</u>	42,924,397	<u>40,878,811</u>
Unrestricted	<u>15,366,324</u>	<u>13,734,390</u>	<u>40,171,008</u>	<u>39,070,450</u>	<u>55,537,332</u>	<u>52,804,840</u>
Long-Term Liabilities	(1,053,734)	(1,172,204)	(14,483,871)	(13,560,196)	(15,537,605)	(14,732,400)
Other Liabilities	<u>(541,369)</u>	<u>(754,233)</u>	<u>(1,457,155)</u>	<u>(1,386,151)</u>	<u>(1,998,524)</u>	<u>(2,140,384)</u>
Total Liabilities	(1,595,103)	(1,926,437)	(15,941,026)	(14,946,347)	(17,536,129)	(16,872,784)
Net Assets:						
Invested in capital assets	7,674,725	6,147,541	22,065,216	20,222,457	29,739,941	26,369,998
Restricted			850,801	1,320,152	850,801	1,320,152
Unrestricted	<u>6,096,496</u>	<u>5,660,412</u>	<u>1,313,965</u>	<u>2,581,494</u>	<u>7,410,461</u>	<u>8,241,906</u>
Total Net Assets	13,771,221	11,807,953	24,229,982	24,124,103	38,001,203	35,932,056

The largest portion of the City's net assets (78.3%) are its investment in capital assets such as land, buildings, and machinery and equipment, less the outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens; consequently these assets are not available for future spending. It is also important to recognize that other resources will be required to repay the outstanding debt on capital assets. Restricted net assets, representing (2.2%) of total net assets, are subject to external restrictions on how they may be used. The remaining 19.5% are unrestricted net assets. The unrestricted net assets total \$7,410,461 which may be used to meet the City's ongoing obligations to citizens and creditors. The City's overall financial position continues to be healthy.

Table 2 on the following page is the condensed Change in Net Assets for the fiscal year ended September 30, 2008. 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 activities this fiscal year was \$8,090,845 going up 1% from last year. The cost of Business-type activities was \$4,742,770 (increase of 12% over last year). The City's total Governmental Activities Revenues increased very slightly by .003%. The Business-type accounts Revenues dropped 68% from 2007 to 2008; this was due to the large contribution (over \$8.6 million) of capital improvements by a Developer in 06 07. The City Council lowered the millage rate which contributed to this flat revenue stream. The total Primary Government Expenses were \$12,833,615 which were up \$622,784

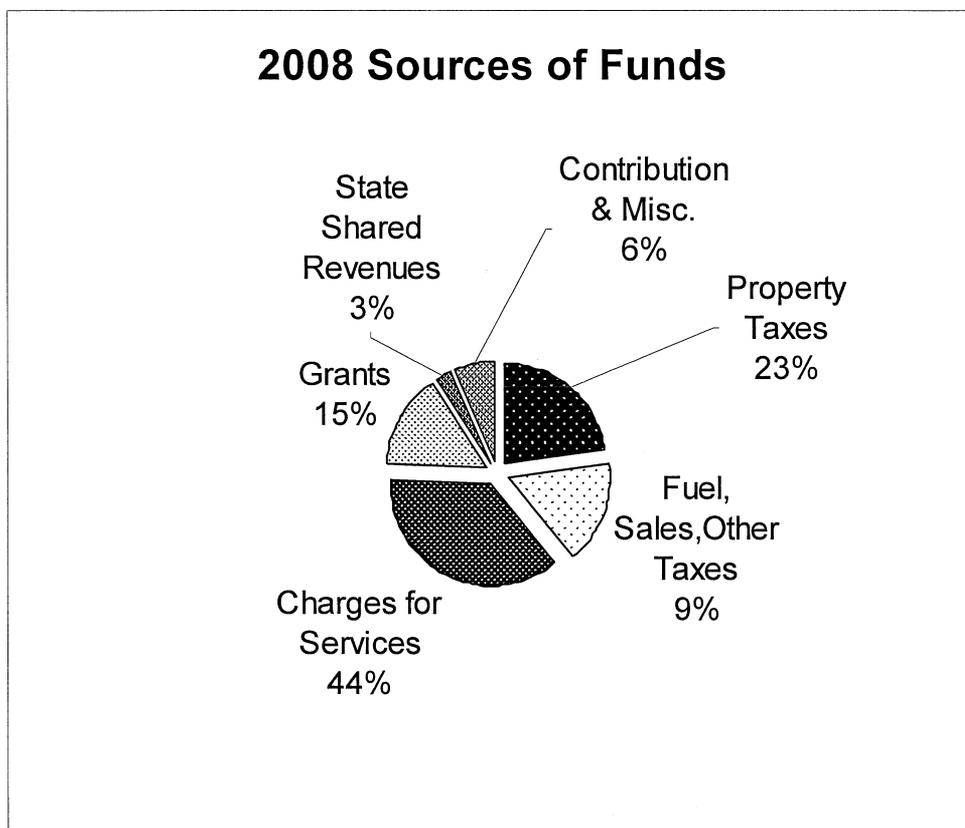
from 2007. Charges for Services Government wide were up about 16% from 2007. Operating and Capital grants totaled \$2,255,369. Taxes brought in to the City totaled \$5,817,209. Approximately 23% of the City's total revenues came from property taxes and 16% from other taxes. Impact Fees accounted for 3% of the City's total revenues.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
<b>Revenues</b>						
Charges for Services	1,682,857	775,769	4,894,898	4,898,577	6,577,755	5,674,346
Operating Grants & Contributions	219,434	61,966			219,434	61,966
Capital Grants & Contributions	1,579,673	1,224,160	456,262	10,505,446	2,035,935	11,729,606
Property Taxes	3,394,485	3,604,964			3,394,485	3,604,964
Fuel Taxes	295,914	315,545			295,914	315,545
Sales Taxes	361,789	403,998			361,789	403,998
Other Taxes	640,129	1,689,226			640,129	1,689,226
Impact Fees	382,790	303,474			382,790	303,474
State Shared Revenues	404,209	408,677			404,209	408,677
Investment Earning	209,951	347,965	114,428	188,786	324,379	536,751
Miscellaneous	262,212	352,549	(6,832)	102,290	255,380	454,839
Sale of Capital Assets	(1,309)	4,872	11,872		10,563	4,872
Interfund Transfers	<u>621,979</u>	<u>533,570</u>	<u>(621,979)</u>	<u>(533,570)</u>		
<b>Total Revenues</b>	<b><u>10,054,113</u></b>	<b><u>10,026,735</u></b>	<b><u>4,848,649</u></b>	<b><u>15,161,529</u></b>	<b><u>14,902,762</u></b>	<b><u>25,188,264</u></b>
<b>Expenses</b>						
General Government	2,192,786	2,253,199			2,192,786	2,253,199
Public Safety	3,314,334	3,348,062			3,314,334	3,348,062
Physical Environment	313,534	298,973			313,534	298,973
Transportation	814,668	1,140,617			814,668	1,140,617
Culture & Education	1,413,550	890,227			1,413,550	890,227
Interest on long-term debt	41,973	48,498			41,973	48,498
Utility Fund			3,761,177	3,226,642	3,761,177	3,226,642
Sanitation Fund			<u>981,593</u>	<u>1,004,613</u>	<u>981,593</u>	<u>1,004,613</u>
<b>Total Expenses</b>	<b><u>8,090,845</u></b>	<b><u>7,979,576</u></b>	<b><u>4,742,770</u></b>	<b><u>4,231,255</u></b>	<b><u>12,833,615</u></b>	<b><u>12,210,831</u></b>
Change in Net Assets	1,963,268	2,047,159	105,879	10,930,274	2,069,147	12,977,433
Net Assets, Beginning of Year	<u>11,807,953</u>	<u>9,760,794</u>	<u>24,124,103</u>	<u>13,193,829</u>	<u>35,932,056</u>	<u>22,954,623</u>
Net Assets, End of Year	<u>13,771,221</u>	<u>11,807,953</u>	<u>24,229,982</u>	<u>24,124,103</u>	<u>38,001,203</u>	<u>35,932,056</u>

The Pie Chart on the next page shows the 2008 Sources of Funds Government-wide. Charges for Services provide 44% of our Revenues. Property Taxes provide 23% and Fuel, Sales, and Other Taxes provide 9%. Grants this year provided 15% 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. Also, concerns on how long the economic downturn will continue.



### The City's Funds

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

### Governmental Funds

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

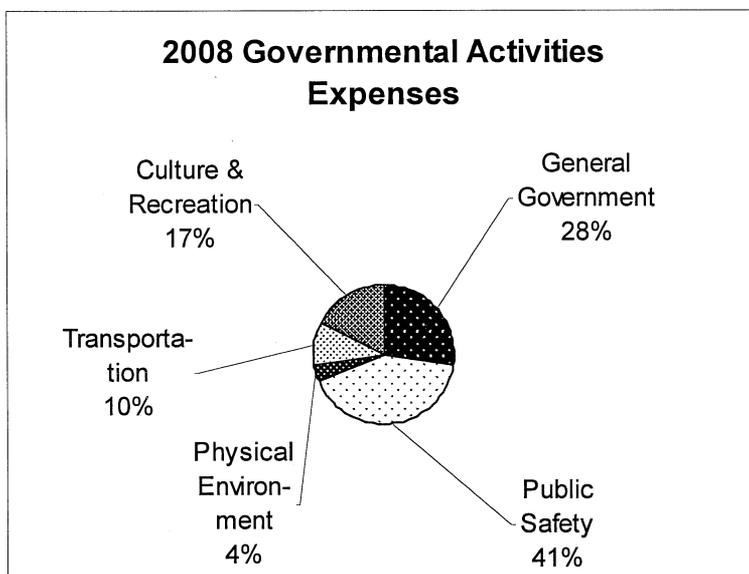
There are two major Funds in the Governmental Fund group. The two are General Fund and Brooksville Community Redevelopment Agency. To determine a Major Fund, GASB 34 requires a two-step process based on 10% and 5% criteria. The General Fund is the chief operating fund of the City. It is used to account for all financial resources,

except those required to be accounted for in another fund. At the end of the fiscal year, the fund balance of the General Fund was \$1,578,833.

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 non-major Governmental Funds, which consist of Special Revenue Funds, Capital Projects Funds, and a Permanent Fund, had a year-end Fund Balance of \$3,263,031. Please see page 6 for the Governmental Funds Balance Sheet. Together the City had approximately \$4.9 million in Fund Balance Reserves as opposed to \$4.6 million in the previous year.

The pie chart below indicates the percentage of dollars spent on governmental activities. Public Safety makes up 41% of the City's Governmental Activities. General Government is 28% of the total Governmental Activities. General Government includes City Manager's Office, Finance, Human Resources, Community Development, and Management Information Services. Streets are 10% and Culture and Recreation activities are 17%.



## Proprietary Funds

The City's proprietary funds are comprised of enterprise funds and an internal service fund. 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 the Internal Service Fund, which provides services to other City departments. See page 12 for the beginning of the Proprietary Funds detail.

The Utility Fund represents the City's water and sewer utility. The Fund experienced a change in net assets of (\$60,275). In 06 07, the City had a change in net assets of \$10,839,592 due to the contribution of water and wastewater infrastructure from a developer. As a result of the large capital contribution, depreciation increased in 06 07 from \$720,283 to \$1,241,332 in 07 08. This increase in depreciation expense (non-cash outlay) increases the operating expenses and therefore reduces the net assets. If you add back depreciation expense, the change in net assets would have been a positive \$1,181,057.

The Sanitation Fund sustained change in net assets of \$203,981. In the previous year the change in net assets was \$138,935. The change in net assets indicates a positive increase in the Sanitation Fund net assets. In 05 06, the City had (\$77,157) change in net assets; in the last 2 fiscal years a deteriorating loss has been turned around. The improvement has been assisted by reducing personnel costs and a rate increase in 2007.

The Internal Service Funds reports activities that provide a service to the City's other operations for vehicle maintenance and vehicle 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	73,109
Police	151,559
Fire	632,097
Streets	113,163
Parks	36,429
General Fund Total	1,006,357
Utility Fund	75,898
Sanitation Fund	166,340
Proprietary Funds Total	242,238
Grand Total	1,248,595

## Capital Assets

The City's capital assets as of September 30, 2008 reflect an investment of \$42,746,177 on Statement of Net Assets, net of accumulated depreciation. Please refer to Note H beginning on page 42 to review detail of the Capital Asset activity for the fiscal year ended 9/30/08.

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 this fiscal year include:

- The City booked the cost incurred in the procurement of right of way for the SR50 2-lane collector (aka Governor Blvd. and the North South Road Phase 2). The cost includes \$274,300 for right of way owned by the Developer and \$688,875 in City condemnation costs paid by the Developer to obtain the remaining required right of way.
- The City purchased 1.97 acres for \$209,805 from the Hernando County Fair Association which is required by the Development Agreement for the Hampton Ridge Project with the City in order to complete the north-south connector road in the proper alignment.
- City booked the sidewalks, drainage, and road improvements on Providence Boulevard and State Road 50 and Broad Street in the amount of \$318,497.
- The completion of the retrofitting of City Hall with Hurricane Shutters was booked at a cost of \$158,755 and at the Police Department Hurricane Shutters was capitalized for \$12,859. These improvements were paid for by a USDA loan/grant.
- Capital expenditures in the amount of \$46,991 were allocated for the Police Department Headquarters in order to expedite the change over to Hernando County Dispatch.
- A 2007 Dodge Charger was purchased for the Police Department in the amount of \$25,542.
- Rehabilitation continued on the City's wastewater lines to work on the inflow and infiltration problems. State Restoration Projects Grants paid for the rehabilitation in this fiscal year totaling \$56,743.
- City booked forcemain and water line improvements and land easements on Wiscon to State Road 50 at a cost of \$411,802. Water and Sewer Connections for Brook Haven Apartments were capitalized at a cost of \$73,427.
- The City purchased from the Vehicle Replacement Fund four 2008 Crown Vic Police cruisers at a cost of \$98,402 including equipment.
- Material and equipment in excess of \$1,078,000 was purchased by the City of Brooksville for the Cobb Road WRF Expansion project under contract with Hampton Ridge Development, LLC. This equipment is being stored in anticipation of the expansion of the Cobb Road Wastewater Treatment Plant that is expected to be completed in 2012.

## Long-term Debt

General Fund has a loan that refinanced the City Hall Building and purchased the Park Office. The balance on the loan is \$239,620 at 9/30/08 with an interest rate of 3.94% maturing 7/1/2011. Refer to Note G beginning on page 37 for detail on long-term liabilities.

The City purchased a new ladder truck for the fire department on November 10, 2005. Sun Trust Bank issued the loan for \$633,659. The balance on the loan as of September 30, 2008 is \$561,892 with an interest rate of 4.23% maturing May 10, 2021.

The City obtained a \$258,800 Capital Improvement Revenue Bond in November 2006. The loan was financed through USDA and included a grant portion of \$286,000. The loan/grant was to purchase emergency generators and retrofit City Hall and Police Department windows. Refer to Note G on page 38 and 39. The balance as of 9/30/2008 is \$248,800.

The Utility Fund has two Revenue Bonds. Refer to Note D beginning on page 27:

- The 1999 Water and Sewer Revenue Bond have a principal balance due of \$5,972,000 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 is \$4,935,000.

The City of Brooksville issued a \$2,250,000 Subordinated Water and Sewer Revenue Note, Series 2005 (Line of Credit) dated April 11, 2005. The issuing Bank was SunTrust. The Line of Credit had a 3-year maturity due April 11, 2008 and was extended by SunTrust Bank until July 23, 2008. The City had drawn \$1,558,656 as of 9/30/07. The proceeds of the Line of Credit financed certain improvements to the City-owned Water and Sewer system. During the fiscal year ending 9 30 08, the Line of Credit was paid off by a Notes Payable to Hancock Bank. The Hancock Bank City of Brooksville, Florida Subordinated Water & Sewer Revenue Notes is in the amount of \$1,558,656 and was issued July 23, 2008. The loan has quarterly installments with 3.49% interest rate maturing August 15, 2018.

The Sanitation Fund has a 3% capital lease for the purchase of a sanitation truck. The lease expires May 5, 2009. The Sanitation Fund has a capital lease issued 9/14/07 in the amount of \$148,000 at 3.98% maturing 9/14/2014. This financed a 2008 Peterbilt Sanitation Truck. The present value of Minimum Lease Payments for both leases totals \$144,450. Refer to Note G on page 41 for further details.

## **Performance Measured Against Expectations (Budget)**

General Fund Revenues were lower than the final budget by \$11,166. Final Budget was very close to actual revenue amounts. General Fund Expenditures were under budget by \$557,252. This is positive indication of the City's ability to plan and manage resources, and illustrates management's commitment to reducing expenditures especially with difficult economic times.

## **2008 Millage Rate**

The City's elected and appointed officials considered many factors when adopting the 2008/09 Annual Budget. The State of Florida under s. 200.185, F.S, required that the City adopt a tax levy permitted under the law. If the City adopted a tax levy that exceeds the maximum tax levy, s. 200.185, F.S. requires that the municipality will lose their half-cent sales tax distribution. By majority vote, the tax authority could levy a maximum millage equal to their rolled-back rate adjusted for the change in per capita Florida personal income (4.15% for 2008). The City of Brooksville's maximum rate by majority vote was 6.8562 mills. A two-thirds vote maximum millage allowed by law was 7.5418 mills. The City of Brooksville complied with the requirements and did not lose their half-cent sales tax distribution. The City lowered the millage from 6.3230 mills (2007) to 6.0690 mills for 2008. The 2008 millage of 6.0690 was 0.7872 mills lower than required by the State of Florida with a majority vote and 1.4728 mills lower than required by the State of Florida with two-thirds vote of the City Council.

## **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 for their continuous commitment to the highest ethical standards in financial reporting and disclosure.

## **Requests for Information**

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

CITY OF BROOKSVILLE, FLORIDA  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2008

	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
<b>ASSETS</b>			
POOLED CASH AND INVESTMENTS	\$ 5,959,925	\$ 3,643,350	\$ 9,603,275
ACCOUNTS RECEIVABLE	199,130	447,487	646,617
ALLOWANCE FOR UNCOLLECTIBLES	0	(38,717)	(38,717)
INTEREST RECEIVABLE	205	0	205
INTERNAL BALANCES	228,086	(228,086)	0
DUE FROM OTHER GOVERNMENTS	127,484	54,949	182,433
INVENTORIES	6,887	151,654	158,541
PREPAID ITEMS	107,601	44,657	152,258
<b>RESTRICTED ASSETS</b>			
CASH AND INVESTMENTS	11,969	1,896,354	1,908,323
<b>CAPITAL ASSETS</b>			
LAND	1,468,193	1,011,351	2,479,544
CONSTRUCTION IN PROGRESS	2,506,054	4,935,399	7,441,453
PROPERTY, PLANT & EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	4,750,790	28,074,389	32,825,179
BOND ISSUE COSTS, NET	0	178,221	178,221
<b>TOTAL ASSETS</b>	<b>\$ 15,366,324</b>	<b>\$ 40,171,008</b>	<b>\$ 55,537,332</b>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE	\$ 119,084	\$ 164,693	\$ 283,777
ACCRUED INTEREST PAYABLE	0	13,474	13,474
ACCRUED WAGES PAYABLE	53,017	12,510	65,527
ACCRUED PAYROLL LIABILITIES	200	2,752	2,952
DEPOSITS	45,961	0	45,961
UNEARNED REVENUE	8,484	0	8,484
OTHER CURRENT LIABILITIES	169,579	2,599	172,178
<b>PAYABLE FROM RESTRICTED ASSETS</b>			
METER DEPOSITS	0	498,615	498,615
REVENUE BONDS PAYABLE	0	474,000	474,000
ACCRUED INTEREST PAYABLE	0	119,994	119,994
<b>NON-CURRENT LIABILITIES</b>			
<b>DUE WITHIN ONE YEAR</b>			
ACCRUED COMPENSATED ABSENCES	28,400	4,374	32,774
LEASES PAYABLE	0	34,638	34,638
NOTES PAYABLE	110,844	129,506	240,350
BONDS PAYABLE	5,800	0	5,800
<b>DUE IN MORE THAN ONE YEAR</b>			
ACCRUED COMPENSATED ABSENCES	120,066	20,576	140,642
LEASES PAYABLE	0	109,813	109,813
NOTES PAYABLE	690,668	1,429,150	2,119,818
REVENUE BONDS PAYABLE	243,000	10,331,947	10,574,947
OTHER LONG-TERM LIABILITIES	0	2,592,385	2,592,385
<b>TOTAL LIABILITIES</b>	<b>\$ 1,595,103</b>	<b>\$ 15,941,026</b>	<b>\$ 17,536,129</b>
<b>NET ASSETS</b>			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT RESTRICTED	7,674,725	22,065,216	29,739,941
RESTRICTED FOR DEBT RETIREMENT	0	0	0
RESTRICTED FOR RENEWAL & REPLACEMENT	0	850,801	850,801
UNRESTRICTED	6,096,496	1,313,965	7,410,461
<b>TOTAL NET ASSETS</b>	<b>\$ 13,771,221</b>	<b>\$ 24,229,982</b>	<b>\$ 38,001,203</b>

SEE ACCOMPANYING NOTES

CITY OF BROOKSVILLE, FLORIDA  
 STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

FUNCTION/PROGRAM ACTIVITIES	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
GOVERNMENTAL ACTIVITIES								
GENERAL GOVERNMENT	\$ 2,192,786	\$ 1,392,184	\$ 189,585	\$ 0	\$ (611,017)	\$ 0	\$ (611,017)	
PUBLIC SAFETY	3,314,334	2,314	19,149	0	(3,292,871)	0	(3,292,871)	
PHYSICAL ENVIRONMENT	313,534	850	3,200	406,692	97,208	0	97,208	
TRANSPORTATION	814,668	79,972	0	1,172,981	438,285	0	438,285	
CULTURE & RECREATION	1,413,550	207,537	7,500	0	(1,198,513)	0	(1,198,513)	
INTEREST ON LONG-TERM DEBT	41,973	0	0	0	(41,973)	0	(41,973)	
TOTAL GOVERNMENTAL ACTIVITIES	8,090,845	1,682,857	219,434	1,579,673	(4,608,881)	0	(4,608,881)	
BUSINESS-TYPE ACTIVITIES								
UTILITY	3,761,177	3,596,967	0	456,262	0	292,052	292,052	
SANITATION	981,593	1,297,931	0	0	0	316,338	316,338	
TOTAL BUSINESS-TYPE ACTIVITIES	4,742,770	4,894,898	0	456,262	0	608,390	608,390	
TOTALS	\$ 12,833,615	\$ 6,577,755	\$ 219,434	\$ 2,035,935	(4,608,881)	608,390	(4,000,491)	
GENERAL REVENUES								
PROPERTY TAXES					3,394,485	0	3,394,485	
FUEL TAXES					295,914	0	295,914	
SALES TAXES					361,789	0	361,789	
OTHER TAXES					640,129	0	640,129	
IMPACT FEES					382,790	0	382,790	
STATE SHARED REVENUE					404,209	0	404,209	
INVESTMENT EARNINGS					209,951	114,428	324,379	
MISCELLANEOUS					262,212	(6,832)	255,380	
GAIN (LOSS) ON SALE OF CAPITAL ASSETS					(1,309)	11,872	10,563	
TRANSFERS					621,979	(621,979)	0	
TOTAL GENERAL REVENUES AND TRANSFERS					6,572,149	(502,511)	6,069,638	
CHANGE IN NET ASSETS					1,963,268	105,879	2,069,147	
NET ASSETS, BEGINNING OF YEAR					11,807,953	24,124,103	35,932,056	
NET ASSETS, END OF YEAR					\$ 13,771,221	\$ 24,229,982	\$ 38,001,203	

CITY OF BROOKSVILLE, FLORIDA  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2008

	MAJOR FUNDS					TOTAL GOVERNMENTAL FUNDS
	CITY OF BROOKSVILLE					
	GENERAL FUND	REDEVELOPMENT AGENCY	NONMAJOR GOVERNMENTAL FUNDS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
<b>ASSETS</b>						
POOLED CASH AND INVESTMENTS	\$ 1,240,591	\$ 236,580	\$ 3,223,841	\$ 4,701,012		
RESTRICTED POOLED CASH AND INVESTMENTS	0	0	11,969	11,969		
ACCOUNTS RECEIVABLE	199,130	0	0	199,130		
INTEREST RECEIVABLE	0	205	0	205		
DUE FROM OTHER FUNDS	67,559	0	149,737	217,296		
ADVANCE TO OTHER FUNDS	126,376	0	0	126,376		
DUE FROM OTHER GOVERNMENTS	95,399	0	32,085	127,484		
INVENTORIES	600	0	3,085	3,685		
PREPAID ITEMS	105,037	0	0	105,037		
<b>TOTAL ASSETS</b>	<b>\$ 1,834,692</b>	<b>\$ 236,785</b>	<b>\$ 3,420,717</b>	<b>\$ 5,492,194</b>		
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
ACCOUNTS PAYABLE	\$ 109,272	\$ 0	\$ 3,264	\$ 112,536		
DUE TO OTHER FUNDS	21,369	191,927	4,000	217,296		
ACCRUED WAGES PAYABLE	52,055	0	0	52,055		
DEPOSITS	45,961	0	0	45,961		
UNEARNED REVENUE	0	0	8,484	8,484		
OTHER CURRENT LIABILITIES	27,202	0	141,938	169,140		
<b>TOTAL LIABILITIES</b>	<b>255,859</b>	<b>191,927</b>	<b>157,686</b>	<b>605,472</b>		
<b>FUND BALANCE</b>						
RESERVED FOR ENCUMBRANCES	237,278	0	0	237,278		
RESERVED FOR PREPAID ITEMS	105,037	0	0	105,037		
RESERVED FOR ADVANCES	126,376	0	0	126,376		
RESERVED FOR DEBT RETIREMENT	0	0	11,969	11,969		
UNRESERVED: UNDESIGNATED						
GENERAL FUND	1,110,142	0	0	1,110,142		
SPECIAL REVENUE FUNDS	0	44,858	2,799,007	2,843,865		
CAPITAL PROJECT FUNDS	0	0	145,805	145,805		
PERMANENT FUNDS	0	0	306,250	306,250		
<b>TOTAL FUND BALANCE</b>	<b>1,578,833</b>	<b>44,858</b>	<b>3,263,031</b>	<b>4,886,722</b>		
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,834,692</b>	<b>\$ 236,785</b>	<b>\$ 3,420,717</b>	<b>\$ 5,492,194</b>		

CITY OF BROOKSVILLE, FLORIDA  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2008

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 4,886,722

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 \$ 12,437,048  
 LESS: ACCUMULATED DEPRECIATION (4,004,050) 8,432,998

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

ACCRUED COMPENSATED ABSENCES (146,337)  
 NOTES PAYABLE (801,512)  
 BOND PAYABLE (248,800) (1,196,649)

INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO CHARGE  
 THE COSTS OF CERTAIN ACTIVITIES TO THE INDIVIDUAL FUNDS.

ASSETS AND LIABILITIES OF THE INTERNAL SERVICE FUNDS THAT  
 ARE REPORTED IN THE GOVERNMENTAL ACTIVITIES PORTION OF THE  
 STATEMENT OF NET ASSETS. 1,546,440

OPERATING LOSS OF THE INTERNAL SERVICE FUNDS IS ALLOCATED  
 BETWEEN GOVERNMENTAL ACTIVITIES AND BUSINESS-TYPE ACTIVITIES.  
 INTERNAL SERVICE FUND OPERATING INCOME ALLOCATED TO BUSINESS-TYPE  
 ACTIVITIES. 101,710

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 13,771,221

CITY OF BROOKSVILLE, FLORIDA  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	CITY OF BROOKSVILLE				
	GENERAL FUND	COMMUNITY REDEVELOPMENT AGENCY	NONMAJOR GOVERNMENTAL FUNDS	GOVERNMENTAL FUNDS	
REVENUES					
TAXES	\$ 3,946,451	\$ 88,163	\$ 295,914	\$	4,330,528
LICENSES & PERMITS	1,307,850	0	285		1,308,135
INTERGOVERNMENTAL REVENUE	964,020	3,200	453,604		1,420,824
CHARGES FOR SERVICES	188,238	0	29,137		217,375
FINES & FORFEITS	34,271	0	2,314		36,585
MISCELLANEOUS REVENUES	378,150	7,268	476,911		862,329
TOTAL REVENUES	6,818,980	98,631	1,258,165		8,175,776
EXPENDITURES					
CURRENT					
CULTURE & RECREATION	1,275,039	0	17,415		1,292,454
GENERAL GOVERNMENT	2,102,798	0	42,632		2,145,430
PUBLIC SAFETY	3,094,133	0	6,736		3,100,869
PHYSICAL ENVIRONMENT	99,447	28,367	0		127,814
TRANSPORTATION	711,212	0	94,210		805,422
CAPITAL OUTLAY	77,983	3,200	603,255		684,438
DEBT SERVICE	106,136	0	10,000		116,136
PRINCIPAL	37,549	0	10,676		48,225
INTEREST					
TOTAL EXPENDITURES	7,504,297	31,567	784,924		8,320,788
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(685,317)	67,064	473,241		(145,012)
OTHER FINANCING SOURCES (USES)					
TRANSFERS IN	854,968	0	92,239		947,207
TRANSFERS OUT	(130,875)	0	(340,644)		(471,519)
TOTAL OTHER FINANCING SOURCES (USES)	724,093	0	(248,405)		475,688
NET CHANGE IN FUND BALANCES	38,776	67,064	224,836		330,676
FUND BALANCES, BEGINNING OF YEAR	1,540,057	(22,206)	3,038,195		4,556,046
FUND BALANCES, END OF YEAR	1,578,833	44,858	3,263,031		4,886,722

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, 2008

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 330,676

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 \$ 558,928  
 LESS: CURRENT YEAR DEPRECIATION (347,006) 211,922

REALIZED GAIN ON DISPOSITION OF CAPITAL ASSETS (1,309)

REPAYMENT OF PRINCIPAL IS AN EXPENDITURE IN THE  
 GOVERNMENTAL FUNDS, HOWEVER THE REPAYMENT REDUCES  
 LONG-TERM LIABILITIES IN THE STATEMENT OF NET ASSETS. 116,136

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 INTEREST ON LONG-TERM DEBT 6,252  
 ACCRUED COMPENSATED ABSENCES (7,406)

REVENUES IN THE STATEMENT OF ACTIVITIES THAT DO NOT  
 PROVIDE CURRENT FINANCIAL RESOURCES ARE NOT REPORTED  
 AS REVENUES IN THE FUNDS. 1,172,981

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. (12,275)

TRANSFERS BETWEEN GOVERNMENTAL FUNDS INCLUDING  
 INTERNAL SERVICE FUNDS MUST BE ELIMINATED FOR  
 PRESENTATION IN THE STATEMENT OF ACTIVITIES. 146,291

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 1,963,268

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, 2008

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
TAXES	\$ 3,858,049	\$ 3,858,049	\$ 3,946,451	\$ 88,402
LICENSES & PERMITS	1,385,500	1,385,500	1,307,850	(77,650)
INTERGOVERNMENTAL REVENUE	795,430	967,064	964,020	(3,044)
CHARGES FOR SERVICES	197,085	216,085	188,238	(27,847)
FINES & FORFEITS	36,500	36,500	34,271	(2,229)
MISCELLANEOUS REVENUES	346,348	366,948	378,150	11,202
TOTAL REVENUES	<u>6,618,912</u>	<u>6,830,146</u>	<u>6,818,980</u>	<u>(11,166)</u>
EXPENDITURES				
CURRENT				
CULTURE & RECREATION	1,181,729	1,407,713	1,275,039	132,674
GENERAL GOVERNMENT	2,225,210	2,378,640	2,102,798	275,842
PUBLIC SAFETY	3,171,039	3,210,447	3,094,133	116,314
PHYSICAL ENVIRONMENT	100,701	100,701	99,447	1,254
TRANSPORTATION	695,056	720,690	711,212	9,478
CAPITAL OUTLAY	51,615	99,839	77,983	21,856
DEBT SERVICE				
PRINCIPAL	106,520	106,520	106,136	384
INTEREST	36,999	36,999	37,549	(550)
TOTAL EXPENDITURES	<u>7,568,869</u>	<u>8,061,549</u>	<u>7,504,297</u>	<u>557,252</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(949,957)</u>	<u>(1,231,403)</u>	<u>(685,317)</u>	<u>546,086</u>
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	879,430	879,430	854,968	(24,462)
TRANSFERS OUT	(207,120)	(234,247)	(130,875)	103,372
TOTAL OTHER FINANCING SOURCES (USES)	<u>672,310</u>	<u>645,183</u>	<u>724,093</u>	<u>78,910</u>
NET CHANGE IN FUND BALANCE	(277,647)	(586,220)	38,776	624,996
FUND BALANCES, BEGINNING OF YEAR	<u>277,647</u>	<u>586,220</u>	<u>1,540,057</u>	<u>953,837</u>
FUND BALANCES, END OF YEAR	<u>0</u>	<u>0</u>	<u>1,578,833</u>	<u>1,578,833</u>

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, 2008

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
TAXES	\$ 90,000	\$ 90,000	\$ 88,163	\$ (1,837)
INTERGOVERNMENTAL REVENUE	0	0	3,200	3,200
MISCELLANEOUS REVENUES	4,000	4,000	7,268	3,268
TOTAL REVENUES	94,000	94,000	98,631	4,631
EXPENDITURES				
CURRENT				
PHYSICAL ENVIRONMENT	29,000	29,000	28,367	633
CAPITAL OUTLAY	100,000	100,000	3,200	96,800
TOTAL EXPENDITURES	129,000	129,000	31,567	97,433
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(35,000)	(35,000)	67,064	102,064
NET CHANGE IN FUND BALANCES	(35,000)	(35,000)	67,064	102,064
FUND BALANCES, BEGINNING OF YEAR	35,000	35,000	(22,206)	(57,206)
FUND BALANCES, END OF YEAR	0	0	44,858	44,858

CITY OF BROOKSVILLE, FLORIDA  
 STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 SEPTEMBER 30, 2008

	BUSINESS-TYPE ACTIVITIES		GOVERNMENTAL ACTIVITIES -	
	UTILITY FUND	SANITATION FUND	TOTAL	INTERNAL SERVICE FUND
ASSETS				
CURRENT ASSETS				
POOLED CASH AND INVESTMENTS	\$ 2,923,225	\$ 720,125	\$ 3,643,350	\$ 1,258,913
ACCOUNTS RECEIVABLE	447,487	0	447,487	0
ALLOWANCE FOR UNCOLLECTIBLES	(38,717)	0	(38,717)	0
DUE FROM OTHER GOVERNMENTS	54,113	836	54,949	0
INVENTORIES	151,654	0	151,654	3,202
PREPAID ITEMS	30,089	14,568	44,657	2,564
TOTAL CURRENT ASSETS	3,567,851	735,529	4,303,380	1,264,679
NON-CURRENT ASSETS				
RESTRICTED ASSETS				
CASH AND INVESTMENTS	1,896,354	0	1,896,354	0
CAPITAL ASSETS, NET				
LAND	964,331	47,020	1,011,351	0
PROPERTY PLANT & EQUIPMENT	27,697,793	376,596	28,074,389	254,317
CONSTRUCTION IN PROGRESS	4,935,399	0	4,935,399	37,722
BOND ISSUE COSTS, NET	178,221	0	178,221	0
TOTAL NON-CURRENT ASSETS	35,672,098	423,616	36,095,714	292,039
TOTAL ASSETS	\$ 39,239,949	\$ 1,159,145	\$ 40,399,094	\$ 1,556,718

CITY OF BROOKSVILLE, FLORIDA  
 STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 SEPTEMBER 30, 2008

	BUSINESS-TYPE ACTIVITIES		TOTAL	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
	UTILITY FUND	SANITATION FUND		
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
ACCOUNTS PAYABLE	\$ 76,340	\$ 88,353	\$ 164,693	\$ 6,548
ACCRUED INTEREST PAYABLE	13,305	169	13,474	0
ACCRUED WAGES PAYABLE	10,218	2,292	12,510	962
ACCRUED PAYROLL LIABILITIES	2,238	514	2,752	200
LEASES PAYABLE - CURRENT	0	34,638	34,638	0
NOTES PAYABLE - CURRENT	129,506	0	129,506	0
OTHER CURRENT LIABILITIES	2,524	75	2,599	439
<b>TOTAL CURRENT LIABILITIES</b>	<b>234,131</b>	<b>126,041</b>	<b>360,172</b>	<b>8,149</b>
<b>CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)</b>				
METER DEPOSITS	498,615	0	498,615	0
REVENUE BONDS PAYABLE	474,000	0	474,000	0
ACCRUED INTEREST PAYABLE	119,994	0	119,994	0
<b>TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)</b>	<b>1,092,609</b>	<b>0</b>	<b>1,092,609</b>	<b>0</b>
<b>NON-CURRENT LIABILITIES</b>				
ACCRUED COMPENSATED ABSENCES	19,312	5,638	24,950	2,129
ADVANCE FROM OTHER FUNDS	126,376	0	126,376	0
LEASES PAYABLE	0	109,813	109,813	0
NOTES PAYABLE	1,429,150	0	1,429,150	0
REVENUE BONDS PAYABLE	10,331,947	0	10,331,947	0
OTHER LONG-TERM LIABILITIES	2,592,385	0	2,592,385	0
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>14,499,170</b>	<b>115,451</b>	<b>14,614,621</b>	<b>2,129</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 15,825,910</b>	<b>\$ 241,492</b>	<b>\$ 16,067,402</b>	<b>\$ 10,278</b>
<b>NET ASSETS</b>				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	21,786,220	278,996	22,065,216	292,039
RESTRICTED:				
RESERVED FOR DEBT RETIREMENT	0	0	0	0
RESERVED FOR RENEWAL & REPLACEMENT	850,801	0	850,801	0
UNRESTRICTED	777,018	638,657	1,415,675	1,254,401
<b>TOTAL NET ASSETS</b>	<b>\$ 23,414,039</b>	<b>\$ 917,653</b>	<b>\$ 24,331,692</b>	<b>\$ 1,546,440</b>
ADJUSTMENT TO REFLECT THE CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS				(101,710)
<b>NET ASSETS OF BUSINESS-TYPE ACTIVITIES</b>				<b>\$ 24,229,982</b>

CITY OF BROOKSVILLE, FLORIDA  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	BUSINESS-TYPE ACTIVITIES		TOTAL	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
	UTILITY FUND	SANITATION FUND		
OPERATING REVENUE				
CHARGES FOR SERVICES	\$ 3,613,055	\$ 1,319,670	\$ 4,932,725	\$ 169,477
MISCELLANEOUS REVENUES	(5,763)	(1,069)	(6,832)	(5,556)
TOTAL OPERATING REVENUES	3,607,292	1,318,601	4,925,893	163,921
OPERATING EXPENSES				
PERSONAL SERVICES	955,822	263,379	1,219,201	132,994
OTHER SERVICES & CHARGES	1,067,397	645,952	1,713,349	34,935
DEPRECIATION	1,241,332	65,509	1,306,841	81,710
TOTAL OPERATING EXPENSES	3,264,551	974,840	4,239,391	249,639
OPERATING INCOME (LOSS)	342,741	343,761	686,502	(85,718)
NONOPERATING REVENUES (EXPENSES)				
INTEREST EARNINGS	101,276	13,152	114,428	31,108
INTEREST EXPENSE	(496,626)	(6,753)	(503,379)	0
GAIN ON SALE OF FIXED ASSETS	6,692	5,180	11,872	0
TOTAL NONOPERATING REVENUES (EXPENSES)	(388,658)	11,579	(377,079)	31,108
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(45,917)	355,340	309,423	(54,610)
CONTRIBUTIONS AND TRANSFERS				
CAPITAL GRANTS AND CONTRIBUTIONS	456,262	0	456,262	0
TRANSFERS IN	0	1,602	1,602	147,041
TRANSFERS OUT	(470,620)	(152,961)	(623,581)	(750)
TOTAL CONTRIBUTIONS AND TRANSFERS	(14,358)	(151,359)	(165,717)	146,291
CHANGE IN NET ASSETS	(60,275)	203,981	143,706	91,681
NET ASSETS, BEGINNING OF YEAR	23,474,314	713,672	24,187,986	1,454,759
NET ASSETS, END OF YEAR	\$ 23,414,039	\$ 917,653	\$ 24,331,692	\$ 1,546,440
ADJUSTMENT TO REFLECT CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS.			(37,827)	
CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES			105,879	

CITY OF BROOKSVILLE, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL	
	UTILITY FUND	SANITATION FUND	TOTAL	ACTIVITIES - INTERNAL	SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES					
RECEIPTS FROM CUSTOMERS	\$ 4,989,007	\$ 1,319,670	\$ 6,308,677	\$	169,477
PAYMENTS TO SUPPLIERS	(1,319,128)	(702,208)	(2,021,336)		(72,332)
PAYMENTS TO EMPLOYEES	(684,754)	(180,404)	(865,158)		(97,947)
OTHER RECEIPTS (PAYMENTS)	(5,763)	(1,905)	(7,668)		(5,556)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>2,979,362</u>	<u>435,153</u>	<u>3,414,515</u>		<u>(6,358)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
TRANSFERS FROM OTHER FUNDS	0	1,602	1,602		147,041
TRANSFERS TO OTHER FUNDS	(470,620)	(152,961)	(623,581)		(750)
NET CASH PROVIDED (USED BY) NONCAPITAL FINANCING ACTIVITIES	<u>(470,620)</u>	<u>(151,359)</u>	<u>(621,979)</u>		<u>146,291</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
PURCHASES OF PROPERTY, PLANT & EQUIPMENT	(1,947,096)	0	(1,947,096)		(98,402)
PROCEEDS FROM SALE OF FIXED ASSETS	6,692	5,180	11,872		0
CAPITAL GRANT RECEIPTS	485,022	0	485,022		0
PROCEEDS OF LONG-TERM DEBT	0	0	0		0
PRINCIPAL PAYMENTS ON LONG-TERM DEBT	(461,000)	(55,653)	(516,653)		0
INTEREST PAYMENTS ON LONG-TERM DEBT	(476,517)	(7,017)	(483,534)		0
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,392,899)</u>	<u>(57,490)</u>	<u>(2,450,389)</u>		<u>(98,402)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
RECEIPT OF INTEREST AND DIVIDENDS	101,276	13,152	114,428		31,108
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>101,276</u>	<u>13,152</u>	<u>114,428</u>		<u>31,108</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	217,119	239,456	456,575		72,639
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,602,460	480,669	5,083,129		1,186,274
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,819,579</u>	<u>\$ 720,125</u>	<u>\$ 5,539,704</u>		<u>\$ 1,258,913</u>
CLASSIFIED AS:					
UNRESTRICTED	\$ 2,923,225	\$ 720,125	\$ 3,643,350	\$	1,258,913
RESTRICTED	1,896,354	0	1,896,354		0
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 4,819,579</u>	<u>\$ 720,125</u>	<u>\$ 5,539,704</u>		<u>\$ 1,258,913</u>

CITY OF BROOKSVILLE, FLORIDA  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	BUSINESS-TYPE ACTIVITIES		GOVERNMENTAL	
	UTILITY FUND	SANITATION FUND	TOTAL	ACTIVITIES - INTERNAL SERVICE FUND
	\$ 342,741	\$ 343,761	\$ 686,502	\$ (85,718)
	1,241,332	65,509	1,306,841	81,710
	(64,002)	0	(64,002)	0
	0	(836)	(836)	0
	32,659	0	32,659	(2,977)
	(17,040)	(13,910)	(30,950)	0
	4,043	42,355	46,398	5,069
	(6,651)	0	(6,651)	0
	4,962	757	5,719	221
	880	176	1,056	(36)
	(106,148)	45	(106,103)	(430)
	(3,970)	0	(3,970)	0
	(56)	(2,704)	(2,760)	(4,197)
	1,550,612	0	1,550,612	0
	2,636,621	91,392	2,728,013	79,360
	\$ 2,979,362	\$ 435,153	\$ 3,414,515	\$ (6,358)

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

OPERATING INCOME (LOSS)

ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

DEPRECIATION EXPENSE

(INCREASE) DECREASE IN

ACCOUNTS RECEIVABLE

DUE FROM OTHER GOVERNMENTS

INVENTORIES

PREPAID ITEMS

INCREASE (DECREASE) IN

ACCOUNTS PAYABLE

ADVANCE FROM OTHER FUNDS

ACCRUED WAGES PAYABLE

ACCRUED PAYROLL LIABILITIES

OTHER CURRENT LIABILITIES

METER DEPOSITS

ACCRUED COMPENSATED ABSENCES

OTHER LONG-TERM LIABILITIES

TOTAL ADJUSTMENTS

NET CASH PROVIDED BY OPERATING ACTIVITIES

CITY OF BROOKSVILLE, FLORIDA  
 STATEMENT OF FIDUCIARY NET ASSETS  
 SEPTEMBER 30, 2008

	PRIVATE PURPOSE TRUST FUNDS	PENSION TRUST FUNDS	AGENCY FUNDS
<b>ASSETS</b>			
POOLED CASH	\$ 0	\$ 427,770	\$ 26,044
INVESTMENT IN DEBT SECURITIES	9,295	2,376,402	0
INVESTMENT IN MARKETABLE EQUITY SECURITIES	0	3,331,950	0
ACCOUNTS RECEIVABLE	0	33,187	0
<b>TOTAL ASSETS</b>	<b>\$ 9,295</b>	<b>\$ 6,169,309</b>	<b>\$ 26,044</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE	\$ 0	\$ 0	\$ 4,108
OTHER CURRENT LIABILITIES	0	0	21,936
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>26,044</b>
<b>NET ASSETS</b>			
HELD IN TRUST FOR RETIREMENT AND OTHER PURPOSES	9,295	6,169,309	
<b>TOTAL NET ASSETS</b>	<b>\$ 9,295</b>	<b>\$ 6,169,309</b>	

CITY OF BROOKSVILLE, FLORIDA  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	PRIVATE PURPOSE TRUST FUNDS	PENSION TRUST FUNDS
ADDITIONS		
CONTRIBUTIONS		
EMPLOYER	0 \$	165,510
PLAN MEMBERS	0	31,429
OTHER	0	328,483
TOTAL CONTRIBUTIONS	0	525,422
INVESTMENT EARNINGS		
NET INCREASE (DECREASE) IN FAIR VALUE	(132)	(1,231,246)
GAIN (LOSS) ON SALE OF INVESTMENTS	0	256,123
INTEREST/DIVIDENDS	274	206,703
TOTAL INVESTMENT EARNINGS	142	(768,420)
MISCELLANEOUS REVENUES	0	426
TOTAL ADDITIONS	142	(242,572)
DEDUCTIONS		
BENEFIT PAYMENTS	0	280,554
ADMINISTRATIVE EXPENSES	0	93,444
TOTAL DEDUCTIONS	0	373,998
CHANGE IN NET ASSETS	142	(616,570)
NET ASSETS, BEGINNING OF YEAR	9,153	6,785,879
NET ASSETS, END OF YEAR	9,295 \$	6,169,309

CITY OF BROOKSVILLE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008

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**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**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 Special Revenue Fund of the City. The CRA must be treated as a major fund, pursuant to Florida Statutes, Section 163.387(8). Separate financial statements are not prepared.

**Brooksville Housing Authority**

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

**Brooksville Fire District**

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

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**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 have 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, 2008

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Financial Statements (Continued)**

Government Funds (Continued)

- The **City of Brooksville Community Redevelopment Agency**, a special revenue fund, accounts for expenditures associated with oversight and implementation of the City's redevelopment plan and control of the expenditures of tax increment financing funds placed in the City of Brooksville Community Redevelopment Agency.

Proprietary Funds

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

The City reports the following major proprietary funds:

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

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

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

Fiduciary Funds

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

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

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

***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, 2008**

**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 30<sup>th</sup> 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 June 30, 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, 2008**

***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 then current rate of pay. The remaining balance is accrued for the employee's use. Upon separation or retirement of employment with the City, the balance of unused sick leave has no value.

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

**Restricted Net Assets**

In accordance with applicable covenants of certain enterprise fund bond issues, cash and other assets have been appropriately restricted. Cash has also been restricted to the extent of customers' deposits and unexpended bond proceeds. Net Assets have been reserved for the excess of restricted assets over related liabilities where appropriate.

**Reserved and Designated Fund Balance**

Fund balance reserves are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designations of portions of the fund balance are established to indicate tentative plans for financial resource utilization in a future period.

**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, 2008, 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.

**Restricted Cash**

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

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**NOTE C – CASH AND INVESTMENTS (CONTINUED)**

**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, 2008, pension trust fund investments totaled \$6,136,122.

The following schedule reflects cash, demand deposits and investments on hand at September 30, 2008:

	Statement of Net Assets	Statement of Fiduciary Net Assets	Total
Unrestricted			
Cash	\$ 4,175	\$ 0	\$ 4,175
Checking Accounts	415,413	26,044	441,457
Certificate of Deposit	27,922	0	27,922
Local Government Surplus Trust Fund	4,151,444	9,295	4,160,739
Federated	4,992,418	0	4,992,418
Savings Account	<u>11,903</u>	<u>0</u>	<u>11,903</u>
Total	<u>\$9,603,275</u>	<u>\$35,339</u>	<u>\$9,638,614</u>

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**NOTE C – CASH AND INVESTMENTS (CONTINUED)**

	Statement of Net Assets	Statement of Fiduciary Net Assets	Total
Restricted			
Checking Accounts	\$ 463,819	\$ 0	\$ 463,819
Local Government Surplus Trust Fund	<u>651,944</u>	<u>0</u>	<u>651,944</u>
	1,115,763	0	1,115,763
U.S. Government Agencies	<u>792,560</u>	<u>0</u>	<u>792,560</u>
Total	<u>\$1,908,323</u>	<u>\$ 0</u>	<u>\$1,908,323</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, 2008, the fair value and maturities of these securities are as follows:

	Fair Value	Maturity 1-5 Years
U.S. Government Agencies	<u>\$792,560</u>	<u>\$792,560</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. Of the City's investments outstanding at year-end, all of them have maturities of less than one year. 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 7% of the City's investments are in Florida Municipal Investment Trust, which are currently rated as AAA by the Standard & Poor's (S&P) and Fitch's rating agencies. Approximately 47% of the City's investments are in Federated Investors, Inc., which are currently rated as AAA by the S&P and Fitch's rating agencies and Aaa by Moody's Rating Agency.

The Local Government Surplus Funds Trust Fund Investment Pool (the "LGIP") is considered a SEC 2a7-like fund, thus the account balance is considered the fair value of the investment. The LGIP is currently rated AAA by S&P Rating Agency.

The Fund B Surplus Funds Trust Fund (the "Fund B") is accounted for as a fluctuating and net asset value pool. The Fair Value factor for September 30, 2008 was .798385. The account balance is multiplied by the factor to calculate the fair value of your investment in Fund B. The fund B is not currently rated by any nationally recognized statistical rating agency.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

***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%. Bonds maturing on or before September 1, 2008, are not subject to redemption prior to their respective dates of maturity. Bonds maturing September 1, 2009, and thereafter may be redeemed prior to maturing on September 1, 2008, or any subsequent interest date, at the option of the City at par plus accrued interest. If the bonds are redeemed on September 1, 2008 to September 2009, or September 1, 2010 to September 1, 2011, 2% or 1% premiums, respectively, will be added to the redemption price.

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, 2008**

**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>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2009	\$ 114,000	\$ 194,090	\$ 308,090
2010	118,000	190,385	308,385
2011	121,000	186,550	307,550
2012	127,000	182,618	309,618
2013	131,000	178,490	309,490
2014	134,000	174,233	308,233
2015	139,000	169,878	308,878
2016	144,000	165,360	309,360
2017	147,000	160,680	307,680
2018	153,000	155,903	308,903
2019	158,000	150,930	308,930
2020	163,000	145,795	308,795
2021	168,000	140,498	308,498
2022	173,000	135,038	308,038
2023	179,000	129,415	308,415
2024	186,000	123,598	309,598
2025	191,000	117,553	308,553
2026	198,000	111,345	309,345
2027	205,000	104,910	309,910
2028	211,000	98,248	309,248
2029	218,000	91,390	309,390
2030	225,000	84,305	309,305
2031	231,000	76,993	307,993
2032	238,000	69,485	307,485
2033	246,000	61,750	307,750
2034	254,000	53,755	307,755
2035	263,000	45,500	308,500
2036	271,000	36,953	307,953
2037	279,000	28,145	307,145
2038	289,000	19,078	308,078
2039	<u>298,000</u>	<u>9,685</u>	<u>307,685</u>
Totals	<u>\$5,972,000</u>	<u>\$3,592,556</u>	<u>\$9,564,556</u>

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**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>		
2009	\$ 360,000	\$ 201,339	\$ 19,632	\$ 580,971
2010	370,000	188,101	19,632	577,733
2011	385,000	173,464	19,632	578,096
2012	410,000	157,564	19,632	587,196
2013	425,000	140,439	19,632	585,071
2014	440,000	122,164	1,634	563,798
2015	460,000	103,039	0	563,039
2016	485,000	82,654	0	567,654
2017	510,000	60,825	0	570,825
2018	535,000	37,568	0	572,568
2019	<u>555,000</u>	<u>12,765</u>	<u>0</u>	<u>567,765</u>
Totals	<u>\$4,935,000</u>	<u>\$1,279,922</u>	<u>\$ 99,794</u>	<u>\$6,314,716</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, 2008, amortization of \$19,632 has been charged to interest expense, leaving an unamortized balance of \$99,794.

The following is a reconciliation of total principal due on the Utility Revenue fund's bonds as of September 30, 2008 per the balance sheet and the preceding amortization schedule.

1999 Bonds – Principal Per Amortization Schedule	\$ 5,972,000
2002 Bonds – Principal Per Amortization Schedule	4,935,000
Unamortized Discount as of September 30, 2008	(1,259)
Unamortized Deferred Loss on Early Retirement of Debt as of September 30, 2008	<u>(99,794)</u>
Total Principal	10,805,947
Current Portion	<u>(474,000)</u>
Long-Term Portion	<u>\$10,331,947</u>

Bond debt activity for the fiscal year ended September 30, 2008:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds payable	\$11,368,000	\$ 0	\$461,000	\$10,907,000	\$474,000
Less: deferred amounts:					
For issuance premiums (discounts)	(1,385)	0	(126)	(1,259)	0
On refunding – gain (loss)	<u>(119,424)</u>	<u>0</u>	<u>(19,632)</u>	<u>(99,794)</u>	<u>0</u>
Total bonds payable	<u>\$11,247,191</u>	<u>\$ 0</u>	<u>\$441,242</u>	<u>\$10,805,947</u>	<u>\$474,000</u>

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**NOTE D – UTILITY FUND (CONTINUED)**

**Subordinated Water and Sewer Revenue Note, Series 2005**

During the fiscal year ended September 30, 2005, City Council approved Resolution 2005-05 resulting in the execution of a Subordinated Water and Sewer Revenue Note, Series 2005. The Revenue Note is in the form of a Line of Credit, not to exceed a principal balance of \$2,250,000. The proceeds of the Line of Credit were used to fund acquisition, construction and installation of certain improvements and extensions to the combined water and sewer system owned and operated by the City.

The repayment of the Line of Credit was secured by the proceeds of the issuance of permanent, fixed rate financing and lien on the net revenues of the water and sewer system which is subordinate to the lien on the net revenues of the water and sewer system in favor of the Water and Sewer Revenue Bonds, Series 1999 A&B and Water and Sewer Revenue Refunding Bonds, Series 2002. Subordination approval was obtained from the United States Department of Agriculture, Rural Development Office as required.

The Line of Credit was non-revolving and set to mature in three years on April 1, 2008. Interest was to be paid quarterly on January 1, April 1, July 1 and October 1 of each year, commencing April 1, 2005. The interest rate was set on the first business day of the month each quarter, based on the following formula: (67% of 3 Month LIBOR) + 0.50%.

Amounts were drawn on the Line of Credit on an as needed basis as determined by the City. Amounts drawn were in increments of \$5,000, with a minimum draw of \$50,000. During the year ended September 30, 2008, the Line of Credit was paid off with proceeds of the Hancock Note; see details below. Prior to payoff, the City paid \$22,677 in interest on the line during the current fiscal year.

**Notes Payable**

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

	<u>2008</u>
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	<u>\$1,558,656</u>

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

<u>Year Ended</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 129,505	\$ 56,218	\$ 185,723
2010	137,634	48,089	185,723
2011	142,500	43,223	185,723
2012	147,539	38,184	185,723
2013	152,756	32,967	185,723
2014 and Thereafter	<u>848,722</u>	<u>79,889</u>	<u>928,611</u>
	<u>\$1,558,656</u>	<u>\$298,570</u>	<u>\$1,857,226</u>

**CITY OF BROOKSVILLE, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2008**

**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 525, adopted by City Council October 20, 2003. The plan is a defined benefit plan with actuarial valuations performed annually. The most recent valuation was done as of October 1, 2007.

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

Active employees	24
Service retirees	12
Beneficiaries	0
DROP retirees	0
Terminated Vested	7
Disability retirees	<u>1</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>
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%
2001	89,562	25,878	80,419	118.69%

\*"Frozen" per Chapter 175, Florida Statutes.

**CITY OF BROOKSVILLE, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2008**

**NOTE E – TRUST FUNDS (CONTINUED)**

**Firefighters' Retirement Trust Fund (Continued)**

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	2.97% of earnings
Contribution rates as of September 30, 2007	
City	23.8%
Employee	2.97%
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
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	\$20,088 annually

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**NOTE E – TRUST FUNDS (CONTINUED)**

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

	September 30 2007	September 30, 2006	September 30 2005
Annual required contribution:	\$130,314	\$104,788	\$ 99,914
Interest on net pension obligation (asset)	(4,238)	(2,973)	(3,006)
Adjustment to annual required contribution	<u>3,232</u>	<u>2,679</u>	<u>3,418</u>
Annual pension cost	129,308	104,494	100,326
Contributions made	<u>136,406</u>	<u>120,301</u>	<u>99,914</u>
Change in net pension obligation (asset)	(7,098)	(15,807)	412
Net pension obligation (asset)			
Beginning of year	<u>(52,969)</u>	<u>(37,162)</u>	<u>(37,574)</u>
Net pension obligation (asset) end of year	<u>\$(60,067)</u>	<u>\$(52,969)</u>	<u>\$(37,162)</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
10/01/07	\$4,335,385	\$5,071,858	\$736,473	85.48%	721,491	102.08%
10/01/06	4,029,916	4,672,236	642,320	86.25%	676,103	95.00%
10/01/05	3,790,259	4,497,765	707,506	84.27%	603,701	117.19%
10/01/04	3,638,910	4,212,509	573,599	86.38%	447,703	128.12%
10/01/03	3,558,913	4,059,601	500,688	87.67%	520,010	96.28%
10/01/02	3,529,952	3,839,675	309,723	91.93%	490,491	63.15%
10/01/01	3,472,481	3,837,065	364,584	90.50%	449,732	81.07%

**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 by Ordinance No. 552-A on July 1, 1996. The plan is a defined benefit plan.

Membership of the plan consisted of the following at October 1, 2008, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	0
Terminated Vested	1
Active plan members	<u>20</u>
Total	<u>21</u>

**CITY OF BROOKSVILLE, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2008**

**NOTE E – TRUST FUNDS (CONTINUED)**

**Police Retirement Chapter 185 (Continued)**

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

Year Ended September 30	Annual Required Contribution	Percentage Contributed
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)
2003	99,188	100% (a)

(a) Plan drew required contribution from the surplus contribution account. This account now totals \$1,339,513.

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

Eligibility: All full-time police officers when hired shall become a participant after the effective date.

Vesting Schedule: 100% after 6 years of credited service

Member Contributions: All participants contribute 1% (after-tax) of salary.

Contribution rates as of  
September 30, 2008:

City	0.0%
Plan Members	1.0%

**Normal Retirement**

Date The first day of the month coincident with or next following attainment of age 55 and 6 years of service or earlier attainment of 20 years of service.

Benefit The monthly retirement benefit shall be equal to the number of years of credited service multiplied by 4% and multiplied by final monthly compensation.

Form of Benefit The normal form of benefit is a ten (10) year certain and life annuity.

**Early Retirement**

Date A member shall retire on his early retirement date that shall be the first day of any month coincident with or next following attainment of age 50 and 6 years of service.

Benefit The amount of accrued benefits will be reduced a maximum of 3% for each year before the Normal Retirement Age.

**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.

**CITY OF BROOKSVILLE, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2008**

**NOTE E – TRUST FUNDS (CONTINUED)**

**Police Retirement Chapter 185 (Continued)**

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

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

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

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/08	8,596	100%	0
9/30/07	594	100%	0
9/30/06	0	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.

**Self-Insured Dental Plan**

Effective October 1, 2007, the City contracted with Blue Cross Blue Shield of Florida Combined Life for dental insurance. The City was no longer self-insured for employee dental claims after September 30, 2007. During the 2007 - 08 fiscal year, the City closed out the claims pertaining to the Self-Insured Dental Plan for 2006 - 07 and the 2007 - 08 Budget was amended to reflect the change from self-insurance to Blue Cross, however the premiums for 2007 – 08 were transferred from the City Departments and paid to Blue Cross from the Self-Insured Dental Fund. Effective October 1, 2008, the Self-Insured Dental Plan Fund was closed.

**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, 2008 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 our 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, 2008, the balance remaining is \$21,369. The borrowed funds are being paid back via Columbarium sales.

**CITY OF BROOKSVILLE, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2008**

**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 (FRS) 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. Beginning in 2002, a defined contribution plan alternative to the existing defined benefit plan known as the Public Employee Optional Retirement Program or the FRS Investment became available to FRS members.

**II. Funding Policy**

The FRS 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 (See below for current rates). Level percentage of payroll employer contribution rates, established by state law, are determined using the entry-age actuarial cost method. If an unfunded actuarial liability reemerges as a result future plan benefit changes, assumption change, or methodology changes, it is assumed any unfunded actuarial liability would be amortized over 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount. Actuarial assumptions included (1) 7.75% investment rate of return; (2) 6.25% projected salary increases; and (3) 0.00% payroll growth.

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, 2006	117,159,615	109,519,043	(7,640,572)	107%	25,327,922	(30%)
July 1, 2007	125,584,704	117,359,375	(8,225,329)	107%	26,385,768	(31%)
July 1, 2008	130,720,547	122,532,299	(8,188,248)	107%	26,891,340	(30%)

The City is required to contribute the following percentages of covered employees' gross earnings: 9.85% for regular employees; 20.92% for special risk employees; 16.53% for elected officials; 13.12% senior management service; and 9.11% for participants in the deferred retirement option ("DROP") program. These rates are established on a statewide basis and reflect changes effective July 1, 2008. Following is a summary of the City's annual contribution for the current and two preceding years; for each year, the City's actual contributions were equal to the required contributions.

2007-08	\$330,492
2006-07	\$370,080
2005-06	\$309,882

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**NOTE G –LONG-TERM LIABILITIES**

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

Governmental Activities:

	<b>Balance October 1, 2007</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance September 30, 2008</b>	<b>Amounts Due Within One Year</b>
Notes Payable	\$ 907,648	\$ 0	\$106,136	\$ 801,512	\$110,844
Bonds Payable	258,800	0	10,000	248,800	5,800
Accrued Compensated Absences	<u>145,255</u>	<u>36,190</u>	<u>32,979</u>	<u>148,466</u>	<u>28,400</u>
<b>TOTAL</b>	<b><u>\$1,311,703</u></b>	<b><u>\$36,190</u></b>	<b><u>\$149,115</u></b>	<b><u>\$1,198,778</u></b>	<b><u>\$145,044</u></b>

Included as part of the above totals for governmental activities are compensated absences for the internal service fund in the amount of \$2,129. For governmental activities, claims and judgments are typically liquidated by the general fund.

Business-Type Activities:

	<b>Balance October 1, 2007</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance September 30, 2008</b>	<b>Amounts Due Within One Year</b>
Notes Payable	\$ 0	\$1,558,656	\$ 0	\$ 1,558,656	\$129,506
Bonds Payable	11,368,000	0	461,000	10,907,000	474,000
Line of Credit	1,558,656	0	1,558,656	0	0
Capital Leases	200,103	0	55,652	144,451	34,638
Other Long-Term Liabilities	0	1,387,976	0	1,387,976	0
Accrued Compensated Absences	<u>27,710</u>	<u>3,323</u>	<u>6,083</u>	<u>24,950</u>	<u>4,374</u>
<b>TOTAL</b>	<b><u>\$13,154,469</u></b>	<b><u>\$2,949,955</u></b>	<b><u>\$2,081,391</u></b>	<b><u>\$14,023,033</u></b>	<b><u>\$642,518</u></b>

Other long-term liabilities represent uncollected impact fees owed to Developer for contribution of capital improvements.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

***NOTE G –LONG-TERM LIABILITIES (CONTINUED)***

**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, 2008 was \$126,376.

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, 2008**

**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>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2009	\$ 5,800	\$10,676	\$16,476
2010	5,000	10,436	15,436
2011	6,000	10,230	16,230
2012	6,000	9,983	15,983
2013	6,000	9,735	15,735
2014	6,000	9,488	15,488
2015	7,000	9,240	16,240
2016	7,000	8,551	15,551
2017	7,000	8,663	15,663
2018	7,000	8,374	15,374
2019	8,000	8,085	16,085
2020	8,000	7,755	15,755
2021	8,000	7,425	15,425
2022	9,000	7,095	16,095
2023	9,000	6,724	15,724
2024	9,000	6,353	15,353
2025	10,000	5,981	15,981
2026	10,000	5,569	15,569
2027	11,000	5,156	16,156
2028	11,000	4,704	15,704
2029	11,000	4,249	15,249
2030	12,000	3,795	15,795
2031	12,000	3,300	15,300
2032	13,000	2,805	15,805
2033	13,000	2,269	15,269
2034	14,000	1,733	15,733
2035	15,000	1,155	16,155
2036	<u>3,000</u>	<u>536</u>	<u>3,536</u>
Totals	<u>\$248,800</u>	<u>\$180,065</u>	<u>\$428,865</u>

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**NOTE G –LONG-TERM LIABILITIES (CONTINUED)**

**Notes Payable**

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

	<u>2008</u>
3.94% note payable to SunTrust Bank; secured by electric franchise fees; interest payable in semiannual installments beginning January 1, 2004 until July 1, 2011; principal payable in annual installments beginning July 1, 2004 until July 1, 2011.	\$239,620
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 book value of \$619,577.	<u>561,892</u>
<b>TOTAL</b>	<u><b>\$801,512</b></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>
2009	\$110,844	\$ 32,674	\$143,518
2010	115,333	28,185	143,518
2011	120,004	23,514	143,518
2012	38,616	18,653	57,269
2013	40,276	16,994	57,269
2014 and Thereafter	<u>376,439</u>	<u>66,974</u>	<u>443,414</u>
	<u><b>\$801,512</b></u>	<u><b>\$186,994</b></u>	<u><b>\$988,506</b></u>

**CITY OF BROOKSVILLE, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2008**

**NOTE G –LONG-TERM LIABILITIES (CONTINUED)**

**LEASES PAYABLE**

**Business-Type Activities – Sanitation Fund**

The following is a summary of Capital Leases Payable at September 30, 2008:

3.00% lease for a sanitation truck with cost basis of \$141,926 and accumulated depreciation of \$62,994; lease expires May 2009; quarterly payments are \$7,668.

3.98% lease for a Peterbilt fire truck with cost basis of \$148,470 and accumulated depreciation of \$16,084; lease expires September 2014; quarterly payments are \$6,082.

Minimum future lease payments as of September 30, 2008 are as follows:

Year Ended September 30	Total
2009	\$ 39,665
2010	24,329
2011	24,329
2012	24,329
2013	24,329
2014	<u>24,330</u>
Total Minimum Lease Payments	161,311
Less Amount Representing Interest	<u>(16,860)</u>
Present Value of Minimum Lease Payments	<u>\$144,451</u>

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**NOTE H – CAPITAL ASSETS**

Capital Asset activity for the year ended September 30, 2008 is as follows:

	<b>Balance October 1, 2007</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance September 30, 2008</b>
<b>Governmental Activities:</b>				
Non-Depreciable:				
Land	\$1,258,388	\$ 209,805	\$ 0	\$1,468,193
Construction in Progress	1,504,004	964,328	0	2,468,332
Construction in Progress (I/S Fund)	<u>37,722</u>	<u>0</u>	<u>0</u>	<u>37,722</u>
Total Non-Depreciable	<u>2,800,114</u>	<u>1,174,133</u>	<u>0</u>	<u>3,974,247</u>
Depreciable:				
Buildings	2,421,336	218,626	0	2,639,962
Improvements Other Than Buildings	3,042,878	318,497	0	3,361,375
Machinery & Equipment	2,516,432	45,602	62,847	2,499,187
Machinery & Equipment (I/S Fund)	<u>828,184</u>	<u>98,404</u>	<u>0</u>	<u>926,588</u>
Total Machinery & Equipment	<u>3,344,616</u>	<u>144,006</u>	<u>62,847</u>	<u>3,425,775</u>
Total Depreciable	<u>8,808,830</u>	<u>681,129</u>	<u>62,847</u>	<u>9,427,112</u>
Less Accumulated Depreciation				
Buildings	946,083	72,414	0	1,018,497
Improvements Other Than Buildings	1,274,799	136,101	0	1,410,900
Machinery & Equipment	1,477,879	138,491	41,716	1,574,654
Machinery & Equipment (I/S Fund)	<u>590,560</u>	<u>81,711</u>	<u>0</u>	<u>672,270</u>
Total Machinery & Equipment	<u>2,068,439</u>	<u>220,202</u>	<u>41,716</u>	<u>2,246,925</u>
Total Accumulated Depreciation	<u>4,289,321</u>	<u>428,717</u>	<u>41,716</u>	<u>4,676,322</u>
Net Book Value	<u>4,519,509</u>	<u>252,412</u>	<u>21,131</u>	<u>4,750,790</u>
Governmental Activities Capital Assets, Net	<b><u>\$7,319,623</u></b>	<b><u>\$1,426,545</u></b>	<b><u>\$21,131</u></b>	<b><u>\$8,725,037</u></b>

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**NOTE H – CAPITAL ASSETS (CONTINUED)**

	<u>Balance October 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2008</u>
<b>Business-type Activities (includes Utility &amp; Sanitation)</b>				
Non-Depreciable				
Land	\$ 717,092	\$ 294,259	\$ 0	\$ 1,011,351
Construction in Progress	<u>3,453,900</u>	<u>1,481,499</u>	<u>0</u>	<u>4,935,399</u>
Total Non-Depreciable	<u>4,170,992</u>	<u>1,775,758</u>	<u>0</u>	<u>5,946,750</u>
Depreciable				
Buildings	256,002	0	0	256,002
Improvements Other Than Buildings	37,687,761	190,970	0	37,878,731
Machinery & Equipment	<u>2,810,351</u>	<u>0</u>	<u>174,510</u>	<u>2,635,841</u>
Total Depreciable	<u>40,754,114</u>	<u>190,970</u>	<u>174,510</u>	<u>40,770,574</u>
Less Accumulated Depreciation				
Buildings	138,552	5,730	0	144,282
Improvements Other Than Buildings	9,479,380	1,164,382	0	10,643,762
Machinery & Equipment	<u>1,945,922</u>	<u>136,729</u>	<u>174,510</u>	<u>1,908,141</u>
Total Accumulated Depreciation	<u>11,563,854</u>	<u>1,306,841</u>	<u>174,510</u>	<u>12,696,185</u>
Net Book Value	<u>29,190,260</u>	<u>(1,115,871)</u>	<u>0</u>	<u>28,074,389</u>
Business-Type Activities Capital Assets, Net	<u>\$33,361,252</u>	<u>\$ 659,887</u>	<u>\$ 0</u>	<u>\$34,021,139</u>

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

General Government	\$ 47,217
Public Safety	192,684
Physical Environment	56,378
Culture and Recreation	114,336
Transportation	<u>17,862</u>
Total depreciation for governmental activities	<u>\$428,717</u>
<b>Business-type activities:</b>	
Utility Fund	\$1,241,332
Sanitation Fund	<u>65,509</u>
Physical Environment	<u>\$1,306,841</u>

**CITY OF BROOKSVILLE, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2008**

**NOTE I – INTERFUND TRANSACTIONS**

**Due from Other Funds**

The balances due from other funds were as follows at September 30, 2008:

General Fund	\$ 67,559
Nonmajor Governmental Funds	<u>149,737</u>
<b>TOTAL</b>	<b><u>\$217,296</u></b>

**Due to Other Funds**

The balances due to other funds were as follows at September 30, 2008:

General Fund	\$ 21,369
City of Brooksville Community Redevelopment Agency	191,927
Nonmajor Governmental Funds	<u>4,000</u>
<b>Total</b>	<b><u>\$217,296</u></b>

The balance advanced to other funds was as follows at September 30, 2008:

Advance to Other Funds	
General	<u>\$126,376</u>

The balance advanced from other funds was as follows at September 30, 2008:

Advance from Other Funds	
Utilities	<u>\$126,376</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 and Utility Fund is scheduled to be repaid over the next twenty years. During October 2008, the advance due from the City of Brooksville Community Redevelopment Agency (CRA) fund was forgiven by the City Council. See Note U for details.

**Interfund Transfers In/Transfers Out**

Individual interfund transfers were as follows for the fiscal year ended September 30, 2008:

	Transfer In	Transfers Out
	<u>          </u>	<u>          </u>
General Fund	\$ 854,968	\$ 130,875
Utility Fund	0	470,620
Sanitation Fund	1,602	152,961
Nonmajor Governmental Funds	92,239	340,644
Internal Service Fund	<u>147,041</u>	<u>750</u>
<b>Total Transfers In/Transfers Out</b>	<b><u>\$1,095,850</u></b>	<b><u>\$1,095,850</u></b>

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, 2008**

**NOTE J – CURRENT YEAR DEFICITS**

**OPERATING DEFICITS**

For the year ended September 30, 2008, expenditures/expenses and other financing uses exceeded revenues and other financing sources in the following funds:

	<u>Amount of Excess</u>
<b><u>Utility Funds</u></b>	\$60,275
<b><u>Special Revenue</u></b>	
Park and Recreation Transport	261
Local Option Gas Tax	2,157
Law Enforcement Trust Fund	15,126
Justice Assistance Grant	29
Police Special Communications	4,457
Friends of the Children	3,203
Tops Grant	574
Self Insured Dental	7,848
<b><u>Capital Project Funds</u></b>	
Multi-Year Capital Project Accumulation	92,819
Capital Improvement Revenue Bond Fund	217
<b><u>Pension Trust Funds</u></b>	
Fireman's Retirement	487,599
Police Retirement	128,971

**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 applies to the 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, 2008**

**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, 2008 restricted assets in the enterprise funds were held for the following purposes:

Utility Fund	
Debt Retirement	\$ 546,938
Renewal and Replacement	850,801
Customers' Meter Deposits	<u>498,615</u>
Total Utility Fund	<u>\$1,896,354</u>

**NOTE N – FRANCHISE FEES**

The City of Brooksville receives franchise fees from each of the following sources, which are included in licenses and permits of the General Fund. Revenues received for the year ended September 30, 2008 were as follows:

Electricity: Florida Power	\$594,958
Telephone: Florida Telecommunication Franchise	\$524,381

**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. For insured programs, there have been no significant reductions in insurance coverage. 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, 2008**

**NOTE P – WATER AND SEWER FUND OPERATIONS**

As of September 30, 2008, the Utility Fund had 7,399 residential and commercial water connections including 665 that were inactive. They also had 5,705 residential and commercial sewer connections including 421 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 will be charged. Through Interlocal Agreement, the City opted to assess the same impact fees for roads, public buildings, police, fire, parks, and schools as Hernando County. As of September 30, 2008, the City has the following in prepaid impact fees: Road Impact Fees \$6,569; Public Building Impact Fees \$711; Police Impact Fees \$469; Fire Impact Fees \$307; and Parks Impact Fees \$428. The amounts are reflected as unearned revenues in the accompanying financial statements.

**NOTE R – INTERNAL SERVICE FUND**

The Internal Service Fund is used for two major purposes. The first is the Fleet Maintenance division. The Fleet Maintenance Division provides maintenance and repairs to the City’s vehicles and equipment. The second purpose within the Internal Service Fund is the Vehicle Replacement Division. The Vehicle Replacement Division reserves cash to purchase the City’s future vehicle requirements. The total Vehicle Replacement Division reserves total \$1,258,913 as of September 30, 2008. The remainder of the Reserves in the Internal Service Fund belong to the Fleet Maintenance Division.

The cash reserves are allocated among the City as follows:

General Fund	\$1,016,675
Utility Fund	75,898
Sanitation Fund	<u>166,340</u>
Total	<u>\$1,258,913</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, 2008**

**NOTE R – INTERNAL SERVICE FUND (CONTINUED)**

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

Administration and Finance	\$ 73,109
Police	151,559
Fire	632,097
Streets	113,163
Parks	36,429
Contingency	<u>10,318</u>
Total	<u>\$1,016,675</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>2008</u>	<u>2007</u>
<b><u>General Fund</u></b>		
Total Assets	\$1,834,692	\$1,783,411
Total Liabilities	255,859	243,354
Total Fund Balance	1,578,833	1,540,057
Total Revenues	6,818,980	7,120,238
Total Expenditures	7,504,297	7,657,070
Excess (Deficiency) of Revenues Over (Under) Expenditures	(685,317)	(536,832)
Total Other Financing Sources/(Uses)	724,093	818,024
Net Change in Fund Balance	38,776	281,192

**Proprietary Funds**

Enterprise Funds

Includes Utility and Sanitation Funds

	<u>2008</u>	<u>2007</u>
Total Current Assets	\$ 4,303,380	\$ 3,886,053
Total Non-Current Assets	36,095,714	35,381,307
Total Assets	40,399,094	39,267,360
Total Current Liabilities	360,172	290,501
Total Current Liabilities (Payable from Restricted Assets)	1,092,609	1,089,567
Total Non-Current Liabilities	14,614,621	13,699,306
Total Liabilities	16,067,402	15,079,374
Total Net Assets	24,331,692	24,187,986
Total Operating Revenues	4,925,893	5,040,839
Total Operating Expenses	4,239,391	3,699,431
Operating Income	686,502	1,341,408
Total Nonoperating Revenues (Expenses)	(377,079)	(343,038)
Income before Contributions and Transfers	309,423	998,370
Total Contributions and Transfers	(165,717)	9,970,157
Change in Net Assets	143,706	10,968,527

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**NOTE S – PRIOR YEAR COMPARISON INFORMATION (CONTINUED)**

<u>Internal Service Fund</u>	<u>2007</u>	<u>2006</u>
Total Current Assets	\$1,264,679	\$1,189,063
Total Non-Current Assets	292,039	275,345
Total Assets	1,556,718	1,464,408
Total Current Liabilities	8,149	3,325
Total Non-Current Liabilities	2,129	6,326
Total Liabilities	10,278	9,651
Total Net Assets	1,546,440	1,454,757
Total Operating Revenues	163,921	178,160
Total Operating Expenses	249,639	252,898
Operating (Loss) Income	(85,718)	(74,738)
Total Nonoperating Revenues (Expenses)	31,108	53,280
Income (Loss) before Contributions and Transfers	(54,610)	(21,458)
Total Contributions and Transfers	146,291	240,110
Change in Net Assets	91,681	218,652

**NOTE T – COMMITMENTS AND CONTINGENCIES**

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

The City has committed to reimburse \$2,575,000 of the estimated \$9,000,000 in costs to Southern Hills Plantation/Hampton Ridge Developer, LLC (“the Developer”) for improvements to the City’s Cobb Road Wastewater Treatment Plant, also known as the Water Reclamation Facility (WRF) with about \$6,000,000 in sewer related costs being eligible for sewer impact fee credits. The Developer and the City agreed to construct additional waste water treatment capacity by doubling the size of the City’s Cobb Road Plant from 1.5 to 3.0 mgd. The Development Agreement amendments revised the original plan to build a .5 mgd plant on South Broad Street and instead to expand the existing Cobb Road facility. The Cobb Road WWTP expansion will also increase the reuse capacity from the earlier proposal amount of 0.5mgd to 3.0mgd. It is expected that the City will pay \$2,575,000 to the Developer by April 2012 when the Plant is expected to be completed. The Developer and the City are making direct purchases of equipment for the Wastewater Treatment Plant that will be stored until actual construction begins.

**Southern Hills Plantation/Hampton Ridge Developers, LLC Impact Fee Credits**

Acceptance of the Southern Hills Plantation roads, right-of-ways, and water and sewer improvements are ongoing as various phases are completed. At present, only potable water main phase I in the amount of \$521,859 is acceptable for the booking of water impact fee credits and the start of the Developers’ official one year maintenance period. Completed sewer improvements eligible for the booking of sewer impact fee credits now total \$1,598,117. The completed sewer work includes a regional lift station and force mains along US 41 South to Wiscon Road, thence along Mobley Road, across State Road 50 West and thence to Cobb Road WRF. Transportation impact fee credits have also been booked/granted in the amount of \$2,125,489 for improvements related to Southern Hills Boulevard access to US 41 and related drainage work, plus work on the SR 50 2-lane Collector Road.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

***NOTE T – COMMITMENTS AND CONTINGENCIES (CONTINUED)***

**Water, Sewer and Reuse Service Expansion**

The expansion of the City's Sewer and Reuse systems continues with the completion of the Mobley/Wiscon Road Project. This approximately 10,000 linear foot project included the over sizing of the reuse main from 12" to 18"; so that the City could serve additional customers. The over sizing was at a cost of \$210,673. The City has received reimbursements from the South West Florida Water Management District in the amount of \$113,870 to date. An additional 10% retainage in the amount of \$12,640 will be paid to the City after project completion in April 2012.

A 12" sewer forcemain was also installed simultaneously along this same route, for which the Developer will receive sewer impact fee credits estimated at \$614,800.

**Wellfield Projects**

The City continues to improve its water supply by making improvements to its wells as funds are available. For fiscal year 2008 – 09, the City plans to install pumps, and make other improvements, in a previously drilled well shaft at its Hope Hill Wellfield with a \$19,900 matching grant from the Withlacochee Water Supply Authority partially offsetting the estimated total expenditure of \$175,000.

**Water Advisory Panel Grant/Legislative Appropriation**

The Water and Sewer Department through the original Water Advisory Panel (WAP) Grants and subsequent Legislative Appropriations continue to work on the inflow and infiltration problems of our old sewer lines. About 44% of the City's sewers are made of clay pipe. Since 2000, the City has been awarded Water Advisory Panel Grants (State Legislative Appropriations) totaling \$4,250,000. To date the City has smoke tested all of the City's sewer lines (200,000 linear feet); also, the City has replaced and relined about 34,000 linear feet of sewer lines. The remaining grant funds of approximately \$600,000 will be spent on repairing sewer laterals and manholes. This work is expected to be completed by December 31, 2009.

In 2008, the City has requested \$2,731,000 for continued sewer rehabilitation and \$1,600,000 Water System Improvement Project to repair or replace and upgrade aging undersized potable water lines in the Historic sections of the City. Also, to extend the water system to property located within the Enterprise Zone, in our CBIR through the Hernando County Legislation Delegation. The City was awarded \$190,000 and previously in the 2007 legislative session, the Water System Improvement Project was awarded \$250,000, which will be spent to up-size potable water lines in the downtown area. Of this total amount of \$440,000 about \$309,000 has been encumbered by a Purchase Order and the remainder amount will be spent by December 31, 2009.

**Transportation Outreach (TOPS)/CDBG-Economic Development Grant**

This project originally included the purchase of a bus for the County Transit system, and the construction of a portion of a reverse frontage road and utilities along SR50 and installation of pedestrian safety improvements downtown. The City scaled this project back at the end of 2006 due to prohibitive road work costs and further scaled it back in 2007 due to a conflict with land easements. At this time the project has been modified to build sidewalks in strategic locations and will be used to purchase right-of-way for Governor's Boulevard. The Grant was closed out May 2, 2008.

**Good Neighbor Trail**

The City has been awarded a Florida Recreation Development Assistant Program (FRDAP) Grant in the amount of \$130,000 to construct the Parson's Brook Path and related trailhead improvements. These funds are being leveraged with \$75,000 in Metropolitan Planning Organization (MPO) Enhancement Program funding and land that the City acquired from the Museum Association and funds received through a CSX settlement. The FRDAP money must be spent by August 2009. Currently, the bathroom portion of the project has been bid and the construction (funded by MPO enhancement funds) may start as soon as April 2009. The balance of trailhead improvements are expected to be bid in March 2009 with construction starting by June 2009 and completed by August 2009.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

***NOTE T – COMMITMENTS AND CONTINGENCIES (CONTINUED)***

Additionally, the City was awarded a Florida Recreation Development Assistant Program (FRDAP) Grant in the amount of \$200,000 to pave the first phase of the Good Neighbor Trail from the trailhead to Jasmine Drive. These funds were expected to be leveraged with \$230,000 of Metropolitan Planning Organization (MPO) Enhancement Program funding. The FRDAP grant money was to be expended by April 30, 2008. The City gave the \$200,000 Grant back to the funding agency due to scheduling issues with the leveraged funding source (MPO). Currently, the MPO recently bid this trail project and awarded a contract (within their current budget) to construct it. Construction should occur by June 2009 and be complete by August 2009.

**City-wide Installation of “Radio Read” Meters**

In the 2008 - 09 Budget, the City Council authorized the replacement or retrofitting of 4,241 water meters from manual read meters to “radio read” meters. The City has a commitment from USDA for the financing. The cost is estimated at \$1,200,000 in the 2008 - 09 Budget. This will improve the efficiency and accuracy of meter readings from manual reads to “radio read” meter throughout our water delivery system.

***NOTE U – SUBSEQUENT EVENTS***

**Valuation Adjustment Board Re-Certification**

On February 10, 2009, the City received the Re-Certification of the 2008 Taxable Values of the City of Brooksville. Values were adjusted -1.7517% from \$568,431,915 (October 3, 2008) to \$558,474,395 (February 10, 2009) after the conclusion of the Value Adjustment Hearings. The Valuation Board’s adjustments will lower the City’s Ad Valorem revenues by \$60,432 (at 100%). The reduction in Ad Valorem revenues is based on the 2008 City Millage rate of 6.0690 mills per \$1,000 times \$9,957,520 which was the decrease in Taxable Values.

**Property Values expected to Decline**

Due to the economic world-wide downturn including in the United States and Florida, the City expects a significant drop in taxable values for the 2009 and beyond tax years. As of this date, 2009 projections have not been received from the Hernando County Property Appraiser. We expect the City’s taxable values to drop as much as 15% to 20%.

**State Revenues expected to Decline**

Due to the economic downturn, State revenues are expected to decline in the 2008-09 Fiscal Year and beyond. The City received revised State revenue projections in December 2008, however those projections are not in total below our 2008-09 Budget that are always projected at 95% of the State’s Budget available projections. However, if the economic downturn continues the State of Florida’s projections may be revised lower again in the future.

**Lawsuit filed January 2008 against Westchester Fire Insurance Company**

In January 2008, the City filed suit in Circuit Court against Westchester Fire Insurance Company. Westchester is the surety on performance bonds obtained by Levitt & Sons of Hernando County, the developer for the Cascades at Southern Hills Planned Development Project, as a condition of final plat approval to secure certain public work infrastructure improvements. Levitt & Son’s of Hernando County filed for Chapter 11 Bankruptcy in November 2007 and failed to complete the required improvements. The City and Westchester entered into a Forbearance Agreement; and the City voluntarily dismissed its state court litigation. In November 2008, the City gave notice of its intent to terminate the Forbearance Agreement effective January 19, 2009. Prior to the City re-filing its litigation, Westchester filed a Complaint for Declaratory Judgment in U.S. District Court for the Middle District of Florida. The City has filed a counterclaim in U.S. District Court against Westchester to foreclose on the performance bonds for a total of \$5,366,454.75 in damages plus interest, attorney’s fees and costs.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

***NOTE U – SUBSEQUENT EVENTS (CONTINUED)***

**Internal Service Fund Split between Maintenance and Vehicle Replacement**

Based on the 2008-09 approved City of Brooksville Budget, the City split the Internal Service Fund into the Maintenance Fund and Vehicle Replacement Fund. As of October 1, 2009, \$1,248,595 was moved into the Vehicle Replacement Fund. The Maintenance Fund is funded by the City Departments for maintenance of our vehicle fleet. The Vehicle Replacement Fund is used to fund the future replacement of City vehicles.

**Forgiveness of Brooksville Community Redevelopment Agency Debt by City of Brooksville**

In the adopted Fiscal Year 2008-09 City of Brooksville Budget, the City Council approved the forgiveness of the debt that the Brooksville Community Redevelopment Agency (CRA) owed to the General Fund No. 001 totaling \$63,559 and to the CDBG Redevelopment Fund No. 131 totaling \$128,368. The entries were entered in the City's and the CRA's financial records in October 2008. The CRA debt represented monies owed to the City for a grant match for the downtown revitalization project that was being paid back over twenty years.

**SUPPLEMENTARY INFORMATION**



CITY OF BROOKSVILLE, FLORIDA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2008

SPECIAL REVENUE FUNDS										
LAW ENFORCEMENT TRUST FUND	POLICE GRANTS AND DONATIONS	JUSTICE ASSISTANCE GRANT	POLICE SPECIAL COMMUNICATIONS	GOOD NEIGHBOR TRAIL PROJECT	MAJOR STORM READINESS	ROAD IMPACT FEES	FRIENDS OF THE CHILDREN			
\$ 22,518	\$ 15,937	\$ 0	\$ 0	\$ 73,230	\$ 74,704	\$ 1,998,866	\$ 0			
0	0	0	0	0	0	0	0			
0	0	0	0	0	0	0	0			
0	0	0	0	0	0	0	0			
0	0	4,000	0	156	0	0	0			
0	0	0	0	0	0	0	0			
<u>\$ 22,518</u>	<u>\$ 15,937</u>	<u>\$ 4,000</u>	<u>\$ 0</u>	<u>\$ 73,386</u>	<u>\$ 74,704</u>	<u>\$ 1,998,866</u>	<u>\$ 0</u>			

ASSETS  
 POOLED CASH AND INVESTMENTS  
 RESTRICTED POOLED CASH AND INVESTMENTS  
 INTEREST RECEIVABLE  
 DUE FROM OTHER FUNDS  
 DUE FROM OTHER GOVERNMENTS  
 INVENTORY - CONFISCATED PROPERTY  
 TOTAL ASSETS

LIABILITIES AND FUND BALANCE LIABILITIES	ACCOUNTS PAYABLE	UNEARNED REVENUE	DUE TO OTHER FUNDS	OTHER CURRENT LIABILITIES	TOTAL LIABILITIES	FUND BALANCE	RESERVED FOR DEBT RETIREMENT UNRESERVED	TOTAL FUND BALANCE	TOTAL LIABILITIES AND FUND BALANCE
\$ 0	\$ 3,033	\$ 0	\$ 0	\$ 0	\$ 3,033	\$ 4,000	\$ 0	\$ 4,000	\$ 7,033
0	0	0	0	0	0	0	0	0	0
0	0	4,000	0	0	4,000	0	0	4,000	8,000
0	0	0	0	0	0	0	0	0	0
<u>0</u>	<u>3,033</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,033</u>	<u>4,000</u>	<u>0</u>	<u>4,000</u>	<u>7,033</u>
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

LIABILITIES AND FUND BALANCE LIABILITIES  
 ACCOUNTS PAYABLE  
 UNEARNED REVENUE  
 DUE TO OTHER FUNDS  
 OTHER CURRENT LIABILITIES  
 TOTAL LIABILITIES  
 FUND BALANCE  
 RESERVED FOR DEBT RETIREMENT UNRESERVED  
 TOTAL FUND BALANCE  
 TOTAL LIABILITIES AND FUND BALANCE

CITY OF BROOKSVILLE, FLORIDA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2008

SPECIAL REVENUE FUNDS

	CDBG COMMUNITY REDEVELOPMENT	TREESCAPING	TOPS GRANT	SELF INSURED DENTAL	TOTAL SPECIAL REVENUE FUNDS
ASSETS					
POOLED CASH AND INVESTMENTS	\$ 0	\$ 87,071	\$ 0	\$ 0	\$ 2,793,121
RESTRICTED POOLED CASH AND INVESTMENTS	0	0	0	0	0
INTEREST RECEIVABLE	0	0	0	0	0
DUE FROM OTHER FUNDS	128,368	0	0	0	128,368
DUE FROM OTHER GOVERNMENTS	0	0	0	0	31,888
INVENTORY - CONFISCATED PROPERTY	0	0	0	0	3,085
<b>TOTAL ASSETS</b>	<b>\$ 128,368</b>	<b>\$ 87,071</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,956,462</b>

LIABILITIES AND FUND BALANCE					
LIABILITIES					
ACCOUNTS PAYABLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,033
UNEARNED REVENUE	0	0	0	0	8,484
DUE TO OTHER FUNDS	0	0	0	0	4,000
OTHER CURRENT LIABILITIES	0	0	0	0	141,938
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>157,455</b>
FUND BALANCE					
RESERVED FOR DEBT RETIREMENT	0	0	0	0	0
UNRESERVED	128,368	87,071	0	0	2,799,007
<b>TOTAL FUND BALANCE</b>	<b>128,368</b>	<b>87,071</b>	<b>0</b>	<b>0</b>	<b>2,799,007</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 128,368</b>	<b>\$ 87,071</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,956,462</b>

CITY OF BROOKSVILLE, FLORIDA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2008

CAPITAL PROJECT FUNDS							TOTAL
MCKETHAN PARK	PUBLIC FACILITIES R&M	CAPITAL PROJECT ACCUMULATION	CAPITAL		CAPITAL IMPROVEMENT BOND AND INTEREST SINKING FUND	TOTAL CAPITAL PROJECT FUNDS	
			REVENUE BOND FUND	IMPROVEMENT BOND FUND			
\$ 79,604	\$ 20,115	\$ 21,937	\$ 14,054	\$ 10,129	\$ 145,839	\$ 145,839	
0	0	0	0	11,969	11,969	11,969	
0	0	0	0	0	0	0	
0	0	0	0	0	0	0	
0	0	0	197	0	197	197	
0	0	0	0	0	0	0	
<u>\$ 79,604</u>	<u>\$ 20,115</u>	<u>\$ 21,937</u>	<u>\$ 14,251</u>	<u>\$ 22,098</u>	<u>\$ 158,005</u>	<u>\$ 158,005</u>	

ASSETS

POOLED CASH AND INVESTMENTS	20,115
RESTRICTED POOLED CASH AND INVESTMENTS	0
INTEREST RECEIVABLE	0
DUE FROM OTHER FUNDS	0
DUE FROM OTHER GOVERNMENTS	0
INVENTORY - CONFISCATED PROPERTY	0
<b>TOTAL ASSETS</b>	<b>20,115</b>

LIABILITIES AND FUND BALANCE	231	0	0	0	0	0	231
LIABILITIES	0	0	0	0	0	0	0
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
<b>TOTAL LIABILITIES</b>	<b>231</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>231</b>
FUND BALANCE	0	0	0	0	11,969	11,969	11,969
RESERVED FOR DEBT RETIREMENT	0	0	0	0	10,129	10,129	10,129
UNRESERVED	79,373	20,115	21,937	14,251	145,805	145,805	145,805
<b>TOTAL FUND BALANCE</b>	<b>79,373</b>	<b>20,115</b>	<b>21,937</b>	<b>14,251</b>	<b>22,098</b>	<b>157,774</b>	<b>157,774</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 79,604</b>	<b>\$ 20,115</b>	<b>\$ 21,937</b>	<b>\$ 14,251</b>	<b>\$ 22,098</b>	<b>\$ 158,005</b>	<b>\$ 158,005</b>

CITY OF BROOKSVILLE, FLORIDA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2008

		<u>PERMANENT FUND</u>		<u>TOTAL</u>	
		<u>CEMETERY</u>	<u>TOTAL</u>	<u>NONMAJOR</u>	<u>GOVERNMENTAL</u>
		<u>PERPETUAL</u>	<u>PERMANENT</u>	<u>GOVERNMENTAL</u>	<u>FUNDS</u>
		<u>CARE</u>	<u>FUNDS</u>	<u>FUNDS</u>	<u>FUNDS</u>
<b>ASSETS</b>					
	POOLED CASH AND INVESTMENTS	\$ 284,881	\$ 284,881	\$	3,223,841
	RESTRICTED POOLED CASH AND INVESTMENTS	0	0		11,969
	INTEREST RECEIVABLE	0	0		0
	DUE FROM OTHER FUNDS	21,369	21,369		149,737
	DUE FROM OTHER GOVERNMENTS	0	0		32,085
	INVENTORY - CONFISCATED PROPERTY	0	0		3,085
	<b>TOTAL ASSETS</b>	<u>\$ 306,250</u>	<u>\$ 306,250</u>	<u>\$</u>	<u>3,420,717</u>
<b>LIABILITIES AND FUND BALANCE</b>					
	<b>LIABILITIES</b>				
	ACCOUNTS PAYABLE	\$ 0	\$ 0	\$	3,264
	UNEARNED REVENUE	0	0		8,484
	DUE TO OTHER FUNDS	0	0		4,000
	OTHER CURRENT LIABILITIES	0	0		141,938
	<b>TOTAL LIABILITIES</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>157,686</u>
	<b>FUND BALANCE</b>				
	RESERVED FOR DEBT RETIREMENT	0	0		11,969
	UNRESERVED	306,250	306,250		3,251,062
	<b>TOTAL FUND BALANCE</b>	<u>306,250</u>	<u>306,250</u>	<u>3,263,031</u>	
	<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 306,250</u>	<u>\$ 306,250</u>	<u>\$</u>	<u>3,420,717</u>

CITY OF BROOKSVILLE, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

SPECIAL REVENUE FUNDS											
	POLICE SPECIAL EDUCATION FUND	PARK AND RECREATION TRANSPORT	LOCAL OPTION GAS TAX	LAW ENFORCEMENT INVESTIGATIVE TRUST	LAW ENFORCEMENT IMPACT FEES	PUBLIC BUILDING IMPACT FEES	FIRE IMPACT FEES				
REVENUES											
TAXES	0 \$	0 \$	295,914 \$	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	2,314	0	0	0	0	0	0				
MISCELLANEOUS REVENUES	121	7,506	0	23,127	19,311	37,207	11,676				
TOTAL REVENUES	2,435	7,506	295,914	23,127	19,311	37,207	11,676				
EXPENDITURES											
CURRENT											
CULTURE & RECREATION	1,290	0	0	0	0	0	0				
GENERAL GOVERNMENT	0	0	0	0	0	0	0				
PUBLIC SAFETY	0	0	0	40	0	0	0				
PHYSICAL ENVIRONMENT	0	0	0	0	0	0	0				
TRANSPORTATION	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	0	0	0	19,974	14,626	0	0				
TOTAL EXPENDITURES	1,290	0	0	20,014	14,626	0	0				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,145	7,506	295,914	3,113	4,685	37,207	11,676				
OTHER FINANCING SOURCES (USES)											
TRANSFERS IN	0	0	0	1,295	0	0	0				
TRANSFERS OUT	0	(7,767)	(298,071)	0	0	0	0				
TOTAL OTHER FINANCING SOURCES (USES)	0	(7,767)	(298,071)	1,295	0	0	0				
NET CHANGE IN FUND BALANCES	1,145	(261)	(2,157)	4,408	4,685	37,207	11,676				
FUND BALANCES, BEGINNING OF YEAR	14,568	261	32,564	36,992	13,921	213,020	77,916				
FUND BALANCES, END OF YEAR	15,713 \$	0 \$	30,407 \$	41,400 \$	18,606 \$	250,227 \$	89,592				

CITY OF BROOKSVILLE, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	SPECIAL REVENUE FUNDS							
	PARKS IMPACT FEES	LAW ENFORCEMENT TRUST FUND	POLICE GRANTS AND DONATIONS	JUSTICE ASSISTANCE GRANT	POLICE SPECIAL COMMUNICATIONS	GOOD NEIGHBOR TRAIL PROJECT	MAJOR STORM READINESS	
REVENUES								
TAXES	0	0	0	0	0	0	0	0
LICENSES & PERMITS	0	0	0	0	0	0	0	0
INTERGOVERNMENTAL REVENUE	0	0	0	14,442	0	0	0	0
CHARGES FOR SERVICES	0	0	0	0	0	0	0	0
FINES & FORFEITS	0	0	0	0	0	0	0	0
MISCELLANEOUS REVENUES	18,019	3,942	4,000	0	0	0	0	0
TOTAL REVENUES	18,019	3,942	4,000	14,442	41	1,143	482	482
EXPENDITURES								
CURRENT								
CULTURE & RECREATION	0	0	0	393	0	0	0	0
GENERAL GOVERNMENT	0	0	0	0	0	0	0	0
PUBLIC SAFETY	0	0	4,887	1,809	0	0	0	0
PHYSICAL ENVIRONMENT	0	0	0	0	0	0	0	0
TRANSPORTATION	0	0	0	0	0	0	0	0
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	17,773	0	12,269	4,450	0	0	0
TOTAL EXPENDITURES	0	17,773	4,887	14,471	4,450	0	0	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	18,019	(13,831)	(887)	(29)	(4,409)	1,143	482	482
OTHER FINANCING SOURCES (USES)								
TRANSFERS IN	0	0	13,791	0	0	0	0	0
TRANSFERS OUT	0	(1,295)	0	0	(48)	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	0	(1,295)	13,791	0	(48)	0	0	0
NET CHANGE IN FUND BALANCES	18,019	(15,126)	12,904	(29)	(4,457)	1,143	482	482
FUND BALANCES, BEGINNING OF YEAR	85,733	37,644	0	29	4,457	72,243	74,222	74,222
FUND BALANCES, END OF YEAR	103,752	22,518	12,904	0	0	73,386	74,704	74,704

CITY OF BROOKSVILLE, FL  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

SPECIAL REVENUE FUNDS

REVENUES	ROAD IMPACT FEES	FRIENDS OF THE CHILDREN	CDBG COMMUNITY REDEVELOPMEN	TREESCAPING	TOPS GRANT	SELF INSURED DENTAL	TOTAL SPECIAL REVENUE FUNDS
TAXES	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	295,914
LICENSES & PERMITS	0	0	0	285	0	0	285
INTERGOVERNMENTAL REVENUE	0	0	0	0	406,692	0	421,134
CHARGES FOR SERVICES	0	0	0	0	0	0	0
FINES & FORFEITS	0	0	0	0	0	0	2,314
MISCELLANEOUS REVENUES	343,520	290	0	(217)	0	520	470,688
TOTAL REVENUES	343,520	290	0	68	406,692	520	1,190,335

EXPENDITURES	ROAD IMPACT FEES	FRIENDS OF THE CHILDREN	CDBG COMMUNITY REDEVELOPMEN	TREESCAPING	TOPS GRANT	SELF INSURED DENTAL	TOTAL SPECIAL REVENUE FUNDS
CURRENT							
CULTURE & RECREATION	0	3,462	0	0	0	0	5,145
GENERAL GOVERNMENT	0	0	0	0	0	42,632	42,632
PUBLIC SAFETY	0	0	0	0	0	0	6,736
PHYSICAL ENVIRONMENT	0	0	0	0	0	0	0
TRANSPORTATION	0	0	0	0	27	0	27
DEBT SERVICE							
PRINCIPAL	0	0	0	0	0	0	0
INTEREST AND FISCAL CHARGES	0	0	0	0	0	0	0
CAPITAL OUTLAY	126,345	0	0	0	406,665	0	602,102
TOTAL EXPENDITURES	126,345	3,462	0	0	406,692	42,632	656,642

EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES

	217,175	(3,172)	0	68	0	(42,112)	533,693
OTHER FINANCING SOURCES (USES)							
TRANSFERS IN	0	0	0	0	0	34,264	49,350
TRANSFERS OUT	0	(31)	0	0	(574)	0	(307,786)
TOTAL OTHER FINANCING SOURCES (USES)	0	(31)	0	0	(574)	34,264	(258,436)
NET CHANGE IN FUND BALANCES	217,175	(3,203)	0	68	(574)	(7,848)	275,257
FUND BALANCES, BEGINNING OF YEAR	1,633,184	3,203	128,368	87,003	574	7,848	2,523,750
FUND BALANCES, END OF YEAR	1,850,359 \$	0 \$	128,368 \$	87,071 \$	0 \$	0 \$	2,799,007

CITY OF BROOKSVILLE, FL  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

		CAPITAL PROJECT FUNDS					
		MULTI-YEAR CAPITAL PROJECT ACCUMULATION	CAPITAL IMPROVEMENT REVENUE BOND FUND	CAPITAL IMPROVEMENT BOND AND INTEREST SINKING FUND	TOTAL CAPITAL PROJECT FUNDS		
MCKETHAN PARK	PUBLIC FACILITIES R&M						
REVENUES							
TAXES	0 \$	0 \$	0 \$	0 \$	0 \$	0	
LICENSES & PERMITS	0	0	0	0	0	0	
INTERGOVERNMENTAL REVENUE	0	0	32,470	0	32,470	32,470	
CHARGES FOR SERVICES	29,137	0	0	0	0	29,137	
FINES & FORFEITS	0	0	0	0	0	0	
MISCELLANEOUS REVENUES	977	472	1,364	171	(168)	2,816	
TOTAL REVENUES	30,114	472	1,364	32,641	(168)	64,423	
EXPENDITURES							
CURRENT							
CULTURE & RECREATION	12,270	0	0	0	0	12,270	
GENERAL GOVERNMENT	0	0	0	0	0	0	
PUBLIC SAFETY	0	0	0	0	0	0	
PHYSICAL ENVIRONMENT	0	0	0	0	0	0	
TRANSPORTATION	0	0	94,183	0	0	94,183	
DEBT SERVICE	0	0	0	0	0	0	
PRINCIPAL	0	0	0	10,000	0	10,000	
INTEREST AND FISCAL CHARGES	0	0	0	10,676	0	10,676	
CAPITAL OUTLAY	1,153	0	0	0	0	1,153	
TOTAL EXPENDITURES	13,423	0	94,183	20,676	0	128,282	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	16,691	472	(92,819)	32,641	(20,844)	(63,859)	
OTHER FINANCING SOURCES (USES)							
TRANSFERS IN	31	0	0	0	32,858	32,889	
TRANSFERS OUT	0	0	0	(32,858)	0	(32,858)	
TOTAL OTHER FINANCING SOURCES (USES)	31	0	0	(32,858)	32,858	31	
NET CHANGE IN FUND BALANCES	16,722	472	(92,819)	(217)	12,014	(63,828)	
FUND BALANCES, BEGINNING OF YEAR	62,651	19,643	114,756	14,468	10,084	221,602	
FUND BALANCES, END OF YEAR	79,373 \$	20,115 \$	21,937 \$	14,251 \$	22,098 \$	157,774	

CITY OF BROOKSVILLE, FL  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>PERMANENT FUND</u>		TOTAL
	CEMETERY PERPETUAL CARE	TOTAL PERMANENT FUNDS	NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
TAXES	0 \$	0 \$	295,914
LICENSES & PERMITS	0	0	285
INTERGOVERNMENTAL REVENUE	0	0	453,604
CHARGES FOR SERVICES	0	0	29,137
FINES & FORFEITS	0	0	2,314
MISCELLANEOUS REVENUES	3,407	3,407	476,911
TOTAL REVENUES	3,407	3,407	1,258,165
EXPENDITURES			
CURRENT			
CULTURE & RECREATION	0	0	17,415
GENERAL GOVERNMENT	0	0	42,632
PUBLIC SAFETY	0	0	6,736
PHYSICAL ENVIRONMENT	0	0	0
TRANSPORTATION	0	0	94,210
DEBT SERVICE			
PRINCIPAL	0	0	10,000
INTEREST AND FISCAL CHARGES	0	0	10,676
CAPITAL OUTLAY	0	0	603,255
TOTAL EXPENDITURES	0	0	784,924
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,407	3,407	473,241
OTHER FINANCING SOURCES (USES)			
TRANSFERS IN	10,000	10,000	92,239
TRANSFERS OUT	0	0	(340,644)
TOTAL OTHER FINANCING SOURCES (USES)	10,000	10,000	(248,405)
NET CHANGE IN FUND BALANCES	13,407	13,407	224,836
FUND BALANCES, BEGINNING OF YEAR	292,843	292,843	3,038,195
FUND BALANCES, END OF YEAR	\$ 306,250 \$	306,250 \$	3,263,031

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, 2008

	SPECIAL REVENUE FUNDS					
	POLICE SPECIAL EDUCATION FUND			PARK AND RECREATION TRANSPORT		
	BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES						
FINES & FORFEITS	\$ 2,700	\$ 2,314	\$ (386)	\$ 0	\$ 0	\$ 0
MISCELLANEOUS REVENUES	400	121	(279)	10,015	7,506	(2,509)
TOTAL REVENUES	3,100	2,435	(665)	10,015	7,506	(2,509)
EXPENDITURES						
CURRENT						
CULTURE AND RECREATION	0	1,290	3,710	0	0	0
TOTAL EXPENDITURES	0	1,290	3,710	0	0	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,100	(1,900)	3,045	10,015	7,506	(2,509)
OTHER FINANCING SOURCES (USES)						
TRANSFERS IN	0	0	0	0	0	0
TRANSFERS OUT	0	0	0	(10,000)	(7,767)	2,233
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	(10,000)	(7,767)	2,233
NET CHANGE IN FUND BALANCES	3,100	(1,900)	3,045	15	(261)	(276)
FUND BALANCES, BEGINNING OF YEAR	(3,100)	1,900	14,568	(15)	261	276
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 15,713	\$ 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, 2008

	SPECIAL REVENUE FUNDS									
	LOCAL OPTION GAS TAX					LAW ENFORCEMENT INVESTIGATIVE TRUST				
	BUDGETED AMOUNTS		ACTUAL AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ORIGINAL	FINAL		ORIGINAL	FINAL	ORIGINAL	FINAL	
REVENUES										
TAXES	\$ 297,435	\$ 297,435	\$ 295,914	\$ 295,914	\$ (1,521)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
MISCELLANEOUS REVENUES	0	0	0	0	0	450	6,450	23,127	23,127	16,677
TOTAL REVENUES	297,435	297,435	295,914	295,914	(1,521)	450	6,450	23,127	23,127	16,677
EXPENDITURES										
CURRENT										
PUBLIC SAFETY	0	0	0	0	0	0	0	40	40	(40)
CAPITAL OUTLAY	0	0	0	0	0	0	20,000	19,974	19,974	26
TOTAL EXPENDITURES	0	0	0	0	0	0	20,000	20,014	20,014	(14)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	297,435	297,435	295,914	295,914	(1,521)	450	(13,550)	3,113	3,113	16,663
OTHER FINANCING SOURCES (USES)										
TRANSFERS IN	0	0	0	0	0	0	1,295	1,295	1,295	0
TRANSFERS OUT	(297,435)	(297,435)	(298,071)	(298,071)	(636)	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	(297,435)	(297,435)	(298,071)	(298,071)	(636)	0	1,295	1,295	1,295	0
NET CHANGE IN FUND BALANCES	0	0	(2,157)	(2,157)	(2,157)	450	(12,255)	4,408	4,408	16,663
FUND BALANCES, BEGINNING OF YEAR	0	0	32,564	32,564	32,564	(450)	12,255	36,992	36,992	24,737
FUND BALANCES, END OF YEAR	0	0	30,407	30,407	30,407	0	0	41,400	41,400	41,400

CITY OF BROOKSVILLE, FLORIDAS  
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	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		ORIGINAL	FINAL	ORIGINAL	FINAL		
REVENUES										
MISCELLANEOUS REVENUES	\$ 1,030	\$ 1,030	\$ 19,311	\$ 19,311	\$ 18,281	\$ 42,500	\$ 42,500	\$ 37,207	\$ 37,207	\$ (5,293)
TOTAL REVENUES	1,030	1,030	19,311	19,311	18,281	42,500	42,500	37,207	37,207	(5,293)
EXPENDITURES										
CAPITAL OUTLAY	0	14,650	14,626	14,626	24	0	0	0	0	0
TOTAL EXPENDITURES	0	14,650	14,626	14,626	24	0	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,030	(13,620)	4,685	4,685	18,305	42,500	42,500	37,207	37,207	(5,293)
NET CHANGE IN FUND BALANCES	1,030	(13,620)	4,685	4,685	18,305	42,500	42,500	37,207	37,207	(5,293)
FUND BALANCES, BEGINNING OF YEAR	(1,030)	13,620	13,921	13,921	301	(42,500)	(42,500)	213,020	213,020	255,520
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 18,606	\$ 18,606	\$ 18,606	\$ 0	\$ 0	\$ 250,227	\$ 250,227	\$ 250,227

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, 2008

	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	\$ 18,000	\$ 18,000	\$ 11,676 (6,324)	\$ 20,500	\$ 20,500	\$ 18,019 (2,481)
TOTAL REVENUES	18,000	18,000	11,676 (6,324)	20,500	20,500	18,019 (2,481)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	18,000	18,000	11,676 (6,324)	20,500	20,500	18,019 (2,481)
NET CHANGE IN FUND BALANCES	18,000	18,000	11,676 (6,324)	20,500	20,500	18,019 (2,481)
FUND BALANCES, BEGINNING OF YEAR	(18,000)	(18,000)	77,916 95,916	(20,500)	(20,500)	85,733 106,233
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 89,592 \$ 89,592	\$ 0	\$ 0	\$ 103,752 \$ 103,752

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, 2008

	SPECIAL REVENUE FUNDS					
	LAW ENFORCEMENT TRUST FUND			POLICE GRANTS AND DONATIONS		
	BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES						
MISCELLANEOUS REVENUES	20,650	3,942	(16,708)	0	4,000	4,000
TOTAL REVENUES	20,650	3,942	(16,708)	0	4,000	4,000
EXPENDITURES						
CURRENT						
PUBLIC SAFETY	0	0	0	5,000	4,887	113
CAPITAL OUTLAY	0	17,773	19	0	0	0
TOTAL EXPENDITURES	0	17,773	19	0	4,887	113
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	20,650	(13,831)	(16,689)	0	(887)	4,113
OTHER FINANCING SOURCES (USES)						
TRANSFERS IN	0	0	0	13,743	13,791	48
TRANSFERS OUT	0	(1,295)	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	0	(1,295)	0	13,743	13,791	48
NET CHANGE IN FUND BALANCES	20,650	(15,126)	(16,689)	0	12,904	4,161
FUND BALANCES, BEGINNING OF YEAR	(20,650)	(1,563)	39,207	0	0	8,743
FUND BALANCES, END OF YEAR	0	22,518	22,518	0	12,904	12,904

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, 2008

	SPECIAL REVENUE FUNDS											
	JUSTICE ASSISTANCE GRANT					POLICE SPECIAL COMMUNICATIONS						
	BUDGETED AMOUNTS	FINAL	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS	FINAL	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS	FINAL	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES												
INTERGOVERNMENTAL REVENUE	\$ 8,467	\$ 8,467	\$ 14,442	\$ 5,975	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
MISCELLANEOUS REVENUES	0	0	0	0	50	50	41	(9)	50	50	41	(9)
TOTAL REVENUES	8,467	8,467	14,442	5,975	50	50	41	(9)	50	50	41	(9)
EXPENDITURES												
CURRENT												
CULTURE AND RECREATION	0	0	393	(393)	0	0	0	0	0	0	0	0
PUBLIC SAFETY	8,467	8,467	1,809	6,658	0	0	0	0	0	0	0	0
CAPITAL OUTLAY	0	5,668	12,269	(6,601)	4,493	4,493	4,450	43	4,493	4,493	4,450	43
TOTAL EXPENDITURES	8,467	14,135	14,471	(336)	4,493	4,493	4,450	43	4,493	4,493	4,450	43
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	(5,668)	(29)	5,639	(4,443)	(4,443)	(4,409)	34	(4,443)	(4,443)	(4,409)	34
OTHER FINANCING (USES)												
TRANSFERS OUT	0	0	0	0	0	0	(48)	(48)	0	0	(48)	(48)
TOTAL OTHER FINANCING (USES)	0	0	0	0	0	0	(48)	(48)	0	0	(48)	(48)
NET CHANGE IN FUND BALANCES	0	(5,668)	(29)	5,639	(4,443)	(4,443)	(4,457)	(14)	(4,443)	(4,443)	(4,457)	(14)
FUND BALANCES, BEGINNING OF YEAR	0	5,668	29	(5,639)	4,443	4,443	4,457	14	4,443	4,443	4,457	14
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 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, 2008

	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		ORIGINAL	FINAL	ORIGINAL	FINAL		
REVENUES										
INTERGOVERNMENTAL REVENUE	\$ 635,000	\$ 635,000	\$ 0	\$ 0	(635,000)	\$ 0	\$ 0	\$ 0	\$ 0	0
MISCELLANEOUS REVENUES	4,000	4,000	1,143	1,143	(2,857)	3,800	3,800	482	482	(3,318)
TOTAL REVENUES	639,000	639,000	1,143	1,143	(637,857)	3,800	3,800	482	482	(3,318)
EXPENDITURES										
CAPITAL OUTLAY	711,000	711,000	0	0	711,000	0	0	0	0	0
TOTAL EXPENDITURES	711,000	711,000	0	0	711,000	0	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(72,000)	(72,000)	1,143	1,143	73,143	3,800	3,800	482	482	(3,318)
OTHER FINANCING SOURCES										
TRANSFERS IN	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	0	0	0	0	0	0	0	0	0	0
NET CHANGE IN FUND BALANCES	(72,000)	(72,000)	1,143	1,143	73,143	3,800	3,800	482	482	(3,318)
FUND BALANCES, BEGINNING OF YEAR	72,000	72,000	72,243	72,243	243	(3,800)	(3,800)	74,222	74,222	78,022
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 73,386	\$ 73,386	\$ 73,386	\$ 0	\$ 0	\$ 74,704	\$ 74,704	\$ 74,704

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, 2008

	SPECIAL REVENUE FUNDS									
	ROAD IMPACT FEES					FRIENDS OF THE CHILDREN				
	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 REVENUE	\$ 215,000	\$ 215,000	\$ 343,520	\$ 128,520	\$ 0	\$ 0	\$ 290	\$ 290	\$ 290	\$ 290
TOTAL REVENUES	215,000	215,000	343,520	128,520	0	0	290	290	290	290
EXPENDITURES										
CURRENT										
CULTURE & RECREATION	0	0	0	0	0	3,200	3,462	3,462	3,462	(262)
CAPITAL OUTLAY	900,000	900,000	126,345	773,655	0	0	0	0	0	0
TOTAL EXPENDITURES	900,000	900,000	126,345	773,655	0	3,200	3,462	3,462	3,462	(262)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(685,000)	(685,000)	217,175	902,175	0	(3,200)	(3,172)	(3,172)	(3,172)	28
OTHER FINANCING (USES)										
TRANSFERS OUT	0	0	0	0	0	0	0	0	0	(31)
TOTAL OTHER FINANCING (USES)	0	0	0	0	0	0	0	0	0	(31)
NET CHANGE IN FUND BALANCES	(685,000)	(685,000)	217,175	902,175	0	(3,200)	(3,203)	(3,203)	(3,203)	(3)
FUND BALANCES, BEGINNING OF YEAR	685,000	685,000	1,633,184	948,184	0	3,200	3,203	3,203	3,203	3
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 1,850,359	\$ 1,850,359	\$ 0	\$ 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, 2008

	SPECIAL REVENUE FUNDS									
	CDBG COMMUNITY REDEVELOPMENT					TREESCAPING				
	BUDGETED AMOUNTS		ACTUAL AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		FINAL AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
ORIGINAL	FINAL	ORIGINAL	FINAL	ORIGINAL	FINAL	ORIGINAL	FINAL	ORIGINAL	FINAL	
REVENUES										
LICENSES & PERMITS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 285	\$ 285
MISCELLANEOUS REVENUES	0	0	0	0	0	400	400	400	(217)	(617)
TOTAL REVENUES	0	0	0	0	0	400	400	400	68	(332)
EXPENDITURES										
CURRENT										
PHYSICAL ENVIRONMENT	0	0	0	0	0	1,000	1,000	1,000	0	1,000
TOTAL EXPENDITURES	0	0	0	0	0	1,000	1,000	1,000	0	1,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	0	0	0	0	(600)	(600)	(600)	68	668
NET CHANGE IN FUND BALANCES	0	0	0	0	0	(600)	(600)	(600)	68	668
FUND BALANCES, BEGINNING OF YEAR	0	0	128,368	128,368	128,368	600	600	600	87,003	86,403
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 128,368	\$ 128,368	\$ 128,368	\$ 0	\$ 0	\$ 0	\$ 87,071	\$ 87,071

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, 2008

	SPECIAL REVENUE FUNDS									
	TOPS GRANT					SELF INSURED DENTAL				
	BUDGETED AMOUNTS	FINAL	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS	FINAL	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)		
REVENUES										
INTERGOVERNMENTAL REVENUE	\$ 240,000	\$ 406,664	\$ 406,692	\$ 28	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
MISCELLANEOUS REVENUES	0	0	0	0	3,650	3,650	520	(3,130)		
TOTAL REVENUES	240,000	406,664	406,692	28	3,650	3,650	520	(3,130)		
EXPENDITURES										
CURRENT										
GENERAL GOVERNMENT	0	0	0	0	31,000	31,000	42,632	(11,632)		
TRANSPORTATION	0	0	27	(27)	0	0	0	0		
CAPITAL OUTLAY	240,000	490,152	406,665	83,487	0	0	0	0		
TOTAL EXPENDITURES	240,000	490,152	406,692	83,460	31,000	31,000	42,632	(11,632)		
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	(83,488)	0	83,488	(27,350)	(27,350)	(42,112)	(14,762)		
OTHER FINANCING SOURCES (USES)										
TRANSFERS IN	0	0	0	0	30,002	41,752	34,264	(7,488)		
TRANSFERS OUT	0	0	(574)	(574)	0	0	0	0		
TOTAL OTHER FINANCING SOURCES (USES)	0	0	(574)	(574)	30,002	41,752	34,264	(7,488)		
NET CHANGE IN FUND BALANCES	0	(83,488)	(574)	82,914	2,652	14,402	(7,848)	(22,250)		
FUND BALANCES, BEGINNING OF YEAR	0	83,488	574	(82,914)	(2,652)	(14,402)	7,848	22,250		
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 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, 2008

	CAPITAL PROJECT FUNDS							
	MCKETHAN PARK			PUBLIC FACILITIES R&M				
	BUDGETED AMOUNTS	FINAL	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS	FINAL	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES								
CHARGES FOR SERVICES	\$ 28,465	\$ 28,465	\$ 29,137	\$ 672	\$ 0	\$ 0	\$ 0	\$ 0
MISCELLANEOUS REVENUES	3,000	3,000	977	(2,023)	1,000	1,000	472	(528)
TOTAL REVENUES	31,465	31,465	30,114	(1,351)	1,000	1,000	472	(528)
EXPENDITURES								
CURRENT								
CULTURE & RECREATION	0	11,610	12,270	(660)	0	0	0	0
CAPITAL OUTLAY	38,000	38,000	1,153	36,847	0	0	0	0
TOTAL EXPENDITURES	38,000	49,610	13,423	36,187	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,535)	(18,145)	16,691	34,836	1,000	1,000	472	(528)
OTHER FINANCING SOURCES								
TRANSFERS IN	0	0	31	(31)	0	0	0	0
TOTAL OTHER FINANCING SOURCES	0	0	31	(31)	0	0	0	0
NET CHANGE IN FUND BALANCES	(6,535)	(18,145)	16,722	34,867	1,000	1,000	472	(528)
FUND BALANCES, BEGINNING OF YEAR	6,535	18,145	62,651	44,506	(1,000)	(1,000)	19,643	20,643
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 79,373	\$ 79,373	\$ 0	\$ 0	\$ 20,115	\$ 20,115

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, 2008

	CAPITAL PROJECT FUNDS			
	MULTI-YEAR CAPITAL PROJECT ACCUMULATION			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	FINAL	AMOUNTS	FINAL BUDGET	
	ORIGINAL	FINAL	AMOUNTS	POSITIVE
				(NEGATIVE)
REVENUES				
MISCELLANEOUS REVENUES	\$ 3,500	\$ 3,500	\$ 1,364	\$ (2,136)
TOTAL REVENUES	3,500	3,500	1,364	(2,136)
EXPENDITURES				
CURRENT				
TRANSPORTATION	118,076	118,076	94,183	23,893
TOTAL EXPENDITURES	118,076	118,076	94,183	23,893
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(114,576)	(114,576)	(92,819)	21,757
NET CHANGE IN FUND BALANCES	(114,576)	(114,576)	(92,819)	21,757
FUND BALANCES, BEGINNING OF YEAR	114,576	114,576	114,756	180
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 21,937	\$ 21,937

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, 2008

	CAPITAL PROJECT FUNDS									
	CAPITAL IMPROVEMENT REVENUE BOND FUND					CAPITAL IMPROVEMENT BOND AND INTEREST SINKING FUND				
	BUDGETED AMOUNTS		ACTUAL AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES										
INTERGOVERNMENTAL REVENUES	\$ 34,000	\$ 34,000	\$ 32,470	\$ (1,530)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
MISCELLANEOUS REVENUES	0	0	171	171	0	0	0	(168)	(168)	(168)
TOTAL REVENUES	34,000	34,000	32,641	(1,359)	0	0	0	(168)	(168)	(168)
EXPENDITURES										
DEBT SERVICE										
PRINCIPAL	0	0	0	0	0	15,800	10,000	5,800	5,800	5,800
INTEREST AND FISCAL CHARGES	10,676	10,676	0	10,676	0	10,676	10,676	0	0	0
TOTAL EXPENDITURES	10,676	10,676	0	10,676	0	26,476	20,676	5,800	5,800	5,800
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	23,324	23,324	32,641	9,317	0	(26,476)	(20,844)	5,632	5,632	5,632
OTHER FINANCING SOURCES (USES)										
TRANSFERS IN	0	0	0	0	0	30,000	32,858	2,858	2,858	2,858
TRANSFERS OUT	(23,324)	(53,324)	(32,858)	(20,466)	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	(23,324)	(53,324)	(32,858)	(20,466)	0	30,000	32,858	2,858	2,858	2,858
NET CHANGE IN FUND BALANCES	0	(30,000)	(217)	29,783	0	3,524	12,014	8,490	8,490	8,490
FUND BALANCES, BEGINNING OF YEAR	0	30,000	14,468	(15,532)	0	(3,524)	10,084	13,608	13,608	13,608
FUND BALANCES, END OF YEAR	0	0	14,251	14,251	0	0	22,098	22,098	22,098	22,098

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, 2008

	PERMANENT FUND			
	CEMETERY PERPETUAL CARE			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET	
			POSITIVE	(NEGATIVE)
REVENUES				
MISCELLANEOUS REVENUES	\$ 10,650	\$ 10,650	\$ 3,407	\$ (7,243)
TOTAL REVENUES	10,650	10,650	3,407	(7,243)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	10,650	10,650	3,407	(7,243)
OTHER FINANCING SOURCES				
TRANSFERS IN	10,000	10,000	10,000	0
TOTAL OTHER FINANCING SOURCES	10,000	10,000	10,000	0
NET CHANGE IN FUND BALANCES	20,650	20,650	13,407	(7,243)
FUND BALANCES, BEGINNING OF YEAR	(20,650)	(20,650)	292,843	313,493
FUND BALANCES, END OF YEAR	\$ 0	\$ 0	\$ 306,250	\$ 306,250

CITY OF BROOKSVILLE, FLORIDA  
 STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUND - VEHICLE MAINTENANCE  
 SEPTEMBER 30, 2008

ASSETS	
CURRENT ASSETS	
POOLED CASH AND INVESTMENTS	1,258,913
INVENTORIES	3,202
PREPAID ITEMS	2,564
TOTAL CURRENT ASSETS	<u>1,264,679</u>
NON-CURRENT ASSETS	
CAPITAL ASSETS, NET	
MACHINERY & EQUIPMENT	254,317
CONSTRUCTION IN PROGRESS	37,722
TOTAL CAPITAL ASSETS, NET	<u>292,039</u>
TOTAL ASSETS	<u>\$ 1,556,718</u>
LIABILITIES AND FUND EQUITY	
CURRENT LIABILITIES	
ACCOUNTS PAYABLE	6,548
ACCRUED WAGES PAYABLE	962
ACCRUED PAYROLL LIABILITIES	200
OTHER CURRENT LIABILITIES	439
TOTAL CURRENT LIABILITIES	<u>8,149</u>
NON-CURRENT LIABILITIES	
ACCRUED COMPENSATED ABSENCES	2,129
TOTAL LIABILITIES	<u>10,278</u>
NET ASSETS	
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	292,039
UNRESTRICTED	<u>1,254,401</u>
TOTAL NET ASSETS	<u>1,546,440</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,556,718</u>

CITY OF BROOKSVILLE, FLORIDA  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUND - VEHICLE MAINTENANCE  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

OPERATING REVENUE	
CHARGES FOR SERVICES	\$ 169,477
MISCELLANEOUS REVENUES	(5,556)
TOTAL OPERATING REVENUES	<u>163,921</u>
OPERATING EXPENSES	
PERSONAL SERVICES	132,994
OTHER SERVICES & CHARGES	34,935
DEPRECIATION	81,710
TOTAL OPERATING EXPENSES	<u>249,639</u>
OPERATING INCOME (LOSS)	<u>(85,718)</u>
NONOPERATING REVENUES (EXPENSES)	
INTEREST EARNINGS	31,108
TOTAL NONOPERATING REVENUES	<u>31,108</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(54,610)</u>
TRANSFERS IN (OUT)	
TRANSFERS IN	147,041
TRANSFERS OUT	(750)
TOTAL TRANSFERS IN (OUT)	<u>146,291</u>
CHANGE IN NET ASSETS	91,681
NET ASSETS, BEGINNING OF YEAR	<u>1,454,759</u>
NET ASSETS, END OF YEAR	<u>\$ 1,546,440</u>

CITY OF BROOKSVILLE, FLORIDA  
STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUND - VEHICLE MAINTENANCE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
RECEIPTS FROM CUSTOMERS	\$ 169,477
PAYMENTS TO SUPPLIERS	(72,332)
PAYMENTS TO EMPLOYEES	(97,947)
OTHER RECEIPTS (PAYMENTS)	(5,556)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(6,358)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
TRANSFERS FROM OTHER FUNDS	147,041
TRANSFERS TO OTHER FUNDS	(750)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>146,291</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
PURCHASES OF MACHINERY & EQUIPMENT	(98,402)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(98,402)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
RECEIPT OF INTEREST AND DIVIDENDS	31,108
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>31,108</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	72,639
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,186,274</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,258,913</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
OPERATING INCOME (LOSS)	\$ (85,718)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
DEPRECIATION EXPENSE	81,710
(INCREASE) DECREASE IN INVENTORIES	(2,977)
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	5,069
ACCRUED WAGES PAYABLE	221
ACCRUED PAYROLL LIABILITIES	(36)
OTHER CURRENT LIABILITIES	(430)
ACCRUED COMPENSATED ABSENCES	(4,197)
TOTAL ADJUSTMENTS	<u>79,360</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (6,358)</u>

CITY OF BROOKSVILLE, FLORIDA  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 SEPTEMBER 30, 2008

	<u>PRIVATE PURPOSE TRUST FUNDS</u>				<u>PENSION TRUST FUNDS</u>				
	TOTAL				TOTAL				
	BUTTERWECK	DONOR	PRIVATE	FIREMAN'S	POLICE	PENSION	TRUST	FUNDS	
	BOND	MEMORIAL	PURPOSE	RETIREMENT	RETIREMENT	TRUST	TRUST	FUNDS	
	FUND	WALL FUND	TRUST FUNDS	FUND	FUND	FUND	FUND	FUNDS	
ASSETS									
POOLED CASH	\$ 0	\$ 0	0	\$ 143,298	\$ 284,472	\$ 427,770			
INVESTMENT IN DEBT SECURITIES	2,162	7,133	9,295	1,514,525	861,877	2,376,402			
INVESTMENT IN MARKETABLE EQUITY SECURITIES	0	0	0	2,073,727	1,258,223	3,331,950			
ACCOUNTS RECEIVABLE	0	0	0	23,331	9,856	33,187			
TOTAL ASSETS	<u>\$ 2,162</u>	<u>\$ 7,133</u>	<u>\$ 9,295</u>	<u>\$ 3,754,881</u>	<u>\$ 2,414,428</u>	<u>\$ 6,169,309</u>			
LIABILITIES AND FUND BALANCE									
NET ASSETS	2,162	7,133	9,295	3,754,881	2,414,428	6,169,309			
HELD IN TRUST FOR RETIREMENT AND OTHER PURPOSES									
TOTAL NET ASSETS	<u>\$ 2,162</u>	<u>\$ 7,133</u>	<u>\$ 9,295</u>	<u>\$ 3,754,881</u>	<u>\$ 2,414,428</u>	<u>\$ 6,169,309</u>			

CITY OF BROOKSVILLE, FLORIDA  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 SEPTEMBER 30, 2008

	AGENCY FUND		TOTAL AGENCY FUNDS
ASSETS	PAYROLL ACCOUNT	\$ 26,044 \$	26,044
POOLED CASH AND INVESTMENTS			
TOTAL ASSETS		\$ 26,044 \$	<u>26,044</u>

LIABILITIES AND FUND BALANCE				
LIABILITIES				
ACCOUNTS PAYABLE	\$ 4,108 \$		4,108	
OTHER CURRENT LIABILITIES	21,936		<u>21,936</u>	
TOTAL LIABILITIES		\$ 26,044 \$	<u>26,044</u>	

CITY OF BROOKSVILLE, FLORIDA  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	BUTTERWRECK BOND FUND	DONOR MEMORIAL WALL FUND	TOTAL PRIVATE TRUST FUNDS		FIREMAN'S RETIREMENT	POLICE RETIREMENT	TOTAL PENSION TRUST FUNDS
ADDITIONS							
CONTRIBUTIONS							
EMPLOYER	\$ 0	\$ 0	\$ 0	\$ 165,510	\$ 0	\$ 0	165,510
PLAN MEMBERS	0	0	0	23,631	7,798		31,429
OTHER	0	0	0	138,718	189,765		328,483
TOTAL CONTRIBUTIONS	0	0	0	327,859	197,563		525,422
INVESTMENT EARNINGS							
NET INCREASE (DECREASE) IN FAIR VALUE	(31)	(101)	(132)	(748,835)	(482,411)		(1,231,246)
GAIN (LOSS) ON SALE OF INVESTMENTS	0	0	0	133,376	122,747		256,123
INTEREST/DIVIDENDS	64	210	274	132,267	74,436		206,703
TOTAL INVESTMENT EARNINGS	33	109	142	(483,192)	(285,228)		(768,420)
MISCELLANEOUS REVENUES	0	0	0	(208)	634		426
TOTAL ADDITIONS	33	109	142	(155,541)	(87,031)		(242,572)
DEDUCTIONS							
BENEFIT PAYMENTS	0	0	0	278,891	1,663		280,554
ADMINISTRATIVE EXPENSES	0	0	0	53,167	40,277		93,444
TRANSFERS OUT	0	0	0	0	0		0
TOTAL DEDUCTIONS	0	0	0	332,058	41,940		373,998
CHANGE IN NET ASSETS	33	109	142	(487,599)	(128,971)		(616,570)
NET ASSETS, BEGINNING OF YEAR	2,129	7,024	9,153	4,242,480	2,543,399		6,785,879
NET ASSETS, END OF YEAR	2,162	7,133	9,295	3,754,881	2,414,428		6,169,309

CITY OF BROOKSVILLE, FLORIDA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

GRANTOR PASS-THROUGH GRANTOR PROGRAM/PROJECT TITLE	CONTRACT #	CFDA/ CSFA #	AWARD AMOUNT	LOCAL MATCH	GRANT FUNDS EXPENDED	LOCAL MATCH EXPENDED
<b>FEDERAL AWARDS</b>						
U.S. Department of Justice Bureau of Justice Assistance						
Edward Byrne Justice Assistance Grant Program *	2005-DJ-BX-1485	16.738	\$ 12,029	\$ -	\$ 1,595	\$ -
Regain Our Neighborhood (RON)	2007-JAGC-HERN-1-P3-090	16.738	13,464	-	2,898	-
Drug Abuse Resistance Education (DARE)	2007-JAGC-HERN-2-P3-008	16.738	2,286	-	311	-
Law Enforcement Technology Enhancement	2008-JAGC-HERN-1-Q9-233	16.738	4,000	-	4,000	-
Digital Patrolter	2008-JAGD-HERN-1-Q0-106	16.738	5,668	-	5,668	-
Total U.S. Department of Justice			37,447	-	14,472	-
U.S. Department of Agriculture City Hall/Water and Sewer Generator & City Hall/Fire Station Window Retrofit		10.766	286,000	-	171,634	-
Federal Emergency Management Agency Tropical Storm Fay - Fire and Police Emergency Measures	08-PA-C2-05-37-13-503	97.036	2,707	-	2,707	-
Total Federal Awards			\$ 326,154	\$ -	\$ 186,813	\$ -

CITY OF BROOKSVILLE, FLORIDA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

GRANTOR PASS-THROUGH GRANTOR PROGRAM/PROJECT TITLE	CONTRACT #	CFDA/ CSFA #	AWARD AMOUNT	LOCAL MATCH	GRANT FUNDS EXPENDED	LOCAL MATCH EXPENDED
<b>STATE FINANCIAL ASSISTANCE</b>						
Florida Department of Transportation Transportation Outreach Program (TOPS)*	AMB27	55.022	\$ 1,279,479	\$ 299,479	\$ 406,692	\$ -
Department of Environmental Protection Statewide Surface Water Restoration & Wastewater Projects *	LP0503, LP6006	37.039	4,050,000	-	56,743	-
Total State Financial Assistance			\$ 5,329,479	\$ 299,479	\$ 463,435	\$ -

**NOTES**

\* - Denotes a Reimbursable Grant.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
SEPTEMBER 30, 2008**

**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, 2008.

**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 B to the City's basic financial statements for the year ended September 30, 2008.

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

City Council  
City of Brooksville, Florida

We have audited 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, 2008, and have issued our report thereon dated March 26, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. (08-1). A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

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

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

OLIVER & JOSEPH, P.A.

  
March 26, 2009

**CITY OF BROOKSVILLE, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

**Section I – Summary of Auditors’ Results**

**Financial Statements**

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

**CITY OF BROOKSVILLE, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

**Section II – Financial Statement Findings**

**08-1**

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

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

**Resolution of Prior Year Findings**

**07-2**

Auditor noted that cash was not deposited with paying agent at least one business day prior to the date established for payment of any principal or redemption price or interest on the bonds. Per bond covenants, the issuer shall withdraw from the Sinking Fund sufficient moneys to pay such principal or redemption price or interest and deposit such moneys with the paying agent for the bonds to be paid.

The City has implemented processing procedures to ensure that amounts are deposited with paying agents on a timely basis. The auditor noted no instances during the fiscal year ended September 30, 2008.

**07-3**

Auditor noted per bond covenants that City did not establish upon issuance of bonds a separate special fund to be known as the "City of Brooksville Capital Improvement Revenue Bonds, Series 2006 Bond and Interest Sinking Fund". Per requirements, the City covenant and agreed to establish the fund to be used exclusively by the City to pay all interest and principal on the bonds as they come due.

The City has implemented policies to ensure that all covenants are addressed during issuance of any new debt and that bond requirements are reviewed on a periodic basis for continued compliance. The auditor noted no instances during the fiscal year ended September 30, 2008.

**07-4**

Auditor noted that the City's \$8.6 million contribution of donated sewer lines as initially recorded in fixed assets on the balance sheet was overstated by approximately \$193,000. The auditor requested an entry to reduce the amount of the contribution to final engineering reports. The auditor noted final engineering reports were received prior to the start of the audit; however this information was not forwarded to appropriate personnel in the finance department to ensure that proper adjustment was made.

The City has implemented policies and procedures to ensure that all contributions from donors are recorded accurately. The auditor noted no instances during the fiscal year ended September 30, 2008.

**INDEPENDENT AUDITORS' MANAGEMENT LETTER**

Honorable Council Members  
Brooksville, Florida

We have audited the financial statements of the City of Brooksville, Florida, as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated March 26, 2009.

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; We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 26, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information.

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

**Prior Year Audit Findings and Recommendations**

In conjunction with our audit of the City's financial statements for the year ended September 30, 2007, we commented on a number of audit findings and recommendations relating to the City's accounting system and internal controls. Recommendations for all but one finding have been resolved to our satisfaction. The finding is repeated as item 08-1 in the Schedule of Findings and Questioned Costs.

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal control. In connection with our audit, we did not have such recommendations.

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 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, requires, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. 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 discussed in the notes to the financial statements.

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

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, 2008, 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, 2008. In connection with our audit, we determined that these two reports were in agreement.

Section 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

The management letter is intended solely for the information of the City of Brooksville and 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 & JOSEPH, P.A.

  
March 26, 2009



March 19, 2009

Mr. David W. Martin, CPA  
Auditor General  
State of Florida  
Claude Denson Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Re: Financial Audit of the City of Brooksville, Florida for the Audit Period: Fiscal Year Ended  
September 30, 2008

Dear Mr. Martin:

The financial statements of the City of Brooksville for the fiscal year ended September 30, 2008, have been audited by the City's independent auditing firm of Certified Public Accountants (Oliver & Joseph, P.A.). The financial statements, auditor's reports and management letter are completed and will be made available to the city officials and the public on March 31, 2009. In compliance with their audit tasking, Oliver & Joseph, P.A. have reported to you and to other concerned parties what they consider being reportable conditions or material weaknesses in the internal control structure, accounting methods and systems, etc. of the City of Brooksville, along with management comments made to the City.

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

Financial Statement Finding 08-1.

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

Corrective action plan: With respect to establishing a centralized accounts payable system, additional staff would have to be hired in order to accomplish this recommendation. Approvals and coding are done by the various departments. The process is decentralized, but does work effectively. We believe we are recording our liabilities in the appropriate periods and invoices are paid by their due dates with rare exceptions unrelated to decentralized processing. However,

March 19, 2009

Mr. David W. Martin, CPA, Auditor General State of Florida  
Financial Audit of the City of Brooksville, FY 2008

we concur that the Auditors' recommendation are valid. Our new Microix software is being implemented beginning in January 2009. Microix provides electronic Purchase Orders and requisitions. Plus management can enforce specific requirements to reduce errors. The requests are approved through a multi-level approval process and then are automatically converted to a Purchase Order and transferred to the City financial accounting system as an un-posted encumbrance or Accounts Payable transaction. The new software will increase efficiency and decrease unnecessary paperwork.

Completion Date: City will consider recommendations of Auditors.

Mr. Martin, I hope this letter has addressed the needs and concerns related to the auditor's findings and recommendations and the audit of the City of Brooksville's financial statements for the fiscal year ended September 30, 2008. Should you have any questions or suggestions, please feel free to contact me at (352) 544-3810, extension 37408.

Sincerely,



Stephen J Baumgartner  
Finance Director

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

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