

**CITY OF BROOKSVILLE, FLORIDA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2016**

**CITY OF BROOKSVILLE, FLORIDA  
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## **INTRODUCTORY SECTION**

**CITY OF BROOKSVILLE, FLORIDA  
GOVERNMENTAL OFFICIALS  
YEAR ENDED SEPTEMBER 30, 2016**

**CITY COUNCIL**

<b>MAYOR</b>	NATALIE KAHLER
<b>VICE MAYOR</b>	ROBERT BATTISTA
<b>COUNCIL MEMBER</b>	FRANKIE BURNETT
<b>COUNCIL MEMBER</b>	BETTY ERHARD
<b>COUNCIL MEMBER</b>	WILLIAM KEMERER

**CITY MANAGER**

T. JENNENE NORMAN-VACHA

**FINANCE DIRECTOR**

TANNETTE GAYLE

**ASSISTANT FINANCE DIRECTOR**

JIM DELACH

**CITY CLERK**

VIRGINIA WRIGHT

**CITY ATTORNEY**

THE HOGAN LAW FIRM

## **FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

City Council  
City of Brooksville, Florida  
Brooksville, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brooksville, Florida, (the "City") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2016, and the respective changes in net position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

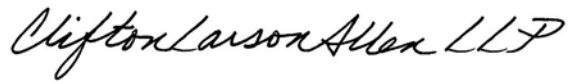
### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining and individual fund statements and schedules and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters.

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



**CliftonLarsonAllen LLP**

Lakeland, Florida  
April 20, 2017

**CITY OF BROOKSVILLE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

The City of Brooksville's (the "City") management discussion and analysis is intended to provide a narrative introduction to the basic financial statements and an analytical overview of the City's financial activities for the fiscal year ending September 30, 2016.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City of Brooksville exceeded its liabilities and deferred inflows of resources at September 30, 2016 by \$43,514,140 (net position) and decreased (\$537,394).
- As of September 30, 2016, the City of Brooksville's governmental funds reported combining ending fund balances of \$5,561,353 which increased \$123,900 from the previous fiscal year.
- General Fund expenditures and transfers out came in under final budget projections by \$231,730. General Fund expenditures excluding transfers out are up from September 30, 2015 by \$145,052. The major differences are that wages and benefit cost increased.
- Utility Fund cash and cash equivalents decreased from \$5,438,606 at the beginning of the fiscal year to \$5,362,523 at the end of the fiscal year.
- The cash and cash equivalents for the Sanitation Fund increased from \$674,715 at the beginning of the fiscal year to \$951,428 at the end of the fiscal year.

**CITY HIGHLIGHTS**

- The City adopted a special fire assessment for the fiscal year 2012/2013 budget year. The revenue from the assessment for the year ending September 30, 2016 is \$611,674. The Fire Department Fund was created and moved from the General Fund in 2013. The City's Fire Department is funded via the special assessment and a transfer from General Fund.
- The City's past annexations envisioned substantial growth; and with the world-wide economic crisis behind us, we see growth in our future. Southern Hills Plantation has plans for 1,163 residences in a gated golf community. In 2009, Hampton Ridge Developers (developer for Southern Hills Plantation) filed for bankruptcy reorganization. On October 25, 2010 Hampton Ridge Developers sold the Southern Hills Development to Greenpointe Communities, LLC and subsidiaries. The sale included the golf club, the amenity center, the platted lots not owned by private individuals, and the undeveloped parcels outside of the Southern Hills Plantation development.
- In fiscal year 2016 eight (8) single family residential permits were issued in the Southern Hills Plantation subdivision. The value of the new homes totaled \$3,434,896.
- Cascades at Southern Hills retirement development had plans to build out to 925 units. On November 9, 2007 Levitt & Sons Hernando County, LLC filed Chapter 11 Bankruptcy. Levitt & Sons were developing Cascades at Southern Hills. On October 31, 2009 this property was purchased by a development company with corporate names listed as CASHP1, 2 & 3LLC's. There were no single family home permits issued in the Cascades during October 1, 2015 through September 30, 2016.
- One (1) additional new single family residential permits were issued for locations in the City outside of the Southern Hills/Cascade subdivisions adding \$150,000 of property value for fiscal year 2016.

**CITY OF BROOKSVILLE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

**CITY HIGHLIGHTS (CONTINUED)**

- Total single family residential units added to the City in fiscal year 2016 were nine (9) units at a value of \$3,584,896.
- In fiscal year 2016 total commercial permit activity (new and remodels) was \$6,805,320. The major new and remodel projects completed were WAWA, Blair Hensley, Merritt Funeral Home, Candlelight, Hernando County, Bar Codes, Taco Bell, Papa Johns, Total Renal Care, Dr. Bishay Properties, Urgent Care, McDonalds, Pasco Kids 1<sup>st</sup>, Sonic Car Wash, Buckner Parking lot expansion, Mid Florida, Grace/truth , Dryden Place, Nat Cst Primary Care and Care ATC.

**USING THIS ANNUAL REPORT**

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

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, in a manner similar to private-sector statements. The focus is on governmental activities and business-type activities.

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

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

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

**CITY OF BROOKSVILLE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

**Government-Wide Financial Statements (Continued)**

The government-wide financial statements include the City of Brooksville (the primary government) and the blended component unit, Brooksville Community Redevelopment Agency. The City formed the Brooksville Fire District, but the District was dissolved in 2012.

The government-wide financial statements can be found on pages 18-19 of this report.

**Fund financial statements**

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

The City maintains multiple funds; however certain funds are combined for presentation purpose as presented in these financial statements. Information is presented separately in the Balance Sheet and in the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Brooksville Community Redevelopment Agency, the Fire Department Fund, the Traffic Camera Fund, the Utility Fund, and the Sanitation Fund, which are considered to be major funds. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in this report, immediately following the notes to the financial statements.

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

**Governmental funds**

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

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

The basic governmental fund financial statements can be found on pages 20-23 of this report.

**CITY OF BROOKSVILLE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

**Proprietary funds**

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

The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on pages 24-28 of this report.

**Fiduciary funds**

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

The basic fiduciary fund financial statements can be found on pages 29-30 of this report.

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes can be found on pages 31-87 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 99-129 of this report. The schedule of changes in net pension liability and related ratios, investment returns, and contributions of the pension trust funds can be found on pages 88-98 of this report.

**ECONOMIC FACTORS**

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

**CITY OF BROOKSVILLE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

**ECONOMIC FACTORS (CONTINUED)**

The annual estimates for the population of Brooksville were identified as being 7,952 which was used in the fiscal year 2015-2016 State Revenue Sharing calculations. The City of Brooksville's Community Development Department estimates that the City will experience growth in population of 16.8% over the next 10 years. This estimate is based on the 2010 U.S. Census, and the growth rate applied by the Southwest Florida Water Management District to 2011 community data sheet projections and the growth in the last decade within the City.

Although, the official data from the Hernando County Property Appraisers for 2016 is not yet available it is expected that the City's taxable values may increase. In the 2016 Tax Year the current year gross taxable value is \$400,496,222. In the 2015 Tax Year the current year gross taxable values for operating purposes were \$383,231,221. This is an increase in taxable values of \$17,267,001 and a 4.5% increase in values in one year. In 2008, the final gross taxable values were \$568,431,915 (the highest in the City's history); this is a decline of \$167,935,693 from 2008 to 2016 and over a 29.5% loss in values in that period. At the 2016 millage rate of 6.6425 mills, the decline of \$167,935,693 represents a decrease in annual Ad Valorem revenues of approximately \$1,059,737 (at 95%) in the span from the high in 2008 to 2016. This has been a challenge for many Florida cities as their property values drop.

Approximately nine years ago, the City increased in size from approximately 5 square miles to approximately 10.68 square miles through voluntary annexations. These annexations increased the acreage of taxable property within City boundaries. The City is also helping improve the taxable property base by encouraging high quality development and redevelopment. Both of these measures should increase the City's future revenue streams that will assist economically for decades to come. The recent economic downturn has impacted the timing of the future revenue streams, however we believe in several years the economic cycle will improve and growth at a sustainable rate will begin again. Nationally franchised retail chains are noticing Brooksville's changing demographics and have moved to the area. To assist in promoting business, the City Council repealed the City Occupational Business License Tax in 2008 and maintaining a low millage of 6.6962 mills.

The list of national retailers who are in the City includes Wal-Mart, Sears Outlet, Lowe's Home Improvement, Tractor Supply, Applebee's, Dunkin Donuts and Baskin Robbins, McDonalds, Wendy's, Popeye's, CVS, Beef O'Brady's, Publix, Winn Dixie and Walgreen's. Countless other established retailers and small local businesses continue to do business in our City.

**CITY OF BROOKSVILLE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

Project Name	Acreage	Land Use	Units	Comments/Status
GGW, LLC/BTM, LLC	75	Single Family Residential	131 Units proposed	Annexed. Land use and zoning approved
Brooksville Associates Wiscon Rd.	41.165	Townhouses	156 Units proposed	Zoning, Master Plan approved
Hometown America (Cloverleaf)	19	Manufactured Housing	Up to 68 lots	Rezoning, Master Plan approved and preliminary plat approved
State Road 50 West	N/A	Anticipated commercial development along SR 50 corridor	Expected growth due to Brooksville Regional Hospital	City providing supporting water and sewer on SR50
Innovators Investment Group	7.71	Commercial & Professional Development	Undetermined at present time	Land use, zoning & CPA approved
Malouf Enterprises- Horse Lake Rd.	25	Commercial PDP	Beef O'Brady's and undetermined additional commercial units	Commercial PDP approved; Beef O'Brady's has opened and other shops have opened and occupy the commercial center
Metro Bay Development (Old Hospital site redevelopment)	11	Residential & Commercial	75 units and with an additional 95 units built in 2012	Approved master plan/plat. Adult living units completed; commercial plan abandoned and 95 additional residential units were built within the previously planned commercial space
Southern Hills Plantation	1,189	Residential w/associated Recreational and commercial uses	1,163 residences proposed in gated golf course community; 240,000 sq. feet retail/office	Annexed May 2003; infrastructure is complete in Phase 1 & 2. Nearing completion in Phase 3 and 3A-1. Chapter 11 on 6/10/09. Purchased by Greenpointe October 2010. Infrastructure for approved phases being completed by City with bond proceeds in 2012. Housing infill is now occurring.
The Cascades	414	Residential	925 residences proposed in a age-restricted (senior) gated community	Annexed. Phase I infrastructure compl. in 2011. Filed Chapter 11 Bankruptcy in November 2007. Property assumed by Key Bank. Key Bank sold property to CASHP1,2,&3 LLC's. Housing infill is occurring in Phase 1 area.
Majestic Oaks	428	Residential, Multi-family, Commercial and recreational	900 residences proposed	Annexed, CPA approved 2/12/07. Zoning approved 6/18/08.
Brooksville Country Club North and of Majesty Oaks	168	Residential Units and Townhouse Units	53 SRF 80 MFR units proposed	Annexed. CPA approved 2/12/07. Zoning approved 6/18/08.
Southern Pines	31	Multi-family residential	240 Condominiums proposed	Annexed March 2004, partial first phase constructed. Developer filed bankruptcy and has since deceased. Property was taken over by lenders, but is now owned by a developer entity (Homes by Deltona of Central Florida LLC) who is marketing/selling the existing units.
Southern Pines (Phase 2)	9	Multi-family residential	64 Condominiums proposed	Developer filed bankruptcy and has since deceased. Property was taken over by lenders, but is now owned by a developer entity (Homes by Deltona of Central Florida LLC). This area includes stormwater infrastructure for both phases.
Brook Haven Apartments	16	Multi-family residential with amenities	160 units	Project completed in 2006
SeaGate	77	Residential PDP	Vacant-proposed office with Multi-Family and Single Family	Annexed 1/3/11
Freedom Gardens	10.2	Residential PDP	96 units plus an amenity center	7.5 million dollar project under construction and should be complete by the fall of 2017.
Cornerstone Communities	9.7	Commercial; greater than 100,000 sq. feet.	Proposed Commercial PDP	Annexed 3/15/11; CPA 3/15/10



**CITY OF BROOKSVILLE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

**THE CITY AS A WHOLE**

The City's combined net position as of September 30, 2016 was \$43,514,140. Table 1 below reflects the condensed Statement of Net Position for the last two years.

The largest portion of the City's net position (80.7%) are its investment in capital assets such as land, buildings, and machinery and equipment, less the outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens; consequently these assets are not available for future spending. It is also important to recognize that other resources will be required to repay the outstanding debt on capital assets.

Restricted net position, representing (19.4%) of total net position, are based on Government Accounting Standards Board Statement No. 54 for Governmental Activities. The restricted for business-type activities is external restrictions on how the funds may be used.

<b>City of Brooksville Net Position</b>						
<b>Table 1</b>	Governmental Activities		Business-Type Activities		Primary Government	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 7,330,170	\$ 7,827,820	\$ 7,865,273	\$ 7,466,029	\$ 15,195,443	\$ 15,293,849
Capital Assets, net of deprec.	12,780,150	12,493,063	35,356,451	36,799,846	48,136,601	49,292,909
Total Assets	20,110,320	20,320,883	43,221,724	44,265,875	63,332,044	64,586,758
Defererd Outflows of Resources	1,813,621	1,082,107	392,790	156,966	2,206,411	1,239,073
Long-Term Liabilities	7,472,215	6,519,942	11,566,196	11,830,045	19,038,411	18,349,987
Other Liabilities	969,934	1,155,663	1,350,283	1,365,093	2,320,217	2,520,756
Total Liabilities	8,442,149	7,675,605	12,916,479	13,195,138	21,358,628	20,870,743
Defererd Inflows of Resources	638,424	771,687	27,263	131,867	665,687	903,554
Net Position:						
Net Investment in Capital Assets	9,803,085	9,256,954	25,319,621	26,140,267	35,122,706	35,397,221
Restricted	3,902,929	3,327,397	4,552,196	5,021,233	8,455,125	8,348,630
Unrestricted	(862,646)	371,347	798,955	(65,664)	(63,691)	305,683
Total Net Position	\$ 12,843,368	\$ 12,955,698	\$ 30,670,772	\$ 31,095,836	\$ 43,514,140	\$ 44,051,534

Table 2 below is the condensed change in net position for the fiscal year ended September 30, 2016. This schedule compares the revenues and expenses for the primary government for the current and previous fiscal years.

Table 2 shows us the cost of governmental expense activities this fiscal year was \$9,894,109 going up 7.44% from last year. The City's total governmental activities revenues increased \$568,628 due to the charges for services. Table 2 shows the cost of Business-type expense activities was \$5,206,965 (increase of 2.3% over last year). The Business-type accounts revenues increased from 2015 to 2016 by \$235,722. Business-type charges for services increased by 4.8%.

**CITY OF BROOKSVILLE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

**THE CITY AS A WHOLE (CONTINUED)**

On Table 2, the total primary government expenses were \$15,101,074. There was an increase from the previous year by \$802,611. Total primary government revenues were up by \$804,350. Taxes and state shared revenues brought in to the City totaled \$5,587,869.

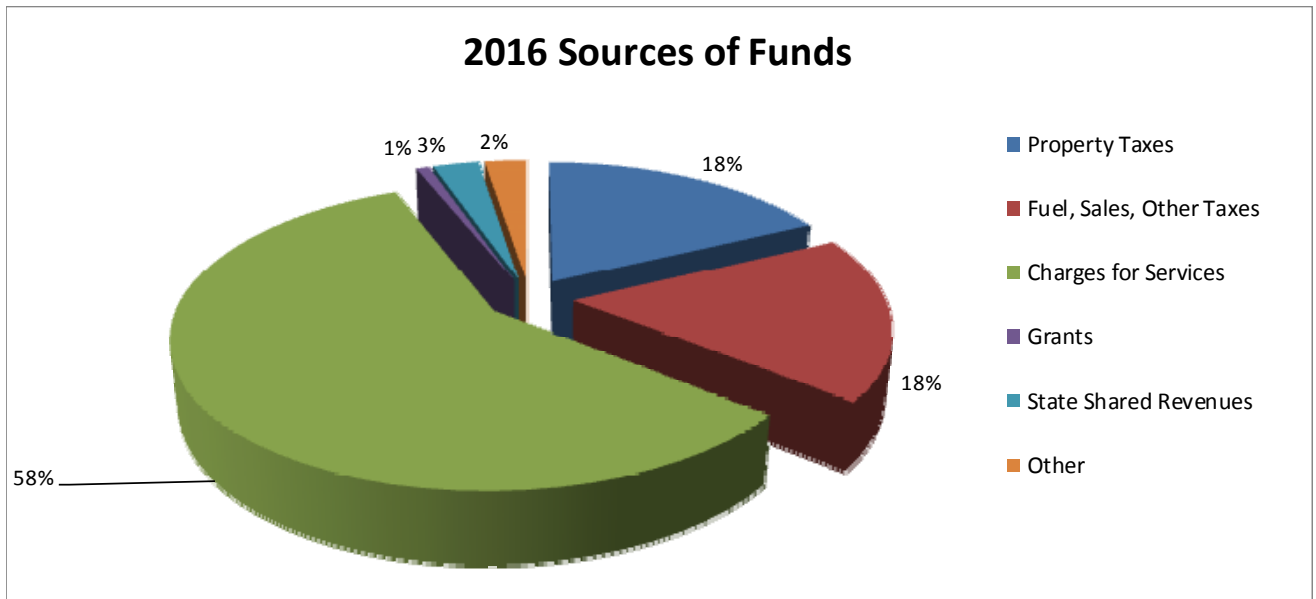
**City of Brooksville, Florida's Change in Net Position**

<b>Table 2</b>	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Charges for Services	\$ 3,027,583	\$ 2,494,144	\$ 5,464,020	\$ 5,212,186	\$ 8,491,603	\$ 7,706,330
Operating Grants and Contributions	82,227	203,444	8,430	-	90,657	203,444
Capital Grants and Contributions	24,323	27,604	-	-	24,323	27,604
Property Taxes	2,589,529	2,523,053	-	-	2,589,529	2,523,053
Fuel Taxes	340,643	273,880	-	-	340,643	273,880
Sales Taxes	421,308	418,683	-	-	421,308	418,683
Other Taxes	1,829,640	1,832,149	-	-	1,829,640	1,832,149
State Shared Revenues	406,749	406,145	-	-	406,749	406,145
Investment Earning	41,853	43,357	43,574	24,874	85,427	68,231
Miscellaneous	219,512	228,732	26,873	30,668	246,385	259,400
Legal Settlement	-	-	-	39,447	-	39,447
Sale of Capital Assets	37,416	964	-	-	37,416	964
Interfund Transfers	760,996	760,996	(760,996)	(760,996)	-	-
Total Revenues	<u>9,781,779</u>	<u>9,213,151</u>	<u>4,781,901</u>	<u>4,546,179</u>	<u>14,563,680</u>	<u>13,759,330</u>
Expenses						
General Government	2,022,575	1,777,589	-	-	2,022,575	1,777,589
Public Safety	5,896,303	5,537,554	-	-	5,896,303	5,537,554
Physical Environment	255,692	219,239	-	-	255,692	219,239
Transportation	698,033	621,798	-	-	698,033	621,798
Culture and Recreation	922,062	917,115	-	-	922,062	917,115
Interest on long-term debt	99,444	135,697	-	-	99,444	135,697
Utility Fund	-	-	4,066,478	3,927,513	4,066,478	3,927,513
Sanitation Fund	-	-	1,140,487	1,161,958	1,140,487	1,161,958
Total Expenses	<u>9,894,109</u>	<u>9,208,992</u>	<u>5,206,965</u>	<u>5,089,471</u>	<u>15,101,074</u>	<u>14,298,463</u>
Change in Net Position	(112,330)	4,159	(425,064)	(543,292)	(537,394)	(539,133)
Net Position, Beginning of Year, as Previously Reported	12,955,698	14,789,398	31,095,836	31,832,425	44,051,534	46,621,823
Prior Period Adjustment	-	(1,837,859)	-	(193,297)	-	(2,031,156)
Net Position, Beginning of Year, as Restated	<u>12,955,698</u>	<u>12,951,539</u>	<u>31,095,836</u>	<u>31,639,128</u>	<u>44,051,534</u>	<u>44,590,667</u>
Net Position, End of Year	<u>\$ 12,843,368</u>	<u>\$ 12,955,698</u>	<u>\$ 30,670,772</u>	<u>\$ 31,095,836</u>	<u>\$ 43,514,140</u>	<u>\$ 44,051,534</u>

**CITY OF BROOKSVILLE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

**THE CITY AS A WHOLE (CONTINUED)**

The pie chart below shows the 2016 Sources of Funds Government-wide with the data obtained from Table 2 above. Charges for Services provide 58% of our Revenues. Property taxes provide 18% and Fuel, Sales, and Other Taxes provide 18%. State Shared Revenues and miscellaneous provide 5%. Grants this year provided 1% of the City's revenues. The dependence on revenues, such as sales and use taxes and state revenue sharing limits the City's ability to change or improve revenue streams as part of managing resources. A bright spot is the long economic downturn appears to be over and in the future our property values will likely rise giving us higher ad valorem tax revenues.



**The City's Funds**

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

**Governmental Funds**

Governmental funds are comprised of the general fund, special revenue funds, debt service funds, permanent funds and capital projects funds. Governmental funds use the current financial resources measurement focus that provides information on the near-term inflows, outflows and balances of spendable resources. See page 20 which begins the governmental funds detail.

There are four major funds in the governmental fund group. The four major funds are the General Fund, Brooksville Community Redevelopment Agency, Traffic Camera Fund and Fire Department Fund. To determine a major fund, GASB 34 requires a two-step process based on 10% and 5% criteria. The General Fund is the chief operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund. At the end of the fiscal year, the fund balance of the General Fund was \$1,005,389. The fund balance decreased from the previous year in the amount of \$379,542.

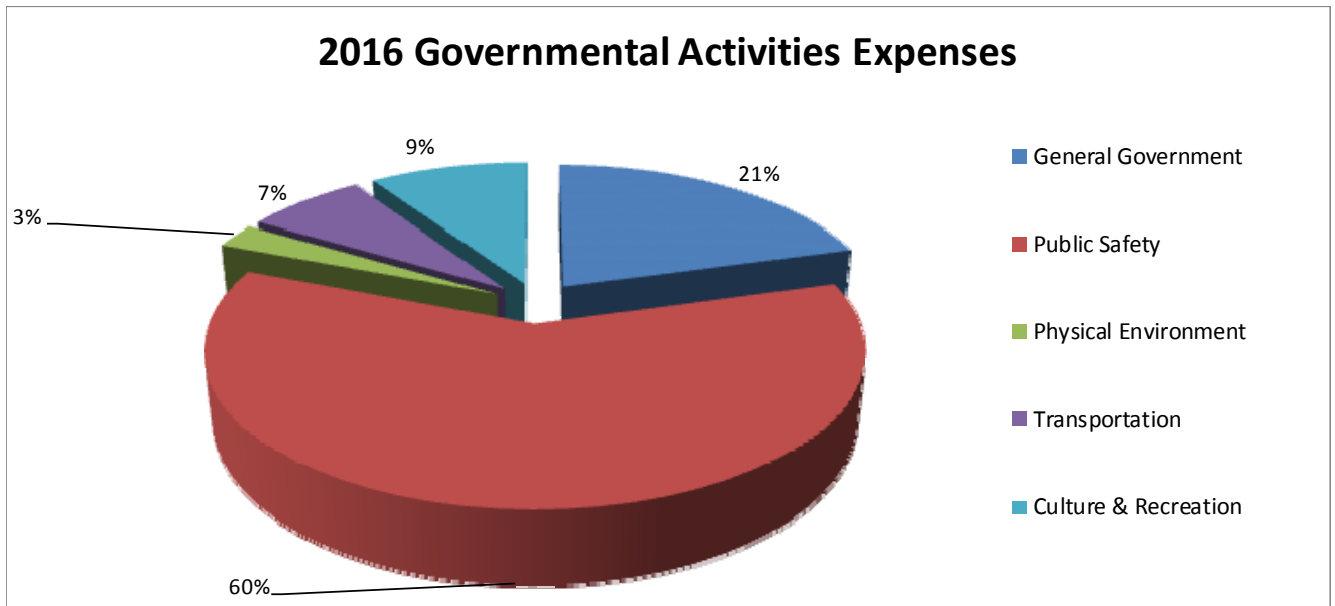
**CITY OF BROOKSVILLE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

**Governmental Funds (Continued)**

The Brooksville Community Redevelopment Agency (CRA) is considered a major fund based on Section 163.387(8) F.S. In meeting the statutory requirements, the CRA Fund must be treated as a major fund. The Brooksville CRA fund balance was \$560,950 at September 30, 2016.

The non-major governmental fund balances consist of Special Revenue Funds of \$2,595,627, Capital Projects Funds of \$293,428, Debt Service Funds of \$90,356 and a Permanent Fund of \$396,010. The non-major Government Funds had a year-end fund balance of \$3,375,421. Together the City had approximately \$5.56 million in fund balance reserves as opposed to \$5.44 million in the previous year.

The pie chart below indicates the percentage of dollars spent on governmental activities. Public Safety makes up 60% of the City's governmental activities. General Government is 21% of the total governmental activities. General government includes City Manager's Office, Finance, Human Resources, Community Development, and Technology Services. Transportation are 7% and Culture and Recreation activities are 9%. Physical Environment is 3%. The information is obtained from Table 2 on page 12.



**Proprietary Funds**

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

The Utility Fund represents the City's water and sewer utility. The Fund experienced a negative change in net position of \$667,586. Current assets increased by \$400,257 from the previous fiscal year. Total liabilities decreased by \$470,461 from the previous fiscal year. Charges for services increased \$221,747 from the previous year. Operating expenses increased by \$149,230 from the previous year due to an increase in personal services and depreciation.

**CITY OF BROOKSVILLE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

**Proprietary Funds (Continued)**

The Sanitation Fund sustained a positive change in net position of \$61,849.

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

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

<b>VEHICLE REPLACEMENT RESERVES</b>	
Administration and Finance	\$ 83,552
Police	141,579
Fire	103,363
Streets	34,449
Parks	66,076
Cemetery	13,842
Community Development	22,074
General Fund Total	464,935
Utility Fund	179,543
Sanitation Fund	797,023
Proprietary Funds Total	976,566
Grand Total	\$ 1,441,501

**Capital Assets**

The City's capital assets (net of accumulated depreciation) as of September 30, 2016 reflect an investment of \$48,136,601 on Statement of Net Position. Please refer to Note 5 beginning on page 50 to review detail of the Capital Asset activity for the fiscal year ended September 30, 2016. In compliance with GASB #34, the City reports infrastructure assets, such as roads and bridges.

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

- The City's Vehicle Replacement Fund capitalized three Public Work's vehicles costing \$100,446.
- The Equipment Replacement Fund capitalized \$15,000 for two 2015 Gravely Pro Turn 148 Riding Lawn Mower for the Parks Department.
- Other General Fund project that was capitalized is repaving of JBCC parking lot \$9,000.
- Fund 308 Multi-Year Project Accumulation capitalized Moon Light Lane Storm Water Project at a cost of approximately \$25,000.

**CITY OF BROOKSVILLE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

**Capital Assets (Continued)**

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

**Long-term Debt**

The City purchased a new ladder truck for the fire department on November 10, 2005. SunTrust Bank issued the loan for \$633,659. The balance on the loan as of September 30, 2016 is \$247,404 interest rate of 4.23% maturing May 10, 2021. See Note 6 page 52 for further details.

The City obtained a \$258,800 (at 4.125%) Capital Improvement Revenue Bond in November 2006 with a maturity of 30 years. The loan was financed through USDA and included a grant portion of \$286,000. The loan/grant was utilized to purchase emergency generators and retrofit the City Hall and Police Department windows. Refer to Note 6 beginning on page 52. The balance as of September 30, 2016 is \$150,000. Mobile Home licenses are the assigned collateral for this USDA Bond Payable.

The City borrowed through SunTrust \$3,333,022 on May 20, 2011. The Note Payable is entitled City of Brooksville, Florida Capital Improvement Revenue Note, Series 2011 and Financing Energy Performance Projects. The Note Payable interest rate is at 4.136% maturing October 2026 with quarterly payments. The debt will fund energy conservation projects. The City has a Guaranteed Energy Savings Agreement with Energy Systems Group approved on April 28, 2011. The total debt at September 30, 2016 is \$2,527,261. This agreement guarantees that the debt service will be offset by the energy savings. See Note 6 beginning on page 52.

In 2011, the Utility Fund borrowed two loan payables via the State Revolving Fund to the State of Florida Department of Environmental Protection. Both are semiannual payments and are due February 15, 2031. The total debt at September 30, 2016 is \$806,508 at 2.3%. The project associated with the debt was sewer rehabilitation with a combination of grant/loan proceeds. See Note 6 page 52.

In 2013, the City Council approved the issuance of the 2013 SunTrust Water and Sewer Refunding Revenue Bond in the amount of \$9,510,366 for the Utility Fund. The loan has an interest rate of 2.442% and will mature on October 1, 2027. The total debt at September 30, 2016 is \$7,750,055.

This action refunds the following two Revenue Bonds and Hancock Bank loan:

- The 1999 Water and Sewer Revenue Bond have a principal balance due of \$5,492,000 which was due in 2039. The bonds carry interest rates of 3.25%. The funds were used for the construction of the Cobb Road Wastewater Treatment Plant and transmission lines.

**CITY OF BROOKSVILLE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

**Long-term Debt (Continued)**

- In November 2002, the City issued \$6,610,000 in Water and Sewer Revenue Refunding Bonds to refund outstanding 1988A and 1992 Series bonds. As a result of the refunding, the City reduced their debt service requirements by \$1,257,216. The bonds carry interest rates varying from 2.50% to 4.60%.
- The Hancock Bank City of Brooksville, Florida Subordinated Water and Sewer Revenue Notes in the amount of \$1,558,656 were issued July 23, 2008. The loan had quarterly installments with 3.49% interest rate which would have matured in August 15, 2018. This loan financed certain improvements to the City-owned water and sewer system primarily along the State Road 50 West corridor. The Hancock Note paid out a SunTrust line of credit that was utilized during the construction phase from 2005 thru 2008.

**Performance Measured Against Expectations (Budget)**

General Fund revenues were under budget by \$856,783. The major difference was balances being carried forward were budgeted for as a revenue source. General Fund expenditures were under budget by \$227,625 (excluding transfers out).

**2016 Millage Rate**

The State of Florida under s. 200.185, F.S, required that the City adopt a tax levy permitted under the law. If the City adopted a tax levy that exceeds the maximum tax levy, s. 200.185, F.S. requires that the municipality will lose their half-cent sales tax distribution. By majority vote, the tax authority could levy a maximum millage equal to their rolled-back rate adjusted for the change in per capita Florida personal income (1.0196% for 2015). The City of Brooksville's maximum rate by majority vote was 12.3494 mills (exceeds the 10 mill cap). A two-thirds vote maximum millage allowed by law exceed was 13.8505 mills which exceeds the maximum millage allowed of 10 mills. The City of Brooksville complied with the requirements and did not lose their half-cent sales tax distribution. In 2016, the City adopted the millage rate of 6.6439. The current year rolled-back rate was 6.6439 which was the same as the adopted rate. The rolled-back rate is a tax rate the county property appraiser determines is necessary to give a governmental agency the same amount of property tax dollars it received during the previous budget year.

The 2016 millage rate of 6.6439 was 5.6055 mills lower than required by the State of Florida with a majority vote.

**Acknowledgements**

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

**Requests for Information**

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

**CITY OF BROOKSVILLE, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Pooled Cash and Investments	\$ 6,119,107	\$ 1,344,382	\$ 7,463,489
Accounts Receivable, Net	229,033	820,666	1,049,699
Internal Balances	(584,235)	584,235	-
Due from Other Governments	329,145	8,430	337,575
Inventories	5,170	135,783	140,953
Prepaid Items	263,762	2,208	265,970
Restricted Assets:			
Cash and Investments	532,460	4,969,569	5,502,029
Net Pension Asset	435,728	-	435,728
Capital Assets not being Depreciated	3,852,500	1,904,697	5,757,197
Capital Assets Net of Accumulated Depreciation	8,927,650	33,451,754	42,379,404
Total Assets	<u>20,110,320</u>	<u>43,221,724</u>	<u>63,332,044</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related Items	1,813,621	392,790	2,206,411
Total Deferred Outflows of Resources	<u>1,813,621</u>	<u>392,790</u>	<u>2,206,411</u>
<b>LIABILITIES</b>			
Accounts Payable	269,856	157,607	427,463
Accrued Interest Payable	4,263	97,498	101,761
Accrued Wages Payable	35,946	10,072	46,018
Deposits	65,097	417,708	482,805
Other Current Liabilities	220,899	4,684	225,583
Unearned Revenue	6,195	-	6,195
Non-Current Liabilities:			
Due Within One Year:			
Accrued Compensated Absences	110,897	23,925	134,822
Notes Payable	249,781	47,448	297,229
Revenue Bonds Payable	7,000	591,341	598,341
Due in More Than One Year:			
Accrued Compensated Absences	135,578	24,020	159,598
Notes Payable	2,524,884	759,060	3,283,944
Revenue Bonds Payable	143,000	7,158,714	7,301,714
Net Pension Liability	3,435,409	1,023,807	4,459,216
Other Long-Term Liabilities	1,233,344	2,600,595	3,833,939
Total Liabilities	<u>8,442,149</u>	<u>12,916,479</u>	<u>21,358,628</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Related Items	638,424	27,263	665,687
Total Deferred Inflows of Resources	<u>638,424</u>	<u>27,263</u>	<u>665,687</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	9,803,085	25,319,621	35,122,706
Restricted:			
Restricted - Business-Type Activities	-	4,552,196	4,552,196
Restricted - Governmental Activities	3,657,721	-	3,657,721
Nonexpendable	245,208	-	245,208
Unrestricted	(862,646)	798,955	(63,691)
Total Net Position	<u>\$ 12,843,368</u>	<u>\$ 30,670,772</u>	<u>\$ 43,514,140</u>

See accompanying Notes to Financial Statements.



**CITY OF BROOKSVILLE, FLORIDA  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2016**

Functional/Program Activities	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Governmental Activities:</b>							
Primary Government							
General Government	\$ 2,022,575	\$ 178,954	\$ -	\$ -	\$ (1,843,621)	\$ -	\$ (1,843,621)
Public Safety	5,896,303	2,651,455	82,227	24,323	(3,138,298)	-	(3,138,298)
Physical Environment	255,692	-	-	-	(255,692)	-	(255,692)
Transportation	698,033	77,654	-	-	(620,379)	-	(620,379)
Culture and Recreation	922,062	119,520	-	-	(802,542)	-	(802,542)
Debt Service							
Interest on Long-Term Debt	99,444	-	-	-	(99,444)	-	(99,444)
Total Governmental Activities	9,894,109	3,027,583	82,227	24,323	(6,759,976)	-	(6,759,976)
<b>Business-Type Activities:</b>							
Utility	4,066,478	4,080,874	-	-	-	14,396	14,396
Sanitation	1,140,487	1,383,146	8,430	-	-	251,089	251,089
Total Business-Type Activities	5,206,965	5,464,020	8,430	-	-	265,485	265,485
Total Primary Government	\$ 15,101,074	\$ 8,491,603	\$ 90,657	\$ 24,323	(6,759,976)	265,485	(6,494,491)
<b>General Revenues:</b>							
Taxes							
Property Taxes					2,589,529	-	2,589,529
Utility Taxes					1,172,838	-	1,172,838
Fuel Taxes					340,643	-	340,643
Franchise Taxes					649,277	-	649,277
Sales Taxes					421,308	-	421,308
Other Taxes					7,525	-	7,525
State Shared Revenue					406,749	-	406,749
Investment Earnings					41,853	43,574	85,427
Miscellaneous					219,512	26,873	246,385
Gain (Loss) on Sale of Capital Assets					37,416	-	37,416
Transfers, Net					760,996	(760,996)	-
Total General Revenues and Transfers					6,647,646	(690,549)	5,957,097
Change in Net Position					(112,330)	(425,064)	(537,394)
Net Position, Beginning of Year					12,955,698	31,095,836	44,051,534
Net Position, End of Year					\$ 12,843,368	\$ 30,670,772	\$ 43,514,140

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2016**

	Major Funds					
	City of Brooksville				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Community Redevelopment Agency	Traffic Camera Fund	Fire Department Fund		
<b>ASSETS</b>						
Pooled Cash and Investments	\$ 727,155	\$ 560,950	\$ 219,944	\$ 176,447	\$ 2,970,935	\$ 4,655,431
Restricted Pool Cash and Investments	-	-	-	-	532,460	532,460
Accounts Receivable	218,651	-	9,599	-	783	229,033
Due from Other Funds	52,008	-	-	-	17,811	69,819
Advance to Other Funds	83,608	-	-	-	-	83,608
Due from Other Governments	162,742	-	13,321	8,709	144,373	329,145
Inventories	2,247	-	-	-	-	2,247
Prepaid Items	19,220	-	-	219,831	-	239,051
	<u>1,265,631</u>	<u>560,950</u>	<u>242,864</u>	<u>404,987</u>	<u>3,666,362</u>	<u>6,140,794</u>
Total Assets	<u>\$ 1,265,631</u>	<u>\$ 560,950</u>	<u>\$ 242,864</u>	<u>\$ 404,987</u>	<u>\$ 3,666,362</u>	<u>\$ 6,140,794</u>
<b>LIABILITIES AND FUND BALANCE</b>						
Liabilities:						
Accounts Payable	\$ 146,599	\$ -	\$ 3,044	\$ 14,609	\$ 66,517	\$ 230,769
Accrued Wages Payable	25,989	-	-	6,344	3,128	35,461
Unearned Revenue	-	-	-	-	6,195	6,195
Due to Other Funds	17,811	-	-	-	52,008	69,819
Deposits	65,097	-	-	-	-	65,097
Other Current Liabilities	4,746	-	-	4,261	163,093	172,100
Total Liabilities	<u>260,242</u>	<u>-</u>	<u>3,044</u>	<u>25,214</u>	<u>290,941</u>	<u>579,441</u>
<b>FUND BALANCE</b>						
Nonspendable:						
Permanent Funds	-	-	-	-	245,208	245,208
Inventories	2,247	-	-	-	-	2,247
Prepaid Items	19,220	-	-	-	-	19,220
Note Receivable	67,500	-	-	-	-	67,500
Advance to Other Funds	83,608	-	-	-	-	83,608
Restricted:						
Special Revenue Funds	-	560,950	-	379,773	2,563,973	3,504,696
Capital Project Funds	-	-	-	-	62,669	62,669
Debt Service Funds	-	-	-	-	90,356	90,356
Committed:						
Special Revenue Funds	-	-	239,820	-	30,507	270,327
Assigned:						
Special Revenue Funds	-	-	-	-	1,147	1,147
Capital Project Funds	-	-	-	-	230,759	230,759
Permanent Funds	-	-	-	-	150,802	150,802
Unassigned	832,814	-	-	-	-	832,814
Total Fund Balance	<u>1,005,389</u>	<u>560,950</u>	<u>239,820</u>	<u>379,773</u>	<u>3,375,421</u>	<u>5,561,353</u>
Total Liabilities and Fund Balance	<u>\$ 1,265,631</u>	<u>\$ 560,950</u>	<u>\$ 242,864</u>	<u>\$ 404,987</u>	<u>\$ 3,666,362</u>	<u>\$ 6,140,794</u>

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016**

**Fund Balances - Total Governmental Funds** \$ 5,561,353

Amounts reported for governmental activities in statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.

Governmental Capital Assets	18,704,724	
Less: Accumulated Depreciation	<u>(6,893,104)</u>	11,811,620

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

Net Pension Liability	(3,435,409)	
Net Pension Asset	435,728	
Deferred Outflows of Resources - Pension Related	1,813,621	
Deferred Inflows of Resources - Pension Related	<u>(638,424)</u>	(1,824,484)

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

Accrued Compensated Absences	(242,614)	
Capital Lease	(52,959)	
Notes Payable	(2,774,665)	
Bond Payable	(150,000)	
Other Long-Term Liabilities	<u>(1,233,344)</u>	(4,453,582)

Internal service funds are used by management to charge the costs of certain activities to the individual funds.

Assets and liabilities of the internal service funds that are reported in the governmental activities portion of the statement of net position.		2,416,304
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Operating income of the internal service funds is allocated between governmental activities and business-type activities. Internal service fund operating income allocated to business-type activities.		<u>(667,843)</u>
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**Net Position of Governmental Activities** **\$ 12,843,368**

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2016**

	Major Funds					Total Governmental Funds
	General Fund	City of Brooksville Community Redevelopment Agency	Traffic Camera Fund	Fire Department Fund	Nonmajor Governmental Funds	
<b>REVENUES</b>						
Taxes	\$ 3,666,296	\$ 96,071	\$ -	\$ 611,674	\$ 340,643	\$ 4,714,684
Licenses and Permits	867,832	-	-	-	212,345	1,080,177
Intergovernmental Revenue	838,705	-	652	1,710	98,672	939,739
Charges for Services	213,905	-	-	9,222	-	223,127
Fines and Forfeits	100,326	-	1,593,761	-	64,455	1,758,542
Net Investment Earnings	13,838	260	-	-	16,913	31,011
Miscellaneous Revenues	178,778	-	13,170	-	41,260	233,208
Total Revenues	<u>5,879,680</u>	<u>96,331</u>	<u>1,607,583</u>	<u>622,606</u>	<u>774,288</u>	<u>8,980,488</u>
<b>EXPENDITURES</b>						
Current:						
General Government	1,961,782	-	-	-	16	1,961,798
Culture and Recreation	725,663	-	-	-	10,016	735,679
Public Safety	2,509,797	-	1,326,880	1,549,765	63,473	5,449,915
Physical Environment	143,992	29,265	-	-	-	173,257
Transportation	154,304	-	-	-	457,936	612,240
Debt Service:						
Principal	42,676	-	-	45,290	201,354	289,320
Interest	-	-	-	11,707	87,737	99,444
Aids to Private Organizations	-	19,604	-	-	-	19,604
Capital Outlay	52,337	9,100	-	-	646,460	707,897
Total Expenditures	<u>5,590,551</u>	<u>57,969</u>	<u>1,326,880</u>	<u>1,606,762</u>	<u>1,466,992</u>	<u>10,049,154</u>
Excess (Deficiency) of Revenues Over Expenditures	289,129	38,362	280,703	(984,156)	(692,704)	(1,068,666)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from Capital Lease	30,829	-	-	-	-	30,829
Transfers In	611,101	-	-	1,261,126	984,437	2,856,664
Transfers Out	(1,310,601)	-	(44,623)	-	(339,703)	(1,694,927)
Total Other Financing Sources (Uses)	<u>(668,671)</u>	<u>-</u>	<u>(44,623)</u>	<u>1,261,126</u>	<u>644,734</u>	<u>1,192,566</u>
<b>NET CHANGE IN FUND BALANCES</b>	(379,542)	38,362	236,080	276,970	(47,970)	123,900
Fund Balances, Beginning of Year	<u>1,384,931</u>	<u>522,588</u>	<u>3,740</u>	<u>102,803</u>	<u>3,423,391</u>	<u>5,437,453</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 1,005,389</u>	<u>\$ 560,950</u>	<u>\$ 239,820</u>	<u>\$ 379,773</u>	<u>\$ 3,375,421</u>	<u>\$ 5,561,353</u>

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2016**

**Net Changes in Fund Balances - Total Governmental Funds** \$ 123,900

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	\$ 707,897	
Less: Current Year Depreciation	<u>(636,430)</u>	71,467

Repayment of principal is an expenditure in the governmental funds, however the repayment reduces long-term liabilities in the statement of net assets. 246,644

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. The amounts below represent the change in these accounts.

Accrued Compensated Absences	(11,194)	
Capital Lease	11,845	
Pension Expense	(54,857)	
Other Long-Term Liabilities	<u>(354,362)</u>	(408,568)

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. (145,773)

**Change in Net Position of Governmental Activities** \$ (112,330)

**CITY OF BROOKSVILLE, FLORIDA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2016**

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Utility Fund	Sanitation Fund	Total	
<b>ASSETS</b>				
Current Assets:				
Pooled Cash and Investments	\$ 392,954	\$ 951,428	\$ 1,344,382	\$ 1,463,676
Accounts Receivable, Net	820,666	-	820,666	-
Due from Other Governments	-	8,430	8,430	-
Inventories	135,783	-	135,783	2,923
Prepaid Items	2,208	-	2,208	24,711
Total Current Assets	1,351,611	959,858	2,311,469	1,491,310
Non-Current Assets:				
Restricted Assets:				
Cash and Investments	4,969,569	-	4,969,569	-
Capital Assets, Net:				
Land	1,148,912	47,020	1,195,932	-
Construction In Progress	708,765	-	708,765	-
Building	155,383	317,288	472,671	-
Improvement Other than Building	53,122,419	57,040	53,179,459	-
Machinery and Equipment	2,087,060	1,670,944	3,758,004	2,292,402
	57,222,539	2,092,292	59,314,831	2,292,402
Less: Accumulated Depreciation	22,706,907	1,251,473	23,958,380	1,323,872
Net Capital Assets	34,515,632	840,819	35,356,451	968,530
Total Non-Current Assets	39,485,201	840,819	40,326,020	968,530
Total Assets	\$ 40,836,812	\$ 1,800,677	\$ 42,637,489	\$ 2,459,840
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Related Items	301,531	91,259	392,790	-
Total Deferred Outflows of Resources	301,531	91,259	392,790	-

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA  
STATEMENT OF NET POSITION (CONTINUED)  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2016**

	<u>Business-Type Activities</u>			Governmental Activities - Internal Service Fund
	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>	
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 95,988	\$ 61,619	\$ 157,607	\$ 39,087
Accrued Interest Payable	97,498	-	97,498	-
Accrued Wages Payable	7,513	2,559	10,072	485
Deposits	417,708	-	417,708	-
Accrued Compensated Absences - Current	17,465	6,460	23,925	1,690
Note Payable - Due within One Year	47,448	-	47,448	-
Bond Payable - Due within One Year	591,341	-	591,341	-
Other Current Liabilities	4,223	461	4,684	103
Total Current Liabilities	<u>1,279,184</u>	<u>71,099</u>	<u>1,350,283</u>	<u>41,365</u>
Non-Current Liabilities:				
Accrued Compensated Absences	14,552	9,468	24,020	2,171
Advance from Other Funds	83,608	-	83,608	-
Notes Payable	759,060	-	759,060	-
Bond Payable	7,158,714	-	7,158,714	-
Net Pension Liability	830,115	193,692	1,023,807	-
Other Long-Term Liabilities	2,600,595	-	2,600,595	-
Total Non-Current Liabilities	<u>11,446,644</u>	<u>203,160</u>	<u>11,649,804</u>	<u>2,171</u>
Total Liabilities	12,725,828	274,259	13,000,087	43,536
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension Related Items	21,776	5,487	27,263	-
Total Deferred Inflows of Resources	<u>21,776</u>	<u>5,487</u>	<u>27,263</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	24,478,802	840,819	25,319,621	968,530
Restricted	4,552,196	-	4,552,196	-
Unrestricted (Deficit)	<u>(640,259)</u>	<u>771,371</u>	<u>131,112</u>	<u>1,447,774</u>
Total Net Position	<u>\$ 28,390,739</u>	<u>\$ 1,612,190</u>	30,002,929	<u>\$ 2,416,304</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			<u>667,843</u>	
Net Position of Business-Type Activities			<u>\$ 30,670,772</u>	

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2016**

	<u>Business-Type Activities</u>			Governmental Activities - Internal Service Fund
	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>	
<b>OPERATING REVENUE</b>				
Charges for Services	\$ 4,080,874	\$ 1,383,146	\$ 5,464,020	\$ 1,686,789
Intergovernmental Revenue	-	8,430	8,430	-
Miscellaneous Revenues	23,893	2,980	26,873	114,003
Total Operating Revenues	<u>4,104,767</u>	<u>1,394,556</u>	<u>5,499,323</u>	<u>1,800,792</u>
<b>OPERATING EXPENSES</b>				
Personal Services	1,068,331	372,511	1,440,842	1,220,003
Other Services and Charges	1,270,418	714,370	1,984,788	32,322
Depreciation and Amortization	1,591,705	157,449	1,749,154	153,124
Total Operating Expenses	<u>3,930,454</u>	<u>1,244,330</u>	<u>5,174,784</u>	<u>1,405,449</u>
<b>OPERATING INCOME</b>	174,313	150,226	324,539	395,343
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Net Investment Earnings	41,726	1,848	43,574	10,842
Interest Expense	(212,854)	-	(212,854)	-
Gain on Sale of Capital Assets	-	-	-	29,456
Total Nonoperating Revenues (Expenses)	<u>(171,128)</u>	<u>1,848</u>	<u>(169,280)</u>	<u>40,298</u>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	3,185	152,074	155,259	435,641
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Transfers In	11,924	-	11,924	-
Transfers Out	(682,695)	(90,225)	(772,920)	(400,741)
Total Contributions and Transfers	<u>(670,771)</u>	<u>(90,225)</u>	<u>(760,996)</u>	<u>(400,741)</u>
<b>CHANGE IN NET POSITION</b>	(667,586)	61,849	(605,737)	34,900
Net Position, Beginning of Year	<u>29,058,325</u>	<u>1,550,341</u>		<u>2,381,404</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 28,390,739</u>	<u>\$ 1,612,190</u>		<u>\$ 2,416,304</u>
Adjustment to Reflect Consolidation of Internal Service Fund Activities Related to Enterprise Funds.			<u>180,673</u>	
<b>CHANGE IN POSITION OF BUSINESS-TYPE ACTIVITIES</b>			<u>\$ (425,064)</u>	

See accompanying Notes to Financial Statements.



**CITY OF BROOKSVILLE, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2016**

	<u>Business-Type Activities</u>			Governmental Activities - Internal Service Fund
	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 4,100,919	\$ 1,394,556	\$ 5,495,475	\$ 1,800,792
Payments to Employees	(1,018,076)	(674,609)	(1,692,685)	(1,238,261)
Payments to Suppliers	(1,308,929)	(417,055)	(1,725,984)	(110,410)
Net Cash Provided by Operating Activities	<u>1,773,914</u>	<u>302,892</u>	<u>2,076,806</u>	<u>452,121</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from Other Funds	11,924	113,024	124,948	-
Transfers to Other Funds	(795,719)	(90,225)	(885,944)	(400,741)
Advances from Other Funds	(4,400)	-	(4,400)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(788,195)</u>	<u>22,799</u>	<u>(765,396)</u>	<u>(400,741)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital Grants and Contributions	1,135	-	1,135	-
Acquisition and Construction of Capital Assets	(261,866)	(43,893)	(305,759)	(368,745)
Proceeds from Sale of Assets	-	-	-	29,456
Principal Paid on Long Term Debt	(622,749)	-	(622,749)	-
Interest Paid	(220,048)	-	(220,048)	-
Net Cash Used by Capital and Related Financing Activities	<u>(1,103,528)</u>	<u>(43,893)</u>	<u>(1,147,421)</u>	<u>(339,289)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipt of Interest and Dividends	41,726	(5,085)	36,641	10,842
Net Cash Provided by Investing Activities	<u>41,726</u>	<u>(5,085)</u>	<u>36,641</u>	<u>10,842</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(76,083)	276,713	200,630	(277,067)
Cash and Cash Equivalents, Beginning of Year	<u>5,438,606</u>	<u>674,715</u>	<u>6,113,321</u>	<u>1,740,743</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 5,362,523</u>	<u>\$ 951,428</u>	<u>\$ 6,313,951</u>	<u>\$ 1,463,676</u>
<b>CLASSIFIED AS:</b>				
Unrestricted	\$ 392,954	\$ 951,428	\$ 1,344,382	\$ 1,463,676
Restricted	4,969,569	-	4,969,569	-
Total Cash and Cash Equivalents	<u>\$ 5,362,523</u>	<u>\$ 951,428</u>	<u>\$ 6,313,951</u>	<u>\$ 1,463,676</u>

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2016**

	<u>Business-Type Activities</u>			Governmental Activities - Internal Service Fund
	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income	\$ 174,313	\$ 150,226	\$ 324,539	\$ 395,343
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense and Amortization	1,591,705	157,449	1,749,154	153,124
Amortization of Pension Related Items	(260,572)	(79,856)	(340,428)	-
(Increase) Decrease in:				
Accounts Receivable	(10,866)	-	(10,866)	-
Inventories	2,563	-	2,563	(241)
Prepaid Items	(135)	691	556	-
Increase (Decrease) in:				
Accounts Payable	(37,985)	39,868	1,883	(62,503)
Accrued Wages Payable	(18,865)	(5,854)	(24,719)	(1,915)
Other Current Liabilities	(2,954)	(798)	(3,752)	(32,632)
Deposits	7,018	-	7,018	-
Accrued Compensated Absences	(7,639)	(737)	(8,376)	945
Net Pension Liability	337,331	41,903	379,234	-
 Net Cash Provided by Operating Activities	 <u>\$ 1,773,914</u>	 <u>\$ 302,892</u>	 <u>\$ 2,076,806</u>	 <u>\$ 452,121</u>

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA  
STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2016**

	Private Purpose Trust Funds	Pension Trust Funds	Agency Fund
<b>ASSETS</b>			
Cash and Pooled Cash	\$ 1,202	\$ 226,172	\$ 30,896
Investment in Debt Securities	-	4,113,974	-
Investment in Marketable Equity Securities	-	7,139,367	-
Prepaid Expenses	-	32,415	-
Accounts Receivable	-	19,966	-
Total Assets	1,202	11,531,894	30,896
<b>LIABILITIES</b>			
Accounts Payable	-	-	30,896
Total Liabilities	-	-	\$ 30,896
<b>NET POSITION</b>			
Held in Trust for Retirement and Other Purposes	1,202	11,531,894	
Total Net Position	\$ 1,202	\$ 11,531,894	

See accompanying Notes to Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
SEPTEMBER 30, 2016**

	Private Purpose Trust Funds	Pension Trust Funds
	<u>                    </u>	<u>                    </u>
<b>ADDITIONS</b>		
<b>CONTRIBUTIONS</b>		
Employer	\$ -	\$ 746,780
Plan Members	-	36,476
Total Contributions	<u>-</u>	<u>783,256</u>
<b>INVESTMENT EARNINGS</b>		
Net Increase (Decrease) in Fair Value	-	482,801
Gain on Sale of Investments	-	103,567
Interest and Dividends	12	297,547
Total Investment Earnings	<u>12</u>	<u>883,915</u>
<b>MISCELLANEOUS REVENUES</b>	<u>-</u>	<u>2,534</u>
Total Additions	12	1,669,705
<b>DEDUCTIONS</b>		
<b>BENEFIT PAYMENTS</b>	-	885,356
<b>ADMINISTRATIVE EXPENSES</b>	-	129,843
<b>MISCELLANEOUS EXPENSES</b>	<u>1,052</u>	<u>-</u>
Total Deductions	<u>1,052</u>	<u>1,015,199</u>
<b>CHANGE IN NET POSITION</b>	(1,040)	654,506
Net Position, Beginning of Year	<u>2,242</u>	<u>10,877,388</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 1,202</u>	<u>\$ 11,531,894</u>

See accompanying Notes to the Financial Statements.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 1 REPORTING ENTITY**

The City of Brooksville is an incorporated municipality, established in 1880, when the officers of the Town of Brooksville adopted ordinances declaring administrative and criminal laws. In 1931 the legislature of the State of Florida approved the Proposed Home Rule Charter for the City of Brooksville as contained in Chapter 15103 of the 1931 Acts of Florida. This chapter legalized and validated the charter election, which was held in the City on April 21, 1931. The City operates under a City Council-Manager form of government and provides the following municipal services: general administrative, public safety, permitting and zoning, development, public improvements, recreation, water and sewer, and 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 for blending and is reported as a major Special Revenue Fund of the City. The CRA must be treated as a major fund, pursuant to Florida Statutes, Section 163.387(8).

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 1 REPORTING ENTITY (CONTINUED)**

**Brooksville Housing Authority**

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basic Financial Statements - Government-Wide and Fund Financial Statements**

**Government-Wide Financial Statements**

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

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

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

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basic Financial Statements - Government-Wide and Fund Financial Statements  
(Continued)**

**Government-Wide Financial Statements (Continued)**

As a general rule, the effect of interfund balances and transfers has been removed from the government-wide financial statements, except for the residual amounts between governmental and business-type activities reported as “internal balances”, which are eliminated in the total column. These statements distinguish between governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City’s net position resulting from the current year’s activities.

**Fund Financial Statements**

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

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

The City operates the following major governmental funds:

**Government Funds**

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

- The **General Fund** is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **City of Brooksville Community Redevelopment Agency**, a major special revenue fund, accounts for expenditures associated with oversight and implementation of the City’s redevelopment plan and control of the expenditures of tax increment financing funds placed in the City of Brooksville Community Redevelopment Agency.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basic Financial Statements - Government-Wide and Fund Financial Statements  
(Continued)**

**Fund Financial Statements (Continued)**

- The **Traffic Camera Fund**, a major special revenue fund, accounts for the funding of red light cameras and expenditures associated with police protection.
- The **Fire Department Fund**, a major special revenue fund, accounts for the funding of fire protection and related essential services within the City.

**Proprietary Funds**

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

The City reports the following major proprietary funds:

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

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

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

**Fiduciary Funds**

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



**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fiduciary Funds (Continued)

The City reports the following fiduciary funds:

- The **Butterweck Bond Fund**, a private purpose trust fund, accounts for the fiscal activity to maintain Butterweck Crypt at Brooksville Cemetery.
- The **HRA Fund** accounts for the health reimbursement for City of Brooksville employees, retirees and employees families if participating in City medical insurance.
- The **Payroll Account**, an agency fund, accounts for the payroll and related liabilities for City employees.
- The **Fireman's Retirement Fund**, a pension trust fund, accounts for the firefighter's pension benefits, contractual services and investment services.
- The **Police Retirement Fund**, a pension trust fund, accounts for the police pension benefits, contractual services and investment services.

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

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

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

The modified accrual basis of accounting is followed by governmental funds. Under the modified accrual basis of accounting, revenues are recorded when they become measurable and available to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability has been incurred except for (1) principal and interest on long-term debt, which is recorded when due, and (2) the noncurrent portion of accrued vacation and sick leave.

Property taxes, sales taxes and franchise taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, fines and forfeitures, charges for sales and services (other than utility) and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until actually received. In the category of use of money and property, property rentals are recorded as revenue when received in cash, but investment earnings are recorded as earned, since they are measurable and available.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

**Budgets and Budgetary Accounting**

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

1. All funds have legally adopted annual budgets. Prior to the inception of the fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of funding them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to transfer budget amounts within departments; however, any revisions that alter the total expenditures of any department or fund must be approved by the City Council. City policy permits amendments to the budget during the fiscal year and subsequent to year-end.
5. Budgets for the General Fund, Special Revenue Funds and Capital Projects Funds are principally prepared on the modified accrual basis of accounting. Encumbrances, which do not lapse at the end of a fiscal year, are carried over to the next fiscal year.

Upon legislative approval, the expenditure requests in the budget become binding appropriations, which may not legally be exceeded unless subsequently amended by the legislative body.

For the fiscal year ending September 30, 2016, the City over-expended the following funds: traffic camera fund, justice assistance grant fund, and capital improvement loan fund.

**Encumbrance Accounting**

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

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Pooled Cash and Investments**

All of the City's cash and investments, except pension funds and certain bond related investments, are combined in a pooled cash accounting system to allow the investment of idle cash for short periods of time, thereby maximizing interest earnings for the City as a whole. Interest earned on pooled cash is allocated to each fund participating in the pool on a pro-rata basis.

**Allowances For Uncollectibles**

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

**Investments**

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

**Inventories**

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

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

**Prepaid Items**

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

**Capital Assets**

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

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value on date of donation. Capital assets in the proprietary funds are stated at cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

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.

Additionally, City employees accumulate sick leave in varying amounts as services are provided. Effective with the first pay period each October, employees are given the option to convert up to 50% of the unused sick leave earned for the previous 12 months to cash payment based upon the employee's current rate of pay. The remaining balance is accrued for the employee's use. The exception to the 50% sick buy-back is members of the Brooksville Professional Firefighters' Local #4661; the annual 50% sick buy-back payment to the Firefighters' Local members is paid at the option of the City Manager if deemed in the best interest of the City. Upon separation or retirement of employment with the City, the balance of unused sick leave by City employees and the Brooksville Professional Firefighters' Local #4661 are the values as listed in the paragraph below.

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

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

**Governmental Fund Balances**

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

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Fund Balances (Continued)**

The governmental fund types classify fund balance as follows:

Non-spendable fund balance - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

Committed fund balance - amounts that can be used only for the specific purposes determined by a formal action of the City Council, the City's highest level of decision making authority. Commitments may only be removed or changed by the City Council taking the same formal action that imposed the constraint. The commitment action should occur by the end of the fiscal year.

Assigned fund balance - amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. The City Council delegated the City Manager the authority to assign amounts to be used for specific purposes.

Unassigned fund balance - the residual classification for the City's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City has formally adopted a fund balance and spending policy to clearly define the process for tracking the various classifications of fund balance. When a fund expenditure is incurred which restricted, committed, assigned, or unassigned amounts are available to be used, the City will first use restricted amounts, then committed amounts, then assigned amounts, and finally unassigned amounts.

**Stabilization Arrangements**

The City Council established a stabilization amount by formally requiring – in accordance with its Fund Balance Policy – that the City will maintain a minimum unassigned fund balance in its General Fund of 3% of the current year's budgeted expenditures and outgoing transfers. If fund balance falls below the minimum 3%, the City will replenish shortages/deficiencies over a period not to exceed one year using one or the combination of the following:

- The City will reduce recurring expenditures to eliminate any structural deficit
- The City will increase revenues or pursue other funding sources

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Stabilization Arrangements (Continued)**

The City's Fund Balance Policy also states an unassigned fund balance in its General Fund over 20% of the subsequent year's budgeted expenditures and outgoing transfers will be considered a surplus. If fund balance rises above 20%, the City will consider such fund balance surpluses for one-time expenditures that are non-recurring in nature and which will not require additional future expense outlays for maintenance, additional staffing or other recurring expenditures.

**Statement of Cash Flows**

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

**Use of Estimates**

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

**Pensions**

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

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

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows/Inflows of Resources**

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

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

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

**Implementation of New Accounting Standards**

During the year ended September 30, 2016, the City adopted the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. GASB No. 72 improves the accounting and financial reporting related to fair value measurements. This statement clarified the definition of fair value and requires the City to consider other factors in determining the fair value of assets and liabilities and the valuation techniques used, considering such factors as use of acquisition price and exit price. This statement did not impact valuations for the City's assets and liabilities but did impact related disclosures.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 3 CASH AND INVESTMENTS**

**Cash Deposits**

As of September 30, 2016, the City's cash deposits were entirely covered by federal depository insurance or by the banking network provided by Chapter 280 of the Florida Statutes. Florida Statutes provide for collateral pooling by banks and savings and loans, and limit local government deposits to "authorized depositories." Therefore, all cash deposits held by banks can be classified as fully insured. Customer deposits, renewal and replacement and debt retirement funds are shown as restricted cash due to the legal limitations imposed on them. At September 30, 2016, the carrying amount of the City's deposits was \$2,059,958 and the total book balance was \$2,096,477. The City also had \$5,025 cash on hand at September 30, 2016.

**Custodial Risk**

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its deposits and securities that are in the possession of an outside party. Demand deposits are fully insured by the Federal Depository Insurance Corporation and the multiple financial institution collateral pool, required by Sections 280.07 and 280.08, Florida Statutes. To mitigate custodial risk, broker/dealers must meet established capital requirements as set forth by the Securities Exchange Commission, be registered in the State of Florida, provide proof of registration, complete a broker/dealer questionnaire, certify understanding of the City's investment policy, and provide a copy of most recent audit report.

**Investments**

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

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



**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

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

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

Pension trust fund investments are made up primarily of trust company and equity funds (bank common funds). The investments are insured or registered securities that are held by the City or its agent, in the City's name. As of September 30, 2016, pension trust fund investments totaled \$11,253,341.

**Investments in State Investment Pool**

The City invests funds throughout the year with Florida PRIME, an investment pool administered by the State Board of Administration, under the regulatory oversight of the state of Florida. Investments in Florida PRIME are made pursuant to Chapter 125.31, Florida Statutes. The investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Throughout the year and as of September 30, 2016, Florida PRIME contained certain floating and adjustable rate securities which were indexed based on the prime rate and/or one and three-month LIBOR rates. These investments represented 27.6% of Florida PRIME's portfolio at September 30, 2016.

Florida PRIME meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost, as a cash equivalent.

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy limits investments to specified credit ratings for authorized investments. 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.

Investments in Florida PRIME must carry an "AAAm" rating from Standard and Poor's. On September 30, 2016, Standard and Poor's Ratings Services assigned the Florida PRIME an "AAAm" principal stability funding rating.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Credit Risk (Continued)**

The following illustrates the credit quality distribution with credit exposure as a percentage of the City's investment securities.

<u>Investment Type</u>	<u>Credit Ratings</u>	<u>Concentration Risk at Fair Value</u>	<u>Percentage of Total Pooled Investments</u>
LGIP - SBA Florida PRIME	AAAm	\$ 1,499,615	13.50%
LGIP -FMIVT: 0-2 Year High Quality Bond	AAAf/S1	7,481,065	67.32%
LGIP -FMIVT: 1-3 Year High Quality Bond	AAAf/S2	1,464,297	13.18%
LGIP -FMIVT: Intermediate High Quality Bond Fund	AAAf/S3	667,308	6.01%
Total		<u>\$ 11,112,285</u>	<u>100.00%</u>

The police and fire pension funds limit their credit risk by diversifying the investment portfolio so that potential losses on individual securities will be minimized.

The following illustrates the credit quality distribution with credit exposure as a percentage of the police pension fund investment securities.

<u>Investment Type</u>	<u>Credit Ratings</u>	<u>Concentration Risk at Fair Value</u>	<u>Percentage of Total Pooled Investments</u>
Domestic Equity	No Rating	\$ 2,605,442	45.29%
International Equity	No Rating	958,232	16.66%
Real Estate Investment Trust (REIT)	No Rating	234,501	4.08%
Fixed Income Mutual Funds	A	1,289,475	22.42%
Fixed Income Mutual Funds	AA	488,682	8.50%
Fixed Income Mutual Funds	BB	175,978	3.06%
		<u>\$ 5,752,310</u>	<u>100.00%</u>

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Credit Risk (Continued)**

The following illustrates the credit quality distribution with credit exposure as a percentage of the fire pension fund investment securities.

<u>Investment Type</u>	<u>Credit Ratings</u>	<u>Concentration Risk at Fair Value</u>	<u>Percentage of Total Pooled Investments</u>
Fixed Income			
US Government Obligations	AA	\$ 163,062	2.96%
Mortgage/Asset Back Securities	No Rating	26,800	0.49%
Mortgage/Asset Back Securities	AA	529,209	9.62%
Mutual Funds	No Rating	224,017	4.07%
Collateralized MTGE Obligations	AAA	25,346	0.46%
Collateralized MTGE Obligations	AA	28,379	0.52%
Corporate Bonds	AAA	11,609	0.21%
Corporate Bonds	AA	53,563	0.97%
Corporate Bonds	A	408,617	7.43%
Corporate Bonds	BBB	558,867	10.16%
Foreign Bonds NTS	A	60,889	1.11%
Foreign Bonds NTS	BBB	69,480	1.26%
Domestic Equities	No Rating	2,829,959	51.44%
International Equities	No Rating	511,234	9.29%
Total		<u>\$ 5,501,031</u>	<u>100.00%</u>

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributable to the quality of investments in a single user. The City's investment policy requires that investments be diversified by security type and institution. Approximately 87% of the City's investments are in Florida Municipal Investment Trust. Approximately 13% of the City's Investments are in the Local Government Surplus Trust Fund Investment Pools.

To limit this risk, the fire pension fund requires that not more than 65% of the plan's assets may be invested in corporate, common stock and convertible bonds. Investment in real estate must not exceed 10% of the cost value of the fund. In addition, foreign securities shall not exceed 25% of the market value of the Plans' assets.

To limit this risk, the police pension fund has established allocation ranges by asset classed as follows:

<u>Asset Classes</u>	<u>Ranges</u>
Domestic Equity	25 - 45 %
International Equity	15 - 25 %
Real Estate Investment Trust (REIT)	0 - 10 %
Inflation Hedge	0 - 5 %
Fixed Income Mutual Funds	25 - 60 %
Cash Equivalent	0 - 20 %

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk**

To mitigate interest rate risk, the City's investment policy requires that the investment portfolio structure maturities to the City's cash needs for ongoing operations and that operating funds be invested primarily in short-term securities. The City's policy requires that investments have maturities no greater than five years.

The weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2016 was 50 days. Next interest rate reset dates for floating securities are used in the calculation of the WAM. The weighted average life (WAL) of the Florida PRIME at September 30, 2016 was 70 days.

<u>Investment Type</u>	<u>Average Duration</u>	<u>Total Fair Value</u>
LGIP - SBA Florida PRIME	0.14	\$ 1,499,615
LGIP -FMLvT: 0-2 Year High Quality Bond	0.62	7,481,065
LGIP -FMLvT: 1-3 Year High Quality Bond	1.30	1,464,297
LGIP -FMLvT: Intermediate High Quality Bond Fund	2.95	667,308
		<u>\$ 11,112,285</u>

The City's pension trust funds do not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates. The performance of the police and fire pension funds are measured against various nationally recognized benchmarks depending on the category.

The police pension fund maturities are as follows:

	<u>Fixed Income Mutual Funds</u>
One to Five	\$ 664,660
Five to Ten	1,289,475
Total Fair Value	<u>\$ 1,954,135</u>

The fire pension fund maturities are as follows:

	<u>Fixed Income Investments</u>
One to Five	\$ 689,613
Five to Ten	298,018
More than Ten	948,190
Total Fair Value	<u>\$ 1,935,821</u>

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk (Continued)**

A reconciliation of deposits and investments to amounts shown on the statement of net position and statement of fiduciary net position is as follows:

Deposits	\$ 2,096,477
Cash on Hand	5,025
Investments	22,375,627
Total	<u>\$ 24,477,129</u>
Statement of Net Position:	
Cash and investments	\$ 7,463,489
Restricted Cash and Investments	5,502,029
Statement of Fiduciary Net Positions	
Pooled Cash	258,270
Investments	11,253,341
Total Cash and Investments	<u>\$ 24,477,129</u>

**Fair Value Measurements**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has investments in an external investment pool with the Florida Municipal Investment Trust and these are considered to be level 2.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Fair Value Measurements (Continued)**

The following illustrates the fair value of investments of the police pension fund:

	September 30, 2016	Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
Mutual Funds				
Domestic	\$ 2,605,442	\$ 2,605,442	\$ -	\$ -
International	958,232	958,232	-	-
Real Estate Investment Trust	234,501	234,501	-	-
Fixed Income	1,954,135	1,954,135	-	-
Subtotal - Private Equity Funds	5,752,310	5,752,310	-	-
Total Investments by Fair Value Level	\$ 5,752,310	\$ 5,752,310	\$ -	\$ -

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Fair Value Measurements (Continued)**

The following illustrates the fair value of investments of the fire pension fund:

	September 30, 2016	Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
<b>Debt Securities</b>				
U.S. Treasury Securities	\$ 387,079	\$ 224,017	\$ 163,062	\$ -
Commercial Mortgage-Backed Securities	556,009	-	556,009	-
Collateralized Debt Obligations	53,725	-	53,725	-
Corporate Bonds	1,163,025	-	1,163,025	-
Subtotal - Debt Securities	<u>2,159,838</u>	<u>224,017</u>	<u>1,935,821</u>	<u>-</u>
<b>Equity Securities</b>				
Energy	149,545	149,545	-	-
Materials	61,698	61,698	-	-
Industrials	199,354	199,354	-	-
Consumer Discretionary	261,287	261,287	-	-
Consumer Staples	203,289	203,289	-	-
Health Care Industry	300,482	300,482	-	-
Financial Industry	263,789	263,789	-	-
Information Technology	440,186	440,186	-	-
Telecommunication Services	57,650	57,650	-	-
Utilities	67,072	67,072	-	-
Real Estate	63,870	63,870	-	-
Subtotal - Equity Securities	<u>2,068,222</u>	<u>2,068,222</u>	<u>-</u>	<u>-</u>
<b>Private Equity Funds</b>				
Domestic	952,660	952,660	-	-
International	320,312	320,312	-	-
Subtotal - Private Equity Funds	<u>1,272,972</u>	<u>1,272,972</u>	<u>-</u>	<u>-</u>
<b>Total Investments by Fair Value Level</b>	<u>\$ 5,501,032</u>	<u>\$ 3,565,211</u>	<u>\$ 1,935,821</u>	<u>\$ -</u>

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 4 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Due from Other Funds

The balances due from other funds were as follows at September 30, 2016:

General Fund	\$ 52,008
Nonmajor Governmental Funds	17,811
Total	\$ 69,819

Due to Other Funds

The balances due to other funds were as follows at September 30, 2016:

General Fund	\$ 17,811
Nonmajor Governmental Funds	52,008
Total	\$ 69,819

Advance to Other Funds

The balance advanced to other funds was as follows at September 30, 2016:

General Fund	\$ 83,608
Total	\$ 83,608

Advance from Other Funds

The balance advanced from other funds was as follows at September 30, 2016:

Utilities Fund	\$ 83,608
Total	\$ 83,608

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

Interfund Transfers In/Transfers Out

Individual interfund transfers were as follows for the fiscal year ended September 30, 2016:

	Transfers In	Transfers Out
General Fund	\$ 611,101	\$ 1,310,601
Traffic Camera Fund	-	44,623
Fire Department Fund	1,261,126	-
Utility Fund	11,924	682,695
Sanitation Fund	-	90,225
Internal Service Funds	-	400,741
Nonmajor Governmental Funds	984,437	339,703
Total Transfers In/Transfers Out	\$ 2,868,588	\$ 2,868,588

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



**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2016 is as follows:

	Balance September 30, 2015	Additions	Deletions	Transfers	Balance September 30, 2016
<b>Governmental Activities</b>					
Non-Depreciable:					
Land	\$ 1,510,978	\$ -	\$ -	\$ -	\$ 1,510,978
Construction in Progress	2,743,722	45,837	-	(448,037)	2,341,522
Total Non-Depreciable	4,254,700	45,837	-	(448,037)	3,852,500
Depreciable:					
Buildings	6,094,138	18,811	-	-	6,112,949
Improvements Other Than Buildings	5,378,280	560,246	-	448,037	6,386,563
Equipment	4,475,930	451,746	282,562	-	4,645,114
Total Depreciable	15,948,348	1,030,803	282,562	448,037	17,144,626
Less: Accumulated Depreciation:					
Buildings	2,062,652	217,933	-	-	2,280,585
Improvements Other Than Buildings	2,679,753	259,428	-	-	2,939,181
Equipment	2,967,580	312,192	282,562	-	2,997,210
Total Accumulated Depreciation	7,709,985	789,553	282,562	-	8,216,976
Total Capital Assets, Being Depreciated, Net	8,238,363	241,250	-	448,037	8,927,650
Governmental Activities Capital Assets, Net	\$ 12,493,063	\$ 287,087	\$ -	\$ -	\$ 12,780,150

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

	Balance September 30, 2015	Additions	Deletions	Transfers	Balance September 30, 2016
<b>Business-Type Activities (Includes Utility and Sanitation)</b>					
Non-Depreciable:					
Land	\$ 1,195,933	\$ -	\$ 1	\$ -	\$ 1,195,932
Construction in Progress	2,399,853	27,120	-	(1,718,208)	708,765
Total Non-Depreciable	3,595,786	27,120	1	(1,718,208)	1,904,697
Depreciable:					
Buildings	366,074	106,597	-	-	472,671
Improvements Other Than Buildings	51,461,255	-	4	1,718,208	53,179,459
Machinery and Equipment	3,731,929	168,697	142,622	-	3,758,004
Total Depreciable	55,559,258	275,294	142,626	1,718,208	57,410,134
Less: Accumulated Depreciation:					
Buildings	202,035	11,846	-	-	213,881
Improvements Other Than Buildings	19,781,306	1,483,119	-	-	21,264,425
Machinery and Equipment	2,371,857	250,843	142,626	-	2,480,074
Total Accumulated Depreciation	22,355,198	1,745,808	142,626	-	23,958,380
Total Capital Assets, Being Depreciated, Net	33,204,060	(1,470,514)	-	1,718,208	33,451,754
Business-Type Activities Capital Assets, Net	<u>\$ 36,799,846</u>	<u>\$ (1,443,394)</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 35,356,451</u>

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

**Governmental Activities**

General Government	\$ 266,903
Public Safety	183,754
Physical Environment	62,138
Culture and Recreation	194,044
Transportation	82,714
Total Depreciation for Governmental Activities	<u>\$ 789,553</u>

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

**Business-Type Activities:**

Utility Fund	1,588,359
Sanitation Fund	157,449
Total Depreciation for Business-Type Activities	<u>\$ 1,745,808</u>

**NOTE 6 LONG-TERM LIABILITIES**

Long-term liability activity of the City for the year ended September 30, 2016 was as follows:

	Balance October 1, 2015	Additions	Deductions	Balance September 30, 2016	Amounts Due Within One Year
<b>PRIMARY GOVERNMENT</b>					
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds Payable:					
2006 Capital Improvement Revenue Bonds	\$ 157,000	\$ -	\$ 7,000	\$ 150,000	\$ 7,000
Notes Payable:					
Promissory Note	292,694	-	45,290	247,404	47,423
2011 Capital Improvement Revenue Note	2,721,615	-	194,354	2,527,261	202,358
Total Notes Payable	3,014,309	-	239,644	2,774,665	249,781
Accrued Compensated Absences	234,336	88,758	76,619	246,475	110,897
Other Long-Term Liabilities	878,982	354,362	-	1,233,344	-
Governmental Activity-Long Term Liabilities	<u>\$ 4,284,627</u>	<u>\$ 443,120</u>	<u>\$ 323,263</u>	<u>\$ 4,404,484</u>	<u>\$ 367,678</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds Payable:					
2013 Water and Sewer Refunding Revenue Bond	\$ 8,326,428	\$ -	\$ 576,373	\$ 7,750,055	\$ 591,341
Total Bonds Payable	8,326,428	-	576,373	7,750,055	591,341
Notes Payable:					
Wastewater /ARRA Loan	513,364	-	27,914	485,450	28,560
Direct State Revolving Fund Loan	339,520	-	18,462	321,058	18,888
Total Notes Payable	852,884	-	46,376	806,508	47,448
Accrued Compensated Absences	56,321	13,606	21,982	47,945	23,925
Other Long-Term Liabilities	2,600,595	-	-	2,600,595	-
Business-Type Activity-Long Term Liabilities	<u>\$ 11,836,228</u>	<u>\$ 13,606</u>	<u>\$ 644,731</u>	<u>\$ 11,205,103</u>	<u>\$ 662,714</u>

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

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

Year	Governmental Activities		Business-Type Activities	
	2006 Capital Improvement Revenue Bonds		2013 Water and Sewer Refunding Revenue Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 7,000	\$ 6,188	\$ 591,341	\$ 185,673
2018	7,000	5,899	605,940	171,143
2019	8,000	5,610	620,820	156,255
2020	8,000	5,280	635,700	141,378
2021	8,000	4,950	651,700	125,384
2022-2026	47,000	19,347	3,506,460	378,936
2027-2031	57,000	8,828	1,138,094	27,921
2032-2036	8,000	330	-	-
	<u>\$ 150,000</u>	<u>\$ 56,432</u>	<u>\$ 7,750,055</u>	<u>\$ 1,186,690</u>

The following bonds payable and notes payable were outstanding at September 30, 2016:

**2006 Capital Improvement Revenue Bonds**

In November 2006, the City issued \$258,800 in Capital Improvement Revenue Bonds, Series 2006 for the purpose of providing a part of the funds required to finance a part of the cost of acquiring and installing certain capital improvements to the City Hall Building and wastewater utility lift stations. The City established an advance between the General Fund and the Utility Fund for the Utility Fund's portion due for the cost of improvements at the wastewater utility lift stations. The balance of the advance at September 30, 2016 was \$83,608.

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

- 5% if redeemed on September 1, 2015 or thereafter, to and including September 1, 2018;
- 4% if redeemed on September 1, 2019 or thereafter, to and including September 1, 2022;
- 3% if redeemed on September 1, 2023 or thereafter, to and including September 1, 2026;
- 2% if redeemed on September 1, 2027 or thereafter, to and including September 1, 2030;
- 1% if redeemed on September 1, 2031 or thereafter, to and including September 1, 2034;

Without premium, if redeemed on September 1, 2035 or thereafter, but prior to maturity. The bonds mature on September 1, 2036.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

**2013 Water and Sewer Refunding Revenue Bonds**

During 2013, City Council approved Resolution 2013-03 authorizing the issuance of the Water and Sewer Refunding Revenue Bond, Series 2013 of \$9,510,366. This action refunds the Water and Sewer Systems Bonds Series 1999, Water and Sewer Revenue Refunding Bonds Series 2002, and the Hancock Bank Subordinated Water and Sewer Revenue Note Series 2008. The 2013 Bonds have an interest rate of 2.442% and will mature on October 1, 2017. The cash flow savings is \$1,344,518 and the present value of the savings is \$657,542.

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

**Notes Payable**

Notes payable included in long-term liabilities as of September 30, 2016 are as follows:

<b>Description</b>	<b>Amount</b>
<b>GOVERNMENTAL ACTIVITIES</b>	
4.136% note payable to SunTrust Bank; principal and interest payable quarterly beginning January 1, 2012 until October 2026; subject to prepayment penalties; financing energy performance projects.	\$ 2,527,261
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.	247,404
Total	<u>\$ 2,774,665</u>
<b>BUSINESS-TYPE ACTIVITIES</b>	
2.3% state revolving fund note payable to the State of Florida Department of Environmental Protection; secured by and payable from the pledged funds; principal and interest payable in semiannual installments beginning August 15, 2011 until February 15, 2031	\$ 321,058
2.3% state revolving fund note payable to the State of Florida Department of Environmental Protection; secured by and payable from the pledged funds; principal and interest payable in semiannual installments beginning August 15, 2011 until February 15, 2031	485,450
	<u>\$ 806,508</u>

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

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

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 249,781	\$ 111,269	\$ 47,448	\$ 18,278
2018	260,349	100,701	48,547	17,180
2019	271,361	89,689	49,670	16,058
2020	282,842	78,209	50,819	14,909
2021	283,353	66,242	51,993	13,734
2022-2026	1,351,812	167,087	278,575	50,059
2027-2031	75,167	776	279,456	16,313
2032-2036	-	-	-	-
	<u>\$ 2,774,665</u>	<u>\$ 613,973</u>	<u>\$ 806,508</u>	<u>\$ 146,531</u>

**Other Long-term Liabilities**

The City has recorded a liability for the water and sewer impact fee credits in the Southern Hill Plantation development. As of September 30, 2016 the liability is \$2,600,595.

The City has entered into an agreement with a vendor to monitor and enforce red light violations in accordance with applicable laws and ordinance. Per the agreement, a monthly fee is charged based on number of traffic cameras per month per installed camera. However the City only pays a maximum of 50% per month of the monthly photo enforcement revenue generated by operation of the camera systems per the contract. Any payment shortfalls related to the difference between the fees and the enforcement revenue for the month is accumulated from month to month until paid in full. As of September 30, 2016, there was a shortfall of \$1,233,344. This amount was accrued in the governmental activities in the government-wide financial statements.

**NOTE 7 DEFINED BENEFIT PENSION PLANS**

**Plan Description**

The City maintains two defined benefit pension plans as follows:

The City provides a Firefighter's Retirement Trust Fund Chapter 175 plan covering substantially all full time firefighters employed by the City. The plan was amended and restated by Ordinance 754-D, adopted by City Council on January 7, 2011. The plan is a defined benefit plan with actuarial valuations performed annually. The most recent valuation was done as of October 1, 2016.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Plan Description (Continued)**

The City Council adopted Ordinance No. 552 on December 18, 1995, providing for the establishment of a Chapter 185 Local Law Municipal Police Officers' Pension Trust Fund effective for all police officers hired after January 1, 1996. The plan was amended and restated by Ordinance No. 770-A adopted by City Council on May 3, 2010. The most recent valuation was done as of October 1, 2016

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

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

**Summary of Significant Accounting Policies**

- **Basis of Accounting** – The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.
- **Method Used to Value Investments** – Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.
- **Stand-Alone Report** – For more information pertaining to the Firefighters' Retirement Plan and the Police Retirement Plan refer to the City of Brooksville, Florida's stand-alone financial statements for each plan, which can be obtained by contacting the City of Brooksville, Finance Department, 201 Howell Avenue, Brooksville, Florida 34601-2041.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Firefighter's Retirement Trust Fund Chapter 175**

**Plan Description**

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

*Plan Administration*

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

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

*Plan Membership as of October 1, 2015*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	18
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	16
Active Plan Members	13
	47
	47

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

*Benefits Provided*

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

Normal Retirement:

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

Early Retirement:

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

Cost-of-Living Adjustment:

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

Vesting:

Schedule: 100% after 10 years of Credited Service.  
Benefit Amount: Member will receive the vested portion of his/her accrued benefit payable at the otherwise Normal Retirement Date.



**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Firefighter's Retirement Trust Fund Chapter 175 (Continued)**

*Plan Administration (Continued)*

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.  
Non-Service Incurred: 10 years of Credited Service.

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

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years.

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

*Contributions*

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

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

**Investments**

*Investment Policy:*

The following is the Board's adopted asset allocation policy as of September 30, 2016:

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

*Concentrations:*

The plan did not hold investments in any one organization that represent 5% or more of the Pension Plan's Fiduciary Net Position.

*Rate of Return:*

For the year ended September 30, 2016, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 6.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amount actually invested.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Firefighter's Retirement Trust Fund Chapter 175 (Continued)**

*Actuarial Assumptions*

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2015 updated to September 30, 2016 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	6.50%
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality Rate: RP2000 Combined Healthy (sex distinct). Disabled set forward four years for males and two years for females. This assumption sufficiently accommodates future mortality improvements.

The Long-Term Expected Rate of Return on Pension Plan investment was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2016 are summarized in the following table:

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

*Discount Rate*

The Discount Rate used to measure the Total Pension Liability was 7.75%. The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Firefighter's Retirement Trust Fund Chapter 175 (Continued)**

*Deferred Retirement Option Program*

Deferred Retirement Option Program

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

The DROP balance as of September 30, 2016 was \$104,493.

*Total Pension Liability*

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

	1% Decrease	Current Discount Rate	1% Increase
	6.75%	7.75%	8.75%
	<hr/>	<hr/>	<hr/>
Sponsor's Net Pension Liability	\$ 2,271,502	\$ 1,410,934	\$ 703,694

The components of the Net Pension Liability of the Sponsor on September 30, 2016 were as follows:

Total Pension Liability	\$ 7,174,834
Plan Fiduciary Net Position	(5,763,900)
Sponsor's Net Pension Liability	<u>\$ 1,410,934</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	<u>80.33%</u>

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Firefighter's Retirement Trust Fund Chapter 175 (Continued)**

*Total Pension Liability (Continued)*

The schedule of changes in Net Pension Liability on September 30, 2016 was as follows:

	Increase(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2015	\$ 7,279,465	\$ 5,932,828	\$ 1,346,637
Changes for a Year:			
Service Cost	127,478	-	127,478
Interest	539,879	-	539,879
Difference between Expected and Actual Experience	(103,758)	-	(103,758)
Changes of Assumptions	213,065	-	213,065
Contributions- Employer	-	387,364	(387,364)
Contributions- Employee	-	24,646	(24,646)
Net Investment Income	-	342,409	(342,409)
Benefit Payments, Including Refunds of Employee Contributions	(881,295)	(881,295)	-
Administrative Expense	-	(42,052)	42,052
Net Changes	(104,631)	(168,928)	64,297
Balances at September 30, 2016	<u>\$ 7,174,834</u>	<u>\$ 5,763,900</u>	<u>\$ 1,410,934</u>

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Firefighter's Retirement Trust Fund Chapter 175 (Continued)**

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

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	\$ 1,346,637	\$ 184,998	\$ 452,628	\$ -
Total Pension Liability Factors				
Service Cost	127,478	-	-	127,478
Interest	539,879	-	-	539,879
Difference Between Expected and Actual Experience with Regard to Economic or Demographic Assumptions				
Current Year Amortization of Experience Difference	(103,758)	103,758	-	-
Change in Assumptions About Future Economic or Demographic Factors or Other Inputs	-	(144,378)	-	(144,378)
Current Year Amortization of Change in Assumptions	213,065	-	213,065	-
Benefit payments	-	-	(106,532)	106,532
Net Change	<u>(104,631)</u>	<u>(40,620)</u>	<u>106,533</u>	<u>(251,784)</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	387,364	-	-	-
Contributions - Employee	24,646	-	-	(24,646)
Net Investment Income	439,980	-	-	(439,980)
Difference Between Projected and Actual Earnings on Pension Plan Investments				
Current year amortization	(97,571)	-	97,571	-
Benefit payments	-	-	(132,672)	132,672
Administrative expenses	(881,295)	-	-	881,295
Net Change	<u>(42,052)</u>	<u>-</u>	<u>-</u>	<u>42,052</u>
Ending Balance	<u>\$ 1,410,934</u>	<u>\$ 144,378</u>	<u>\$ 524,060</u>	<u>\$ 339,609</u>

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Firefighter's Retirement Trust Fund Chapter 175 (Continued)**

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

On September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 144,378
Changes of Assumptions	106,533	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>417,527</u>	<u>-</u>
Total	<u>\$ 524,060</u>	<u>\$ 144,378</u>

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

Year ended September 30:	
2017	\$ 94,826
2018	132,671
2019	132,671
2020	19,514
Thereafter	-
	<u>\$ 379,682</u>

**Police Retirement Trust Fund Chapter 185**

**Plan Description**

Employees who are classified as full-time police officers hired after January 1, 1996 shall participate in the System as a condition of employment.

*Plan Administration*

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

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

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Police Retirement Trust Fund Chapter 185 (Continued)**

*Plan Membership as of October 1, 2015*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	-
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	10
Active Plan Members	24
	34
	34

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

*Benefits Provided*

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

Normal Retirement:

Date: Earlier of age 55 and 6 years of Credited Service, or 20 years of Credited Service regardless of age.  
Benefit: 4.00% of Average Final Compensation times Credited Service.

Early Retirement:

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

Cost-of-Living

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

Vesting:

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

Disability:

Eligibility: Service Incurred Covered from Date of Employment.  
Non-Service Incurred 6 years of Credited Service.  
Benefit: Benefit accrued to date of disability, but not less than 42% of Average Final Compensation for Service Incurred and 25% of Average Final Compensation for Non-Service Incurred.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Police Retirement Trust Fund Chapter 185 (Continued)**

Pre-Retirement Death Benefits:

Line-of-Duty

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

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

Not Line-of-Duty

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

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

*Contributions*

Member

Contributions: 1.00% of Salary.

City and State

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

**Investments**

*Investment Policy:*

The following is the Board's adopted asset allocation policy as of September 30, 2016:

Asset Class	Target Allocation
Domestic Equity	42%
International Equity	23%
Fixed Income	35%
	100%

*Concentrations:*

The Plan does not hold investments in any one organization that represent 5% or more of the Pension Plan's Fiduciary Net Position.

*Rate of Return:*

For the year ended September 30, 2016, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 9.32%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.



**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Police Retirement Trust Fund Chapter 185 (Continued)**

*Actuarial Assumptions:*

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2016 updated to September 30, 2016 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	5.20%-8.00%
Discount Rate	7.25%
Investment Rate of Return	7.25%

Mortality Rate: RP 2000 Combined Healthy Mortality Table (without projection). Disabled lives are set forward four years for males and two years for females. This assumption sufficiently accommodates future mortality improvements.

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

The Long-Term Expected Rate of Return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	5.20%
International Equity	5.20%
Fixed Income	3.00%

*Discount Rate:*

The Discount Rate used to measure the Total Pension Liability was 7.25%. The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine Total Pension Liability.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Police Retirement Trust Fund Chapter 185 (Continued)**

*Deferred Retirement Option Program*

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements.  
 Participation: Not to exceed the earlier of 60 months or the completion of 25 years of service with the City as a Police Officer.  
 Rate of Return: At Member's election: 6.5% or Net Investment Return.  
 The DROP balance as of September 30, 2016 is \$0.

*Total Pension Liability*

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

	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.50%
Sponsor's Net Pension Liability	\$ 405,456	\$ (435,728)	\$ (1,119,804)

The components of the Net Pension Liability of the Sponsor on September 30, 2016 were as follows:

Total Pension Liability	\$ 5,347,143
Plan Fiduciary Net Position	<u>(5,782,871)</u>
Sponsor's Net Pension Liability	<u>\$ (435,728)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	108.15%

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Police Retirement Trust Fund Chapter 185 (Continued)**

*Total Pension Liability (Continued)*

The schedule of changes in Net Pension Liability on September 30, 2016 were as follows:

	Increase(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2015	\$ 4,437,251	\$ 4,930,633	\$ (493,382)
Changes for a Year:			
Service Cost	389,348	-	389,348
Interest	361,055	-	361,055
Change in Funding Standard Amount	(17,723)		(17,723)
Difference between Expected and Actual Experience	(91,070)	-	(91,070)
Changes of Assumptions	274,425		274,425
Contributions- Employer	-	404,800	(404,800)
Contributions- Employee	-	13,413	(13,413)
Net Investment Income	-	470,503	(470,503)
Benefit Payments, Including Refunds of Employee Contributions	(6,143)	(6,143)	-
Administrative Expense	-	(30,335)	30,335
Net Changes	909,892	852,238	57,654
Balances at September 30, 2016	\$ 5,347,143	\$ 5,782,871	\$ (435,728)

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Police Retirement Trust Fund Chapter 185 (Continued)**

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

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	\$ (493,382)	\$361,645	\$357,523	\$ -
<b>Total Pension Liability Factors</b>				
Service Cost	389,348	-	-	389,348
Interest	361,055	-	-	361,055
Change in Funding Standard Account	(17,723)	-	-	(17,723)
Difference Between Expected and Actual Experience with Regard to Economic or Demographic Assumptions	(91,070)	91,070	-	-
Current Year Amortization of Experience Difference	-	(90,543)	-	(90,543)
Change in Assumptions About Future Economic or Demographic Factors or Other Inputs	274,425	-	274,425	-
Current Year Amortization of Change in Assumptions	-	-	(54,885)	54,885
Benefit payments	(6,143)	-	-	(6,143)
Net Change	<u>909,892</u>	<u>527</u>	<u>219,540</u>	<u>690,879</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	404,800	-	-	-
Contributions - Employee	13,413	-	-	(13,413)
Net Investment Income	384,113	-	-	(384,113)
Difference Between Projected and Actual Earnings on Pension Plan Investments	86,390	86,390	-	-
Current Year Amortization	-	(17,278)	(89,380)	72,102
Benefit payments	(6,143)	-	-	6,143
Administrative expenses	(30,335)	-	-	30,335
Net Change	<u>852,238</u>	<u>69,112</u>	<u>(89,380)</u>	<u>(288,946)</u>
Ending Balance	<u>\$ (435,728)</u>	<u>\$431,284</u>	<u>\$487,683</u>	<u>\$401,933</u>

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Police Retirement Trust Fund Chapter 185 (Continued)**

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

On September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 362,172
Changes of Assumptions	219,540	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>268,143</u>	<u>69,112</u>
Total	<u><u>\$ 487,683</u></u>	<u><u>\$ 431,284</u></u>

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

Year ended September 30:	
2017	\$ 36,445
2018	36,445
2019	36,445
2020	(52,936)
2021	-
Thereafter	-
	<u><u>\$ 56,399</u></u>

**Florida Retirement System Pension Plan**

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

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

**Background**

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

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

The City's pension expense totaled \$155,421 for both the FRS Pension Plan and HIS Plan for the year ended September 30, 2016.

**Florida Retirement System Pension Plan**

**Plan Description**

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

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

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

**Plan Description (Continued)**

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

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

**Benefits Provided**

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

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

**Benefits Provided (Continued)**

The following chart shows the percentage value for each year of service credit earned:

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

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

**Contributions**

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The contribution rates attributable to the City, effective July 1, 2015, were applied to employee salaries as follows: regular employees 5.56%, special risk 20.34%, county elected officials 40.57%, senior management 19.73%, and DROP participants 11.22%. These rates include the normal cost and unfunded liability contributions but do not include the 1.66% contribution for the Retiree Health Insurance Subsidy and the fee of 0.04% for administration of the FRS Investment Plan and provision of educational tools for both plans. The City's contributions to the FRS Plan were \$216,950 for the year ended September 30, 2016.



**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

**Pension Costs**

At September 30, 2016, the City reported a liability of \$2,063,930 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportion of the net pension liability was based on the City's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2016, the City's proportion was 0.008173955%, which was an increase of 0.000125971% from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the City recognized pension expense of \$340,896 for its proportionate share of FRS's pension expense. In addition, the City reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 158,030	\$ 19,217
Changes in Actuarial Assumptions	124,862	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	533,501	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	115,312	30,052
City Contributions Subsequent to the Measurement Date	61,733	-
Total	<u>\$ 993,438</u>	<u>\$ 49,269</u>

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

**Pension Costs (Continued)**

\$61,733 reported as deferred outflows of resources related to pensions resulting from City contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ended September 30	Amount
2017	\$ 135,997
2018	135,997
2019	343,988
2020	222,404
2021	32,667
Thereafter	11,383
	\$ 882,436

**Actuarial Assumptions**

The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	7.60%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

**Actuarial Assumptions (Continued)**

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.0%	3.0%	1.7%
Fixed Income	18.0%	4.7%	4.6%	4.6%
Global Equity	53.0%	8.1%	6.8%	17.2%
Real Estate (Property)	10.0%	6.4%	5.8%	12.0%
Private Equity	6.0%	11.5%	7.8%	30.0%
Strategic Investments	12.0%	6.1%	5.6%	11.1%
Totals	<u>100%</u>			
Assumed Inflation - Mean		2.6%		1.9%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.6% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Pension Liability Sensitivity**

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

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
FRS Plan Discount Rate	6.60%	7.60%	8.60%
City's Proportionate Share of the FRS Plan Net Pension Liability	\$ 3,799,835	\$ 2,063,930	\$ 619,018

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

**Pension Plan Fiduciary Net Position**

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

**Retiree Health Insurance Subsidy Program**

**Plan Description**

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

**Benefits Provided**

For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**Contributions**

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2016, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The City contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The City's contributions to the HIS Plan were \$45,593 for the year ended September 30, 2016.

**Pension Costs**

At September 30, 2016, the City reported a liability of \$984,346 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportion of the net pension liability was based on the City's contributions received during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all participating employers. At June 30, 2016, the City's proportion was 0.008445996%, which was an increase of 0.000289297% from its proportion measured as of June 30, 2015.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Retiree Health Insurance Subsidy Program (Continued)**

**Pension Costs (Continued)**

For the year ended September 30, 2016, the City recognized pension expense of \$77,069 for its proportionate share of HIS's pension expense. In addition, the City reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 2,242
Changes in Actuarial Assumptions	154,469	-
Net Difference Between Projected and Actual Earnings on HIS Program Investments	498	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	23,393	38,512
City Contributions Subsequent to the Measurement Date	11,728	-
Total	<u>\$ 190,088</u>	<u>\$ 40,754</u>

\$11,728 reported as deferred outflows of resources related to pensions resulting from City contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ended June 30	Amount
2017	\$ 22,630
2018	22,630
2019	22,536
2020	21,364
2021	24,461
Thereafter	23,985
	<u>\$ 137,606</u>

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Retiree Health Insurance Subsidy Program (Continued)**

**Actuarial Assumptions**

The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**HIS Actuarial Assumptions**

Inflation	2.60% per year
Salary Increases	3.25%, Average, Including Inflation
Municipal Bond Rate	2.85%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

**Discount Rate**

The discount rate used to measure the total pension liability was 2.85% for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Pension Liability Sensitivity**

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

<u>Description</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
HIS Plan Discount Rate	1.85%	2.85%	3.85%

City's Proportionate Share of the HIS Plan Net Pension Liability	\$ 1,129,268	\$ 984,346	\$ 864,068
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**Pension Plan Fiduciary Net Position – Defined Contribution Plan**

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

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

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected City Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

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

The City's Investment Plan pension expense totaled \$51,262 for the year ended September 30, 2016. Employee contributions to the Investment Plan totaled \$13,808 for the year ended September 30, 2016.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 8 TRUST FUNDS**

**Health Reimbursement Account (HRA) Fund**

Effective October 1, 2008, the City established an HRA Fund in the Trust and Agency Funds in order to pay the annual HRA reimbursement to eligible employees. The annual maximum reimbursement is \$500 for each eligible employee; however, the employee must provide receipts of out-of-pocket medical expenses in order to receive reimbursement. The City has been providing an HRA benefit for a number of years; however, the HRA benefit was charged to an expense account in each Department. During the year ended September 30, 2016, the fund ceased operations for the HRA reimbursement account and began functioning as an internal service fund for employee benefits.

**Butterweck Bond Fund**

This Fund is used for the future maintenance of the Butterweck Crypt of the Brooksville Cemetery. As of September 30, 2016, the balance remaining is \$1,202.

**NOTE 9 PROPERTY TAXES**

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

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

Any persons owning real property upon which a tax certificate has been sold may redeem the property by paying the Tax Collector the face amount of the tax certificate plus interest and costs associated with the sale of the certificate. After taxes have been delinquent (April 1) for two years, the owner of a tax certificate may file an application for tax deed sale. The County is able to do the same two years after taxes were due (November 1). All taxes imposed on any property become a first lien, superior to all other liens, as of January 1, of the year the taxes are levied.



**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 10 RESTRICTED NET POSITION**

As of September 30, 2016, restricted net position in the enterprise funds were held for the following purposes:

Utility Fund:	
Capital Improvement Reserves	\$ 3,751,185
Debt Retirement	801,011
Total Utility Fund	<u>\$ 4,552,196</u>

**NOTE 11 RISK MANAGEMENT**

The City's risk management activities are spread through several funds including the General, Utility, and Sanitation funds. Significant losses are covered by commercial insurance, workers' compensation, unemployment, and disability insurance. Settlement amounts have not exceeded insurance coverage for the current year or prior three years. The City carries such insurance as is ordinarily carried by private or public corporations owning and operating similar utilities. The City, in addition to general liability and personal liability for auto accidents and property damage of autos, buildings and equipment, carries an umbrella policy for an additional \$1,000,000. The City does not carry insurance against loss or damage to the Utility Fund's water meters, fire hydrants or water and sewer lines, but self-funds these expenses.

**NOTE 12 IMPACT FEES**

On September 20, 2005 the Hernando County Board of County Commissioners voted to extend the prepayment of impact fees from one to three years. County property owners were allowed to prepay their impact fees prior to an increase on July 5, 2005. County property owners who prepaid impact fees were given until June 2, 2008 to obtain a building permit. If a building permit was not pulled by June 2, 2008, the increased impact fees would be charged. Subsequently, the Hernando County Board of Commissioners extended the prepaid program through June 2012. Through Interlocal Agreement, the City opted to assess the same impact fees for roads, public buildings, police, fire, parks, and schools as Hernando County. The City stopped collecting Impact Fees effective November 2011, and impact fees were reinstated for year ending September 30, 2015. As of September 30, 2016, the City had the following in prepaid impact fees: Road Impact Fees \$4,779, Public Building Impact Fees \$525; Police Impact Fees \$342; Fire Impact Fees \$230; and Parks Impact Fees \$319. The amounts are reflected as unearned revenues in the accompanying financial statements.

**NOTE 13 INTERNAL SERVICE FUNDS**

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

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 13 INTERNAL SERVICE FUNDS (CONTINUED)**

The Vehicle Replacement Fund and the Equipment Replacement Fund are used to accumulate funds in advance for the purchase of vehicles and equipment. The Vehicle Replacement Fund sets aside cash to purchase a portion of the City's future vehicles. These vehicles are also depreciated within this Fund. The Equipment Replacement Fund reserves cash to purchase equipment for the four General Fund departments or divisions which are Cemetery, Parks, Streets, and the Quarry Golf Course. As of September 30, 2016, the unrestricted net position balances for Fleet Maintenance, Vehicle Replacement and Equipment Replacement Funds were \$47,656, \$761,759 and \$11,035, respectively. If necessary, the annual payments for services transfers are adjusted to maintain adequate, but not excessive cash reserves in the Fleet Maintenance Fund. The Employee Benefits Fund and the Health Insurance Fund are set up to pay for employee health benefits and insurance, respectively. The revenue source is transfers in from the division and department. The expenditures are for employee health/medical premium charges and HRA reimbursement cost. The unrestricted net position balances in these funds are \$11,160 and \$616,164, respectively.

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

	Fleet Maintenance	Vehicle Replacement	Equipment Replacement	Employee Benefits	Health Insurance	Total
General Fund	\$ 14,773	\$ -	\$ 11,035	\$ 7,812	\$ 431,315	\$ 464,935
Utility Fund	18,585	35,493	-	2,233	123,232	179,543
Sanitation Fund	14,298	726,266	-	1,004	55,455	797,023
Internal Service Fleet	-	-	-	111	6,162	6,273
Total	<u>\$ 47,656</u>	<u>\$ 761,759</u>	<u>\$ 11,035</u>	<u>\$ 11,160</u>	<u>\$ 616,164</u>	<u>\$ 1,447,774</u>

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

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

	Fleet Maintenance	Vehicle Replacement	Equipment Replacement	Employee Benefits	Health Insurance	Total
Administration and Finance	\$ 118	\$ -	\$ -	\$ 1,484	\$ 81,950	\$ 83,552
Police	5,450	-	-	2,421	133,708	141,579
Fire	2,364	-	-	1,797	99,202	103,363
Streets	3,710	-	-	547	30,192	34,449
Parks	2,954	-	6,035	1,016	56,071	66,076
Cemetery	59	-	5,000	156	8,626	13,841
Community Development	118	-	-	391	21,566	22,075
Total	<u>\$ 14,773</u>	<u>\$ -</u>	<u>\$ 11,035</u>	<u>\$ 7,812</u>	<u>\$ 431,315</u>	<u>\$ 464,935</u>

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 14 COMMITMENTS AND CONTINGENCIES**

**Commitments**

The City routinely enters into various construction commitments. At September 30, 2016, the City had the following outstanding major construction commitments in process:

Project	Project Authorization	Expended in Prior Years	Expended in September 30, 2016	Commitment
<b>Governmental Activities:</b>				
Paving Management Projects				
Daniel Ave.	\$ 54,117	\$ 6,048	\$ -	\$ 48,069
Mildred Ave.	536,352	47,554	-	488,798
Hammock Rd.	786,000	9,325	-	776,675
CRA Development Projects				
Wayfinding Signage Project	44,750	42,513	-	2,237
Water Tower Project	118,000	-	1,600	116,400
Downtown Beautiful Project	30,000	14,999	7,500	7,501
Professional Consulting	35,000	28,642	-	6,358
Total Governmental Activities	<u>\$ 1,604,219</u>	<u>\$ 149,081</u>	<u>\$ 9,100</u>	<u>\$ 1,446,038</u>
<b>Business-Type Activities:</b>				
Utility Projects				
New Well Field Northwest	\$ 2,850,000	\$ 620,941	\$ -	\$ 2,229,059
Sewer System Rehab	12,500,000	1,718,208	-	10,781,792
Total Business-Type Activities	<u>\$ 15,350,000</u>	<u>\$ 2,339,149</u>	<u>\$ -</u>	<u>\$ 13,010,851</u>

The City has potential impact fees that may come due in the future. The maximum liability from impact fees outstanding at September 30, 2016 is \$3,636,147.

**Contingencies**

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

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Contingencies (Continued)**

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

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

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

**NOTE 15 SUBSEQUENT EVENT**

On November 9, 2016, the City entered into an agreement with the United States Department of Agriculture (USDA) to secure funding for a fire truck. The total funding amount is \$470,600. The City provided \$220,000 and the USDA disbursed \$156,100 in a grant. The City issued series 2016 bonds to the USDA for an amount not to exceed \$94,500.

**CITY OF BROOKSVILLE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 16 GOVERNMENTAL FUND BALANCE CLASSIFICATION**

Certain funds reported as special revenue funds in the prior year did not meet the criteria, as defined in GASB Statement No. 54, for treatment as special revenue funds. These funds have been incorporated into the general fund for financial reporting purposes.

As a result of this the City's governmental fund balances as of September 30, 2016 were classified as follows:

	Major Funds					Total Governmental Funds
	City of Brooksville Community Redevelopment Agency	Traffic Camera Fund	Fire Department Fund	Nonmajor Governmental Funds	General Fund	
<b>Nonspendable:</b>						
Inventories	\$ 2,247	\$ -	\$ -	\$ -	\$ -	\$ 2,247
Prepaid Items	19,220	-	-	-	-	19,220
Note Receivable	67,500	-	-	-	-	67,500
Advance to Other Funds	83,608	-	-	-	-	83,608
Cemetery Perpetual Care	-	-	-	-	245,208	245,208
<b>Total Nonspendable</b>	<b>172,575</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>245,208</b>	<b>417,783</b>
<b>Restricted:</b>						
Community Redevelopment	-	560,950	-	-	-	560,950
Fire	-	-	379,773	-	-	379,773
Local Option Gas Tax	-	-	-	92,042	-	92,042
Law Enforcement	-	-	-	159,722	-	159,722
Impact Fees	-	-	-	2,290,273	-	2,290,273
Law Enforcement Grants and Donations	-	-	-	-	18,764	18,764
Enrichment Center	-	-	-	-	3,172	3,172
Capital Project Funds	-	-	-	-	62,669	62,669
Debt Service Funds	-	-	-	-	90,356	90,356
<b>Total Restricted</b>	<b>-</b>	<b>560,950</b>	<b>-</b>	<b>379,773</b>	<b>2,716,998</b>	<b>3,657,721</b>
<b>Committed:</b>						
Traffic Camera	-	-	239,820	-	-	239,820
First Tee	-	-	-	-	30,507	30,507
<b>Total Committed</b>	<b>-</b>	<b>-</b>	<b>239,820</b>	<b>-</b>	<b>30,507</b>	<b>270,327</b>
<b>Assigned:</b>						
Law Enforcement	-	-	-	-	1,147	1,147
Capital Project Funds	-	-	-	-	230,759	230,759
Cemetery Perpetual Care	-	-	-	-	150,802	150,802
<b>Total Assigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>382,708</b>	<b>382,708</b>
Unassigned (Deficit)	832,814	-	-	-	-	832,814
<b>Total Fund Balance (Deficit)</b>	<b>\$ 1,005,389</b>	<b>\$ 560,950</b>	<b>\$ 239,820</b>	<b>\$ 379,773</b>	<b>\$ 3,375,421</b>	<b>\$ 5,561,353</b>

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BROOKSVILLE, FLORIDA  
SCHEDULE OF CHANGES IN NET  
PENSION LIABILITY AND RELATED RATIOS  
SEPTEMBER 30, 2016**

**Retirement System – Defined Benefit Plan**

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

**FIREFIGHTERS' RETIREMENT TRUST FUND**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	2013	2014	2015	2016
<b>Total Pension Liability</b>				
Service Cost	\$ 130,102	\$ 140,185	\$ 122,018	\$ 127,478
Interest	501,977	528,251	554,808	539,879
Differences Between Expected and Actual Experience	-	-	(277,496)	(103,758)
Changes of Assumptions	-	-	-	213,065
Benefit Payments, Including Refunds of Employee Contributions	(304,630)	(301,643)	(313,547)	(881,295)
<b>Net Change in Total Pension Liability</b>	<b>327,449</b>	<b>366,793</b>	<b>85,783</b>	<b>(104,631)</b>
Total Pension Liability - Beginning	6,499,440	6,826,889	7,193,682	7,279,465
Total Pension Liability - Ending	<u>\$ 6,826,889</u>	<u>\$ 7,193,682</u>	<u>\$ 7,279,465</u>	<u>\$ 7,174,834</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 317,086	\$ 336,626	\$ 348,049	\$ 387,364
Contributions - State				
Contributions - Employee	20,156	20,225	20,999	24,646
Net Investment Income	512,316	543,039	(98,629)	342,409
Benefit Payments, Including Refunds of Employee Contributions	(304,630)	(301,643)	(313,547)	(881,295)
Administrative Expense	(25,208)	(30,968)	(48,230)	(42,052)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>519,720</b>	<b>567,279</b>	<b>(91,358)</b>	<b>(168,928)</b>
Plan Fiduciary Net Position - Beginning	4,937,187	5,456,907	6,024,186	5,932,828
Plan Fiduciary Net Position - Ending	<u>5,456,907</u>	<u>6,024,186</u>	<u>5,932,828</u>	<u>5,763,900</u>
<b>Net Pension Liability - Ending</b>	<u>\$ 1,369,982</u>	<u>\$ 1,169,496</u>	<u>\$ 1,346,637</u>	<u>\$ 1,410,934</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	79.93%	83.74%	81.50%	80.33%
<b>Covered Employee Payroll*</b>	\$ 612,631	\$ 614,729	\$ 732,006	\$ 749,109
<b>Net Pension Liability as a Percentage of Employee Payroll</b>	223.62%	190.25%	183.97%	188.35%

Notes to Schedule:

\* The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

Changes of assumptions:

\* For measurement date 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees. The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

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

**CITY OF BROOKSVILLE, FLORIDA  
SCHEDULE OF CHANGES IN NET  
PENSION LIABILITY AND RELATED RATIOS (CONTINUED)  
SEPTEMBER 30, 2016**

**Retirement System – Defined Benefit Plan (Continued)**

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

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

	2013	2014	2015	2016
<b>Total Pension Liability</b>				
Service Cost	\$ 358,727	\$ 385,631	\$ 375,707	\$ 389,348
Interest	256,068	304,047	339,216	361,055
Differences Between Expected and Actual Experience	-	-	(433,973)	(91,070)
Changes of Assumptions	-	-	-	274,425
Other Changes	-	(208,542)	-	(17,723)
Benefit Payments, Including Refunds of Employee Contributions	-	(3,941)	(662)	(6,143)
Net Change in Total Pension Liability	614,795	477,195	280,288	909,892
Total Pension Liability - Beginning	3,064,973	3,679,768	4,156,963	4,437,251
Total Pension Liability - Ending	<u>\$ 3,679,768</u>	<u>\$ 4,156,963</u>	<u>\$ 4,437,251</u>	<u>\$ 5,347,143</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 152,993	\$ 177,670	\$ 177,966	\$ 404,800
Contributions - Employee	11,376	12,704	12,418	13,413
Net Investment Income	441,974	371,180	(77,684)	470,503
Benefit Payments, Including Refunds of Employee Contributions	-	(3,941)	(662)	(6,143)
Administrative Expense	(12,623)	(13,662)	(18,925)	(30,335)
Net Change in Plan Fiduciary Net Position	593,720	543,951	93,113	852,238
Plan Fiduciary Net Position - Beginning	3,699,849	4,293,569	4,837,520	4,930,633
Plan Fiduciary Net Position - Ending	<u>4,293,569</u>	<u>4,837,520</u>	<u>4,930,633</u>	<u>5,782,871</u>
Net Pension Liability - Ending	<u>\$ (613,801)</u>	<u>\$ (680,557)</u>	<u>\$ (493,382)</u>	<u>\$ (435,728)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	116.68%	116.37%	111.12%	108.15%
Covered Employee Payroll*	\$ 1,137,593	\$ 1,270,433	\$ 1,241,801	\$ 1,341,342
Net Pension Liability as a Percentage of Employee Payroll	-53.96%	-53.57%	-39.73%	-32.48%

**Notes to Schedule:**

*Changes of assumptions:*

\* For year ending 9/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.

\* The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

\* The interest rate was lowered from 7.50% to 7.25% per year, compounded annually, gross of investment related expenses.

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



**CITY OF BROOKSVILLE, FLORIDA  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
SEPTEMBER 30, 2016**

**Retirement System – Defined Benefit Plan (Continued)**

The following presents a schedule of contributions:

FIREFIGHTERS' RETIREMENT TRUST FUND SCHEDULE OF CONTRIBUTIONS Last 10 Fiscal Years										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Actuarially Determined Contribution	\$ 225,402	\$ 245,722	\$ 279,598	\$ 299,293	\$ 310,150	\$ 291,265	\$ 316,975	\$ 336,626	\$ 348,049	\$ 387,364
Contributions in Relation to the Actuarially Determined Contributions	225,402	245,722	279,598	299,293	310,150	291,265	316,975	336,626	348,049	387,364
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll *	\$ 721,491	\$ 805,384	\$ 831,397	\$ 800,247	\$ 764,108	\$ 650,368	\$ 612,631	\$ 614,729	\$ 732,006	\$ 749,109
Contributions as a Percentage of Covered Employee Payroll	31.24%	30.51%	33.63%	37.40%	40.59%	44.78%	51.74%	54.76%	47.55%	51.71%

\* The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 9/30/2015 measurement period which includes DROP payroll.

**CITY OF BROOKSVILLE, FLORIDA  
SCHEDULE OF EMPLOYER CONTRIBUTIONS (CONTINUED)  
SEPTEMBER 30, 2016**

**Retirement System – Defined Benefit Plan (Continued)**

**Notes to the Schedule of Contributions**

**FIREFIGHTERS' RETIREMENT TRUST FUND**

Valuation Date: 10/1/2014

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost.  
 Amortization Method: Level Percentage of Pay, closed.  
 Remaining Amortization Period: 28 Years (As of 10/1/2014 Valuation).  
 Mortality: RP2000 Combined Healthy (sex distinct.) Disableds set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.  
 Termination Rates: See table below.  
 Disability Rates: See table below. It is assumed that 75% of disablements and active Member deaths are service related.  
 Retirement Age: Earlier of age 55 and the completion of 10 years of service, or the completion of 20 years of service regardless of age, or age 60, regardless of service. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.  
 Early Retirement: Commencing upon a Member's eligibility for Early Retirement (Age 50 with 10 years of Credited Service), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.  
 Interest Rate: 7.75% per year, compounded annually, net of investment related expenses.  
 Salary Increases: 6.5% per year until retirement age. Final salary in year of retirement is increased individually to account for additional non-regular compensation.  
 Payroll Increase: Up to 2.28% per year.  
 Cost of Living Adjustments: 3% per year, from age 55 to 65.  
 Actuarial Asset Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.

Termination and Disability Rate Table:

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

**CITY OF BROOKSVILLE, FLORIDA  
SCHEDULE OF EMPLOYER CONTRIBUTIONS (CONTINUED)  
SEPTEMBER 30, 2016**

**Retirement System – Defined Benefit Plan (Continued)**

The following presents a schedule of contributions:

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Actuarially Determined Contribution	\$ 180,894	\$ 188,896	\$ 292,030	\$ 340,437	\$ 401,006	\$ 394,875	\$ 397,020	\$ 386,212	\$ 378,753	\$ 422,523
Contributions in Relation to the Actuarially Determined Contributions	180,300	180,300	149,184	119,344	123,439	102,276	152,993	177,670	177,966	404,800
Contribution Deficiency (Excess)	\$ 594	\$ 8,596	\$ 142,846	\$ 221,093	\$ 277,567	\$ 292,599	\$ 244,027	\$ 208,542	\$ 200,787	\$ 17,723
Covered Employee Payroll *	\$ 722,141	\$ 884,446	\$ 880,431	\$ 989,643	\$ 1,057,365	\$ 1,081,850	\$ 1,137,593	\$ 1,270,433	\$ 1,241,801	\$ 1,341,342
Contributions as a Percentage of Covered Employee Payroll	24.97%	20.39%	16.94%	12.06%	11.67%	9.45%	13.45%	13.98%	14.33%	30.18%

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

**CITY OF BROOKSVILLE, FLORIDA  
SCHEDULE OF EMPLOYER CONTRIBUTIONS (CONTINUED)  
SEPTEMBER 30, 2016**

**Retirement System – Defined Benefit Plan (Continued)**

**Notes to the Schedule of Contributions**

**POLICE OFFICERS' RETIREMENT TRUST FUND**

Valuation Date: 10/1/2015

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

Methods and assumptions used to determine contribution rates:

Funding Method: Aggregate Actuarial Cost Method.  
 Inflation: 3.0% per year.  
 Mortality: RP 2000 Combined Healthy Mortality Table (without projection). Disabled lives are set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.  
 Termination Rates: See table below.  
 Disability Rates: See table below. It is assumed that 75% of disablements are service related.  
 Retirement Age: If a member has less than 20 years of service, the rates are 15% from ages 50-54, and 100% at age 55.  
 Interest Rate: 7.25% per year, compounded annually, gross of investment related expenses.  
 Salary Increases: Final Average Salary is increased individually to account for additional non-regular compensation.  
 Payroll Increase: N/A.  
 Cost of Living Adjustments: 3.0% per year from age 55 to 65, for Normal and Early Retirees only.  
 Actuarial Asset Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Termination Rate Table:

Select Rates:					
Year	1	3	5	7	9
Male	15.00%	8.52%	6.00%	5.20%	4.30%
Female	10.01%	8.52%	7.00%	5.75%	4.75%
Ultimate Rates					
Age	25	35	45	55	
Male	4.28%	3.12%	2.88%	0.00%	
Female	5.41%	4.03%	3.67%	0.00%	

Disability Rate Table:

Age	25	35	45	55
Male	0.07%	0.12%	0.46%	1.00%
Female	0.04%	0.12%	0.44%	0.84%

**CITY OF BROOKSVILLE, FLORIDA  
SCHEDULE OF INVESTMENT RETURNS  
SEPTEMBER 30, 2016**

**Retirement System – Defined Benefit Plan (Continued)**

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

**FIREFIGHTERS' RETIREMENT TRUST FUND**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Annual Money-Weighted Rate of Return				
Net of Investment Expenses	10.35%	9.91%	-1.64%	6.14%

**POLICE OFFICERS' RETIREMENT TRUST FUND**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Annual Money-Weighted Rate of Return				
Net of Investment Expenses	12.30%	8.58%	-1.60%	9.32%

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

**CITY OF BROOKSVILLE, FLORIDA**  
**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –**  
**FLORIDA RETIREMENT SYSTEM PENSION PLAN**  
**SEPTEMBER 30, 2016**

**Retirement System – Defined Benefit Plan (Continued)**

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

	2014	2015	2016
City of Brooksville, Florida's proportion of the net pension liability (asset)	0.008330218%	0.008047984%	0.008173955%
City of Brooksville, Florida's proportionate share of the net pension liability (asset)	\$ 508,266	\$ 1,039,505	\$ 2,063,930
City of Brooksville, Florida's covered-employee payroll	\$ 2,206,164	\$ 2,199,427	\$ 2,288,357
City of Brooksville, Florida's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	23.04%	47.26%	90.19%
Plan fiduciary net position as a percentage of the total pension liability	96.09%	92.00%	84.88%

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

<sup>1</sup> 2014 was the first year reporting net pension liability (GASB 68)

**CITY OF BROOKSVILLE, FLORIDA  
SCHEDULE OF CITY CONTRIBUTIONS –  
FLORIDA RETIREMENT SYSTEM PENSION PLAN  
SEPTEMBER 30, 2016**

**Retirement System – Defined Benefit Plan (Continued)**

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

	2014	2015	2016
Contractually required contribution	\$ 212,334	\$ 218,403	\$ 233,891
Contributions in relation to the contractually required contribution	(212,334)	(218,403)	(233,891)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City of Brooksville, Florida's covered-employee payroll	\$ 2,228,408	\$ 2,173,995	\$ 2,385,999
Contributions as a percentage of covered-employee payroll	9.53%	10.05%	9.80%

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

<sup>1</sup> 2014 was the first year reporting net pension liability (GASB 68)

**CITY OF BROOKSVILLE, FLORIDA  
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –  
HEALTH INSURANCE SUBSIDY PENSION PLAN  
SEPTEMBER 30, 2016**

**Retirement System – Defined Benefit Plan (Continued)**

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

	2014	2015	2016
City of Brooksville, Florida's proportion of the net pension liability (asset)	0.008384457%	0.008156699%	0.008445996%
City of Brooksville, Florida's proportionate share of the net pension liability (asset)	\$ 783,967	\$ 831,855	\$ 984,346
City of Brooksville, Florida's covered-employee payroll	\$ 2,491,146	\$ 2,521,077	\$ 2,607,338
City of Brooksville, Florida's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	31.47%	33.00%	37.75%
Plan fiduciary net position as a percentage of the total pension liability	0.99%	0.50%	0.97%

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

<sup>1</sup> 2014 was the first year reporting net pension liability (GASB 68)



**CITY OF BROOKSVILLE, FLORIDA  
SCHEDULE OF CITY CONTRIBUTIONS –  
HEALTH INSURANCE SUBSIDY PENSION PLAN  
SEPTEMBER 30, 2016**

**Retirement System – Defined Benefit Plan (Continued)**

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

	2014	2015	2016
Contractually required contribution	\$ 33,880	\$ 31,765	\$ 45,593
Contributions in relation to the contractually required contribution	(33,880)	(31,765)	(45,593)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City of Brooksville, Florida's covered-employee payroll	\$ 2,530,934	\$ 2,487,433	\$ 2,745,922
Contributions as a percentage of covered-employee payroll	1.34%	1.28%	1.66%

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

<sup>1</sup> 2014 was the first year reporting net pension liability (GASB 68)

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**CITY OF BROOKSVILLE, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL- GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2016**

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 3,537,480	\$ 3,537,480	\$ 3,666,296	\$ 128,816
Licenses and Permits	845,016	845,016	867,832	22,816
Intergovernmental Revenue	775,645	775,645	838,705	63,060
Charges for Services	181,920	181,920	213,905	31,985
Fines and Forfeits	81,422	81,422	100,326	18,904
Net Investment Earnings	6,343	6,343	13,838	7,495
Miscellaneous Revenues	166,836	166,836	178,778	11,942
Total Revenues	<u>5,594,662</u>	<u>5,594,662</u>	<u>5,879,680</u>	<u>285,018</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,946,536	2,071,926	1,961,782	110,144
Culture and Recreation	675,866	776,961	725,663	51,298
Public Safety	2,353,069	2,601,110	2,509,797	91,313
Physical Environment	98,593	154,393	143,992	10,401
Transportation	170,320	170,320	154,304	16,016
Debt Service:				
Principal	-	-	42,676	(42,676)
Capital Outlay	43,466	43,466	52,337	(8,871)
Total Expenditures	<u>5,287,850</u>	<u>5,818,176</u>	<u>5,590,551</u>	<u>227,625</u>
Excess (Deficiency) of Revenues Over Expenditures	306,812	(223,514)	289,129	512,643
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Lease	-	-	30,829	30,829
Transfers In	611,101	611,101	611,101	-
Transfers Out	(1,839,450)	(1,314,706)	(1,310,601)	4,105
Reserves	(220,264)	(214,682)	-	214,682
Total Other Financing Sources (Uses)	<u>(1,448,613)</u>	<u>(918,287)</u>	<u>(668,671)</u>	<u>249,616</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,141,801)	(1,141,801)	(379,542)	762,259
Fund Balances, Beginning of Year	<u>1,141,801</u>	<u>1,141,801</u>	<u>1,384,931</u>	<u>243,130</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,005,389</u>	<u>\$ 1,005,389</u>

**CITY OF BROOKSVILLE, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL- COMMUNITY REDEVELOPMENT AGENCY  
YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 91,837	\$ 91,837	\$ 96,071	\$ 4,234
Net Investment Earnings	450	450	260	(190)
Balances Carried Forward	364,817	364,817	-	(364,817)
Total Revenues	457,104	457,104	96,331	(360,773)
<b>EXPENDITURES</b>				
Current:				
Physical Environment	61,845	61,845	29,265	32,580
Aids to Private Organizations	48,000	48,000	19,604	28,396
Capital Outlay	175,000	293,000	9,100	283,900
Total Expenditures	284,845	402,845	57,969	344,876
Excess (Deficiency) of Revenues Over Expenditures	172,259	54,259	38,362	(15,897)
<b>OTHER FINANCING SOURCES (USES)</b>				
Reserves	(172,259)	(172,259)	-	172,259
Total Other Financing Sources (Uses)	(172,259)	(172,259)	-	172,259
<b>NET CHANGE IN FUND BALANCE</b>	-	(118,000)	38,362	156,362
Fund Balances, Beginning of Year	-	-	522,588	522,588
<b>FUND BALANCES, END OF YEAR</b>	\$ -	\$ (118,000)	\$ 560,950	\$ 678,950

**CITY OF BROOKSVILLE, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL- TRAFFIC CAMERA FUND  
YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ -	\$ -	\$ 652	\$ 652
Fines and Forfeits	260,000	1,246,495	1,593,761	347,266
Miscellaneous Revenues	-	11,273	13,170	1,897
Total Revenues	<u>260,000</u>	<u>1,257,768</u>	<u>1,607,583</u>	<u>349,815</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	213,260	1,078,904	1,326,880	(247,976)
Capital Outlay	-	-	-	-
Total Expenditures	<u>213,260</u>	<u>1,078,904</u>	<u>1,326,880</u>	<u>(247,976)</u>
Excess (Deficiency) of Revenues Over Expenditures	46,740	178,864	280,703	101,839
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(46,740)	(44,623)	(44,623)	-
Reserves	-	-	-	-
Total Other Financing Sources (Uses)	<u>(46,740)</u>	<u>(44,623)</u>	<u>(44,623)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	134,241	236,080	101,839
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>3,740</u>	<u>3,740</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ 134,241</u>	<u>\$ 239,820</u>	<u>\$ 105,579</u>

**CITY OF BROOKSVILLE, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL- FIRE DEPARTMENT FUND  
YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 591,667	\$ 591,667	\$ 611,674	\$ 20,007
Licenses and Permits	100	100	-	(100)
Intergovernmental Revenue	2,520	2,520	1,710	(810)
Charges for Services	9,220	9,220	9,222	2
Miscellaneous Revenues	814	814	-	(814)
Balances Carried Forward	213	213	-	(213)
Total Revenues	<u>604,534</u>	<u>604,534</u>	<u>622,606</u>	<u>18,072</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	1,383,374	1,549,678	1,549,765	(87)
Debt Service:				
Principal	45,443	45,443	45,290	153
Interest	11,827	11,827	11,707	120
Capital Outlay	220,000	220,000	-	220,000
Total Expenditures	<u>1,660,644</u>	<u>1,826,948</u>	<u>1,606,762</u>	<u>220,186</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,056,110)	(1,222,414)	(984,156)	238,258
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,265,231	1,265,231	1,261,126	(4,105)
Transfers Out	(163,986)	-	-	-
Reserves	(45,135)	(42,817)	-	42,817
Total Other Financing Sources (Uses)	<u>1,056,110</u>	<u>1,222,414</u>	<u>1,261,126</u>	<u>38,712</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	276,970	276,970
Fund Balances (Deficit), Beginning of Year	<u>-</u>	<u>-</u>	<u>102,803</u>	<u>102,803</u>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 379,773</u>	<u>\$ 379,773</u>

**CITY OF BROOKSVILLE, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2016**

	Special Revenue Funds							
	Police Special Education Fund	Law Enforcement Trust Fund	Local Option Gas Tax	Law Enforcement Investigative Trust	Law Enforcement Impact Fees	Public Building Impact Fees	Fire Impact Fees	Parks Impact Fees
<b>ASSETS</b>								
Pooled Cash and Investments	\$ 56,001	\$ 53,581	\$ 78,001	\$ 50,990	\$ 15,319	\$ 113,118	\$ 82,676	\$ 63,419
Restricted Pooled Cash and Investments	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Due from Other Governments	380	-	44,528	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 56,381</b>	<b>\$ 53,581</b>	<b>\$ 122,529</b>	<b>\$ 50,990</b>	<b>\$ 15,319</b>	<b>\$ 113,118</b>	<b>\$ 82,676</b>	<b>\$ 63,419</b>
<b>LIABILITIES AND FUND BALANCE</b>								
Liabilities:								
Accounts Payable	\$ -	\$ -	\$ 26,763	\$ 1,230	\$ -	\$ -	\$ -	\$ -
Accrued Wages Payable	-	-	3,128	-	-	-	-	-
Unearned Revenue	-	-	-	-	342	525	230	319
Due to Other Funds	-	-	-	-	-	-	-	-
Other Current Liabilities	-	-	596	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>30,487</b>	<b>1,230</b>	<b>342</b>	<b>525</b>	<b>230</b>	<b>319</b>
Fund Balance:								
Restricted	56,381	53,581	92,042	49,760	14,977	112,593	82,446	63,100
Nonspendable	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>56,381</b>	<b>53,581</b>	<b>92,042</b>	<b>49,760</b>	<b>14,977</b>	<b>112,593</b>	<b>82,446</b>	<b>63,100</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 56,381</b>	<b>\$ 53,581</b>	<b>\$ 122,529</b>	<b>\$ 50,990</b>	<b>\$ 15,319</b>	<b>\$ 113,118</b>	<b>\$ 82,676</b>	<b>\$ 63,419</b>

**CITY OF BROOKSVILLE, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
SEPTEMBER 30, 2016**

	Special Revenue Funds							
	Justice Assistance Grant	Road Impact Fees	Fire Grants and Donations	Police Grants and Donations	First Tee	Enrichment Center Premises Maintenance	FDOT Projects	
<b>ASSETS</b>								
Pooled Cash and Investments	\$ 1,147	\$ 2,192,442	\$ 9,597	\$ 9,568	\$ 30,507	\$ 2,498	\$ -	\$ 1,956
Restricted Pooled Cash and Investments	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	783	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-	75,390	-
<b>Total Assets</b>	<b>\$ 1,147</b>	<b>\$ 2,192,442</b>	<b>\$ 9,597</b>	<b>\$ 9,568</b>	<b>\$ 30,507</b>	<b>\$ 3,281</b>	<b>\$ 75,390</b>	<b>\$ 1,956</b>
<b>LIABILITIES AND FUND BALANCE</b>								
Liabilities:								
Accounts Payable	\$ -	\$ 8,525	\$ -	\$ 401	\$ -	\$ 109	\$ 23,382	\$ 1,956
Accrued Wages Payable	-	-	-	-	-	-	-	-
Unearned Revenue	-	4,779	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	52,008	-
Other Current Liabilities	-	161,981	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>175,285</b>	<b>-</b>	<b>401</b>	<b>-</b>	<b>109</b>	<b>75,390</b>	<b>1,956</b>
Fund Balance:								
Restricted	-	2,017,157	9,597	9,167	-	3,172	-	-
Nonspendable	-	-	-	-	-	-	-	-
Committed	-	-	-	-	30,507	-	-	-
Assigned	1,147	-	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>1,147</b>	<b>2,017,157</b>	<b>9,597</b>	<b>9,167</b>	<b>30,507</b>	<b>3,172</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,147</b>	<b>\$ 2,192,442</b>	<b>\$ 9,597</b>	<b>\$ 9,568</b>	<b>\$ 30,507</b>	<b>\$ 3,281</b>	<b>\$ 75,390</b>	<b>\$ 1,956</b>



**CITY OF BROOKSVILLE, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
SEPTEMBER 30, 2016**

	Total Special Revenue Funds	Capital Project Funds					Total Capital Project Funds
		McKethan Park	Multi-Year Capital Project Accumulation	Capital Improvement Revenue 2006 Bond	Capital Improvement Revenue Note - 2011	Capital Improvement Loan - Capital Projects	
<b>ASSETS</b>							
Pooled Cash and Investments	\$ 2,760,820	\$ 25,101	\$ 185,014	\$ -	\$ -	\$ -	\$ 210,115
Restricted Pooled Cash and Investments	-	-	-	2,527	-	-	63,389
Accounts Receivable	783	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-
Due from Other Governments	120,298	-	23,651	424	-	-	24,075
<b>Total Assets</b>	<b>\$ 2,881,901</b>	<b>\$ 25,101</b>	<b>\$ 208,665</b>	<b>\$ 2,951</b>	<b>\$ -</b>	<b>\$ 60,862</b>	<b>\$ 297,579</b>
<b>LIABILITIES AND FUND BALANCE</b>							
Liabilities:							
Accounts Payable	\$ 62,366	\$ -	\$ 3,007	\$ 1,144	\$ -	\$ -	\$ 4,151
Accrued Wages Payable	3,128	-	-	-	-	-	-
Unearned Revenue	6,195	-	-	-	-	-	-
Due to Other Funds	52,008	-	-	-	-	-	-
Other Current Liabilities	162,577	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>286,274</b>	<b>-</b>	<b>3,007</b>	<b>1,144</b>	<b>-</b>	<b>-</b>	<b>4,151</b>
Fund Balance:							
Restricted	2,563,973	-	-	1,807	-	-	62,669
Nonspendable	-	-	-	-	-	-	-
Committed	30,507	-	-	-	-	-	-
Assigned	1,147	25,101	205,658	-	-	-	230,759
<b>Total Fund Balance</b>	<b>2,595,627</b>	<b>25,101</b>	<b>205,658</b>	<b>1,807</b>	<b>-</b>	<b>60,862</b>	<b>293,428</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,881,901</b>	<b>\$ 25,101</b>	<b>\$ 208,665</b>	<b>\$ 2,951</b>	<b>\$ -</b>	<b>\$ 60,862</b>	<b>\$ 297,579</b>

**CITY OF BROOKSVILLE, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
SEPTEMBER 30, 2016**

	Debt Service Funds		Total Debt Service Funds	Permanent Fund		Total Nonmajor Governmental Funds
	Capital Improvement Revenue Note - 2011	Capital Improvement Revenue Bond 2006		Cemetery Perpetual Care	Total Permanent Funds	
<b>ASSETS</b>						
Pooled Cash and Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,970,935
Restricted Pooled Cash and Investments	75,968	14,904	90,872	378,199	378,199	532,460
Accounts Receivable	-	-	-	-	-	783
Due from Other Funds	-	-	-	17,811	17,811	17,811
Due from Other Governments	-	-	-	-	-	144,373
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,373</u>
Total Assets	<u>\$ 75,968</u>	<u>\$ 14,904</u>	<u>\$ 90,872</u>	<u>\$ 396,010</u>	<u>\$ 396,010</u>	<u>\$ 3,666,362</u>
<b>LIABILITIES AND FUND BALANCE</b>						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,517
Accrued Wages Payable	-	-	-	-	-	3,128
Unearned Revenue	-	-	-	-	-	6,195
Due to Other Funds	-	-	-	-	-	52,008
Other Current Liabilities	-	516	516	-	-	163,093
	<u>-</u>	<u>516</u>	<u>516</u>	<u>-</u>	<u>-</u>	<u>163,093</u>
Total Liabilities	-	516	516	-	-	290,941
Fund Balance:						
Restricted	75,968	14,388	90,356	-	-	2,716,998
Nonspendable	-	-	-	245,208	245,208	245,208
Committed	-	-	-	-	-	30,507
Assigned	-	-	-	150,802	150,802	382,708
	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,802</u>	<u>150,802</u>	<u>382,708</u>
Total Fund Balance	<u>75,968</u>	<u>14,388</u>	<u>90,356</u>	<u>396,010</u>	<u>396,010</u>	<u>3,375,421</u>
Total Liabilities and Fund Balance	<u>\$ 75,968</u>	<u>\$ 14,904</u>	<u>\$ 90,872</u>	<u>\$ 396,010</u>	<u>\$ 396,010</u>	<u>\$ 3,666,362</u>

**CITY OF BROOKSVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2016**

	Special Revenue Funds							
	Police Special Education Fund	Law Enforcement Trust Fund	Local Option Gas Tax	Law Enforcement Investigative Trust	Law Enforcement Impact Fees	Public Building Impact Fees	Fire Impact Fees	Parks Impact Fees
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ 214,673	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	7,799	42,218	24,648	33,554
Intergovernmental Revenue	-	-	4,594	-	-	-	-	-
Fines and Forfeits	11,557	3,543	-	49,355	-	-	-	-
Net Investment Earnings	36	20	-	28	15	132	129	84
Miscellaneous Revenues	-	2,499	20,299	4,115	-	-	-	-
Total Revenues	<u>11,593</u>	<u>6,062</u>	<u>239,566</u>	<u>53,498</u>	<u>7,814</u>	<u>42,350</u>	<u>24,777</u>	<u>33,638</u>
<b>EXPENDITURES</b>								
Current:								
General Government	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-
Public Safety	-	8,931	-	26,935	-	-	-	-
Transportation	-	-	448,909	-	-	-	-	-
Debt Services:								
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Capital Outlay	-	-	49,475	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>8,931</u>	<u>498,384</u>	<u>26,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	11,593	(2,869)	(258,818)	26,563	7,814	42,350	24,777	33,638
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	-	-	302,742	-	-	-	-	-
Transfers Out	-	-	(1,683)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>301,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	11,593	(2,869)	42,241	26,563	7,814	42,350	24,777	33,638
Fund Balances, Beginning of Year	<u>44,788</u>	<u>56,450</u>	<u>49,801</u>	<u>23,197</u>	<u>7,163</u>	<u>70,243</u>	<u>57,669</u>	<u>29,462</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 56,381</u>	<u>\$ 53,581</u>	<u>\$ 92,042</u>	<u>\$ 49,760</u>	<u>\$ 14,977</u>	<u>\$ 112,593</u>	<u>\$ 82,446</u>	<u>\$ 63,100</u>

**CITY OF BROOKSVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2016**

	Special Revenue Funds							
	Justice Assistance Grant	Road Impact Fees	Fire Grants and Donations	Police Grants and Donations	First Tee	Enrichment Center Premises Maintenance	FDOT Grant	Brownfields Assessment Grant
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	69,855	-	-	-	-	-	-
Intergovernmental Revenue	23,671	-	-	-	-	-	70,407	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Net Investment Earnings	-	14,348	12	34	55	-	-	-
Miscellaneous Revenues	-	-	1,999	4,851	-	6,684	-	-
Total Revenues	<u>23,671</u>	<u>84,203</u>	<u>2,011</u>	<u>4,885</u>	<u>55</u>	<u>6,684</u>	<u>70,407</u>	<u>-</u>
<b>EXPENDITURES</b>								
Current:								
General Government	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	9,761	255	-
Public Safety	23,671	-	-	3,936	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Debt Services:								
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Capital Outlay	-	36,741	-	7,498	-	-	70,152	-
Total Expenditures	<u>23,671</u>	<u>36,741</u>	<u>-</u>	<u>11,434</u>	<u>-</u>	<u>9,761</u>	<u>70,407</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	-	47,462	2,011	(6,549)	55	(3,077)	-	-
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	-	-	-	-	-	6,000	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	47,462	2,011	(6,549)	55	2,923	-	-
Fund Balances, Beginning of Year	<u>1,147</u>	<u>1,969,695</u>	<u>7,586</u>	<u>15,716</u>	<u>30,452</u>	<u>249</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 1,147</u>	<u>\$ 2,017,157</u>	<u>\$ 9,597</u>	<u>\$ 9,167</u>	<u>\$ 30,507</u>	<u>\$ 3,172</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF BROOKSVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2016**

	Total Special Revenue Funds	Capital Project Funds					Total Capital Project Funds
		McKethan Park	Multi-Year Capital Project Accumulation	Capital Improvement Revenue 2006 Bond	Capital Improvement Revenue Note - 2011	Capital Improvement Loan - Capital Projects	
<b>REVENUES</b>							
Taxes	\$ 214,673	\$ -	\$ 125,970	\$ -	\$ -	\$ -	\$ 125,970
Licenses and Permits	178,074	-	-	34,271	-	-	34,271
Intergovernmental Revenue	98,672	-	-	-	-	-	-
Fines and Forfeits	64,455	-	-	-	-	-	-
Net Investment Earnings	14,893	53	1,492	14	-	-	1,559
Miscellaneous Revenues	40,447	797	-	-	-	-	797
<b>Total Revenues</b>	<b>611,214</b>	<b>850</b>	<b>127,462</b>	<b>34,285</b>	<b>-</b>	<b>-</b>	<b>162,597</b>
<b>EXPENDITURES</b>							
Current:							
General Government	-	-	-	-	-	16	16
Culture and Recreation	10,016	-	-	-	-	-	-
Public Safety	63,473	-	-	-	-	-	-
Transportation	448,909	-	9,027	-	-	-	9,027
Debt Services:							
Principal	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-
Capital Outlay	163,866	-	482,594	-	-	-	482,594
<b>Total Expenditures</b>	<b>686,264</b>	<b>-</b>	<b>491,621</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>491,637</b>
Excess (Deficiency) of Revenues Over Expenditures	(75,050)	850	(364,159)	34,285	-	(16)	(329,040)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	308,742	-	44,623	-	303,780	-	348,403
Transfers Out	(1,683)	-	-	(34,240)	(303,780)	-	(338,020)
<b>Total Other Financing Sources (Uses)</b>	<b>307,059</b>	<b>-</b>	<b>44,623</b>	<b>(34,240)</b>	<b>-</b>	<b>-</b>	<b>10,383</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>232,009</b>	<b>850</b>	<b>(319,536)</b>	<b>45</b>	<b>-</b>	<b>(16)</b>	<b>(318,657)</b>
Fund Balances, Beginning of Year	2,363,618	24,251	525,194	1,762	-	16	612,085
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 2,595,627</b>	<b>\$ 25,101</b>	<b>\$ 205,658</b>	<b>\$ 1,807</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 293,428</b>

**CITY OF BROOKSVILLE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2016**

	<u>Debt Service Funds</u>		Total Debt Service Funds	<u>Permanent Fund</u>		Total Nonmajor Governmental Funds
	Capital Improvement Revenue Note - 2011	Capital Improvement Revenue Bond 2006		Cemetery Perpetual Care	Total Permanent Funds	
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 340,643
Licenses and Permits	-	-	-	-	-	212,345
Intergovernmental Revenue	-	-	-	-	-	98,672
Fines and Forfeits	-	-	-	-	-	64,455
Net Investment Earnings	-	-	-	461	461	16,913
Miscellaneous Revenues	16	-	16	-	-	41,260
Total Revenues	<u>16</u>	<u>-</u>	<u>16</u>	<u>461</u>	<u>461</u>	<u>774,288</u>
<b>EXPENDITURES</b>						
Current:						
General Government	-	-	-	-	-	16
Culture and Recreation	-	-	-	-	-	10,016
Public Safety	-	-	-	-	-	63,473
Transportation	-	-	-	-	-	457,936
Debt Services:						
Principal	194,354	7,000	201,354	-	-	201,354
Interest and Fiscal Charges	81,285	6,452	87,737	-	-	87,737
Capital Outlay	-	-	-	-	-	646,460
Total Expenditures	<u>275,639</u>	<u>13,452</u>	<u>289,091</u>	<u>-</u>	<u>-</u>	<u>1,466,992</u>
Excess (Deficiency) of Revenues Over Expenditures	(275,623)	(13,452)	(289,075)	461	461	(692,704)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	303,780	13,512	317,292	10,000	10,000	984,437
Transfers Out	-	-	-	-	-	(339,703)
Total Other Financing Sources (Uses)	<u>303,780</u>	<u>13,512</u>	<u>317,292</u>	<u>10,000</u>	<u>10,000</u>	<u>644,734</u>
<b>NET CHANGE IN FUND BALANCES</b>	28,157	60	28,217	10,461	10,461	(47,970)
Fund Balances, Beginning of Year	<u>47,811</u>	<u>14,328</u>	<u>62,139</u>	<u>385,549</u>	<u>385,549</u>	<u>3,423,391</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 75,968</u>	<u>\$ 14,388</u>	<u>\$ 90,356</u>	<u>\$ 396,010</u>	<u>\$ 396,010</u>	<u>\$ 3,375,421</u>

**CITY OF BROOKSVILLE, FLORIDA**  
**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2016**

	Special Revenue Funds							
	Police Special Education Fund				Law Enforcement Trust Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Fines and Forfeits	\$ 8,000	\$ 8,000	\$ 11,557	\$ 3,557	\$ 5,000	\$ 5,000	\$ 3,543	\$ (1,457)
Net Investment Earnings	15	15	36	21	7	7	20	13
Miscellaneous Revenues	-	-	-	-	-	-	2,499	2,499
Balances Carried Forward	40,496	40,496	-	(40,496)	41,793	41,793	-	(41,793)
Total Revenues	<u>48,511</u>	<u>48,511</u>	<u>11,593</u>	<u>(36,918)</u>	<u>46,800</u>	<u>46,800</u>	<u>6,062</u>	<u>(40,738)</u>
<b>EXPENDITURES</b>								
Current:								
Public Safety	10,000	10,000	-	10,000	20,000	20,000	8,931	11,069
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>20,000</u>	<u>20,000</u>	<u>8,931</u>	<u>11,069</u>
Excess (Deficiency) of Revenues Over Expenditures	38,511	38,511	11,593	(26,918)	26,800	26,800	(2,869)	(29,669)
<b>OTHER FINANCING SOURCES (USES)</b>								
Reserves	(38,511)	(38,511)	-	38,511	(26,800)	(26,800)	-	26,800
Total Other Financing Sources (Uses)	<u>(38,511)</u>	<u>(38,511)</u>	<u>-</u>	<u>38,511</u>	<u>(26,800)</u>	<u>(26,800)</u>	<u>-</u>	<u>26,800</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	11,593	11,593	-	-	(2,869)	(2,869)
Fund Balances, Beginning of Year	-	-	44,788	44,788	-	-	56,450	56,450
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,381</u>	<u>\$ 56,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,581</u>	<u>\$ 53,581</u>

**CITY OF BROOKSVILLE, FLORIDA**  
**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2016**

	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		
<b>REVENUES</b>								
Taxes	\$ 191,925	\$ 191,925	\$ 214,673	\$ 22,748	\$ -	\$ -	\$ -	\$ -
Fines and Forfeits	-	-	-	-	15,000	15,000	49,355	34,355
Net Investment Earnings	-	-	-	-	21	21	28	7
Intergovernmental Revenue	-	-	4,594	4,594	-	-	-	-
Miscellaneous Revenues	11,200	11,200	20,299	9,099	198	198	4,115	3,917
Balances Carried Forward	23,518	27,146	-	(27,146)	35,435	35,435	-	(35,435)
<b>Total Revenues</b>	<b>226,643</b>	<b>230,271</b>	<b>239,566</b>	<b>9,295</b>	<b>50,654</b>	<b>50,654</b>	<b>53,498</b>	<b>2,844</b>
<b>EXPENDITURES</b>								
Current:								
Public Safety	-	-	-	-	38,000	38,000	26,935	11,065
Transportation	422,857	477,835	448,909	28,926	-	-	-	-
Capital Outlay	51,500	51,500	49,475	2,025	10,000	10,000	-	10,000
<b>Total Expenditures</b>	<b>474,357</b>	<b>529,335</b>	<b>498,384</b>	<b>30,951</b>	<b>48,000</b>	<b>48,000</b>	<b>26,935</b>	<b>21,065</b>
Excess (Deficiency) of Revenues Over Expenditures	(247,714)	(299,064)	(258,818)	40,246	2,654	2,654	26,563	23,909
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	302,742	302,742	302,742	-	-	-	-	-
Transfers Out	(53,033)	(1,683)	(1,683)	-	-	-	-	-
Reserves	(1,995)	(1,995)	-	1,995	(2,654)	(2,654)	-	2,654
<b>Total Other Financing Sources (Uses)</b>	<b>247,714</b>	<b>299,064</b>	<b>301,059</b>	<b>1,995</b>	<b>(2,654)</b>	<b>(2,654)</b>	<b>-</b>	<b>2,654</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>42,241</b>	<b>42,241</b>	<b>-</b>	<b>-</b>	<b>26,563</b>	<b>26,563</b>
Fund Balances, Beginning of Year	-	-	49,801	49,801	-	-	23,197	23,197
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 92,042</b>	<b>\$ 92,042</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49,760</b>	<b>\$ 49,760</b>



**CITY OF BROOKSVILLE, FLORIDA**  
**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2016**

	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		
<b>REVENUES</b>								
Licenses and Permits	\$ 1,720	\$ 1,720	\$ 7,799	\$ 6,079	\$ 9,320	\$ 9,320	\$ 42,218	\$ 32,898
Net Investment Earnings	5	5	15	10	40	40	132	92
Balances Carried Forward	7,298	7,298	-	(7,298)	72,217	72,217	-	(72,217)
<b>Total Revenues</b>	<u>9,023</u>	<u>9,023</u>	<u>7,814</u>	<u>(1,209)</u>	<u>81,577</u>	<u>81,577</u>	<u>42,350</u>	<u>(39,227)</u>
<b>EXPENDITURES</b>								
Current:								
Public Safety	8,000	8,000	-	8,000	-	-	-	-
<b>Total Expenditures</b>	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	1,023	1,023	7,814	(1,209)	81,577	81,577	42,350	(39,227)
<b>OTHER FINANCING SOURCES (USES)</b>								
Reserves	(1,023)	(1,023)	-	1,023	(81,577)	(81,577)	-	81,577
<b>Total Other Financing Sources (Uses)</b>	<u>(1,023)</u>	<u>(1,023)</u>	<u>-</u>	<u>1,023</u>	<u>(81,577)</u>	<u>(81,577)</u>	<u>-</u>	<u>81,577</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	7,814	(186)	-	-	42,350	42,350
Fund Balances, Beginning of Year	-	-	7,163	7,163	-	-	70,243	70,243
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,977</u>	<u>\$ 6,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,593</u>	<u>\$ 112,593</u>

**CITY OF BROOKSVILLE, FLORIDA**  
**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2016**

	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		
<b>REVENUES</b>								
Licenses and Permits	\$ 4,300	\$ 4,300	\$ 24,648	\$ 20,348	\$ 8,220	\$ 8,220	\$ 33,554	\$ 25,334
Net Investment Earnings	39	39	129	90	50	50	84	34
Balances Carried Forward	58,760	58,760	-	(58,760)	31,098	31,098	-	(31,098)
Total Revenues	<u>63,099</u>	<u>63,099</u>	<u>24,777</u>	<u>(38,322)</u>	<u>39,368</u>	<u>39,368</u>	<u>33,638</u>	<u>(5,730)</u>
<b>EXPENDITURES</b>								
Capital Outlay	56,000	56,000	-	56,000	-	-	-	-
Total Expenditures	<u>56,000</u>	<u>56,000</u>	<u>-</u>	<u>56,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	7,099	7,099	24,777	17,678	39,368	39,368	33,638	(5,730)
<b>OTHER FINANCING SOURCES (USES)</b>								
Reserves	(7,099)	(7,099)	-	7,099	(39,368)	(39,368)	-	39,368
Total Other Financing Sources (Uses)	<u>(7,099)</u>	<u>(7,099)</u>	<u>-</u>	<u>7,099</u>	<u>(39,368)</u>	<u>(39,368)</u>	<u>-</u>	<u>39,368</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	24,777	24,777	-	-	33,638	33,638
Fund Balances, Beginning of Year	-	-	57,669	57,669	-	-	29,462	29,462
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,446</u>	<u>\$ 82,446</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,100</u>	<u>\$ 63,100</u>

**CITY OF BROOKSVILLE, FLORIDA**  
**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2016**

	Special Revenue Funds							
	Justice Assistance Grant				Road Impact Fees			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,855	\$ 69,855	
Intergovernmental Revenue	21,434	21,434	23,671	2,237	-	-	-	
Net Investment Earnings	-	-	-	-	8,000	8,000	14,348	
Miscellaneous Revenue	-	-	-	-	-	-	-	
Balances Carried Forward	-	-	-	-	1,968,034	1,968,034	-	
Total Revenues	<u>21,434</u>	<u>21,434</u>	<u>23,671</u>	<u>2,237</u>	<u>1,976,034</u>	<u>1,976,034</u>	<u>84,203</u>	
<b>EXPENDITURES</b>								
Public Safety	-	-	23,671	(23,671)	-	-	-	
Capital Outlay	21,434	21,434	-	21,434	1,260,223	1,260,223	36,741	
Total Expenditures	<u>21,434</u>	<u>21,434</u>	<u>23,671</u>	<u>(2,237)</u>	<u>1,260,223</u>	<u>1,260,223</u>	<u>36,741</u>	
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	715,811	715,811	47,462	
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	-	-	-	-	-	-	-	
Reserves	-	-	-	-	(715,811)	(715,811)	-	
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(715,811)</u>	<u>(715,811)</u>	<u>-</u>	
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-	-	-	47,462	
Fund Balances, Beginning of Year	-	-	1,147	1,147	-	-	1,969,695	
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,147</u>	<u>\$ 1,147</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,017,157</u>	

**CITY OF BROOKSVILLE, FLORIDA**  
**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2016**

	Special Revenue Funds							
	Fire Grants and Donations				Police Grants and Donations			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Net Investment Earnings	\$ 4	\$ 4	\$ 12	\$ 8	\$ 10	\$ 10	\$ 34	\$ 24
Miscellaneous Revenues	2,300	2,300	1,999	(301)	1,500	1,500	4,851	3,351
Balances Carried Forward	7,481	7,481	-	(7,481)	15,578	15,578	-	(15,578)
Total Revenues	<u>9,785</u>	<u>9,785</u>	<u>2,011</u>	<u>(7,774)</u>	<u>17,088</u>	<u>17,088</u>	<u>4,885</u>	<u>(12,203)</u>
<b>EXPENDITURES</b>								
Current:								
Public Safety	1,800	1,800	-	1,800	2,000	2,000	3,936	(1,936)
Capital Outlay	-	-	-	-	12,500	12,500	7,498	5,002
Total Expenditures	<u>1,800</u>	<u>1,800</u>	<u>-</u>	<u>1,800</u>	<u>14,500</u>	<u>14,500</u>	<u>11,434</u>	<u>3,066</u>
Excess (Deficiency) of Revenues Over Expenditures	7,985	7,985	2,011	(5,974)	2,588	2,588	(6,549)	(9,137)
<b>OTHER FINANCING SOURCES (USES)</b>								
Reserves	(7,985)	(7,985)	-	7,985	(2,588)	(2,588)	-	2,588
Total Other Financing Sources (Uses)	<u>(7,985)</u>	<u>(7,985)</u>	<u>-</u>	<u>7,985</u>	<u>(2,588)</u>	<u>(2,588)</u>	<u>-</u>	<u>2,588</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	2,011	2,011	-	-	(6,549)	(6,549)
Fund Balances, Beginning of Year	-	-	7,586	7,586	-	-	15,716	15,716
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,597</u>	<u>\$ 9,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,167</u>	<u>\$ 9,167</u>

**CITY OF BROOKSVILLE, FLORIDA**  
**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2016**

	Special Revenue Funds							
	First Tee				Enrichment Center Premises Maintenance			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Charges for Services	\$ 17,500	\$ 17,500	\$ -	\$ (17,500)	\$ -	\$ -	\$ -	\$ -
Net Investment Earnings	17	17	55	38	-	-	-	-
Miscellaneous Revenues	1,500	1,500	-	(1,500)	9,000	9,000	6,684	(2,316)
Balances Carried Forward	30,403	30,403	-	(30,403)	-	-	-	-
Total Revenues	<u>49,420</u>	<u>49,420</u>	<u>55</u>	<u>(49,365)</u>	<u>9,000</u>	<u>9,000</u>	<u>6,684</u>	<u>(2,316)</u>
<b>EXPENDITURES</b>								
Current:								
Culture and Recreation	3,500	3,500	-	3,500	12,881	12,881	9,761	3,120
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>3,500</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>	<u>12,881</u>	<u>12,881</u>	<u>9,761</u>	<u>3,120</u>
Excess (Deficiency) of Revenues Over Expenditures	45,920	45,920	55	(45,865)	(3,881)	(3,881)	(3,077)	804
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	-	-	-	-	6,000	6,000	6,000	-
Transfers Out	-	-	-	-	-	-	-	-
Reserves	(45,920)	(45,920)	-	45,920	(2,119)	(2,119)	-	2,119
Total Other Financing Sources (Uses)	<u>(45,920)</u>	<u>(45,920)</u>	<u>-</u>	<u>45,920</u>	<u>3,881</u>	<u>3,881</u>	<u>6,000</u>	<u>2,119</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	55	55	-	-	2,923	2,923
Fund Balances, Beginning of Year	-	-	30,452	30,452	-	-	249	249
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,507</u>	<u>\$ 30,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,172</u>	<u>\$ 3,172</u>

**CITY OF BROOKSVILLE, FLORIDA**  
**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2016**

	Special Revenue Funds			Variance with Final Budget Positive (Negative)
	FDOT Grant			
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 78,700	\$ 78,700	\$ 70,407	\$ (8,293)
Net Investment Earnings	-	-	-	-
Miscellaneous Revenues	-	-	-	-
Balances Carried Forward	-	-	-	-
Total Revenues	<u>78,700</u>	<u>78,700</u>	<u>70,407</u>	<u>(8,293)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Culture and Recreation	-	-	255	(255)
Capital Outlay	78,700	78,700	70,152	8,548
Total Expenditures	<u>78,700</u>	<u>78,700</u>	<u>70,407</u>	<u>8,293</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Reserves	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF BROOKSVILLE, FLORIDA**  
**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2016**

	Capital Project Funds							
	McKethan Park				Multi-Year Capital Project Accumulation			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 112,080	\$ 112,080	\$ 125,970	\$ 13,890
Licenses and Permits	-	-	-	-	500	506	-	(506)
Net Investment Earnings	16	16	53	37	-	-	1,492	1,492
Miscellaneous Revenues	1,000	1,000	797	(203)	-	-	-	-
Balances Carried Forward	24,248	24,248	-	(24,248)	269,105	334,413	-	(334,413)
Total Revenues	<u>25,264</u>	<u>25,264</u>	<u>850</u>	<u>(24,414)</u>	<u>381,685</u>	<u>446,999</u>	<u>127,462</u>	<u>(319,537)</u>
<b>EXPENDITURES</b>								
Current:								
Transportation	-	-	-	-	-	-	9,027	(9,027)
Capital Outlay	-	-	-	-	426,308	491,622	482,594	9,028
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>426,308</u>	<u>491,622</u>	<u>491,621</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	25,264	25,264	850	(24,414)	(44,623)	(44,623)	(364,159)	(319,536)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	-	-	-	-	44,623	44,623	44,623	-
Transfers Out	-	-	-	-	-	-	-	-
Reserves	(25,264)	(25,264)	-	25,264	-	-	-	-
Total Other Financing Sources (Uses)	<u>(25,264)</u>	<u>(25,264)</u>	<u>-</u>	<u>25,264</u>	<u>44,623</u>	<u>44,623</u>	<u>44,623</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	850	850	-	-	(319,536)	(319,536)
Fund Balances, Beginning of Year	-	-	24,251	24,251	-	-	525,194	525,194
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,101</u>	<u>\$ 25,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,658</u>	<u>\$ 205,658</u>

**CITY OF BROOKSVILLE, FLORIDA**  
**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2016**

	Capital Project Funds							
	Capital Improvement Revenue 2006 Bond				Capital Improvement Revenue Note - 2011			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Licenses and Permits	\$ 33,000	\$ 33,850	\$ 34,271	\$ 421	\$ -	\$ -	\$ -	\$ -
Net Investment Earnings	4	4	14	10	-	-	-	-
Balances Carried Forward	1,200	1,200	-	(1,200)	-	-	-	-
Total Revenues	<u>34,204</u>	<u>35,054</u>	<u>34,285</u>	<u>(769)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>								
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	34,204	35,054	34,285	(769)	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	-	-	-	-	303,780	303,780	303,780	-
Transfers Out	(34,204)	(34,240)	(34,240)	-	(303,780)	(303,780)	(303,780)	-
Reserves	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(34,204)</u>	<u>(34,240)</u>	<u>(34,240)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	814	45	(769)	-	-	-	-
Fund Balances, Beginning of Year	-	-	1,762	1,762	-	-	-	-
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ 814</u>	<u>\$ 1,807</u>	<u>\$ 993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**CITY OF BROOKSVILLE, FLORIDA**  
**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2016**

	Capital Project Funds							
	Capital Improvement Loan - Capital Projects				Bond Settlement			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Balances Carried Forward	\$ -	\$ -	\$ -	\$ -	\$ 60,862	\$ 60,862	\$ -	\$ -
Total Revenues	-	-	-	-	60,862	60,862	-	-
<b>EXPENDITURES</b>								
Current:								
General Government	-	-	16	(16)	60,862	60,862	-	60,862
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total Expenditures	-	-	16	(16)	60,862	60,862	-	60,862
Excess (Deficiency) of Revenues Over Expenditures	-	-	(16)	16	-	-	-	(60,862)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In					-	-	-	-
Reserves	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	-	-	(16)	(16)	-	-	-	(60,862)
Fund Balances, Beginning of Year	-	-	16	16	-	-	60,862	60,862
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,862</u>	<u>\$ -</u>

**CITY OF BROOKSVILLE, FLORIDA**  
**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2016**

	Debt Service Funds							
	Capital Improvement Revenue Note - 2011				Capital Improvement Revenue Bond - 2006			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Net Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Revenues	-	-	16	16	-	-	-	-
Balances Carried Forward	45,884	45,884	-	(45,884)	14,293	14,293	-	(14,293)
<b>Total Revenues</b>	<u>45,884</u>	<u>45,884</u>	<u>16</u>	<u>(45,868)</u>	<u>14,293</u>	<u>14,293</u>	<u>-</u>	<u>(14,293)</u>
<b>EXPENDITURES</b>								
Debt Service:								
Principal	-	186,371	194,354	(7,983)	7,000	7,000	7,000	-
Interest	-	117,409	81,285	36,124	6,476	6,476	6,452	24
<b>Total Expenditures</b>	<u>-</u>	<u>303,780</u>	<u>275,639</u>	<u>28,141</u>	<u>13,476</u>	<u>13,476</u>	<u>13,452</u>	<u>24</u>
Excess (Deficiency) of Revenues Over Expenditures	45,884	(257,896)	(275,623)	(17,727)	817	817	(13,452)	(14,269)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	-	303,780	303,780	-	13,476	13,512	13,512	-
Transfers Out	-	-	-	-	-	-	-	-
Reserves	(45,884)	(45,884)	-	45,884	(14,293)	(14,293)	-	14,293
<b>Total Other Financing Sources (Uses)</b>	<u>(45,884)</u>	<u>257,896</u>	<u>303,780</u>	<u>45,884</u>	<u>(817)</u>	<u>(781)</u>	<u>13,512</u>	<u>14,293</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	28,157	28,157	-	36	60	24
Fund Balances, Beginning of Year	-	-	47,811	47,811	-	-	14,328	14,328
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,968</u>	<u>\$ 75,968</u>	<u>\$ -</u>	<u>\$ 36</u>	<u>\$ 14,388</u>	<u>\$ 14,352</u>

**CITY OF BROOKSVILLE, FLORIDA**  
**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2016**

	Permanent Fund			
	Cemetery Perpetual Care			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
Original	Final			
<b>REVENUES</b>				
Net Investment Earnings	\$ 140	\$ 140	\$ 461	\$ 321
Balances Carried Forward	385,528	385,528	-	(385,528)
Total Revenues	<u>385,668</u>	<u>385,668</u>	<u>461</u>	<u>(385,207)</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	385,668	385,668	461	(385,207)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	10,000	10,000	10,000	-
Transfers Out	-	-	-	-
Reserves	(395,668)	(395,668)	-	395,668
Total Other Financing Sources (Uses)	<u>(385,668)</u>	<u>(385,668)</u>	<u>10,000</u>	<u>395,668</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	10,461	10,461
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>385,549</u>	<u>353,928</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 396,010</u>	<u>\$ 364,389</u>

**CITY OF BROOKSVILLE, FLORIDA  
STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
SEPTEMBER 30, 2016**

	Internal Service Funds					Total Internal Service Funds
	Fleet Maintenance Fund	Vehicle Replacement Fund	Equipment Replacement Fund	Employee Benefits Fund	Health Insurance Fund	
<b>ASSETS</b>						
Current Assets:						
Pooled Cash and Investments	\$ 51,509	\$ 761,759	\$ 11,035	\$ 1,563	\$ 637,810	\$ 1,463,676
Prepaid	-	-	-	24,711	-	24,711
Inventories	2,923	-	-	-	-	2,923
Total Current Assets	<u>54,432</u>	<u>761,759</u>	<u>11,035</u>	<u>26,274</u>	<u>637,810</u>	<u>1,491,310</u>
Non-Current Assets:						
Machinery and Equipment	32,403	2,205,077	54,922	-	-	2,292,402
Less: Accumulated Depreciation	<u>32,403</u>	<u>1,262,513</u>	<u>28,956</u>	<u>-</u>	<u>-</u>	<u>1,323,872</u>
Net Capital Assets	<u>-</u>	<u>942,564</u>	<u>25,966</u>	<u>-</u>	<u>-</u>	<u>968,530</u>
Total Assets	<u>\$ 54,432</u>	<u>\$ 1,704,323</u>	<u>\$ 37,001</u>	<u>\$ 26,274</u>	<u>\$ 637,810</u>	<u>\$ 2,459,840</u>
<b>LIABILITIES AND NET POSITION</b>						
Current Liabilities:						
Accounts Payable	\$ 2,327	\$ -	\$ -	\$ 15,114	\$ 21,646	\$ 39,087
Accrued Wages Payable	485	-	-	-	-	485
Accrued Compensated Absences - Current	1,690	-	-	-	-	1,690
Other Current Liabilities	<u>103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103</u>
Total Current Liabilities	4,605	-	-	15,114	21,646	41,365
Non-Current Liabilities:						
Accrued Compensated Absences	<u>2,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,171</u>
Total Liabilities	6,776	-	-	15,114	21,646	43,536
<b>NET POSITION</b>						
Net Investment in Capital Assets	-	942,564	25,966	-	-	968,530
Unrestricted	47,656	761,759	11,035	11,160	616,164	1,447,774
Total Net Position	<u>47,656</u>	<u>1,704,323</u>	<u>37,001</u>	<u>11,160</u>	<u>616,164</u>	<u>2,416,304</u>
Total Liabilities and Net Position	<u>\$ 54,432</u>	<u>\$ 1,704,323</u>	<u>\$ 37,001</u>	<u>\$ 26,274</u>	<u>\$ 637,810</u>	<u>\$ 2,459,840</u>

**CITY OF BROOKSVILLE, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2016**

	Internal Service Funds					Total Internal Service Funds
	Fleet Maintenance Fund	Vehicle Replacement Fund	Equipment Replacement Fund	Employee Benefits Fund	Health Insurance Fund	
<b>OPERATING REVENUE</b>						
Charges for Services	\$ 69,317	\$ 257,038	\$ 10,001	\$ 62,754	\$ 1,287,679	\$ 1,686,789
Miscellaneous Revenues	-	-	-	-	114,003	114,003
Total Operating Revenues	<u>69,317</u>	<u>257,038</u>	<u>10,001</u>	<u>62,754</u>	<u>1,401,682</u>	<u>1,800,792</u>
<b>OPERATING EXPENSES</b>						
Personnel Services	74,513	-	-	359,972	785,518	1,220,003
Other Services and Charges	32,322	-	-	-	-	32,322
Depreciation	-	143,585	9,539	-	-	153,124
Total Operating Expenses	<u>106,835</u>	<u>143,585</u>	<u>9,539</u>	<u>359,972</u>	<u>785,518</u>	<u>1,405,449</u>
<b>OPERATING INCOME (LOSS)</b>	(37,518)	113,453	462	(297,218)	616,164	395,343
<b>NONOPERATING REVENUES</b>						
Net Investment Earnings	23	10,813	6	-	-	10,842
Gain on Sale of Capital Assets	29,456	-	-	-	-	29,456
Total Nonoperating Revenues	<u>29,479</u>	<u>10,813</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>40,298</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	(8,039)	124,266	468	(297,218)	616,164	435,641
<b>CONTRIBUTIONS AND TRANSFERS</b>						
Transfers In	-	-	-	-	-	-
Transfers Out	-	(400,741)	-	-	-	(400,741)
Total Transfers In (Out)	<u>-</u>	<u>(400,741)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(400,741)</u>
<b>CHANGE IN NET POSITION</b>	(8,039)	(276,475)	468	(297,218)	616,164	34,900
Net Position, Beginning of Year	<u>55,695</u>	<u>1,980,798</u>	<u>36,533</u>	<u>308,378</u>	<u>-</u>	<u>2,381,404</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 47,656</u>	<u>\$ 1,704,323</u>	<u>\$ 37,001</u>	<u>\$ 11,160</u>	<u>\$ 616,164</u>	<u>\$ 2,416,304</u>

**CITY OF BROOKSVILLE, FLORIDA  
STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED SEPTEMBER 30, 2016**

	Internal Service Funds					Total Internal Service Funds
	Fleet Maintenance Fund	Vehicle Replacement Fund	Equipment Replacement Fund	Employee Benefits Fund	Health Insurance Fund	
	Fund	Fund	Fund	Fund	Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from Customers	\$ 69,317	\$ 257,038	\$ 10,001	\$ 62,754	\$ 1,401,682	\$ 1,800,792
Payments to Employees	(75,483)	-	-	(377,260)	(785,518)	(1,238,261)
Payments to Suppliers	(31,610)	(100,446)	-	-	21,646	(110,410)
Net Cash Provided by Operating Activities	(37,776)	156,592	10,001	(314,506)	637,810	452,121
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers from Other Funds	-	-	-	-	-	-
Transfers to Other Funds	-	(400,741)	-	-	-	(400,741)
Net Cash (Used) by Noncapital Financing Activities	-	(400,741)	-	-	-	(400,741)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and Construction of Capital Assets	-	(368,745)	-	-	-	(368,745)
Proceeds from Sale of Assets	29,456	-	-	-	-	29,456
Net Cash (Used) by Capital and Related Financing Activities	29,456	(368,745)	-	-	-	(339,289)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Receipts of Interest and Dividends	23	10,813	6	-	-	10,842
Net Cash Provided (Used) by Investing Activities	23	10,813	6	-	-	10,842
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(8,297)	(602,081)	10,007	(314,506)	637,810	(277,067)
Cash and Cash Equivalents, Beginning of Year	59,806	1,363,840	1,028	316,069	-	1,740,743
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 51,509</u>	<u>\$ 761,759</u>	<u>\$ 11,035</u>	<u>\$ 1,563</u>	<u>\$ 637,810</u>	<u>\$ 1,463,676</u>

**CITY OF BROOKSVILLE, FLORIDA  
STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2016**

	Internal Service Funds					Total Internal Service Funds
	Fleet Maintenance Fund	Vehicle Replacement Fund	Equipment Replacement Fund	Employee Benefits Fund	Health Insurance Fund	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>						
Operating Income (Loss)	\$ (37,518)	\$ 113,453	\$ 462	\$ (297,218)	\$ 616,164	\$ 395,343
Depreciation and Amortization	-	143,585	9,539	-	-	153,124
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
(Increase) Decrease in:						
Inventories	(241)	-	-	-	-	(241)
Increase (Decrease) in:						
Accounts Payable	1,183	(100,446)	-	15,114	21,646	(62,503)
Accrued Wages Payable	(1,915)	-	-	-	-	(1,915)
Other Current Liabilities	(230)	-	-	(32,402)	-	(32,632)
Accrued Compensated Absences	945	-	-	-	-	945
Total Adjustments	<u>(258)</u>	<u>43,139</u>	<u>9,539</u>	<u>(17,288)</u>	<u>21,646</u>	<u>56,778</u>
Net Cash Provided by Operating Activities	<u>\$ (37,776)</u>	<u>\$ 156,592</u>	<u>\$ 10,001</u>	<u>\$ (314,506)</u>	<u>\$ 637,810</u>	<u>\$ 452,121</u>

**CITY OF BROOKSVILLE, FLORIDA  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2016**

	Private Purpose Trust Funds		Pension Trust Funds		
	Butterweck Bond Fund	Private Purpose Trust Funds	Fireman's Retirement Fund	Police Retirement Fund	Total Pension Trust Funds
<b>ASSETS</b>					
Cash and Pooled Cash	\$ 1,202	\$ 1,202	\$ 204,229	\$ 21,943	\$ 226,172
Investment in Debt Securities	-	-	2,159,839	1,954,135	4,113,974
Investment in Marketable Equity Securities	-	-	3,341,192	3,798,175	7,139,367
Prepaid Expenses	-	-	32,415	-	32,415
Due from Other Government Unit	-	-	-	-	-
Accounts Receivable	-	-	17,075	2,891	19,966
Net Pension Asset	-	-	-	-	-
<b>Total Assets</b>	<u>1,202</u>	<u>1,202</u>	<u>5,754,750</u>	<u>5,777,144</u>	<u>11,531,894</u>
<b>LIABILITIES</b>					
Other Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>					
Held in Trust for Retirement and Other Purposes	<u>1,202</u>	<u>1,202</u>	<u>5,754,750</u>	<u>5,777,144</u>	<u>11,531,894</u>
<b>Total Net Position</b>	<u>\$ 1,202</u>	<u>\$ 1,202</u>	<u>\$ 5,754,750</u>	<u>\$ 5,777,144</u>	<u>\$ 11,531,894</u>



**CITY OF BROOKSVILLE, FLORIDA  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED SEPTEMBER 30, 2016**

	Private Purpose		Pension Trust Funds		Total Pension Trust Funds
	Trust Funds	Total			
	Butterweck Bond Fund	Private Purpose Trust Funds	Fireman's Retirement Fund	Police Retirement Fund	
<b>ADDITIONS:</b>					
<b>CONTRIBUTIONS</b>					
Employer	\$ -	\$ -	\$ 355,927	\$ 390,853	\$ 746,780
Plan Members	-	-	23,504	12,972	36,476
Total Contributions	-	-	379,431	403,825	783,256
<b>INVESTMENT EARNINGS</b>					
Net Increase (Decrease) in Fair Value	-	-	166,117	316,684	482,801
Gain/(Loss) on Sales of Investments	-	-	20,324	83,243	103,567
Interest/Dividends	12	12	190,104	107,443	297,547
Total Investment Earnings	12	12	376,545	507,370	883,915
<b>MISCELLANEOUS REVENUES</b>	-	-	2,022	512	2,534
Total Additions	12	12	757,998	911,707	1,669,705
<b>DEDUCTIONS:</b>					
<b>BENEFIT PAYMENTS</b>	-	-	879,213	6,143	885,356
<b>ADMINISTRATIVE EXPENSES</b>	-	-	69,781	60,062	129,843
<b>MISCELLANEOUS EXPENSES</b>	1,052	1,052	-	-	-
<b>TRANSFERS OUT</b>	-	-	-	-	-
Total Deductions	1,052	1,052	948,994	66,205	1,015,199
<b>CHANGE IN NET POSITION</b>	(1,040)	(1,040)	(190,996)	845,502	654,506
Net Position, Beginning of Year	2,242	2,242	5,945,746	4,931,642	10,877,388
<b>NET POSITION, END OF YEAR</b>	\$ 1,202	\$ 1,202	\$ 5,754,750	\$ 5,777,144	\$ 11,531,894

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

City Council  
City of Brooksville, Florida  
Brooksville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Brooksville, Florida, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise City of Brooksville, Florida's basic financial statements, and have issued our report thereon dated April 20, 2017.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in finding 2016-001 of the accompanying schedule of current year findings that we consider to be a significant deficiency.

### **Compliance and Other Matters**

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

### **The City's Response to Findings**

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

### **Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Lakeland, Florida  
April 20, 2017

## MANAGEMENT LETTER

City Council  
City of Brooksville, Florida  
Brooksville, Florida

### Report on the Financial Statements

We have audited the financial statements of the City of Brooksville, Florida, (the “City”) as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated April 20, 2017.

### Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

### Other Reports and Schedule

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* Schedule of Findings and Questioned Costs; and Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated April 20, 2017, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Steps have been taken to correct the condition noted in the preceding annual financial audit report, see the Schedule of Prior Year Findings.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See Note 1 to the financial statements.

### Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

### **Financial Condition (Continued)**

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

### **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2016, 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, 2016. In connection with our audit, we determined that these two reports were in agreement.

### **Special District Component Units**

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

### **Other Matters**

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
April 20, 2017

**CITY OF BROOKSVILLE, FLORIDA**

**APPENDIX A – SCHEDULE OF CURRENT YEAR FINDINGS**

**SEPTEMBER 30, 2016**

**Significant Deficiency**

**2016-001 – FUND BUDGET OVER-EXPENDITURES**

**Condition:** The City had budgetary over-expenditures in the Traffic Camera Fund, the Justice Assistance Grant Fund, and the Capital Improvement Loan Fund. Florida Statutes require that expenditures remain within budgeted amounts.

**Criteria:** The City's management is responsible for establishing and maintaining internal controls to ensure that fund expenditures remain in compliance with the budget, and that budgetary amendments are initiated and approved by governance when necessary.

**Cause:** The City spent more than budgeted in three funds, as listed above, and did not initiate and approve budgetary amendments in response.

**Effect:** The City is not in compliance with Florida Statute requirement that expenditures remain within budget.

**Recommendation:** Management should continue to monitor and evaluate budget to actual analysis throughout year and at year end.

**Management Response:** We agree with the audit findings, and the following actions will be taken to improve the situation. In the future we will run reports on all funds at year end to make sure that they are not over budget. If any of the funds are over budget, we will take budget amendments to City Council to approve. After City Council approves the budget amendments we will enter them into our accounting software. Next we will rerun the reports for each fund to ensure that they are all at or under budget and that the budget amendments were done correctly.

**CITY OF BROOKSVILLE, FLORIDA**

**APPENDIX A – SCHEDULE OF PRIOR YEAR FINDINGS**

**SEPTEMBER 30, 2016**

<b>Prior Years Findings</b>		<b>Current Year Status</b>		
		<b>Cleared</b>	<b>Partially Cleared</b>	<b>Not Cleared</b>
2015-001 Internal Control Over Financial Reporting	Material Weakness	X		



**CliftonLarsonAllen**

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## **INDEPENDENT ACCOUNTANTS' REPORT**

City Council  
City of Brooksville, Florida  
Brooksville, Florida

We have examined the City of Brooksville, Florida, compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2016. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Lakeland, Florida  
April 20, 2017