

CITY OF PLANT CITY, FLORIDA

TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2008

| | <u>PAGE</u> |
|--|--------------------|
| INTRODUCTORY SECTION: | |
| List of City Officials | 1 |
| | |
| FINANCIAL SECTION: | |
| Independent Auditors' Report | 2 – 3 |
| | |
| Required Supplementary Information: | |
| Management's Discussion and Analysis (Unaudited) | 4 – 14 |
| | |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Assets | 15 |
| Statement of Activities | 16 – 17 |
| | |
| Fund Financial Statements: | |
| Governmental Funds: | |
| Balance Sheet | 18 |
| Reconciliation of the Balance Sheet of Governmental | |
| Funds to the Statement of Net Assets | 19 |
| Statement of Revenues, Expenditures and Changes in Fund Balances | 20 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in | |
| Fund Balances of Governmental Funds to the Statement of Activities | 21 |
| Proprietary Funds: | |
| Statement of Net Assets | 22 – 23 |
| Reconciliation of the Statement of Net Assets of Proprietary Funds | |
| to the Statement of Net Assets | 24 |
| Statement of Revenues, Expenses and Changes in Fund Net Assets | 25 |
| Reconciliation of the Statement of Revenues, Expenses and Changes in | |
| Fund Net Assets of Proprietary Funds to the Statement of Activities | 26 |
| Statement of Cash Flows | 27 – 28 |
| Fiduciary Funds: | |
| Statement of Fiduciary Net Assets | 29 |
| Statement of Changes in Fiduciary Net Assets | 30 |
| | |
| Notes to the Financial Statements | 31 – 62 |

CITY OF PLANT CITY, FLORIDA

**TABLE OF CONTENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2008**

| | <u>PAGE</u> |
|--|--------------------|
| FINANCIAL SECTION (CONTINUED): | |
| Required Supplementary Information: | |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund | 63 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Streets & Stormwater Fund | 64 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Community Redevelopment Agency Fund | 65 |
| Notes to Required Supplementary Information – Budget Comparisons | 66 |
| Schedule of Funding Progress – for the Retiree Health Plan | 67 |
| Schedule of Funding Progress – Safety Employees’ Retirement Plan | 68 |
| Schedule of Contributions from the Employer and Other Contributing Entities – Safety Employees’ Retirement Plan | 69 |
| Other Supplementary Information: | |
| Combining Balance Sheet – Nonmajor Governmental Funds | 70 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds | 71 |
| Combining Balance Sheet – Capital Projects Funds | 72 – 73 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Funds | 74 – 75 |
| Special Report on Compliance with Covenants of Bond Ordinances | 76 |
| Special Report on Compliance with Covenants of State of Florida Department of Environmental Protection State Revolving Fund Loan Agreement | 77 |
| SINGLE AUDIT SECTION: | |
| Schedule of Expenditures of Federal, State and Local Awards | 78 – 81 |
| Notes to Schedule of Expenditures of Federal, State and Local Awards | 82 |
| Independent Auditors’ Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of the Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 83 – 84 |
| Independent Auditors’ Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 | 85 – 86 |
| Schedule of Findings and Questioned Costs | 87 – 88 |
| REPORT REQUIRED BY THE STATE OF FLORIDA: | |
| Independent Auditors’ Management Letter | 89 – 92 |

CITY OF PLANT CITY, FLORIDA

CITY OFFICIALS
SEPTEMBER 30, 2008

ELECTED OFFICIALS

| | |
|-----------------------|---------------------------|
| Rick A. Lott | Mayor – Commissioner |
| Daniel D. Raulerson | Vice Mayor – Commissioner |
| William D. Dodson | Commissioner |
| Mary Y. Thomas Mathis | Commissioner |
| Michael S. Sparkman | Commissioner |

APPOINTED OFFICIALS

| | |
|-----------------------|---------------|
| David R. Sollenberger | City Manager |
| Kenneth W. Buchman | City Attorney |
| Virginia L. Helper | City Clerk |

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Board
of City Commissioners
City of Plant City, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Plant City, Florida ("the City"), as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Plant City, Florida, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2009 on our consideration of the City of Plant City, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable Mayor and Board
of City Commissioners
City of Plant City, Florida
Page 2

The Management's Discussion and Analysis, budgetary schedules and pension plan required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying schedule of expenditures of federal, state and local awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, Section 215.97, Florida Statutes and Chapter 10.550 Rules of the Auditor General, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,

BELLA, HERMIDA, HURN, STERTZER & GRAY



Certified Public Accountants
June 8, 2009

CITY OF PLANT CITY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2008

The City of Plant City's (the "City") discussion and analysis is designed to provide the users with a narrative introduction, overview and analysis of the basic financial statements. Please read the information presented here in conjunction with the City of Plant City's financial statements and footnotes that follow this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Plant City exceeded its liabilities at September 30, 2008 by \$197,504,100 (net assets). Of this amount, unrestricted net assets total \$61,939,339.
- The City's total net assets increased by \$11,372,670.
- As of September 30, 2008, the City of Plant City's governmental funds reported combined ending fund balances of \$31,387,132, an increase of \$80,295 over the prior year. Of this amount, unreserved fund balance totals \$26,136,395.
- The City of Plant City's total debt (including compensated absences) increased by \$8,735,270 (13%) during the current fiscal year primarily due to the debt incurred to finance the wastewater treatment facility.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statement's focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability.

The City of Plant 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. The annual financial 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 readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The focus is on "activities" rather than "fund types".

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

The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and earned but unused compensated absences).

CITY OF PLANT CITY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2008

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, physical environment, transportation, economic development, and culture and recreation. The business-type activities of the City consist of water/sewer utility, sanitary services and industrial park.

The government-wide financial statements include not only the City of Plant City itself (the primary government) but also one district of the legally separate community redevelopment agency. Financial information for this component unit is blended with the financial information presented for the primary government itself since board members are the same as the members of the City Commission.

The City has one defined benefit pension plan and one defined contribution pension plan established for the exclusive benefit of its employees and beneficiaries.

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. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

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 statements focus 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.

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 Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seventeen individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Streets & Stormwater Fund and the Community Redevelopment Agency Fund, all of which are considered to be major funds. Data from the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in this report, following the Notes to the Financial Statements.

The City adopts an annual appropriated budget for its General Fund and the special revenue funds. Budgetary comparison schedules have been provided for the major governmental funds that adopt an annual operating budget, to demonstrate compliance with the budget.

CITY OF PLANT CITY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2008

Proprietary funds. The City maintains three proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its utility systems and industrial park.

The Internal Service funds are an accounting device used to accumulate and allocate the costs of workers' compensation insurance, and fleet maintenance internally among the City's various functions.

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

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 City's pension trust funds are included in the fiduciary fund type.

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statements of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the current year, the City's assets exceeded liabilities by \$197,504,100.

CITY OF PLANT CITY, FLORIDA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

The following table reflects the condensed Statements of Net Assets for the current and prior years:

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|--|--------------------------------|----------------------|---------------------------------|----------------------|-----------------------|-----------------------|
| | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> |
| Current and Other Assets | \$ 38,037,132 | \$ 37,081,094 | \$ 58,851,901 | \$ 55,820,475 | \$ 96,889,033 | \$ 92,901,569 |
| Capital Assets | <u>77,882,759</u> | <u>74,540,780</u> | <u>108,422,979</u> | <u>96,976,299</u> | <u>186,305,738</u> | <u>171,517,079</u> |
| Total Assets | <u>115,919,891</u> | <u>111,621,874</u> | <u>167,274,880</u> | <u>152,796,774</u> | <u>283,194,771</u> | <u>264,418,648</u> |
| Long-term Liabilities | | | | | | |
| Outstanding | 14,753,274 | 15,307,499 | 58,058,668 | 50,133,049 | 72,144,251 | 65,440,548 |
| Other Liabilities | <u>5,692,195</u> | <u>4,993,923</u> | <u>7,186,531</u> | <u>7,852,747</u> | <u>12,878,726</u> | <u>12,846,670</u> |
| Total Liabilities | <u>20,445,469</u> | <u>20,301,422</u> | <u>65,245,199</u> | <u>57,985,796</u> | <u>85,022,977</u> | <u>78,287,218</u> |
| Net Assets: | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 61,045,618 | 60,028,560 | 48,271,433 | 46,264,756 | 109,317,051 | 106,293,316 |
| Restricted | 19,300,058 | 19,205,456 | 6,947,652 | 2,281,571 | 26,247,710 | 21,487,027 |
| Unrestricted | <u>15,128,743</u> | <u>12,086,436</u> | <u>46,810,596</u> | <u>46,264,651</u> | <u>61,939,339</u> | <u>58,351,087</u> |
| Total Net Assets | <u>\$ 95,474,419</u> | <u>\$ 91,320,452</u> | <u>\$ 102,029,681</u> | <u>\$ 94,810,978</u> | <u>\$ 197,504,100</u> | <u>\$ 186,131,430</u> |

Fifty-five percent (55%) of the City's net assets reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure, and vehicles and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Thirteen percent (13%) of the City's net assets represents resources that are subject to external restrictions on how they may be used.

At September 30, 2008, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. This also held true for the previous fiscal year end.

The increase in Net Assets Invested in Capital Assets, Net of Related Debt in the City's governmental activities is primarily due to the donation of capital assets in the current fiscal year.

The increase in assets and net assets of the City's business-type activities is primarily due to the increase in charges for services, grants and interest revenue in the Water Sewer Fund and Sanitation Services Fund. The water sewer rates were increased as of April 4, 2004 and will be increased each year on October 1 through 2007 to fund the expansion of the City's wastewater treatment plant. The sanitary service fund rates were increased as of October 1, 2005 and will be increased through October 1, 2009.

CITY OF PLANT CITY, FLORIDA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

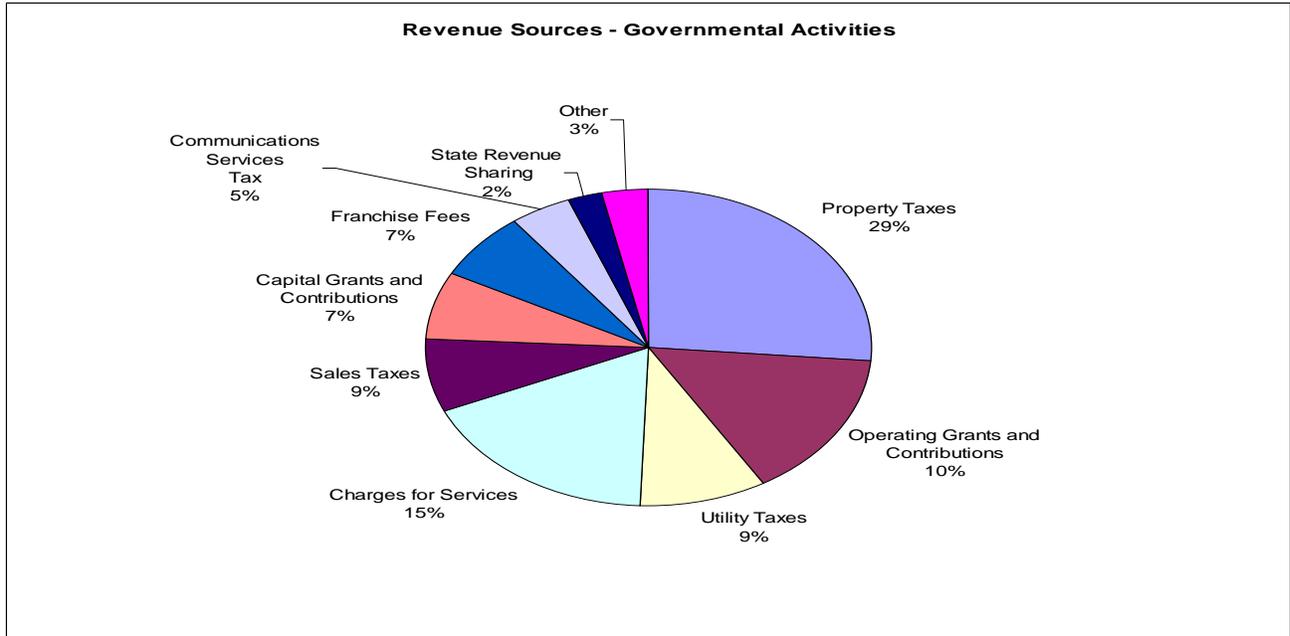
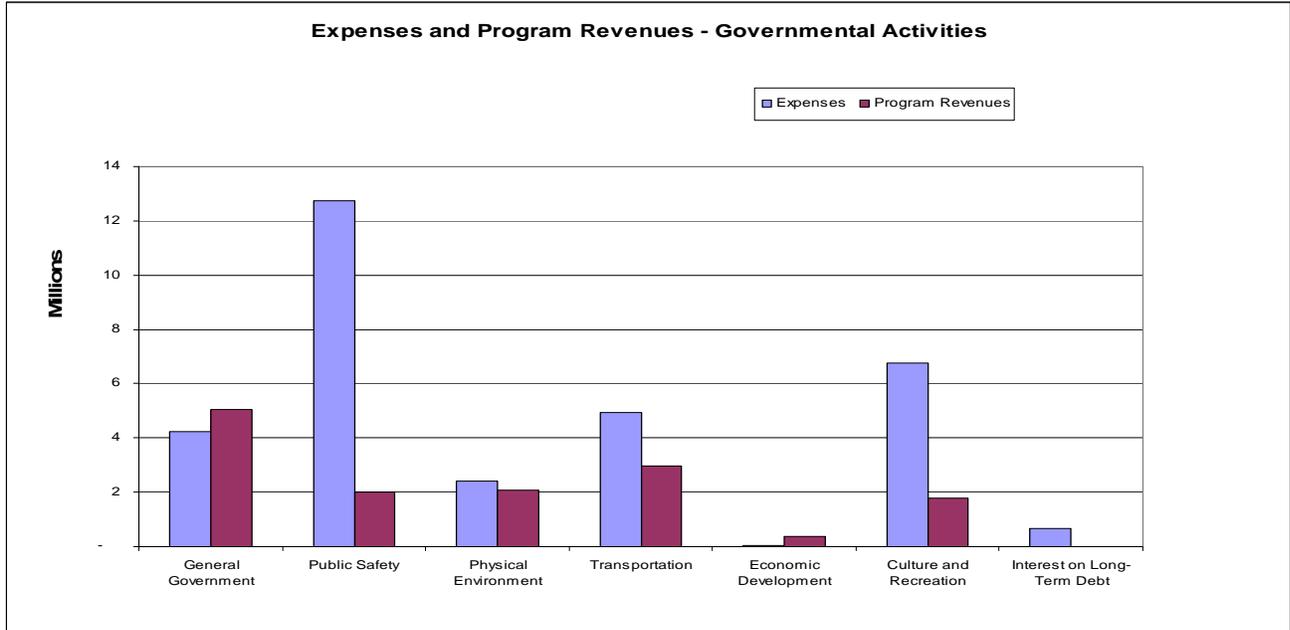
Statements of Activities

The following table reflects the condensed Statements of Activities for the current and prior years:

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|---|--------------------------------|-------------------|---------------------------------|-------------------|-------------------|-------------------|
| | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 6,366,962 | \$ 5,132,052 | \$ 23,912,541 | \$ 22,379,921 | \$ 30,279,503 | \$ 27,511,973 |
| Operating Grants and Contributions | 5,417,835 | 3,501,803 | | | 5,417,835 | 3,501,803 |
| Capital Grants and Contributions | 2,522,401 | 2,249,637 | 679,097 | 1,572,523 | 3,201,498 | 3,822,160 |
| General Revenues: | | | | | | |
| Property Taxes | 9,493,884 | 9,545,009 | | | 9,493,884 | 9,545,009 |
| Franchise Fees | 2,450,539 | 2,477,595 | | | 2,450,539 | 2,477,595 |
| Utility Taxes | 3,281,594 | 3,103,832 | | | 3,281,594 | 3,103,832 |
| Communications Services Tax | 1,663,831 | 1,733,790 | | | 1,663,831 | 1,733,790 |
| State Revenue Sharing | 851,345 | 912,405 | | | 851,345 | 912,405 |
| Sales Tax | 2,663,767 | 2,925,827 | | | 2,663,767 | 2,925,827 |
| Unrestricted Investment Earnings | 1,113,984 | 1,807,900 | 1,559,293 | 2,446,713 | 2,673,277 | 4,254,613 |
| Gain (Loss) on Disposal of Capital Assets | (57,705) | 90,463 | 317,204 | | 259,319 | 90,463 |
| Transfers – Internal Activity | 169,159 | 861,204 | (169,159) | (861,204) | | |
| Total Revenues | 35,937,596 | 34,341,517 | 26,298,276 | 25,537,953 | 62,236,392 | 59,879,470 |
| Expenses: | | | | | | |
| General Government | 4,215,969 | 3,882,963 | | | 4,215,969 | 3,882,963 |
| Public Safety | 12,742,320 | 12,081,922 | | | 12,742,320 | 12,081,922 |
| Physical Environment | 2,419,393 | 2,104,364 | | | 2,419,393 | 2,104,364 |
| Transportation | 4,925,791 | 5,684,947 | | | 4,925,791 | 5,684,947 |
| Economic Development | 39,657 | 30,112 | | | 39,657 | 30,112 |
| Culture and Recreation | 6,758,707 | 6,618,141 | | | 6,758,707 | 6,618,141 |
| Interest on Long-Term Debt | 681,792 | 706,622 | | | 681,792 | 706,622 |
| Water/Sewer Utility | | | 13,889,565 | 13,000,681 | 13,889,565 | 13,000,681 |
| Sanitary Service | | | 5,150,465 | 4,993,095 | 5,150,465 | 4,993,095 |
| Industrial Park | | | 40,062 | 69,068 | 40,062 | 69,068 |
| Total Expenses | 31,783,629 | 31,109,071 | 19,080,092 | 18,062,844 | 50,863,721 | 49,171,915 |
| Increase in Net Assets | 4,153,967 | 3,232,446 | 7,218,704 | 7,475,109 | 11,372,671 | 10,707,555 |
| Net Assets – October 1 | 91,320,452 | 88,088,006 | 94,810,977 | 87,335,868 | 186,131,429 | 175,423,874 |
| Net Assets – September 30 | \$ 95,474,419 | \$ 91,320,452 | \$ 102,029,681 | \$ 94,810,977 | \$ 197,504,100 | \$ 186,131,429 |

CITY OF PLANT CITY, FLORIDA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**



Governmental Activities

Governmental activities net assets increased by \$4,153,967.

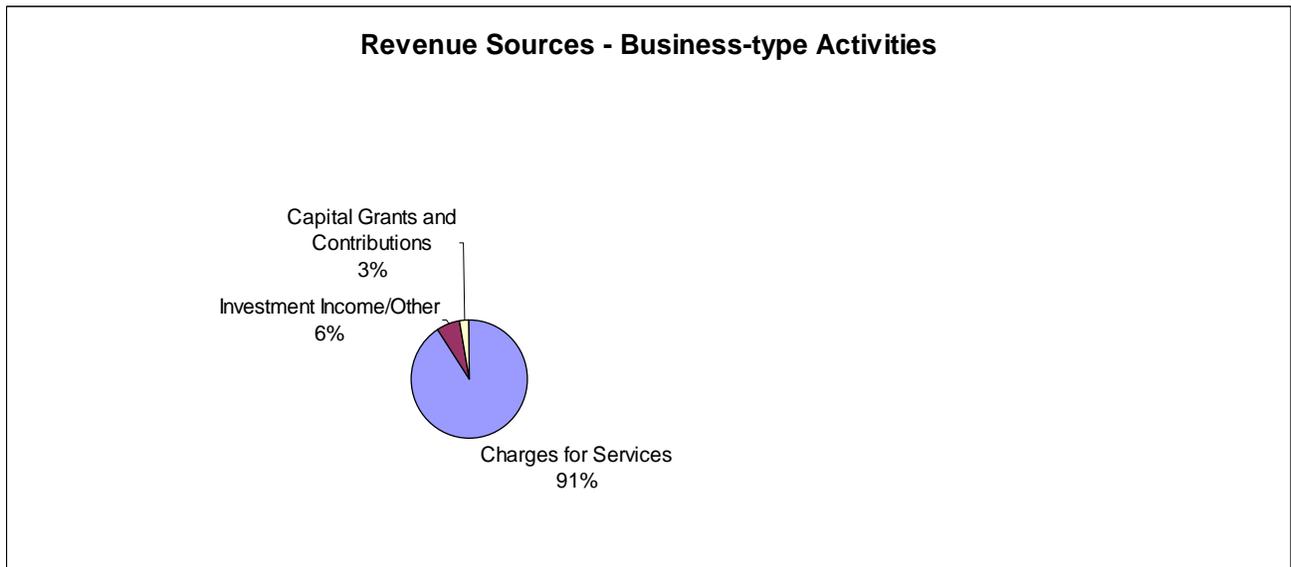
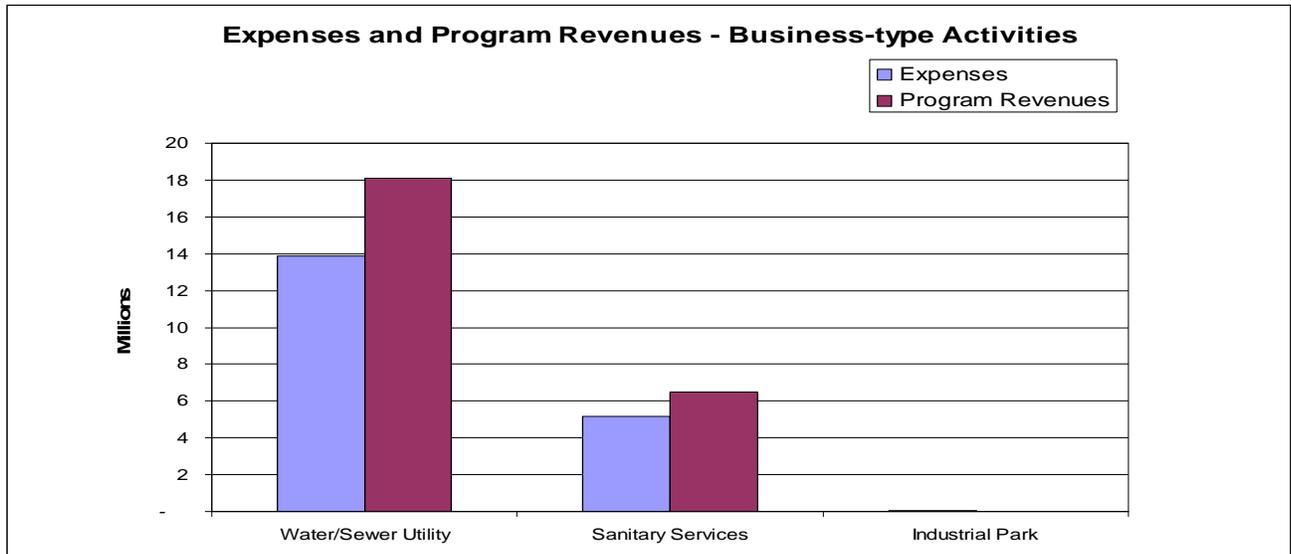
General revenues of governmental activities decreased by approximately \$1.8 million due to an increase in utility taxes of \$178,000, a decrease in property taxes of \$51,000, a decrease in investment income of \$694,000, a decrease in sales tax revenues of \$262,000, a decrease in community investment tax of \$70,000, a decrease in franchise fees of \$27,000, a decrease in state shared revenues of \$61,000, a decrease in transfers in internal activities of \$692,000, an increase in insurance premium proceeds for safety employees pension fund of \$45,000, and a decrease in the gain on disposal of fixed assets of \$148,000.

CITY OF PLANT CITY, FLORIDA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

Program revenues of governmental activities increased by approximately \$3,423,000 due to an increase in contributions of capital assets of \$2,093,000, an increase in impact fee revenues of \$351,000, an increase in stormwater fees of \$435,000, an increase in ambulance fees of \$270,000, an increase in recreation fees of \$139,000 and an increase in grants of \$93,000.

Expenses of governmental activities increased by approximately \$675,000 due to a general salary increase for all employees of 5% and benefits increased costs by \$794,000, a decrease in contracts with other agencies of \$277,000, a decrease in interest on long-term debt of \$25,000, an increase in street lighting of \$49,000, a decrease in water sewer and sanitation service costs of \$22,000, a decrease in electric costs of \$20,000, an increase in depreciation expense of \$120,000, a decrease in insurance expense of \$154,000, a decrease in repairs to property and buildings of \$122,000, an increase in compensated absences of \$34,000, a decrease in other contractual services of \$179,000, and an increase in OPEB liabilities of \$488,000.



CITY OF PLANT CITY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2008

Business-type Activities

Business-type activities net assets increased by \$7,218,703.

Program revenues of business-type activities increased by approximately \$639,000 due to an increase of \$1.532 million in sales of water, sewer and sanitation services and a decrease in grant revenues of \$893,000.

Operating expenses of business-type activities increased by approximately \$1,017,000 due to a general salary increase for all employees of 5% and increased benefits costs of \$587,000, an increase in other contractual services of \$169,000, an increase in power, heat and light of \$81,000, a decrease in insurance of \$120,000, a decrease in depreciation of \$67,000, an increase in repairs to the collection system of \$28,000, an increase in repairs of \$222,000, and an increase in bad debts of \$114,000.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2008, the City's governmental funds reported combined ending fund balances of \$31,387,132, an increase of \$80,295 in comparison with the prior year. Approximately 84 percent of this total amount (\$26,136,395) constitutes unreserved fund balance. Included in this amount are designations of \$13,282,486, which have been earmarked by the City for specific purposes. The remainder of the fund balance, \$5,250,737, is reserved to indicate that it is not available for new spending because it has already been committed to liquidate purchase orders of the prior period, debt services and other commitments.

The General Fund is the chief operating fund of the City. At September 30, 2008, the unreserved fund balance of the General Fund was \$10,428,884 while the total fund balance was \$12,246,364. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 47% of total General Fund expenditures, while total fund balance represents 56% of that same amount.

The fund balance of the City's General Fund increased by \$321,501 during the current fiscal year.

The fund balance of the Streets & Stormwater Fund increased by \$309,249 during the current fiscal year.

The fund balances of the Community Redevelopment Agency Fund decreased by \$1,472,374 due to purchase of property.

CITY OF PLANT CITY, FLORIDA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund and the Sanitary Service Fund at September 30, 2008 amounted to \$39,617,191 and \$3,567,693, respectively. The change in net assets was \$5,415,536 and \$1,389,250, respectively.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences in appropriations between the original budget and the final amended budget amounted to \$549,294. Of this amount, \$183,006 is attributed to the previous year's reserve for encumbrances. The remaining \$366,288 increase in appropriations can be briefly summarized as follows:

- Reductions made to the budget of \$1,055,000 for decreases in revenues due to the downturn of the economy.
- Re-appropriated \$5,324 for the first payment to the fleet replacement fund for the replacement of a vehicle that was wrecked.
- \$38,150 was budgeted to pay off leases on three buses.
- Amendment to the budget to increase recreation revenues, offsetting expenditures of \$157,700.
- Set up the balance of the following grants which were budgeted in 2006-2007:

| | |
|--|-------------------|
| Emergency Medical Service Grant | \$ 18,009 |
| Hazard Mitigation Grant for Fire Station 1 | 3,915 |
| Hazard Mitigation Grant for Fire Station 2 | 3,915 |
| Hazard Mitigation Grant for Police Station | 104,862 |
| Historic Preservation Grant | 50,000 |
| FDOT – Emstars Grant | 26,080 |
| LWCF Grant – Ellis-Methvin Park | 200,000 |
| FRDAP Grant I/II – Ellis-Methvin Park | 400,000 |
| SWFWMD Grant – West Side Canal Computer Model | 2,321 |
| Hazard Mitigation Grant for General Service Building | <u>19,350</u> |
| | |
| | <u>\$ 828,452</u> |
- Re-appropriated \$200,000 for matching funds for the FRDAP Grant IV – Ellis-Methvin Park.
- To budget for a \$1,000 donation to the Fire Department.
- Re-appropriated \$38,500 for carpet and furniture for city hall second floor remodeling. These funds had been budgeted in prior year but were not spent.
- To increase the budget for the EMS interlocal agreement for \$16,551.
- To increase the budget by \$135,611 for the FRDAP Grant III – Ellis-Methvin Park.

Of this increase, \$122,464 was offset by increases in revenues or loans, and the remaining \$426,830 was appropriated from available fund balance.

CITY OF PLANT CITY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2008 amounts to \$186,305,738 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, vehicles and equipment. The total increase in the City's investment in capital assets for the current fiscal year (net of accumulated depreciation) was \$14,788,659.

Major capital projects completed during the current fiscal year included the following:

- Restrooms/concessions at Martin Luther King, Jr. recreational center
- Dort Street tennis court and basketball court resurfacing
- Alexander Street left turn lane
- Paved part of Burton Street
- Paved part of North Willis Street

Capital Assets at Year End (Net of Depreciation)

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|-------------------------------------|--------------------------------|----------------------|---------------------------------|----------------------|-----------------------|-----------------------|
| | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> |
| Land | \$ 14,354,528 | \$ 11,756,355 | \$ 1,958,528 | \$ 1,958,628 | \$ 16,313,056 | \$ 13,714,983 |
| Improvements | 42,170,853 | 42,023,089 | 162,345 | 199,747 | 42,333,198 | 42,222,836 |
| Plant and Plant Improvements | | | 34,119,776 | 32,303,380 | 34,119,776 | 32,303,380 |
| Buildings and Building Improvements | 12,760,072 | 13,245,824 | 7,087,926 | 7,095,533 | 19,847,998 | 20,341,357 |
| Equipment | 2,122,283 | 2,416,994 | 804,411 | 780,748 | 2,926,694 | 3,197,742 |
| Transportation Equipment | 2,429,640 | 2,772,871 | 1,876,138 | 1,515,488 | 4,305,778 | 4,288,359 |
| Library Books | 499,895 | 522,938 | | | 499,895 | 522,938 |
| Construction in Progress | <u>3,545,488</u> | <u>1,802,709</u> | <u>62,413,855</u> | <u>53,122,775</u> | <u>65,959,343</u> | <u>54,925,484</u> |
| Total | \$ <u>77,882,759</u> | \$ <u>74,540,780</u> | \$ <u>108,422,979</u> | \$ <u>96,976,299</u> | \$ <u>186,305,738</u> | \$ <u>171,517,079</u> |

Additional information on the City's capital assets can be found in the Notes to the Financial Statements in this report.

Long-Term Debt

At the end of the current fiscal year, the City had total bonds and loans outstanding of \$75,740,991, an increase of \$8,701,521 over the prior year.

Long-Term Debt at Year End

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|-------------------------|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
| | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> |
| Revenue Bonds and Loans | \$ <u>15,263,305</u> | \$ <u>16,327,927</u> | \$ <u>60,477,686</u> | \$ <u>50,711,543</u> | \$ <u>75,740,991</u> | \$ <u>67,039,470</u> |
| Total | \$ <u>15,263,305</u> | \$ <u>16,327,927</u> | \$ <u>60,477,686</u> | \$ <u>50,711,543</u> | \$ <u>75,740,991</u> | \$ <u>67,039,470</u> |

Additional information on the City's long-term debt can be found in the Notes to the Financial Statements in this report.

CITY OF PLANT CITY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2008

NEXT YEAR'S BUDGETS AND RATES

During the current fiscal year, unreserved fund balance in the General Fund increased from \$10,121,284 to \$10,428,884. The City has appropriated \$2,940,365 of this amount for spending in the 2009 fiscal year budget. It is intended that this use of available fund balance will avoid the need to raise taxes during the 2009 fiscal year.

The City's millage rate for fiscal year 2009 is 4.1653 which is the same as was levied for fiscal year 2008. For the fiscal year 2009, the City's property tax valuation decreased by \$60,385,741 (2.9%).

The Streets & Stormwater Fund costs keep increasing while revenues remain relatively flat. The Streets & Stormwater Fund relies on a General Fund transfer to cover the shortfall, which puts a drain on the General Fund. The City of Plant City approved an increase in stormwater fee rates from \$4.12 per equivalent residential unit to \$5.50 per equivalent residential unit effective October 1, 2008. Beginning with October 1, 2009 and continuing October 1 of each successive year, the monthly equivalent residential rate will increase annually by three percent. In fiscal year 2009, Stormwater will be broken out from streets and traffic and be accounted for as an enterprise fund.

On March 19, 2004, the City of Plant City approved rate increases for the Water and Sewer Fund. The rates went into effect April 1, 2004 and each October 1 starting on October 1 of 2004 through 2007. The average water rate increase each time is 3% and the average sewer rate increase each time is 9%. All water and sewer rates will increase annually beginning October 1, 2008 and continuing upon October 1 of each successive year based on the U.S. Gross Domestic (GDP) Deflator in effect on said date. The additional rates are due to required wastewater plant upgrade and expansion. These rates were designed to meet the coverage required for issuing a \$45,000,000 bond issue in 2006 to cover part of the cost to upgrade the plant.

The water and wastewater development fees were increased starting May 1, 2004 and on October 1 of each year beginning with October 1 of 2005 through 2008.

In September 2005, the City of Plant City approved a rate increase for the Sanitation Fund for the next five years. The residential rate increased from \$18.34 to \$22.25 effective October 1, 2005. The residential rate increases are \$24.03 on October 1, 2006, to \$25.95 on October 1, 2007, to \$28.03 on October 1, 2008 and will be \$29.43 on October 1, 2009. The rate will increase at a rate of 3% per annum beginning with October 1, 2010.

The fiscal year 2008-09 budget included a general pay increase for all employees of 4.0% up to a maximum increase of \$2,000. The budget decreased by 23.8% over the prior year budget. The decrease is primarily due to the proceeds of a loan of \$12,192,236 for wastewater reclamation facility plant upgrade that was budgeted in fiscal year 2007-08. Excluding the cost of the expansion, the overall expenditures decreased by 11.2% in the new year's budget.

Due to the downturn in the economy fiscal year 2008-2009, the budgets for the water and sewer fund and the general fund had to be reduced by \$1,346,808 and \$253,879, respectively. Also, a hiring freeze was put into place and spending for capital outlay was frozen. Despite the current economic conditions, the fund balances of the water and sewer fund and the general fund remain healthy and strong.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Plant City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Plant City, P.O. Box C, Plant City, Florida 33564.

CITY OF PLANT CITY, FLORIDA

STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

| | <u>Governmental</u> <u>Activities</u> | <u>Business-Type</u> <u>Activities</u> | <u>Total</u> |
|---|--|---|-----------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 34,214,025 | \$ 45,674,790 | \$ 79,888,815 |
| Investments | 4,714 | 3,072 | 7,786 |
| Accounts Receivable – Net | 713,991 | 2,743,782 | 3,457,773 |
| Accrued Interest Receivable | 42,174 | 62,858 | 105,032 |
| Internal Balances – Due from Other Funds | (250,354) | 250,354 | |
| Due from Other Governments | 1,320,150 | 28,126 | 1,348,276 |
| Inventory | 99,535 | 269,699 | 369,234 |
| Restricted Assets: | | | |
| Cash and Cash Equivalents | 1,209,317 | 7,507,214 | 8,716,531 |
| Cash with Fiscal Agents | | 1,197,219 | 1,197,219 |
| Deposits | 309,828 | | 309,828 |
| Deferred Charges | 322,612 | 166,029 | 488,641 |
| Land Held for Resale | 51,140 | 948,758 | 999,898 |
| Capital Assets (Net of Accumulated Depreciation): | | | |
| Land | 14,354,528 | 1,958,528 | 16,313,056 |
| Improvements | 42,170,853 | 162,345 | 42,333,198 |
| Plant and Plant Improvements | | 34,119,776 | 34,119,776 |
| Buildings and Building Improvements | 12,760,072 | 7,087,926 | 19,847,998 |
| Equipment | 2,122,283 | 804,411 | 2,926,694 |
| Transportation Equipment | 2,429,640 | 1,876,138 | 4,305,778 |
| Library Books | 499,895 | | 499,895 |
| Construction in Progress | <u>3,545,488</u> | <u>62,413,855</u> | <u>65,959,343</u> |
| Total Assets | <u>115,919,891</u> | <u>167,274,880</u> | <u>283,194,771</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts Payable | 776,062 | 1,160,463 | 1,936,525 |
| Due to Other Governments | 332,618 | | 332,618 |
| Other Current Liabilities | 1,078,008 | 413,540 | 1,491,548 |
| Deferred Revenue | 1,099,030 | 673,350 | 1,772,380 |
| Current Portion of Long-Term Debt | 1,695,490 | | 1,695,490 |
| Current Liabilities Payable from Restricted Assets: | | | |
| Current Portion of Long-Term Debt | 710,987 | 2,805,178 | 3,516,165 |
| Accrued Interest Payable | | 377,219 | 377,219 |
| Deposits | | 1,756,781 | 1,756,781 |
| Noncurrent Liabilities: | | | |
| Long-Term Debt | 14,265,237 | 57,672,508 | 71,937,745 |
| Accrued Landfill Closure Costs | | 206,506 | 206,506 |
| Net OPEB Obligation | <u>488,037</u> | <u>179,654</u> | <u>667,691</u> |
| Total Liabilities | <u>20,445,469</u> | <u>65,245,199</u> | <u>85,688,668</u> |
| Net Assets: | | | |
| Invested in Capital Assets, Net of Related Debt | 61,045,618 | 48,271,433 | 109,317,051 |
| Restricted for: | | | |
| Debt Service | 1,214,079 | 4,357,191 | 5,571,270 |
| Capital Projects | 8,066,880 | 2,590,461 | 10,657,341 |
| Other Purposes | 1,817,480 | | 1,817,480 |
| Community Development | 1,301,580 | | 1,301,580 |
| Streets & Stormwater Improvements | 6,900,039 | | 6,900,039 |
| Unrestricted | <u>15,128,743</u> | <u>46,810,596</u> | <u>61,939,339</u> |
| Total Net Assets | <u>\$ 95,474,419</u> | <u>\$ 102,029,681</u> | <u>\$ 197,504,100</u> |

The notes to the financial statements are an integral part of this statement

CITY OF PLANT CITY, FLORIDA

STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2008

| | | <u>Program Revenues</u> | | |
|---|----------------------|-----------------------------|---|---|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| <u>Functions/Programs</u> | | | | |
| Governmental Activities: | | | | |
| General Government | \$ 4,215,969 | \$ 1,298,450 | \$ 2,265,841 | \$ 1,480,857 |
| Public Safety | 12,742,320 | 1,122,303 | 702,183 | 181,974 |
| Physical Environment | 2,419,393 | 1,952,839 | | 137,813 |
| Transportation | 4,925,791 | 1,277,172 | 1,709,668 | |
| Economic Development | 39,657 | | 375,781 | 25,476 |
| Culture and Recreation | 6,758,707 | 716,198 | 364,362 | 696,281 |
| Interest on Long-Term Debt | <u>681,792</u> | | | |
| Total Governmental Activities | <u>31,783,629</u> | <u>6,366,962</u> | <u>5,417,835</u> | <u>2,522,401</u> |
| Business-Type Activities: | | | | |
| Water/Sewer Utility | 13,889,565 | 17,396,369 | | 679,097 |
| Sanitary Service | 5,150,465 | 6,516,172 | | |
| Industrial Park | <u>40,062</u> | | | |
| Total Business-Type Activities | <u>19,080,092</u> | <u>23,912,541</u> | | <u>679,097</u> |
| Total | <u>\$ 50,863,721</u> | <u>\$ 30,279,503</u> | <u>\$ 5,417,835</u> | <u>\$ 3,201,498</u> |
| General Revenues: | | | | |
| Property Taxes | | | | |
| Franchise Fees | | | | |
| Utility Taxes | | | | |
| Communications Services Tax | | | | |
| State Revenue Sharing | | | | |
| Sales Tax | | | | |
| Unrestricted Investment Earnings | | | | |
| Gain (Loss) on Disposal of Capital Assets | | | | |
| Transfers – Internal Activity | | | | |
| Total General Revenues and Transfers | | | | |
| Change in Net Assets | | | | |
| Net Assets – Beginning | | | | |
| Net Assets – Ending | | | | |

The notes to the financial statements are an integral part of this statement

CITY OF PLANT CITY, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

| | <u>Major Funds</u> | | | | |
|--|--------------------------------|---|---|---|--|
| | <u>General Fund</u> | <u>Streets and Stormwater Fund</u> | <u>Community Redevelopment Agency Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 11,860,615 | \$ 3,011,643 | \$ 1,576,433 | \$ 13,943,895 | \$ 30,392,586 |
| Investments | 3,254 | | | 1,460 | 4,714 |
| Accounts Receivable | 592,654 | 121,337 | | | 713,991 |
| Accrued Interest Receivable | 18,815 | 3,452 | 1,597 | 14,517 | 38,381 |
| Due from Other Funds | 182,190 | | 771 | 1,158,191 | 1,341,152 |
| Due from Other Governments | 661,354 | 361,114 | | 297,682 | 1,320,150 |
| Inventory | 99,535 | | | | 99,535 |
| Other Current Assets | 43,031 | | | 236,797 | 279,828 |
| Restricted Cash | | | | 1,209,317 | 1,209,317 |
| Land Held for Resale | | | | <u>51,140</u> | <u>51,140</u> |
| Total Assets | <u>\$ 13,461,448</u> | <u>\$ 3,497,546</u> | <u>\$ 1,578,801</u> | <u>\$ 16,912,999</u> | <u>\$ 35,450,794</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ 90,958 | \$ 77,439 | \$ 31,905 | \$ 357,897 | \$ 558,199 |
| Due to Other Funds | 214,478 | 301,179 | 51,171 | 736,042 | 1,302,870 |
| Due to Other Governments | 137,425 | | | 195,193 | 332,618 |
| Other Current Liabilities | 768,945 | | | 2,000 | 770,945 |
| Deferred Revenues | <u>3,278</u> | | <u>875,686</u> | <u>220,066</u> | <u>1,099,030</u> |
| Total Liabilities | <u>1,215,084</u> | <u>378,618</u> | <u>958,762</u> | <u>1,511,198</u> | <u>4,063,662</u> |
| Fund Balances: | | | | | |
| Reserved for: | | | | | |
| Encumbrances | 259,643 | 209,844 | 117,717 | 1,891,617 | 2,478,821 |
| Debt Service | | | | 1,214,079 | 1,214,079 |
| Other Purposes | 1,557,837 | | | | 1,557,837 |
| Unreserved, reported in: | | | | | |
| General Fund: | | | | | |
| Designated for Liability Claims | 1,667,922 | | | | 1,667,922 |
| Undesignated | 8,760,962 | | | | 8,760,962 |
| Special Revenue Funds: | | | | | |
| Undesignated | | 2,909,084 | 502,322 | 681,541 | 4,092,947 |
| Capital Projects Funds: | | | | | |
| Designated for Capital Outlays | | | | <u>11,614,564</u> | <u>11,614,564</u> |
| Total Fund Balances | <u>12,246,364</u> | <u>3,118,928</u> | <u>620,039</u> | <u>15,401,801</u> | <u>31,387,132</u> |
| Total Liabilities and Fund Balances | <u>\$ 13,461,448</u> | <u>\$ 3,497,546</u> | <u>\$ 1,578,801</u> | <u>\$ 16,912,999</u> | <u>\$ 35,450,794</u> |

The notes to the financial statements are an integral part of this statement

CITY OF PLANT CITY, FLORIDA

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

| | |
|--|----------------------|
| Total Fund Balances of Governmental Funds in the Balance Sheet | \$ 31,387,132 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | |
| Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds, net of accumulated depreciation of \$103,199,013. | 77,882,759 |
| Internal service funds are used by management to charge the costs of fleet management and workers' compensation insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets, net of cumulative internal profit. | 3,041,668 |
| The net OPEB obligation is not payable in the current period and therefore is not reported in the funds. | (488,037) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds: | |
| Bonds and Loans Payable | (14,691,632) |
| Capital Lease Obligations | (249,061) |
| Accrued Compensated Absences | (<u>1,408,410</u>) |
| Net Assets of Governmental Activities | \$ <u>95,474,419</u> |

The notes to the financial statements are an integral part of this statement

CITY OF PLANT CITY, FLORIDA

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

| | Major Funds | | | | |
|--|-------------------------|--|--|--|---|
| | General Fund | Streets and Stormwater Fund | Community Redevelopment Agency Fund | Nonmajor Governmental Funds | Total Governmental Funds |
| REVENUES | | | | | |
| Property Taxes | \$ 7,995,537 | \$ | \$ 1,498,347 | \$ | \$ 9,493,884 |
| Franchise Fees | 2,450,539 | | | | 2,450,539 |
| Utility Taxes | 3,281,594 | | | | 3,281,594 |
| Licenses and Permits | 1,094,085 | | | | 1,094,085 |
| Intergovernmental Revenues | 6,869,466 | 1,928,300 | | 2,193,776 | 10,991,542 |
| Charges for Services | 1,217,031 | 1,950,983 | | | 3,168,014 |
| Fines and Forfeitures | 189,427 | | | | 189,427 |
| Impact Fees | | | | 1,609,783 | 1,609,783 |
| Contributions | 12,963 | | | | 12,963 |
| Interest Revenue | 392,718 | 94,120 | 89,800 | 436,524 | 1,013,162 |
| Other Revenue | <u>91,177</u> | <u>10,979</u> | <u>14,872</u> | <u>50,420</u> | <u>167,448</u> |
| Total Revenues | <u>23,594,537</u> | <u>3,984,382</u> | <u>1,603,019</u> | <u>4,290,503</u> | <u>33,472,441</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General Government | 3,440,477 | | | 1,500 | 3,441,977 |
| Public Safety | 11,719,360 | | | | 11,719,360 |
| Physical Environment | | 1,377,230 | 51,981 | 462,046 | 1,891,257 |
| Transportation | 209,825 | 1,780,605 | | | 1,990,430 |
| Economic Development | 9,985 | | | | 9,985 |
| Culture and Recreation | 5,655,706 | | | 29,743 | 5,685,449 |
| Debt Service: | | | | | |
| Principal | 134,559 | 38,464 | 200,573 | 684,790 | 1,058,386 |
| Interest | 13,267 | 1,472 | 50,483 | 593,344 | 658,566 |
| Other Debt Service Costs | | | | 5,167 | 5,167 |
| Capital Outlay | <u>781,623</u> | <u>255,427</u> | <u>2,772,356</u> | <u>3,234,260</u> | <u>7,043,666</u> |
| Total Expenditures | <u>21,964,802</u> | <u>3,453,198</u> | <u>3,075,393</u> | <u>5,010,850</u> | <u>33,504,243</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>1,629,735</u> | <u>531,184</u> | <u>(1,472,374)</u> | <u>(720,347)</u> | <u>(31,802)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Sale of Capital Assets | 79,185 | 15,953 | | | 95,138 |
| Transfers In | 225,261 | 744,000 | | 4,017,072 | 4,986,333 |
| Transfers Out | <u>(1,612,680)</u> | <u>(981,888)</u> | <u> </u> | <u>(2,374,806)</u> | <u>(4,969,374)</u> |
| Total Other Financing Sources (Uses) | <u>(1,308,234)</u> | <u>(221,935)</u> | <u> </u> | <u>1,642,266</u> | <u>112,097</u> |
| Net Change in Fund Balances | 321,501 | 309,249 | <u>(1,472,374)</u> | 921,919 | 80,295 |
| Fund Balances – Beginning | <u>11,924,863</u> | <u>2,809,679</u> | <u>2,092,413</u> | <u>14,479,882</u> | <u>31,306,837</u> |
| Fund Balances – Ending | \$ <u>12,246,364</u> | \$ <u>3,118,928</u> | \$ <u>620,039</u> | \$ <u>15,401,801</u> | \$ <u>31,387,132</u> |

The notes to the financial statements are an integral part of this statement

CITY OF PLANT CITY, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

Net Change in Fund Balances – Total Governmental Funds \$ 80,295

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures while
governmental activities report depreciation expense to allocate
those expenditures over the life of the assets:

| | |
|-------------------------|----------------------|
| Capital Asset Purchases | 7,043,666 |
| Depreciation Expense | (<u>5,801,724</u>) |
| | <u>1,241,942</u> |

In the Statement of Activities, only the gain on the disposal of capital
assets is recorded. However, in the governmental funds, the proceeds
from the sale increase financial resources. Thus, the change in net
assets differs from the change in fund balance by the cost of the
capital assets sold. (152,843)

Donations of capital assets increase net assets in the Statement of
Activities, but do not appear in the governmental funds because they
are not financial resources. 2,252,878

The net OPEB obligation decreases net assets in the Statement of
Activities, but does not appear in the governmental funds because
it does not use financial resources. (488,037)

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of principal of long-term debt
consumes the current financial resources of governmental funds.
Neither transaction, however, has any effect on net assets. Also,
governmental funds report the effect of issuance costs, premiums,
discounts and similar items when debt is first issued, whereas these
amounts are deferred and amortized in the Statement of Activities.
This amount is the net effect of these differences in the treatment of
long-term debt and related items:

| | |
|---|-------------------|
| Principal repayment of long-term debt | 1,058,386 |
| Amortization of deferred issuance costs | (18,058) |
| Change in compensated absences | (<u>33,217</u>) |
| | <u>1,007,111</u> |

The net revenue of certain activities of internal service funds is
reported with governmental activities. 212,621

Change in Net Assets of Governmental Activities \$ 4,153,967

The notes to the financial statements are an integral part of this statement

CITY OF PLANT CITY, FLORIDA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2008

Business-Type Activities – Enterprise Funds

| | <u>Major Funds</u> | | <u>Nonmajor Fund</u> | <u>Total</u> | <u>Governmental Activities – Internal Service Funds</u> |
|---|-----------------------------|------------------------------|-----------------------------|--------------------|---|
| | <u>Water and Sewer Fund</u> | <u>Sanitary Service Fund</u> | <u>Industrial Park Fund</u> | | |
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash and Cash Equivalents | \$ 39,259,784 | \$ 3,704,120 | \$ 2,710,885 | \$ 45,674,789 | \$ 3,821,439 |
| Investments | 3,072 | | | 3,072 | |
| Accounts Receivable | 2,353,926 | 389,856 | | 2,743,782 | |
| Accrued Interest Receivable | 54,385 | 4,902 | 3,571 | 62,858 | 3,793 |
| Due from Other Funds | 63,855 | | | 63,855 | |
| Due from Other Governments | 28,126 | | | 28,126 | |
| Inventory | <u>269,699</u> | <u> </u> | <u> </u> | <u>269,699</u> | <u> </u> |
| Total Current Assets | <u>42,032,847</u> | <u>4,098,878</u> | <u>2,714,456</u> | <u>48,846,181</u> | <u>3,825,232</u> |
| Noncurrent Assets: | | | | | |
| Restricted Assets: | | | | | |
| Cash and Cash Equivalents | 7,507,214 | | | 7,507,214 | |
| Cash and Investments with Fiscal Agents | 1,197,219 | | | 1,197,219 | |
| Deposits | | | | | 30,000 |
| Deferred Charges | 166,029 | | | 166,029 | |
| Land Held for Resale | | | 948,758 | 948,758 | |
| Capital Assets: | | | | | |
| Land | 1,958,528 | | | 1,958,528 | |
| Land Improvements | | | 935,046 | 935,046 | |
| Plant and Plant Improvements | 71,628,817 | | | 71,628,817 | |
| Buildings and Building Improvements | 12,015,607 | 76,687 | | 12,092,294 | |
| Equipment | 1,971,832 | 616,738 | | 2,588,570 | |
| Transportation Equipment | 1,923,977 | 2,516,789 | | 4,440,766 | |
| Construction in Progress | 62,361,240 | | 52,615 | 62,413,855 | |
| Less: Accumulated Depreciation | (44,709,423) | (2,152,773) | (772,701) | (47,634,897) | <u> </u> |
| Total Noncurrent Assets | <u>116,021,040</u> | <u>1,057,441</u> | <u>1,163,718</u> | <u>118,242,199</u> | <u>30,000</u> |
| Total Assets | <u>158,053,887</u> | <u>5,156,319</u> | <u>3,878,174</u> | <u>167,088,380</u> | <u>3,855,232</u> |

The notes to the financial statements are an integral part of this statement

CITY OF PLANT CITY, FLORIDA

STATEMENT OF NET ASSETS (CONTINUED)
PROPRIETARY FUNDS
SEPTEMBER 30, 2008

| | <u>Business-Type Activities – Enterprise Funds</u> | | | | |
|--|---|-------------------------------------|------------------------------------|-----------------------|--|
| | <u>Major Funds</u> | | <u>Nonmajor Fund</u> | | Governmental |
| | <u>Water and Sewer Fund</u> | <u>Sanitary Service Fund</u> | <u>Industrial Park Fund</u> | <u>Total</u> | Activities – Internal Service Funds |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable | \$ 1,058,673 | \$ 101,790 | \$ | \$ 1,160,463 | \$ 217,863 |
| Due to Other Funds | 45,633 | 56,504 | | 102,137 | |
| Deferred Revenue | 654,471 | 18,879 | | 673,350 | |
| Other Current Liabilities | <u>315,545</u> | <u>97,995</u> | | <u>413,540</u> | <u>307,063</u> |
| Total Current Liabilities | <u>2,074,322</u> | <u>275,168</u> | | <u>2,349,490</u> | <u>524,926</u> |
| Current Liabilities Payable from Restricted Assets: | | | | | |
| Current Portion of Long-Term Debt | 2,805,178 | | | 2,805,178 | |
| Accrued Interest Payable | 377,219 | | | 377,219 | |
| Deposits | <u>1,756,781</u> | | | <u>1,756,781</u> | |
| Total Current Liabilities Payable from Restricted Assets | <u>4,939,178</u> | | | <u>4,939,178</u> | |
| Noncurrent Liabilities: | | | | | |
| Long-Term Debt | 57,672,508 | | | 57,672,508 | |
| Accrued Landfill Closure Costs | | <u>206,506</u> | | <u>206,506</u> | |
| Total Noncurrent Liabilities | <u>57,672,508</u> | <u>206,506</u> | | <u>57,879,014</u> | |
| Net OPEB Obligation | <u>130,143</u> | <u>49,511</u> | | <u>179,654</u> | |
| Total Liabilities | <u>64,816,151</u> | <u>531,185</u> | | <u>65,347,336</u> | <u>524,926</u> |
| NET ASSETS | | | | | |
| Invested in Capital Assets, Net of Related Debt | 46,672,893 | 1,057,441 | 214,959 | 47,945,293 | |
| Restricted for: | | | | | |
| Debt Service | 4,890,573 | | | 4,890,573 | |
| Capital Projects | 2,057,079 | | | 2,057,079 | |
| Unrestricted | <u>39,617,191</u> | <u>3,567,693</u> | <u>3,663,215</u> | <u>46,848,099</u> | <u>3,330,306</u> |
| Total Net Assets | \$ <u>93,237,736</u> | \$ <u>4,625,134</u> | \$ <u>3,878,174</u> | \$ <u>101,741,044</u> | \$ <u>3,330,306</u> |

The notes to the financial statement are an integral part of this statement

CITY OF PLANT CITY, FLORIDA

RECONCILIATION OF THE STATEMENT OF NET ASSETS OF
PROPRIETARY FUNDS TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

| | |
|---|-----------------------|
| Total Net Assets of Proprietary Funds in the Statement of Net Assets | \$ 101,741,044 |
| Amounts reported for business-type activities in the Statement of Net Assets are different because: | |
| An internal service fund is used by management to charge the costs of workers' compensation insurance to individual funds. This represents the elimination of the cumulative internal service fund profit resulting from transactions with proprietary funds. | <u>288,637</u> |
| Net Assets of Business-type Activities | \$ <u>102,029,681</u> |

The notes to the financial statements are an integral part of this statement

CITY OF PLANT CITY, FLORIDA

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

| | <u>Business-Type Activities – Enterprise Funds</u> | | | | |
|---|--|------------------------------|-----------------------------|-----------------------|---|
| | <u>Major Funds</u> | | <u>Nonmajor Fund</u> | | <u>Governmental Activities – Internal Service Funds</u> |
| | <u>Water and Sewer Fund</u> | <u>Sanitary Service Fund</u> | <u>Industrial Park Fund</u> | <u>Total</u> | |
| OPERATING REVENUES | | | | | |
| Charges for Services | \$ 17,389,192 | \$ 6,516,172 | \$ | \$ 23,905,364 | \$ |
| Charges for Insurance Premiums | | | | | <u>300,000</u> |
| Total Operating Revenues | <u>17,389,192</u> | <u>6,516,172</u> | | <u>23,905,364</u> | <u>300,000</u> |
| OPERATING EXPENSES | | | | | |
| Personal Services | 4,137,973 | 1,543,174 | | 5,681,147 | |
| Other Services and Charges | 5,932,395 | 3,455,101 | 2,660 | 9,390,156 | 288,416 |
| Depreciation | <u>2,950,649</u> | <u>193,376</u> | <u>37,402</u> | <u>3,181,427</u> | |
| Total Operating Expenses | <u>13,021,017</u> | <u>5,191,651</u> | <u>40,062</u> | <u>18,252,730</u> | <u>288,416</u> |
| Operating Income (Loss) | <u>4,368,175</u> | <u>1,324,521</u> | (<u>40,062</u>) | <u>5,652,634</u> | <u>11,584</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Grants | 107,437 | | | 107,437 | |
| Interest Revenue | 1,366,267 | 108,056 | 84,970 | 1,559,293 | 100,823 |
| Interest Expense and Paying Agent Fees | (879,347) | | | (879,347) | |
| Other Nonoperating Revenues (Expenses) | <u>7,177</u> | | <u>317,024</u> | <u>324,201</u> | |
| Total Nonoperating Revenues (Expenses) | <u>601,534</u> | <u>108,056</u> | <u>401,994</u> | <u>1,111,584</u> | <u>100,823</u> |
| Income Before Contributions and Transfers | 4,969,709 | 1,432,577 | 361,932 | 6,764,218 | 112,407 |
| CAPITAL CONTRIBUTIONS | 571,660 | | | 571,660 | |
| TRANSFERS IN | | 505,873 | | 505,873 | 883,335 |
| TRANSFERS OUT | (<u>125,833</u>) | (<u>549,200</u>) | | (<u>675,033</u>) | (<u>731,135</u>) |
| Change in Net Assets | 5,415,536 | 1,389,250 | 361,932 | 7,166,718 | 264,607 |
| Net Assets – Beginning of Year | <u>87,822,200</u> | <u>3,235,884</u> | <u>3,516,242</u> | <u>94,574,326</u> | <u>3,065,699</u> |
| Net Assets – End of Year | \$ <u>93,237,736</u> | \$ <u>4,625,134</u> | \$ <u>3,878,174</u> | \$ <u>101,741,044</u> | \$ <u>3,330,306</u> |

The notes to the financial statements are an integral part of this statement

CITY OF PLANT CITY, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS OF PROPRIETARY FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

Net Change in Net Assets – Total Proprietary Funds \$ 7,166,718

Amounts reported for business-type activities in the Statement of Activities are different because:

An internal service fund is used by management to charge the costs of workers' compensation insurance to individual funds. This represents the elimination of the current year internal service fund profit resulting from transactions with proprietary funds.

51,986

Change in Net Assets of Business-type Activities \$ 7,218,704

The notes to the financial statements are an integral part of this statement

CITY OF PLANT CITY, FLORIDA

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

| | <u>Business-Type Activities – Enterprise Funds</u> | | | | |
|---|--|------------------------------|-----------------------------|-----------------------|---|
| | <u>Major Funds</u> | | <u>Nonmajor Fund</u> | | <u>Governmental Activities – Internal Service Funds</u> |
| | <u>Water and Sewer Fund</u> | <u>Sanitary Service Fund</u> | <u>Industrial Park Fund</u> | <u>Total</u> | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from Customers | \$ 17,113,349 | \$ 6,506,645 | \$ | \$ 23,619,994 | \$ |
| Payments to Suppliers for Goods and Services | (7,946,505) | (3,735,479) | (29,818) | (11,711,802) | (122,504) |
| Payments to Employees for Services | (3,548,714) | (1,478,755) | | (5,027,469) | |
| Receipts from Other Funds for Insurance Premiums | | | | | <u>300,000</u> |
| Net Cash Provided by (Used in) Operating Activities | <u>5,618,130</u> | <u>1,292,411</u> | (<u>29,818</u>) | <u>6,880,723</u> | <u>177,496</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Grants Received | 665,953 | | | 665,953 | |
| Loans to Other Funds | (57,265) | (44,793) | | (102,058) | |
| Loans from Other Funds | (71,531) | 23,887 | | (47,644) | |
| Transfers between Funds | (<u>125,833</u>) | (<u>549,200</u>) | | (<u>675,033</u>) | <u>1,890,215</u> |
| Net Cash Provided by (Used in) Noncapital Financing Activities | <u>411,324</u> | (<u>570,106</u>) | | (<u>158,782</u>) | <u>1,890,215</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Acquisition and Construction of Capital Assets | (14,937,310) | (531,593) | (125) | (15,469,028) | |
| Disposal of Capital Assets | 35,003 | | 364,916 | 399,919 | |
| Interest Payments on Debt | (815,377) | | | (815,377) | |
| Principal Payments on Long-Term Debt | (785,000) | | | (785,000) | |
| Debt Proceeds | 10,487,540 | | | 10,487,540 | |
| Development Fees | <u>571,660</u> | | | <u>571,660</u> | |
| Net Cash Provided by (Used in) Capital and Related Financing Activities | (<u>5,443,484</u>) | (<u>531,593</u>) | <u>364,791</u> | (<u>5,610,286</u>) | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Investment Additions | 41,541,396 | | | 41,541,396 | 1,682,971 |
| Interest | <u>1,311,883</u> | <u>110,930</u> | <u>86,273</u> | <u>1,509,086</u> | <u>100,294</u> |
| Net Cash Provided by Investing Activities | <u>42,853,279</u> | <u>110,930</u> | <u>86,273</u> | (<u>43,050,482</u>) | <u>1,783,265</u> |

The notes to the financial statement are an integral part of this statement

CITY OF PLANT CITY, FLORIDA

STATEMENT OF CASH FLOWS (CONTINUED)
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

| | <u>Business-Type Activities – Enterprise Funds</u> | | | | |
|--|---|-------------------------------------|------------------------------------|----------------------|--|
| | <u>Major Funds</u> | | <u>Nonmajor Fund</u> | | <u>Governmental Activities – Internal Service Funds</u> |
| | <u>Water and Sewer Fund</u> | <u>Sanitary Service Fund</u> | <u>Industrial Park Fund</u> | <u>Total</u> | |
| Net Increase in Cash and Cash Equivalents | 43,439,249 | 807,515 | 421,246 | 44,668,010 | 3,850,976 |
| Cash and Cash Equivalents at Beginning of Year | <u>4,524,969</u> | <u>2,896,605</u> | <u>2,289,639</u> | <u>9,711,213</u> | <u>1,708,478</u> |
| Cash and Cash Equivalents at End of Year | \$ <u>47,964,218</u> | \$ <u>3,704,120</u> | \$ <u>2,710,885</u> | \$ <u>54,379,223</u> | \$ <u>5,559,454</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities: | | | | | |
| Operating Income (Loss) | \$ 4,368,175 | \$ 1,324,521 | \$ (40,062) | \$ 5,652,634 | \$ 11,584 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities: | | | | | |
| Depreciation | 2,950,649 | 193,376 | 37,402 | 3,181,427 | |
| OPEB Cost | 130,143 | 49,511 | | 179,654 | |
| Change in Assets and Liabilities: | | | | | |
| Accounts Receivable | (199,554) | (9,527) | | (209,081) | |
| Inventory | (54,744) | | | (54,744) | |
| Other Current Assets | | | | | 27,699 |
| Accounts Payable | (1,959,366) | (280,378) | (8,558) | (2,248,302) | 204,035 |
| Customer Deposits | (76,289) | | | (76,289) | |
| Deferred Revenues | 654,471 | | | 654,471 | |
| Other Current Liabilities | (<u>195,355</u>) | <u>14,908</u> | (<u>18,600</u>) | (<u>199,047</u>) | (<u>65,822</u>) |
| Net Cash Provided by (Used in) Operating Activities | \$ <u>5,618,130</u> | \$ <u>1,292,411</u> | \$ (<u>29,818</u>) | \$ <u>6,880,723</u> | \$ <u>177,496</u> |

The notes to the financial statement are an integral part of this statement

CITY OF PLANT CITY, FLORIDA

STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
SEPTEMBER 30, 2008

| | Safety Employees' Retirement Fund | General Employees' Retirement Fund | Total |
|---|--|---|----------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ <u>282,392</u> | \$ <u>3,771,693</u> | \$ <u>4,054,085</u> |
| Receivables: | | | |
| Contributions | 172,208 | 35,503 | 207,711 |
| Accrued Interest and Dividends | <u>51,890</u> | <u> </u> | <u>51,890</u> |
| Total Receivables | <u>224,098</u> | <u>35,503</u> | <u>259,601</u> |
| Investments, at Fair Value: | | | |
| US Government Agencies | 5,393,061 | | 5,393,061 |
| Corporate Bonds and Notes | 1,347,623 | | 1,347,623 |
| Common Stocks | 8,444,354 | | 8,444,354 |
| Mutual Funds | 1,429,025 | | 1,429,025 |
| Investment Contract with Insurance Company: | | | |
| Bond Funds | | 1,418,575 | 1,418,575 |
| Balanced Funds | | 1,760,560 | 1,760,560 |
| Stock Funds | | 4,413,657 | 4,413,657 |
| International Stock Funds | <u> </u> | <u>431,113</u> | <u>431,113</u> |
| Total Investments | <u>16,614,063</u> | <u>8,023,905</u> | <u>24,637,968</u> |
| Total Assets | <u>17,120,553</u> | <u>11,831,101</u> | <u>28,951,654</u> |
| LIABILITIES | | | |
| Deferred Employer Contribution | (<u>92,391</u>) | <u> </u> | (<u>92,391</u>) |
| Total Liabilities | (<u>92,391</u>) | <u> </u> | (<u>92,391</u>) |
| NET ASSETS | | | |
| Held in Trust for Pension Benefits | \$ <u>17,028,162</u> | \$ <u>11,831,101</u> | \$ <u>28,859,263</u> |

The notes to the financial statements are an integral part of this statement

CITY OF PLANT CITY, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

| | Safety Employees' Retirement Fund | General Employees' Retirement Fund | Total |
|--|--|---|----------------------|
| ADDITIONS | | | |
| Contributions: | | | |
| Employer | \$ 544,694 | \$ 919,162 | \$ 1,463,856 |
| Employees | 597,047 | | 597,047 |
| State of Florida | <u>588,642</u> | <u> </u> | <u>588,642</u> |
| Total Contributions | <u>1,730,383</u> | <u>919,162</u> | <u>2,649,545</u> |
| Investment Income (Loss): | | | |
| Interest and Dividends | 798,628 | | 798,628 |
| Net Depreciation in Fair Value of Investments | (3,137,489) | | (3,137,489) |
| Net Decrease in Value of Investment Contract with Insurance Company | <u> </u> | (<u>1,800,421</u>) | (<u>1,800,421</u>) |
| Net Investment Income (Loss) | (<u>2,338,861</u>) | (<u>1,800,421</u>) | (<u>4,139,282</u>) |
| Miscellaneous Revenue | <u>300</u> | <u> </u> | <u>300</u> |
| Total Contributions and Investment Income (Loss) | (<u>608,178</u>) | (<u>881,259</u>) | (<u>1,489,437</u>) |
| DEDUCTIONS | | | |
| Pension Benefits | 1,181,223 | 883,936 | 2,065,159 |
| Administrative Expenses | <u>132,985</u> | <u>76,815</u> | <u>209,800</u> |
| Total Deductions | <u>1,314,208</u> | <u>960,751</u> | <u>2,274,959</u> |
| Change in Net Assets | (1,922,386) | (1,842,010) | (3,764,396) |
| Net Assets – Beginning of Year | <u>18,950,548</u> | <u>13,673,111</u> | <u>32,623,659</u> |
| Net Assets – End of Year | \$ <u>17,028,162</u> | \$ <u>11,831,101</u> | \$ <u>28,859,263</u> |

The notes to the financial statements are an integral part of this statement

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Plant City, Florida was incorporated under the 1927 law of Florida, Chapter 13282, Section 2. It operates under the Commission – Manager Plan form of government. The City provides traditional municipal services as authorized by its charter. These include police and fire protection, public works, public improvements, water, sewer and sanitary services, parks and recreation, planning and zoning, cultural and general administrative services.

The financial statements of the City of Plant City, Florida have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government’s accounting policies are described below.

In evaluating the City as a reporting entity, management has included all component units in accordance with GASB Statement No. 14, “*The Financial Reporting Entity*”. The Financial Reporting Entity consists of the City of Plant City, Florida (the primary government) and its blended component units. Blended component units are legally separate organizations for which the City is financially accountable. The component units discussed below are included in the City’s reporting entity.

Blended Component Units

The following component units are blended with the primary government for financial statement purposes because the component unit’s governing body is substantially the same as the City Commission or because the component unit exclusively serves the City.

Community Redevelopment Agency (CRA)

The CRA was created in 1969 under local ordinance 12-1981 and under Section 163.356 of the Florida Statutes. Its sole purpose is to finance and redevelop the City’s designated redevelopment areas. The agency is governed by a board of commissioners, all of whom are members of the City Commission and are appointed by the City Commission. The CRA is reported as a major governmental fund.

Walden Lake Community Association Local Government Neighborhood Improvement District (District)

The District was formed under local ordinance 03-1993 and under Section 163.503 Florida Statutes.

The District is authorized to levy an ad valorem tax on real and personal property located in the District of up to 2 mills annually. Proceeds collected are to be used to facilitate planning and improvements in the Walden Lakes Master Community. The City Commission of the City of Plant City, Florida, serves as the Board of Directors for the District. At this time, the District has not levied or collected any ad valorem taxes and its operations are dormant.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The City of Plant City has adopted the provisions of GASB Statement No. 34, “*Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*”, GASB Statement 37, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*,” and GASB Statement No. 38, “*Certain Financial Statement Note Disclosures*.” The basic financial statements consist of the government-wide financial statements and fund financial statements. The government-wide financial statements required under this statement (the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the City and its blended component unit. For the most part, the effect of interfund activity has been removed from these statements so as not to distort financial results. Fiduciary funds are also excluded from the government-wide financial statements since by definition these assets are being held for the benefit of third parties and cannot be used to address activities or obligations of the government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements (fund financial statements) are provided for governmental funds, proprietary funds and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City’s fiduciary funds are presented in the fund financial statements but as noted above are not included in the government-wide statements. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations.

The City’s Internal Service Fund (which provides services to other funds of the City) is presented as part of the proprietary fund financial statements. Since the principal users of the internal services are the City’s governmental activities, financial statements of internal service funds are consolidated into the governmental activities column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate governmental activities.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements, the proprietary fund financial statements and the fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Operating revenues shown for proprietary operations generally result from producing or providing goods and services such as water, sewer and solid waste collection. Operating expenses for these operations include all costs related to providing the service or product. These costs include salaries, supplies, travel, contract services, depreciation, administrative expenses and other expenses directly related to costs of services. All other revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The financial transactions of the City are recorded in individual funds. Each fund is 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.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined), for the determination of major funds.

The City reports the following major governmental funds:

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

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Streets & Stormwater Fund accounts for the proceeds of the stormwater utility fee collected by the City to be used for stormwater improvements, as well as various revenue restricted for street improvements.

The Community Redevelopment Agency Fund accounts for various redevelopment projects that are funded by the Community Redevelopment Agency Special Revenue Fund.

The City reports the following major proprietary funds:

The Water and Sewer Fund accounts for the operations of the City's regional water and sewer system.

The Sanitary Service Fund accounts for the operations of the City's garbage and recycling programs.

Additionally, the City reports the following fund types:

The Internal Service Funds account for uninsured risk of loss due to work-related injuries suffered by employees of the City and the costs of managing the City's Fleet.

The Pension Trust Funds account for the activities of the Safety Employees Retirement Plan and the General Employees Retirement Plan, which accumulate resources for pension benefit payments to qualified employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, as well as fees, fines and forfeitures (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as program revenues. Likewise, general revenues include all taxes.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The City allocates charges for indirect services provided by various funds based on a cost allocation plan. The costs are included in the program expense reported by functional activity in the Statement of Activities.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The City's cash and cash equivalents include cash on hand, time and demand deposits and short-term investments. For purposes of the Statement of Cash Flows, the City considers all highly liquid investments (including restricted assets) with an original maturity of four months or less when purchased to be cash equivalents.

All investments, including Pension Funds, are stated at fair value, with the exception of investments in the Florida Local Government Surplus Funds Trust Fund (SBA), an external 2a7-like investment pool which is presented at share price. All fair market valuations are based on quoted market prices; SBA pool shares are based on amortized cost, which approximates fair market value, of the SBA's underlying portfolio.

Receivables and Payables

Receivables consist of trade receivables, due from other governments and interest receivable, and are recorded at gross amount. All receivables are considered fully collectible.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year (if any) is referred to as "advances to/from other funds". All other outstanding balances between funds (if any) are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities (if any) are reported in the government-wide financial statements as "internal balances".

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity (Continued)

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain proceeds of revenue bonds and loans, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond/loan covenants.

Capital Assets

Capital assets, which include land, land improvements, plant and plant improvements, buildings, building improvements, furniture and equipment, and infrastructure (i.e., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the time of donation.

The costs of normal maintenance and repairs that do not add to the fair value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest capitalized during the current year was \$761,064.

Depreciable capital assets are amortized using the straight-line method (except library books, which use a composite method) over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-------------------------------------|--------------|
| Improvements | 5 – 50 Years |
| Plant and Plant Improvements | 5 – 50 Years |
| Buildings and Building Improvements | 5 – 50 Years |
| Equipment | 4 – 20 Years |
| Transportation Equipment | 3 – 10 Years |
| Library Books | 3 – 7 Years |

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity (Continued)

Compensated Absences

All regular employees with less than five years continuous service earn 80 hours of annual leave. The number of hours of annual leave increases relative to the number of years of continuous service, in increments of five years. The maximum of 160 hours of annual leave is obtained after twenty years of continuous service. There is no maximum number of annual leave days which may be accumulated. Employees who terminate with more than one year's service are paid for 100% of their unused annual leave. The City has accrued 100% of the annual leave liability.

All regular employees earn eight hours of sick leave per month. There is no maximum limitation on the number of sick leave days which may be accumulated. Employees who voluntarily terminate or retire after ten years of continuous service are paid for 50% of their accumulated sick leave balance. The City has accrued the estimated amount of vested sick leave for employees who have completed 10 years of continuous service.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity (Continued)

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Encumbrance accounting is employed in all governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because commitments will be reappropriated and honored during the subsequent year. Since project-length budgets are adopted for capital projects funds, their appropriations do not lapse and are automatically carried over to the next year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from management's estimates.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Excess of expenditures over appropriations

During the year ended September 30, 2008, no expenditures exceeded appropriations at the legal level of control (i.e. the department level). Reclassifications for financial statement presentation of capital outlays budgeted in the Fleet Internal Service Fund produces unfavorable variances in the budgetary financial statements presented.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. Property Taxes

Property tax collections are governed by Chapter 197, Florida Statutes. The Hillsborough County Tax Collector bills and collects all property taxes levied within the county. Discounts of 4, 3, 2 and 1% are allowed for early payment in November, December, January and February, respectively.

The Tax Collector remits collected taxes at least monthly to the City. The City recognizes property tax revenue as it is received from the Tax Collector since virtually all taxes levied will be collected through the tax collection process.

Calendar of events is as follows:

| | |
|--------------|--|
| January 1 | Property taxes are based on assessed value at this date as determined by the Hillsborough County Property Appraiser. |
| July 1 | Assessment roll approved by the state. |
| September 30 | Millage resolution approved by the City Commission. |
| October 1 | Beginning of fiscal year for which taxes have been levied. |
| November 1 | Property taxes due and payable. |
| November 30 | Last day for 4% maximum discount. |
| April 1 | Unpaid property taxes become delinquent. |
| May 15 | Tax certificates are sold by the Hillsborough County Tax Collector. This is the first lien date on the properties. |

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. Deposits

At September 30, 2008, the carrying amount of the City's deposits with banks was \$19,301,895 and the bank balance was \$20,716,691. Certificates of deposit with banks totaled \$69,300,000 at year end. All of the City's public deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act." Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledging level. The pledging level may vary depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Investments

As of September 30, 2008, the City had the following investments and maturities:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Investment Maturity (Years)</u> | | |
|--|----------------------|------------------------------------|-------------------|---------------------|
| | | <u>Less than 1</u> | <u>1 to 5</u> | <u>over 5</u> |
| City Investments: | | | | |
| Local Government Surplus | | | | |
| Trust Fund Investment | | | | |
| Pool (SBA) | \$ <u>7,786</u> | \$ <u>7,786</u> | \$ _____ | \$ _____ |
| Safety Employees' Pension Investments: | | | | |
| Money Market Funds | 282,392 | 282,392 | | |
| U.S. Government Agencies | 5,393,061 | | 390,000 | 5,003,061 |
| Corporate Bonds & Notes | 1,347,623 | | 553,111 | 794,511 |
| Common Stocks | 8,444,354 | 8,444,354 | | |
| Mutual Funds | <u>1,429,025</u> | <u>1,429,025</u> | _____ | _____ |
| | <u>16,896,455</u> | <u>10,155,772</u> | <u>943,111</u> | <u>5,797,572</u> |
| General Employees' Pension Investments: | | | | |
| Money Market Funds | 3,771,693 | 3,771,693 | | |
| Mutual Funds | <u>8,023,905</u> | <u>8,023,905</u> | _____ | _____ |
| | <u>11,795,598</u> | <u>11,795,598</u> | _____ | _____ |
| | \$ <u>28,699,839</u> | \$ <u>21,959,156</u> | \$ <u>943,111</u> | \$ <u>5,797,572</u> |

Interest Rate Risk – The risk that changes in interest rates will adversely affect the fair value of an investment.

City Investments – The City manages exposure to interest rate risk by matching investment maturities with known cash needs. Investment maturities of investments of current operating funds shall not exceed 18 months. Investments of other non-operating funds may have varying terms not to exceed 10 years. CD's may not exceed 1 year from time of purchase.

Pension Plan Investments – The Plans' investment portfolios are structured to provide sufficient liquidity to meet known cash flow requirements. The Plans also manage interest rate risk by evaluating credit ratings, diversifying the investment portfolio and by utilizing an outside investment manager to monitor performance. The Plans do not limit the weighted-average maturity of their portfolio.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Investments (Continued)

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

City Investments – Section 218.415, Florida Statutes, limits the types of investments that the City can invest in unless specifically authorized in the City’s investment policy. The City has a formal investment policy that allows the following investments: Florida Local Government Surplus Funds Trust Fund Investment Pool (SBA), U.S. Government Securities, U.S. Government Agencies and Instrumentalities, Interest Bearing Time Deposit or Savings Accounts held at Qualified Public Depositories, Repurchase Agreements and fixed income mutual funds that invest in authorized investments. A maximum of 20% of the portfolio may be invested in repurchase agreements, excluding overnight or 1-day sweep agreements. A maximum of 40% of the portfolio may be invested in fixed income mutual funds. The State Board of Administration’s Local Government Surplus Funds Trust Fund Investment Pool, which is governed by Chapter 19-7 of the Florida Administrative Code, is not a registrant with the Securities and Exchange Commission; however, it has adopted operating procedures consistent with the requirements for a 2a-7 fund. This investment pool purchases low risk government securities, high grade commercial debt and equity securities, commercial paper, investment companies, repurchase and reverse repurchase agreements, real estate, futures, options and a broad range of other instruments. The City’s fair value for financial reporting is its share of the pool’s account balance, which is reported by the pool at amortized cost, in accordance with GASB Statement 31. The fair value of investments is determined on a monthly basis. The method used by the pool to determine participants’ shares sold and redeemed is the amortized cost method. The pool has not provided or obtained any legally binding guarantees during the year to support the value of its shares. There is no requirement for involuntary participation in the pool. This investment pool is not insured by the State of Florida or the Federal Deposit Insurance Corporation. The Florida Local Government Surplus Funds Trust Fund (SBA) does not have a nationally recognized credit quality rating.

City’s Safety Employees’ Pension Trust Fund – Investments are limited by State Statutes Chapter 185 and by an investment policy adopted by the fund’s Board of Trustees. The allowable investments include United States Government Securities, United States Government Agencies, Interest Bearing Time, Savings and Money Market Accounts that do not exceed the FDIC insured limits, repurchase agreements, corporate bonds, common stocks, foreign equities, mutual funds and money market funds. Cash instruments must have a quality rating of at least A1 by Standard & Poor’s or P1 by Moody’s. Bonds must have a quality rating of at least “A” by Standard & Poor’s or Moody’s. Equity investments are limited to fully and easily negotiable equity securities listed on one of the recognized national exchanges or on the National Market System of the NASDAQ stock market. Investments in equities may not exceed 65% of the Fund’s assets at cost. Foreign equities are limited to 10% of the Fund’s assets at cost.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Investments (Continued)

General Employees' Pension Trust Fund – Investments are limited to various mutual fund options included in the contract with the fund's custodian. This is a defined contribution plan under which employees make their own investment selections from the list of approved mutual fund options.

Custodial Credit Risk – The risk that the City will not be able to recover the fair value of an investment or collateral securities that are in possession of an outside party if the counterparty to the transaction fails.

Pension Plan Investments – The Board utilizes a third-party custodian to hold plan assets in the name of the City.

Concentration of Credit Risk – The risk of loss attributable to the quantity of an investment in a single issuer.

City Investments – A maximum of 5% of the portfolio may be invested in a repurchase agreement with a single institution or dealer, excluding overnight or 1-day sweep agreements. A maximum of 20% of the portfolio may be invested in fixed income mutual funds with any one individual issuer or fund.

Safety Employees' Pension Plan Investments – No more than 5% of the fund's assets may be invested in the stock of any one company, nor shall the aggregate investment in any one company exceed 5% of the outstanding stock of that company.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Receivables

As of year-end, receivables for the City's individual major funds and nonmajor funds in the aggregate, including any applicable allowances for uncollectible accounts are as follows:

| | <u>General</u> | <u>Streets & Stormwater</u> | <u>Community Redevelopment Agency</u> | <u>Other Governmental</u> | <u>Internal Service Fund</u> | <u>Total Governmental Activities</u> |
|----------------------------------|---------------------|-------------------------------------|---|-------------------------------|---|--|
| Governmental Activities: | | | | | | |
| Accounts Receivable | \$ 592,654 | \$ 121,337 | \$ | \$ | \$ | \$ 713,991 |
| Interest | 18,815 | 3,452 | 1,597 | 14,517 | 3,793 | 42,174 |
| Intergovernmental | <u>661,354</u> | <u>361,114</u> | <u>—</u> | <u>297,682</u> | <u>—</u> | <u>1,320,150</u> |
| Net Total Accounts Receivable | \$ <u>1,272,823</u> | \$ <u>485,903</u> | \$ <u>1,597</u> | \$ <u>312,199</u> | \$ <u>3,793</u> | \$ <u>2,076,315</u> |
| | | <u>Water & Sewer</u> | <u>Sanitary Service</u> | <u>Other Proprietary</u> | <u>Total Business-type Activities</u> | |
| Business-type Activities: | | | | | | |
| Accounts Receivable | | \$ 2,353,926 | \$ 389,856 | \$ | \$ 2,743,782 | |
| Interest | | 54,385 | 4,902 | 3,571 | 62,858 | |
| Intergovernmental | | <u>28,126</u> | <u>—</u> | <u>—</u> | <u>28,126</u> | |
| Net Total Accounts Receivable | | \$ <u>2,436,437</u> | \$ <u>394,758</u> | \$ <u>3,571</u> | \$ <u>2,834,766</u> | |

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

| | <u>Unearned</u> |
|---|---------------------|
| Grant Revenue (General Fund) | \$ 3,278 |
| Grant Revenue (Other Governmental) | 220,066 |
| Other Revenue (Other Governmental) | <u>875,686</u> |
| Total Deferred/Unearned Revenue for Governmental Funds | \$ <u>1,099,030</u> |

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the year ended September 30, 2008 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|-----------------------------|---------------------------|----------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 11,756,355 | \$ 2,600,522 | \$ (2,349) | \$ 14,354,528 |
| Construction in progress | <u>1,802,709</u> | <u>1,742,779</u> | <u> </u> | <u>3,545,488</u> |
| Total capital assets not being depreciated | <u>13,559,064</u> | <u>4,343,301</u> | (<u>2,349</u>) | <u>17,900,016</u> |
| Capital assets being depreciated: | | | | |
| Improvements | 121,739,890 | 3,896,432 | (30,710) | 125,605,612 |
| Buildings and Building Improvements | 20,786,839 | | | 20,786,839 |
| Equipment | 7,690,839 | 403,951 | (214,709) | 7,880,081 |
| Transportation equipment | 7,304,960 | 529,689 | (377,432) | 7,457,217 |
| Library books | <u>1,494,687</u> | <u>123,172</u> | (<u>165,852</u>) | <u>1,452,007</u> |
| Total capital assets being depreciated | <u>159,017,215</u> | <u>4,953,244</u> | (<u>788,703</u>) | <u>163,181,756</u> |
| Less: accumulated depreciation for: | | | | |
| Improvements | (79,716,801) | (3,744,749) | 26,791 | (83,434,759) |
| Buildings and Building Improvements | (7,541,015) | (485,752) | | (8,026,767) |
| Equipment | (5,273,846) | (665,068) | 181,116 | (5,757,798) |
| Transportation equipment | (4,532,089) | (759,939) | 264,451 | (5,027,577) |
| Library books | (<u>971,749</u>) | (<u>146,216</u>) | <u>165,852</u> | (<u>952,113</u>) |
| Total accumulated depreciation | (<u>98,035,500</u>) | (<u>5,801,724</u>) | <u>638,210</u> | (<u>103,199,014</u>) |
| Total capital assets, being depreciated, net | <u>60,981,715</u> | (<u>848,480</u>) | (<u>150,493</u>) | <u>59,982,742</u> |
| Governmental activities capital assets, net | \$ <u>74,540,779</u> | \$ (<u>3,494,821</u>) | \$ (<u>152,842</u>) | \$ <u>77,882,758</u> |

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------------|-----------------------------|---------------------------|
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,958,628 | \$ | \$ (100) | \$ 1,958,528 |
| Construction in progress | <u>53,122,775</u> | <u>13,355,914</u> | <u>(4,064,834)</u> | <u>62,413,855</u> |
| Total capital assets not being depreciated | <u>55,081,403</u> | <u>13,355,914</u> | <u>(4,064,934)</u> | <u>64,372,383</u> |
| Capital assets being depreciated: | | | | |
| Improvements | 935,046 | | | 935,046 |
| Plant and Plant Improvements | 67,506,075 | 4,168,422 | (45,680) | 71,628,817 |
| Buildings and Building Improvements | 11,823,958 | 268,336 | | 12,092,294 |
| Equipment | 2,466,212 | 189,217 | (66,859) | 2,588,570 |
| Transportation Equipment | <u>4,215,997</u> | <u>750,446</u> | <u>(525,677)</u> | <u>4,440,766</u> |
| Total capital assets being depreciated | <u>86,947,288</u> | <u>5,376,421</u> | <u>(638,216)</u> | <u>91,685,493</u> |
| Less: accumulated depreciation for: | | | | |
| Improvements | (735,299) | (37,402) | | (772,701) |
| Plant and Plant Improvements | (35,202,696) | (2,351,756) | 45,411 | (37,509,041) |
| Buildings and Building Improvements | (4,728,425) | (275,943) | | (5,004,368) |
| Equipment | (1,685,463) | (164,214) | 65,518 | (1,784,159) |
| Transportation Equipment | <u>(2,700,509)</u> | <u>(352,113)</u> | <u>487,993</u> | <u>(2,564,629)</u> |
| Total accumulated depreciation | <u>(45,052,392)</u> | <u>(3,181,428)</u> | <u>598,922</u> | <u>(47,634,898)</u> |
| Total capital assets, being depreciated, net | <u>41,894,896</u> | <u>2,194,993</u> | <u>(39,294)</u> | <u>44,050,595</u> |
| Business-type activities capital assets, net | \$ <u>96,976,299</u> | \$ <u>15,550,907</u> | \$ (<u>4,104,228</u>) | \$ <u>108,422,978</u> |

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

| | |
|--|-------------------------|
| Governmental activities: | |
| General Government | \$ 307,202 |
| Public Safety | 946,365 |
| Physical Environment | 541,052 |
| Transportation | 2,935,059 |
| Economic Environment | 29,852 |
| Culture and Recreation | <u>1,042,194</u> |
| Total depreciation expense – governmental activities | \$ <u>5,801,724</u> |

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

| | |
|---|-------------------------|
| Business-type activities: | |
| Water and Sewer | \$ 2,950,649 |
| Sanitary Service | 193,376 |
| Industrial Park (nonmajor) | <u>37,402</u> |
| Total depreciation expense – business-type activities | \$ <u>3,181,427</u> |

Construction and Other Significant Commitments

Outstanding purchase order commitments, including construction commitments, are recorded in the governmental funds as a reservation of fund balance for encumbrances. Enterprise funds do not record such commitments as a reservation of fund balance. Total commitments by fund are as follows:

| | <u>Remaining Commitment</u> |
|-------------------------------------|---------------------------------|
| General Fund | \$ 259,643 |
| Streets & Stormwater Fund | 209,844 |
| Community Investment RR&I Fund | 335,378 |
| Capital Improvement Fund | 362,539 |
| Stormwater RR&I Fund | 1,193,700 |
| Community Redevelopment Agency Fund | 117,717 |
| Water and Sewer Fund | 2,237,563 |
| Sanitary Service Fund | 53,038 |
| Fleet Maintenance | <u>174,280</u> |
| | \$ <u>4,943,702</u> |

E. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2008, is as follows:

Due To/From Other Funds:

(Represents cash loaned and outstanding between funds for short-term operating purposes)

| | <u>Receivable</u> | <u>Payable</u> |
|-------------------------------------|---------------------|---------------------|
| General Fund | \$ 182,190 | \$ 214,478 |
| Streets & Stormwater Fund | | 301,179 |
| Community Redevelopment Agency Fund | 771 | 51,171 |
| Nonmajor Governmental Funds | 1,158,191 | 736,042 |
| Water and Sewer Fund | 63,855 | 45,633 |
| Sanitary Service Fund | <u> </u> | <u>56,504</u> |
| | \$ <u>1,405,007</u> | \$ <u>1,405,007</u> |

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund Receivables, Payables and Transfers (Continued):

Interfund Transfers:

(Represents transfers of funds for operating purposes from the fund that collected them to the fund that is authorized to expend them)

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|-----------------------------|---------------------|-------------------------|
| General Fund | \$ 225,261 | \$ (1,612,680) |
| Streets & Stormwater Fund | 744,000 | (981,888) |
| Nonmajor Governmental Funds | 4,017,072 | (2,374,805) |
| Water and Sewer Fund | | (125,833) |
| Sanitary Service Fund | 505,873 | (549,200) |
| Internal Service Funds | <u>883,335</u> | <u>(731,135)</u> |
| | <u>\$ 6,375,541</u> | <u>\$ (6,375,541)</u> |

F. Leases

Operating Leases

The City leases various equipment under operating leases. Although the terms of these leases generally contain a “non-appropriation of funds” clause, which allows the City to cancel the lease if budgeted funds are not available to make the lease payments, the likelihood of that occurring is considered remote. Total costs for such leases were \$117,094 for the year ended September 30, 2008. The future minimum lease payments for these leases are as follows:

| <u>Year Ending</u> <u>September 30,</u> | <u>Amount</u> |
|--|-------------------|
| 2009 | \$ 38,521 |
| 2010 | 30,042 |
| 2011 | 22,148 |
| 2012 | 21,922 |
| 2013 | <u>20,791</u> |
| TOTAL | \$ <u>133,424</u> |

The City has entered into a 20-year operating lease under which the City has leased a building located in South Madison Park, at no cost, to The Boys and Girls Club of Tampa Bay, Inc., (Club) a nonprofit organization, which will operate the leased facility as a recreation center.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Leases (Continued)

Capital Lease Obligations

\$184,006 Capital Lease Obligation – Funds borrowed to finance the purchase of equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, is recorded at the present value of the future minimum lease payments as of the inception date. The interest rate is 4.7474% with a maturity date of October 30, 2008.

\$318,604 Capital Lease Obligation – Funds borrowed to finance the purchase of a fire pumper truck. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, is recorded at the present value of the future minimum lease payments as of the inception date. The interest rate is 3.896% with a maturity date of July 23, 2012.

Assets acquired through capital leases are as follows:

| | <u>Governmental Activities</u> |
|--------------------------------|------------------------------------|
| Equipment and Vehicles | \$ 487,811 |
| Less: Accumulated Depreciation | <u>100,256</u> |
| Total | \$ <u>387,555</u> |

The future minimum lease obligations and net present value of the minimum lease payments as of year end are as follows:

| <u>Fiscal Year</u> | <u>Governmental Activities</u> |
|---|------------------------------------|
| 2009 | \$ 90,715 |
| 2010 | 70,746 |
| 2011 | 70,746 |
| 2012 | <u>35,373</u> |
| Total Minimum Lease Payments | 267,580 |
| Less: Amount Representing Interest | <u>18,521</u> |
| Present Value of Minimum Lease Payments | \$ <u>249,059</u> |

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-Term Debt

Summarized below are the City's debt issued to finance the acquisition and construction of major capital facilities that were outstanding as of September 30, 2008:

Governmental Activities Debt:

\$6,670,000 Infrastructure Sales Tax Revenue Bonds, Series 1999 – Issued to finance the construction of a new City Hall and other capital improvements, the certificates are secured by a lien upon and a pledge of (1) proceeds received by the City as its share from the collection of the one-half cent discretionary infrastructure sales surtax, and (2), until applied in accordance with the provisions of the bond resolution, all monies in the funds and accounts established by the bond resolution, with the exception of the unrestricted revenue account. Certain reserves and covenants must be met. Interest is payable semiannually at rates varying between 3.5% and 5.0% until September 1, 2024.

\$4,775,000 Loan Payable Series 1999B – Florida Municipal Loan Council – Funds borrowed to finance improvements to the City's stadium facilities and to payoff a previous stadium bank loan. The City has pledged the \$400,000 annual proceeds from its share of the County's tourist development tax as collateral for the loan. The loan is payable over 20 years, with semi annual interest payable at rates varying from 3.85% to 5.625%.

\$405,530 State Revolving Fund Loan – Funds borrowed to finance the construction of the Pistol Range Regional Stormwater Facility. The loan is secured by pledged revenues of stormwater utility fees, and certain reserves and covenants must be met. The loan will be repaid in 40 semiannual payments including interest at 3.03%.

\$509,313 State Revolving Fund Loan – Funds borrowed to finance the construction of stormwater pollution control facilities (Grant Hunter Pond). The loan is secured by pledged revenues of stormwater utility fees, and certain reserves and covenants must be met. The loan will be repaid in 40 semiannual payments including interest at 2.95%.

\$5,340,000 Infrastructure Sales Tax Revenue Bonds, Series 2004 – Issued to finance the purchase of land and reconstruction and equipping of the buildings thereon into a police station, a general services facility and a fleet maintenance facility. The certificates are secured by a lien upon a pledge of (1) proceeds received by the City as its share from the collection of the one-half cent discretionary infrastructure sales surtax, and (2) until applied in accordance with the provisions of the bond resolution, all monies in the funds and accounts established by the bond resolution, with the exception of the unrestricted revenue account. Certain reserves and covenants must be met. Interest is payable semiannually at rates varying between 2.0% and 4.375% until September 1, 2024.

\$2,000,000 Loan Payable – SunTrust Bank – Funds borrowed to finance the cost of various capital improvements within the Community Redevelopment Agency, to repay advances to the CRA from other funds, and to provide for the cost of issuance. The loan is secured by a pledge of the Tax Increment Fund revenues received by the CRA from Hillsborough County for capital improvement purposes. The loan is payable over 10 years, with annual payments including interest at 3.42%.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-Term Debt (Continued)

Governmental Activities Debt (Continued):

\$3,180,000 Loan Payable Series 2005B – Florida Municipal Loan Council – Funds borrowed to refinance a portion of the Series 1999B Florida Municipal Loan Council loan payable. The City has pledged to appropriate in its annual budget sufficient non-Ad Valorem revenues to satisfy the required loan payments. The loan is payable over 14 years, with semi-annual interest payable at rates varying from 3.0% to 5.0%.

Business-Type Activities Debt:

\$20,515,000 Utility System Refunding and Improvement Revenue Bonds, Series 1995 – Issued to refund a loan with the Florida Department of Environmental Regulation, construct improvements to the City's water and sewer utility system, fund a debt service reserve and pay certain costs of issuance. These bonds and the interest thereon are payable solely from the net revenues derived from the operation of the City's water and sewer utility system and amounts in deposit in the debt service reserve fund. Certain reserves and covenants must be met. Interest is payable semiannually at rates varying between 4.95% and 6.0% until final maturity on October 1, 2015.

\$12,370,000 Utility System Refunding and Improvement Revenue Bonds, Series 1999 – Issued to refund that portion of the City's Utility System Refunding and Improvement Revenue Bonds, Series 1995 (the refunded bonds), which mature on October 1, 2005 through October 1, 2010, inclusive, and October 1, 2016 through October 1, 2020; finance the construction and acquisition of improvements to the City's Utility System; and pay certain costs of issuance. These bonds and the interest thereon are payable solely from the net revenues derived from the operation of the City's water and sewer utility system and amounts on deposit in the debt service reserve fund. Certain reserves and covenants must be met. Interest is payable semiannually at rates varying between 3.8% and 5.0% until the final maturity on October 1, 2020.

\$2,850,765 State Revolving Fund Loan – Funds borrowed to finance the expansion and upgrading of the wastewater treatment plant. The loan is secured by the net revenues of the operation of the utility system (water and wastewater systems), and certain reserves and covenants must be met. The loan will be repaid in 40 semi-annual payments including interest at 2.45%.

\$38,771,685 State Revolving Fund Loan – Funds borrowed to finance the expansion and upgrading of the wastewater treatment plant. The loan is secured by the net revenues of the operation of the utility system (water and wastewater systems), and certain reserves and covenants must be met. The loan will be repaid in 40 semi-annual payments including interest at 2.35% to 2.51%.

\$5,078,411 State Revolving Fund Loan – Funds borrowed to finance the expansion and upgrading of the wastewater treatment plant. The loan is secured by the net revenues of the operation of the utility system (water and wastewater systems), and certain reserves and covenants must be met. The loan will be repaid in 40 semi-annual payments including interest at 2.5%.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-Term Debt (Continued)

Defeasance of Long-Term Debt

A portion of the proceeds of the Series 1999 Revenue Bonds was deposited in trust in an escrow account to provide for future debt service on a portion of the City's Series 1995 Revenue Bonds. As a result, that portion of the Series 1995 Revenue Bonds is considered defeased, and the City has removed that liability from its accounts. The outstanding principal balance of the defeased bonds is \$10,380,000 at September 30, 2008.

A portion of the proceeds of the Florida Municipal Loan Council Loan Payable – Series 2005B was deposited in trust in an escrow account to provide for the future debt service on a portion of the Florida Municipal Loan Council Loan Payable – Series 1999B. As a result, that portion of the Series 1999B loan is considered defeased, and the City has removed that liability from its accounts. The outstanding principal balance of the defeased loan is \$2,960,000 at September 30, 2008. The advance refunding reduced total debt service payments over the next fourteen years by approximately \$110,000. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$91,000.

Changes in Long-Term Debt

The following is a summary of changes in Long-Term Debt of the City for the year ended September 30, 2008:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due within One Year</u> |
|--|------------------------------|------------------|---------------------|---------------------------|--------------------------------|
| <u>Governmental Activities:</u> | | | | | |
| Infrastructure Sales Tax | | | | | |
| Revenue Bonds, Series 2004 | \$ 4,625,000 | \$ | \$ 210,000 | \$ 4,415,000 | \$ 215,000 |
| Less: Bond Discount | (6,978) | | (410) | (6,568) | |
| Infrastructure Sales Tax | | | | | |
| Revenue Bonds, Series 1999 | 5,235,000 | | 210,000 | 5,025,000 | 220,000 |
| Florida Municipal Loan Council | | | | | |
| Loan Payable, Series 1999B | 630,000 | | 200,000 | 430,000 | 210,000 |
| Florida Municipal Loan Council | | | | | |
| Loan Payable, Series 2005B | 3,155,000 | | 25,000 | 3,130,000 | 25,000 |
| Loan Premium – Series 2005B | 71,358 | | 6,116 | 65,242 | |
| SunTrust Bank Loan Payable | 1,477,512 | | 200,573 | 1,276,939 | 205,000 |
| State Revolving Fund Loan – | | | | | |
| Pistol Range | 288,624 | | 18,420 | 270,205 | 18,982 |
| State Revolving Fund Loan – | | | | | |
| Grant Hunter Pond | 429,796 | | 21,370 | 408,426 | 22,005 |
| Capital Leases | 422,085 | | 173,023 | 249,061 | 82,080 |
| Compensated Absences | <u>1,375,193</u> | <u>33,217</u> | | <u>1,408,410</u> | <u>1,408,410</u> |
| Total Governmental Activities | | | | | |
| Long-Term Liabilities | \$ <u>17,702,590</u> | \$ <u>33,217</u> | \$ <u>1,064,092</u> | \$ <u>16,671,715</u> | \$ <u>2,406,477</u> |

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-Term Debt (Continued)

Changes in Long-Term Debt (Continued)

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due within One Year</u> |
|--|------------------------------|----------------------|-------------------|---------------------------|--------------------------------|
| <u>Business-type Activities:</u> | | | | | |
| Revenue Bonds – Series 1995 | \$ 5,000,000 | \$ | \$ | \$ 5,000,000 | \$ |
| Less: Deferred amounts for original issue discount | (23,775) | | (2,098) | (21,677) | |
| Revenue Bonds – Series 1999 | 10,455,000 | | 785,000 | 9,670,000 | 820,000 |
| Less: Deferred amounts for original issue discount | (55,893) | | (4,932) | (50,961) | |
| Less: Loss on Refunding | (641,174) | | (56,574) | (584,600) | |
| State Revolving Fund Loan | 2,782,252 | 53,855 | | 2,836,107 | 110,607 |
| State Revolving Fund Loan | 33,195,132 | 5,381,917 | | 38,577,049 | 1,673,515 |
| State Revolving Fund Loan | | 5,051,769 | | 5,051,769 | 201,056 |
| Landfill Closure Costs | <u>206,506</u> | <u> </u> | <u> </u> | <u>206,506</u> | <u> </u> |
| Total Business-type Activities Long-Term Liabilities | \$ <u>50,918,048</u> | \$ <u>10,487,541</u> | \$ <u>721,396</u> | \$ <u>60,684,193</u> | \$ <u>2,805,178</u> |

Summary of Annual Debt Service Requirements

The annual debt service requirements to maturity for debt outstanding as of September 30, 2008 are as follows:

| <u>Fiscal Year Ending</u> | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | |
|-------------------------------|--------------------------------|---------------------|---------------------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2009 | \$ 915,987 | \$ 642,508 | \$ 2,805,178 | \$ 1,903,572 |
| 2010 | 957,221 | 579,044 | 2,865,275 | 2,805,412 |
| 2011 | 988,491 | 544,945 | 2,954,695 | 2,671,710 |
| 2012 | 1,019,800 | 510,668 | 2,165,328 | 2,551,486 |
| 2013 | 1,056,148 | 474,157 | 3,107,202 | 2,418,702 |
| 2014 – 2018 | 4,784,368 | 1,786,130 | 18,479,762 | 9,179,706 |
| 2019 – 2023 | 4,433,555 | 748,706 | 17,461,306 | 4,309,736 |
| 2024 – 2028 | <u>800,000</u> | <u>37,750</u> | <u>11,304,328</u> | <u>999,453</u> |
| | \$ <u>14,955,570</u> | \$ <u>5,323,908</u> | \$ <u>61,143,074</u> | \$ <u>26,839,777</u> |

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Restricted assets

Certain cash and investments that are legally restricted in the government-wide statement of net assets are as follows:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|-------------------------------------|------------------------------------|-------------------------------------|
| Debt Service | \$ 1,209,317 | \$ 4,357,192 |
| Water/Sewer Renewal and Replacement | | 1,286,623 |
| Water Connection | | 533,382 |
| Water Development | | 337,457 |
| Wastewater Development | | 432,998 |
| Deposits | _____ | <u>1,756,781</u> |
| Total | <u>\$ 1,209,317</u> | <u>\$ 8,704,433</u> |

The balances of the liabilities payable from restricted assets accounts in the government-wide statement of net assets are as follows:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|-----------------------------------|------------------------------------|-------------------------------------|
| Current portion of long-term debt | \$ 710,987 | \$ 2,805,178 |
| Accrued interest payable | | 377,219 |
| Deposits | _____ | <u>1,756,781</u> |
| Total | <u>\$ 710,987</u> | <u>\$ 4,939,178</u> |

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. CRA Fund

In accordance with the provisions of Florida Statutes, the City has established a Community Redevelopment Trust Fund to account for funds held by the City of Plant City for and on behalf of the Community Redevelopment Agency. These funds, which arise from incremental increases in ad valorem taxes levied each year, are disbursed to the agency as provided by appropriation ordinance. The funds are to be used for community redevelopment activities as approved by the Community Redevelopment Agency and pursuant to the City's community redevelopment plan.

A summary of the available funding for future projects of the CRA Fund at year end are as follows:

INFLOWS:

| | | |
|--|---------------|--------------|
| County Property Tax Increment | \$ 855,374 | |
| Plant City Property Tax Increment | 613,768 | |
| Tampa Port Authority | 29,205 | |
| Interest Income | 89,829 | |
| Committed Funds – Reappropriated (Budgetary) | 2,092,413 | |
| Rental Income | <u>14,842</u> | |
| | | \$ 3,695,431 |

OUTFLOWS:

| | | |
|-----------------------------|---------------|------------------|
| Downtown Street Scape | 62,438 | |
| State Filing Fee | 175 | |
| Principal Payment | 200,573 | |
| Interest Expense | 50,482 | |
| Laura Street – Street Scape | 19,140 | |
| Property Acquisition | 2,625,957 | |
| Other Contractual Services | 51,111 | |
| Miscellaneous Expenses | 695 | |
| Midtown Project | 19,330 | |
| 1914 Community Building | <u>45,492</u> | |
| | | <u>3,075,393</u> |

**FUNDS AVAILABLE AT YEAR END
FOR FUTURE PROJECTS**

\$ 620,038

SUMMARY OF FUNDS AVAILABLE:

| | |
|-------------------------|--------------------|
| Cash Balance 9/30/08 | \$ 1,576,432 |
| Accrued Interest | 1,597 |
| Accounts Payable | (31,905) |
| Due to/from Other Funds | (50,400) |
| Deferred Revenues | (<u>875,686</u>) |

**FUNDS AVAILABLE AT YEAR END
FOR FUTURE PROJECTS**

\$ 620,038

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. CRA Fund (Continued)

BUDGETARY COMMITMENTS OF FUNDS
AT YEAR END:

| | |
|---|------------------|
| Committed money for purchase of land to reduce slum and blight | \$ 452,609 |
| Midtown | 67,885 |
| 1914 Community Building | 14,508 |
| Street Scape | 79,087 |
| Repayment of Bond Issue | <u>1,276,939</u> |

TOTAL COMMITTED FUNDS FOR
FUTURE PROJECTS \$ 1,891,028

NOTE 4: OTHER INFORMATION

A. Risk Management

The City has established a Workers' Compensation Partial Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss due to work-related injuries suffered by employees of the City. Under this program, the Workers' Compensation Partial Self-Insurance Fund provides coverage of up to \$300,000 in claims per employee, per incident, to an annual maximum liability of \$1,000,000 in aggregate claims. The City has purchased workers' compensation insurance for claims in excess of the coverages provided by the fund.

All departments of the City participate in the program and make payments to the Workers' Compensation Partial Self-Insurance Fund based on estimates, by an outside administrator, of the amounts needed to pay prior and current year claims and to accumulate a reserve for future catastrophic losses. Accumulations in retained earnings are \$1,185,505 at September 30, 2008.

The claims liability of \$307,063 reported in the Fund at year end is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Fund's estimated claims liability amounts in the last three fiscal years were:

| | Beginning of Fiscal-Year <u>Liability</u> | Current Year Claims and Changes in <u>Estimates</u> | <u>Claims Payments</u> | Balance at Fiscal <u>Year-End</u> |
|-------------|---|--|----------------------------|---|
| 2007 – 2008 | \$ 372,885 | \$ 101,741 | \$ (167,023) | \$ 307,603 |
| 2006 – 2007 | 356,248 | 191,792 | (175,155) | 372,885 |
| 2005 – 2006 | 404,023 | 43,879 | (91,654) | 356,248 |
| 2004 – 2005 | 156,815 | 337,318 | (90,110) | 404,023 |

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There have been no significant reductions in insurance coverage from the previous year. Settlement amounts have not exceeded insurance coverage for the current year nor the three prior years.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 4: OTHER INFORMATION (CONTINUED)

B. Contingent Liabilities

The City receives revenues from various federal grants. These grants are for specific purposes and are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement for expenditures disallowed under the terms of the grants. Based upon prior experience, City management believes such disallowances, if any, will be immaterial.

The City is involved in legal actions which, in the opinion of management, will not have a material effect on the financial statements of the City.

C. Landfill Postclosure Care Costs

The City operated a solid waste landfill from September 1976 until April 1981. Final closure of the landfill was in September 1989. State and federal laws and regulations require the City to perform certain ongoing maintenance and monitoring functions at the landfill site for 30 years after closure. The amount of landfill postclosure liability recorded at September 30, 2008 is \$206,506, which represents the estimated remaining current cost of all postclosure care. Due to changes in site conditions, inflation, technology, laws or regulations, these costs may change in the future. These costs are being funded on a cash basis.

D. Postemployment Benefits Other Than Pensions

Plan Description and Funding Policy

The City of Plant City administers a single-employer defined benefit healthcare and life insurance plan. The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the City's group health and life insurance plan, which covers both active and retired members. Retirees and their dependents are permitted to retain coverage under the City's healthcare plan as long as they pay the full premium. This conforms with the minimum requirement for governmental employers under Florida state law. The City's contributions to active employees is limited to fixed dollar contribution as approved by the City Commission, and the City is not required to contribute any additional amounts to provide benefits. Funding is on a "pay as you go" basis. The Retiree Health Plan does not issue a publicly available financial report.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 4: OTHER INFORMATION (CONTINUED)

D. Postemployment Benefits Other Than Pensions (Continued)

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

| | |
|--|-------------------|
| Annual Required Contribution | \$ 762,443 |
| Interest on Net OPEB Obligation | 0 |
| Adjustment to Annual Required Contribution | <u>0</u> |
| Annual OPEB Cost (Expense) | 762,443 |
| Contributions Made | (<u>94,752</u>) |
| Increase in Net OPEB Obligation | 667,691 |
| Net OPEB Obligation, Beginning of Year | <u>0</u> |
| Net OPEB Obligation, End of Year | \$ <u>667,691</u> |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2008 is as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|---------------------------------|--------------------------------|--|-----------------------------------|
| 09/30/08 | \$ 742,443 | 12.43% | \$ 667,691 |

Funding Status and Funding Progress

As of September 30, 2008, the actuarial accrued liability for benefits was \$636,997, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$581,435, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 109.6 percent.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 4: OTHER INFORMATION (CONTINUED)

D. Postemployment Benefits Other Than Pensions (Continued)

Funding Status and Funding Progress (Continued)

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Rates of Retirement – Estimated based on assigning probabilities to eligible members retiring during the next year.

Mortality – The 1983 Group Mortality Tables for males and females were used.

Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums is an initial increase of 6 percent, increasing to 10 percent, reduced to an ultimate rate of 5 percent after ten additional years, was used.

Health insurance premiums – 2007 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Payroll growth rate – The expected long-term payroll growth rate was assumed to equal 4%.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 3.5 percent was used. In addition, the entry age actuarial cost method was used to calculate the unfunded actuarial liability. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over a 30 year period.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 4: OTHER INFORMATION (CONTINUED)

E. Pension Plan Information

Defined Contribution Plan

The City provides pension benefits for all other employees through a defined contribution plan (The City of Plant City Miscellaneous Employees' Money Purchase Retirement Plan), which is administered by MetLife. It is a qualified plan under section 401(a) of the Internal Revenue Code. In a defined contribution plan, benefits depend solely on amount contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. The City contributes an amount equal to 8% of the total wage for each eligible employee. The City's contributions for each employee and earnings on investments allocated to the employee's account are fully vested after five years of continuous service. City contributions for, and investment earnings forfeited by, employees who leave employment before five years of service are used to reduce the City's current period contribution requirement. The City Commission has the authority to amend plan provisions, including contribution rates.

The City's contributions to the plan for the year ended September 30, 2008 totaled \$919,162.

Defined Benefit Plan

The City maintains for its safety employees a single-employer defined benefit pension plan administered by Salem Trust. The Safety Employees' Retirement Plan provides retirement, disability and death benefits to all of its police and fire department employees who qualify as plan members. The plan has been in existence since October 1, 1960 and is a deposit administration type plan. The City Commission has the authority to amend plan provisions, including contribution rates. Participants in the Safety Employees' Retirement Plan are required to make contributions to the plan equal to 10% of the participant's earnings. Contributions from participants in the Safety Employees' Retirement Plan amounted to \$597,047 for the fiscal year ended September 30, 2008. The State and City contribute the remaining required annual contribution, which amounted to \$1,133,336 for the fiscal year ended September 30, 2008.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 4: OTHER INFORMATION (CONTINUED)

E. Pension Plan Information (Continued)

Defined Benefit Plan (Continued)

The following is a summary of the funding policies, contribution methods and benefit provisions of the defined benefit plan for safety employees:

| | |
|--|---|
| Eligibility to Participate | Full-time sworn police officers or full-time certified firefighters |
| Determination of Contribution Requirements | Actuarially determined |
| Funding of Administrative Costs | Investment Earnings |
| Period Required to Vest | 10 Years |
| Required Member Contributions | 10% of total W-2 income, plus tax-exempt and tax-deferred items of income |
| Eligibility for distributions: | |
| Normal Retirement | Earlier of age 60 or 20 years of credited service, regardless of age, or age 55 with 10 years of credited service |
| Early Retirement | Age 50 and 10 years of credited service |
| Benefit: | |
| Normal Retirement | 3.75% of Average Final Compensation times credited service |
| Early Retirement | Accrued benefit, reduced 3% per year |

The plan also has provision for benefits in case of death or disability.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 4: OTHER INFORMATION (CONTINUED)

E. Pension Plan Information (Continued)

Defined Benefit Plan (Continued)

Membership

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

| | |
|--|------------|
| Retirees and Beneficiaries Receiving Benefits | 32 |
| Terminated Plan members entitled to but not yet receiving benefits | 18 |
| Active Plan members: | |
| Vested | 72 |
| Nonvested | <u>26</u> |
| Total | <u>148</u> |

Annual Pension Cost

The City's annual pension cost for the Safety Employees' Retirement Plan for the year ended September 30, 2008 was as follows:

| | |
|---|-------------------|
| Annual Required Contribution | \$ 544,694 |
| Interest on Net Pension Obligation | (15,843) |
| Adjustments to Annual Required Contribution | <u>12,083</u> |
| Annual Pension Cost | \$ <u>540,934</u> |

In previous years, the City has contributed more than the required minimum contributions, resulting in a credit balance, or "net pension benefit". Therefore, there is no net pension obligation.

Actuarial assumptions and other information used to determine the annual required contributions are located in the Required Supplementary Information section of this report.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 4: OTHER INFORMATION (CONTINUED)

E. Pension Plan Information (Continued)

Defined Benefit Plan (Continued)

Three-Year Trend Information

| <u>Fiscal Year Ending</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation (Benefit)</u> |
|-----------------------------------|--|--|---|
| 9/30/08 | \$ 544,694 | 100% | \$ (201,802) |
| 9/30/07 | 551,878 | 100% | (198,042) |
| 9/30/06 | 554,035 | 100% | (194,352) |

CITY OF PLANT CITY, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE</u> |
|--|-------------------------|----------------------|----------------------|-----------------------|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>AMOUNTS</u> | <u>FINAL BUDGET –</u> |
| | | | | <u>FAVORABLE</u> |
| | | | | <u>(UNFAVORABLE)</u> |
| REVENUES | | | | |
| Property Taxes | \$ 7,886,074 | \$ 7,886,074 | \$ 7,995,537 | \$ 109,463 |
| Franchise Fees | 2,330,000 | 2,470,000 | 2,450,539 | (19,461) |
| Utility Taxes | 3,014,000 | 3,104,000 | 3,281,594 | 177,594 |
| Licenses and Permits | 1,291,500 | 1,036,500 | 1,094,085 | 57,585 |
| Intergovernmental Revenues | 6,812,550 | 7,013,164 | 6,869,466 | (143,698) |
| Charges for Services | 722,600 | 880,300 | 1,217,031 | 336,731 |
| Fines and Forfeitures | 185,000 | 185,000 | 189,427 | 4,427 |
| Contributions | 22,000 | 23,000 | 12,963 | (10,037) |
| Interest Revenue | 500,000 | 250,000 | 392,718 | 142,718 |
| Other Revenue | <u>80,325</u> | <u>80,325</u> | <u>91,177</u> | <u>10,852</u> |
| Total Revenues | <u>22,844,049</u> | <u>22,928,363</u> | <u>23,594,537</u> | <u>666,174</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 4,580,670 | 4,383,048 | 3,440,477 | 942,571 |
| Public Safety | 12,742,700 | 12,478,440 | 11,719,360 | 759,080 |
| Transportation | 287,500 | 262,254 | 209,825 | 52,429 |
| Economic Development | 25,000 | 25,000 | 9,985 | 15,015 |
| Culture and Recreation | 6,222,000 | 6,259,924 | 5,655,706 | 604,218 |
| Debt Service: | | | | |
| Principal | 95,700 | 133,615 | 134,559 | (944) |
| Interest | 15,200 | 15,435 | 13,267 | 2,168 |
| Other Debt Service Costs | 1,000 | 1,000 | | 1,000 |
| Capital Outlay | <u>447,350</u> | <u>596,124</u> | <u>781,623</u> | <u>(185,499)</u> |
| Total Expenditures | <u>24,417,120</u> | <u>24,154,840</u> | <u>21,964,802</u> | <u>2,190,038</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (<u>1,573,071</u>) | (<u>1,226,477</u>) | <u>1,629,735</u> | <u>2,856,212</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Capital Assets | | 38,150 | 79,185 | 41,035 |
| Transfers In | | | 225,261 | 225,261 |
| Transfers Out | (<u>1,386,100</u>) | (<u>2,197,674</u>) | (<u>1,612,680</u>) | <u>584,994</u> |
| Total Other Financing Sources (Uses) | (<u>1,386,100</u>) | (<u>2,159,524</u>) | (<u>1,308,234</u>) | <u>851,290</u> |
| Net Change in Fund Balances | (2,959,171) | (3,386,001) | 321,501 | 3,707,502 |
| Fund Balances – Beginning | <u>11,924,863</u> | <u>11,924,863</u> | <u>11,924,863</u> | <u>-</u> |
| Fund Balances – Ending | \$ <u>8,965,692</u> | \$ <u>8,538,862</u> | \$ <u>12,246,364</u> | \$ <u>3,707,502</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF PLANT CITY, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
STREETS & STORMWATER FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | VARIANCE |
|--|--------------------------------|----------------------|-----------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>AMOUNTS</u> | FINAL BUDGET – FAVORABLE (UNFAVORABLE) |
| REVENUES | | | | |
| Intergovernmental | | | | |
| Revenues | \$ 2,473,900 | \$ 5,934,357 | \$ 1,928,300 | \$ (4,006,057) |
| Charges for Services | 1,550,000 | 1,916,000 | 1,950,983 | 34,983 |
| Interest Revenue | 100,000 | 100,000 | 94,120 | (5,880) |
| Other Revenue | _____ | _____ | <u>10,979</u> | <u>10,979</u> |
| Total Revenues | <u>4,123,900</u> | <u>7,950,357</u> | <u>3,984,382</u> | (<u>3,965,975</u>) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Physical Environment | 1,683,100 | 1,607,370 | 1,377,230 | 230,140 |
| Transportation | 2,096,500 | 2,005,046 | 1,780,605 | 224,441 |
| Debt Service: | | | | |
| Principal | 38,500 | 38,500 | 38,464 | 36 |
| Interest | 1,500 | 1,500 | 1,472 | 28 |
| Capital Outlay | <u>203,100</u> | <u>418,279</u> | <u>255,427</u> | <u>162,852</u> |
| Total Expenditures | <u>4,022,700</u> | <u>4,070,695</u> | <u>3,453,198</u> | <u>617,497</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>101,200</u> | <u>3,879,662</u> | <u>531,184</u> | (<u>3,348,478</u>) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Capital Assets | | | 15,953 | 15,953 |
| Transfers In | 99,000 | 744,000 | 744,000 | |
| Transfers Out | (<u>1,232,700</u>) | (<u>4,974,157</u>) | (<u>981,888</u>) | <u>3,992,269</u> |
| Total Other Financing Sources (Uses) | (<u>1,133,700</u>) | (<u>4,230,157</u>) | (<u>221,935</u>) | <u>4,008,222</u> |
| Net Change in Fund Balances | (1,032,500) | (350,495) | 309,249 | 659,744 |
| Fund Balances – Beginning | <u>2,809,679</u> | <u>2,809,679</u> | <u>2,809,679</u> | _____ - |
| Fund Balances – Ending | \$ <u>1,777,179</u> | \$ <u>2,459,184</u> | \$ <u>3,118,928</u> | \$ <u>659,744</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF PLANT CITY, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT AGENCY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | VARIANCE |
|--|--------------------------------|----------------------|-----------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>AMOUNTS</u> | FINAL BUDGET – FAVORABLE (UNFAVORABLE) |
| REVENUES | | | | |
| Property Taxes | \$ 1,452,203 | \$ 1,498,345 | \$ 1,498,347 | \$ 2 |
| Interest Revenue | 20,000 | 89,799 | 89,800 | 1 |
| Other Revenue | _____ | <u>14,872</u> | <u>14,872</u> | _____ |
| Total Revenues | <u>1,472,203</u> | <u>1,603,016</u> | <u>1,603,019</u> | <u>3</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Physical Environment | 10,175 | 125,813 | 51,981 | 73,832 |
| Debt Service: | | | | |
| Principal | 200,000 | 200,573 | 200,573 | |
| Interest | 50,500 | 50,483 | 50,483 | |
| Capital Outlay | <u>1,211,528</u> | <u>3,318,560</u> | <u>2,772,356</u> | <u>546,204</u> |
| Total Expenditures | <u>1,472,203</u> | <u>3,695,429</u> | <u>3,075,393</u> | <u>620,036</u> |
| Excess (Deficiency) of Revenues Over Expenditures | _____ | (<u>2,092,413</u>) | (<u>1,472,374</u>) | <u>620,039</u> |
| OTHER FINANCING SOURCES | | | | |
| Sale of Capital Assets | _____ | _____ | _____ | _____ |
| Total Other Financing Sources | _____ | _____ | _____ | _____ |
| Net Change in Fund Balances | | (2,092,413) | (1,472,374) | 620,039 |
| Fund Balances – Beginning | <u>2,092,413</u> | <u>2,092,413</u> | <u>2,092,413</u> | _____ |
| Fund Balances – Ending | \$ <u>2,092,413</u> | \$ _____ | \$ <u>620,039</u> | \$ <u>620,039</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF PLANT CITY, FLORIDA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
BUDGET COMPARISONS
SEPTEMBER 30, 2008**

On or before September 1 each year, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing October 1. A public hearing is conducted at City Hall to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through passage of an ordinance.

Annual budgets are adopted for the General Fund, Special Revenue Funds and Debt Service Funds on a basis that does not differ materially from generally accepted accounting principles. All annual appropriations lapse at the end of each fiscal year for these funds. Project-length budgets are adopted for Capital Projects Funds. Appropriations in these funds remain open and carry over to succeeding years until the related expenditures are made, modified or cancelled.

Budgetary control is maintained at the department level. Department Heads are permitted to transfer appropriations between line items within their department, with the approval of the City Manager. All other types of budget transfers or amendments must be approved by the City Commission. Expenditures may not legally exceed budgeted appropriations at the department level.

CITY OF PLANT CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR THE RETIREE HEALTH PLAN

| ACTUARIAL VALUATION DATE | ACTUARIAL VALUE OF ASSETS (a) | ACTUARIAL ACCRUED LIABILITY (AAL) - ENTRY AGE (b) | UNFUNDED AAL (UAAL) (b-a) | FUNDED RATIO (a/b) | COVERED PAYROLL (c) | UAAL AS A % OF COVERED PAYROLL ((b-a)/c) |
|---|--|--|--|-----------------------------------|------------------------------------|---|
| 10/01/07 | \$ 0 | \$ 6,024,692 | \$ 6,024,692 | 0.0% | \$ 15,815,485 | 38.09% |

CITY OF PLANT CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
SAFETY EMPLOYEES' RETIREMENT PLAN

| ACTUARIAL VALUATION DATE | ACTUARIAL VALUE OF ASSETS (a) | ACTUARIAL ACCRUED LIABILITY (AAL) - ENTRY AGE (b) | UNFUNDED AAL (UAAL) (b-a) | FUNDED RATIO (a/b) | COVERED PAYROLL (c) | UAAL AS A % OF COVERED PAYROLL ((b-a)/c) |
|---|--|--|--|-----------------------------------|------------------------------------|---|
| 10/01/08 | \$ 18,680,364 | \$ 30,949,021 | \$ 12,268,258 | 60.36% | \$ 4,813,323 | 254.88% |
| 10/01/07 | 18,083,675 | 28,607,655 | 10,523,980 | 63.21% | 4,798,306 | 219.33% |
| 10/01/06 | 16,066,529 | 26,537,074 | 10,470,545 | 60.54% | 4,723,709 | 221.66% |
| 10/01/05 | 13,683,346 | 23,729,779 | 10,046,433 | 57.66% | 4,832,601 | 207.89% |
| 10/01/04 | 12,110,774 | 21,536,030 | 9,425,256 | 56.24% | 4,712,771 | 199.99% |
| 10/01/03 | 11,396,622 | 19,609,415 | 8,212,793 | 58.12% | 4,388,355 | 187.15% |

CITY OF PLANT CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER
AND OTHER CONTRIBUTING ENTITIES
SAFETY EMPLOYEES' RETIREMENT PLAN

| <u>Year Ended September 30</u> | <u>Annual Required Contribution</u> | <u>City Contribution</u> | <u>State Contribution</u> | <u>Percentage Contributed</u> |
|---------------------------------------|--|---------------------------------|----------------------------------|--------------------------------------|
| 2008 | \$ 1,028,829 | \$ 544,694 | \$ 484,135 * | 100.00% |
| 2007 | 1,005,018 | 613,274 | 391,744 * | 100.00% |
| 2006 | 943,622 | 551,878 | 391,744 * | 100.00% |
| 2005 | 828,662 | 436,918 | 391,744 * | 100.00% |
| 2004 | 749,159 | 357,415 | 391,744 * | 100.00% |
| 2003 | 495,360 | 116,767 | 378,593 | 100.00% |

* Frozen per Florida Statutes, Chapters 175 and 185, as amended. This represents the amount of State funding allowed to be used for current benefits. The increment between this amount and the actual amount provided by the State must be retained by the pension plan until it is spent on increased benefits. Therefore, the actuary excludes the "frozen increment" for current funding calculation purposes.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

| | |
|-------------------------------|--|
| Valuation Date | 10/01/08 |
| Actuarial cost method | Entry Age Normal Cost Method |
| Amortization method | Level Percentage of Pay, Closed Basis |
| Remaining amortization period | 30 years |
| Asset valuation method | 4 – Year Smoothed Market Value |
| Actuarial assumptions: | |
| Investment rate of return | 8.0% |
| Projected salary increases | 6.0% (Inflation of 3% and salary growth of 3%) |

CITY OF PLANT CITY, FLORIDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

| | <u>Special Revenue Funds</u> | | <u>Debt Service Funds</u> | | | <u>Capital Projects Funds – Combined</u> | <u>Total Nonmajor Governmental Funds</u> |
|--------------------------------------|--|---------------------------------|---|---------------------|----------------------------------|--|--|
| | <u>Community Development Block Grant</u> | <u>Community Investment Tax</u> | <u>Infrastructure Sales Tax Revenue Bonds</u> | <u>Stadium Loan</u> | <u>State Revolving Fund Loan</u> | | |
| ASSETS | | | | | | | |
| Cash and Cash Equivalents | \$ 384,362 | \$ 439,769 | \$ | \$ | \$ 4,762 | \$ 13,115,002 | \$ 13,943,895 |
| Investments | | | | | | 1,460 | 1,460 |
| Accrued Interest Receivable | | 262 | | | | 14,255 | 14,517 |
| Due from Other Funds | 1,041 | | | | | 1,157,150 | 1,158,191 |
| Due from Other Governments | 165,309 | 132,373 | | | | | 297,682 |
| Other Current Assets | | | | | | 236,797 | 236,797 |
| Restricted Cash | | | 881,033 | 270,160 | 58,124 | | 1,209,317 |
| Land Held for Resale | <u>51,140</u> | | | | | | <u>51,140</u> |
| Total Assets | \$ <u>601,852</u> | \$ <u>572,404</u> | \$ <u>881,033</u> | \$ <u>270,160</u> | \$ <u>62,886</u> | \$ <u>14,524,664</u> | \$ <u>16,912,999</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts Payable | \$ 7,576 | \$ | \$ | \$ | \$ | \$ 350,321 | \$ 357,897 |
| Due to Other Funds | 67,880 | | | | | 668,162 | 736,042 |
| Due to Other Governments | 195,193 | | | | | | 195,193 |
| Other Current Liabilities | 2,000 | | | | | | 2,000 |
| Deferred Revenue | <u>220,066</u> | | | | | | <u>220,066</u> |
| Total Liabilities | <u>492,715</u> | | | | | <u>1,018,483</u> | <u>1,511,198</u> |
| Fund Balances: | | | | | | | |
| Reserved for: | | | | | | | |
| Encumbrances | | | | | | 1,891,617 | 1,891,617 |
| Debt Service | | | 881,033 | 270,160 | 62,886 | | 1,214,079 |
| Unreserved, reported in: | | | | | | | |
| Special Revenue Funds: | | | | | | | |
| Undesignated | 109,137 | 572,404 | | | | | 681,541 |
| Capital Projects Funds: | | | | | | | |
| Designated for Capital Outlays | | | | | | <u>11,614,564</u> | <u>11,614,564</u> |
| Total Fund Balances | <u>109,137</u> | <u>572,404</u> | <u>881,033</u> | <u>270,160</u> | <u>62,886</u> | <u>13,506,181</u> | <u>15,401,801</u> |
| Total Liabilities and Fund Balances | \$ <u>601,852</u> | \$ <u>572,404</u> | \$ <u>881,033</u> | \$ <u>270,160</u> | \$ <u>62,886</u> | \$ <u>14,524,664</u> | \$ <u>16,912,999</u> |

CITY OF PLANT CITY, FLORIDA

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

| | <u>Special Revenue Funds</u> | | <u>Debt Service Funds</u> | | | <u>Capital Projects Funds – Combined</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|--|---|---|-------------------------|--|--|--|
| | <u>Community Development Block Grant</u> | <u>Community Investment Tax</u> | <u>Infrastructure Sales Tax Revenue Bonds</u> | <u>Stadium Loan</u> | <u>State Revolving Fund Loan</u> | | |
| REVENUES | | | | | | | |
| Intergovernmental Revenues | \$ 328,053 | \$ 1,480,857 | \$ | \$ 384,866 | \$ | \$ | \$ 2,193,776 |
| Impact Fees | | | | | | 1,609,783 | 1,609,783 |
| Interest Revenue | 1,059 | 24,718 | 22,568 | 1,840 | 1,595 | 384,744 | 436,524 |
| Other Revenue | <u>50,420</u> | | | | | | <u>50,420</u> |
| Total Revenues | <u>379,532</u> | <u>1,505,575</u> | <u>22,568</u> | <u>386,706</u> | <u>1,595</u> | <u>1,994,527</u> | <u>4,290,503</u> |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General Government | | 1,500 | | | | | 1,500 |
| Physical Environment | 238,675 | | | | | 223,371 | 462,046 |
| Culture and Recreation | | | | | | 29,743 | 29,743 |
| Debt Service: | | | | | | | |
| Principal | | | 420,000 | 225,000 | 39,790 | | 684,790 |
| Interest | | | 415,564 | 156,651 | 21,129 | | 593,344 |
| Other Debt Service Costs | | | 942 | 4,185 | 40 | | 5,167 |
| Capital Outlay | <u>162,890</u> | | | | | <u>3,071,370</u> | <u>3,234,260</u> |
| Total Expenditures | <u>401,565</u> | <u>1,500</u> | <u>836,506</u> | <u>385,836</u> | <u>60,959</u> | <u>3,324,484</u> | <u>5,010,850</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (<u>22,033</u>) | <u>1,504,075</u> | (<u>813,938</u>) | <u>870</u> | (<u>59,364</u>) | (<u>1,329,957</u>) | (<u>720,347</u>) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers In | 16,000 | 117,000 | 812,826 | | 59,811 | 3,011,435 | 4,017,072 |
| Transfers Out | | (<u>2,257,806</u>) | | | | (<u>117,000</u>) | (<u>2,374,806</u>) |
| Total Other Financing Sources (Uses) | <u>16,000</u> | (<u>2,140,806</u>) | <u>812,826</u> | | <u>59,811</u> | <u>2,894,435</u> | <u>1,642,266</u> |
| Net Change in Fund Balances | (6,033) | (636,731) | (1,112) | 870 | 447 | 1,564,478 | 921,919 |
| Fund Balances – Beginning | <u>115,170</u> | <u>1,209,135</u> | <u>882,145</u> | <u>269,290</u> | <u>62,439</u> | <u>11,941,703</u> | <u>14,479,882</u> |
| Fund Balances – Ending | \$ <u>109,137</u> | \$ <u>572,404</u> | \$ <u>881,033</u> | \$ <u>270,160</u> | \$ <u>62,886</u> | \$ <u>13,506,181</u> | \$ <u>15,401,801</u> |

CITY OF PLANT CITY, FLORIDA

COMBINING BALANCE SHEET –
CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

| | <u>Capital Improvement</u> | <u>Impact Fees Fire</u> | <u>Impact Fees Police</u> | <u>Impact Fees Parks and Recreation</u> | <u>Impact Fees Transportation</u> |
|--|---------------------------------------|--|--|--|--|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 894,946 | \$ 485,963 | \$ 51,752 | \$ 553,781 | \$ 4,173,343 |
| Investments | | | | | |
| Accrued Interest Receivable | 1,130 | 414 | | 414 | 4,477 |
| Due from Other Funds | 768,657 | | | | |
| Other Current Assets | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>1,664,733</u> | <u>486,377</u> | <u>51,752</u> | <u>554,195</u> | <u>4,177,820</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | 4,595 | | | 9,647 | 189 |
| Due to Other Funds | <u>1,948</u> | <u> </u> | <u> </u> | <u>89,456</u> | <u>10,533</u> |
| Total Liabilities | <u>6,543</u> | <u> </u> | <u> </u> | <u>99,103</u> | <u>10,722</u> |
| Fund Balances: | | | | | |
| Reserved for: | | | | | |
| Encumbrances | 362,539 | | | | |
| Designated for Capital Outlays | <u>1,295,651</u> | <u>486,377</u> | <u>51,752</u> | <u>455,092</u> | <u>4,167,098</u> |
| Total Fund Balances | <u>1,658,190</u> | <u>486,377</u> | <u>51,752</u> | <u>455,092</u> | <u>4,167,098</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,664,733</u> | <u>\$ 486,377</u> | <u>\$ 51,752</u> | <u>\$ 554,195</u> | <u>\$ 4,177,820</u> |

| Impact Fees <u>Library</u> | Stormwater <u>RR&I</u> | Community Investment <u>RR&I</u> | Total Capital Projects <u>Funds</u> |
|---------------------------------------|---------------------------------------|---|--|
| \$ 334,550 | \$ 3,712,440 | \$ 2,908,227 | \$ 13,115,002 |
| | | 1,460 | 1,460 |
| 328 | 4,375 | 3,117 | 14,255 |
| | 388,322 | 171 | 1,157,150 |
| <u> </u> | <u> </u> | <u>236,797</u> | <u>236,797</u> |
| <u>334,878</u> | <u>4,105,137</u> | <u>3,149,772</u> | <u>14,524,664</u> |
| | 290,665 | 45,225 | 350,321 |
| <u> </u> | <u>33,361</u> | <u>532,864</u> | <u>668,162</u> |
| <u> </u> | <u>324,026</u> | <u>578,089</u> | <u>1,018,483</u> |
| | 1,193,700 | 335,378 | 1,891,617 |
| <u>334,878</u> | <u>2,587,411</u> | <u>2,236,305</u> | <u>11,614,564</u> |
| <u>334,878</u> | <u>3,781,111</u> | <u>2,571,683</u> | <u>13,506,181</u> |
| \$ <u>334,878</u> | \$ <u>4,105,137</u> | \$ <u>3,149,772</u> | \$ <u>14,524,664</u> |

CITY OF PLANT CITY, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES –
CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

| | <u>Capital Improvement</u> | <u>Impact Fees Fire</u> | <u>Impact Fees Police</u> | <u>Impact Fees Parks and Recreation</u> | <u>Impact Fees Transportation</u> |
|--|---------------------------------------|--|--|--|--|
| REVENUES | | | | | |
| Impact Fees | \$ | \$ 72,230 | \$ 142,995 | \$ 111,701 | \$ 1,175,763 |
| Interest Revenue | <u>43,292</u> | <u>12,335</u> | <u>1,345</u> | <u>13,108</u> | <u>109,928</u> |
| Total Revenues | <u>43,292</u> | <u>84,565</u> | <u>144,340</u> | <u>124,809</u> | <u>1,285,691</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Physical Environment | | | | | |
| Culture and Recreation | 22,875 | | | | |
| Capital Outlay | <u>1,039,554</u> | _____ | _____ | <u>99,103</u> | <u>260,935</u> |
| Total Expenditures | <u>1,062,429</u> | _____ | _____ | <u>99,103</u> | <u>260,935</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (<u>1,019,137</u>) | <u>84,565</u> | <u>144,340</u> | <u>25,706</u> | <u>1,024,756</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers In | 697,230 | | | | |
| Transfers Out | _____ | _____ | (<u>117,000</u>) | _____ | _____ |
| Total Other Financing Sources (Uses) | <u>697,230</u> | _____ | (<u>117,000</u>) | _____ | _____ |
| Net Change in Fund Balance | (<u>321,907</u>) | 84,565 | 27,340 | 25,706 | 1,024,756 |
| Fund Balances – Beginning | <u>1,980,097</u> | <u>401,812</u> | <u>24,412</u> | <u>429,386</u> | <u>3,142,342</u> |
| Fund Balances – Ending | \$ <u>1,658,190</u> | \$ <u>486,377</u> | \$ <u>51,752</u> | \$ <u>455,092</u> | \$ <u>4,167,098</u> |

| Impact Fees <u>Library</u> | Stormwater <u>RR&I</u> | Community Investment <u>RR&I</u> | Total Capital Projects <u>Funds</u> |
|---------------------------------------|---------------------------------------|---|--|
| \$ 107,094 | \$ | \$ | \$ |
| <u>7,610</u> | <u>120,197</u> | <u>76,929</u> | <u>384,744</u> |
| <u>114,704</u> | <u>120,197</u> | <u>76,929</u> | <u>1,994,527</u> |
| | 64,686 | 158,685 | 223,371 |
| _____ | <u>883,543</u> | <u>788,235</u> | <u>3,071,370</u> |
| _____ | <u>948,229</u> | <u>953,788</u> | <u>3,324,484</u> |
| <u>114,704</u> | (<u>828,032</u>) | (<u>876,859</u>) | (<u>1,329,957</u>) |
| _____ | 869,225 | 1,444,980 | 3,011,435 |
| _____ | _____ | _____ | (<u>117,000</u>) |
| _____ | <u>869,225</u> | <u>1,444,980</u> | <u>2,894,435</u> |
| 114,704 | 41,193 | 568,121 | 1,564,478 |
| <u>220,174</u> | <u>3,739,918</u> | <u>2,003,562</u> | <u>11,941,703</u> |
| <u>\$ 334,878</u> | <u>\$ 3,781,111</u> | <u>\$ 2,571,683</u> | <u>\$ 13,506,181</u> |

Members of
Florida Institute of
Certified Public Accountants

American Institute of
Certified Public Accountants

James E. Hurn
Charlotte M. Stertz
Leslie B. Gray
Karen L. White

**SPECIAL REPORT ON COMPLIANCE WITH
COVENANTS OF BOND ORDINANCES**

To the Honorable Mayor and
Board of City Commissioners
City of Plant City, Florida

We have audited the basic financial statements of the City of Plant City, Florida (the "City") for the year ended September 30, 2008, and have issued our report thereon dated June 8, 2009. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

As part of our audit, nothing came to our attention to suggest that the City was not in compliance with the covenants of Resolution No. 164-1994, duly adopted by the City Commission on October 10, 1994, as supplemented by Resolution No. 34-1995 adopted on February 17, 1995, Resolution 56-1998 adopted on April 13, 1998 and Resolution 172-1998 adopted on November 9, 1998. Additionally, as part of our audit, nothing came to our attention to suggest that the City was not in compliance with the covenants of Resolution 173-1998, duly adopted by the City Commission on November 8, 1998, as supplemented by Resolution 41-1999 adopted on March 22, 1999 and Resolution 54-1999 adopted on April 26, 1999, as further supplemented by Resolution 245-2003 adopted on October 27, 2003 and as further amended and supplemented by Resolution 46-2004 adopted on March 8, 2004, and as further amended and supplemented by Resolution 57-2004 adopted on March 22, 2004. It should be noted that the primary purpose of our engagement was to form an opinion on the basic financial statements and was not to determine whether the City had observed the covenants of the aforementioned bond resolutions.

Respectfully submitted,

BELLA, HERMIDA, HURN, STERTZER & GRAY

Bella, Hermida, Hurn, Stertz & Gray

Certified Public Accountants
June 8, 2009

Members of
Florida Institute of
Certified Public Accountants

American Institute of
Certified Public Accountants

James E. Hurn
Charlotte M. Stertz
Leslie B. Gray
Karen L. White

**SPECIAL REPORT ON COMPLIANCE WITH COVENANTS
OF STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL
PROTECTION STATE REVOLVING FUND LOAN AGREEMENT**

To the Honorable Mayor and
Board of City Commissioners
City of Plant City, Florida

We have audited the basic financial statements of the City of Plant City, Florida for the year ended September 30, 2008, and have issued our report thereon which was dated June 8, 2009. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

As part of our audit, nothing came to our attention to suggest that the City of Plant City, Florida was not in compliance with the covenants of the State of Florida Department of Environmental Protection Clean Water State Revolving Fund Construction Loan Agreements. The rate coverage requirements have been satisfied by the revenues collected. It should be noted that the primary purpose of our engagement was to form an opinion on the basic financial statements, and was not to determine whether the City had observed the covenants of the aforementioned loan agreements.

Respectfully submitted,

BELLA, HERMIDA, HURN, STERTZER & GRAY

Bella Hermida, Hurn, Stertz & Gray

Certified Public Accountants
June 8, 2009

CITY OF PLANT CITY, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ <u>PROGRAM TITLE</u> | FEDERAL CFDA <u>NUMBER</u> | CONTRACT/ GRANTOR <u>NUMBER</u> | GRANT <u>REVENUES</u> | GRANT <u>EXPENDITURES</u> |
|---|---|--|----------------------------------|--------------------------------------|
| <u>FEDERAL FINANCIAL ASSISTANCE</u> | | | | |
| <u>U.S. Department of Housing and Urban Development</u> | | | | |
| Pass-through State of Florida and Hillsborough County Housing and Community Development Department Community Development Block Grants | | | | |
| | 14.218 | B-06-UC-12-0002 B-07-UC-12-0002 | \$ 376,554 | \$ 376,554 |
| <u>U.S. Department of Interior – Land and Water Conservation Fund</u> | | | | |
| Pass-through State of Florida, Department of Environmental Protection Land and Water Conservation Program | | | | |
| | 15.916 | LW544 | 9,361 | 9,361 |
| <u>Federal Emergency Management Association</u> | | | | |
| Pass-through State of Florida, Department of Community Affairs Hazard Mitigation Grant – Police Wind Retrofit | | | | |
| | 97.039 | 06HM-7@-08-39-02-002 | 72,558 | 72,558 |
| Hazard Mitigation Grant – Facilities Maintenance Wind Retrofit | | | | |
| | 97.039 | 07HM-7@-08-39-02-032 | 19,349 | 19,349 |
| Hazard Mitigation Grant – Facilities Maintenance Wind Retrofit | | | | |
| | 97.039 | 07HM-4@-08-39-02-074 | 4,939 | 4,939 |
| Hazard Mitigation Grant – Facilities Maintenance Wind Retrofit | | | | |
| | 97.039 | 07HM-6@-08-39-02-057 | 4,939 | 4,939 |
| Pass-through State of Florida, Department of Community Affairs, Division of Emergency Management Fire Management Assistance Grant Program – Mutual Aid Responder – Suwannee Fire Complex | | | | |
| | | ZS070 | 18,005 | 18,005 |
| <u>U.S. Department of Transportation – Federal Highway Administration</u> | | | | |
| Pass-through State of Florida, Department of Transportation, Local Agency Program Highway Landscape Maintenance Grant | | | | |
| | 20.205 | ANY03 | 22,169 | 22,169 |
| Pass-through State of Florida, Department of Health, Bureau of Emergency Medical Services EMSTARS Funding Assistance | | | | |
| | 20.605 | AP062 / SNMS8 | 24,900 | 24,900 |
| Congestion Mitigation and Air Quality (CMAQ) Improvement Program | | | | |
| | 20.205 | ANP24 | 108,637 | 108,637 |

CITY OF PLANT CITY, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE | FEDERAL CFDA NUMBER | CONTRACT/ GRANTOR NUMBER | GRANT REVENUES | GRANT EXPENDITURES |
|--|------------------------------------|---|---------------------------|-------------------------------|
| <u>FEDERAL FINANCIAL ASSISTANCE (CONTINUED)</u> | | | | |
| <u>U.S. Office of Water, Environmental Protection Agency</u> | | | | |
| Pass-through State of Florida, Department of Environmental Protection, Capitalization Grants for the State Revolving Fund Loan Program | | | | |
| Treatment and Reuse Facilities | * 66.458 | WWG12060420P | 53,855 | 53,855 |
| Treatment and Reuse Facilities | * 66.458 | WW604210 | 5,381,917 | 5,381,917 |
| Treatment and Reuse Facilities | * 66.458 | WW604220 | <u>5,051,769</u> | <u>5,051,769</u> |
| TOTAL FEDERAL FINANCIAL ASSISTANCE | | | <u>11,148,952</u> | <u>11,148,952</u> |

* Major Program

CITY OF PLANT CITY, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

| <u>GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u> | <u>STATE CFSA NUMBER</u> | <u>CONTRACT/ GRANTOR NUMBER</u> | <u>GRANT REVENUES</u> | <u>GRANT EXPENDITURES</u> |
|---|-------------------------------------|--|----------------------------------|--------------------------------------|
| <u>STATE FINANCIAL ASSISTANCE</u> | | | | |
| <u>State of Florida – Department of State</u> | | | | |
| Division of Historical Resources | | | | |
| Special Category Grant – | | | | |
| Bing Rooming House | 45.032 | SC704 | \$ 2,691 | \$ 2,691 |
| Historic Preservation Grant – | | | | |
| Plant City High School | 45.031 | S0856 | 22,785 | 22,785 |
| Division of Library and Information Services | | | | |
| Bill and Melinda Gates Foundation – | | | | |
| Public Access Computing Hardware Upgrade | | E3634 | 2,951 | 2,951 |
| <u>State of Florida – Department of Community Affairs</u> | | | | |
| Division of Emergency Management | | | | |
| Fire Management Assistance Grant Program – | | | | |
| Mutual Aid Responder – Suwanee Fire Complex | | ZS070 | 6,002 | 6,002 |
| <u>State of Florida – Department of Environmental Protection</u> | | | | |
| Statewide Surface Water Restoration and Wastewater Projects Funding Grants | | | | |
| | 37.039 | LP6774 | 85,456 | 85,456 |
| | 37.039 | LP6774 | 50,162 | 50,162 |
| Pass-through Southwest Florida Water Management District | | | | |
| Lake Thonotosassa Diagnostic Assessment and Water Quality Treatment (W763) | | | | |
| | 37.039 | 06CS0000003 | 7,931 | 7,931 |
| Division of Recreation and Parks – | | | | |
| Land Acquisition Trust Fund | | | | |
| FL Recreation Development Assistance Program | | | | |
| | * 37.017 | F6008 | 200,000 | 200,000 |
| FL Recreation Development Assistance Program | | | | |
| | * 37.017 | F8188 | 99,103 | 99,103 |
| <u>State of Florida – Department of Health</u> | | | | |
| Pass-through Hillsborough County | | | | |
| Emergency Medical Services | | | | |
| | 64.003 | C6029 | 18,009 | 18,009 |
| Emergency Medical Services | | | | |
| | 64.003 | C7029 | 13,273 | 13,273 |
| <u>State of Florida – Department of Transportation</u> | | | | |
| Pass-through Tampa Bay Regional Planning Council | | | | |
| Stormwater Education Funding | | | <u>2,238</u> | <u>2,238</u> |
| TOTAL STATE FINANCIAL ASSISTANCE | | | <u>510,601</u> | <u>510,601</u> |

* Major Program

CITY OF PLANT CITY, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

| <u>GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u> | <u>LOCAL CFSA NUMBER</u> | <u>CONTRACT/ GRANTOR NUMBER</u> | <u>GRANT REVENUES</u> | <u>GRANT EXPENDITURES</u> |
|--|-------------------------------------|--|----------------------------------|--------------------------------------|
| <u>LOCAL FINANCIAL ASSISTANCE</u> | | | | |
| <u>Hillsborough County Public Library Cooperative</u> Pass-through Hillsborough County Board of County Commissioners | | 06-1225 | 364,362 | 364,362 |
| <u>Southwest Florida Water Management District</u> Westside Canal Watershed Model Update (L420) | | 06C00000101 | 2,195 | 2,195 |
| Lake Thonotosassa Diagnostic Assessment and Water Quality Treatment (W763) | | 06C00000003 | <u>7,931</u> | <u>7,931</u> |
| TOTAL LOCAL FINANCIAL ASSISTANCE | | | <u>374,488</u> | <u>374,488</u> |
| TOTAL FEDERAL, STATE AND LOCAL FINANCIAL ASSISTANCE | | | \$ <u>12,034,041</u> | \$ <u>12,034,041</u> |

CITY OF PLANT CITY, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS
SEPTEMBER 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation of the Schedule of Expenditures of Federal, State and Local Awards of the City of Plant City, Florida have been designed to conform to accounting principles generally accepted in the United States of America as applicable to governmental units, including the reporting and compliance requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, Section 215.97, Florida Statutes, and Chapter 10.550, Rules of the Auditor General.

Basis of Accounting

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

The modified accrual basis of accounting is followed in the Schedule of Federal, State and Local Awards. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related liability is incurred. In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Generally, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded.

NOTE 2: CONTINGENCIES

Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the City does not believe that such disallowances, if any, would have a material effect on the financial position of the City.

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

The Honorable Mayor and Board
of City Commissioners
City of Plant City, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Plant City, Florida, as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects City of Plant City, Florida's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of City of Plant City, Florida's financial statements that is more than inconsequential will not be prevented or detected by City of Plant City, Florida's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by City of Plant City, Florida's internal control.

The Honorable Mayor and Board
of City Commissioners
City of Plant City, Florida
Page 2

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

Compliance and Other Matters

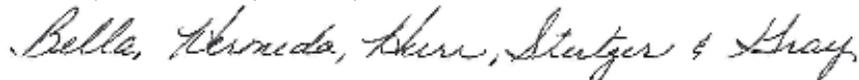
As part of obtaining reasonable assurance about whether the City of Plant City, Florida's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic 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 that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Plant City, Florida, in a separate letter dated

This report is intended solely for the information and use of the Board of City Commissioners, management and audit agencies of federal, state and local governments, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

BELLA, HERMIDA, HURN, STERTZER & GRAY



Certified Public Accountants
June 8, 2009

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

The Honorable Mayor and Board
of City Commissioners
City of Plant City, Florida

Compliance

We have audited the compliance of the City of Plant City, Florida with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement that are applicable to each of its major federal programs and state projects for the year ended September 30, 2008. The City of Plant City, Florida's major federal programs and state projects are identified in the summary of auditor's results in section I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state projects is the responsibility of the City of Plant City, Florida's management. Our responsibility is to express an opinion on the City of Plant City, Florida's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Plant City, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Plant City, Florida's compliance with those requirements.

In our opinion, the City of Plant City, Florida complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2008.

Internal Control over Compliance

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

A *control deficiency*, in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

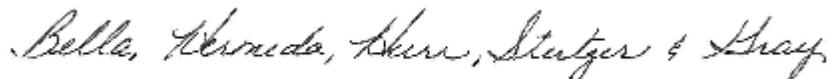
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the Board of City Commissioners, management and audit agencies of federal, state and local governments, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

BELLA, HERMIDA, HURN, STERTZER & GRAY



Certified Public Accountants
June 8, 2009

CITY OF PLANT CITY, FLORIDA

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

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

| | |
|--|-------------|
| Type of auditors’ report issued: | Unqualified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified not considered to be material weakness(es)? | Yes |
| Noncompliance material to financial statements noted? | No |

Awards

State

Federal

| | | |
|---|-------------|-------------|
| Internal control over major programs: | | |
| Material weakness(es) identified? | No | No |
| Significant deficiency(ies) identified not considered to be material weakness(es)? | No | No |
| Type of auditors’ report issued on compliance for major programs: | Unqualified | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? | No | No |

Identification of major programs

| <u>CFDA/CFSA Number(s)</u> | <u>Name of Program or Project</u> |
|--|---|
| Federal: 66.458 | Treatment and Reuse Facilities |
| State: 37.017 | Florida Recreation Development Assistance Program |
| Dollar threshold used to distinguish between Type A and Type B programs: | \$ 300,000 |
| Auditee qualified as low-risk auditee? | Yes |

CITY OF PLANT CITY, FLORIDA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

SECTION II – FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

SECTION III – MAJOR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by Circular A-133, Section .510(a) (e.g., reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs).

None.

SECTION IV – MAJOR STATE PROJECTS FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by Chapter 10.550, Rules of the Auditor General.

None.

SECTION V – OTHER ISSUES

A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to federal programs or state projects. A Corrective Action Plan for findings required to be reported under the Federal and Florida Single Audit Acts is prepared by management in a separate written response (when required) that is not bound with this Annual Financial Report.

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Mayor and
Board of City Commissioners
City of Plant City, Florida

We have audited the basic financial statements of the City of Plant City, Florida, as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated June 8, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting, Independent Auditors' Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated June 8, 2009, should be considered in conjunction with this management letter.

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

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we address in the management letter, if not already addressed in the auditors' report on compliance and internal controls or schedule of findings and questioned costs, whether or not recommendations made in the preceding annual financial audit report have been followed. The recommendations made in the preceding annual financial audit report have been corrected, except for those reported below under the heading "Prior Year Findings and Recommendations".

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations to improve the City's financial management. Recommendations to improve the City's financial management are reported below under the heading "Current Year Findings and Recommendations".

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Fleet Management Internal Service Fund

The City has established an internal service fund to account for the costs of acquiring and maintaining City's vehicles through charges to the funds that use those vehicles. Internal service funds account for services provided to other City funds and departments on a cost allocation basis. During the year ended, September 30, 2008, the City did not record the appropriate revenues in the internal service fund or the corresponding expenditures in the funds that received the services, but recorded the transactions as transfers. We recommend that the City establish procedures to properly account for the fund as an internal service fund or eliminate the interfund activity at year end for financial reporting purposes.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Fund Accounting

The City maintains numerous individual funds and sub-funds. For example, there are four special revenue funds and eight capital projects funds. The Water and Sewer Fund, although it is one fund for financial reporting purposes, actually consists of four separate sub-funds on the City's general ledger. Similarly, the Sanitary Service Fund consists of three sub-funds. The GASB has consistently discouraged governmental entities from creating too many funds. Usually, a division or department can be established within a fund in order to properly account for this activity, rather than establishing a separate fund and bank account. For example, using special revenue funds to account for legally restricted resources is permitted, but not required. Generally, a division in the General Fund is used to account for these resources. The sub-funds for Water/Sewer and Sanitary Service could easily be combined into one fund for each operation. Expenditures by departments are more readily controlled through the budgeting system.

We continue to make our previous years' recommendation that the City re-evaluate its policies regarding the establishment of funds and seriously consider eliminating all unnecessary funds. This will streamline operations and eliminate the additional time and effort required to maintain separate funds, as well as the auditing and reporting process.

Cash Management

The City has approximately thirty separate bank accounts and over fifty certificates of deposit. It requires a tremendous amount of time and effort to account for and manage the cash flow of these accounts. As discussed above, separate accounts are not recommended for each and every purpose and revenue stream, unless legally mandated to be maintained in a separate account. Furthermore, pooling of cash for purposes of temporary investments should increase yields significantly.

We continue to make our previous years' recommendation that the City re-evaluate its policy regarding cash and investment accounts and cash management, and work to streamline this process.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)

Capital Expenditures

The City does not analyze its capital expenditure accounts and capitalize qualifying amounts as fixed assets, or analyze construction in progress prior to closing its books for the year. This analysis is typically performed by the City during audit fieldwork, and the resulting journal entries provided by the City are added to the trial balances by the auditors, and the City does not record them in its general ledger.

We understand that the City prefers not to record journal entries which capitalize fixed assets because they want to leave the capital expenditures balances intact in their general ledger as a history to aid in their budgeting process. However, we recommend researching another solution which would allow these items to be properly recorded. For example, they could be recorded prior to closing the books and printing trial balances and year-end reports, and then reversed if necessary.

We continue to make our previous years' recommendation that all routine bookkeeping entries be made during the year-end closing process, prior to audit fieldwork.

Fixed Assets

We recommend that the City re-evaluate and increase its threshold for capitalizing fixed assets. This would aid in minimizing time spent accounting for and depreciating immaterial items for financial statement purposes. It is acceptable to establish different capitalization thresholds for each category or type of fixed asset; such as \$750 for furniture and office equipment, \$5,000 for vehicles, \$10,000 for buildings and improvements, etc.

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

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

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

To the Honorable Mayor and
Board of City Commissioners
City of Plant City, Florida
Page 4

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

Section 10.554 (1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City of Plant City, Florida for the fiscal year ended September 30, 2008, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2008. In connection with our audit, we determined that these two reports were in agreement.

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

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

Respectfully submitted,

BELLA, HERMIDA, HURN, STERTZER & GRAY



Certified Public Accountants
June 8, 2009