

City of Plant City, Florida

Annual Financial Report

for the Fiscal Year Ended
September 30, 2010

CITY OF PLANT CITY, FLORIDA

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CITY OF PLANT CITY, FLORIDA

CITY OFFICIALS
SEPTEMBER 30, 2010

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

Gregory S. Horwedel	City Manager
Kenneth W. Buchman	City Attorney
Kerri J. Miller	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, 2010, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2010, 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 10, 2011 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 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.

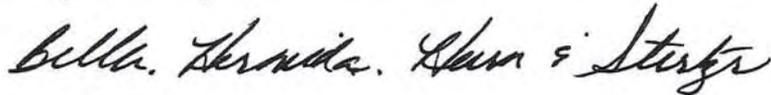
The Honorable Mayor and Board
of City Commissioners
City of Plant City, Florida
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining 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

A handwritten signature in cursive script that reads "Bella, Hermida, Hurn & Stertzer".

Certified Public Accountants
June 10, 2011

CITY OF PLANT CITY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2010

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, 2010 by \$206,384,409 (net assets). Of this amount, unrestricted net assets total \$66,061,124.
- The City's total net assets increased by \$3,104,265.
- As of September 30, 2010, the City of Plant City's governmental funds reported combined ending fund balances of \$27,709,357 a decrease of \$962,823 over the prior year. Of this amount, unreserved fund balance totals \$24,161,329.
- The City of Plant City's total debt (including compensated absences) decreased by \$3,842,149 (4.0%) during the current fiscal year primarily due to the debt repayments in excess of borrowings.

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, 2010

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 fifteen 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 and the Community Redevelopment Agency Fund, all of which are considered to be major funds. Data from the other thirteen 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.

Proprietary funds. The City maintains four proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, sanitary service and stormwater utility systems and

CITY OF PLANT CITY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

its industrial park operations. 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.

CITY OF PLANT CITY, FLORIDA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**

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 \$206,384,409.

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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 33,234,852	\$ 35,332,705	\$ 68,866,896	\$ 66,814,529	\$ 102,101,748	\$ 102,147,234
Capital assets	74,916,980	73,854,974	107,939,638	111,196,343	182,856,618	185,051,317
Total assets	<u>108,151,832</u>	<u>109,187,679</u>	<u>176,806,534</u>	<u>178,010,872</u>	<u>284,958,366</u>	<u>287,198,551</u>
Long-term liabilities	11,672,949	12,636,073	56,021,585	58,144,220	67,694,534	70,780,293
Other liabilities	4,954,783	5,787,059	5,924,640	7,351,055	10,879,423	13,138,114
Total liabilities	<u>16,627,732</u>	<u>18,423,132</u>	<u>61,946,225</u>	<u>65,495,275</u>	<u>78,573,957</u>	<u>83,918,407</u>
Net Assets:						
Invested in capital assets net of related debt	62,251,613	60,239,035	50,575,778	49,746,293	112,827,391	109,985,328
Restricted	18,405,194	15,961,423	9,090,700	10,641,709	27,495,894	26,603,132
Unrestricted	10,867,293	14,564,089	55,193,831	52,127,595	66,061,124	66,691,685
Total net assets	<u>\$ 91,524,100</u>	<u>\$ 90,764,547</u>	<u>\$ 114,860,309</u>	<u>\$ 112,515,597</u>	<u>\$ 206,384,409</u>	<u>\$ 203,280,144</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, 2010, 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 an increase in capital assets from increase in capital grants and contributions.

CITY OF PLANT CITY, FLORIDA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**

The increase in net assets of the City's business-type activities is primarily due to the increase in charges for services and grant revenues in the Stormwater Fund and Sanitation Services Fund.

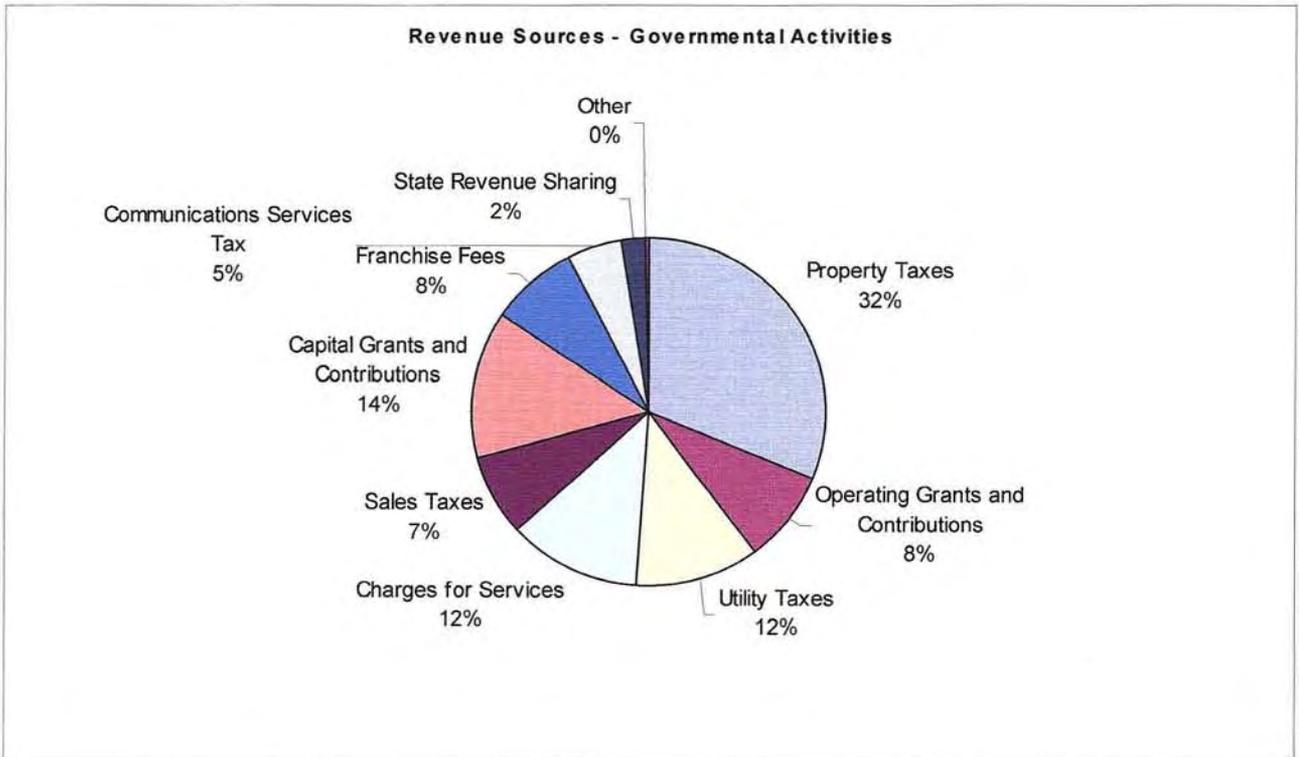
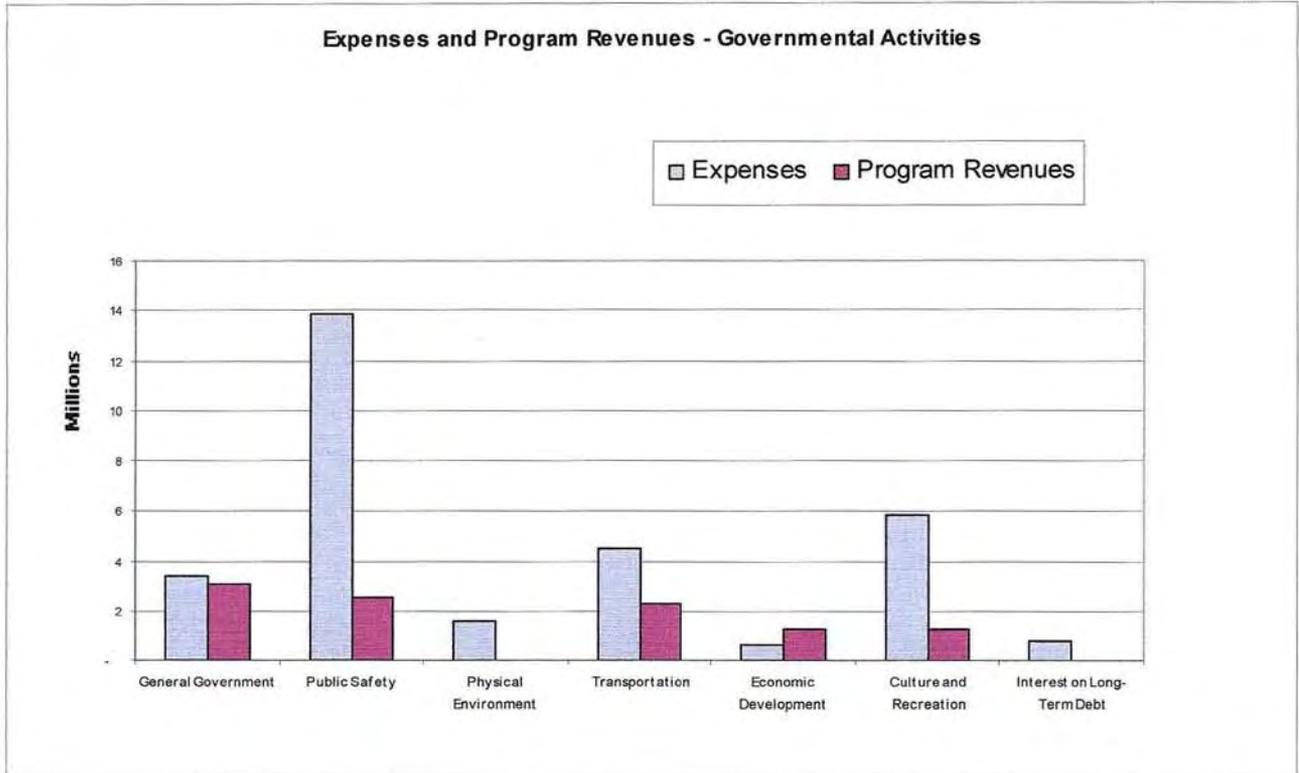
Statements of Activities

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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program revenues:						
Charges for services	\$ 3,772,056	\$ 3,294,317	\$ 23,389,758	\$ 24,112,510	\$ 27,161,814	\$ 27,406,827
Operating grants and contributions	2,599,424	4,871,786	7,693		2,607,117	4,871,786
Capital grants and contributions	4,177,996	2,160,053	520,717	1,325,992	4,698,713	3,486,045
General revenues:						
Property taxes	9,663,914	9,830,808			9,663,914	9,830,808
Other taxes	10,667,071	10,597,568			10,667,071	10,597,568
Other	92,219	44,105	128,397	569,488	220,616	613,593
Total Revenues	<u>30,972,680</u>	<u>30,798,637</u>	<u>24,046,565</u>	<u>26,007,990</u>	<u>55,019,245</u>	<u>56,806,627</u>
Expenses:						
General government	3,377,561	3,676,686			3,377,561	3,676,686
Public safety	13,845,412	12,808,537			13,845,412	12,8408,537
Physical environment	1,547,139	973,334			1,547,139	973,334
Transportation	4,521,280	4,728,051			4,521,280	4,728,051
Economic development	607,186	647,884			607,186	647,884
Culture and recreation	5,826,055	6,232,189			5,826,055	6,232,189
Interest on long-term debt	764,973	624,597			764,793	624,597
Water/Sewer utility			15,235,785	15,077,820	15,235,785	15,077,820
Sanitary service			4,570,351	4,550,700	4,570,351	4,5550,699
Other			1,619,238	1,710,785	1,619,238	1,710,785
Total Expenses	<u>30,489,606</u>	<u>29,691,278</u>	<u>21,425,374</u>	<u>21,339,305</u>	<u>51,914,980</u>	<u>51,030,582</u>
Increase in Net Assets before Transfers	483,074	1,107,359	2,621,191	4,668,685	3,104,265	5,776,045
Transfers	276,479	1,048,707	(276,479)	(1,048,707)		
Increase in Net Assets	759,553	2,156,066	2,344,712	3,619,978	3,104,265	5,776,045
Net Assets-October 1	90,764,547	88,608,481	112,515,597	108,895,619	206,384,144	197,504,100
Net Assets-September 30	<u>\$ 91,524,100</u>	<u>\$ 90,764,547</u>	<u>\$ 114,860,309</u>	<u>\$ 112,515,597</u>	<u>\$ 206,384,409</u>	<u>\$ 203,208,145</u>

CITY OF PLANT CITY, FLORIDA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**



CITY OF PLANT CITY, FLORIDA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**

Governmental Activities

Governmental activities net assets increased by \$759,553.

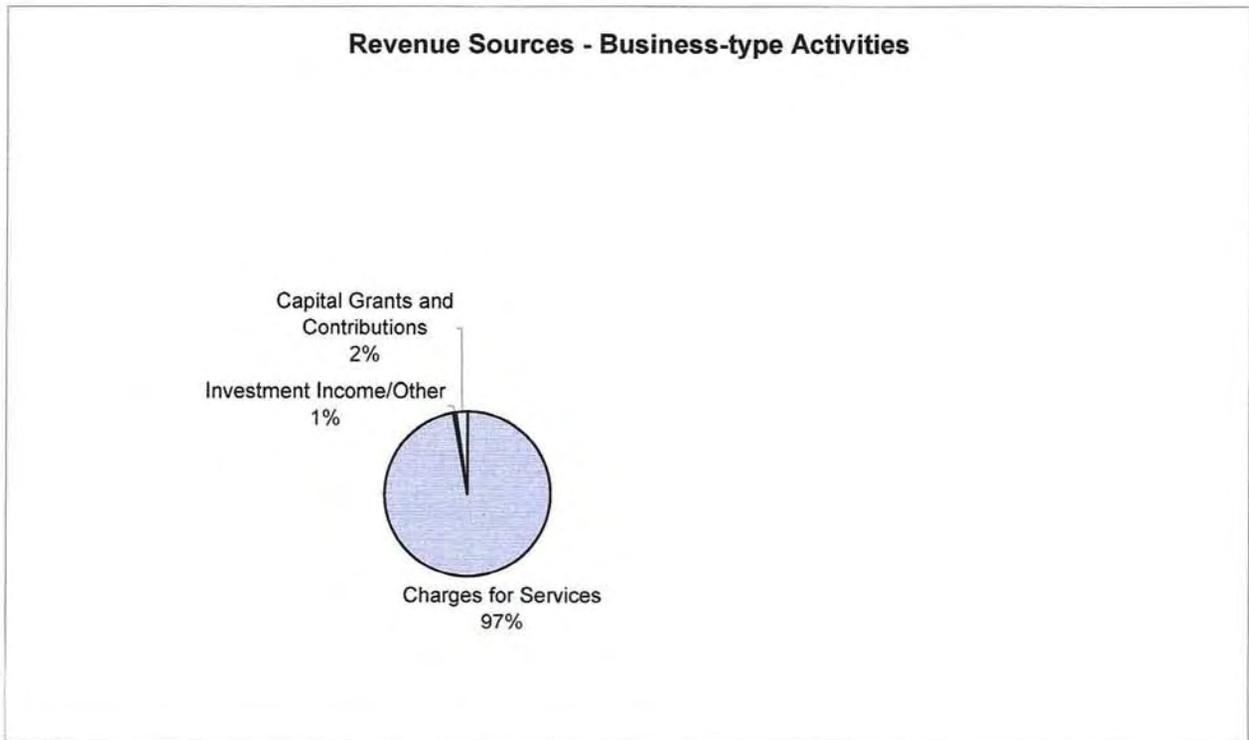
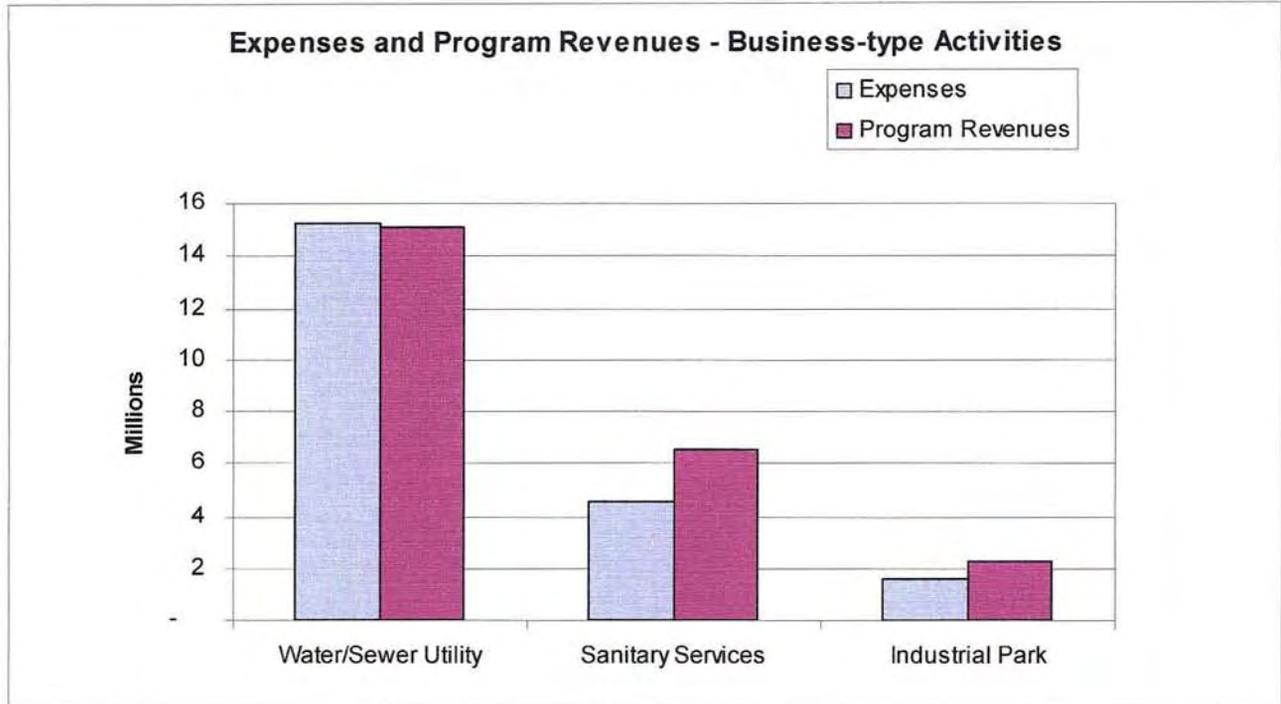
General revenues of governmental activities decreased by approximately \$49,000 due to a decrease in investment income of \$196,000, a decrease in property taxes of \$167,000, a decrease in sales tax revenues of \$54,000, a decrease in communication service tax of \$201,000 and a decrease in state shared revenues of \$44,000. These decreases were partially offset by an increase in gain on disposal of fixed assets of \$245,000, an increase in utility taxes of \$329,000, and an increase in franchise fees of \$39,000.

Program revenues of governmental activities increased by approximately \$223,000 due to an increase in ambulance fees of \$60,000, an increase in rental income of \$522,000, and an increase in cemetery setup and interment fees of \$12,000. These increases are partially offset by a decrease in grant funds of \$254,000, a decrease in impact fee revenues of \$9,000, a decrease in recreation fees of \$16,000, a decrease in library fines and copies of \$10,000, a decrease in cemetery lot sales of \$11,000, and a decrease in licenses and permits of \$74,000.

Expenses of governmental activities increased by approximately \$798,000 due to an increase in grant expenditures of \$235,000, an increase in pension cost of \$661,000, an increase in gasoline, oil and diesel of \$64,000, increase in interest expense of \$140,000, an increase in maintenance of motor vehicles of \$99,000, an increase in other contractual services of \$40,000, an increase in contract with other governmental agencies of \$360,000, and an increase in compensated absences of \$121,000. These increases were partially offset by decreases in building and property repairs of \$72,000, a decrease in depreciation expense of \$171,000, a decrease in health and life insurance of \$73,000, a decrease in insurance of \$68,000, a decrease in other supplies of \$68,000, a decrease in payroll of \$192,000, a decrease in workers compensation of \$244,000, a decrease in chemicals of \$17,000, and a decrease in course, training and meetings of \$17,000.

CITY OF PLANT CITY, FLORIDA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**



CITY OF PLANT CITY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2010

Business-type Activities

Business-type activities net assets increased by \$2,344,712.

Program revenues of business-type activities decreased by approximately \$1,520,000 due to a decrease in grant revenues of \$428,000, a decrease in water sales of \$636,000, a decrease in capital contributions of \$370,000, and a decrease of \$144,000 in sales of sanitation services. These decreases were partially offset by an increase of \$57,000 in sales of stormwater services.

Expenditures of business-type activities increased by approximately \$86,000 due to changes in operating expenditures in the Water Sewer Fund, Sanitation Fund, Stormwater Fund, and the Industrial Park Fund: an increase in collection system repairs of \$22,000, an increase in gasoline, oil and diesel of \$35,000, an increase in maintenance of motor vehicles of \$61,000, and an increase in depreciation of \$1,468,000. These increases were partially offset by decreases in personal services of \$268,000, power, heat and light of \$124,000, other contractual services of \$317,000, chemicals of \$153,000, landfill fees of \$40,000, courses, training and meetings of \$7,000, building and property repairs of \$36,000, laboratory supplies of \$12,000, office supplies of \$8,000, debt service costs of \$256,000, insurance of \$119,000, repairs of \$27,000, tools of \$10,000, janitorial supplies of \$5,000, worker compensation of \$47,000, and indirect cost allocation of \$71,000.

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, 2010, the City's governmental funds reported combined ending fund balances of \$27,709,357, a decrease of \$962,823 in comparison with the prior year. Approximately 87% of fund balance constitutes unreserved fund balance (\$24,161,329). Included in this amount are designations of \$11,852,882, which have been earmarked by the City for specific purposes. The remainder of the fund balance, \$3,548,028, 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, 2010, the unreserved fund balance of the General Fund was \$11,235,837 while the total fund balance was \$13,146,872. 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 51% of total General Fund expenditures, while total fund balance represents 59% of that same amount.

The fund balance of the City's General Fund increased by \$357,659 during the current fiscal year.

The fund balance of the Community Redevelopment Agency Fund increased by \$944,975 during the current fiscal year.

CITY OF PLANT CITY, FLORIDA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**

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, 2010 amounted to \$40,133,665 and \$6,434,425, respectively. The change in net assets was a decrease of \$144,179 and an increase of \$1,826,139, respectively.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences in appropriations between the original budget and the final amended budget amounted to \$1,690,825. Of this amount, \$35,277 is attributed to the previous year's reserve for encumbrances. The remaining \$1,655,548 increase in appropriations can be briefly summarized as follows:

- Reductions made to the budget of \$250,200 for decreases in revenues due to the downturn of the economy.
- Set up the balance of the following grants which were budgeted in 2008-2009:

Brownfield Grant - Petroleum	\$ 199,237
Brownfield Grant –Hazardous Substances	199,237
COPS Technology Grant	7,400
Bullet Proof Vest Partnership Grant	2,710
Hazard Mitigation Grant Fire Station 2	46,291
FRDAP I, II, III and IV	<u>156,820</u>
	<u>\$ 611,695</u>
- To increase the budget by \$30,094 for the Edward Byrne Memorial JAG Formula Program: Local Solicitation.
- To increase the budget by \$123,865 for the Edward Byrne Memorial JAG Formula Program: Local Solicitation.
- To increase the budget by \$406,002 for the Edward Byrne Memorial JAG –American Recovery and Reinvestment Act of 2009.
- To increase the budget by \$175,000 for the FHWA – Recreation Trails Program Grant.
- To increase the budget by \$146,800 ARRA Cops – Hiring Recovery Program Grant.
- To increase the budget by \$24,000 for the purchase of a 2006 International Wheeler Coach diesel-powered van with Law Enforcement Trust Funds.
- To increase the budget by \$90,000 for the Federal Fire Act Grant.
- To increase the budget by \$5,000 tuition reimbursement funded by ticket surcharge for training.
- To increase the budget by \$2,000 for the purchase of a digital camera and accessories. Funded by a grant from Factory Mutual Insurance.
- To increase the budget by \$13,576 for grants funds received from Hillsborough County for expanding the extent of the existing EMS services.
- To increase the budget by \$27,517 for the 2010-1119 Edward Byrne Memorial JAG Formula Program: Local Solicitation.

Of this increase, \$1,631,548 was offset by increases in revenues, and the remaining \$59,277 was appropriated from available fund balance.

CITY OF PLANT CITY, FLORIDA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**

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, 2010 amounts to \$182,856,618 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, vehicles and equipment. The total decrease in the City's investment in capital assets for the current fiscal year (net of accumulated depreciation) was \$2,194,699.

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

- Ellis Methvin Park Improvements
- Sansone Park converted to reclaim water
- Installation of Advance Traffic Management System
- Veteran Memorial Park
- Laura Street Drainage and Road Improvements
- Charlie Griffin Sidewalks
- Sydney Road Corrugated Pipe
- Snowden Park Recreational Trail
- Sidewalks along Dr. Martin Luther King Jr. Blvd, Tyler Street and Waller Street
- Metal Building for Stormwater Department
- Property Acquisition and Demolition for the Midtown Project

Capital Assets at Year End (Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 16,045,740	\$ 15,467,236	\$ 1,967,455	\$ 1,963,255	\$ 18,013,195	\$ 17,430,491
Improvements	39,377,996	37,127,280	87,541	124,943	39,465,537	37,252,223
Buildings, plant, improvements	12,308,212	12,326,641	101,454,710	104,824,288	113,762,922	117,150,929
Equipment	1,458,946	1,541,667	771,567	970,191	2,230,513	2,511,858
Transportation equipment	2,272,863	2,029,246	1,411,545	1,859,192	3,684,408	3,888,438
Library books	434,786	469,411			434,786	469,411
Construction in progress	3,018,437	4,893,493	2,246,820	1,454,474	5,265,257	6,347,967
Total	<u>\$ 74,916,980</u>	<u>\$ 73,854,974</u>	<u>\$ 107,939,638</u>	<u>\$ 111,196,343</u>	<u>\$ 182,856,618</u>	<u>\$ 185,051,317</u>

Additional information on the City's capital assets 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, 2010

Long-Term Debt

At the end of the current fiscal year, the City had total long term obligations outstanding of \$71,902,390, a decrease of \$2,554,772 from the prior year.

Long-Term Debt at Year End

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Long-term obligations	\$ 13,985,331	\$ 13,615,939	\$ 57,917,059	\$ 60,841,223	\$ 71,902,390	\$ 74,457,162
Total	\$ 13,985,331	\$ 13,615,939	\$ 57,917,059	\$ 60,841,223	\$ 71,902,390	\$ 74,457,162

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

NEXT YEAR'S BUDGETS AND RATES

During the current fiscal year, unreserved fund balance in the General Fund increased from \$10,916,907 to \$11,235,837. The City has appropriated \$2,023,679 of this amount for spending in the 2011 fiscal year budget.

The City's millage rate for fiscal year 2011 is 4.7157, which is the same millage rate as the previous year. The rolled-back rate for fiscal year 2011 was 5.3362. For the fiscal year 2011, the City's property tax valuation decreased by \$217,336,594 (11.9%).

The Street Fund costs keep increasing while revenues remain relatively flat. The Street 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, 2009. Beginning with October 1, 2009 and continuing October 1 of each successive year, the monthly equivalent residential rate will increase annually by three percent.

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, 2009 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 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 2009.

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, 2009 and would have been \$29.43 on October 1, 2009. The rate will increase at a rate of 3% per annum beginning with

CITY OF PLANT CITY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2010

October 1, 2010. The City Commission decided not to increase rates by 3% for the fiscal year beginning October 1, 2010.

The fiscal year 2010-11 budget included no pay increase for all employees. The budget decreased by 5.69% over the prior year budget. This decrease is due to two factors: 1) was a decrease in re-appropriated funds of \$2,447,190 (4.16%), and 2) a decrease in revenues.

Due to the downturn in the economy, fiscal year 2010-11 budgets for the water and sewer fund and the general fund had to be reduced by \$1,206,155 and \$755,982, 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, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 30,048,241	\$ 52,201,955	\$ 82,250,196
Accounts Receivable	655,180	2,483,056	3,138,236
Internal Balances-Due from Other funds	(700,619)	700,619	-
Due from Other Governments	1,773,510	401,754	2,175,264
Inventory	49,639	312,629	362,268
Restricted Assets:			
Cash and Cash Equivalents	811,920	10,672,432	11,484,352
Cash with Fiscal Agents	-	150,000	150,000
Prepays and Deposits	338,233	-	338,233
Deferred Charges	135,549	995,693	1,131,242
Land Held for Resale	123,199	948,758	1,071,957
Capital Assets Not Being Depreciated	19,064,177	4,214,275	23,278,452
Capital Assets (Net of Accumulated Depreciation):	<u>55,852,803</u>	<u>103,725,363</u>	<u>159,578,166</u>
Total Assets	<u>108,151,832</u>	<u>176,806,534</u>	<u>284,958,366</u>
Liabilities			
Accounts Payable	477,606	409,489	887,095
Due to Other Governments	184,228	-	184,228
Other Current Liabilities	650,904	506,604	1,157,508
Deferred Revenue	300,354	281,825	582,179
Current Portion of Long-Term Liabilities	1,607,382	-	1,607,382
Current Liabilities Payable from Restricted Assets:			
Current Portion of Long-Term Debt	705,000	2,101,980	2,806,980
Accrued Interest Payable	-	385,997	385,997
Deposits	-	1,783,744	1,783,744
Noncurrent Liabilities:			
Long-Term Debt	11,672,949	55,815,079	67,488,028
Accrued Landfill Closure Costs	-	206,506	206,506
Net OPEB Liability	<u>1,029,309</u>	<u>455,001</u>	<u>1,484,310</u>
Total Liabilities	<u>16,627,732</u>	<u>61,946,225</u>	<u>78,573,957</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	62,251,613	49,980,355	112,231,968
Restricted For:			
Debt Service	511,920	3,495,372	4,007,292
Capital Projects	10,237,951	5,595,328	15,833,279
Community Development	2,603,554	-	2,603,554
Streets Improvements	3,140,734	-	3,140,734
Other Purposes	1,911,035	-	1,911,035
Unrestricted	<u>10,867,293</u>	<u>55,789,254</u>	<u>66,656,547</u>
Total Net Assets	<u>\$ 91,524,100</u>	<u>\$ 114,860,309</u>	<u>\$ 206,384,409</u>

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

CITY OF PLANT CITY, FLORIDA

STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2010

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Governmental Activities:				
General Government	\$ 3,377,561	\$ 1,735,754	\$ 68,232	\$ 1,293,514
Public Safety	13,845,412	974,857	689,305	902,180
Physical Environment	1,547,139	344	-	-
Transportation	4,521,280	268,039	1,534,079	516,989
Economic Development	607,186	-	105,459	1,182,636
Culture and Recreation	5,826,055	793,062	202,349	282,677
Interest on Long-Term Debt	764,973	-	-	-
Total Governmental Activities	<u>30,489,606</u>	<u>3,772,056</u>	<u>2,599,424</u>	<u>4,177,996</u>
Business-Type Activities:				
Water/Sewer Utility	15,235,785	14,691,949	-	388,866
Sanitary Service	4,570,351	6,559,664	7,693	-
Other Programs	1,619,238	2,138,145	-	131,851
Total Business-Type Activities	<u>21,425,374</u>	<u>23,389,758</u>	<u>7,693</u>	<u>520,717</u>
Total	<u>\$ 51,914,980</u>	<u>\$ 27,161,814</u>	<u>\$ 2,607,117</u>	<u>\$ 4,698,713</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.

**Net (Expense) Revenue and
Changes in Net Assets**

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (280,061)	\$ -	\$ (280,061)
(11,279,070)	-	(11,279,070)
(1,546,795)	-	(1,546,795)
(2,202,173)	-	(2,202,173)
680,909	-	680,909
(4,547,967)	-	(4,547,967)
(764,973)	-	(764,973)
<u>(19,940,130)</u>	<u>-</u>	<u>(19,940,130)</u>
-	(154,970)	(154,970)
-	1,997,006	1,997,006
-	650,758	650,758
<u>-</u>	<u>2,492,794</u>	<u>2,492,794</u>
<u>\$ (19,940,130)</u>	<u>\$ 2,492,794</u>	<u>\$ (17,447,336)</u>
9,663,914	-	9,663,914
2,512,966	-	2,512,966
3,600,661	-	3,600,661
1,541,131	-	1,541,131
703,940	-	703,940
2,308,373	-	2,308,373
76,684	134,719	211,403
15,535	(6,322)	9,213
276,479	(276,479)	-
<u>20,699,683</u>	<u>(148,082)</u>	<u>20,551,601</u>
759,553	2,344,712	3,104,265
<u>90,764,547</u>	<u>112,515,597</u>	<u>203,280,144</u>
<u>\$ 91,524,100</u>	<u>\$ 114,860,309</u>	<u>\$ 206,384,409</u>

CITY OF PLANT CITY, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	Major Funds			Total Governmental Funds
	General Fund	Community Redevelopment Agency Fund	Nonmajor Governmental Funds	
Assets				
Cash and Cash Equivalents	\$ 12,208,502	\$ 1,594,284	\$ 11,810,241	\$ 25,613,027
Accounts Receivable	655,180	-	-	655,180
Due From Other Funds	161,657	37,934	854,651	1,054,242
Due From Other Governments	812,484	-	961,026	1,773,510
Inventory	49,639	-	-	49,639
Deposits	216,891	4,013	57,630	278,534
Restricted Cash	-	-	811,920	811,920
Land Held for Resale	-	-	123,199	123,199
Total Assets	\$ 14,104,353	\$ 1,636,231	\$ 14,618,667	\$ 30,359,251
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ 216,221	\$ 13,853	\$ 239,869	\$ 469,943
Due to Other Funds	289,940	22,354	654,342	966,636
Due to Other Governments	36,621	-	147,607	184,228
Other Current Liabilities	414,345	500	14,779	429,624
Deferred Revenues	354	-	300,000	300,354
Advances from Other Funds	-	-	299,109	299,109
Total Liabilities	957,481	36,707	1,655,706	2,649,894
Fund Balances:				
Reserved for:				
Encumbrances	297,852	12,145	466,388	776,385
Debt Service	-	-	1,158,460	1,158,460
Other Purposes	1,613,183	-	-	1,613,183
Unreserved, reported in:				
General Fund:				
Designated for Liability Claims	1,638,150	-	-	1,638,150
Undesignated	9,597,687	-	-	9,597,687
Special Revenue Funds:				
Undesignated	-	1,587,379	1,123,381	2,710,760
Capital Projects Funds:				
Designated for Capital Outlays	-	-	10,214,732	10,214,732
Total Fund Balances	13,146,872	1,599,524	12,962,961	27,709,357
Total Liabilities and Fund Balances	\$ 14,104,353	\$ 1,636,231	\$ 14,618,667	\$ 30,359,251

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, 2010

Total Fund Balances of Governmental Funds in the Balance Sheet	\$ 27,709,357
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 and are not reported in the funds.	74,635,265
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.	4,058,569
The net OPEB obligation is not payable in the current period and therefore is not reported in the funds.	(1,029,309)
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	(12,427,702)
Capital lease obligations	(102,116)
Accrued compensated absences	(1,319,964)
Net Assets of Governmental Activities	\$ 91,524,100

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 YEAR ENDED SEPTEMBER 30, 2010

	Major Funds			Total Governmental Funds
	General Fund	Community Redevelopment Agency Fund	Nonmajor Governmental Funds	
Revenues				
Property Taxes	\$ 8,378,592	\$ 1,285,322	\$ -	\$ 9,663,914
Franchise Fees	2,512,966	-	-	2,512,966
Utility Taxes	3,600,661	-	-	3,600,661
Licenses and Permits	864,473	-	-	864,473
Intergovernmental Revenues	6,531,780	-	4,824,724	11,356,504
Charges for Services	1,452,736	-	-	1,452,736
Fines and Forfeitures	205,309	-	-	205,309
Impact Fees	-	-	286,253	286,253
Contributions	35,194	-	3,100	38,294
Interest Revenue	26,577	4,850	25,335	56,762
Other Revenue	58,820	704,781	105,809	869,410
Total Revenues	23,667,108	1,994,953	5,245,221	30,907,282
Expenditures				
Current:				
General Government	3,110,191	-	800	3,110,991
Public Safety	12,753,388	-	-	12,753,388
Physical Environment	146,453	99,313	1,005,796	1,251,562
Transportation	55,657	-	1,714,971	1,770,628
Economic Development	569,099	-	-	569,099
Culture and Recreation	4,777,405	-	-	4,777,405
Debt Service:				
Principal	64,866	215,000	1,162,456	1,442,322
Interest	5,881	36,433	529,700	572,014
Other Debt Service Costs	-	-	35,368	35,368
Capital Outlay	736,072	712,852	4,536,830	5,985,754
Total Expenditures	22,219,012	1,063,598	8,985,921	32,268,531
Excess (Deficiency) of Revenues Over Expenditures	1,448,096	931,355	(3,740,700)	(1,361,249)
Other Financing Sources (Uses)				
Refunding Debt Proceeds	-	-	4,610,000	4,610,000
Principal Retirement	-	-	(4,112,544)	(4,112,544)
Sale of Capital Assets	14,550	13,620	-	28,170
Transfers In	-	-	5,048,817	5,048,817
Transfers Out	(1,104,987)	-	(4,071,030)	(5,176,017)
Total Other Financing Sources (Uses)	(1,090,437)	13,620	1,475,243	398,426
Net Change in Fund Balance	357,659	944,975	(2,265,457)	(962,823)
Fund Balances-Beginning	12,789,213	654,549	15,228,418	28,672,180
Fund Balances-Ending	\$ 13,146,872	\$ 1,599,524	\$ 12,962,961	\$ 27,709,357

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 YEAR ENDED SEPTEMBER 30, 2010

Net Change in Fund Balances - Total Governmental Funds \$ (962,823)

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	5,985,754
Depreciation expense	<u>(5,240,963)</u>
	<u>744,791</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.

(12,635)

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.

48,135

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:

Refunding debt issued	(4,610,000)
Principal repayment of long term debt	5,554,866
Amortization of deferred issuance costs	(157,591)
Change in compensated absences	<u>(32,589)</u>
	<u>754,686</u>

The net OPEB obligation decreases net assets in the statement of activities, but does not appear in the in the governmental funds because it does not use financial resources.

(269,294)

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

456,693

Change in Net Assts of Governmental Activities

\$ 759,553

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, 2010

Business-Type Activities-Enterprise funds

	<u>Water and Sewer Fund</u>	<u>Sanitary Service Fund</u>	<u>Nonmajor Funds Other Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities- Internal Service Funds</u>
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 38,294,694	\$ 7,240,653	\$ 6,666,608	\$ 52,201,955	\$ 4,435,214
Cash with Fiscal Agents	150,000	-	-	150,000	-
Accounts Receivable	2,010,638	343,581	128,837	2,483,056	-
Due From Other Funds	16,382	832	35,215	52,429	-
Due From Other Governments	200,000	-	201,754	401,754	-
Inventory	312,629	-	-	312,629	-
Prepaid Expenses	-	-	-	-	29,699
Total Current Assets	<u>40,984,343</u>	<u>7,585,066</u>	<u>7,032,414</u>	<u>55,601,823</u>	<u>4,464,913</u>
Noncurrent Assets:					
Restricted Cash and Cash Equivalents	10,614,308	-	58,124	10,672,432	-
Advances to Other Funds	-	-	299,109	299,109	-
Deposits	-	-	-	-	30,000
Deferred Charges	995,693	-	-	995,693	-
Land Held for Resale	-	-	948,758	948,758	-
Capital Assets:					
Land	1,958,528	-	8,927	1,967,455	-
Land Improvements	-	-	935,046	935,046	-
Buildings, Plant and Improvements	147,774,338	100,315	4,460,848	152,335,501	-
Equipment	1,819,205	420,550	897,858	3,137,613	-
Transportation Equipment	1,897,975	2,002,887	901,398	4,802,260	969,592
Construction in Progress	1,240,397	-	1,006,423	2,246,820	-
Less: Accumulated Depreciation	(51,981,351)	(1,822,518)	(3,681,188)	(57,485,057)	(167,062)
Total Noncurrent Assets	<u>114,319,093</u>	<u>701,234</u>	<u>5,835,303</u>	<u>120,855,630</u>	<u>832,530</u>
Total Assets	<u>\$ 155,303,436</u>	<u>\$ 8,286,300</u>	<u>\$ 12,867,717</u>	<u>\$ 176,457,453</u>	<u>\$ 5,297,443</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, 2010

	<u>Business-Type Activities-Enterprise Funds</u>				Governmental Activities- Internal Service Funds
	Major Funds		Nonmajor Funds	Total	
	Water and Sewer Fund	Sanitary Service Fund	Other Enterprise Funds		
Liabilities					
Current Liabilities:					
Accounts Payable	\$ 260,660	\$ 82,253	\$ 66,576	\$ 409,489	\$ 7,661
Due to Other Funds	68,624	36,061	35,350	140,035	-
Deferred Revenue	281,825	-	-	281,825	-
Accrued Interest Payable	385,997	-	-	385,997	-
Other Current Liabilities	343,044	118,253	45,307	506,604	221,285
Deposits	1,783,744	-	-	1,783,744	-
Current Portion of Long-Term Debt	2,058,489	-	43,491	2,101,980	-
Total Current Liabilities	5,182,383	236,567	190,724	5,609,674	228,946
Noncurrent Liabilities:					
Long-Term Debt	55,263,148	-	551,931	55,815,079	-
Accrued Landfill Closure	-	206,506	-	206,506	-
Total Noncurrent Liabilities	55,263,148	206,506	551,931	56,021,585	-
Net OPEB Obligation	304,210	112,146	38,645	455,001	-
Total Liabilities	60,749,741	555,219	781,300	62,086,260	228,946
Net Assets					
Invested in Capital Assets, Net of Related Debt	45,387,454	701,234	3,891,668	49,980,355	-
Restricted for:					
Debt Service	3,437,248	-	58,124	3,495,372	-
Capital Projects	5,595,328	-	-	5,595,328	-
Unrestricted	40,133,665	7,029,847	8,136,625	55,300,138	5,068,497
Total Net Assets	\$ 94,553,695	\$ 7,731,081	\$ 12,086,417	\$ 114,371,193	\$ 5,068,497

The notes to the financial statements 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, 2010

Total Net Assets of Proprietary Funds in the Statement of Net Assets \$ 114,371,193

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.

489,116

Net Assets of Business-Type Activities \$ 114,860,309

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 NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Business-Type Activities-Enterprise Funds

	Major Funds		Nonmajor Funds	Total	Governmental Activities- Internal Service Funds
	Water and Sewer Fund	Sanitary Service Fund	Other Enterprise Funds		
Operating Revenues					
Charges for Services	\$ 14,691,949	\$ 6,559,664	\$ 2,138,145	\$ 23,389,758	\$ 406,653
Total Operating Revenues	14,691,949	6,559,664	2,138,145	23,389,758	406,653
Operating Expenses					
Personal Services	4,029,328	1,459,164	769,807	6,258,299	-
Other Services and Charges	4,744,148	3,055,275	491,095	8,290,518	167,485
Depreciation	4,512,262	190,794	354,907	5,057,963	132,629
Total Operating Expenses	13,285,738	4,705,233	1,615,809	19,606,780	300,114
Operating Income (Loss)	1,406,211	1,854,431	522,336	3,782,978	106,539
Nonoperating Revenues (Expenses)					
Grants	198,967	7,693	131,851	338,511	-
Interest Revenue	95,205	17,339	22,175	134,719	12,357
Interest Expense and Other Bond Costs	(1,953,314)	-	(18,729)	(1,972,043)	-
Other Nonoperating Revenues (Expenses)	(5,085)	(407)	(830)	(6,322)	-
Total Nonoperating Revenues (Expenses)	(1,664,227)	24,625	134,467	(1,505,135)	12,357
Income Before Contributions and Transfers	(258,016)	1,879,056	656,803	2,277,843	118,896
Capital Contributions	189,899	-	-	189,899	-
Transfers In	-	-	-	-	385,482
Transfers Out	(76,062)	(52,917)	(147,500)	(276,479)	-
Change in Net Assets	(144,179)	1,826,139	509,303	2,191,263	504,378
Net Assets-Beginning	94,697,874	5,904,942	11,577,114	112,179,930	4,564,119
Net Assets-Ending	\$ 94,553,695	\$ 7,731,081	\$ 12,086,417	\$ 114,371,193	\$ 5,068,497

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 NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Net Change in Net Assets- Total Proprietary Funds \$ 2,191,263

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.

153,449

Change in Net Assts of Business-Type Activities

\$ 2,344,712

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 YEAR ENDED SEPTEMBER 30, 2010

	<u>Business-Type Activities-Enterprise Funds</u>				Governmental Activities- Internal Service Funds
	<u>Major Funds</u>		<u>Nonmajor Funds</u>	<u>Total</u>	
	<u>Water and Sewer Fund</u>	<u>Sanitary Service Fund</u>	<u>Other Enterprise Funds</u>		
Cash Flows from Operating Activities					
Receipts from Customers	\$ 14,700,929	\$ 6,576,397	\$ 2,134,903	\$ 23,412,229	\$ -
Receipts from Other Funds for Goods and Services	-	-	-	-	406,653
Payments to Suppliers for Goods and Services	(4,975,036)	(3,134,465)	(445,321)	(8,554,822)	(385,730)
Payments to Employees for Services	(4,168,070)	(1,447,384)	(778,323)	(6,393,777)	-
Net Cash Provided by Operating Activities	<u>5,557,823</u>	<u>1,994,548</u>	<u>911,259</u>	<u>8,463,630</u>	<u>20,923</u>
Cash Flows from Noncapital Financing Activities					
Grants Received	43,365	11,406	499,169	553,940	-
Receipts on Advances to Other Funds	-	-	34,165	34,165	-
Loans to Other Funds	148,975	1,222	849,213	999,410	-
Loans from Other Funds	46,188	25,270	(256,471)	(185,013)	-
Transfers between Funds	(76,062)	(52,917)	(147,500)	(276,479)	385,482
Net Cash Provided (Used) by Noncapital Financing Activities	<u>162,466</u>	<u>(15,019)</u>	<u>978,576</u>	<u>1,126,023</u>	<u>385,482</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition and Construction of Capital Assets	(1,346,046)	(19,140)	(484,460)	(1,849,646)	(281,715)
Disposal of Capital Assets	315	-	-	315	-
Interest Payments on Debt	(3,031,814)	-	(18,729)	(3,050,543)	-
Principal Payments on Long-Term Debt	(2,865,032)	-	(42,221)	(2,907,253)	-
Developer Contributions	189,899	-	-	189,899	-
Net Cash Used by Capital and Related Financing Activities	<u>(7,052,678)</u>	<u>(19,140)</u>	<u>(545,410)</u>	<u>(7,617,228)</u>	<u>(281,715)</u>
Cash Flows from Investing Activities					
Interest	95,205	17,339	22,175	134,719	12,357
Net Cash Provided by Investing Activities	<u>95,205</u>	<u>17,339</u>	<u>22,175</u>	<u>134,719</u>	<u>12,357</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,237,184)	1,977,728	1,366,600	2,107,144	137,047
Cash and Cash Equivalents at Beginning of Year	<u>50,296,186</u>	<u>5,262,925</u>	<u>5,358,134</u>	<u>60,917,245</u>	<u>4,298,167</u>
Cash and Cash Equivalents at End of Year	<u>\$ 49,059,002</u>	<u>\$ 7,240,653</u>	<u>\$ 6,724,734</u>	<u>\$ 63,024,389</u>	<u>\$ 4,435,214</u>

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

CITY OF PLANT CITY, FLORIDA

STATEMENT OF CASH FLOWS (CONTINUED)
 PROPRIETARY FUNDS
SEPTEMBER 30, 2010

	Business-Type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Major Funds		Nonmajor Funds	Total	
	Water and Sewer Fund	Sanitary Service Fund	Other Enterprise Funds		
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income	\$ 1,406,211	\$ 1,854,431	\$ 522,336	\$ 3,782,978	\$ 106,539
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	4,512,262	190,794	354,907	5,057,963	132,629
OPEB Cost	88,511	32,015	18,832	139,358	-
Change in Assets and Liabilities					
Accounts Receivable	(14,978)	16,732	(3,242)	(1,488)	-
Inventory	(2,550)	-	-	(2,550)	73,596
Other Current Assets	-	-	-	-	(2,197)
Accounts Payable	(228,339)	(79,190)	45,774	(261,755)	(89,095)
Customer Deposits	23,958	-	-	23,958	-
Deferred Revenues	(129,524)	-	-	(129,524)	-
Other Current Liabilities	(97,728)	(20,234)	(27,348)	(145,310)	(200,549)
Net Cash Provided by Operating Activities	<u>\$ 5,557,823</u>	<u>\$ 1,994,548</u>	<u>\$ 911,259</u>	<u>\$ 8,463,630</u>	<u>\$ 20,923</u>
Noncash investing, capital, and financing activities:					
Long Term Debt Refinanced	<u>\$ 7,045,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,045,000</u>

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

CITY OF PLANT CITY, FLORIDA

STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
SEPTEMBER 30, 2010

	<u>Safety Employees' Retirement Fund</u>	<u>General Employees' Retirement Fund</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 737,652	\$ 4,019,022	\$ 4,756,674
Receivables:			
Contributions	218,913	32,363	251,276
Accrued Interest and Dividends	61,806	-	61,806
Total Receivables	<u>280,719</u>	<u>32,363</u>	<u>313,082</u>
Investments, at Fair Value:			
US Government Agencies	5,729,209	-	5,729,209
Corporate Bonds and Notes	2,116,087	-	2,116,087
Common Stocks	8,407,027	-	8,407,027
Mutual Funds	3,045,743	8,926,263	11,972,006
Total Investments	<u>19,298,066</u>	<u>8,926,263</u>	<u>28,224,329</u>
Total Assets	<u>20,316,437</u>	<u>12,977,648</u>	<u>33,294,085</u>
Liabilities			
Deferred Employer Contribution	5,809	-	5,809
Total Liabilities	<u>5,809</u>	<u>-</u>	<u>5,809</u>
Net Assets			
Held in Trust for Pension Benefits	<u>\$ 20,310,628</u>	<u>\$ 12,977,648</u>	<u>\$ 33,288,276</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 YEAR ENDED SEPTEMBER 30, 2010

	Safety Employees' Retirement Fund	General Employees' Retirement Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Additions			
Contributions:			
Employer	\$ 1,411,309	\$ 879,063	\$ 2,290,372
Employees	574,169	-	574,169
State of Florida	483,931	-	483,931
	<u> </u>	<u> </u>	<u> </u>
Total Contributions	2,469,409	879,063	3,348,472
	<u> </u>	<u> </u>	<u> </u>
Investment Income:			
Interest and Dividends	455,055	-	455,055
Net Appreciation in Fair Value of Investments	1,051,431	815,166	1,866,597
	<u> </u>	<u> </u>	<u> </u>
Net Investment Income	1,506,486	815,166	2,321,652
	<u> </u>	<u> </u>	<u> </u>
	3,975,895	1,694,229	5,670,124
	<u> </u>	<u> </u>	<u> </u>
Deductions			
Pension Benefits	1,332,892	347,162	1,680,054
Administrative Expenses	133,619	53,453	187,072
	<u> </u>	<u> </u>	<u> </u>
Total Deductions	1,466,511	400,615	1,867,126
	<u> </u>	<u> </u>	<u> </u>
Change in Net Assets	2,509,384	1,293,614	3,802,998
Net Assets-Beginning	17,801,244	11,684,034	29,485,278
	<u> </u>	<u> </u>	<u> </u>
Net Assets-Ending	\$ 20,310,628	\$ 12,977,648	\$ 33,288,276
	<u> </u>	<u> </u>	<u> </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, 2010

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, 2010

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. 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 are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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.

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.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2010

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 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.

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 replacement of vehicles in 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, 2010

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. All fair market valuations are based on quoted market prices.

Receivables and Payables

Receivables consist of trade receivables, due from other governments and interest receivable, and are recorded net of any allowance for uncollectible amounts, if applicable.

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".

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.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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 estimated useful life of two years or more and a cost of \$1,000 or more for general fixed assets and \$5,000 for vehicles. Capital improvement projects, which include infrastructure, equipment and construction, costing more than \$25,000 are capitalized. Capital 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.

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

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.

CITY OF PLANT CITY, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

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.

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, 2010, no expenditures exceeded appropriations at the legal level of control (i.e. the department level).

CITY OF PLANT CITY, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

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.

A 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 with Financial Institutions

At September 30, 2010, the carrying amount of the City's deposits with banks was \$93,884,545 and the bank balance was \$97,351,470. 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, 2010

B. Investments

As of September 30, 2010, the City had the following investments and maturities:

	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>Over 5</u>
Safety Employees' Pension Plan:				
U. S. Government agencies	\$ 5,729,209	\$	\$ 212,387	\$ 5,516,822
Corporate bonds & notes	2,116,087		115,386	2,000,701
Common stocks	8,407,027	8,407,027		
Mutual funds	3,045,743	3,045,743		
General Employees' Pension Plan:				
Mutual funds	8,926,263	8,926,263		
	<u>\$ 32,981,003</u>	<u>\$ 25,135,707</u>	<u>\$ 327,773</u>	<u>\$ 7,517,523</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.

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: 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

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
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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.

C. Receivables and Deferred Revenue

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

	General	Nonmajor	Total
Accounts	\$ 655,180	\$	\$ 655,180
Intergovernmental	<u>812,484</u>	<u>961,026</u>	<u>1,773,510</u>
Total receivables	<u>\$ 1,467,664</u>	<u>\$ 961,026</u>	<u>\$ 2,428,690</u>

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

	Water & Sewer	Sanitary Service	Nonmajor	Total
Accounts	\$ 2,010,638	\$ 343,581	\$ 128,837	\$ 2,483,056
Intergovernmental	<u>200,000</u>	<u></u>	<u>201,754</u>	<u>401,754</u>
Total receivables	<u>\$ 2,210,638</u>	<u>\$ 343,581</u>	<u>\$ 330,591</u>	<u>\$ 2,884,810</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:

Planning fees –General fund	\$ 354
Tourist tax revenue-Stadium fund	<u>300,000</u>
Total deferred revenue	<u>\$ 300,354</u>

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

D. Capital Assets

Capital asset activity for the year ended September 30, 2010 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	\$ 15,467,236	\$ 578,504	\$	\$ 16,045,740
Construction in progress	4,893,493	5,241,864	(7,116,920)	3,018,437
Total capital assets not being depreciated:	<u>20,360,729</u>	<u>5,820,368</u>	<u>(7,116,920)</u>	<u>19,064,177</u>
Capital assets being depreciated:				
Improvements	122,863,360	5,612,145	(17,633)	128,457,872
Buildings and improvements	20,476,417	460,455	(1,195)	20,935,677
Equipment	6,595,099	522,192	(1,167,355)	5,949,936
Transportation equipment	6,202,538	914,567	(198,256)	6,918,849
Library books	1,477,325	102,797	(309,994)	1,270,128
Total capital assets being depreciated	<u>157,614,739</u>	<u>7,612,156</u>	<u>(1,694,433)</u>	<u>163,532,462</u>
Less accumulated depreciation for:				
Improvements	(85,736,080)	(3,359,860)	16,064	(89,079,876)
Buildings and improvements	(8,149,776)	(478,884)	1,195	(8,627,465)
Equipment	(5,053,432)	(593,847)	1,156,289	(4,490,990)
Transportation	(4,173,292)	(670,950)	198,256	(4,645,986)
Library books	(1,007,914)	(137,422)	309,994	(835,342)
Total accumulated depreciation	<u>(104,120,494)</u>	<u>(5,240,963)</u>	<u>1,681,798</u>	<u>(107,679,659)</u>
Total capital assets being depreciated, net	<u>53,494,245</u>	<u>2,371,193</u>	<u>(12,635)</u>	<u>55,852,803</u>
Governmental activities capital assets, net	<u>\$ 73,854,974</u>	<u>\$ 8,191,561</u>	<u>\$ (7,129,555)</u>	<u>\$ 74,916,980</u>

Depreciation expense was charged to functions of governmental activities as follows:

General government	\$ 311,373
Public safety	904,351
Physical environment	233,568
Transportation	2,750,619
Economic environment	36,404
Culture and recreation	1,004,648
Total depreciation expenses-governmental activities	<u>\$ 5,240,963</u>

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,963,255	\$ 4,200	\$	\$ 1,967,455
Construction in progress	<u>1,454,474</u>	<u>1,525,458</u>	<u>(733,112)</u>	<u>2,246,820</u>
Total capital assets not being depreciated	<u>3,417,729</u>	<u>1,529,658</u>	<u>(733,112)</u>	<u>4,214,275</u>
Capital assets being depreciated:				
Improvements	935,046			935,046
Buildings, plant and improvements	151,371,625	978,084	(14,208)	152,335,501
Equipment	3,462,416	39,259	(364,062)	3,137,613
Transportation equipment	<u>4,851,381</u>		<u>(49,121)</u>	<u>4,802,260</u>
Total capital assets being depreciated	<u>160,620,468</u>	<u>1,017,343</u>	<u>(427,391)</u>	<u>161,210,420</u>
Less accumulated depreciation for:				
Improvements	(810,103)	(37,402)		(847,505)
Buildings, plant and improvements	(46,547,337)	(4,346,065)	12,611	(50,880,791)
Equipment	(2,492,225)	(226,849)	353,027	(2,366,047)
Transportation equipment	<u>(2,992,189)</u>	<u>(447,647)</u>	<u>49,122</u>	<u>(3,390,714)</u>
Total accumulated depreciation	<u>(52,841,854)</u>	<u>(5,057,963)</u>	<u>414,760</u>	<u>(57,485,057)</u>
Total capital assets being depreciated, net	<u>107,778,614</u>	<u>(4,040,620)</u>	<u>(12,631)</u>	<u>103,725,363</u>
Business-type activities capital assets, net	<u>\$ 111,196,343</u>	<u>\$ (2,510,962)</u>	<u>\$ (745,753)</u>	<u>\$ 107,939,638</u>

Depreciation expense was charged to functions of business-type activities as follows:

Business-type activities:	
Water and sewer	\$ 4,512,262
Sanitary service	190,794
Stormwater	317,505
Industrial park	<u>37,402</u>
Total depreciation expenses-business-type activities	<u>\$ 5,057,963</u>

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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	\$ 297,852
Community Development Fund	10,700
Streets Fund	429,469
Capital Improvement Fund	2,743
Community Investment RR & I Fund	21,757
Parks and Recreation Impact Fees Fund	1,719
Community Redevelopment Agency Fund	12,145
Water and Sewer Fund	327,464
Sanitary Service Fund	69,037
Stormwater Fund	97,221
	<u>\$ 1,270,107</u>

E. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2010, is as follows:

Due To/From Other Funds:

Due To/From Other Funds represent cash loaned and outstanding between funds for short-term operating purposes.

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 161,657	\$ 289,940
Streets Fund	16,773	526,386
Community Redevelopment Agency Fund	37,934	22,354
Community Development Block Grant Fund	1,702	53,109
Community Investment Tax		34,725
Capital Projects Funds	836,176	40,122
Water and Sewer Fund	16,382	68,624
Sanitary Service Fund	832	36,061
Industrial Park Fund	34,725	
Stormwater Fund	490	35,350
	<u>\$ 1,106,671</u>	<u>\$ 1,106,671</u>

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Interfund Transfers:

Interfund Transfers represent 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	\$	\$ 1,104,987
Streets Fund	1,698,354	1,172,064
Community Development Block Grant Fund	48,852	
Community Investment Tax Fund	50,000	1,650,612
Infrastructure Sales Tax Revenue Bonds Fund	842,612	
Capital Projects Funds	2,408,999	1,248,354
Water and Sewer Fund		76,062
Sanitary Service Fund		52,917
Stormwater Fund		47,500
Industrial Fund		100,000
Internal Service Funds	<u>385,482</u>	
	<u>\$ 5,434,299</u>	<u>\$ 5,452,496</u>

F. Leases

The City leases equipment under various operating leases. Total costs for such leases were \$547,205 for the year ended September 30, 2010. The future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2011	\$ 516,715
2012	425,153
2013	<u>23,524</u>
	<u>\$ 965,392</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., a nonprofit organization, which will operate the leased facility as a recreation center.

Capital Lease Obligations

\$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>
Transportation equipment	\$ 243,805
Less accumulated depreciation	<u>89,395</u>
Total	<u>\$ 154,410</u>

CITY OF PLANT CITY, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

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>
2011	\$ 67,418
2012	34,697
Total minimum lease payments	102,115
Less amount representing interest	4,005
Present value of minimum lease payments	<u>\$ 98,110</u>

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, 2010:

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. The bonds were called for early redemption on September 01, 2010.

\$4,610,000 Non-Ad Valorem Refunding Revenue Note Payable – Suntrust Bank – Issued to redeem the Series 1999 Infrastructure Sales Tax Revenue Bonds and to finance capital improvements. Interest is payable semiannually at 3.66% until final maturity on September 1, 2024. The loan is secured by the City's covenant to budget and appropriate its share from the collection of the one-half cent discretionary infrastructure sales surtax and a pledge of those revenues.

\$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%.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2010

\$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%.

\$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. These bonds were called for early redemption on October 1, 2010. The redemption was financed by the issuance of the Utility Refunding Revenue Bond, Series 2010.

\$7,045,000 Utility System Refunding Revenue Bond, Series 2010 – Issued to refund all of the outstanding Utility System Refunding and Improvement Revenue Bonds, Series 1999 and to pay the related issuance costs. 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 3.11% until maturity on October 1, 2020.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2010

\$2,670,199 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%.

\$40,000,000 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%.

\$5,000,000 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%.

\$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%.

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 \$7,475,000 at September 30, 2010.

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, 2010. The advance refunding reduced total debt service payments by approximately \$110,000 over fourteen years. 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.

CITY OF PLANT CITY, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

The proceeds of the \$7,045,000 Utility System Refunding Revenue Bond, Series 2010 were deposited in escrow to provide for the early redemption of the all of the outstanding portion of the \$12,370,000 Utility System Refunding and Improvement Revenue Bonds, Series 1999. As a result, that portion of the Series 1999 is considered defeased, and the City has removed that liability from its accounts. The outstanding principal balance of the defeased loan is \$8,000,000 at September 30, 2010. The advance refunding reduced total debt service payments by approximately \$2,066,000 over eleven years. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$1,933,000.

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, 2010:

Governmental activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within 1 Year</u>
Infrastructures sales tax revenue bonds, series 2004	\$ 4,200,000	\$	\$ 220,000	\$ 3,980,000	\$ 225,000
Less: bond discount	(6,157)		(410)	(5,747)	
Infrastructure sales tax revenue bonds, series 1999	4,805,000		4,805,000		
Suntrust refunding note Florida Municipal Loan		4,610,000		4,610,000	220,000
Council loan, series 1999B	220,000		220,000		
Florida Municipal Loan Council loan payable, series 2005B	3,105,000		30,000	3,075,000	260,000
Plus: loan premium	59,125		6,116	53,009	
SunTrust loan payable	1,065,990		215,000	850,990	220,000
Capital lease	166,981		64,866	102,115	67,418
Compensated absences	1,287,375	32,589		1,319,964	1,319,964
Total governmental activities long term liabilities	<u>\$ 14,903,314</u>	<u>\$4,642,589</u>	<u>\$ 5,560,572</u>	<u>\$ 13,985,331</u>	<u>\$2,312,382</u>

CITY OF PLANT CITY, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Business-type activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within 1 Year</u>
Revenue bonds – series 1995	\$ 5,000,000		\$	\$ 5,000,000	\$
Less: bond discount	(19,579)		(2,098)	(17,481)	
Revenue bonds – series 1999	8,850,000		8,850,000		
Less: bond discount	(46,029)		(46,029)		
Less: loss on refunding	(528,026)		(528,026)		
Revenue Bonds-Series 2010		7,045,000		7,045,000	
Less: loss on refunding		(602,950)	(9,884)	(593,066)	
State Revolving Loan Fund- Water treatment and reuse	2,725,500		61,764	2,663,736	119,362
State Revolving Loan Fund- Water treatment and reuse	39,371,003		891,660	38,479,343	1,727,503
State Revolving Loan Fund- Water treatment and reuse	4,850,712		106,608	4,744,104	211,624
State Revolving Loan Fund- Pistol range	251,223		19,562	231,661	20,159
State Revolving Loan Fund- Grant Hunter pond	386,421		22,659	363,761	23,332
Landfill closure costs	206,506			206,506	
Total business-type activities long term liabilities	\$ 61,047,731	\$ 6,442,050	\$ 9,366,216	\$ 58,123,565	\$ 2,101,980

Summary of Annual Debt Service Requirements

The annual debt service requirements to maturity for debt outstanding as of September 30, 2010 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>
2011	\$ 925,000	\$ 516,042	\$ 2,101,980	\$ 1,570,933
2012	995,000	444,338	3,078,767	1,563,717
2013	1,030,000	410,723	3,221,835	1,454,040
2014	990,990	374,948	3,336,211	1,339,203
2015	850,000	339,964	3,446,930	1,219,572
2016-2020	4,790,000	1,156,606	18,949,805	4,412,840
2021-2025	2,935,000	298,177	15,290,249	2,078,348
2026-2028			9,101,827	392,304
	<u>\$ 12,515,990</u>	<u>\$ 3,540,798</u>	<u>\$ 58,527,604</u>	<u>\$ 14,030,97</u>

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

H. 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	\$ 692,992
Plant City Property Tax Increment	569,099
Tampa Port Authority	23,231
Interest income	4,850
Committed funds-reappropriated (budgetary)	654,549
Miscellaneous revenues	13,620
Rental income	<u>704,781</u>
	\$ 2,663,122

OUTFLOWS

Downtown parking lot improvements	60,828
State filing fee	175
Madison Park drainage	19,183
Miscellaneous expenses	3,386
Principal payment	215,000
Interest expense	36,433
Property expenses	29,121
Other contractual services	65,845
Wheeler Street realignment	50,403
Subscriptions and memberships	695
Property acquisition	<u>582,529</u>
	<u>1,063,598</u>

FUNDS AVAILABLE FOR FUTURE PROJECTS AT
YEAR END

\$ 1,599,524

SUMMARY OF FUNDS AVAILABLE:

Cash	\$ 1,594,284
Accounts receivable	37,934
Deposits	4,013
Due to other funds	(22,354)
Accounts payable	(13,853)
Other current liabilities	<u>(500)</u>

FUNDS AVAILABLE FOR FUTURE PROJECTS AT
YEAR END

\$ 1,599,524

CITY OF PLANT CITY, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

BUDGETARY COMMITMENTS OF FUNDS AT YEAR END:

Committed funds for purchase of land and infrastructure improvements to reduce slum and blight	\$ 442,124
Midtown project	10,932
Wheeler Street realignment	909,902
Repayment on bond issue	850,989
Downtown beautification	990
Madison Park drainage	<u>231,339</u>

TOTAL FUNDS COMMITTED FOR FUTURE PROJECTS \$ 2,446,276

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 coverage 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. Unrestricted net assets of the fund are \$1,062,886 at September 30, 2010.

The claims liability of \$221,285 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:

	<u>Beginning Liability</u>	<u>Changes in claims estimates</u>	<u>Claims payments</u>	<u>Ending Liability</u>
2009-2010	\$ 421,834	\$ (83,087)	\$ (117,462)	\$ 221,285
2008-2009	307,603	280,353	(166,122)	421,834
2007-2008	372,885	101,741	(167,023)	307,603

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, 2010

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, 2010 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.

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.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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	\$ 501,647
Interest on net OPEB obligation	34,421
Adjustment to annual required contribution	<u>(34,546)</u>
Annual OPEB cost (expense)	501,522
Contributions made	<u>(92,871)</u>
Increase in net OPEB obligation	408,651
Net OPEB obligation, beginning of year	<u>1,075,659</u>
Net OPEB obligation, end of year	<u>\$ 1,484,310</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal 2010, 2009 and 2008 are as follows:

<u>Fiscal year ended</u>	<u>Annual OPEB cost</u>	<u>Employer contribution</u>	<u>Percentage of annual OPEB cost contributed</u>	<u>Net OPEB obligation</u>
09/30/10	\$ 501,522	\$ 92,871	18.52%	\$ 1,484,310
09/30/09	515,060	107,090	20.79%	1,075,659
09/30/08	762,442	94,753	12.43%	667,689

Funding Status and Funding Progress

As of September 30, 2010, the actuarial accrued liability for benefits was \$1,484,310, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$16,746,172, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 21.88%.

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.

CITY OF PLANT CITY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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%, increasing to 10%, reduced to an ultimate rate of 5% 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 3.2% 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.

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 the Florida League of Cities, Inc. 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, 2010 totaled \$879,063.

CITY OF PLANT CITY, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

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 \$574,169 for the fiscal year ended September 30, 2010. The State and City contribute the remaining required annual contribution, which amounted to \$1,411,309 for the fiscal year ended September 30, 2010.

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	Aged 50 and 10 years of credited service
Benefits:	
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, 2010

Membership

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

Retirees and beneficiaries receiving benefits	50
Terminated plan members entitled to but not yet receiving benefits	18
Active plan members:	
Vested	69
Nonvested	<u>30</u>
Total	<u>167</u>

Annual Pension Cost

The City's annual pension cost for the Safety Employees' Retirement Plan for the year ended September 30, 2010 was as follows:

Annual required contribution	\$ 1,411,309
Interest on net pension obligation	(16,451)
Adjustments to annual required contributions	<u>25,218</u>
Annual pension cost	<u>\$ 1,420,076</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.

Three Year Trend Information

Fiscal year ended	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
09/30/10	\$ 1,411,309	100%	\$ (196,866)
09/30/09	821,747	100%	(205,633)
09/30/08	544,694	100%	(201,802)

CITY OF PLANT CITY, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 8,300,833	\$ 8,300,833	\$ 8,378,592	\$ 77,759
Franchise Fees	2,350,000	2,350,000	2,512,966	162,966
Utility Taxes	3,155,000	3,155,000	3,600,661	445,661
Licenses and Permits	710,000	710,000	864,473	154,473
Intergovernmental Revenues	5,509,335	6,958,883	6,531,780	(427,103)
Charges for Services	1,215,400	1,215,400	1,452,736	237,336
Fines and Forfeitures	172,000	177,000	205,309	28,309
Contributions	7,000	9,000	35,194	26,194
Interest Revenue	63,000	63,000	26,577	(36,423)
Other Revenue	50,000	50,000	58,820	8,820
Total Revenues	21,532,568	22,989,116	23,667,108	677,992
Expenditures				
Current:				
General Government	3,589,936	3,549,715	3,110,191	439,524
Public Safety	12,897,640	13,193,348	12,753,388	439,960
Physical Environment	-	398,474	146,453	252,021
Transportation	61,000	61,000	55,657	5,343
Economic Development	594,099	594,099	569,099	25,000
Culture and Recreation	5,145,620	5,151,742	4,777,405	374,337
Debt Service:				
Principal	64,900	64,900	64,866	34
Interest and Other Bond Costs	6,900	6,900	5,881	1,019
Capital Outlay	159,100	811,516	736,072	75,444
Total Expenditures	22,519,195	23,831,694	22,219,012	1,612,682
Excess (Deficiency) of Revenues Over Expenditures	<u>(986,627)</u>	<u>(842,578)</u>	<u>1,448,096</u>	<u>2,290,674</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	-	-	14,550	14,550
Transfers Out	<u>(1,072,252)</u>	<u>(1,450,578)</u>	<u>(1,104,987)</u>	<u>345,591</u>
Total Other Financing Sources (Uses)	(1,072,252)	(1,450,578)	(1,090,437)	360,141
Net Change in Fund Balance	(2,058,879)	(2,293,156)	357,659	2,650,815
Fund Balances-Beginning	<u>12,789,213</u>	<u>12,789,213</u>	<u>12,789,213</u>	<u>-</u>
Fund Balances-Ending	\$ 10,730,334	\$ 10,496,057	\$ 13,146,872	\$ 2,650,815

CITY OF PLANT CITY, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30,2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 1,285,581	\$ 1,285,322	\$ 1,285,322	-
Interest Revenue	5,000	4,850	4,850	-
Other Revenue	185,246	704,781	704,781	-
Total Revenues	<u>1,475,827</u>	<u>1,994,953</u>	<u>1,994,953</u>	<u>-</u>
Expenditures				
Current:				
Physical Environment	132,200	111,144	99,313	11,831
Debt Service:				
Principal	215,000	215,000	215,000	-
Interest	36,500	36,433	36,433	-
Capital Outlay	1,097,127	2,300,544	712,852	1,587,692
Total Expenditures	<u>1,480,827</u>	<u>2,663,121</u>	<u>1,063,598</u>	<u>1,599,523</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,000)</u>	<u>(668,168)</u>	<u>931,355</u>	<u>1,599,523</u>
 Net Change in Fund Balance	 (5,000)	 (668,168)	 931,355	 1,599,523
Fund Balances-Beginning	<u>654,549</u>	<u>654,549</u>	<u>654,549</u>	<u>-</u>
Fund Balances-Ending	<u>\$ 649,549</u>	<u>\$ (13,619)</u>	<u>\$ 1,585,904</u>	<u>\$ 1,599,523</u>

CITY OF PLANT CITY, FLORIDA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-
BUDGET COMPARISONS
SEPTEMBER 30, 2010**

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
RETIREE HEALTH PLAN

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL)- Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a percent of covered payroll ((b-a)/c)</u>
10/1/2009	-	\$ 3,664,279	\$ 3,664,279	0%	\$ 16,746,172	38.09%
10/1/2007 *	-	3,964,039	3,964,039	0%	15,815,485	25.06%
10/1/2007	-	6,024,692	6,024,692	0%	15,815,485	38.09%

* Reflects changes adopted during 2009 year.

CITY OF PLANT CITY, FLORIDA

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL)- Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a percent of covered payroll ((b-a)/c)</u>
10/1/2010	\$ 20,399,837	\$ 38,300,142	\$ 17,900,305	53.26%	\$ 5,812,481	307.96%
10/1/2009	19,301,111	34,865,191	15,564,081	55.36%	5,580,144	278.92%
10/1/2008	18,680,364	30,949,021	12,268,258	60.36%	4,813,323	254.88%
10/1/2007	18,083,675	28,607,655	10,523,980	63.21%	4,798,306	219.33%
10/1/2006	16,066,529	26,537,074	10,470,545	60.54%	4,723,709	221.66%
10/1/2005	13,683,346	23,729,779	10,046,433	57.66%	4,832,601	207.89%

CITY OF PLANT CITY, FLORIDA

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

<u>Year ended September 30,</u>	<u>Annual Required Contributions</u>	<u>City Contribution</u>	<u>State Contribution</u>	<u>Percentage Contributed</u>
2010	\$ 1,895,444	\$ 1,411,309	\$ 484,135 *	100%
2009	1,305,882	821,747	484,135 *	100%
2008	1,028,829	30,949,021	484,135 *	100%
2007	1,005,018	28,607,655	391,744 *	100%
2006	943,622	26,537,074	449,047	100%
2005	828,662	23,729,779	431,492	100%

* 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.

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	10/01/09
Actuarial cost method	Entry Age Normal Cost
Amortization method	Level percent of pay, closed basis
Remaining amortization period	30 years
Asset valuation method	4 year smoothed market average
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases	6% (Includes inflation at 3%)

CITY OF PLANT CITY, FLORIDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	Special Revenue Funds			Debt Service Funds		Capital Projects Funds- Combined	Total Nonmajor Governmental Funds
	Streets	Community Development Block Grant	Community Investment Tax	Infrastructure Sales Tax Revenue Bonds	Stadium Loan		
Assets							
Cash and Cash Equivalents	\$ 1,221,304	\$ 177,401	\$ 996,590	\$ -	\$ -	\$ 9,414,946	\$ 11,810,241
Due From Other Funds	16,773	1,702	-	-	-	836,176	854,651
Due From Other Governments	685,660	155,525	119,841	-	-	-	961,026
Deposits	-	-	-	-	-	57,630	57,630
Restricted Cash	-	-	-	424,110	387,810	-	811,920
Land Held for Resale	-	123,199	-	-	-	-	123,199
Total Assets	\$ 1,923,737	\$ 457,827	\$ 1,116,431	\$ 424,110	\$ 387,810	\$ 10,308,752	\$ 14,618,667
Liabilities and Fund Balances							
Liabilities:							
Accounts Payable	\$ 176,512	\$ 35,678	\$ -	\$ -	\$ -	\$ 27,679	\$ 239,869
Due to Other Funds	526,386	53,109	34,725	-	-	40,122	654,342
Due to Other Governments	-	147,607	-	-	-	-	147,607
Other Current Liabilities	14,779	-	-	-	-	-	14,779
Deferred Revenues	-	-	-	-	300,000	-	300,000
Advances from Other Funds	-	-	299,109	-	-	-	299,109
Total Liabilities	717,677	236,394	333,834	-	300,000	67,801	1,655,706
Fund Balances:							
Reserved for:							
Encumbrances	429,469	10,700	-	-	-	26,219	466,388
Debt Service	-	-	-	881,577	276,883	-	1,158,460
Unreserved, reported in:							
Special Revenue Funds:							
Undesignated	776,591	210,733	782,597	(457,467)	(189,073)	-	1,123,381
Capital Projects Funds:							
Designated for Capital Outlays	-	-	-	-	-	10,214,732	10,214,732
Total Fund Balances	1,206,060	221,433	782,597	424,110	87,810	10,240,951	12,962,961
Total Liabilities and Fund Balances	\$ 1,923,737	\$ 457,827	\$ 1,116,431	\$ 424,110	\$ 387,810	\$ 10,308,752	\$ 14,618,667

CITY OF PLANT CITY, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue Funds			Debt Service Funds		Capital Projects Funds- Combined	Total Nonmajor Governmental Funds
	Streets	Community Development Block Grant	Community Investment Tax	Infrastructure Sales Tax Revenue Bonds	Stadium Loan		
Revenues							
Intergovernmental Revenues	\$ 2,143,100	\$ 1,182,636	\$ 1,293,514	\$ -	\$ 200,000	\$ 5,474	\$ 4,824,724
Impact Fees	-	-	-	-	-	286,253	286,253
Contributions	3,100	-	-	-	-	-	3,100
Interest Revenue	3,758	84	4,068	2,003	8	15,414	25,335
Other Revenue	350	105,459	-	-	-	-	105,809
Total Revenues	2,150,308	1,288,179	1,297,582	2,003	200,008	307,141	5,245,221
Expenditures							
Current:							
General Government	-	-	800	-	-	-	800
Transportation	1,714,971	-	-	-	-	-	1,714,971
Physical Environment	-	194,822	-	-	-	810,974	1,005,796
Debt Service:							
Principal	-	-	-	912,456	250,000	-	1,162,456
Interest	-	-	6,035	388,841	134,824	-	529,700
Other Debt Service Costs	-	-	30,326	785	4,257	-	35,368
Capital Outlay	1,183,406	1,107,012	-	-	-	2,246,412	4,536,830
Total Expenditures	2,898,377	1,301,834	37,161	1,302,082	389,081	3,057,386	8,985,921
Excess (Deficiency) of Revenues Over Expenditures	(748,069)	(13,655)	1,260,421	(1,300,079)	(189,073)	(2,750,245)	(3,740,700)
Other Financing Sources (Uses)							
Refunding Debt Proceeds	-	-	497,456	4,112,544	-	-	4,610,000
Principal Retirement	-	-	-	(4,112,544)	-	-	(4,112,544)
Transfers In	1,698,354	48,852	50,000	842,612	-	2,408,999	5,048,817
Transfers Out	(1,172,064)	-	(1,650,612)	-	-	(1,248,354)	(4,071,030)
Total Other Financing Sources (Uses)	526,290	48,852	(1,103,156)	842,612	-	1,160,645	1,475,243
Net Change in Fund Balance	(221,779)	35,197	157,265	(457,467)	(189,073)	(1,589,600)	(2,265,457)
Fund Balances-Beginning	1,427,839	186,236	625,332	881,577	276,883	11,830,551	15,228,418
Fund Balances-Ending	\$ 1,206,060	\$ 221,433	\$ 782,597	\$ 424,110	\$ 87,810	\$ 10,240,951	\$ 12,962,961

CITY OF PLANT CITY, FLORIDA

COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2010

	<u>Capital Improvement</u>	<u>Impact Fees Fire</u>	<u>Impact Fees Police</u>	<u>Impact Fees Parks and Recreation</u>
Assets				
Cash and Cash Equivalents	\$ 1,098,826	\$ 524,757	\$ 16,880	\$ 129,754
Due From Other Funds	317,235	-	-	-
Deposits	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 1,416,061</u>	<u>\$ 524,757</u>	<u>\$ 16,880</u>	<u>\$ 129,754</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ 850	\$ -	\$ -	\$ 19,260
Due to Other Funds	6,798	-	-	30
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>7,648</u>	<u>-</u>	<u>-</u>	<u>19,290</u>
Fund Balances:				
Reserved for:				
Encumbrances	2,743	-	-	1,719
Designated for Capital Outlays	1,405,670	524,757	16,880	108,745
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>1,408,413</u>	<u>524,757</u>	<u>16,880</u>	<u>110,464</u>
Total Liabilities and Fund Balances	<u>\$ 1,416,061</u>	<u>\$ 524,757</u>	<u>\$ 16,880</u>	<u>\$ 129,754</u>

<u>Impact Fees Transportation</u>	<u>Impact Fees Library</u>	<u>Streets RR&I</u>	<u>Community Investment RR&I</u>	<u>Total Capital Projects Funds</u>
\$ 4,189,232	\$ 384,575	\$ 1,261,293	\$ 1,809,629	\$ 9,414,946
-	-	514,441	4,500	836,176
-	-	28,815	28,815	57,630
<u>\$ 4,189,232</u>	<u>\$ 384,575</u>	<u>\$ 1,804,549</u>	<u>\$ 1,842,944</u>	<u>\$ 10,308,752</u>
\$ -	\$ -	\$ 7,569	\$ -	\$ 27,679
-	-	5,949	27,345	40,122
-	-	13,518	27,345	67,801
-	-	-	21,757	26,219
<u>4,189,232</u>	<u>384,575</u>	<u>1,791,031</u>	<u>1,793,842</u>	<u>10,214,732</u>
<u>4,189,232</u>	<u>384,575</u>	<u>1,791,031</u>	<u>1,815,599</u>	<u>10,240,951</u>
<u>\$ 4,189,232</u>	<u>\$ 384,575</u>	<u>\$ 1,804,549</u>	<u>\$ 1,842,944</u>	<u>\$ 10,308,752</u>

CITY OF PLANT CITY, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Capital Improvement</u>	<u>Impact Fees Fire</u>	<u>Impact Fees Police</u>	<u>Impact Fees Parks and Recreation</u>
Revenues				
Impact Fees	\$ -	\$ 29,842	\$ 50,832	\$ 14,895
Intergovernmental Revenues	-	-	-	5,474
Interest Revenue	3,566	211	3	31
Total Revenues	<u>3,566</u>	<u>30,053</u>	<u>50,835</u>	<u>20,400</u>
Expenditures				
Current:				
Physical Environment	-	-	-	-
Capital Outlay	864,624	-	-	311,366
Total Expenditures	<u>864,624</u>	<u>-</u>	<u>-</u>	<u>311,366</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(861,058)</u>	<u>30,053</u>	<u>50,835</u>	<u>(290,966)</u>
Other Financing Sources (Uses)				
Transfers In	435,035	-	-	-
Transfers Out	-	-	(50,000)	-
Total Other Financing Sources (Uses)	<u>435,035</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>
Net Change in Fund Balance	(426,023)	30,053	835	(290,966)
Fund Balances-Beginning	<u>1,834,436</u>	<u>494,704</u>	<u>16,045</u>	<u>401,430</u>
Fund Balances-Ending	<u>\$ 1,408,413</u>	<u>\$ 524,757</u>	<u>\$ 16,880</u>	<u>\$ 110,464</u>

<u>Impact Fees Transportation</u>	<u>Impact Fees Library</u>	<u>Streets RR&I</u>	<u>Community Investment RR&I</u>	<u>Total Capital Projects Funds</u>
\$ 176,854	\$ 13,830	\$ -	\$ -	\$ 286,253
-	-	-	-	5,474
<u>1,608</u>	<u>152</u>	<u>3,802</u>	<u>6,041</u>	<u>15,414</u>
<u>178,462</u>	<u>13,982</u>	<u>3,802</u>	<u>6,041</u>	<u>307,141</u>
434,791	-	154,095	222,088	810,974
<u>219</u>	<u>-</u>	<u>467,242</u>	<u>602,961</u>	<u>2,246,412</u>
<u>435,010</u>	<u>-</u>	<u>621,337</u>	<u>825,049</u>	<u>3,057,386</u>
<u>(256,548)</u>	<u>13,982</u>	<u>(617,535)</u>	<u>(819,008)</u>	<u>(2,750,245)</u>
-	-	1,165,964	808,000	2,408,999
<u>-</u>	<u>-</u>	<u>(692,072)</u>	<u>(506,282)</u>	<u>(1,248,354)</u>
<u>-</u>	<u>-</u>	<u>473,892</u>	<u>301,718</u>	<u>1,160,645</u>
<u>(256,548)</u>	<u>13,982</u>	<u>(143,643)</u>	<u>(517,290)</u>	<u>(1,589,600)</u>
<u>4,445,780</u>	<u>370,593</u>	<u>1,934,674</u>	<u>2,332,889</u>	<u>11,830,551</u>
<u>\$ 4,189,232</u>	<u>\$ 384,575</u>	<u>\$ 1,791,031</u>	<u>\$ 1,815,599</u>	<u>\$ 10,240,951</u>

CITY OF PLANT CITY, FLORIDA

COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2010

	<u>Stormwater Fund</u>	<u>Industrial Park Fund</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 4,397,447	\$ 2,269,161	\$ 6,666,608
Accounts Receivable	128,837	-	128,837
Due From Other Funds	490	34,725	35,215
Due From Other Governments	201,754	-	201,754
	<hr/>	<hr/>	<hr/>
Total Current Assets	4,728,528	2,303,886	7,032,414
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	58,124	-	58,124
Advances to Other Funds	-	299,109	299,109
Land Held for Resale	-	948,758	948,758
Capital Assets:			
Land	8,927	-	8,927
Land Improvements	-	935,046	935,046
Buildings, Plant and Improvements	4,460,848	-	4,460,848
Equipment	897,858	-	897,858
Transportation Equipment	901,398	-	901,398
Construction in Progress	919,675	86,748	1,006,423
Less: Accumulated Depreciation	(2,833,683)	(847,505)	(3,681,188)
	<hr/>	<hr/>	<hr/>
Total Noncurrent Assets	4,413,147	1,422,156	5,835,303
Total Assets	<hr/>	<hr/>	<hr/>
	9,141,675	3,726,042	12,867,717
Liabilities			
Current Liabilities:			
Accounts Payable	65,846	730	66,576
Due to Other Funds	35,350	-	35,350
Other Current Liabilities	45,307	-	45,307
Current Portion of Long-Term Debt	43,491	-	43,491
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	189,994	730	190,724
Noncurrent Liabilities:			
Long-Term Debt	551,931	-	551,931
	<hr/>	<hr/>	<hr/>
Total Noncurrent Liabilities	551,931	-	551,931
Net OPEB Obligation	38,645	-	38,645
	<hr/>	<hr/>	<hr/>
Total Liabilities	780,570	730	781,300
Net Assets			
Invested in Capital Assets, Net of Related Debt	3,717,379	174,289	3,891,668
Restricted for Debt Service	58,124	-	58,124
Unrestricted	4,585,602	3,551,023	8,136,625
	<hr/>	<hr/>	<hr/>
Total Net Assets	\$ 8,361,105	\$ 3,725,312	\$ 12,086,417

CITY OF PLANT CITY, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Stormwater Fund</u>	<u>Industrial Park Fund</u>	<u>Total</u>
Operating Revenue			
Charges for Services	\$ 2,138,145	\$ -	\$ 2,138,145
Total Operating Revenue	<u>2,138,145</u>	<u>-</u>	<u>2,138,145</u>
Operating Expenses			
Personal Services	769,807	-	769,807
Other Services and Charges	491,095	-	491,095
Depreciation	<u>317,505</u>	<u>37,402</u>	<u>354,907</u>
Total Operating Expenses	<u>1,578,407</u>	<u>37,402</u>	<u>1,615,809</u>
Operating Income (Loss)	<u>559,738</u>	<u>(37,402)</u>	<u>522,336</u>
Nonoperating Revenues (Expenses)			
Grants	131,851	-	131,851
Interest Revenue	9,447	12,728	22,175
Interest and Other Bond Expenses	(18,729)	-	(18,729)
Other Nonoperating Revenues (Expenses)	<u>(830)</u>	<u>-</u>	<u>(830)</u>
Total Nonoperating Revenues (Expenses)	<u>121,739</u>	<u>12,728</u>	<u>134,467</u>
Income Before Contributions and Transfers	681,477	(24,674)	656,803
Transfers Out	<u>(47,500)</u>	<u>(100,000)</u>	<u>(147,500)</u>
Change in Net Assets	633,977	(124,674)	509,303
Net Assets-Beginning	<u>7,727,128</u>	<u>3,849,986</u>	<u>11,577,114</u>
Net Assets-Ending	<u>\$ 8,361,105</u>	<u>\$ 3,725,312</u>	<u>\$ 12,086,417</u>

CITY OF PLANT CITY, FLORIDA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Stormwater Fund</u>	<u>Industrial Park Fund</u>	<u>Total</u>
Cash Flows from Operating Activities			
Receipts from Customers	\$ 2,134,903	\$ -	\$ 2,134,903
Payments to Suppliers for Goods and Services	(445,321)	-	(445,321)
Payments to Employees for Services	(778,323)	-	(778,323)
Net Cash Provided by Operating Activities	<u>911,259</u>	<u>-</u>	<u>911,259</u>
Cash Flows from Noncapital Financing Activities			
Grants Received	499,169	-	499,169
Receipts on Advances to Other Funds	-	34,165	34,165
Advances to Other Funds	1,217,213	(368,000)	849,213
Loans from Other Funds	(251,182)	(5,289)	(256,471)
Transfers between Funds	(47,500)	(100,000)	(147,500)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,417,700</u>	<u>(439,124)</u>	<u>978,576</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and Construction of Capital Assets	(465,398)	(19,062)	(484,460)
Interest Payments on Debt	(18,729)	-	(18,729)
Principal Payments on Long-Term Debt	(42,221)	-	(42,221)
Net Cash Used by Capital and Related Financing Activities	<u>(526,348)</u>	<u>(19,062)</u>	<u>(545,410)</u>
Cash Flows from Investing Activities			
Interest	9,447	12,728	22,175
Net Cash Provided by Investing Activities	<u>9,447</u>	<u>12,728</u>	<u>22,175</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,812,058	(445,458)	1,366,600
Cash and Cash Equivalents at Beginning of Year	<u>2,643,511</u>	<u>2,714,621</u>	<u>5,358,132</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,455,569</u>	<u>\$ 2,269,163</u>	<u>\$ 6,724,732</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 559,738	\$ (37,402)	\$ 522,336
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	317,505	37,402	354,907
OPEB Cost	18,832	-	18,832
Change in Assets and Liabilities			
Accounts Receivable	(3,242)	-	(3,242)
Accounts Payable	45,774	-	45,774
Other Current Liabilities	(27,348)	-	(27,348)
Net Cash Provided (Used) by Operating Activities	<u>\$ 911,259</u>	<u>\$ -</u>	<u>\$ 911,259</u>

CITY OF PLANT CITY, FLORIDA

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2010

	<u>Fleet Acquisition Fund</u>	<u>Workers' Compensation Fund</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 3,203,081	\$ 1,232,133	\$ 4,435,214
Prepaid Expense	-	29,699	29,699
Total Current Assets	<u>3,203,081</u>	<u>1,261,832</u>	<u>4,464,913</u>
Noncurrent Assets:			
Deposits	-	30,000	30,000
Capital Assets:			
Transportation Equipment	969,592	-	969,592
Less Accumulated Depreciation	<u>(167,062)</u>	<u>-</u>	<u>(167,062)</u>
Total Noncurrent Assets	<u>802,530</u>	<u>30,000</u>	<u>832,530</u>
Total Assets	<u>4,005,611</u>	<u>1,291,832</u>	<u>5,297,443</u>
Liabilities			
Current Liabilities:			
Accounts Payable	-	7,661	7,661
Other Current Liabilities	<u>-</u>	<u>221,285</u>	<u>221,285</u>
Total Current Liabilities	<u>-</u>	<u>228,946</u>	<u>228,946</u>
Total Liabilities	<u>-</u>	<u>228,946</u>	<u>228,946</u>
Net Assets			
Unrestricted	<u>4,005,611</u>	<u>1,062,886</u>	<u>5,068,497</u>
Total Net Assets	<u>\$ 4,005,611</u>	<u>\$ 1,062,886</u>	<u>\$ 5,068,497</u>

CITY OF PLANT CITY, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Fleet Replacement Fund</u>	<u>Workers' Compensation Fund</u>	<u>Total</u>
Operating Revenue			
Charges for Services	\$ 160,553	\$ 246,100	\$ 406,653
Total Operating Revenue	<u>160,553</u>	<u>246,100</u>	<u>406,653</u>
Operating Expenses			
Other Services and Charges	-	167,485	167,485
Depreciation	132,629	-	132,629
Total Operating Expenses	<u>132,629</u>	<u>167,485</u>	<u>300,114</u>
Operating Income	<u>27,924</u>	<u>78,615</u>	<u>106,539</u>
Nonoperating Revenue			
Interest Revenue	8,802	3,555	12,357
Total Nonoperating Revenue	<u>8,802</u>	<u>3,555</u>	<u>12,357</u>
Income Before Contributions and Transfers	36,726	82,170	118,896
Transfers In	<u>385,482</u>	<u>-</u>	<u>385,482</u>
Change in Net Assets	422,208	82,170	504,378
Net Assets-Beginning	<u>3,583,403</u>	<u>980,716</u>	<u>4,564,119</u>
Net Assets-Ending	<u>\$ 4,005,611</u>	<u>\$ 1,062,886</u>	<u>\$ 5,068,497</u>

CITY OF PLANT CITY, FLORIDA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Fleet Acquisition Fund</u>	<u>Workers' Compensation Fund</u>	<u>Total</u>
Cash Flows from Operating Activities			
Receipts from Other Funds For Goods and Services	\$ 160,553	\$ 246,100	\$ 406,653
Payments to Suppliers for Goods and Services	(23,161)	(362,569)	(385,730)
Net Cash Provided (Used) by Operating Activities	<u>137,392</u>	<u>(116,469)</u>	<u>20,923</u>
Cash Flows from Noncapital Financing Activities			
Transfers between Funds	<u>385,482</u>	<u>-</u>	<u>385,482</u>
Net Cash Provided by Noncapital Financing Activities	<u>385,482</u>	<u>-</u>	<u>385,482</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and Construction of Capital Assets	<u>(281,715)</u>	<u>-</u>	<u>(281,715)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(281,715)</u>	<u>-</u>	<u>(281,715)</u>
Cash Flows from Investing Activities			
Interest	<u>8,802</u>	<u>3,555</u>	<u>12,357</u>
Net Cash Provided by Investing Activities	<u>8,802</u>	<u>3,555</u>	<u>12,357</u>
Net Increase (Decrease) in Cash and Cash Equivalents	249,961	(112,914)	137,047
Cash and Cash Equivalents at Beginning of Year	<u>2,953,120</u>	<u>1,345,047</u>	<u>4,298,167</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,203,081</u>	<u>\$ 1,232,133</u>	<u>\$ 4,435,214</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 27,924	\$ 78,615	\$ 106,539
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	132,629	-	132,629
Change in Assets and Liabilities			
Accounts Receivable	63,756	9,840	73,596
Prepaid Expense	-	(2,197)	(2,197)
Accounts Payable	(86,917)	(2,176)	(89,095)
Other Current Liabilities	-	(200,549)	(200,549)
Net Cash Provided (Used) by Operating Activities	<u>\$ 137,392</u>	<u>\$ (116,469)</u>	<u>\$ 20,923</u>

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

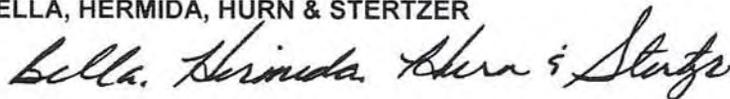
To the Honorable Mayor and
Board of City Commissioners
City of Plant City, Florida

We have audited the basic financial statements of the City of Plant City, Florida (the "City") for the year ended September 30, 2010, and have issued our report thereon dated June 10, 2011. 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



Certified Public Accountants
June 10, 2011

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

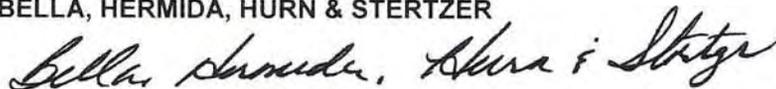
To the Honorable Mayor and
Board of City Commissioners
City of Plant City, Florida

We have audited the basic financial statements of the City of Plant City, Florida for the year ended September 30, 2010, and have issued our report thereon dated June 10, 2011. 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



Certified Public Accountants
June 10, 2011

CITY OF PLANT CITY, FLORIDA

SCHEDULE OF FEDERAL, STATE AND LOCAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract / Grant Number</u>	<u>Grant Expenditures</u>
FEDERAL FINANCIAL ASSISTANCE			
<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 Grant	14.218	B-06-UC-12-0002 B-07-UC-12-0002	1,288,095
<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	82,676
<u>U.S. Department of Justice</u>			
Office of Community Oriented Policing Services Public Safety Partnership and Community Policing Grants Law Enforcement Technology Program Grant	16.710	2008-CK-WX-0222	7,316
ARRA-COPS Hiring Recovery Program	* 16.710	2009-RK-WX-0222	90,557
Office of Justice Programs, Bureau of Justice Assistance Bulletproof Vest Partnership Grants	16.607	2009593	10,079
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-0562	30,094
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-1119	11,040
ARRA-Edward Byrne Memorial Justice Assistance Grant Program: State Solicitation	* 16.803	2010-ARRC-HILL-3-W7-205	372,254
ARRA-Edward Byrne Memorial Justice Assistance Grant Program: Local Solicitation	* 16.804	2009-SB-B9-1010	108,161
Total U. S. Department of Justice			<u>629,501</u>
<u>U.S. Department of Homeland Security - Federal Emergency Management Agency</u>			
U.S. Fire Administration			
Assistance to Firefighters Grant	97.044	EMW-2008-FO-10910	1,829
Assistance to Firefighters Grant	97.044	EMW-2009-FO-11635	4,320
Pass-through State of Florida, Department of Community Affairs Hazard Mitigation Grant-Fire Station 2 Retrofit	97.039	O6HM-7@-08-39-02-057	40,667
Total U. S. Department of Homeland Security			<u>46,816</u>
<u>U.S. Department of Agriculture-Office of Forest Service</u>			
Pass-through State of Florida, Department of Agriculture and Consumer Services Division of Forestry Volunteer Fire Assistance Grant	10.664		1,740
<u>U.S. Dept of Transportation - Federal Highway Administration</u>			
Pass-through State of Florida, Department of Transportation Local Agency Program - Mendoza Road Safe Routes to School Safety Project	20.205	AQ003	1,557
Local Agency Program - Charlie Griffin Road Sidewalk Project	20.205	APG47	42,310
Congestion Mitigation and Air Quality (CMAQ) Improvement Program	20.205	ANP24	325,991
Emergency Local Government Emergency Relief- Alexander Street Sinkhole Stabilization	20.205		94,500
Total U. S. Department of Transportation			<u>464,358</u>
<u>U.S. Environmental Protection Agency -</u>			
Office of Solid Waste and Emergency Response Brownfields Assessment Grants -			
Hazardous Substances	* 66.818	BF-95441809	81,596
Petroleum	* 66.818	BF-95441809	64,857
Total U. S. Department of Environmental Protection Agency			<u>146,453</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>2,659,639</u>

* Major Program

CITY OF PLANT CITY, FLORIDA

SCHEDULE OF FEDERAL, STATE AND LOCAL AWARDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>State CFDA Number</u>	<u>Contract / Grant Number</u>	<u>Grant Expenditures</u>
STATE FINANCIAL ASSISTANCE			
<u>State of Florida - Department of Environmental Protection</u>			
Statewide Surface Water Restoration and Wastewater Projects Funding Grants	* 37.039	LP6774	131,082
Wastewater Projects Funding Grants	* 37.039	LP6854	200,000
<u>Division of Recreation and Parks - Land Acquisition Trust</u>			
Florida Recreation Development Assistance Program	* 37.017	F8188	78,016
Florida Recreation Development Assistance Program	* 37.017	A9220	71,161
Total State of Florida-Department of Environmental Protection			480,259
<u>State of Florida - Department of Health</u>			
Pass-through Hillsborough County Emergency Medical Services	64.003	C9029	13,576
<u>State of Florida - Department of Transportation</u>			
County Incentive Grant Program Wheeler Street Railroad Improvements	55.008	AOS20	53,359
TOTAL STATE FINANCIAL ASSISTANCE			547,194
LOCAL FINANCIAL ASSISTANCE			
<u>Hillsborough County Public Library Cooperative</u>			
Pass-through Hillsborough County Board of County Commissioners		09-0993	202,349
<u>Southwest Florida Water Management District</u>			
Quality of Water Improvement Program (QWIP)		13-0193	5,474
TOTAL LOCAL FINANCIAL ASSISTANCE			207,823
TOTAL FEDERAL, STATE AND LOCAL FINANCIAL ASSISTANCE			\$ 3,414,656

* Major Program

CITY OF PLANT CITY, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS
SEPTEMBER 30, 2010

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

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, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 10, 2011. 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or 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

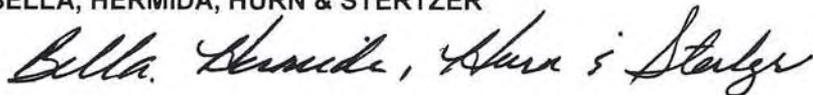
As part of obtaining reasonable assurance about whether the City of Plant City, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct 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 or other matters 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 June 10, 2011.

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

Respectfully submitted,

BELLA, HERMIDA, HURN & STERTZER



Certified Public Accountants
June 10, 2011

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND STATE PROJECT AND ON 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 City of Plant City, Florida's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement that could have a direct and material effect on each of the City of Plant City, Florida's major federal programs and state projects for the year ended September 30, 2010. The City of Plant City, Florida's major federal programs and state projects are identified in the summary of auditors' results in section 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, OMB Circular A-133, 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 or state project 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2010.

Internal Control over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular I-133, 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.

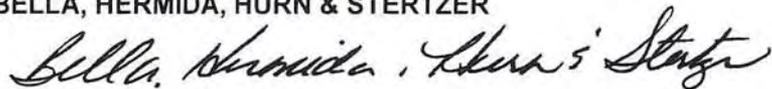
A deficiency in internal over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program or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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. 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 management, the Board of City Commissioners, others within the entity, and federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

BELLA, HERMIDA, HURN & STERTZER



Certified Public Accountants
June 10, 2011

CITY OF PLANT CITY, FLORIDA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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)?	No
Noncompliance material to financial statements noted?	No

Awards

	<u>State</u>	<u>Federal</u>
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 Numbers</u>	<u>Name of Project or Program</u>
Federal: 16.710	ARRA-COPS Hiring Recovery Program
Federal: 16.803	ARRA-Edward Byrne Memorial Justice Assistance Grant Program: State Solicitation
Federal: 16.804	ARRA-Edward Byrne Memorial Justice Assistance Grant Program: Local Solicitation
Federal: 66.818	Brownfields Assessment Grants
State: 37.039	Statewide Surface Water and Wastewater Funding Grants
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

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*.

None.

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.

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, 2010, and have issued our report thereon dated June 10, 2011.

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 Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and State Project and on Internal Control over Compliance in Accordance With OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated June 10, 2011, 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

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.

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.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Fund Accounting

No corrective action has been taken and or recommendation has been included in our current year findings above.

Capital Expenditures

No corrective action has been taken and or recommendation has been included in our current year findings above

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.

To the Honorable Mayor and
Board of City Commissioners
City of Plant City, Florida
Page 3

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 provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

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

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.

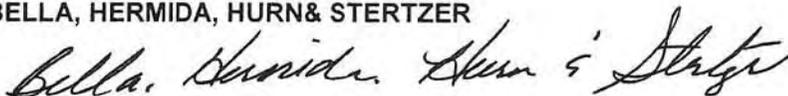
Section 10.554 (1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City of Plant City, Florida for the fiscal year ended September 30, 2010, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2010. 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



Certified Public Accountants
June 10, 2011



CITY OF PLANT CITY

June 10, 2011

MARTIN J. WISGERHOF

Finance Director

P.O. Box C

Plant City, Florida 33564

Telephone (813) 659-4200

Mayor and City Commissioners
City of Plant City
P.O. Drawer C
Plant City, Florida 33563

Dear Mayor and City Commissioners:

This letter is in response to the auditors' management letter contained in our audit report for the period ending September 30, 2010.

CURRENT/PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Fund Accounting

AUDITOR:

The City maintains numerous individual funds and sub-funds. For example, there are four special revenue funds and eight capital project 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.

RESPONSE:

We do not feel that we have an excessive amount of funds. Some of the funds are required by city code to be separate, such as our Water Development Fund and our Wastewater Development Fund. If we combined the funds, it would not eliminate many accounts because we would still need the same revenue and expense accounts. At this time, we do not plan on reducing the

number of funds we have.

Capital Expenditures

AUDITOR:

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 the trial balances and year-end reports, and then reversed if necessary.

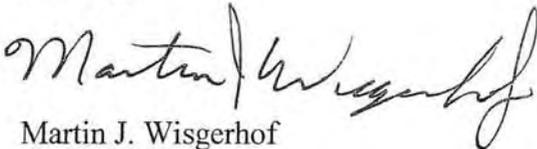
We continue to make our previous years' recommendation that all routine bookkeeping entries be made during the year-end closing process, prior to audit fieldwork.

RESPONSE:

We do not make journal entries at year-end closing because our computer system pulls the information for the next year's budget from the records for the prior year. If we reclassify the capital expenditures during the year to an asset account, it would show that there was no money spent the previous year on capital outlay items.

If you have any questions, please give me a call.

Sincerely,



Martin J. Wisgerhof
Finance Director