



**FINANCIAL  
TREND  
MONITORING  
SYSTEM  
2014**

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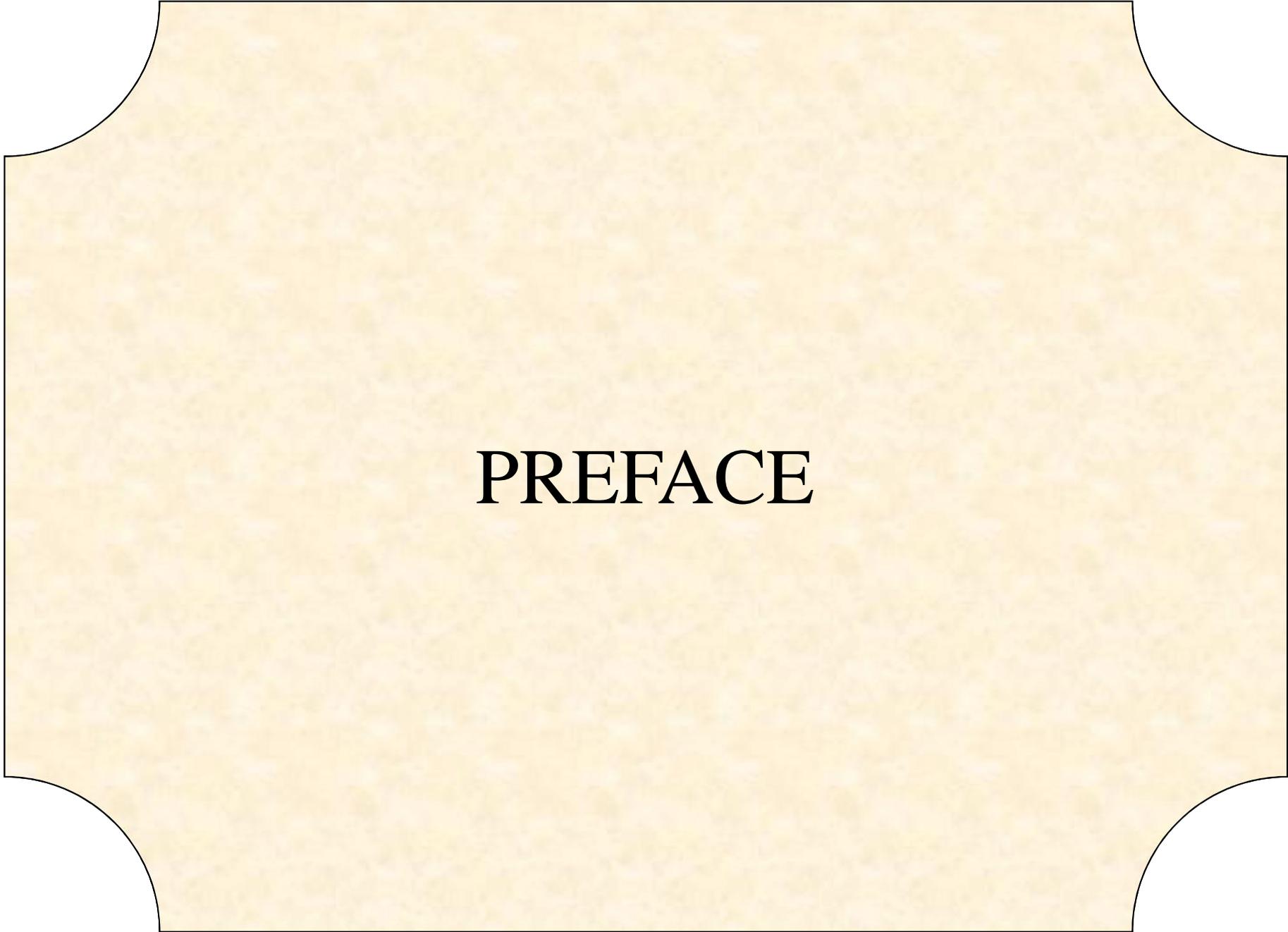
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# PREFACE

## PREFACE TO FISCAL YEAR 2013-2014 FINANCIAL INDICATORS

This analysis of Plant City's fiscal condition has been prepared to provide Commissioners, administrators and residents with current information regarding its financial condition. The indicators utilized in this analysis are generally those recommended by the International City Management Association (ICMA) as reflective of a municipality's economic health. These indicators have been compiled into a collection of financial indicators entitled the *Financial Trend Monitoring System* (FTMS). FTMS can alert a local government to existing and potential areas of financial difficulty and also serve as a valuable planning tool. In addition, it also provides comparative and analytical data that can be used in the formulation of public policy.

In order for financial information to be comparable over a number of years, the information must be adjusted to reflect constant dollars. More specifically, the distortion created by the effects of inflation must be removed. The Finance Department started tracking this information in December 2007, and at that time the latest published Plant City financial information available was for fiscal year 2005-06. Since ten years was selected as the appropriate comparison period, 1997 was the earliest year that information was collected. Accordingly, 1997 was used as the base year. In other words, the effect of inflation since 1997 has been removed in order that the dollar amounts of any year presented are comparable to 1997 dollars.

It should be noted that individual indicators may be meaningful only when viewed in conjunction with other indicators. Accordingly, an overall organization-wide perspective is essential in obtaining a comprehensive representation of the City's financial condition.

**Note: Years refer to the fiscal year ending September 30<sup>th</sup>.**

**COMMUNITY  
RESOURCES  
INDICATORS**

# COMMUNITY RESOURCES INDICATORS

## GENERAL INFORMATION

Community Resources encompasses economic and demographic characteristics including population, personal income, property value, employment and construction activity. This is an umbrella category that treats “tax base” and “economic and demographic characteristics” as different sides of the same coin. On one hand, these indicators describe a community’s wealth and its ability to generate revenues (that is, level of personal, commercial and industrial income). On the other hand, they constitute the demands which the community will make on its government such as public safety, capital improvements and social services. In addition, changes in these characteristics are the most difficult to formulate into indicators because the data are not easy to gather. An evaluation of local economic and demographic characteristics can identify the following types of conditions:

- A decline in tax base as measured by population, property value, employment or business activity;
- A need to shift public service priorities because of a change in age or income of residents or in the type or density of physical development within the community;
- A need to reassess public policies because of a loss in competitive advantage of the city’s businesses to surrounding communities or because of a surge in inflation or other changes in national or regional economic conditions.

Changes in economic and demographic characteristics are most useful for long term financial analysis.

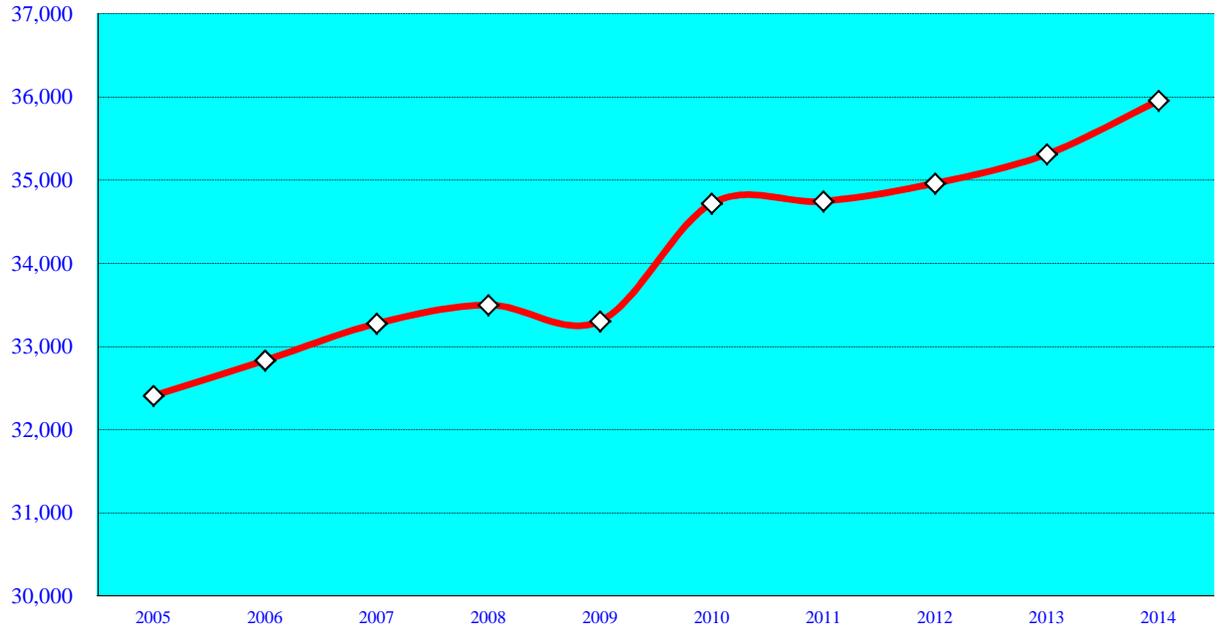
## **Population**

The exact relationship between population change and other economic and demographic factors is uncertain. Population change can, however, directly affect governmental revenues: for example, some taxes are collected on a per capita basis, and many intergovernmental revenues and grants are distributed according to population. A sudden increase in population can create immediate pressures for new capital outlay and higher levels of service. A local government faced with population decline is rarely able to make reductions in expenditures that are proportional to the population loss.

### **WARNING TREND    Rapid change in population**

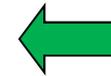
Plant City's population has not kept pace for the last four years with Hillsborough County's population growth, but the gap is closing. However, Plant City has kept pace with the State of Florida's growth. Plant City for FY2010 increased 4.25 percent, most likely as a result of the census. The population for FY2011 increased only 0.07 percent and for FY2012 increased 0.62 percent. The City's population for FY2013 grew 1.00 percent to 35,313 versus the State growth of 0.97 percent. For FY2014 the City's population grew 1.82 percent to 35,956 versus 1.29 percent for the State. The City's population has grown at a rate of 1.12 percent per year over the past ten years. This percentage is up from the FY2013 financial trend report for ten years, which was 1.1 percent. For this reason, the chart continues to be classified as *Positive*.

# Population



## Plant City Trend

Positive



Marginal

Negative

**Warning Trend**  
**Rapid change**  
**in population**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Plant City Population	32,408	32,834	33,277	33,500	33,306	34,721	34,746	34,963	35,313	35,956
<b>Percent Increase</b>	<b>1.27%</b>	<b>1.31%</b>	<b>1.35%</b>	<b>0.67%</b>	<b>-0.58%</b>	<b>4.25%</b>	<b>0.07%</b>	<b>0.62%</b>	<b>1.00%</b>	<b>1.82%</b>
Hillsborough County	1,131,546	1,164,425	1,192,861	1,200,541	1,196,892	1,229,226	1,238,951	1,256,118	1,276,410	1,301,887
<b>Percent Increase</b>	<b>2.09%</b>	<b>2.91%</b>	<b>2.44%</b>	<b>0.64%</b>	<b>-0.30%</b>	<b>2.70%</b>	<b>0.79%</b>	<b>1.39%</b>	<b>1.62%</b>	<b>2.00%</b>
Florida Population	17,918,227	18,349,132	18,680,367	18,807,219	18,750,483	18,801,310	18,905,048	19,074,434	19,259,543	19,507,369
<b>Percent Increase</b>	<b>2.29%</b>	<b>2.40%</b>	<b>1.81%</b>	<b>0.68%</b>	<b>-0.30%</b>	<b>0.27%</b>	<b>0.55%</b>	<b>0.90%</b>	<b>0.97%</b>	<b>1.29%</b>

**SOURCE: BUREAU OF ECONOMIC AND BUSINESS RESEARCH (UNIVERSITY OF FLORIDA)**

## **Personal Income Per Capita**

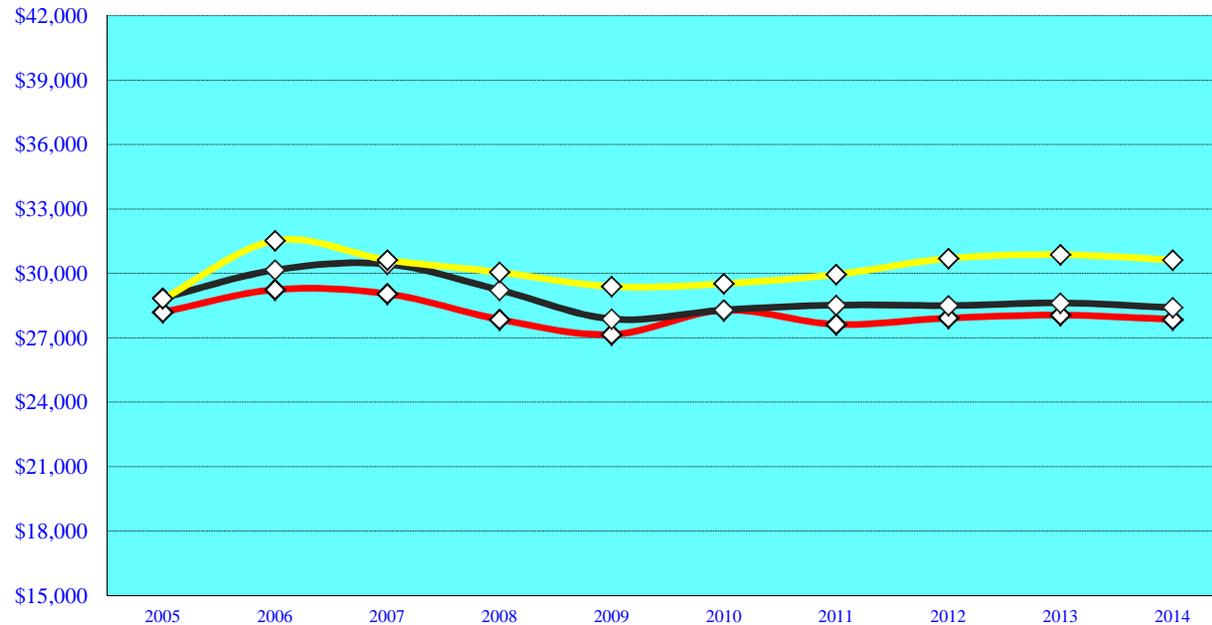
Personal income per capita is one measure of a community's ability to pay taxes: the higher the per capita income, the more property tax the community can generate. Credit rating firms use per capita income as an important measure of a local government's ability to repay debt. A decline in per capita income causes a drop in consumer purchasing power and can provide advance notice that businesses, especially in the retail sector, will suffer a decline that can ripple through the rest of the local economy.

### **WARNING TREND Decline in the level, or growth rate, of personal income per capita**

Hillsborough County personal income per capita increased each year from FY 2005 through FY 2008. FY 2009 income dropped as a result of the effects of the economy. FY 2010 rose significantly and leveled off for FY 2011, while FY 2012 once again rose as did FY 2013. FY 2014 is estimated due to a lack of current information. A similar picture emerges when analyzing personal income per capita *in constant dollars* as adjusted by the CPI. Using that measure, personal income increased each year through FY 2006 and began a decent in FY 2007, bouncing up in FY2010 only to drop again in FY 2011. FY 2012 and FY 2013 saw slight increases. A decrease is estimated in FY 2014 because the CPI jumped from 1.45 to 1.48 in FY 2014. For these reasons, the chart continues to be classified as *Marginal*.

# Personal Income Per Capita

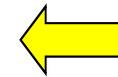
## In Constant Dollars (Hillsborough County)



### Hillsborough Trend

Positive

Marginal



Negative

### **Warning Trend**

Decline in the level or growth rate of personal income per capita

	<b>Red Line – Hillsborough County</b>		<b>Black Line – State of Florida</b>				<b>Yellow Line – United States</b>				<b>SOURCE: US BUREAU OF ECONOMIC ANALYSIS</b>
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	
Hillsborough County											
Income Per Capita	34,681	36,845	37,473	37,880	36,389	38,466	38,951	40,206	40,680	41,218	Est
CPI	1.23	1.26	1.29	1.36	1.34	1.36	1.41	1.44	1.45	1.48	
<b>Income Per Capita In Constant Dollars</b>	<b>28,196</b>	<b>29,242</b>	<b>29,049</b>	<b>27,853</b>	<b>27,156</b>	<b>28,284</b>	<b>27,625</b>	<b>27,921</b>	<b>28,055</b>	<b>27,850</b>	
Florida Income/Capita	35,489	37,996	39,256	39,736	37,350	38,478	40,215	41,041	41,497	42,045	Est
<b>Fl Inc/Cap Cons \$</b>	<b>28,853</b>	<b>30,156</b>	<b>30,431</b>	<b>29,218</b>	<b>27,873</b>	<b>28,293</b>	<b>28,521</b>	<b>28,501</b>	<b>28,619</b>	<b>28,409</b>	
US Income Per Capita	35,452	39,725	39,506	40,873	39,379	40,144	42,232	44,200	44,765	45,330	Est
<b>US Inc/Cap Cons \$</b>	<b>28,823</b>	<b>31,528</b>	<b>30,625</b>	<b>30,054</b>	<b>29,387</b>	<b>29,518</b>	<b>29,952</b>	<b>30,694</b>	<b>30,872</b>	<b>30,628</b>	

Source: United States Bureau of Economic Analysis

### **City Assessed Taxable Valuation Per Capita**

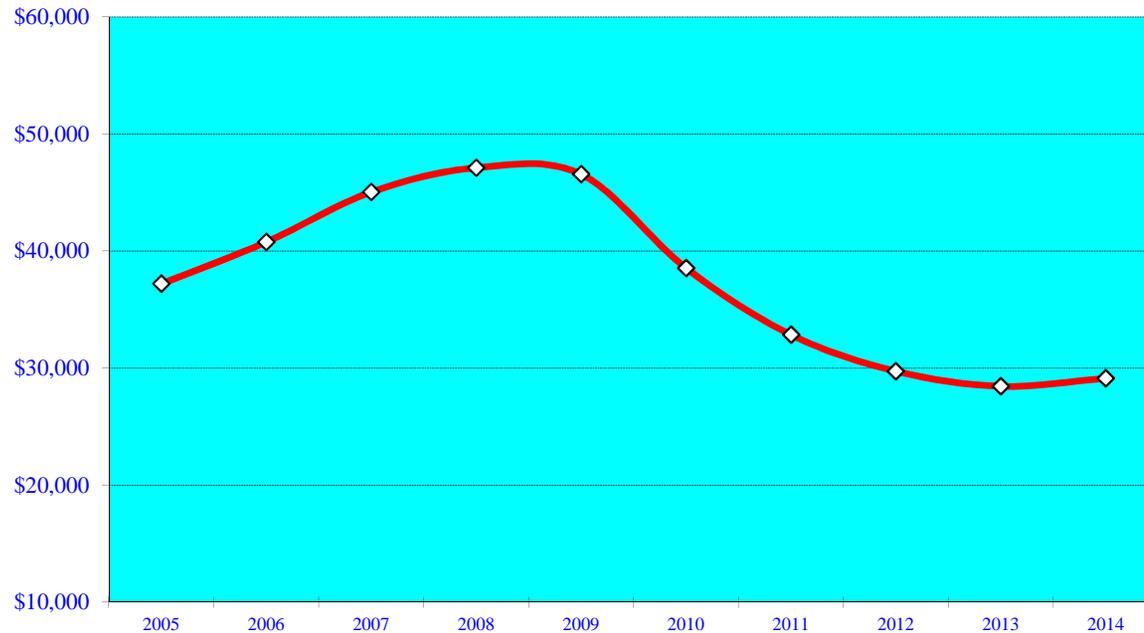
Changes in property tax assessments are important because most local governments depend on the property tax for a substantial portion of their revenues. Especially in a community with a stable or fixed tax rate, the higher the aggregate tax assessment, the higher the revenues. The effect of declining tax assessments all depends on the government's reliance on property taxes. A decline in tax assessments will most probably not be a cause but a symptom of other underlying problems.

#### **WARNING TREND Declining or negative growth in property tax assessments**

Plant City's assessed taxable valuation increased each year from FY 2005 through FY 2008 (\$2,146,703). Then in FY 2009, there was a drop to \$2,078,117, and became more severe in FY 2010 (\$1,819,965), FY 2011 (\$1,609,415), FY 2012 (\$1,497,018) and bottomed out in FY 2013 (\$1,456,714). FY 2014 saw the first valuation increase in six years at \$1,521,738,343. Similarly, assessed taxable valuation per capita, in constant dollars, had increased each year through FY 2008, reflecting an average increase of 6.5 percent per year. In FY 2009 the valuation per capita drop was softened by a decrease in the CPI. In FY 2010 the chart took a nose dive and continued through FY 2013 because the per capita taxable valuation dropped significantly, down to \$28,449 in constant dollars. Similarly, FY 2014 per capita taxable valuation saw the first valuation increase in six years at 29,117 per capita. For these reasons the chart has been reclassified from *Negative* to *Marginal*.

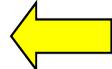
# City Assessed Taxable Valuation Per Capita

## In Constant Dollars (in thousands)



### Plant City Trend

Positive

Marginal 

Negative

### **Warning Trend**

**Declining or negative growth  
in property taxable values**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Taxable Valuation (000's)	1,482,911	1,686,992	1,933,821	2,146,703	2,078,117	1,819,965	1,609,415	1,497,018	1,456,714	1,521,738
CPI	1.23	1.26	1.29	1.36	1.34	1.36	1.41	1.44	1.45	1.48
Taxable Valuation In Constant Dollars	1,205,619	1,338,883	1,499,086	1,578,458	1,550,834	1,338,210	1,141,429	1,039,596	1,004,630	1,028,201
Population	32,408	32,834	33,277	33,500	33,306	34,721	34,746	34,963	35,313	35,313
Assessed Valuation Per Capita In Constant Dollars	37,201	40,777	45,049	47,118	46,563	38,542	32,851	29,734	28,449	29,117

**NOTE: FY 2015 Taxable Value \$1,605,101,439. An increase of \$83,363,096 or a 5.48 percent increase.**

Property Appraiser predicts a 3.4 percent increase for FY 2016

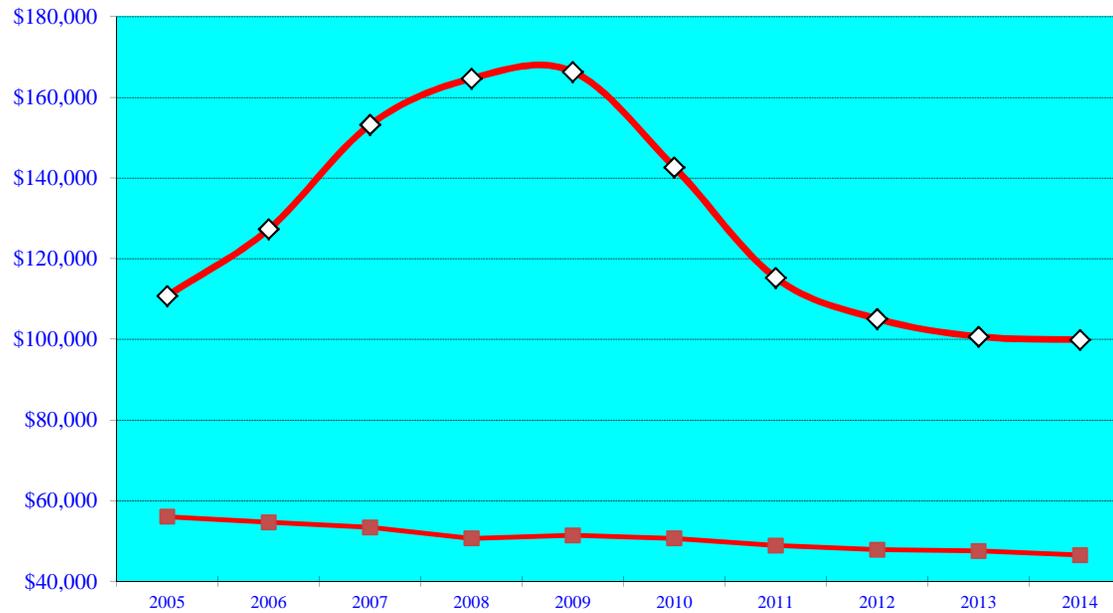
## **Community Redevelopment Agency Assessed Taxable Valuation**

As with local governments, changes in property tax assessments are important to Community Redevelopment Agencies (CRAs) because most CRAs depend on the property tax for a substantial portion of their revenues. Especially in a community with a stable or fixed tax rate, the higher the aggregate tax assessment, the higher the revenues. The effect of declining tax assessments all depends on the CRA's reliance on property taxes. A decline in tax assessments will most probably not be a cause but a symptom of other underlying problems.

### **WARNING TREND Declining or negative growth in property tax assessments**

Plant City's Community Redevelopment Agency's base tax year was 1987 with an assessed taxable value of \$68,899,330. The FY 2014 assessed taxable valuation is \$147,852,383 (An increase of \$1,815,786 from FY 2013 or a 1.24 percent increase.) is the first increase in five years. Assessed taxable valuation in the CRA had increased each year from FY 2005 through FY 2008. Then a slight decrease in FY 2009 and significant decreases in FY 2010, FY 2011, FY 2012 and FY 2013. Assessed taxable valuation *in constant dollars* reflects valuation to be decreasing from FY 2005 to FY 2008. In FY 2009 an increase in constant dollars appeared because the CPI dropped. FY 2010 taxable valuation (in constant dollars) started a downward trend that has continued through FY 2014. For these reasons, the chart continues to be classified as *Negative*.

# Community Redevelopment Agency Assessed Taxable Valuation in Constant Dollars (in thousands)



## Plant City Trend

Positive

Marginal

Negative ←

## Warning Trend

Declining or negative growth in property taxable value

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Taxable Valuation (000's)	136,278	160,446	197,689	224,007	222,951	194,060	162,517	151,368	146,037	147,852
Base Year Valuation (000's)	68,899	68,899	68,899	68,899	68,899	68,899	68,899	68,899	68,899	68,899
CPI	1.23	1.26	1.29	1.36	1.34	1.36	1.41	1.44	1.45	1.48
Taxable Valuation In Constant Dollars	110,795	127,338	153,247	164,711	166,381	142,691	115,260	105,117	100,715	99,900
Base Year in Constant Dollars	56,015	54,682	53,410	50,661	51,417	50,661	48,865	47,847	47,517	46,553

**NOTE: FY 2015 Taxable Value \$152,197,809. An increase of \$4,345,426 or a 2.94 percent increase.**

Property Appraiser predicts a 8.2 percent increase for FY 2016

## **Unemployment Rate**

Changes in the unemployment rate are related to changes in personal income, and are thus a measure of, and an influence on, the community's ability to support its business sector. An increase in the unemployment rate can be an early sign that overall economic activity is declining and that government revenues may be declining as well.

### **WARNING TREND Increasing rate of local unemployment**

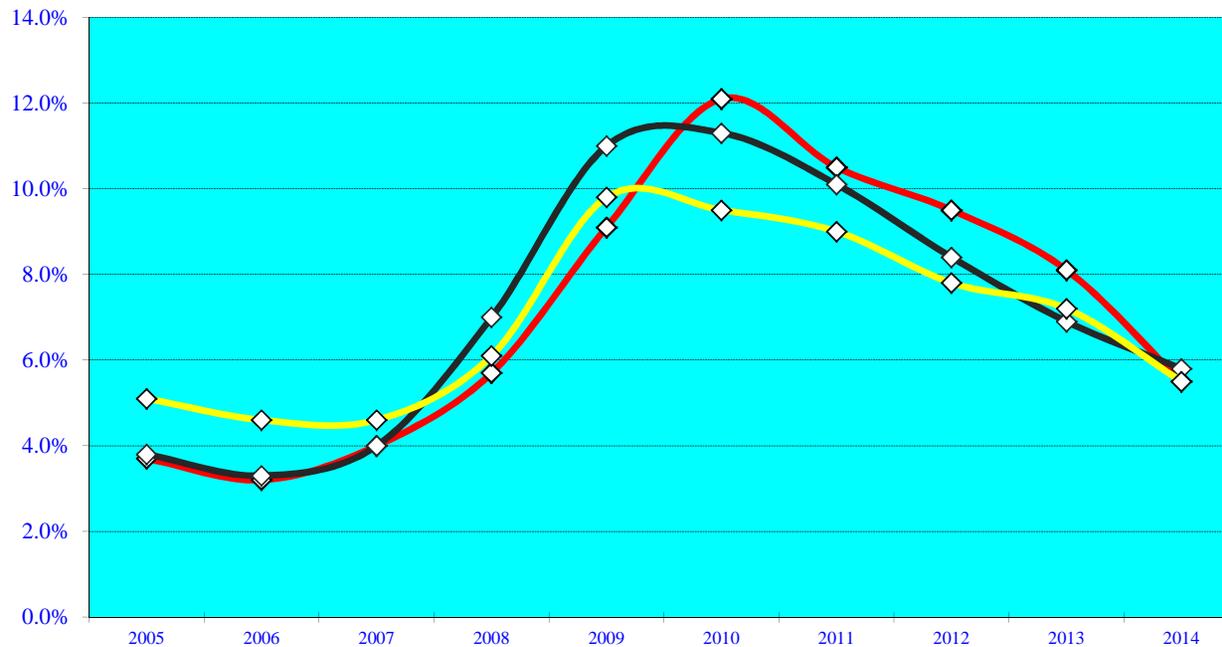
Previously, Hillsborough County's highest unemployment rate was 7.4 percent in FY 1992, the result of a declining economic environment in the aftermath of 9/11. In FY 2003, the unemployment rate declined and continued to decline for four consecutive years (FY 2003 through FY 2006). With the economy nationwide on shaky ground, unemployment rose from 3.2 percent in FY 2006 to 5.7 percent in FY 2008 as cash-strapped consumers pulled back and businesses slowed down. FY 2009 unemployment jumped to 9.1 percent as the auto industry announced it could not survive without financial help. FY 2010 unemployment continued to rise up to 12.1 percent, an all-time high. FY 2011 unemployment dropped to 10.5% and the decline has continued through FY 2014 at 5.5 percent unemployment.

From FY 2005 through FY 2007 State wide unemployment has mirrored Hillsborough County's unemployment. FY 2008 and FY 2009 State Wide Employment rose higher than Hillsborough County's. However, from FY 2010 through FY 2013 the State has been lower than the County.

FY 2008 was the first time in the ten years presented that the U.S. unemployment rate was lower than the State at 6.1 percent, and continues to be lower through FY 2012. FY 2013 it was higher but, in 2014 it was lower than the State and the same as the County at 5.5 percent. For these reasons, the chart continues to be classified as *Positive*.

# Unemployment Rate

## Hillsborough County



### Hillsborough Trend

Positive ←

Marginal

Negative

### **Warning Trend**

**Increasing rate of local unemployment**

LEGEND:	Red Line – Hillsborough County		Black Line – State of Florida				Yellow Line – United States			
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Hillsborough County Unemployment Rate</b>	3.7%	3.2%	4.0%	5.7%	9.1%	12.1%	10.5%	9.5%	8.1%	5.5%
<b>FL Unemployment Rate</b>	3.8%	3.3%	4.0%	7.0%	11.0%	11.3%	10.1%	8.4%	6.9%	5.8%
<b>US Unemployment Rate</b>	5.1%	4.6%	4.6%	6.1%	9.8%	9.5%	9.0%	7.8%	7.2%	5.5%

**NOTE: March 2015 Unemployment - Hillsborough 5.1%; Florida 5.7%; United States 5.5%**

**SOURCE: FLORIDA RESEARCH & ECONOMIC INFORMATION DATABASE APPLICATIONS (FREIDA)**

Percentages are as of September 30th

## **Total Construction Value**

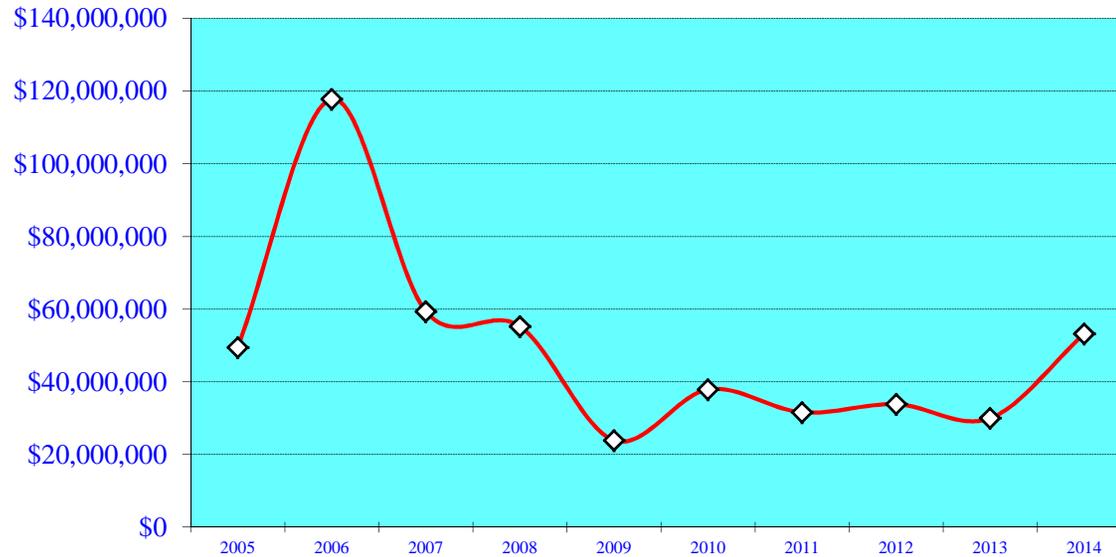
Changes in total construction value are important because these indicators describe a community's wealth and its ability to generate revenues (that is, level of personal, commercial and industrial income). On the other hand, they constitute the demands which the community will make on its government such as public safety, capital improvements and social services. Serving residential development usually costs government more than the revenue it receives. This is not true in high density residential areas occupied by middle-aged wealthy families who own expensive homes and spend generously on consumer goods, who look to the government for few services, and whose children have already left home. Commercial development pays for itself and industrial development creates surpluses.

### **WARNING TREND Declining constant dollar total construction**

Total new construction, *in constant dollars*, had a steep increase in new construction from FY 2005 to FY 2006 as a result of residential construction, with the subdivisions Magnolia Green and Trapnell Ridge; and commercial construction of the wastewater treatment plant, The Villages, Citrus Landing Office Park and Mendonsa Commercial Center. For FY 2007 there was a dramatic down turn in new construction associated with the rapid decline in the housing industry and the financial woes of the mortgage lenders. FY 2008 was almost on par with FY 2007, despite the rapid decline in the housing industry. FY 2009 saw an even more dramatic down turn in commercial construction (\$9,216,316 the lowest point in the ten year period) and to a lesser degree in residential construction (\$14,672,284). FY 2010 saw a jump in total new construction despite the significant drop in residential construction. FY 2011 the decline returned as commercial construction slumped and residential rebounds. FY 2012 reflects a modest increase as residential construction drops back to the FY2010 level. FY 2013 reflects a return to the FY2009 level with residential construction down (\$8,405,374 the lowest point in the ten year period). FY 2014 jumped to \$53,213,803 and almost equaled FY2007. For these reasons, the chart has been reclassified from *Negative* back to *Marginal*.

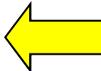
# Total Construction Value

## In Constant Dollars



### Plant City Trend

Positive

Marginal 

Negative

**Warning Trend**  
Declining constant dollar  
total construction

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total Construction	60,894,854	148,425,723	76,606,337	75,154,177	32,010,781	51,526,266	44,547,827	48,732,096	43,476,771	78,756,428
CPI	1.23	1.26	1.29	1.36	1.34	1.36	1.41	1.44	1.45	1.48
Commercial Construction in Constant Dollars	49,508,011	117,798,193	59,384,757	55,260,424	23,888,643	37,886,960	31,594,204	33,841,733	29,983,980	53,213,803

## **Residential Construction Value**

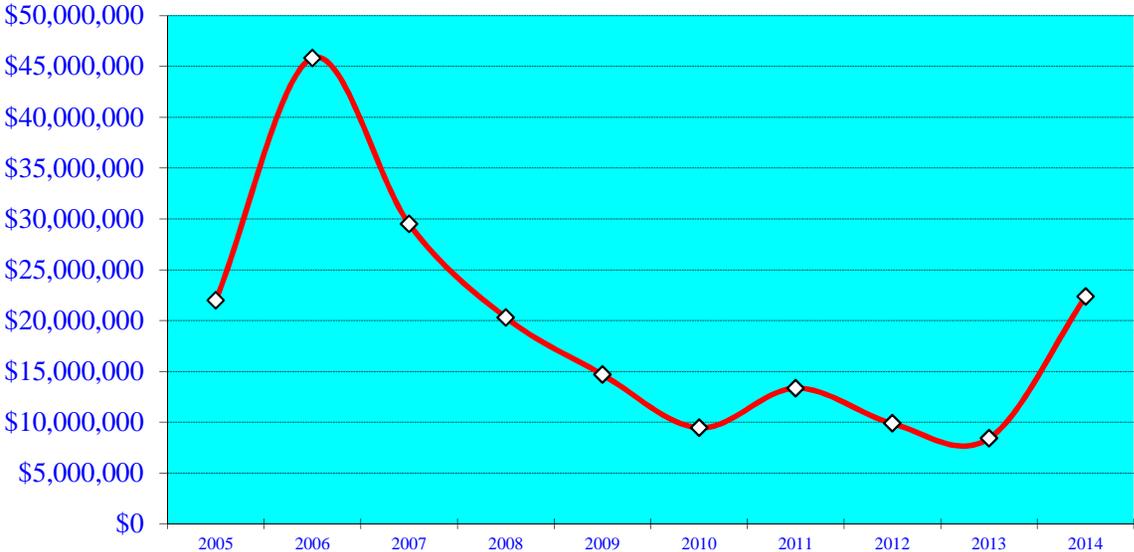
Changes in residential construction value are important because these indicators describe a community's wealth and its ability to generate revenues (that is, level of personal, commercial and industrial income). On the other hand, they constitute the demands which the community will make on its government such as public safety, capital improvements and social services. Residential development usually costs government more than the revenue receipts it receives. This is not true in high density residential areas occupied by middle-aged wealthy families who own expensive homes and whose children have already left home, spend generously on consumer goods, and who look to the government for few services.

### **WARNING TREND Declining constant dollar residential construction**

Residential new construction, *in constant dollars*, peaked at \$45,839,114 with the Magnolia Green and Trapnell Ridge subdivisions in FY 2006, For FY 2007 there was a dramatic down turn in residential construction associated with the rapid decline in the housing industry. In FY 2008 the slump continued as a result of the financial woes of the mortgage lenders. FY 2009 continued to decline with the auto industry having to get financial help from the Federal Government in order to continue in business. FY 2010 the slump continued as a result of the very slow recovery of the nation's economy. FY 2011 there was the beginning of a rebound with the construction back near the 2003 level. Then, in FY 2012 there was a decline back to the FY 2010 level. FY 2013 the decline continued (\$8,405,374 the lowest point in the ten year period). FY2014 saw a dramatic upturn For these reasons, the chart has been reclassified from *Negative* back up to *Marginal*.

# Residential Construction Value

## In Constant Dollars



### Plant City Trend

Positive

Marg ←

Negative

**Warning Trend**  
Declining constant dollar residential construction

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Residential Construction	27,042,015	57,757,284	38,058,808	27,607,216	19,660,861	12,839,135	18,815,478	14,213,466	12,187,792	33,088,808
CPI	1.23	1.26	1.29	1.36	1.34	1.36	1.41	1.44	1.45	1.48
Residential Construction in Constant Dollars	21,985,378	45,839,114	29,502,952	20,299,424	14,672,284	9,440,540	13,344,311	9,870,463	8,405,374	22,357,303

## **Commercial Construction Value**

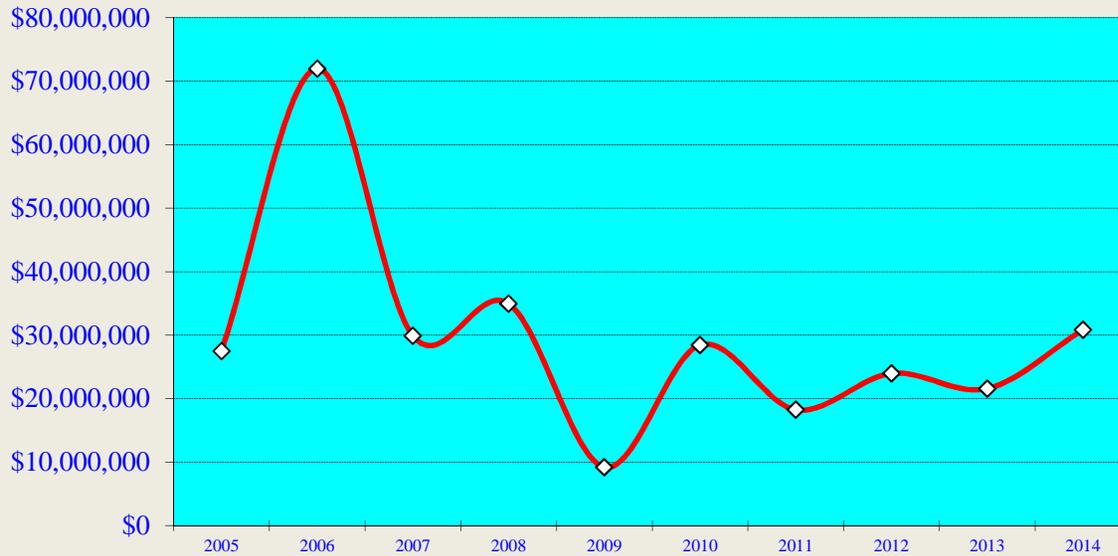
Changes in commercial construction value are important because these indicators describe a community's wealth and its ability to generate revenues (that is, level of personal, commercial and industrial income). On the other hand, they constitute the demands which the community will make on its government such as public safety, capital improvements and social services. Commercial development pays for itself and/or creates surpluses.

### **WARNING TREND Declining constant dollar commercial construction**

Commercial new construction, like residential construction, also had a dramatic jump in FY 2006. The increase was generated by the new wastewater treatment plant, the Villages, Citrus Landing Office Park and Mendonsa Commercial Center. The wastewater treatment plant was \$39 million alone. For FY 2007 there was a dramatic down turn in new construction associated with the rapid decline in the housing industry and the financial woes of the mortgage lenders. FY 2008 reflects an upward trend as a result of the new Fairfield Inn, the Publix enlargement on Jim Redman Highway, new office and bank building on Alexander Street, and a new Aviation Authority Hanger. FY 2009 saw another dramatic down turn in commercial construction with the auto industry having to get financial help from the Federal Government in order to continue in business. FY 2010 reflects an increase back to the 2003 level. FY 2011 saw another slump back down. FY 2012 reversed the trend and went back near the FY 2010 level. FY 2013 reflects a downward trend once again. FY2014 reflects an increase in Commercial construction greater than in FY2007 or FY2010. For these reasons, the chart has been reclassified from *Marginal* up to *Positive*.

# Commercial Construction Value

## In Constant Dollars



### Plant City Trend

Positive ←

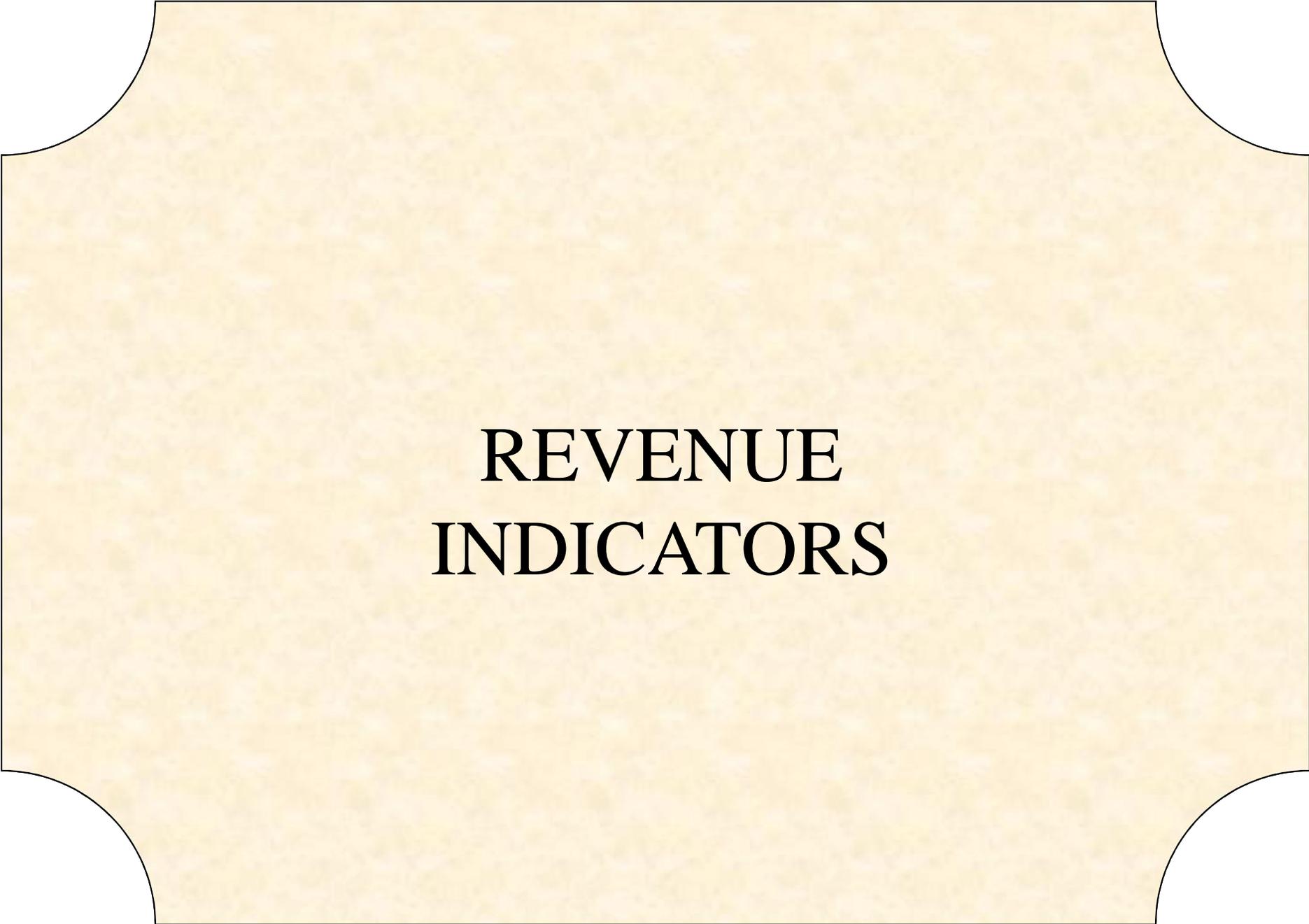
Marginal

Negative

### **Warning Trend**

**Declining constant dollar  
commercial construction**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Commercial Construction	33,852,839	90,668,439	38,547,529	47,546,961	12,349,920	38,687,131	25,732,349	34,518,630	31,288,979	45,667,670
CPI	1.23	1.26	1.29	1.36	1.34	1.36	1.41	1.44	1.45	1.48
Commercial Construction in Constant Dollars	27,522,633	71,959,079	29,881,805	34,961,001	9,216,358	28,446,420	18,249,893	23,971,271	21,578,606	30,856,534



# REVENUE INDICATORS

## **REVENUE INDICATORS**

### **GENERAL INFORMATION**

Revenues determine the capacity to provide services. Important issues to consider relative to revenues are growth, diversity, reliability, flexibility and administration. Under ideal conditions revenues will grow at a rate equal to or greater than the combined effects of inflation and expenditure pressures from new and/or expanded services. They will be sufficiently flexible (non-dedicated funding) to allow necessary adjustments in response to changing conditions. They will be diversified in their resources so as not to be overly dependent on residential, commercial or industrial land uses or on external funding sources such as federal grants or discretionary state aid. User fees would be regularly evaluated and revised to cover the true cost of providing services.

Analyzing a revenue structure will aid in identifying the following types of problems:

- ❑ Deterioration in revenue base;
- ❑ Internal procedures or legislative priorities that may adversely affect revenue;
- ❑ Over-dependence on obsolete or external revenue sources;
- ❑ User fees that are not covering the cost of providing services;
- ❑ Changes in tax burden;
- ❑ Lack of cost controls and poor revenue estimating practices;
- ❑ Inefficiency in collection or administration of revenue.

## **Revenue Per Capita**

Examining per capita revenues shows changes in revenues relative to changes in population size. As population increases, it might be expected that revenues and the need for services would increase proportionately, and therefore that the level of per capita revenues would remain at least constant in real terms. If per capita revenues are decreasing, the government may be unable to maintain existing service levels unless it finds new revenue sources or ways to reduce costs. This assumes that the cost of services is directly related to population size.

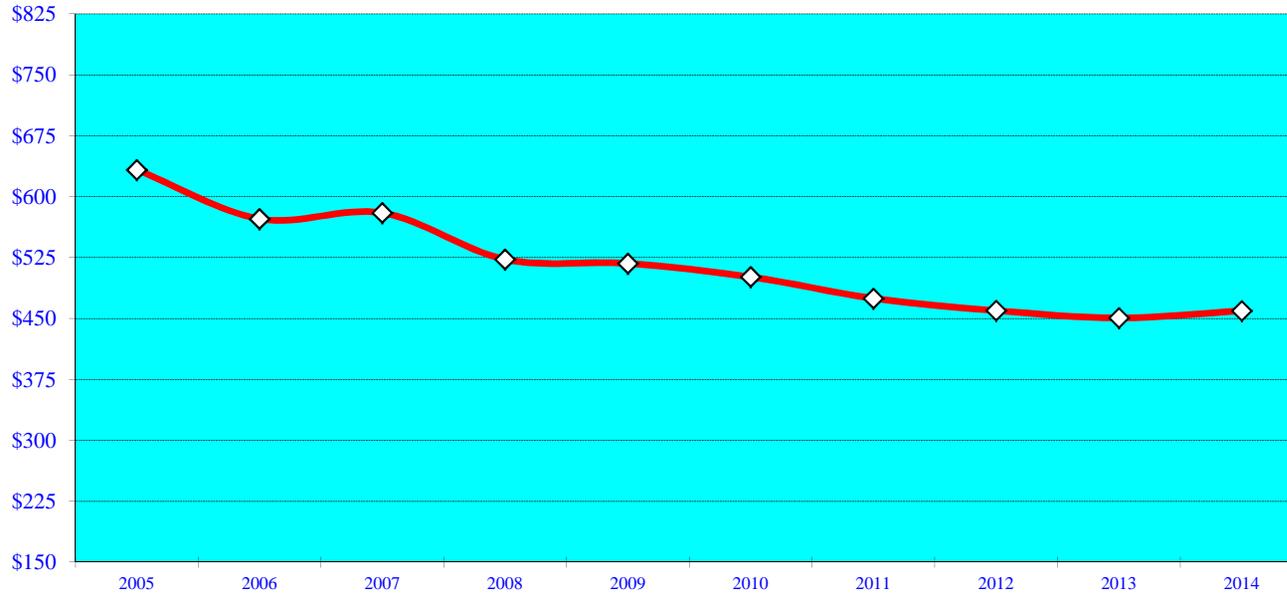
### **WARNING TREND Declining per capita revenue growth rate**

After accounting for inflation, the City's per capita revenue in the General Fund increased from \$498.39 in FY 2004 to \$633.08 (a ten year high) in FY 2005, because the debt issuance of \$3,180,000 (to refinance a portion of the 1999 loan for the stadium), was recorded in the General Fund. From FY 2006 to FY 2007 revenues per capita increased slightly. From FY 2008 through FY 2013 declined to a low of \$450.73. FY2014 saw a slight increase in Revenues per Capiota to \$459.50 For these reasons, the chart continues to be classified as Negative.

**NOTE:** General Fund gross operating revenues include total General Fund revenues, as well as, other financing uses (transfers in).

# Revenue Per Capita - General Fund

In Constant Dollars

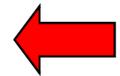


## Plant City Trend

Positive

Marginal

Negative



## **Warning Trend**

**Declining per capita  
revenue growth rate**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Gross Operating Revenue	25,235,808	23,693,634	24,894,362	23,819,798	23,108,396	23,667,108	23,262,502	23,145,047	23,078,863	24,452,061
CPI	1.23	1.26	1.29	1.36	1.34	1.36	1.41	1.44	1.45	1.48
In Constant Dollars	20,516,917	18,804,471	19,297,955	17,514,557	17,245,072	17,402,285	16,498,228	16,072,949	15,916,457	16,521,663
Population	32,408	32,834	33,277	33,500	33,306	34,721	34,746	34,963	35,313	35,956
Operating Revenue Per Capita in Constant Dollars	633.08	572.71	579.92	522.82	517.78	501.20	474.82	459.71	450.73	459.50

## Restricted Revenue

Restricted revenue is that which is legally earmarked or dedicated for a specific purpose. For example, gas tax revenue must be used for street maintenance or improvements. Grant revenue is also generally restricted to specific purposes. As a municipality's reliance on this type of revenue increases, it loses the latitude to respond to changing conditions. It also makes the municipality vulnerable to dictates from outside agencies. The restricted revenue indicator is one that has both a positive side and a negative side. Initially, an increase is positive, as operating revenue is not tapped to perform certain capital and infrastructure improvements. However, on a long term basis, it indicates that the municipality's recurring revenue sources are not sufficient to provide for necessary capital improvements.

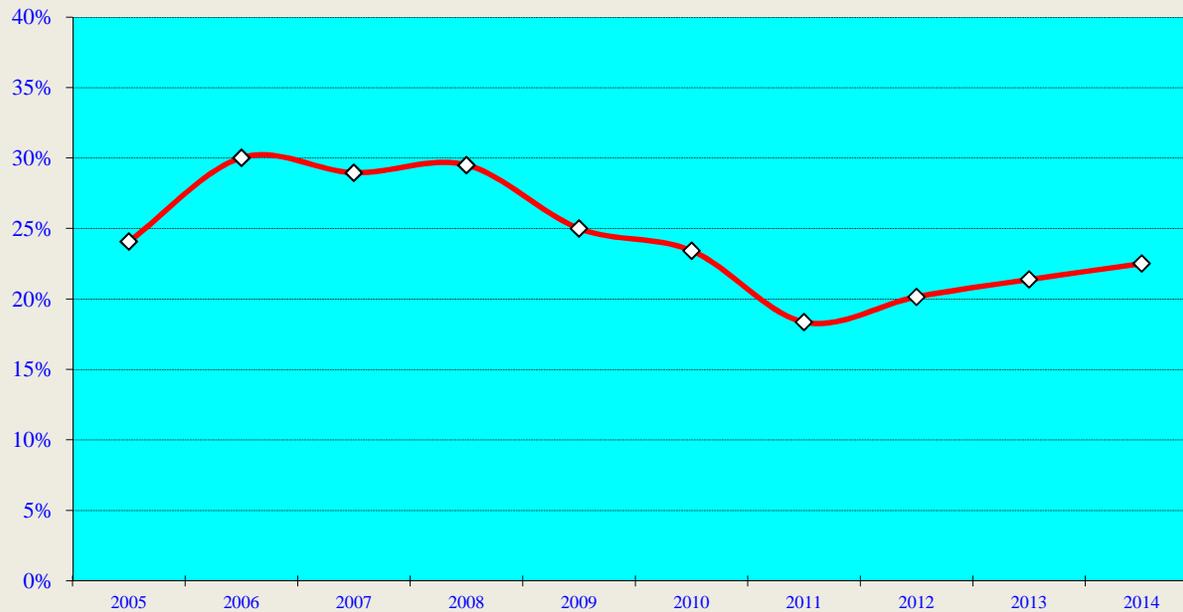
### **WARNING TREND    Increasing amount of restricted revenue as a percent of operating expenses**

Plant City's restricted revenue in the Governmental Funds includes Streets and Stormwater\*, Community Redevelopment Agency, Special Revenue Funds (Community Services, Community Investment Tax) and Debt Service Funds (Infrastructure Sales Tax Revenue Bonds, Stadium Loan) and Capital Projects Funds.

For FY 2011 Plant City achieved a ten year low of restricted operating revenue to net operating revenue, at 18.37 percent ratio. This was achieved as a result of restricted revenue decreasing while operating revenue also dropped. FY 2012 restricted revenues rose and operating revenues remained flat resulting in an increased ratio of 20.16 percent. The ten year high was 30.03 percent ratio of restricted operating revenue to net operating revenue in FY 2006. The increase in percent of operating revenues from FY 2005 (24.09 percent) was caused by significant additional impact fees (up \$1,744,167) as a result of the impact fee for new homes going to an average of \$2,627 on January 1, 2006, vs. an average of \$104 prior to the fee schedule increase. Also, intergovernmental revenues increased \$185,867 because of Streets and Stormwater grants. FY 2008 saw a slight increase in restricted revenues while operating revenues remained constant, thus the percentage moved up to 29.51 percent. FY 2009 923 which resulted in an increase in the percentage ratio (21.39%). saw both restricted and operating revenues decrease \$2.2 million and \$2.7 million respectively, resulting in a decrease to a 25.01 percent ratio. FY 2013 saw restricted revenue increase \$436,987, while operating revenue only increased \$367, Again, FY2014 saw restricted revenues increase in the Street Fund and Capital Projects Fund. For these reasons, the chart continues to be classified as *Marginal*.

# Restricted Revenue

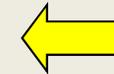
## As a Percent of Operating Revenues



### Plant City Trend

Positive

Marginal



Negative

**Warning Trend**  
 Increasing amount of  
 restricted revenue as a  
 percent of operating revenues

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009**</u>	<u>2010**</u>	<u>2011**</u>	<u>2012**</u>	<u>2013**</u>	<u>2014**</u>
Restricted Revenue	6,902,690	9,658,132	9,697,707	9,877,904	7,708,440	7,240,174	5,234,618	5,843,902	6,280,889	7,105,051
Operating Revenue *	28,651,727	32,159,193	33,477,701	33,472,440	30,816,836	30,907,282	28,497,120	28,988,949	29,356,872	31,552,371
Restricted Revenue as a percent of Operating Revenues	24.09%	30.03%	28.97%	29.51%	25.01%	23.43%	18.37%	20.16%	21.39%	22.52%

\* Includes General Fund, Streets & Stormwater, Community Redevelopment Agency and Non Major Governmental Funds.

\*\* Excludes Stormwater Effective 10-1-08 as it is an Enterprise Fund.

## **Intergovernmental Revenue**

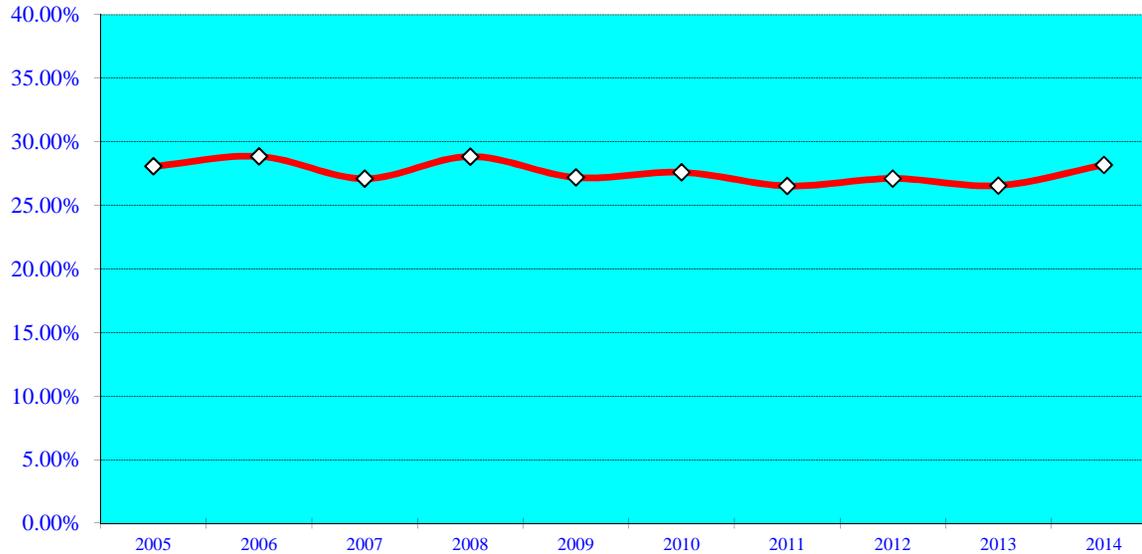
Intergovernmental revenue (revenue received from another governmental entity) is closely related to restricted revenue, in that, typically, it is intended to fund a specific activity. This is a marginal indicator, as an increasing dependence on intergovernmental revenue also provides little latitude in discretionary spending, and may be eliminated with little notice. Nevertheless, a municipality may want to maximize its use of intergovernmental revenues, consistent with its service priorities and financial condition. The primary concern in analyzing intergovernmental revenues is determining whether the local government is controlling its use of the external revenue – or whether these revenues are controlling the local government.

### **WARNING TREND Increasing amount of intergovernmental revenues as a percent of gross operating revenues**

In FY 2005 the increase of \$1,123,056 in intergovernmental revenue is due to a statutory provision affecting State Revenue Sharing Fund distribution, an increase in the half-cent sales tax revenue and FEMA reimbursements. Gross operating revenues increased \$6,297,673 primarily due to the debt issuance of \$3,180,000 (to refinance a portion of the 1999 loan for the stadium), being recorded in the General Fund and significant additional impact fees (up \$1,744,167) as a result of the impact fee for new homes going to an average of \$2,627 on January 1, 2006, vs. an average of \$104 prior to the fee schedule increase. FY 2006 through FY 2014 intergovernmental revenues have continued to remain mostly stable at \$6.9 million to \$6.1 million while Gross Operating Revenues have also continued to remain stable at \$23.0 million to \$24.0 million, resulting in the percentage staying level at 26 to 28 percent. For this reason, the chart continues to be classified as *Marginal*.

# Intergovernmental Revenue

## As a Percent of General Fund Revenues



### Plant City Trend

Positive

Marginal

Negative

**Warning Trend**  
**Increasing amount of**  
**intergovernmental revenues**  
**as a percent of gross**  
**operating revenues**

Intergovernmental Revenue	7,083,975	6,835,524	6,762,635	6,869,466	6,283,287	6,531,780	6,170,718	6,275,383	6,129,002	6,891,998
Gross Operating Revenue	25,235,808	23,693,634	24,169,994	23,819,798	23,108,396	23,667,108	23,262,502	23,145,047	23,078,863	24,452,061
Intergovernmental Revenue as a % of Operating Revenues	28.07%	28.85%	27.98%	28.84%	27.19%	27.60%	26.53%	27.11%	26.56%	28.19%

**COMMUNICATIONS SERVICE TAX IS A LARGE PERCENT (18.5%) OF INTERGOVERNMENTAL REVENUE. FOR FY2016 AND BEYOND, THIS SOURCE OF REVENUE WILL CONTINUE TO SHRINK.**

## Property Tax Revenue Per Capita

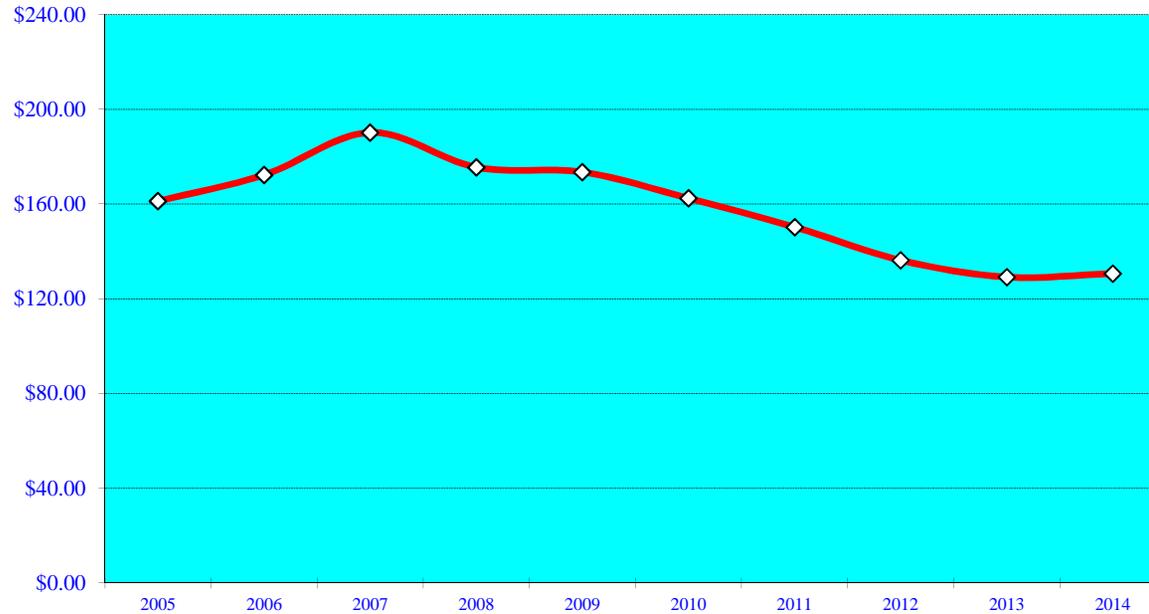
A decline or a diminished growth rate in property taxes can result from a number of causes. First, it may reflect an overall decline in property values resulting from the aging of buildings, a decline in local economic health, or a decline in total number of households, which can depress the housing market. Second, it may result from default on property taxes by property owners. Third, it may result from inefficient assessment or appraisal. Finally, a decline can be the result of changes imposed by state statute or Constitutional amendment.

### **WARNING TREND Declining or negative growth in property tax revenues**

Plant City's property tax revenue per capita, *in constant dollars*, (after inflation) increased three years in a row. Then starting with FY 2008 property tax revenue per capita began a six year decline, down to \$129.17 per capita, as a result of the economy and the devaluation in assessed property. In FY 2007 property tax revenue per capita peaked at \$190.19. The millage rate had remained constant at 4.70 mills for four years (FY 2004 to FY 2007). In FY 2008 the millage was rolled back to 4.1653 mills, and the property tax revenue, *in constant dollars*, declined \$449,881, while population increased, resulting in a lower per capita revenue at \$175.49. In FY 2009 the millage rate was raised to 4.7157 mills, however, the property tax revenue, *in constant dollars*, declined, while population decreased, resulting in a lower per capita revenue at \$173.48. FY 2010 the millage rate remained at 4.7157 mills, however the property tax revenue, *in constant dollars*, declined, while population increased (most likely as a result of the census), resulting in lower per capita revenue at \$162.41. FY 2011 the millage rate remained level at 4.7157 mills; however the property tax revenue, *in constant dollars*, declined, while population remained level, resulting in lower per capita revenue at \$150.24. FY 2012 the millage rate remained at 4.7157 mills, but property tax revenue, *in constant dollars*, continued to decline, while population increased, resulting in per capita revenue at \$136.24. FY 2013 the millage rate remained at 4.7157 mills, but property tax revenue, *in constant dollars*, continued to decline, while population increased, resulting in per capita revenue dropping to the low of \$129.17. FY2014 property revenues once again began to increase while the millage rate remained unchanged. For these reasons, the chart continues to be classified as *Negative*.

# Property Tax Revenue Per Capita

## In Constant Dollars - General Fund

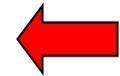


### Plant City Trend

Positive

Marginal

Negative



### **Warning Trend**

**Declining or negative  
growth in property tax  
revenues**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Property Tax Revenue	6,426,363	7,128,155	8,164,348	7,995,537	7,742,480	7,669,112	7,360,534	6,859,445	6,613,820	6,950,821
CPI	1.23	1.26	1.29	1.36	1.34	1.36	1.41	1.44	1.45	1.48
Property Tax Revenue In Constant Dollars	5,224,685	5,657,266	6,328,952	5,879,071	5,777,970	5,639,053	5,220,237	4,763,503	4,561,255	4,696,501
Population	32,408	32,834	33,277	33,500	33,306	34,721	34,746	34,963	35,313	35,956
Property Tax Revenue Per Capita In Constant Dollars	161.22	172.30	190.19	175.49	173.48	162.41	150.24	136.24	129.17	130.62

## **Uncollected Property Tax**

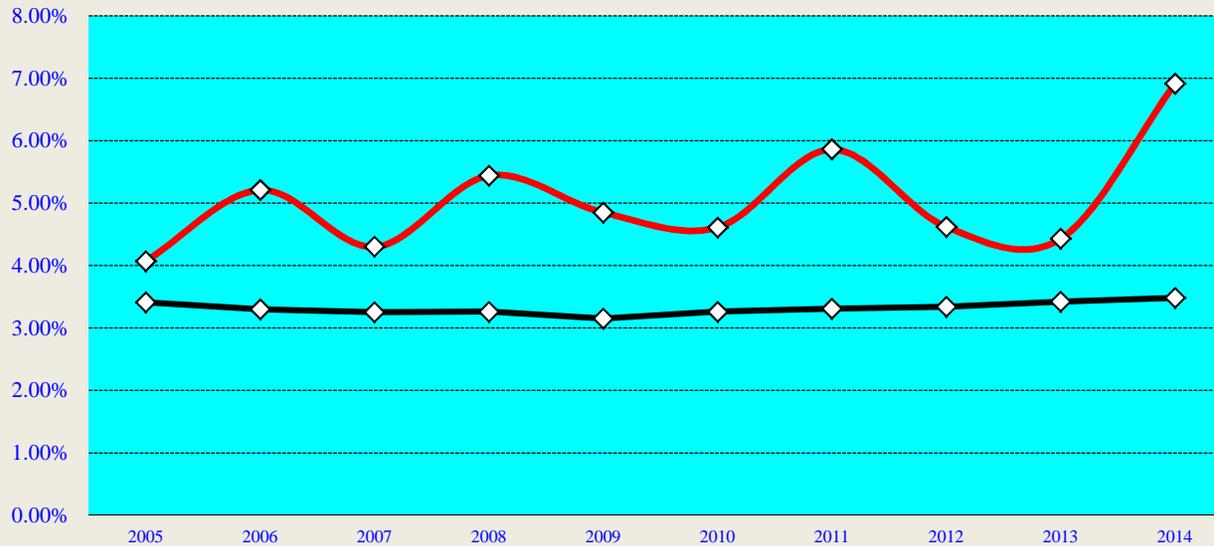
Every year, a percentage of property owners are unable to pay property taxes. If this percentage increases over time, it may indicate overall decline in the local government's economic health. Credit rating firms assume that local government will be unable to collect from 2 to 3 percent of its property taxes within the year that the taxes are due. If uncollected property taxes rise to more than 5 to 8 percent, they consider this a negative factor because it signals potential problems in the stability of the property tax base.

### **WARNING TREND Increasing amount of uncollected property tax as a percent of taxes levied**

Uncollected property tax, as a percent of property tax levied (per the Tax Collector\*), varies over the ten year period with a high of 6.91 percent in FY 2014 to a low of 4.07 percent in FY 2005. An analysis of the Property Taxes Collected shows that in addition to "Discounts Allowed", there are "Unpaid Taxes" and "Uncollectible Taxes". "Discounts Allowed" is represented by the almost flat Black Line across the middle of the chart. This represents a low of 3.15 percent (FY 2009) of the amount uncollected in property tax up to a high of 3.48% (FY 2014). These amounts are more in line with what the credit rating firms assume will be uncollected (2 to 3 percent). Please note that the difference between what the Tax Collector reports as taxes collected differs from what City reports as taxes collected. In almost every case the difference is prior year taxes collected. City property tax collected includes delinquent taxes from prior years. For FY 2014 the gross uncollected percentage increased from 4.43 percent in 2013 to 6.91 percent in 2014. For this reason, the chart has been reclassified from *Positive* down to *Marginal*.

# Uncollected Property Tax

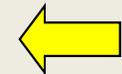
## As a Percent of Property Taxes Levied



### Plant City Trend

Positive

Marginal



Negative

### **Warning Trend**

**Increasing amount of uncollected tax as a percent of taxes levied**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Property Tax Levied*	6,980,585	7,944,030	9,113,747	8,978,427	8,715,356	8,636,579	7,609,030	7,078,531	6,886,142	7,185,572
Property Tax Collected*	6,696,250	7,530,510	8,721,530	8,489,886	8,292,630	8,238,211	7,163,430	6,751,422	6,581,401	6,688,804
<b>Percent Uncollected</b>	<b>4.07%</b>	<b>5.21%</b>	<b>4.30%</b>	<b>5.44%</b>	<b>4.85%</b>	<b>4.61%</b>	<b>5.86%</b>	<b>4.62%</b>	<b>4.43%</b>	<b>6.91%</b>
Discounts*	238,135	261,964	296,060	292,890	274,392	281,945	252,024	236,257	235,520	250,014
Unpaid Taxes*	11,053	69,731	77,953	178,436	114,020	82,362	163,912	51,642	47,545	33,879
Uncollectible Taxes*	35,147	81,825	18,204	17,215	34,314	34,062	29,664	39,210	21,676	21,908
Property Tax Collected**	6,725,238	7,536,911	8,732,982	8,609,305	8,352,068	8,378,592	7,360,534	6,859,445	6,613,820	6,950,821
Difference	28,988	6,401	11,452	119,419	59,438	140,381	197,104	108,023	32,419	262,017
Prior Year Taxes**	28,988	6,401	9,960	119,419	58,772	140,381	197,104	108,023	36,443	62,237

\* Per Tax Collector

\*\* Per City

## Utility Tax Revenue

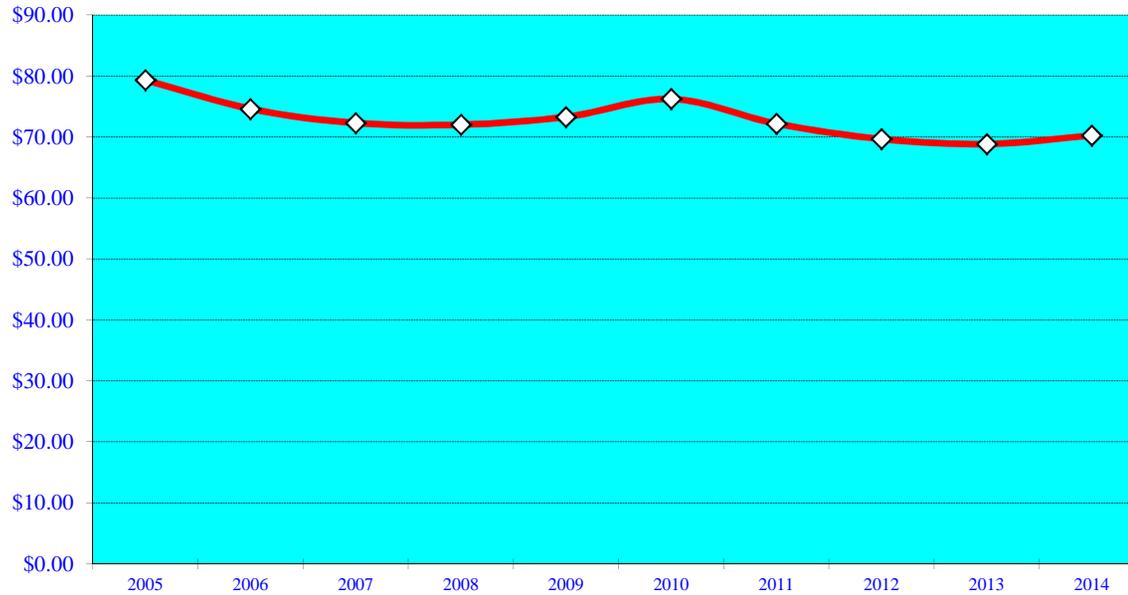
Examining per capita Utility Tax revenues shows changes in revenues relative to changes in population size. As population increases, it might be expected that revenues and the need for services would increase proportionately and therefore that the level of per capita revenues would remain at least constant in real terms. If per capita revenues are decreasing, the government may be unable to maintain existing service levels unless it finds new revenue sources or ways to reduce costs. This assumes that the cost of services is directly related to population size.

### **WARNING TREND Declining per capita revenue in constant dollars**

This source of revenue includes Electric, Water and Natural/Bottled Gas. In *constant dollars* FY 2005 Intergovernmental Revenue (\$2,571,766) is almost level with FY 2014 (2,525,934). Utility Tax Revenue per capita ranges from a low of \$68.85 in FY2013 to a high of \$79.36 in FY2005. FY 2014 Utility Tax Revenue, *in constant dollars* was at \$70.25 which is almost the low for the period. For this reason, the chart has been reclassified from *Marginal up to Positive*.

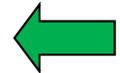
# Utility Tax Revenue Per Capita

## In Constant Dollars



### Plant City Trend

Positive



Marginal

Negative

### **Warning Trend**

**Declining per capita  
revenue in constant dollars**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Utility Tax Revenue	3,163,272	3,086,946	3,103,832	3,281,594	3,271,170	3,600,661	3,537,454	3,508,113	3,525,412	3,738,382
CPI	1.23	1.26	1.29	1.36	1.34	1.36	1.41	1.44	1.45	1.48
In Constant Dollars	2,571,766	2,449,957	2,406,071	2,412,937	2,441,172	2,647,545	2,508,833	2,436,190	2,431,319	2,525,934
Population	32,408	32,834	33,277	33,500	33,306	34,721	34,746	34,963	35,313	35,956
Utility Tax Revenue Per Capita	79.36	74.62	72.30	72.03	73.30	76.25	72.20	69.68	68.85	70.25

## **Franchise Fee Revenue**

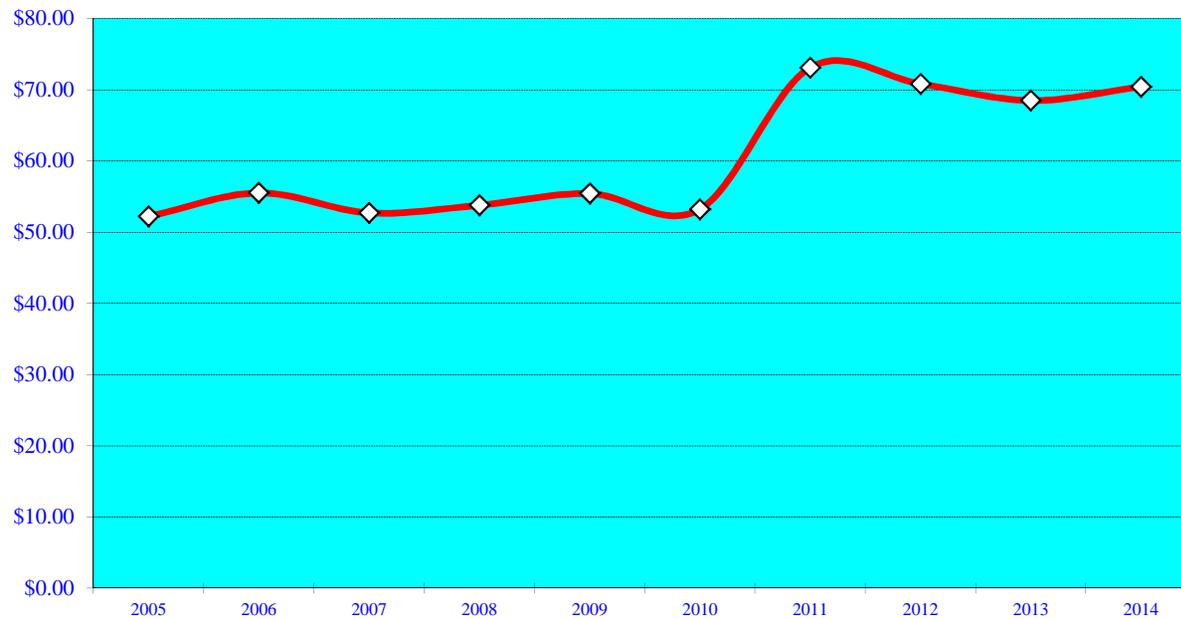
Examining per capita Franchise Fee revenues shows changes in revenues relative to changes in population size. As population increases, it might be expected that revenues and the need for services would increase proportionately and therefore that the level of per capita revenues would remain at least constant in real terms. If per capita revenues are decreasing, the government may be unable to maintain existing service levels unless it finds new revenue sources or ways to reduce costs. This assumes that the cost of services is directly related to population size.

### **WARNING TREND Declining per capita revenue in constant dollars**

For the 10 year period Electric franchise fees have increased, due in the most part to rising fuel costs. Plant City has a 6 percent Franchise fee for TECO and the fee covers all revenues including the Fuel Adjustment Charge. The Fuel Adjustment Charge is based on the rise or fall of fuel (primarily oil and natural gas) used to produce electricity. Fuel Adjustment Charges are passed on to the customers without going to the State for a rate change. Thus, the City has received a 6% fee on these additional charges. FY 2014 Electric franchise fees increased \$234,008 and revenue from the gas franchise increased \$7,335. For this reason, the chart has been reclassified from *Marginal* up to *Positive*.

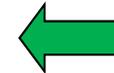
# Franchise Fee Revenue Per Capita

## In Constant Dollars



### Plant City Trend

Positive



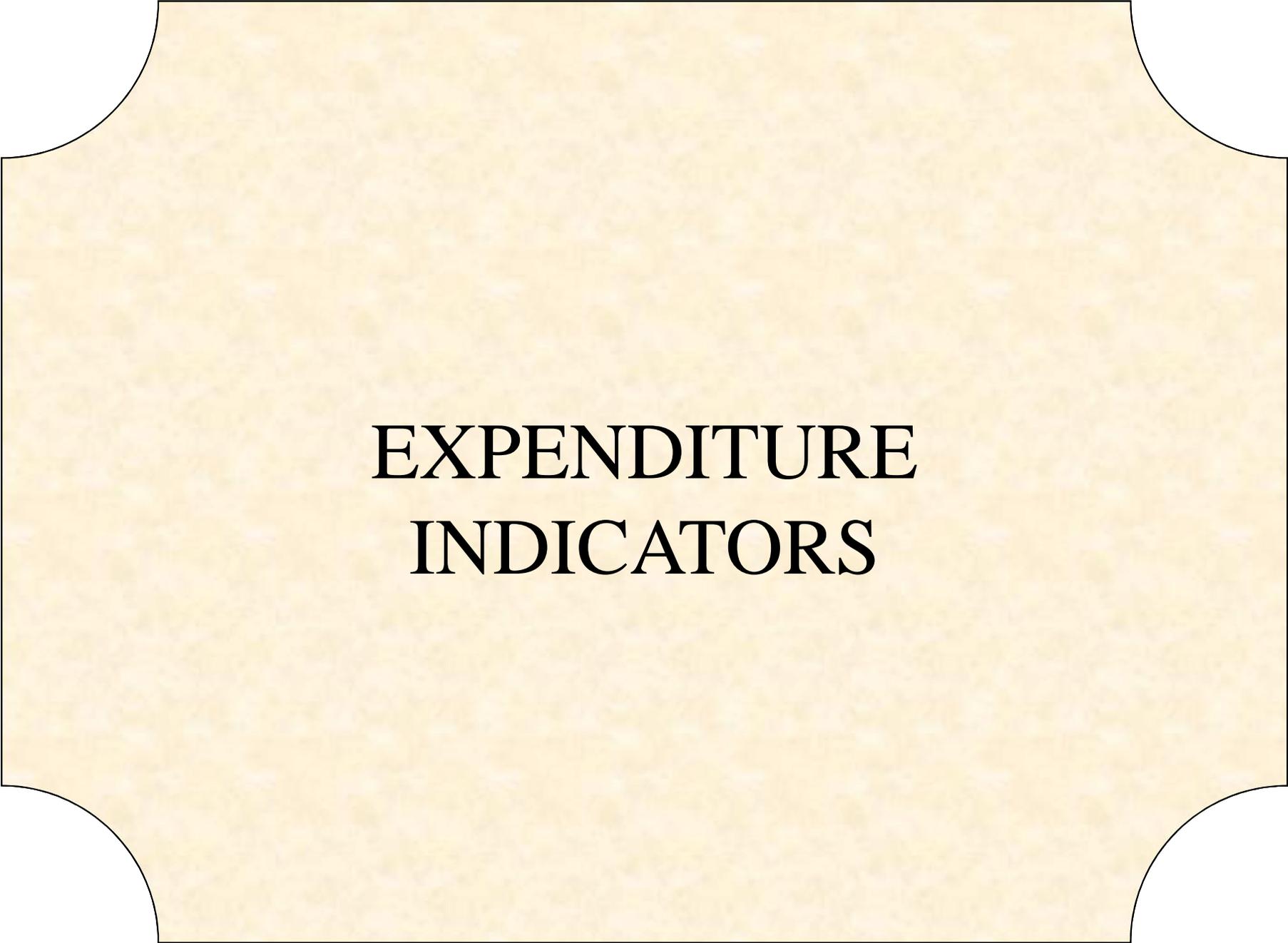
Marginal

Negative

### **Warning Trend**

**Declining per capita  
revenue in constant dollars**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Franchise Fee Revenue	2,081,123	2,297,086	2,477,595	2,450,539	2,474,062	2,512,966	3,582,448	3,566,479	3,507,254	3,748,597
CPI	1.23	1.26	1.29	1.36	1.34	1.36	1.41	1.44	1.45	1.48
In Constant Dollars	1,691,970	1,823,084	1,920,616	1,801,867	1,846,315	1,847,769	2,540,743	2,476,722	2,418,796	2,532,836
Population	32,408	32,834	33,277	33,500	33,306	34,721	34,746	34,963	35,313	35,956
Franchise Fee Revenue Per Capita	52.21	55.52	57.72	53.79	55.43	53.22	73.12	70.84	68.50	70.44



**EXPENDITURE  
INDICATORS**

## **EXPENDITURE INDICATORS**

### **GENERAL INFORMATION**

Expenditures are a rough measure of service output. Generally, the more a government spends in constant dollars, the more services it provides. This reasoning does not take into account how effective the services are or how efficiently they are delivered.

The first issue to consider is the expenditure growth rate to determine whether an entity is living within its revenue. Most cities are required to have balanced budgets: therefore, it would seem unlikely that expenditure growth would exceed revenue growth. Nevertheless, there are a number of ways to balance an annual budget that create a long-term imbalance in which expenditure outlays and commitments exceed anticipated revenues. Some of the most common methods are utilizing bond proceeds for operations, using small amounts of intergovernmental grants, and borrowing or using reserve funds. Other ways are to defer maintenance on streets, buildings or other capital assets, defer funding of pension plan liabilities, or to finance operations through revenue windfalls.

A second issue to consider is expenditure flexibility. Flexibility refers to a municipality's ability to adjust its service levels to changing conditions. Ideally, the expenditure growth rate does not exceed its revenue growth rate, and as such, maximum flexibility to adjust spending would be available. Increases in the percentage of the budget going toward debt service, matching requirements, pension benefits, state and federal mandates, contractual agreements and maintenance of existing capital facilities usually means a decrease in the overall flexibility of spending decisions. Simply put, a city with increasing mandatory costs will be less able to adjust to change.

## **Operating Expenditures Per Capita**

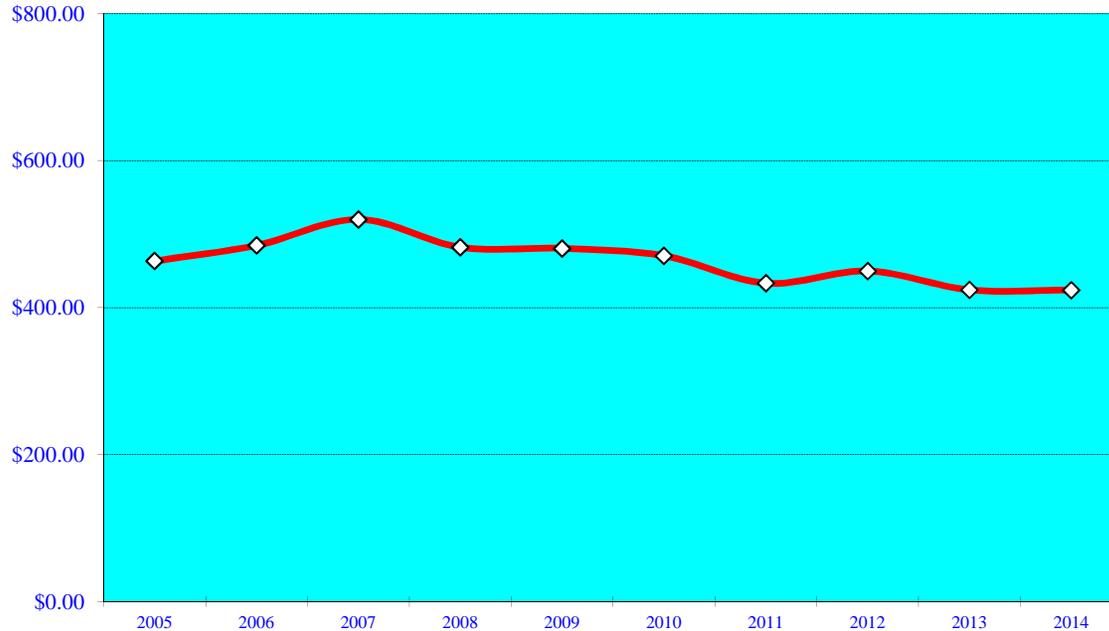
Increasing per capita expenditures can indicate that the cost of providing services is outstripping the community's ability to pay, especially if spending is increasing faster than the residents' collective personal income. If the increase in spending is greater than can be accounted for by inflation or the addition of new services, it may indicate declining productivity – that is, that the government is spending more real dollars to support the same level of services.

### **WARNING TREND Increasing per capita expenditures in constant dollars**

Operating expenditures, in constant dollars, gradually increased through FY 2006. In FY 2007 General Fund operating expenditures increased to \$17,306,611, *in constant dollars*, as a result of adding twenty-one General Fund positions which raised the per capita operating expenditures, *in constant dollars* to a new high of \$520.08. However, FY 2008 and FY 2009 reflect a reversal of the trend, with expenditures being below the FY 2007 level, as a result of eleven (FY 2008) and nineteen (FY 2009) less employees in the General Fund. In FY 2010 employees decreased by thirteen, however, operating expenditures increased \$768,395 due to Public Safety expenditures being \$982,390 higher. FY 2011, employees decreased by thirty, while operating expenditures decreased \$992,141. FY 2012 employees decreased by one, but operating expenditures increased \$1,421,254, as a result of Public Safety (\$792,753) and Capital Outlay (\$863,151). FY 2013, employees decreased by three, and operating expenditures, *in constant dollars*, decreased by \$746,979 for a low of \$424.23 per capita. FY2014 operating expenditures increased \$259,925 mainly the result of all employees receiving a 5.0 percent salary increase, the first in five years. The CIP increased as did population resulting in a new per capita low of \$423.87. For these reasons, the chart continues to be classified as *Positive*.

# Operating Expenditures Per Capita

## General Fund In Constant Dollars



### Plant City Trend

Positive



Marginal

Negative

### **Warning Trend**

**Increasing per capita  
expenditures in  
constant dollars**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total General Fund										
Operating Expenditures	18,475,162	20,052,242	22,325,528	21,964,802	21,450,617	22,219,012	21,226,871	22,648,125	21,722,284	22,556,400
CPI	1.23	1.26	1.29	1.36	1.34	1.36	1.41	1.44	1.45	1.48
Operating Expenditures In Constant Dollars	15,020,457	15,914,478	17,306,611	16,150,590	16,007,923	16,337,509	15,054,518	15,727,865	14,980,886	15,240,811
Population	32,408	32,834	33,277	33,500	33,306	34,721	34,746	34,963	35,313	35,956
Operating Expenditures Per Capita In Constant Dollars	463.48	484.70	520.08	482.11	480.63	470.54	433.27	449.84	424.23	423.87

## **Employees Per Thousand Citizens**

Citizens demand services from local government and also provide tax revenue to pay for those services. Because personnel costs are a substantial and constant portion of any city's budget, an increasing proportion of employees to citizens might indicate declining productivity due to inefficient work protocols, use of obsolete technology, or overstaffing. On the other hand, it also might indicate citizen demand for higher levels of service.

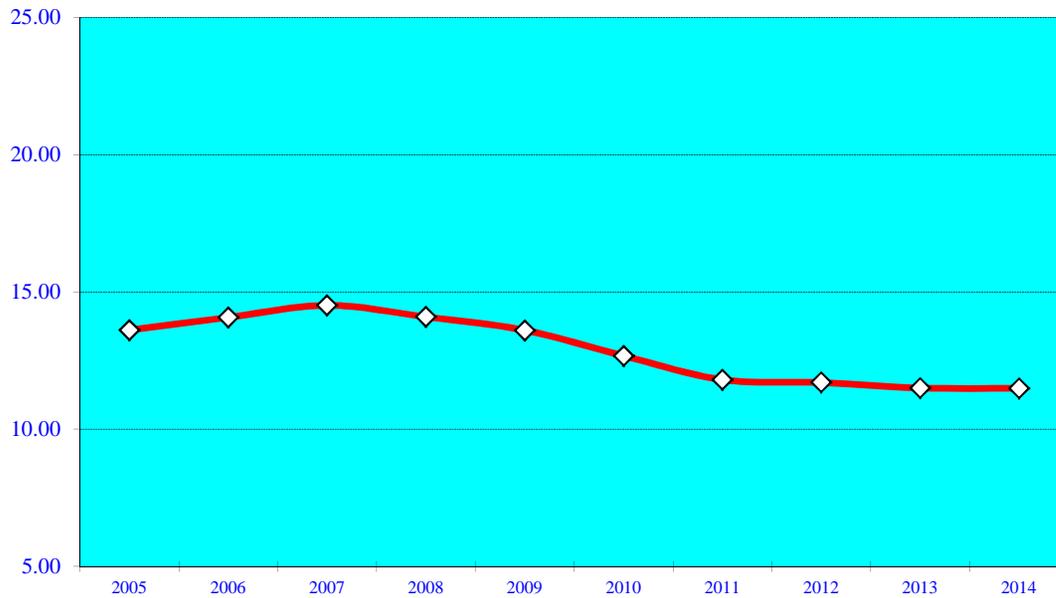
### **WARNING TREND Increasing number of employees per 1,000 citizens**

In FY 2005, twenty-three employees were added to respond to increased service demands in Stormwater, Recreation/Parks, Engineering, Utilities and Police. In FY 2006, twenty-one employees were added to respond to increased service demands in Stormwater, Mass Transit, Sanitation, and Utilities. In FY 2007, a net of twenty-one more employees were added as Stormwater transferred six employees to Parks. The General Fund increased by twenty employees in addition to the Parks employees, and Utilities increased by one employee. FY 2008 the number of employees was reduced to 472 with reductions in the Development Services area. FY 2009 the number of employees was again reduced to 453 with reductions in Public Transit, Police and Development Services areas. FY 2010 the number of employees was again reduced to 440 with reductions in Utilities, Stormwater, Cemeteries, Fire, Recreation and Management Information Systems. FY 2011 the number of employees was again reduced to 410 with reductions in the City Manager's Office, Human Resources, Purchasing, Police, Planning, Recreation and Parks, Building, Utilities, Stormwater and Streets. FY 2012 the total employees was reduced by a net of one. FY 2013 the total employees were reduced by 3, with reductions in Development Services. FY2014 total employees increased by seven with two in the City Manager's Office, one in Community Services, three in the Building Department and one in Engineering. However, population increased by 643 resulting in a ten year low of 11.49 employees per 1,000 citizens. For these reasons, the chart continues to be classified as *Positive*.

**NOTE:** Full-time employees only. No Part-time employees.

# Employees Per Thousand Citizens

All Funds



## Plant City Trend

Positive



Marginal

Negative

## Warning Trend

Increasing number of employees per 1,000 citizens

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Full - Time Employees	441	462	483	472	453	440	410	409	406	413
Population	32,408	32,834	33,277	33,500	33,306	34,721	34,746	34,963	35,313	35,956
Employees Per 1,000 Citizens	13.61	14.07	14.51	14.09	13.60	12.67	11.80	11.70	11.50	11.49

## Average Employee Salary

Salary and wages represent a significant share of operating costs, often amounting to as much as 60% of a municipality's expenditures. It also represents regularly-reoccurring cash outlays to meet a defined payroll schedule. As such it has a significant impact on a municipality's cash position throughout the fiscal year. A longer-term impact is felt when municipalities adjust their wage scales. Attracting and retaining quality employees often is a primary goal of most organizations (both public and private), and an appropriate wage scale is one tool used to accomplish this goal. Therefore, most organizations periodically adjust their wage scales to account for market conditions or competitive pressures. The challenge is to attract and retain the best employees possible while maintaining reasonable payroll costs.

### **WARNING TREND Consistent constant dollar increases/decreases**

In FY 2005 all employees received a 3.0 percent general wage increase. In FY 2006 a 4.25 percent general wage increase was given to all employees. In FY 2007 a 4.2 percent general wage increase was granted all employees. In FY 2008 the number of full-time employees decreased by eleven and a 5.0 percent general wage increase was granted to all employees. In FY 2009 a 4.0 percent general wage increase (capped at a maximum of \$2,000) was granted to all employees and the number of employees decreased by thirty. In FY 2010 no salary increases were given and the number of employees decreased by twelve. In FY 2011 no salary increases were given and the number of employees decreased by fourteen, resulting in the average salary, in constant dollars, dropping to \$32,767. FY 2012 no salary increases were given and the number of employees dropped by two, resulting in the average salary, in constant dollars, dropping to \$32,351. FY 2013 no salary increases were given and the number of employees dropped by one, resulting in the average salary, in constant dollars, increasing to \$32,621. FY2014 all employees received a 5.0 percent increase and the number of employees increased by seven and the average salary per employee, *in constant dollars*, dropped to \$32,395. For these reasons, the chart continues to be classified Positive.

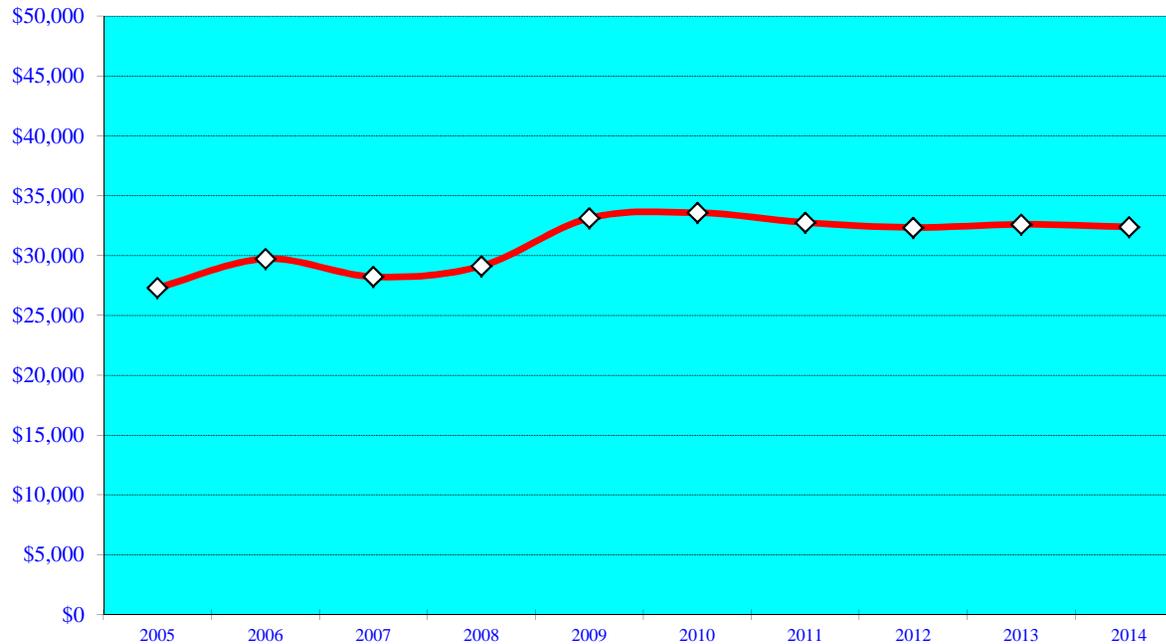
#### **NOTE: 5.0 percent salary increases were given for FY 2014.**

Full-time employees only. No Part-time employees.

Salaries & wages excludes Temporary Pay.

# Average Employee Salary

## General Fund Only - In Constant Dollars



### Plant City Trend

Positive ←  
Marginal  
Negative

**Warning Trend**  
Consistent constant dollar  
increases / decreases

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Full - Time Employees	290	289	315	304	274	262	248	246	245	250
Salaries and Wages - Less Temp Pay	9,742,666	10,825,734	11,472,746	12,045,586	12,167,009	11,966,549	11,458,155	11,459,991	11,588,386	11,986,056
Average Salary	33,595	37,459	36,421	39,624	44,405	45,674	46,202	46,585	47,300	47,944
CPI	1.23	1.26	1.29	1.36	1.34	1.36	1.41	1.44	1.45	1.48
Average Salary Per Employee In Constant Dollars	27,313	29,729	28,233	29,135	33,138	33,584	32,767	32,351	32,621	32,395

## **Fringe Benefits**

The most common forms of fringe benefits are pension, health insurance, vacation, sick and holiday leave, as well as deferred compensation. Benefits represent a significant share of operating costs, often amounting to more than 25 percent of employee compensation. Because the funding and recording of fringe benefits is a complex process, these costs can escalate almost unnoticed, straining the government's finances.

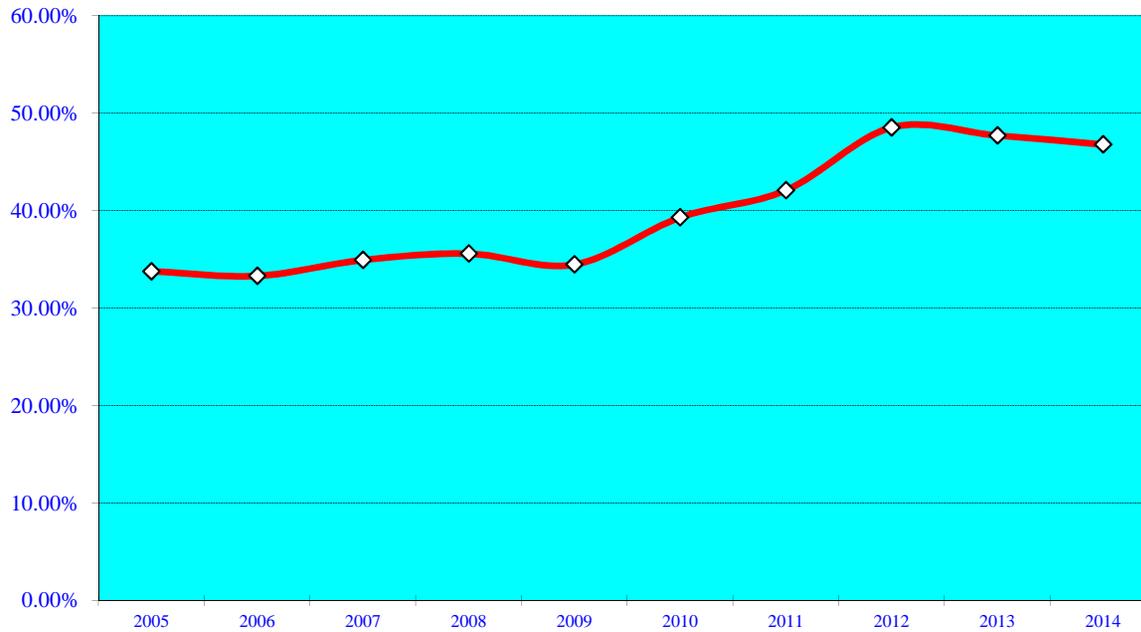
### **WARNING TREND Increasing fringe benefit expenditures as a percent of salaries and wages**

The percentage of fringe benefits to salaries continued to gradually increase the first four years. FY 2009 it decreased to 34.47 percent as a result of Salaries and Wages decreasing \$121,423, while Fringe Benefits decreased \$93,415, caused by reductions in workers compensation (\$60,786) along with a decrease in health insurance costs. Total benefit costs dropped 2.1 percent while salaries and wages increased 1.0 percent. In FY 2010 the percentage of fringe benefits to salaries reached 39.31 percent. Salaries and Wages decreased 1.6 percent while Fringe Benefits increased 13.9 percent. This increase is attributed to safety employees' pension costs. FY 2011 the percentage of fringe benefits to salaries reached 42.1 percent. Salaries and Wages decreased 4.2 percent while Fringe Benefits increased 2.5 percent. This increase is also attributed to safety employees' pension costs. FY 2012 the percentage of fringe benefits to salaries reached a ten year high of 48.55 percent. Salaries and Wages increased ever so slightly while Fringe Benefits increased 15.3 percent, due mainly to safety employee's pension costs. FY 2013 the percentage of fringe benefits to salaries decreased downward to 47.72 percent as a result of both salary and benefits remaining level with FY2012. FY2014 the downward trend continued to 46.8 percent. For this reason, the chart continues to be classified as *Marginal*.

**NOTE:** Salaries & wages exclude Temporary Pay.

# Fringe Benefits

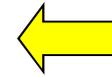
As a Percent of General Fund Salaries and Wages



## Plant City Trend

Positive

Marginal



Negative

**Warning Trend**  
 Increasing fringe benefit expenditures as a percentage of salaries and wages

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Fringe Benefit Costs (GF)	3,291,139	3,606,517	4,008,070	4,287,327	4,193,912	4,704,622	4,823,801	5,563,292	5,529,953	5,609,882
Salaries and Wages - Less Temp Pay	9,742,666	10,825,734	11,472,746	12,045,586	12,167,009	11,966,549	11,458,155	11,459,991	11,588,386	11,986,056
Fringe Benefits as a % of Salaries and Wages	33.78%	33.31%	34.94%	35.59%	34.47%	39.31%	42.10%	48.55%	47.72%	46.80%

## **Salaries and Wages as a Percent of General Fund Expenditures**

Salary and wages represent a significant share of operating costs, often amounting to as much as 60% of a municipality's expenditures. As stated on page 39, attracting and retaining quality employees often is a primary goal of most organizations (both public and private), and an appropriate wage scale is one tool used to accomplish this goal. Therefore, most organizations periodically adjust their wage scales to account for market conditions or competitive pressures. The challenge is to attract and retain the best employees possible while maintaining reasonable payroll costs. This chart differs from the Average Employee Salary chart found on page 40, which measures salaries and wages to number of employees and puts it in constant dollars, whereas this chart measures salaries and wages to total operating expenditures (which includes salaries and wages).

### **WARNING TREND Increasing salary & wage expenditures as a percent of General Fund operating expenditures**

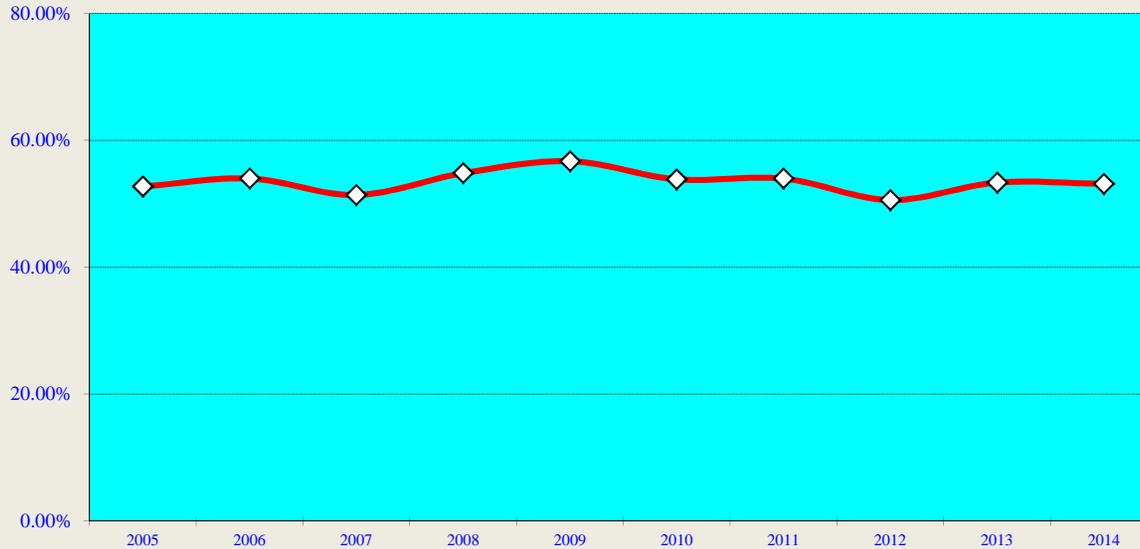
In FY 2005 all employees received a 3.0 percent general wage increase. In FY 2006 a 4.25 percent general wage increase was given to all employees. In FY 2007 a 4.2 percent general wage increase was granted to all employees. In FY 2008 a 5.0 percent general wage increase was granted to all employees. In FY 2009 a 4.0 percent general wage increase (capped at a maximum of \$2,000) was granted to all employees. In FY 2010 no salary increases were given, wages dropped by \$200,460. In FY 2011 no salary increases were given, wages dropped by \$508,394. In FY 2012 no salary increases were given but wages remained at the same level because a one-time bonus, up to \$750 was given to employees, and operating costs increased \$1,421,254. This resulted in a drop to 50.6 percent, the lowest in the ten year period. In FY 2013 no salary increases were given but wages increased because a one-time bonus of 3.0 percent was given to employees, and operating costs dropped \$925,841 resulting in a jump to 53.35 percent. FY 2014 a 5.0 percent increase, the first in five years, was given to all employees. The result, salaries increased \$397,670 while operating expenditures increased \$834,116 and the percent dropped to 53.14. For these reasons, the chart continues to be classified as *Positive*.

**NOTE: A 5.0% Salary increase was given for FY 2014.**

Salaries & wages exclude Temporary Pay.

# Salaries and Wages

As a Percent of General Fund Expenditures



## Plant City Trend

Positive

Marginal

Negative

**Warning Trend**  
 Increasing salary & wage expenditures as a percent of General Fund operating expenditures

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Salaries and Wages -										
Less Temp Pay	9,742,666	10,825,734	11,472,746	12,045,586	12,167,009	11,966,549	11,458,155	11,459,991	11,588,386	11,986,056
Total General Fund										
Operating Expenditures	18,475,162	20,052,242	22,325,528	21,964,802	21,450,617	22,219,012	21,226,871	22,648,125	21,722,284	22,556,400
Salaries & Wages as a percent of GF Operating Expenditures	52.73%	53.99%	51.39%	54.84%	56.72%	53.86%	53.98%	50.60%	53.35%	53.14%

## **Total Personnel Services as a Percent of General Fund Expenditures**

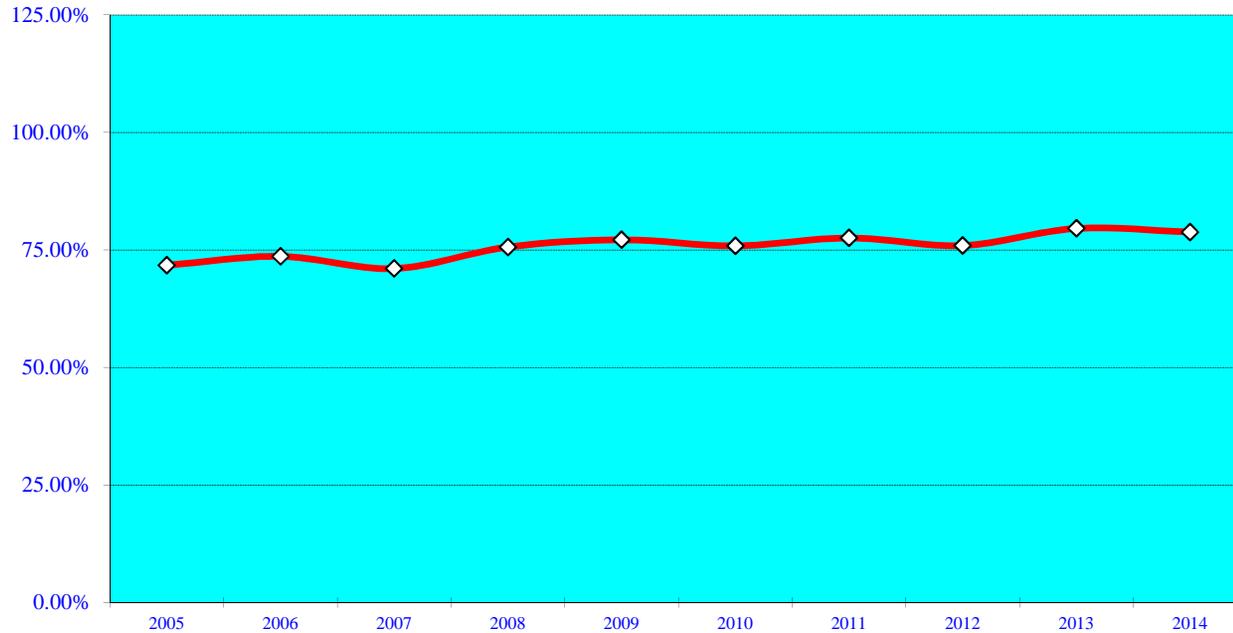
Because total personnel services are a substantial and constant portion of any local government's budget, often amounting to as much as 80 percent of operating expenditures, it is necessary to review and see that this ratio is not out of line. As stated on page 39, attracting and retaining quality employees often is a primary goal of most organizations (both public and private), and an appropriate wage scale is one tool used to accomplish this goal. Total personnel services is the combination of employee benefit costs and salaries and wages. This chart differs from the Salary and Wages chart found on page 43, which measures salaries and wages to total operating expenditures, whereas this chart measures total personal services to total operating expenditures (which includes total personnel services).

### **WARNING TREND   Increasing total personnel services as a percent of General Fund operating expenditures**

From FY 2005 the percentage remained at the low to mid 70 percent range through FY 2007. In FY 2008 this percentage increased to 75.65 percent. In FY 2009 the percentage once again rose to 77.18 percent. In FY 2010 the percentage dropped to 75.89 percent<sup>5</sup>. In FY 2011 the percentage increased to 77.58 percent. In FY 2012 the percentage decreased to 75.97 percent. In FY 2013 the percentage increased to 79.6 percent, the highest level in the 10 year period. FY2014 the percentage dropped to 78.83 percent. The reasons for these percentage increases and decreases have already been mentioned in the previous two graphs on Salaries and Wages and Fringe Benefits. For these reasons, the chart continues to be classified as *Marginal*.

# Total Personnel Services

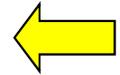
## As a Percent of General Fund Expenditures



### Plant City Trend

Positive

Marginal

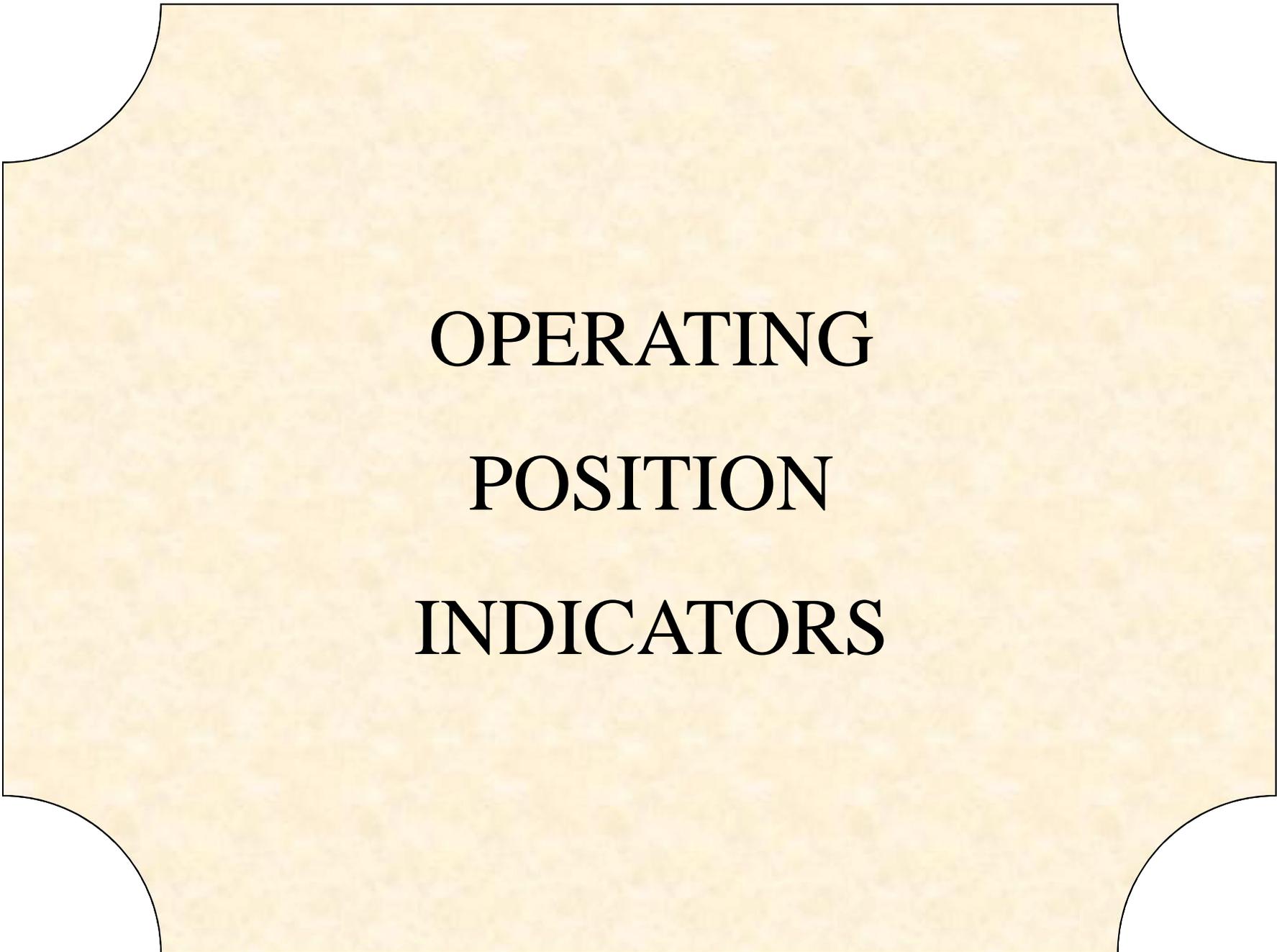


Negative

### **Warning Trend**

**Increasing personnel services expenditures as a percent of General Fund operating expenditures**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Personnel Services (GF)	13,260,834	14,771,501	15,865,379	16,617,068	16,555,322	16,861,396	16,468,297	17,205,743	17,290,979	17,780,718
Total General Fund Operating Expenditures	18,475,162	20,052,242	22,325,528	21,964,802	21,450,617	22,219,012	21,226,871	22,648,125	21,722,284	22,556,400
Personnel Services as a percent of GF Operating Expenditures	71.78%	73.67%	71.06%	75.65%	77.18%	75.89%	77.58%	75.97%	79.60%	78.83%



**OPERATING  
POSITION  
INDICATORS**

# OPERATING POSITION INDICATORS

## GENERAL INFORMATION

Operating position refers to the government's ability to 1) balance the budget on a current basis, 2) maintain reserves for emergencies, and 3) maintain sufficient liquidity to pay bills on a timely basis.

An analysis of operating position can help to identify the following conditions:

- ❑ Pattern of operating deficits;
- ❑ Decline in reserves;
- ❑ Decline in liquidity;
- ❑ Ineffective revenue forecasting techniques;
- ❑ Ineffective budgetary controls.

### **Balancing the Current Budget**

During a typical year, an entity will generate either an operating surplus or an operating deficit. An operating surplus develops when current revenues exceed current expenditures. An operating deficit develops when the reverse occurs. While operating deficits are not unusual or necessarily negative, and are usually funded from prior years' unrestricted reserves, a continuing deficit can indicate potential problems. An operating surplus or deficit may be created intentionally because it is difficult to predict precisely revenues and expenditures on an annual basis. Deficits are usually funded from unrestricted reserves; surpluses are generally used to increase unrestricted reserves.

### **Reserves**

Reserves are built through the accumulation of operating surpluses. They are maintained for the purpose of providing a financial cushion in the event of:

- ❑ Loss of a revenue source;
- ❑ Economic downturn;
- ❑ Unanticipated expenditure demands due to natural disasters, insurance loss, etc.;
- ❑ Need for large capital expenditure or other non-recurring expense;
- ❑ Uneven cash flow.

Reserves may actually be budgeted as a contingency account, or may be reflected as part of one or more fund balances.

## **Operating Surplus/(Deficit) – General Fund**

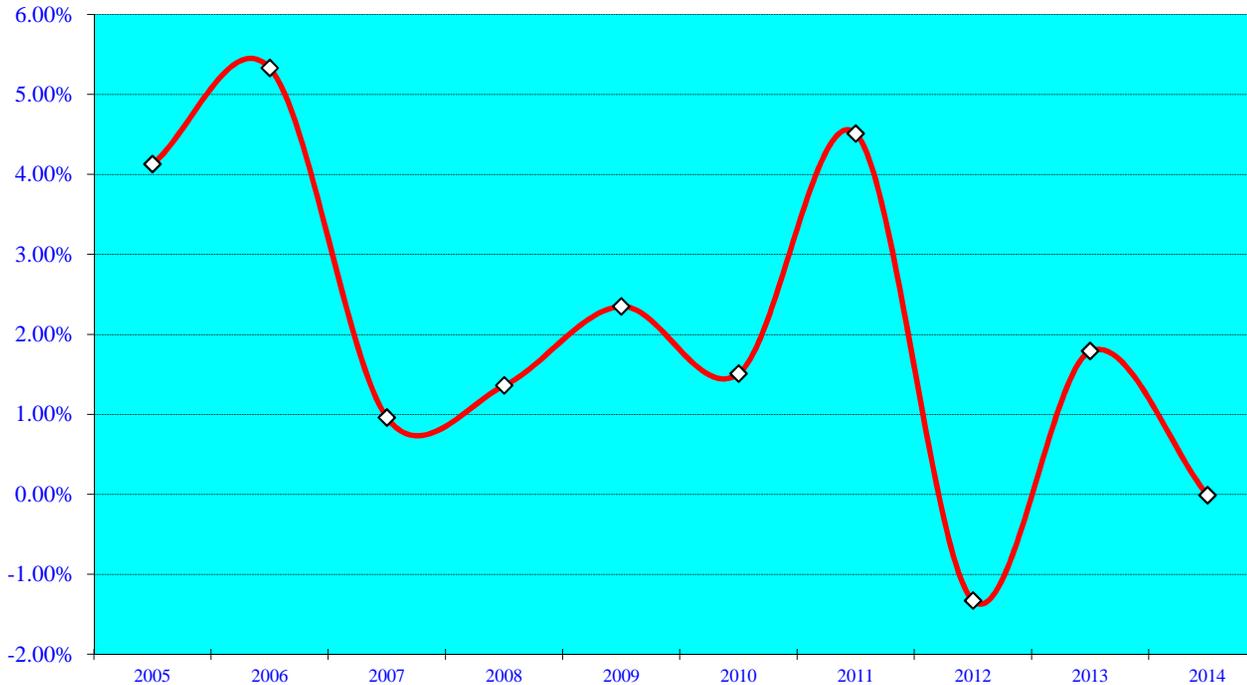
An operating surplus develops when current revenues exceed current expenditures. An operating deficit develops when the reverse occurs. This may not mean that the budget will be out of balance (budget deficit), because reserves (fund balances) from prior years can be used to cover the difference. It does mean, however, that during the current fiscal year, the government spends more than it receives. An operating deficit in any one year may not be cause for concern, but frequent and increasing deficits can indicate that current revenues are not supporting current expenditures and that serious problems may lie ahead.

### **WARNING TREND Consistent General Fund operating deficits as a percent of General Fund operating revenue**

FY 2005 saw a gross surplus of \$3.3 million reduced by annual transfers of \$2.5 million. The improvement in FY 2006 was the result of the sale of capital assets in the amount of \$1.2 million. FY 2007 had a gross surplus of \$1.5 million, reduced by annual transfers of \$2.0 million (partially offset by the sale of Capital Assets). FY 2008 reflected a gross surplus of \$1.6 million reduced by transfers of \$1.3 million, resulting in a drop to \$0.3 million. For FY 2009 a gross surplus of \$1.6 million was reduced by transfers of \$1.4 million (partially offset by the sale of capital assets of \$0.3 million). For FY 2010 a gross surplus of \$1.5 million was reduced by transfers of \$1.1 million. FY 2011 a gross surplus of \$2.0 million was reduced by transfers of \$1.0 million down to \$1.0 million. FY 2012 a gross surplus of \$0.5 million was erased by transfers of \$0.9 million. FY 2013 a gross surplus of \$1.4 million was partially erased by transfers of \$0.9 million, raising the percentage of surplus vs. operating revenue to 1.79 percent. FY2014 reversed last year's trend with a gross surplus of \$1.9 million erased by transfers of \$1.9 million, lowering the percentage of surplus vs. operating revenue to minus 0.01 percent. For this reason, the chart is being reclassified from *Positive* to *Negative*.

# Operating Surplus/(Deficit) - General Fund

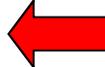
As a Percent of General Fund Operating Revenue



## Plant City Trend

Positive

Marginal

Negative 

## **Warning Trend**

**Consistent General Fund operating deficits as a percentage of General Fund operating revenue**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Operating Surplus / (Deficit)	898,486	1,198,241	229,368	321,501	542,848	357,659	1,048,815	(307,727)	413,135	(1,566)
Operating Revenue	21,749,037	22,501,061	23,779,994	23,594,536	23,108,396	23,667,108	23,262,502	23,145,047	23,075,983	24,447,320
Surplus (Deficit) as a percent of Operating Revenue	4.13%	5.33%	0.96%	1.36%	2.35%	1.51%	4.51%	-1.33%	1.79%	-0.01%

## **Unassigned Fund Balance - General Fund**

The General Fund fund balance is also known as reserves, although the “fund balance” in the Annual Financial Report is not always synonymous with “available for appropriation.” The report may show reservations on the fund balance, such as “Reserve for Prior Year’s Encumbrances”. The size of a government’s reserves can affect its ability to withstand financial emergencies. It is generally accepted that a fund balance of 10 to 15 percent (green bar on chart) is adequate for contingencies.

### **WARNING TREND Decreasing unassigned fund balance as a percent of General Fund operating revenue**

The City of Plant City continues to maintain a healthy General Fund reserve per the Annual Financial Statement. Plant City has balanced the budget by using unassigned fund balance of the previous year. Those budget appropriations have been removed from the unassigned fund balance figures below. The unassigned fund balance in FY2014 is the largest amount in the ten year period, as well as the highest percentage as a percentage of net operating revenue at 34.64 percent. FY2007 through FY2013 operating revenues remained almost level while unassigned fund balance rose significantly during the same period. One reason for this rise is that operating departments did not spend their entire budget and the favorable excess would fall back into fund balance. As budgeting expenditures became more difficult, operating budgets were severely tightened up. The end result was departments spent their budget and less excess fell to surplus. Plant City has maintained a General Fund reserve in excess of 18 percent over the last ten years, with a high of 34.64 percent in FY 2014. These percentages are well above the 15 percent level required by Commission Policy. For these reasons the chart continues to be classified as *Positive*.

# FY2014 - 2015 PROPOSED BUDGET

## Unassigned Fund Balance



General Fund Unassigned Fund Balance at 9/30/15 is estimated at \$3,724,473 (after FY 2014-15 budget appropriation) or 16.5% of revenues.

- Exceeds City policy of 15.0%
- Recommend Balance of Cemetery Escrow Trust Fund be transferred to General Fund. This would result in the Unassigned Fund Balance of \$4,499,473 or 19.95%.

### Prior Years Unassigned Fund Balance

FY 2014 (Estimate)	\$6,401,760
FY 2013	7,982,002
FY 2012	7,910,431
FY 2011	7,962,266
FY 2010	7,538,808
FY 2009	6,516,276
FY 2008	5,801,791



# FY2014 - 2015 PROPOSED BUDGET

## Unassigned Fund Balance



General Fund Unassigned Fund Balance at 9/30/15 is estimated at \$**6,478,470** (after FY 2014-15 budget appropriation) or **28.7%** of revenues.

- Exceeds City policy of 15.0%
- Recommend Balance of Cemetery Escrow Trust Fund be transferred to General Fund. This would result in the Unassigned Fund Balance of \$4,499,473 or 19.95%.

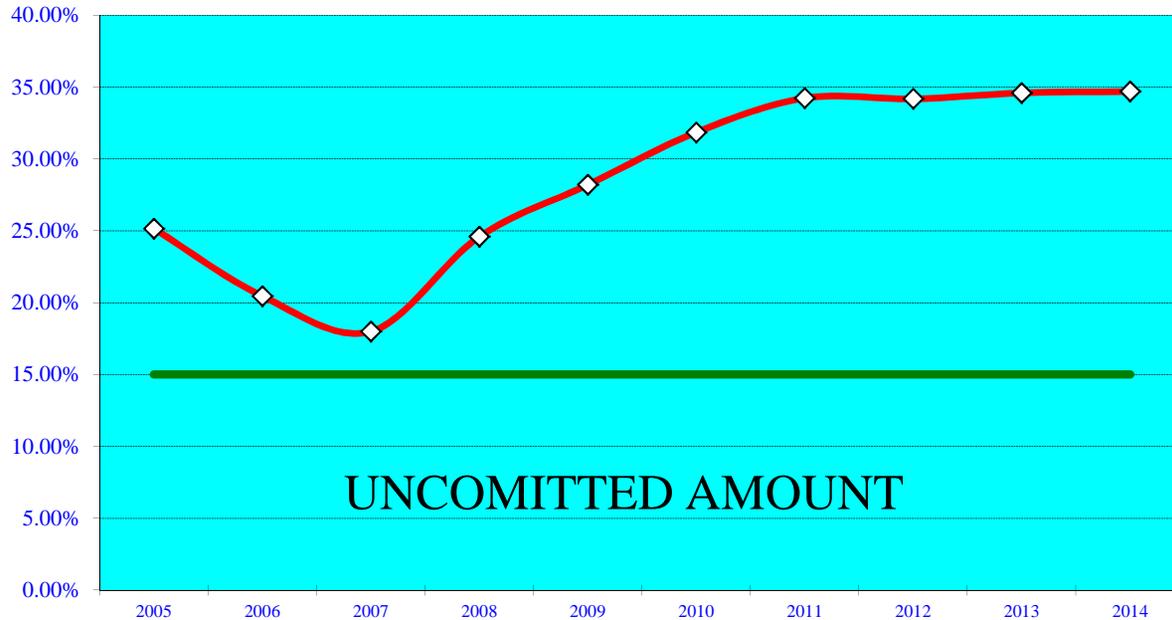
### Prior Years Unassigned Fund Balance

FY 2014 (Estimate)	<b>\$9,155,757</b>
FY 2013	7,982,002
FY 2012	7,910,431
FY 2011	7,962,266
FY 2010	7,538,808
FY 2009	6,516,276
FY 2008	5,801,791



# Unassigned Fund Balance - General Fund

As a Percent of General Fund Operating Revenue



## Plant City Trend

- Positive ←
- Marginal
- Negative

**Warning Trend**  
 Decreasing unassigned fund balance as a percentage of general operating revenue

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Unassigned Fund Balance W/O Budget Appropriation	5,469,732	4,603,702	4,279,868	5,801,791	6,516,276	7,538,808	7,962,266	7,910,435	7,982,002	8,481,712
Operating Revenue	21,749,037	22,501,061	23,779,994	23,594,536	23,108,396	23,667,108	23,262,502	23,145,047	23,075,983	24,447,320
Unassigned Fund Balance as a percent of Net Operating Revenue	25.15%	20.46%	18.00%	24.59%	28.20%	31.85%	34.23%	34.18%	34.59%	34.69%

Note: Green Bar denotes 15 percent level - considered healthy fund balance

## **Water and Sewer Enterprise Fund Operations**

Enterprise losses are a special and highly visible type of operating deficit because enterprise fund programs are expected to function as if they were commercially operated private entities, rather than governmental “not for profit” entities. This means that the costs of providing services to the public are to be recovered through user charges. Enterprise operations are typically subject to the laws of supply and demand. Raising rates may cause revenues to actually decrease because customers limit their use of the service.

### **WARNING TREND    Consistent enterprise fund losses**

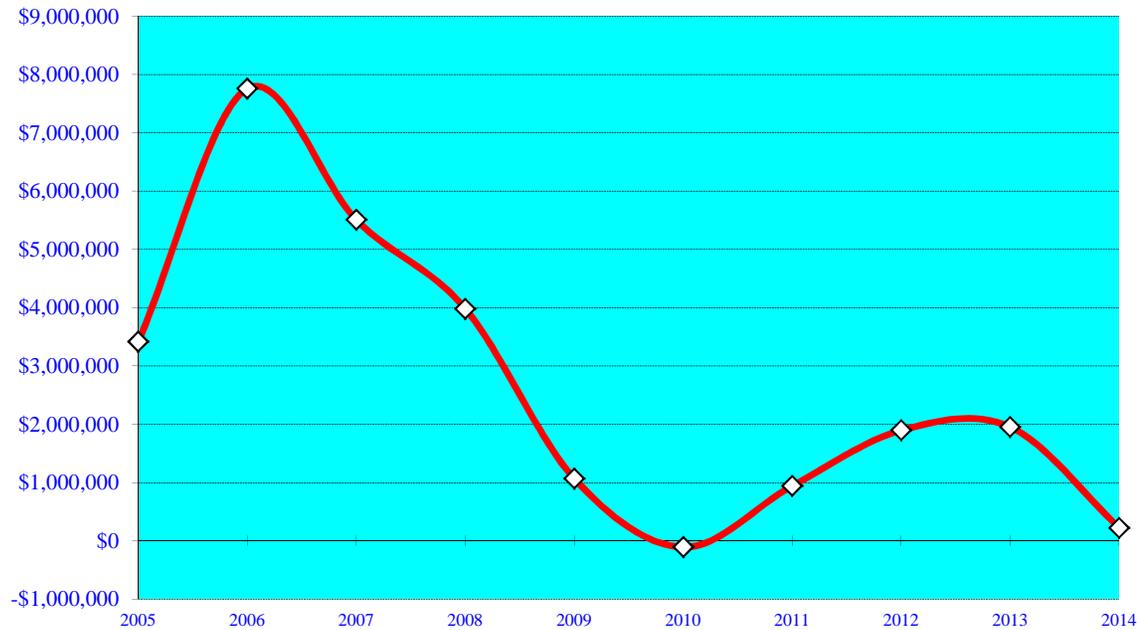
Beginning in April 2004, rates were increased an average of 3 percent for water and 9 percent for sewer. Furthermore, rates were indexed to increase each October 1 in FY 2005 through FY 2008 at an average of 3 percent for water and 9 percent for sewer each year. The indexed increases were the result of a planned upgrade to the wastewater treatment plant, which was funded with a \$29.2 million bond issue in FY 2005 and a \$16.8 million bond issue in FY 2006 and a \$9.7 million bond issue in 2008. FY 2007 net income (in constant dollars) dropped to \$5.5 million as a result of a \$3.0 million decrease in grant revenue. FY 2008 net income (in constant dollars) dropped to \$4.0 million as a result of approximately \$0.5 million less in grant revenue and \$0.84 million less in interest income. FY 2009 net income (in constant dollars) dropped to \$1.1 million as a result of lower water and sewer sales (\$560,000) and industrial waste (\$580,000) and higher debt service costs of \$1.3 million. FY 2010 a loss (in constant dollars) of \$0.1 million was recorded for the same reasons as FY 2009. FY 2011 a profit of almost \$1.0 million (in constant dollars) returned. Revenues were up \$0.4 million and operating expenses were down \$1.1 million. FY 2012 a profit of almost \$1.9 million (in constant dollars) was twice the gain in FY 2011. FY2013 was a repeat FY 2012. FY 2014 revenues remained level while expenses increased, as did transfers out (\$1,575,891 for fleet replacement) and lowered net profit. For this reason, the chart has been reclassified from *Positive* to *Marginal*.

#### **NOTES**

1. For years the City has operated an enterprise fund for land development, called Industrial Park. Most of the land has been sold and developed, and for the most part is no longer a functioning enterprise fund, and as such, has not been included in this trend analysis..

# Water and Sewer

## Constant Dollar Profit (Loss)



### Plant City Trend

Positive

Marginal ←

Negative

### **Warning Trend**

Consistent enterprise  
fund losses

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Profit (Loss)	4,205,628	9,776,799	7,103,757	5,415,537	1,433,690	(144,179)	1,331,969	2,732,930	2,831,484	333,781
CPI	1.23	1.26	1.29	1.36	1.34	1.36	1.41	1.44	1.45	1.48
Profit (Loss) In Constant Dollars	3,419,210	7,759,364	5,506,788	3,982,013	1,069,918	(106,014)	944,659	1,897,868	1,952,748	225,528

## **Sanitation Enterprise Fund Operations**

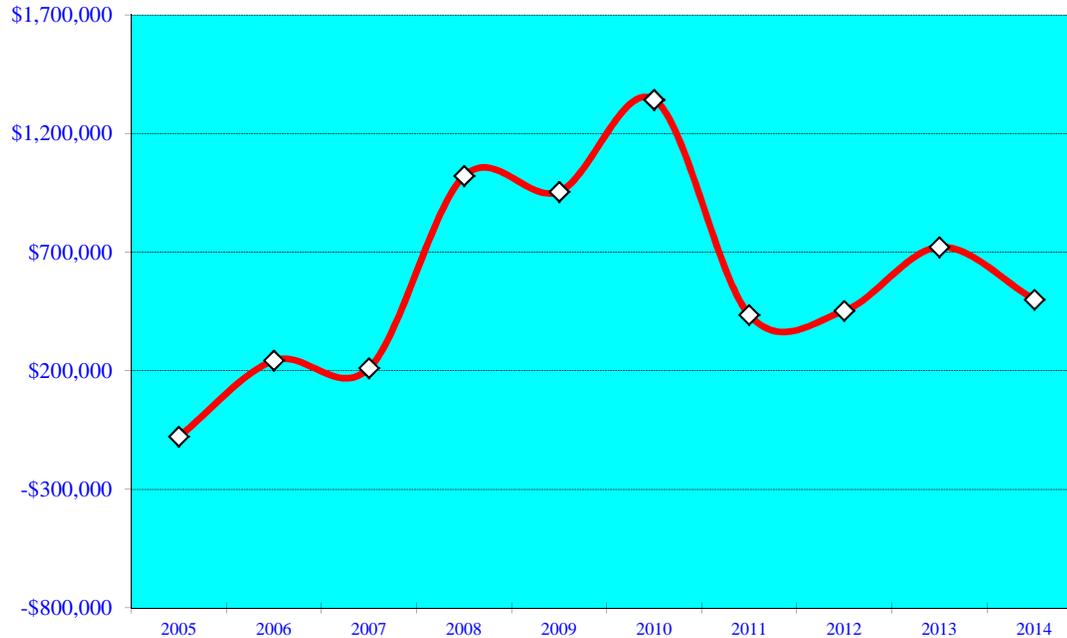
Enterprise losses are a special and highly visible type of operating deficit because enterprise fund programs are expected to function as if they were commercially operated private entities, rather than governmental “not for profit” entities. This means that the costs of providing services to the public are to be recovered through user charges.

### **WARNING TREND Consistent enterprise fund losses**

Effective October 1, 2005 the City increased rates 21.3 percent and another 8 percent each year on October 1, 2006, 2007, and 2008. A 3 percent increase was scheduled for 2009, 2010, 2011, 2012, 2013 and 2014, but these were not put into effect. The earlier rate increases resulted in a net profit for FY 2006 and FY 2007. An accounting change was made in FY 2007 with the Equipment Replacement Fund becoming a stand alone fund, which had been a part of the Sanitation Fund, and reduced net income by \$523,681. FY 2008 revenues increased \$586,000 and expense increased \$143,000. FY 2009 revenues increased \$187,000 and expense decreased \$628,000, but this was offset by an \$865,000 transfer. FY 2010 revenues dropped \$143,513 and expenses dropped \$141,657 offsetting the lower revenue. FY 2011 revenues dropped \$161,730 and expenses increased \$213,296 decreasing profit. FY 2012 revenues dropped \$180,000 and expenses increased \$261,000 while transfers of almost \$500,000 less than in FY2011 resulted in a gain in profit. FY 2013 revenues increased \$189,227 and Non-operating revenue increased \$206,565, while expenses decreased \$307,407. FY2014 revenues were level while expenses increased \$571,908. For this reason, the chart has been reclassified from *Positive* to *Marinal*.

# Sanitation

## Constant Dollar Profit (Loss)



### Plant City Trend

Positive

Marginal

Negative

### **Warning Trend**

Consistent enterprise  
fund losses

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Profit (Loss)	(95,176)	306,663	272,229	1,389,250	1,279,808	1,826,139	613,472	652,937	1,046,336	740,447
CPI	1.23	1.26	1.29	1.36	1.34	1.36	1.41	1.44	1.45	1.48
Profit (Loss) In Constant Dollars	(77,379)	243,383	211,030	1,021,507	955,081	1,342,749	435,087	453,428	721,611	500,302

## **Stormwater Enterprise Fund Operations**

Enterprise losses are a special and highly visible type of operating deficit because enterprise fund programs are expected to function as if they were commercially operated private entities, rather than governmental “not for profit” entities. This means that the costs of providing services to the public are to be recovered through user charges.

### **WARNING TREND Consistent enterprise fund losses**

Effective October 1, 2009 the City transferred the stormwater department out of the Streets and Stormwater Fund, which was a governmental fund, and created a new enterprise fund called Stormwater Fund. FY2009 revenues were \$2.0 million and expenses were \$1.6 million. Grants added another \$0.5 million for a profit of \$0.9 million. FY2010 saw revenues and expenses both level but grants were down to \$0.1 million for a profit of \$0.6 million. FY2011 saw revenues level and expenses up \$0.3 million with grants adding \$0.6 million. FY2012 saw revenues again level but expenses climbed up \$0.5 million. Grants added \$0.5 million and profits dropped to \$0.2 million. FY2013 saw revenues up \$0.1 million and expenses down \$0.3 million and no grants. Profit dropped to \$0.4 million. FY2014 saw revenues up \$0.1 million and expenses up almost \$0.3 million and again no grants. Transfers to fund \$0.7 million to the Fleet Replacement Fund resulted in a loss of \$0.8 million. For this reason, the chart has been classified as *Negative*.

# Stormwater

## Constant Dollar Profit (Loss)



### Plant City Trend

Positive

Marginal

Negative

**Warning Trend**  
Consistent enterprise fund losses

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Profit (Loss)	Stormwater was not an enterprise fund until October 1, 2008				887,635	633,977	852,768	201,054	372,521	(837,148)
CPI	It was part of the Street Fund (Governmental Fund)				1.34	1.36	1.41	1.44	1.45	1.48
Profit (Loss) In Constant Dollars					662,414	466,160	604,800	139,621	256,911	(565,641)

## **Liquidity Ratio**

Liquidity refers to the flow of cash in and out. Revenues are received in large installments at infrequent intervals during the year. If revenues are received before they need to be spent, a positive liquidity or cash flow is present. It is advantageous to maintain some excess liquidity or “cash reserves” as a cushion in the event of an unanticipated delay in the receipt of revenues, an unexpected decline or loss of a revenue source, or an unanticipated need to make a large expenditure.

A good measure of a local government’s short-term financial condition is its cash position. Cash position, which includes cash on hand and in the bank, as well as other assets that can be easily converted to cash, determines a government’s ability to pay its short-term obligations. This is also known as liquidity, and the immediate effect of insufficient liquidity is insolvency – the inability to pay bills. Entities use a standard ratio of liquidity by dividing cash, short-term investments and accounts receivable by current liabilities. Industry benchmarks state that a ratio of less than 1.0 would indicate the entity could be facing liquidity problems.

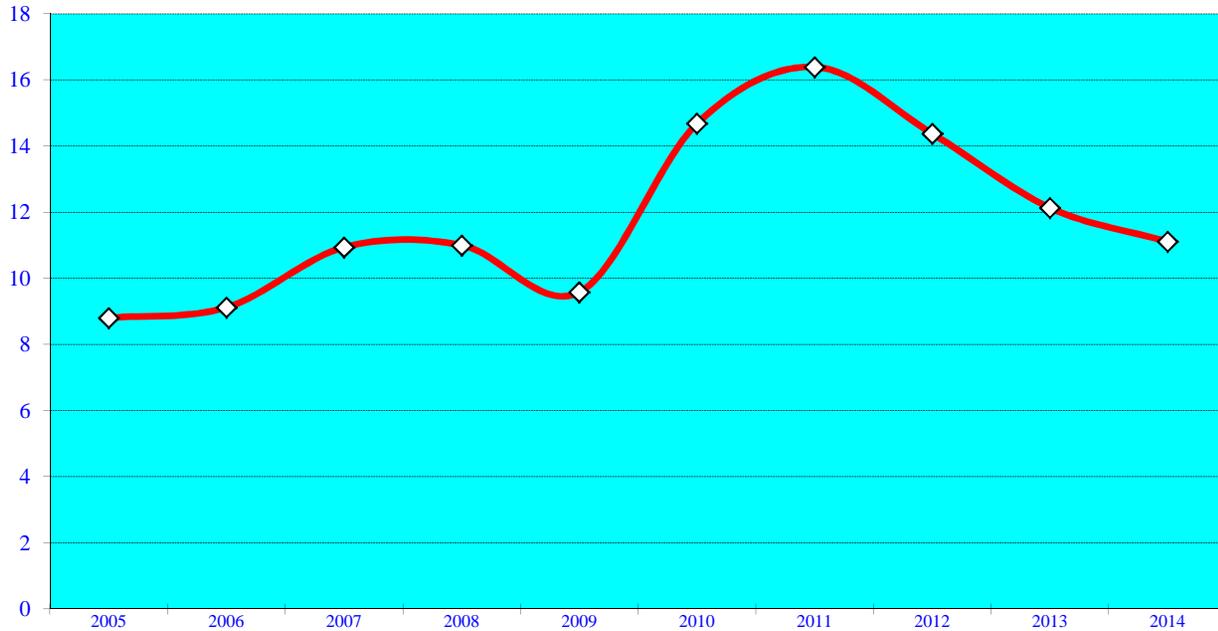
### **WARNING TREND Declining ratio of liquid assets to current liabilities and a ratio of less than 1.0**

FY 2011 the liquidity ratio reached a ten year high of 16.39. FY 20143 Cash and Liquid Assets increased while Current Liabilities also increased resulting in a drop in the ratio to 11.11.

The City’s liquidity ratio has consistently been above 8.8 throughout the ten year period. For this reason, the chart continues to be classified as *Positive*.

# Liquidity Ratio

## General Fund



### Plant City Trend

- Positive ←
- Marginal
- Negative

**Warning Trend**  
 Declining ratio of liquid assets to current liabilities and ratio of less than 1.0

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Cash and Liquid Assets	11,774,696	13,066,595	13,063,004	13,361,913	14,220,205	14,054,714	15,028,814	14,803,800	15,484,956	15,612,808
Current Liabilities	1,338,137	1,432,388	1,193,614	1,215,084	1,483,849	957,481	917,036	1,030,434	1,276,130	1,405,354
Liquidity Ratio	8.80	9.12	10.94	11.00	9.58	14.68	16.39	14.37	12.13	11.11

# DEBT INDICATORS

## **DEBT INDICATORS**

### **GENERAL INFORMATION**

Debt is an effective method of financing capital improvements, and may even be used to stabilize short-term revenue fluctuations. Its misuse can cause serious financial problems. Even a temporary inability to repay can result in loss of credit rating and increased cost of future borrowing.

The most common forms of long-term debts are general obligations, special obligations and revenue bonds. Even when these types of debt are used exclusively for capital projects, the outstanding debt can not exceed the ability to repay as measured by the wealth of the community in the form of property value or personal and business income. Another method to evaluate ability to repay is to consider the amount of principal and interest or “debt service” that is obligated to be repaid each year

Under the most favorable circumstances, debt should be proportionate in size and growth to the tax base, not extend beyond the useful life of the facilities which it finances, not be used to finance or balance the operating budget, not require a repayment schedule which places an inordinate strain on the City’s operating budget, and not be so high as to jeopardize the government’s credit rating.

An examination of debt structure may reveal the following conditions:

- ❑ Inadequacies in cash management procedures;
- ❑ Inadequacies in expenditure controls;
- ❑ Increasing reliance on long-term debt;
- ❑ Decreases in expenditure flexibility due to increased fixed costs in the use of short-term debt to finance operation.
- ❑ Use of short-term debt to finance operations.

Reserves may actually be budgeted as a contingency account, or may be reflected as part of one or more fund balances.

## Current Liabilities

Current liabilities are defined as the sum of all liabilities due at the end of the fiscal year, including short term debt, and the current portion of long term debt.

### **WARNING TREND Increasing current liabilities as a percent of operating revenues**

Current liabilities for Plant City include:

- Accounts Payable
- Due to Other Funds
- Due to Other Governments
- Deferred Revenue
- Customer Deposits
- Other Current Liabilities

The low percentage of current liabilities to General Fund operating revenues continues to climb through FY 2014. For this reason, the chart continues to be classified as *Marginal*.

# Current Liabilities

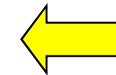
As a Percent of General Fund Operating Revenue



## Plant City Trend

Positive

Marginal



Negative

### **Warning Trend**

**Increasing current liabilities  
as a percentage of operating  
revenues**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Current Liabilities	1,338,137	1,432,388	1,193,614	1,215,084	1,483,849	957,481	917,036	1,030,434	1,276,130	1,405,354
Gross Operating Revenue	25,235,808	23,693,634	24,169,994	23,819,798	23,108,396	23,667,108	23,262,502	23,145,047	23,075,983	24,447,320
Current Liabilities as a percent of Operating Revenue	5.30%	6.05%	4.94%	5.10%	6.42%	4.05%	3.94%	4.45%	5.53%	5.75%

## **Long Term Debt Per Capita**

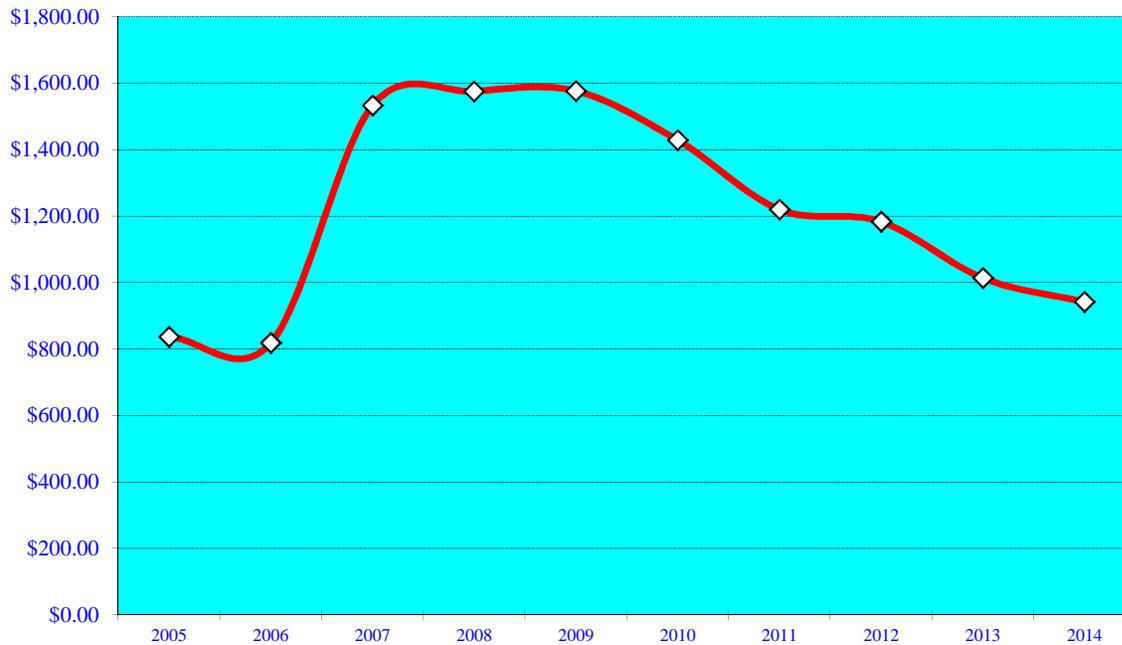
Long term debt of a government includes both net direct debt (bonded debt which the government has pledged its full faith and credit to levy ad valorem taxes) and self-supporting debt (bonded debt that the government has pledged to repay from revenue sources separate from its ad valorem tax revenue). As noted on the previous trend chart, the City did not have any direct debt during the period FY 1999 through FY 2008.

### **WARNING TREND Increasing amount of long term debt per capita in constant dollars**

Plant City's long term debt consists of bonded debt that the City has pledged revenue sources separate from its ad valorem tax revenue (self-supporting debt). In FY 2007 \$33,261,667 in debt was recorded for the upgrade and expansion of the wastewater treatment plant. Also, Capital leases increased \$318,604 for a Fire Pumper Truck. In FY 2008 \$10,487,541 was recorded for the wastewater treatment plant, which became operational October 2008. In FY 2009 \$2,465,740 was recorded for the completion of the wastewater treatment plant, which was completely offset by the decrease for the debt service payments. In FY 2010 the 1999 Infrastructure Sales Tax Bonds were refunded with a \$4.61 million Note Payable maturing September 1, 2024. The 1999 Utility Bonds were refunded with a \$7.045 million Refunding Bond issued in 2010 and maturing October 1, 2020. In FY 2011 Long Term Debt drops to \$69.3 million with a per capita debt of \$1,219.93, in constant dollars, a reduction of \$208.58 from the previous year. FY 2012 Long Term Debt dropped \$3.9 million with a per capita debt of \$1,183.33 in constant dollars. FY2013 Long Term Debt dropped \$10.9 million with a per capita debt of \$1,013.73, in constant dollars. This was accomplished by paying off two bond issues in Water and Sewer. FY2014 Net Long Term Debt was \$50,109,127 with per capita debt down to \$941.64 in constant dollars. For these reasons, the chart continues to be classified *Positive*.

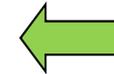
# Long Term Debt Per Capita

## In Constant Dollars



### Plant City Trend

Positive



Marginal

Negative

### Warning Trend

Increasing amount of long term debt per capita in constant dollars

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Long Term Debt	36,120,624	36,643,415	68,620,639	77,355,908	75,951,043	72,108,896	69,351,916	65,371,401	54,440,717	51,557,531
Reserve for Debt Srvce	2,762,074	2,777,853	2,802,037	5,571,270	5,586,965	4,653,832	4,424,989	5,794,868	2,533,853	1,448,404
Net Long Term Debt	33,358,550	33,865,562	65,818,602	71,784,638	70,364,078	67,455,064	64,926,927	59,576,533	51,906,864	50,109,127
CPI	1.23	1.26	1.29	1.36	1.34	1.36	1.41	1.44	1.45	1.48
Constant Dollars	27,120,772	26,877,430	51,022,172	52,782,822	52,510,506	49,599,312	46,047,466	41,372,592	35,797,837	33,857,518
Population	32,408	32,834	33,277	33,500	33,306	34,721	37,746	34,963	35,313	35,956
Long Term Debt Per Capita	836.85	818.59	1,533.26	1,575.61	1,576.61	1,428.51	1,219.93	1,183.33	1,013.73	941.64

## Long Term Debt

Plant City's long term debt consists of bonded debt that the City has pledged revenue sources separate from its ad valorem tax revenue.

### INFRASTRUCTURE SALES TAX REVENUE BONDS

#### 2004 Series Bonds

Issued March 15, 2004 in the amount of \$5,340,000. Used to pay the cost of the re-construction and equipping of buildings into a police station, a general services facility and a fleet maintenance facility. This issue was partially refunded by the Non-Ad Valorem Refunding Revenue Note, Series 2012, with final payment on the remaining balance on September 1, 2014.

### Non-ad Valorem Refunding Revenue Notes Payable

#### 2010 Series Note

Issued June 3, 2010 in the amount of \$4,610,000. Used to refund the Infrastructure Sales Tax Revenue Bonds, Series 1999 and towards the cost of street resurfacing. The 1999 bonds were used finance the construction and acquisition of a new City Hall.

#### 2012 Series Note

Issued November 1, 2012 in the amount of \$3,290,000. Used to advance refund the principal amount of the City's Infrastructure Sales Tax Revenue Bonds, Series 2004 and to pay the costs of issuance. Interest is payable semi-annually at a rate of 2.035% with final maturity on September 1, 2024.

### FLORIDA MUNICIPAL LOAN COUNCIL REVENUE BONDS

#### 2005 Series bonds

Issued May 26, 2005 in the amount of \$3,180,000. Used to refund a portion of the Florida Municipal Loan Council Revenue Bonds, Series 1999, which mature on November 1, 2010, through November 1, 2019. Final maturity November 1, 2019. (Paid from County Tourist Tax Revenues).

## Long Term Debt

### STATE REVOLVING FUND LOANS

#### 1999 Loan

Agreement dated June 30, 1999 in the amount of \$405,530. Used to construct the Pistol Range and Regional Stormwater Treatment Facility in agreement with the Westside Canal Stormwater Management Master Plan. Final maturity August 15, 2020. (Paid from Stormwater Utility fees)

#### 2003 Loan

Agreement dated March 17, 2003 in the amount of \$499,590. Used to fund land costs for the Grant/Hunter Pond Contract in agreement with the Westside Canal Stormwater Management Master Plan. Final maturity April 15, 2023. (Paid from Stormwater Utility fees)

#### 2005 Loan

Agreement dated July 7, 2005 in the amount of \$2,670,199. Used to finance the expansion and upgrading of the wastewater treatment plant. Final maturity on July 15, 2028. (Paid from revenues of water and sewer system)

#### 2006 Loan

Agreement dated January 18, 2006 in the amount of \$40,000,000. Used to finance the expansion and upgrading of the wastewater treatment plant. Final maturity on July 15, 2028. (Paid from revenues of water and sewer system).

#### 2007 Loan

Agreement dated October 29, 2007 in the amount of \$5,000,000. Used to finance the expansion and upgrading of the wastewater treatment plant. Final maturity on July 15, 2028. (Paid from revenues of water and sewer system).

## **Long Term Debt**

### **SunTrust Bank**

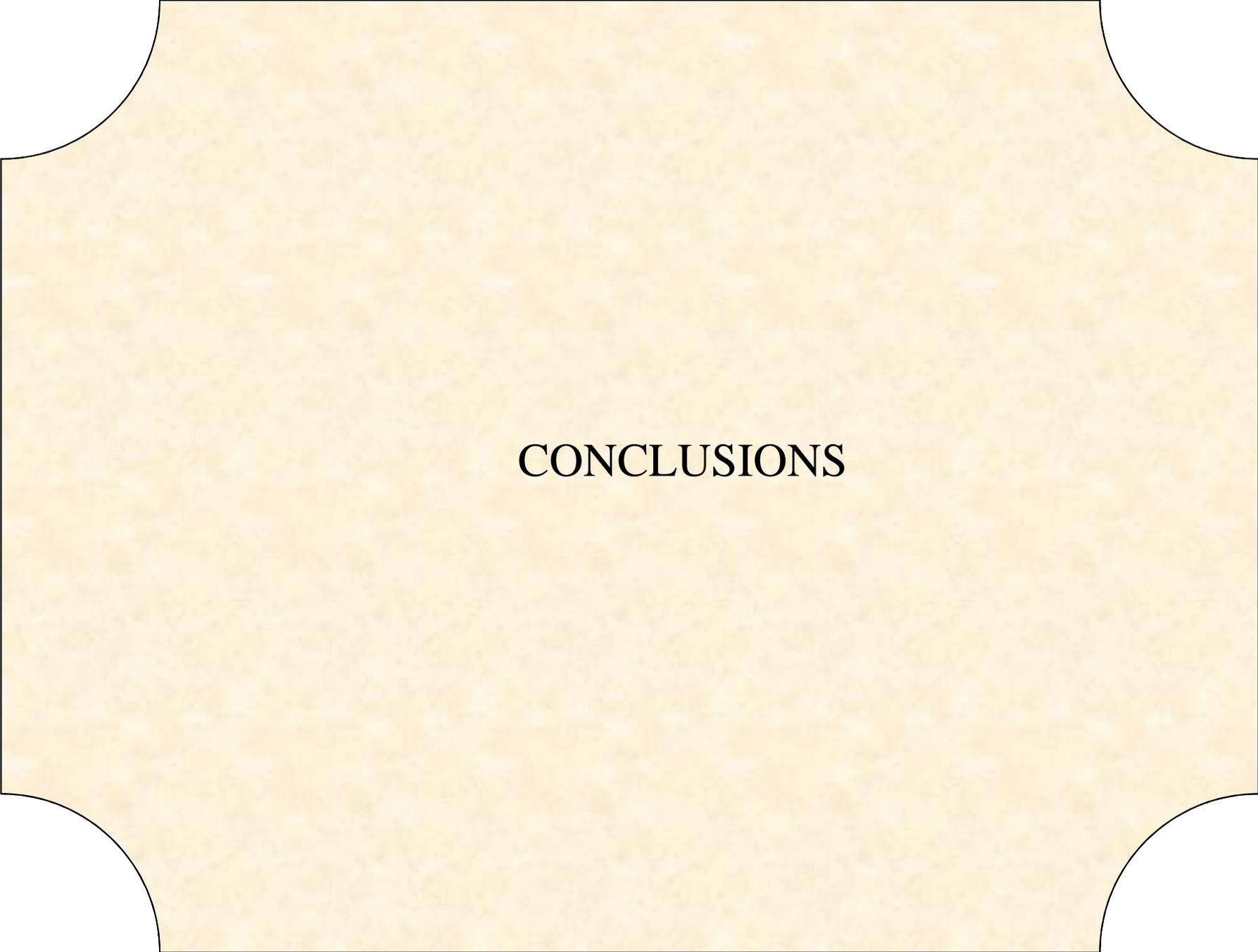
\$2,000,000 Loan Payable, Funds borrowed to finance the cost of various capital improvements within the CRA, to repay advances to the CRA from other funds, and to provide for the cost of issuance. The loan is secured by a pledge of the Tax Increment Fund revenues received by the CRA from Hillsborough County for capital improvement purposes. The loan is payable over 10 years with final maturity on January 1, 2014, with annual payments including interest at 3.42%.

### **Investment Company**

\$232,518 Loan Payable, Funds borrowed to finance the purchase of property within the Community Redevelopment Agency. The loan is secured by a letter of credit. The loan is payable over 2 years, with quarterly payments including interest at 3.00%.

### **Hillsborough County**

\$400,000 Loans Payable to Funds borrowed by the CRA under the Florida Brownfields Act for the redevelopment of two City properties. The loans are non-interest bearing to be repaid upon sale of the properties or at maturity in 10 years. At September 30, 2014, the City had drawn a total of \$251,250 of the available funds.



## CONCLUSIONS

## CONCLUSIONS

The nation's economy continues to show signs of improvement, as evidenced by the 2014 assessed taxable value of Plant City projected to be increasing from the 2014 level by 5.48 percent. However, the indicators in this report are for 2014 and continue to reflect a slower recovery in Plant City's financial indicators.

The *Community Resources* indicator of *population* (Pg. 4) and *Unemployment rate* (Pg. 12) remain *Positive*, and *commercial construction value* (Pg. 18) moved up from *Marginal* to *Positive*. *Personal Income* (Pg. 6) remained at *Marginal*. Both *Total construction value* (Pg.14) and *Residential construction* (Pg. 16) moved from *Negative* to *Marginal* this year, while *City assessed valuation per capita in constant dollars* (Pg. 8) moved from *Negative* to *Marginal*. *CRA assessed valuation per capita in constant dollars* (Pg. 10) remained as *Negative*.

The *Revenue* indicators of *revenue per capita* (Pg. 21) and *Property tax revenue per capita* (Pg. 27) both remained as *Negative*. The indicator *restricted revenue* (Pg. 23) and the indicator of *intergovernmental revenue* (Pg. 25) both remained as *Marginal*. The indicator of *uncollected property tax* (Pg. 29) moved from *Positive* down to *Marginal*. Both *utility tax revenue* (Pg. 31) and *franchise tax revenue* (Pg. 33) moved up from *Marginal* to *Positive*.

The *Expenditure* indicators of *operating expenditure* (Pg. 36), *employees per 1000 citizens* (Pg. 38), *average employee salary* (Pg.40) and *salaries & wages* (Pg. 44), all remained classified as *Positive* this year. The indicators of *fringe benefits* (Pg. 42) and *Total personal services* (Pg. 46) remained as *Marginal* this year.

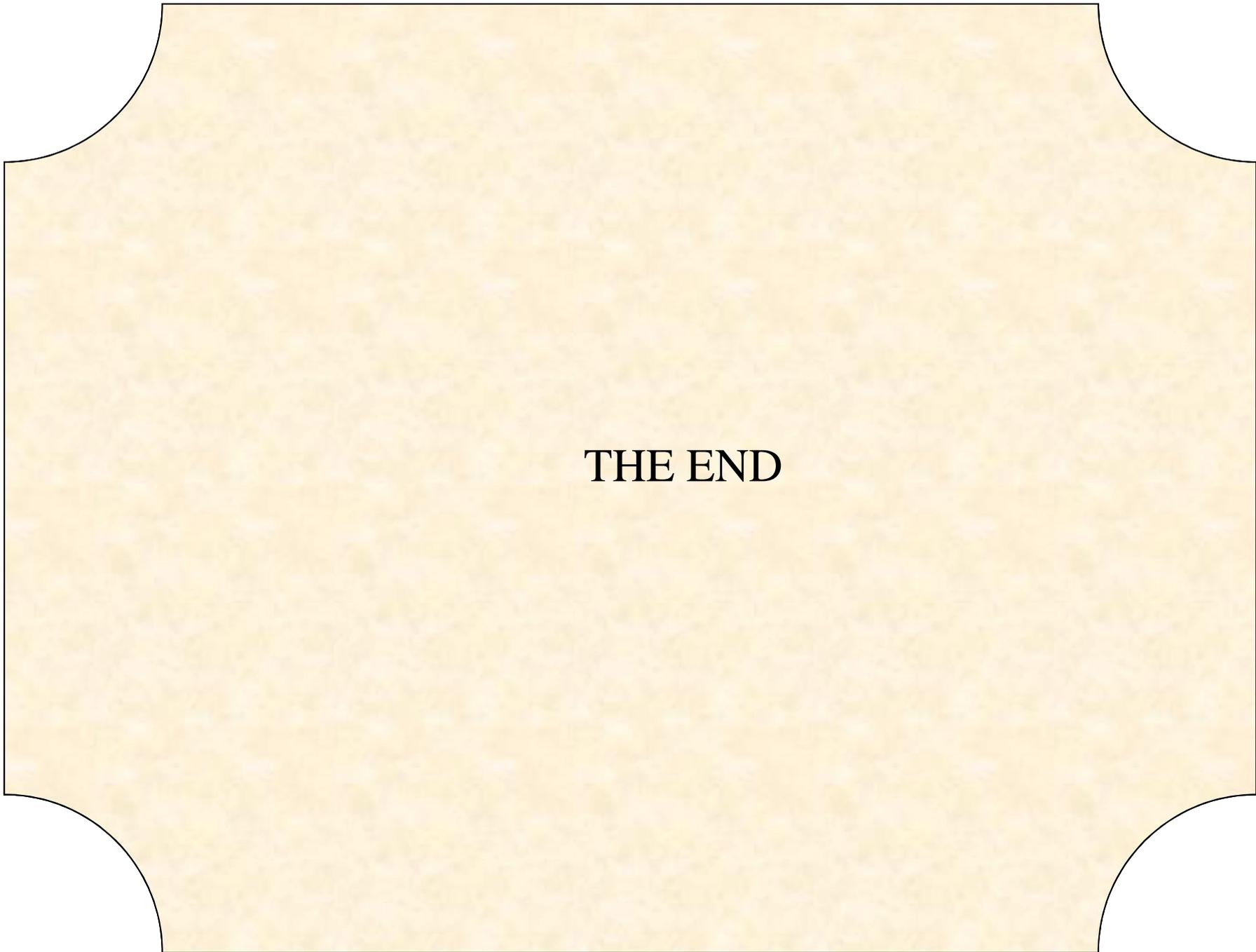
*Operating Position* indicators of *Operating surplus/(deficit)* fell from *Positive* to *Negative*. *Unassigned fund balance* (Pg. 51), remained as *Positive*. The indicators of *water and sewer* (Pg. 53), and *sanitation* (Pg. 55) both from *Positive* to *Marginal*. The indicator *liquidity ratio* (Pg.59) remains classified as *Positive*. The new indicator this year of *stormwater* (Pg. 57) starts out as *Negative*.

*Debt* indicators for *Long term debt per capita* (Pg. 64) remains classified as *Positive*. The indicator *current liabilities* (Pg. 62) continues to be classified as *Marginal*.

In order to evaluate long term trends this report should be updated periodically to monitor emerging fiscal trends and establish effective fiscal policies.

# CHART SUMMARY

<u>Chart</u>	<u>Positive</u>	<u>Marginal</u>	<u>Negative</u>
<b><u>Community Resources</u></b>			
Population (Page 4)	X		
Personal Income (Page 6)		X	
City Assessed Valuation (Page 8)		X	
CRA Assessed Valuation (Page 10)			X
Unemployment (Page 12)	X		
Total Construction Value (Page 14)		X	
Residential Construction Value (Page 16)		X	
Commercial Construction Value (Page 18)	X		
<b><u>Revenues</u></b>			
Revenue Per Capita (Page 21)			X
Restricted Revenue (Page 23)		X	
Intergovernmental Revenue (Page 25)		X	
Property Tax Revenue (Page 27)			X
Uncollected Property Tax (Page 29)		X	
Utility Tax Revenue (Page 31)	X		
Franchise Tax Revenue (Page 33)	X		
<b><u>Expenditures</u></b>			
Operating Expenditures (Page 36)	X		
Employees per 1000 Citizens (Page 38)	X		
Average Employee Salary (Page 40)	X		
Fringe Benefits (Page 42)		X	
Salaries and Wages (Page 44)	X		
Total Personal Services (Page 46)		X	
<b><u>Operating Position</u></b>			
Operating Surplus/(Deficit) (Page 49)			X
Unassigned Fund Balance (Page 51)	X		
Water and Sewer (Page 53)		X	
Sanitation (Page 55)		X	
Liquidity Ratio (Page 57)	X		
<b><u>Debt</u></b>			
Current Liabilities (Page 60)		X	
Long Term Debt per Capita (Page 62)	X		
<b>TOTAL</b>	<b>12</b>	<b>12</b>	<b>4</b>



**THE END**