

CITY OF HAINES CITY, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**Fiscal Year Ended
September 30, 2021**

**Prepared by:
Office of Management and Budget**



CITY OF HAINES CITY, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2021

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INTRODUCTORY SECTION

This section contains the following subsections:

- Letter of Transmittal
- Organizational Chart
- Principal City Officials
- Certificate of Achievement for Excellence in Financial Reporting





HAINES CITY

WWW.HAINESCITY.COM

June 21, 2022

To the Honorable Mayor, City Commissioners and Citizens of the City of Haines City, Florida:

State law requires all local governments publish each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP), and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the City of Haines City for the fiscal year ended September 30, 2021.

The report consists of management's representation concerning the finances of the City of Haines City. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the City of Haines City has established a comprehensive internal control framework designed both to protect the City's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City of Haines City's financial statements in conformity with GAAP. Furthermore, the cost of internal controls should not outweigh its benefits, the City of Haines City's comprehensive framework of internal controls has been designed to provide reasonable - rather than absolute - assurance the financial statements will be free from material misstatements. As management, we assert, to the best of our knowledge and belief, the financial report is complete and reliable in all material respects.

The City of Haines City's financial statements have been audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance the basic financial statements of the City of Haines City for the fiscal year ended September 30, 2021 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, there was a reasonable basis for rendering an unmodified opinion that the City of Haines City's financial statements for the fiscal year ended September 30, 2021 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Our Mission

"Our team of professionals will provide our residents and business community with the highest quality services in a fiscally responsible manner through cooperation, strong ethical leadership with a lifelong commitment to enriching lives."

GAAP requires management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Haines City’s MD&A can be found immediately following the independent auditors’ report.

Profile of the City

The City of Haines City, Florida, is a municipal corporation of the State of Florida and was incorporated in 1914. The City is located in Central Florida, some 40 miles west of Orlando and 60 miles east of Tampa. Because of this central location, Haines City is referred to as the “Heart of Florida”. The current permanent population is 29,179. The jurisdiction of the City encompasses 24.1 square miles of territory. The City is empowered to levy a property tax on real estate and personal properties located within its boundaries. It is empowered by state statute to extend its corporate limits by annexation, which occurs when deemed appropriate by the City Commission.

The City of Haines City operates under the Commission-Manager form of government. Policy direction and legislative authority are vested in a governing Commission consisting of five members. The City Commission is responsible for, among other things, enacting Ordinances, Resolutions and regulations governing the City, as well as appointing members of various boards, the City Manager, the City Clerk, and the City Attorney. The City Manager is responsible for implementing the policies adopted by the City Commission and for overseeing the day-to-day operations of the government. The City Manager is also charged with the hiring of department directors and with preparing a balanced recommended annual budget for the review and approval by the City Commission.

The City of Haines City provides a full range of services to its citizenry. These services include general government, police and fire protection, public works (including solid waste service), recreation and parks, library, economic and community development, and emergency management. In addition, the City operates the Water and Wastewater Utility and Stormwater Utility as enterprise activities and the Haines City Community Redevelopment Agency (CRA) as a Special Revenue Fund.

The financial reporting entity (the City of Haines City) includes all funds of the primary government (i.e., the City of Haines City as legally defined), as well as, all of its component units. Component units are legally separate entities for which the City of Haines City is financially accountable or the nature and significance of the relationship between the City and the entity was such that exclusion would cause the City’s financial statements to be misleading or incomplete.

The City has identified one component unit. The Community Redevelopment Agency (CRA) is reported as a blended component unit of the City and its governing body is composed of the members of the City Commission and two citizens or business owners appointed by the City Commission. Additional information can be found in (Note 1) of the notes to the basic financial statements.

The annual budget serves as a foundation for the City of Haines City's financial planning and control systems. All departments of the City are required to submit requests for appropriations to the City Manager and these requests are the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the City Commission for review. The City Commission holds two public hearings on the proposed budget prior to adopting the final budget and setting the tax rates for the budget year. Budgetary control over expenditures is legally maintained at the fund level. Therefore, management must have the City Commission's approval to reallocate resources into or out of the fund. The budget to actual comparison for the General Fund is included as required supplementary information following the notes to the basic financial statements.

Factors Affecting Financial Condition

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment with which the City of Haines City operates.

Local Economy: The City is comprised of extensive residential housing stock with prices covering a broad range. Commercial projects have picked up steam and started to slowly develop throughout the City including major developments on the Highway 27 corridor, as well as industrial projects in the City's southern industrial park.

The economic conditions of the area have continued to improve in the last couple of years in spite of pandemic pressures. The City has experienced steady growth each year rebounding to pre-recession levels. New housing starts approximately doubled over the previous year. The City issued 4,477 building permits for the fiscal year ended September 30, 2021. The City will continue to work in unison to be good stewards of the financial resources collected from our residents to ensure we manage the financial resources we have judiciously for future generations. The City is optimistic with the economic growth occurring in the community, but understand there is still work to be done and we have a long way to go.

Relevant Financial Practices: The City incorporates fiscal practices within each budgetary cycle, on a fiscal year basis. These include not only budgetary practices, but financial practices. The fiscal practices encompass the City's budgetary cycle from preparation to adoption. The process for amending the budget, the outline of legal level of budgetary control, as well as the use of revenues and appropriations are addressed. The practices speak to the use of funds from non-recurring revenue sources, the percentage makeup of Ad Valorem, or Property Taxes, of the total General Fund revenues, and process to apply for and subsequently accept grants staff may want to acquire.

In addition to these budgetary related issues, the fiscal practices also address long-range financial planning strategies, accounting and reporting practices, and establish the capitalization thresholds and capital expenditure limits. These practices allow for the administration of investments and procurements through other external policies, for which the City also maintains separate external policies.

Major Initiatives: During fiscal year 2021, the City of Haines City achieved many significant accomplishments in furtherance of the goals and objectives established by the City Commission.

The accomplishments include the following:

- The City continues to make improvements at the existing water and wastewater treatment facilities.
- Record level of permits issued - 56 new developments at various stages in the permitting process in the City.
- The City was named in the Top 50 safest cities in the State of Florida in a study published by SafeWise in 2021.

Fiscal year 2021 encompassed a lot of change for the City, but the future will unfold even more rigorous accomplishments for the City, its employees, and its citizens.

Awards and Acknowledgements

The City of Haines City received the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting award for the eleventh consecutive year for the City's Comprehensive Annual Financial Report for the fiscal year ended September 30, 2020. The City also received its sixth Government Finance Officers Association's (GFOA) Distinguished Budget Presentation Award in a row. These Certificates of Achievement are the highest form of recognition for excellence in state and local government financial reporting and budgeting.

In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

The City considers these awards not merely to be accolades hung on a wall, but yearly goals to hit and surpass the efforts of the previous year. The City understands idle governments do not grow, yet it is the proactive vision of an organization that will continuously propel itself ahead.

The preparation of this report would not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. The unconditional cooperation of the other departments and their respective staff is also greatly appreciated.

We also would like to express a special note of thanks to our external auditors, Mauldin & Jenkins, LLC, for their professional approach and high standards in the conduct of the independent audit of the City's financial records and transactions.

Sincere appreciation is also expressed to the members of the City Commission for their leadership and support in matters pertaining to the financial affairs of the City.

Respectfully submitted,

A handwritten signature in black ink that reads "Jim Elenksy". The script is fluid and cursive, with the first letters of each word being capitalized and prominent.

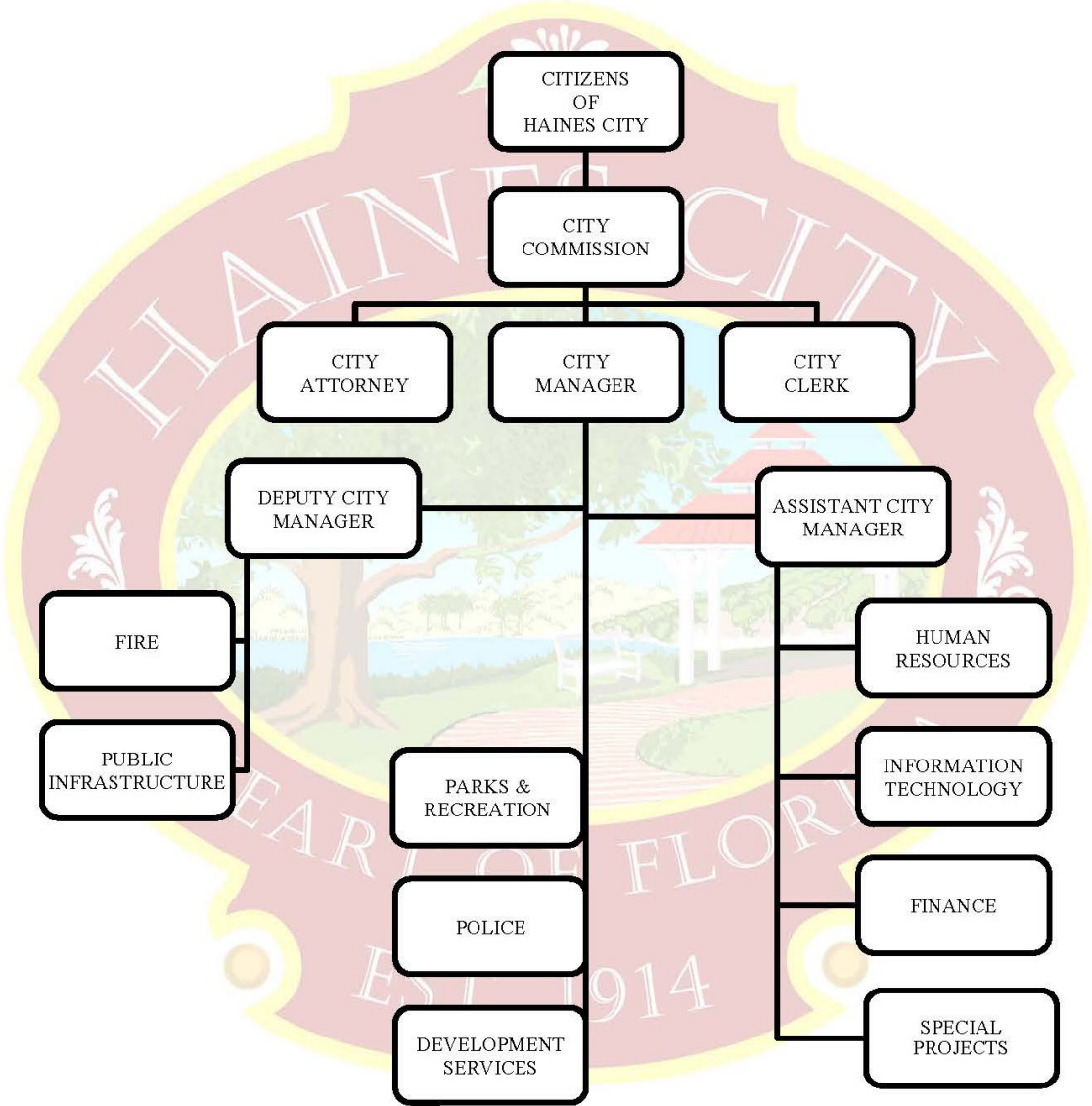
Jim Elenksy
City Manager

A handwritten signature in black ink that reads "Omar DeJesus, CPA". The script is fluid and cursive, with the first letters of each word being capitalized and prominent.

Omar DeJesus, CPA
Finance Director

City of Haines City, Florida

Organizational Chart



CITY OF HAINES CITY, FLORIDA

**PRINCIPAL CITY OFFICIALS
SEPTEMBER 30, 2021**

CITY COMMISSION

Anne Huffman, Mayor/Commissioner
Jayne Hall, Vice Mayor/Commissioner
Morris West, Commissioner
Omar Arroyo, Commissioner
H. L. “Roy” Tyler, Commissioner

CITY MANAGER

James Elensky

CITY CLERK

Erica Anderson

CITY ATTORNEY

Fred Reilly



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Haines City
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

This section contains the following subsections:

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information





INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor,
Members of the City Council
City of Haines City, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Haines City, Florida (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and other post-employment benefit schedules on pages 3 through 13, 63 and 64, and 65 through 72, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
June 21, 2022

**CITY OF HAINES CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2021**

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows on September 30, 2021, by \$155,189,229 (net position). This amount includes \$71,587,191 invested in capital assets net of all related debt. Of this amount, unrestricted net position totals \$47,381,386.
- The City's total net position increased by \$32,914,343 or 26.92%.
- As of September 30, 2021, the City's governmental funds reported combined ending fund balances of \$51,743,775, an increase of \$16,820,630 from the prior year. Although single family home construction continued to soar causing extensive increases in restricted fund balance, unknown effects of the pandemic activated extreme cost saving measures by the City which was the primary reason for the increased improvement in the ending fund balance.
- The City's total debt (including compensated absences, the net pension liability, and the total OPEB liability) decreased by \$4,936,439 (8.4%) during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The City's basic financial statements are comprised of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. The Comprehensive Annual Financial Report also contains other supplementary information in addition to the basic financial statements.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has \$3,523,729 that qualifies for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City currently has \$2,145,508 that qualifies for reporting in this category.

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The focus is on "activities" rather than (the previous model's) "fund types."

CITY OF HAINES CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2021

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, physical environment, transportation, economic environment, and culture and recreation. The business-type activities of the City consist of water/sewer utility and stormwater utility.

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

The City has three defined benefit pension plans established for the exclusive benefit of its employees and beneficiaries.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: (1) governmental funds, (2) proprietary funds, and (3) fiduciary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

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

**CITY OF HAINES CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2021**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for: (1) the General Fund, (2) the Capital Projects Fund, (3) the CRA Fund, and (4) the Debt Service Fund, all of which are considered to be major funds.

The City adopts an annual appropriated budget for its General Fund and the CRA Fund. Budgetary comparison schedules have been provided for the General Fund and CRA Fund to demonstrate compliance with the budget.

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's pension trust funds are included in the fiduciary fund type.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statements of Net Position

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. For the current year, the City's assets exceeded liabilities by \$155,189,229.

CITY OF HAINES CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2021

The following table reflects the condensed statements of net position for the current and prior years:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 57,044,268	38,621,918	44,287,597	28,512,858	101,331,865	67,134,776
Capital assets	53,597,809	56,043,329	61,754,385	61,390,211	115,352,194	117,433,540
Total assets	<u>110,642,077</u>	<u>94,665,247</u>	<u>106,041,982</u>	<u>89,903,069</u>	<u>216,684,059</u>	<u>184,568,316</u>
Deferred outflows	<u>3,390,834</u>	<u>3,866,367</u>	<u>132,895</u>	<u>76,424</u>	<u>3,523,729</u>	<u>3,942,791</u>
Long-term liabilities						
outstanding	40,733,867	44,374,327	12,865,830	14,161,805	53,599,697	58,536,132
Other liabilities	5,571,983	3,989,593	3,701,371	2,186,090	9,273,354	6,175,683
Total liabilities	<u>46,305,850</u>	<u>48,363,920</u>	<u>16,567,201</u>	<u>16,347,895</u>	<u>62,873,051</u>	<u>64,711,815</u>
Deferred inflows	<u>1,777,245</u>	<u>1,213,494</u>	<u>368,263</u>	<u>311,003</u>	<u>2,145,508</u>	<u>1,524,497</u>
Net investment in						
capital assets	22,895,353	23,169,970	48,691,838	48,781,258	71,587,191	71,951,228
Restricted	20,836,634	12,850,855	15,384,018	9,380,684	36,220,652	22,231,539
Unrestricted	22,217,829	12,933,375	25,163,557	15,158,653	47,381,386	28,092,028
Total net position	<u>\$ 65,949,816</u>	<u>48,954,200</u>	<u>89,239,413</u>	<u>73,320,595</u>	<u>155,189,229</u>	<u>122,274,795</u>

Forty-six percent (46.1%) of the City's net position reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure, and vehicles and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately twenty-three percent (23.3%) of the City's net position represents resources that are subject to external restrictions on how they may be used.

The increase in assets and net position of the City's business-type activities is due to additions made to the City's water distribution and sewer collection systems, but primarily due to increases in restricted assets because the City is experiencing record growth.

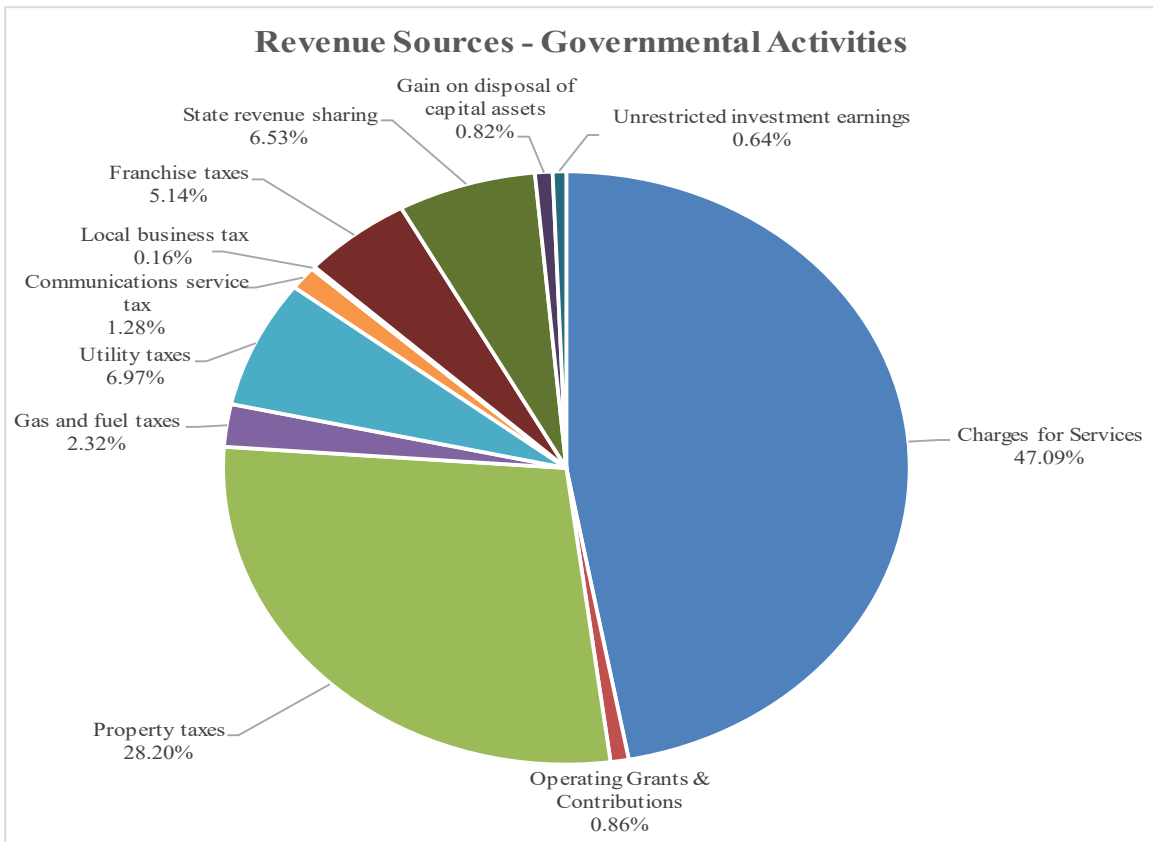
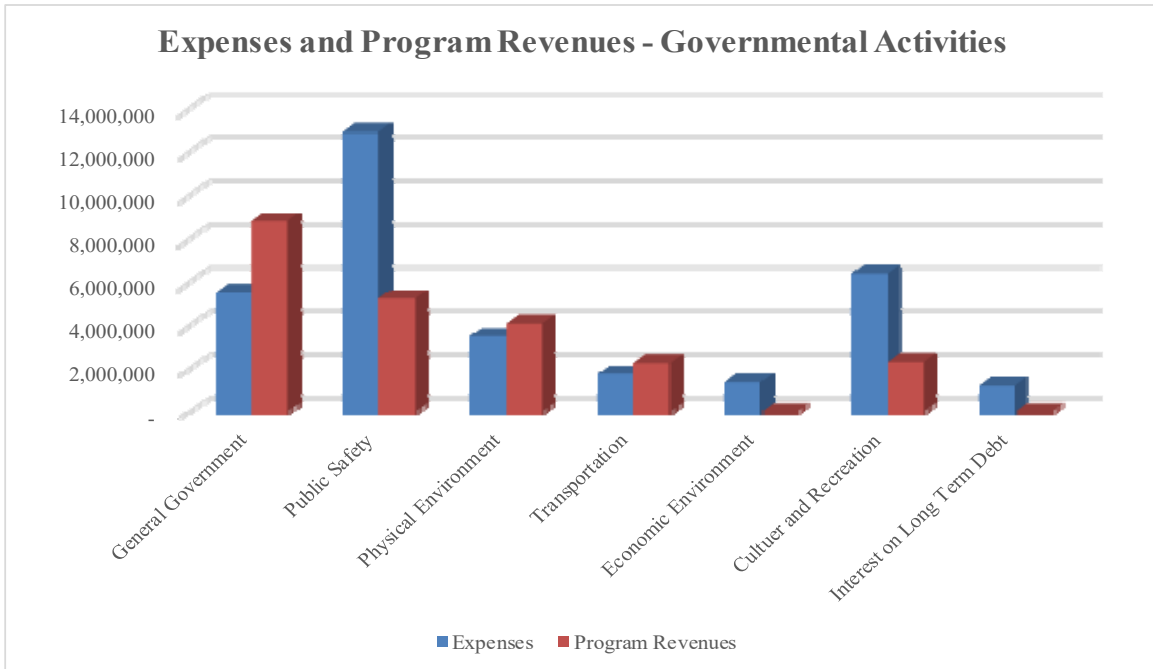
CITY OF HAINES CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2021

Statements of Activities

The following table reflects the condensed statements of activities for the current and prior years:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	\$ 22,283,505	16,133,606	28,431,843	20,044,833	50,715,348	36,178,439
Operating grants and contributions	405,384	593,245	-	-	405,384	593,245
Capital grants and contributions	-	-	414,010	174,040	414,010	174,040
General revenues						
Property taxes	13,347,454	12,195,561	-	-	13,347,454	12,195,561
Franchise taxes	2,430,508	2,370,709	-	-	2,430,508	2,370,709
Utility taxes	3,299,040	2,434,310	-	-	3,299,040	2,434,310
Communications service tax	605,354	591,481	-	-	605,354	591,481
Local business tax	75,594	39,371	-	-	75,594	39,371
Gas and fuel taxes	1,096,859	992,938	-	-	1,096,859	992,938
State revenue sharing	3,089,010	2,595,405	-	-	3,089,010	2,595,405
Unrestricted intergovernmental revenues	-	-	-	269,222	-	269,222
Unrestricted investment earnings	304,114	391,204	71,683	123,010	375,797	514,214
Gain on disposal	387,589	977,042	55,622	-	443,211	977,042
Total revenues	47,324,411	39,314,872	28,973,158	20,611,105	76,297,569	59,925,977
Expenses						
General government	5,518,518	5,456,794	-	-	5,518,518	5,456,794
Public safety	12,969,992	12,992,295	-	-	12,969,992	12,992,295
Physical environment	3,474,576	3,181,953	-	-	3,474,576	3,181,953
Transportation	1,741,992	1,974,706	-	-	1,741,992	1,974,706
Economic environment	1,347,390	1,041,023	-	-	1,347,390	1,041,023
Culture and recreation	6,382,456	6,342,173	-	-	6,382,456	6,342,173
Interest on long-term debt	1,193,871	1,260,270	-	-	1,193,871	1,260,270
Water/sewer utility	-	-	10,314,609	10,658,998	10,314,609	10,658,998
Stormwater utility	-	-	439,731	529,775	439,731	529,775
Total expenses	32,628,795	32,249,214	10,754,340	11,188,773	43,383,135	43,437,987
Change in net position before transfers	14,695,616	7,065,658	18,218,818	9,422,332	32,914,434	16,487,990
Transfers	2,300,000	2,200,000	(2,300,000)	(2,200,000)	-	-
Change in net position	16,995,616	9,265,658	15,918,818	7,222,332	32,914,434	16,487,990
Net position, beginning	48,954,200	39,688,542	73,320,595	66,098,263	122,274,795	105,786,805
Net position, ending	\$ 65,949,816	48,954,200	89,239,413	73,320,595	155,189,229	122,274,795

**CITY OF HAINES CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2021**



**CITY OF HAINES CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2021**

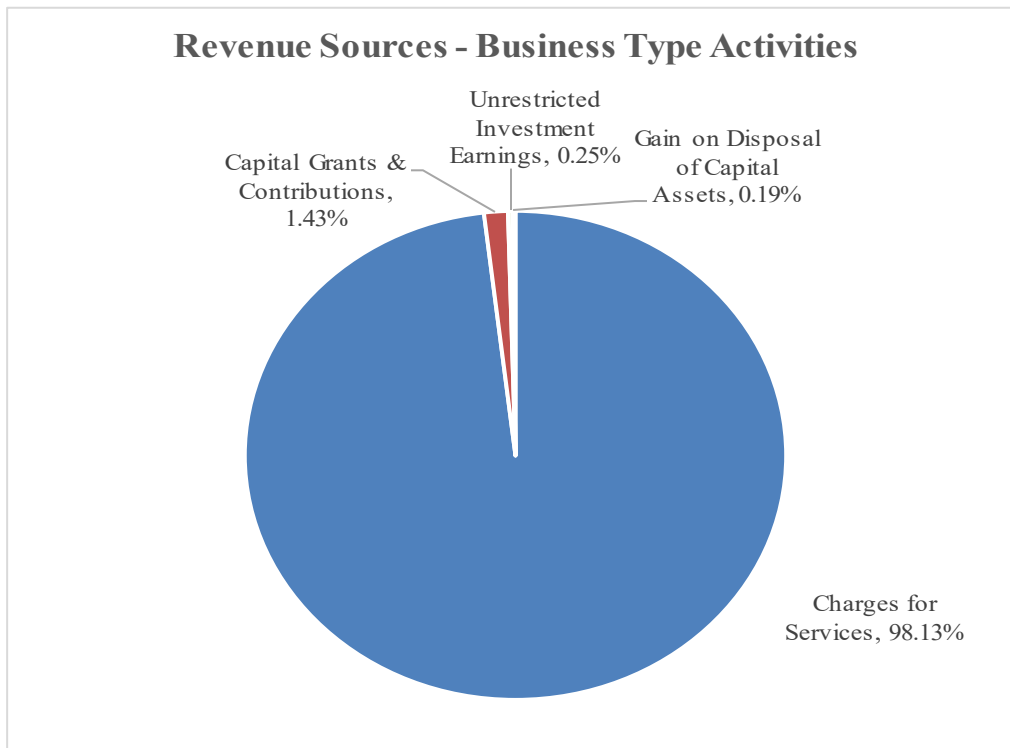
Governmental Activities

Governmental activities net position increased by \$16,995,616.

General revenues of governmental activities increased by \$2,047,501. Property values have continued to increase as new homes continue to be built at higher prices.

Program revenues of governmental activities increased by \$5,962,038, showing a large increase over last year's building permits and related revenues collected. Charges for services increased by \$6,149,899 due to continued growth within the City, as operating grants and contributions decreased by \$187,861. The City has been and will continue to be active in securing grant funding.

The expenses for governmental activities increased by \$379,581 compared to the prior year. This increase is primarily due to a step increase in salaries and expanded services.



Business-Type Activities

Business-type activities net position increased by \$15,918,818.

Program revenues of business type activities increased by \$8,626,980, due to rate increases and many new customer accounts due to growth leading to higher water and sewer service revenues.

Expenses of business-type activities decreased by \$434,433 due to turnover in salaries along with an increase in delays for projects in progress. The City continues to develop the most effective and efficient ways to provide services to its citizens while maintaining its current infrastructure as new developments are built.

**CITY OF HAINES CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2021**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

As of September 30, 2021, the City's governmental funds reported combined ending fund balances of \$51,743,775, an increase of \$16,820,630 in comparison with the prior year. Despite the global pandemic, the increase is due to the improvement of the overall economic condition of the City. As mentioned before, many factors resulted in the City's increased fund balances. Record setting growth in the City, the sale of land, and extreme cost saving measures as the City went into hibernation caused the City to experience less expenditures. As the extent of the pandemic was largely unknown immediately, City closings and less events also added to the reduction in expenditures. Thankfully, the damage was less and the City ended up in a better position. The City has plans to heavily invest in its capital infrastructure in its next budget cycle.

The City has implemented the requirements of GASB 54 defining the manner in which Governmental Funds fund balance is classified. Fund balance is now divided into five categories: (1) non-spendable, (2) restricted, (3) committed, (4) assigned, and (5) unassigned.

- Non-spendable fund balance includes amounts that are not in spendable form (inventory or long-term receivables) or amounts that are required to be maintained intact (corpus of a permanent fund). \$175,890 or 0.3% of total fund balance is classified as non-spendable.
- Restricted fund balance includes amounts that can be spent only for specific purposes stipulated by external resource providers such as creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. \$20,836,634 or 40.3% of total fund balance is classified as restricted.
- Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution or ordinance) of the City Commission, the City's highest level of decision-making authority. Committed amounts cannot be used for any other purposes unless the City Commission removes or changes the specified use by taking the same type of formal action (resolution or ordinance) it employed to commit those funds. \$539,394 or 1.0% of total fund balance is classified as committed.
- Assigned fund balance includes amounts established by City Management intended to be used for specific purposes. \$943,505 or 1.8% of total fund balance is classified as assigned.
- Unassigned fund balance is the residual classification representing fund balance that has not been restricted, committed or assigned. \$29,248,352 or 56.5% of total fund balance is classified as unassigned.

**CITY OF HAINES CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2021**

The General Fund is the chief operating fund of the City. At September 30, 2021, total fund balance of the General Fund is \$48,877,235. Non-spendable fund balance equals \$175,858 or 0.4%; restricted fund balance equals \$17,970,126 or 36.8%; committed fund balance equals \$539,394 or 1.1%; assigned fund balance equals \$943,505 or 1.9%; and unassigned fund balance equals \$29,248,352 or 59.8%.

The fund balance of the City's General Fund increased by \$16,136,091 during the current fiscal year. As stated earlier, this increase is due to an overall improvement in the City's economic condition developer growth imploded, one-time revenue receipts and savings from the economy being shut down.

The fund balance of the City's CRA fund increased by \$705,172 during the current fiscal year due to increased revenues and transfers offset by the completion of projects carried over from prior years.

It is essential that governments maintain an adequate level of fund balance to mitigate risks and provide a back-up for revenue shortfalls. Therefore, the City has established the target minimum reserve balance in the City's General Fund unassigned fund balance equal to 17% of the General Fund's current fiscal year operating budget as recommended by the Governmental Finance Officers Association (GFOA). Currently the City is maintaining a 79.6% unassigned balance. The City is now in a position to fund its capital improvement plan aggressively with reserves and not create recurring costs.

Proprietary Funds

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

Unrestricted net position of the Water and Sewer Fund and the Stormwater Utility Fund at September 30, 2021 amounted to \$24,889,491 and \$274,066, respectively. All stormwater fees are being collected through an assessment process on an annual basis. The stormwater fees will be collected in arrears going forward; therefore, there is a natural lag in the collection cycle. Net position invested in capital assets, net of related debt, was \$47,290,690 in the Water and Sewer Fund at year-end. The change in net position for these funds was an increase of \$15,781,352 in the Water and Sewer Fund and an increase of \$137,466 in the Stormwater Fund. The change in net position for the Water and Sewer Fund was due to a decrease in expenditures and improved revenue collection with increased rates and new customers coming online.

GENERAL FUND BUDGETARY HIGHLIGHTS

There is a \$1,160,500 difference in appropriations between the original budget and the final amended budget for this fiscal year. The major reason for the difference is an increase in funding due to insurance surplus revenues and building department purchases.

The difference between the final amended budget and actual expenditures was \$2,231,314 and can be summarized as follows:

- Various general government departments under budget.
- Impact fees budgeted but not expended.
- Salary savings within other departments throughout the City due to vacant positions.
- Decreased pension expenditures.

**CITY OF HAINES CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2021**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities, net of related debt, amounts to \$115,352,194 (net of accumulated depreciation) as of September 30, 2021. This investment in capital assets includes land, buildings, improvements, infrastructure, vehicles and equipment. The total decrease in the City's investment in capital assets, net of related debt, for the current fiscal year (net of accumulated depreciation) was \$2,081,346 (a decrease of \$2,445,520 governmental activities and an increase of \$364,174 for business-type activities, respectively).

**City of Haines City, Florida
Capital Assets (Net of Accumulated Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 9,533,288	9,227,820	817,435	814,935	10,350,723	10,042,755
Plant improvements	-	-	49,278,554	50,084,216	49,278,554	50,084,216
Buildings and improvements	34,421,671	35,312,441	318,850	215,008	34,740,521	35,527,449
Equipment	2,809,595	2,775,134	3,947,457	4,252,905	6,757,052	7,028,039
Transportation equipment	1,484,094	1,952,016	696,111	690,955	2,180,205	2,642,971
Infrastructure	5,039,156	5,339,298	398,663	413,081	5,437,819	5,752,379
Library books	-	-	-	-	-	-
Construction in progress	310,005	1,436,620	6,297,315	4,919,111	6,607,320	6,355,731
Total	<u>\$ 53,597,809</u>	<u>56,043,329</u>	<u>61,754,385</u>	<u>61,390,211</u>	<u>115,352,194</u>	<u>117,433,540</u>

Additional information on the City's capital assets can be found in Note 4 to the financial statements on pages 40 and 41 of this report.

Long-Term Debt

At the end of the current fiscal year, the City had total long-term liabilities of \$53,599,696, a decrease of \$4,936,436 from the prior year.

**City of Haines City, Florida
Long-Term Debt**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Total long-term liabilities	<u>\$ 40,733,867</u>	<u>44,374,327</u>	<u>12,865,829</u>	<u>14,161,805</u>	<u>53,599,696</u>	<u>58,536,132</u>

Additional information on the City's long-term debt can be found in Note 7 to the financial statements on pages 43 through 47 of this report.

**CITY OF HAINES CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2021**

NEXT YEAR'S BUDGETS AND RATES

For fiscal year 2022, the City's millage rate remained the same at 7.5895 mills. For taxable year 2020, the City's property tax valuation increased by \$75,096,666 (5.5%). The increase is due to the upturn in property values as well as new growth on old agriculture properties now being developed. Moving forward the annual budget has a better outlook to meet capital infrastructure and wage demands. To help, the City continues to levy a Fire Service Assessment for property within city limits of Haines City. Each parcel of land will be assessed a flat amount of \$144.93 plus \$0.85 per every \$1,000 of value for all relative improvements upon that parcel. The billing for the assessment will be included on the property owner's tax bill which is issued by the Polk County Tax Collector. The City has plans to construct additional fire stations and this revenue stream, along with its enhanced savings, will provide the means for it. The City has had past practice of incrementally funding capital needs through reserves, but it will look to amplify that as the City has fared even better than expected through the pandemic.

ECONOMIC FACTORS

With all major market indicators showing that the economy is placing high value in demand, the City is optimistic about what lies ahead in the coming fiscal years. Taxable values and the housing market are now exceeding those in the years prior to the economic recession in 2008. The City issued a record level of building permits in fiscal year 2021 compared to last year. Therefore, optimism remains high that this upward momentum will continue. The City went into extreme savings mode during the pandemic as the world shut down. However, not all sectors ended up being affected by the pandemic; construction was one of them. The City will continue to work in unison to be good stewards of the financial resources collected from our residents to ensure that we manage the financial resources we have judiciously for future generations. The City is optimistic with the economic growth that is occurring in the community and excited about the opportunity to fund many looming infrastructure needs. There is still work to be done and we have a long way to go.

When you look at Haines City's geographical location you see that it is the heart of Florida. It is within a short driving distance of some of the major tourist attractions of the world. The City has begun a campaign to take advantage of its location and become a destination point. With events like the Florida Iron Man competition, Ribs on the Ridge qualifying bar-b-que competition and Thunder on the Ridge Fourth of July Celebration, the City hopes to attract other events to stimulate the local economy. The City has invested \$25 million in Lake Eva Park located in the City boundaries. The park is a multi-purpose recreational facility that rivals any in the area and has the capacity to accommodate a variety of different type and size events. The City wants to become a destination point. We found our heartbeat in the heart of Florida; we invite everyone to come find theirs.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Haines City, 620 East Main Street, Haines City, Florida 33844.



CITY OF HAINES CITY, FLORIDA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 43,443,034	23,408,188	66,851,222
Accounts receivable, net	1,322,535	3,334,028	4,656,563
Internal balances	42,686	(42,686)	-
Due from other governments	487,990	106	488,096
Inventory	171,572	350,577	522,149
Prepaid items	4,132	2,998	7,130
Restricted cash and cash equivalents	11,572,133	17,234,386	28,806,519
Long-term receivables	186	-	186
Capital assets			
Non-depreciable assets	9,843,293	7,114,750	16,958,043
Depreciable assets, net of depreciation	43,754,516	54,639,635	98,394,151
TOTAL ASSETS	110,642,077	106,041,982	216,684,059
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	2,707,046	118,072	2,825,118
Deferred outflows - OPEB	58,998	14,823	73,821
Deferred loss on refunding	624,790	-	624,790
Total deferred outflows of resources	3,390,834	132,895	3,523,729
LIABILITIES			
Accounts payable	3,438,131	1,666,852	5,104,983
Due to other governments	154,135	-	154,135
Accrued interest	271,490	-	271,490
Accrued payroll	462,818	105,406	568,224
Deposits	1,206,809	-	1,206,809
Unearned revenues	38,600	-	38,600
Current liabilities payable from restricted assets			
Accrued interest payable	-	65,750	65,750
Deposits	-	1,850,348	1,850,348
Other liabilities	-	13,015	13,015
Noncurrent liabilities			
Portion due within one year	3,475,028	1,450,493	4,925,521
Portion due after one year	37,258,839	11,415,337	48,674,176
TOTAL LIABILITIES	46,305,850	16,567,201	62,873,051
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pensions	737,209	106,953	844,162
Deferred inflows - OPEB	1,040,036	261,310	1,301,346
Total deferred inflows of resources	1,777,245	368,263	2,145,508
NET POSITION			
Net investment in capital assets	22,895,353	48,691,838	71,587,191
Restricted for			
Building permits	6,439,520	-	6,439,520
Impact fee requirements	11,379,942	-	11,379,942
Confiscated property	83,045	-	83,045
Law enforcement training	67,619	-	67,619
Capital projects	-	14,668,702	14,668,702
Community development	2,836,889	-	2,836,889
Debt service	29,619	715,316	744,935
Unrestricted	22,217,829	25,163,557	47,381,386
TOTAL NET POSITION	\$ 65,949,816	89,239,413	155,189,229

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

CITY OF HAINES CITY, FLORIDA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 5,518,518	8,758,081	40,590	-
Public safety	12,969,992	5,217,970	8,467	-
Physical environment	3,474,576	4,090,916	-	-
Transportation	1,741,992	2,261,065	-	-
Economic environment	1,347,390	-	-	-
Culture and recreation	6,382,456	1,955,473	356,327	-
Interest on long-term debt	1,193,871	-	-	-
Total governmental activities	<u>32,628,795</u>	<u>22,283,505</u>	<u>405,384</u>	<u>-</u>
Business-type activities				
Water and sewer	10,314,609	27,855,955	-	414,010
Stormwater	439,731	575,888	-	-
Total business-type activities	<u>10,754,340</u>	<u>28,431,843</u>	<u>-</u>	<u>414,010</u>
Total primary government	<u>\$ 43,383,135</u>	<u>50,715,348</u>	<u>405,384</u>	<u>414,010</u>

GENERAL REVENUES

Property taxes
 Gas and fuel taxes
 Utility taxes
 Communications service tax
 Local business tax
 Franchise taxes
 State revenue sharing
 Gain on disposal of capital assets
 Unrestricted investment earnings

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

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

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
3,280,153	-	3,280,153
(7,743,555)	-	(7,743,555)
616,340	-	616,340
519,073	-	519,073
(1,347,390)	-	(1,347,390)
(4,070,656)	-	(4,070,656)
(1,193,871)	-	(1,193,871)
<u>(9,939,906)</u>	<u>-</u>	<u>(9,939,906)</u>
-	17,955,356	17,955,356
-	136,157	136,157
-	<u>18,091,513</u>	<u>18,091,513</u>
<u>(9,939,906)</u>	<u>18,091,513</u>	<u>8,151,607</u>
13,347,454	-	13,347,454
1,096,859	-	1,096,859
3,299,040	-	3,299,040
605,354	-	605,354
75,594	-	75,594
2,430,508	-	2,430,508
3,089,010	-	3,089,010
387,589	55,622	443,211
304,114	71,683	375,797
<u>24,635,522</u>	<u>127,305</u>	<u>24,762,827</u>
2,300,000	(2,300,000)	-
<u>26,935,522</u>	<u>(2,172,695)</u>	<u>24,762,827</u>
16,995,616	15,918,818	32,914,434
48,954,200	73,320,595	122,274,795
<u>\$ 65,949,816</u>	<u>89,239,413</u>	<u>155,189,229</u>

CITY OF HAINES CITY, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	General Fund	Capital Projects Fund	CRA Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 40,533,313	-	2,909,721	-	43,443,034
Accounts receivable	1,322,535	-	-	-	1,322,535
Due from other funds	42,686	-	-	-	42,686
Due from other governments	487,990	-	-	-	487,990
Inventory	171,572	-	-	-	171,572
Prepaid items	4,100	-	32	-	4,132
Restricted cash and cash equivalents	11,542,514	-	-	29,619	11,572,133
Long-term receivables	186	-	-	-	186
Total assets	\$ 54,104,896	-	2,909,753	29,619	57,044,268
Liabilities					
Accounts payable	\$ 3,393,999	-	44,132	-	3,438,131
Due to other governments	154,135	-	-	-	154,135
Accrued payroll	437,993	-	24,825	-	462,818
Other current liabilities	1,202,934	-	3,875	-	1,206,809
Unearned revenue	38,600	-	-	-	38,600
Total liabilities	5,227,661	-	72,832	-	5,300,493
Fund Balances					
Nonspendable					
Inventory	171,572	-	-	-	171,572
Prepaid items	4,100	-	32	-	4,132
Long-term receivables	186	-	-	-	186
Restricted for					
Building permits	6,439,520	-	-	-	6,439,520
Impact fee requirements	11,379,942	-	-	-	11,379,942
Confiscated property	83,045	-	-	-	83,045
Law enforcement training	67,619	-	-	-	67,619
Community development	-	-	2,836,889	-	2,836,889
Debt service	-	-	-	29,619	29,619
Committed for capital projects	539,394	-	-	-	539,394
Assigned for					
Subsequent years budget:					
Appropriation of fund balance	943,505	-	-	-	943,505
Unassigned	29,248,352	-	-	-	29,248,352
Total fund balances	48,877,235	-	2,836,921	29,619	51,743,775
Total liabilities and fund balances	\$ 54,104,896	-	2,909,753	29,619	57,044,268

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

CITY OF HAINES CITY, FLORIDA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

Total fund balances for governmental funds		\$ 51,743,775
Total net position reported for governmental activities in the statement of net position is different because:		
1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of :		
Land	\$ 9,533,288	
Buildings and improvements, net of \$30,864,347 accumulated depreciation	34,421,671	
Equipment, net of \$7,152,253 accumulated depreciation	2,809,595	
Transportation equipment, net of \$4,794,948 accumulated depreciation	1,484,094	
Infrastructure, net of \$5,331,959 accumulated depreciation	5,039,156	
Library books, net of \$758,439 accumulated depreciation	-	
Construction in progress	310,005	
Total capital assets, net	53,597,809	53,597,809
2. Long-term liabilities and related accrued interest applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities, except for portions payable early in the following year for which sufficient resources have been accumulated in the funds to liquidate the liabilities. These liabilities consist		
CenterState Bank loans	(31,107,817)	
Deferred loss on refunding	624,790	
Capital leases obligations	(219,429)	
Accrued interest on long-term debt	(271,490)	
Compensated absences	(2,210,238)	
Net pension liability	(4,245,301)	
Total OPEB liability	(2,951,082)	
Total long-term liabilities and accrued interest	(40,380,567)	(40,380,567)
3. Deferred outflows and deferred inflows related to the City's pension plans and OPEB plan are not expected to be liquidated with expendable available financial resources and are therefore, not reported in the funds.		
Deferred outflows - pensions	2,707,046	
Deferred outflows - OPEB	58,998	
Deferred inflows - pensions	(737,209)	
Deferred inflows - OPEB	(1,040,036)	
Total deferred outflows/inflows of resources	988,799	988,799
Total net position of governmental activities		\$ 65,949,816

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

CITY OF HAINES CITY, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	General Fund	Capital Projects Fund	CRA Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Property taxes	\$ 10,628,750	-	2,718,704	-	13,347,454
Gas and fuel taxes	1,096,859	-	-	-	1,096,859
Utility taxes	3,299,040	-	-	-	3,299,040
Communications service tax	605,354	-	-	-	605,354
Local business tax	75,594	-	-	-	75,594
Franchise fees	2,430,508	-	-	-	2,430,508
Licenses and permits	7,770,438	-	-	-	7,770,438
Intergovernmental	3,440,237	-	-	-	3,440,237
Charges for services	5,604,074	-	-	-	5,604,074
Fines and forfeitures	1,924,533	-	-	-	1,924,533
Assessments	2,266,709	-	-	-	2,266,709
Impact fees	4,539,563	-	-	-	4,539,563
Contributions	45,140	-	9,017	-	54,157
Interest	98,378	-	7,141	198,595	304,114
Other	178,188	-	-	-	178,188
Total revenues	<u>44,003,365</u>	<u>-</u>	<u>2,734,862</u>	<u>198,595</u>	<u>46,936,822</u>
Expenditures					
Current					
General government	4,954,654	8	2,341	-	4,957,003
Public safety	12,276,183	-	82,391	-	12,358,574
Physical environment	3,478,379	-	-	-	3,478,379
Transportation	1,295,609	-	-	-	1,295,609
Economic environment	-	-	1,134,918	-	1,134,918
Culture and recreation	3,763,733	-	829,528	-	4,593,261
Debt service					
Principal	-	-	-	2,260,158	2,260,158
Interest	-	-	-	1,123,946	1,123,946
Capital outlay	537,188	-	1,104,265	-	1,641,453
Total expenditures	<u>26,305,746</u>	<u>8</u>	<u>3,153,443</u>	<u>3,384,104</u>	<u>32,843,301</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,697,619</u>	<u>(8)</u>	<u>(418,581)</u>	<u>(3,185,509)</u>	<u>14,093,521</u>
Other financing sources (uses)					
Insurance proceeds	361,054	-	-	-	361,054
Sale of capital assets	66,055	-	-	-	66,055
Transfers in	2,300,000	-	2,986,190	3,164,884	8,451,074
Transfers out	(4,288,637)	-	(1,862,437)	-	(6,151,074)
Total other financing sources (uses)	<u>(1,561,528)</u>	<u>-</u>	<u>1,123,753</u>	<u>3,164,884</u>	<u>2,727,109</u>
Net change in fund balances	16,136,091	(8)	705,172	(20,625)	16,820,630
Fund balances, beginning of year	32,741,144	8	2,131,749	50,244	34,923,145
Fund balances, end of year	<u>\$ 48,877,235</u>	<u>-</u>	<u>2,836,921</u>	<u>29,619</u>	<u>51,743,775</u>

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

CITY OF HAINES CITY, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Total net change in fund balances for governmental funds \$ 16,820,630

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period.

Capital outlay	\$ 1,564,226	
Depreciation expense	<u>(3,970,226)</u>	(2,406,000)

The net effect of various miscellaneous transactions (i.e. sales and donations) is to increase net position.

Net book value of assets disposed		(39,520)
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Proceeds of certain long-term debt are reported as financing sources in governmental funds and thus contribute to the increase in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. This is the amount by which payment of principal on this debt exceeds (is exceeded by) the proceeds from issuance of new debt.

Principal payments		2,260,158
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are used. The net change associated with these expenses/expenditures is as follows:

Accrued interest on long-term debt	19,330	
Pension expense	402,949	
Compensated absences	43,107	
Total OPEB liability	<u>(15,783)</u>	449,603

Expense is recorded on the statement of activities for amortization of the following items:

Deferred loss on refunding		<u>(89,255)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 16,995,616</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF HAINES CITY, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021**

Assets	Water and Sewer Fund	Stormwater Fund	Total
Current assets			
Cash and cash equivalents	\$ 22,942,660	465,528	23,408,188
Accounts receivable, net of allowances	3,334,028	-	3,334,028
Due from other governments	-	106	106
Inventories	350,577	-	350,577
Prepaid items	2,998	-	2,998
Total current assets	26,630,263	465,634	27,095,897
Noncurrent assets			
Restricted cash and cash equivalents	17,234,386	-	17,234,386
Capital assets			
Land	761,482	55,952	817,434
Stormwater improvements	-	839,126	839,126
Plant and plant improvements	79,147,300	-	79,147,300
Buildings and improvements	537,348	-	537,348
Equipment	11,033,666	146,325	11,179,991
Transportation equipment	2,146,098	-	2,146,098
Construction in progress	5,428,871	868,445	6,297,316
Less accumulated depreciation	(38,701,528)	(508,700)	(39,210,228)
Total capital assets (net of accumulated depreciation)	60,353,237	1,401,148	61,754,385
Total noncurrent assets	77,587,623	1,401,148	78,988,771
Total assets	104,217,886	1,866,782	106,084,668
Deferred Outflows of Resources			
Deferred outflows - pensions	108,821	9,251	118,072
Deferred outflows - OPEB	13,369	1,454	14,823
Total deferred outflows of resources	122,190	10,705	132,895

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

(Continued)

CITY OF HAINES CITY, FLORIDA

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2021**

Liabilities	Water and Sewer Fund	Stormwater Fund	Total
Current liabilities			
Accounts payable	\$ 1,608,569	58,283	1,666,852
Due to other funds	42,686	-	42,686
Accrued liabilities	100,581	4,825	105,406
Current portion of compensated absences	168,906	6,372	175,278
Current liabilities payable from restricted assets			
Current portion of long-term debt	1,275,215	-	1,275,215
Accrued interest payable	65,750	-	65,750
Deposits	1,850,348	-	1,850,348
Other liabilities	13,015	-	13,015
Total current liabilities	<u>5,125,070</u>	<u>69,480</u>	<u>5,194,550</u>
Noncurrent liabilities			
Long-term liabilities	11,316,561	98,776	11,415,337
Total noncurrent liabilities	<u>11,316,561</u>	<u>98,776</u>	<u>11,415,337</u>
Total liabilities	<u>16,441,631</u>	<u>168,256</u>	<u>16,609,887</u>
Deferred Inflows of Resources			
Deferred inflows - pensions	98,573	8,380	106,953
Deferred inflows - OPEB	235,673	25,637	261,310
Total deferred inflows of resources	<u>334,246</u>	<u>34,017</u>	<u>368,263</u>
Net Position			
Net investment in capital assets	47,290,690	1,401,148	48,691,838
Restricted for			
Capital projects	14,668,702	-	14,668,702
Debt service	715,316	-	715,316
Unrestricted	24,889,491	274,066	25,163,557
Total Net Position	<u>\$ 87,564,199</u>	<u>1,675,214</u>	<u>89,239,413</u>

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

CITY OF HAINES CITY, FLORIDA

**STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Water and Sewer Fund	Stormwater Fund	Total
Operating revenues			
Charges for services	\$ 19,908,544	575,888	20,484,432
Impact fees	7,469,542	-	7,469,542
Miscellaneous	477,869	-	477,869
Total operating revenues	<u>27,855,955</u>	<u>575,888</u>	<u>28,431,843</u>
Operating expenses			
Personnel services	2,670,641	249,143	2,919,784
Other services and charges	4,616,516	161,791	4,778,307
Depreciation	2,862,190	28,797	2,890,987
Total operating expenses	<u>10,149,347</u>	<u>439,731</u>	<u>10,589,078</u>
Operating income	<u>17,706,608</u>	<u>136,157</u>	<u>17,842,765</u>
Nonoperating revenues (expenses)			
Intergovernmental grant revenue	210,290	-	210,290
Interest revenue	70,374	1,309	71,683
Interest expense	(165,262)	-	(165,262)
Gain on disposal of capital assets	55,622	-	55,622
Total nonoperating revenues, net	<u>171,024</u>	<u>1,309</u>	<u>172,333</u>
Income before capital contributions and transfers	17,877,632	137,466	18,015,098
Capital contributions	203,720	-	203,720
Transfers out	<u>(2,300,000)</u>	<u>-</u>	<u>(2,300,000)</u>
Change in net position	15,781,352	137,466	15,918,818
Net position, beginning of year	<u>71,782,847</u>	<u>1,537,748</u>	<u>73,320,595</u>
Net position, end of year	<u>\$ 87,564,199</u>	<u>1,675,214</u>	<u>89,239,413</u>

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

CITY OF HAINES CITY, FLORIDA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Water and Sewer Fund	Stormwater Fund	Total
Cash Flows from Operating Activities			
Cash received from customers	\$ 27,340,641	584,658	27,925,299
Cash payments to suppliers for goods and services	(3,511,237)	(124,708)	(3,635,945)
Cash payments to employees for services	(2,823,708)	(296,846)	(3,120,554)
Net cash provided by operating activities	<u>21,005,696</u>	<u>163,104</u>	<u>21,168,800</u>
Cash Flows from Noncapital Financing Activities			
Transfers out	(2,300,000)	-	(2,300,000)
Intergovernmental revenue	210,290	-	210,290
Net cash used in noncapital financing activities	<u>(2,089,710)</u>	<u>-</u>	<u>(2,089,710)</u>
Cash Flows from Capital and Related Financing Activities			
Capital contributions	203,720	-	203,720
Acquisition and construction of capital assets	(3,203,907)	(51,254)	(3,255,161)
Principal paid on loans payable	(1,255,058)	-	(1,255,058)
Interest paid on loans payable	(169,908)	-	(169,908)
Proceeds from issuance of notes payable	358,901	-	358,901
Proceeds from sale of capital assets	55,622	-	55,622
Net cash used in capital and related financing activities	<u>(4,010,630)</u>	<u>(51,254)</u>	<u>(4,061,884)</u>
Cash Flows from Investing Activities			
Interest received	70,374	1,309	71,683
Net cash provided by investing activities	<u>70,374</u>	<u>1,309</u>	<u>71,683</u>
Net change in cash and cash equivalents	14,975,730	113,159	15,088,889
Cash and cash equivalents, beginning of year	25,201,316	352,369	25,553,685
Cash and cash equivalents, end of year	<u>\$ 40,177,046</u>	<u>465,528</u>	<u>40,642,574</u>
Cash and cash equivalents classified as			
Current assets	\$ 22,942,660	465,528	23,408,188
Restricted assets	17,234,386	-	17,234,386
	<u>\$ 40,177,046</u>	<u>465,528</u>	<u>40,642,574</u>

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

(Continued)

CITY OF HAINES CITY, FLORIDA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<u>Water and Sewer Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 17,706,608	136,157	17,842,765
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation expense	2,862,190	28,797	2,890,987
Change in assets and liabilities			
(Increase) decrease in			
Accounts receivable	(811,917)	7,940	(803,977)
Due from other governments	-	830	830
Inventory	(81,012)	-	(81,012)
Prepays	301	-	301
Deferred outflows - pensions	(38,385)	(3,263)	(41,648)
Deferred outflows - OPEB	(13,369)	(1,454)	(14,823)
Increase (decrease) in			
Accounts payable	1,173,403	41,936	1,215,339
Due to other funds	12,587	-	12,587
Accrued liabilities	12,838	(4,853)	7,985
Customer deposits	296,603	-	296,603
Deferred inflows - pensions	47,227	4,015	51,242
Deferred inflows - OPEB	5,427	591	6,018
Net pension liability	(148,660)	(12,638)	(161,298)
Total OPEB liability	11,518	1,253	12,771
Compensated absences	(29,663)	(36,207)	(65,870)
Total adjustments	<u>3,299,088</u>	<u>26,947</u>	<u>3,326,035</u>
Net cash provided by operating activities	<u>\$ 21,005,696</u>	<u>163,104</u>	<u>21,168,800</u>

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

CITY OF HAINES CITY, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2021

	<u>Pension Trust Funds</u>
Assets	
Cash and cash equivalents	\$ 795,459
Receivables	
Contributions receivable	59,163
Accrued interest and dividends	18,954
Investments, at fair value	
U.S. Government agencies	825,866
Municipal obligations	141,416
Corporate bonds	2,026,277
Equities and equity mutual funds	28,566,577
Fixed income mutual funds	7,747,239
Commingled real estate funds	3,904,494
	<hr/>
Total assets	\$ 44,085,445
	<hr/> <hr/>
Liabilities	
Accounts payable	\$ 2,894
	<hr/>
Total liabilities	2,894
	<hr/>
Net position	
Restricted for pension benefits	\$ 44,082,551
	<hr/> <hr/>

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

CITY OF HAINES CITY, FLORIDA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 1,308,144
Employee	486,119
State of Florida	381,224
Total contributions	2,175,487
Investment earnings	
Interest	180,727
Dividends	887,254
Net appreciation in fair value of investments	6,428,176
Less investment expense	(104,556)
Net investment earnings	7,391,601
Total additions	9,567,088
Deductions	
Pension benefits	2,827,594
Administrative expenses	197,456
Total deductions	3,025,050
Change in net position	6,542,038
Net position, restricted for pension benefits	
Beginning of year	37,540,513
End of year	\$ 44,082,551

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

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Haines City, Florida (the “City”), was originally incorporated under the General Statutes of Florida as the Town of Haines City on February 23, 1914. The first state legislative act affecting the City was enacted on May 20, 1919 and, by Chapter 8272, it was reincorporated under a City Council form of government. The present charter was adopted as Chapter 12790 on July 1, 1927, changing the form of government to “Commission-Manager Plan,” as amended. The City operates under a commission-manager form of government and provides the following services as authorized by its charter: Public Safety (Police and Fire), Streets and Highways, Culture-Recreation, Public Improvements, Sanitation, Planning and Zoning, and General and Administrative Services.

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

In evaluating the City as a reporting entity, management has included all component units in accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. The Financial Reporting Entity consists of the City (the primary government) and its blended component unit. Blended component units are legally separate organizations for which the City is financially accountable. The component unit discussed below is included in the City's reporting entity.

Blended Component Units

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

Community Redevelopment Agency (CRA)

The CRA, which was created on April 4, 1991, by Resolution No. 558 pursuant to the Community Redevelopment Act, as found in Chapter 163 of the Florida Statutes, is an entity which is legally separate from the City and is governed by a seven-member board; five Board members are the City Commission members and the other two members are appointed by the City Commission. Its sole purpose is to finance and develop the City's designated redevelopment areas. The CRA is reported as a major special revenue fund. Separately issued statements are prepared and may be obtained from the City Finance Department.

The following retirement plans are reported as a fiduciary component units in accordance with Governmental Accounting Standards Board Statement Number 84:

The City of Haines City General Employees’ Retirement Plan (the “General Plan”)

The City of Haines City General Employees' Retirement Plan is a single-employer defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the plan. The Board consists of five Trustees, two of whom shall be legal residents of the City who are appointed by the City Commission, two of whom are Members of the plan who are elected by a majority of the General Employees who are Members of the plan and a fifth Trustee who is appointed by the City Commission as recommended by a majority of the other four Trustees.

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City of Haines City Police Officers' Retirement Plan (the "Police Plan")

The City of Haines City Police Officers' Retirement Plan is a single-employer defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the plan. The Board consists of five Trustees, two Commission appointees, two Members of the Police Department elected by the membership, and a fifth Member elected by the other four and appointed by the Commission.

The City of Haines City Firefighters' Retirement Plan (the "Fire Plan")

The City of Haines City Firefighters' Retirement Plan is a single-employer defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the plan. The Board consists of five Trustees, two Commission appointees, two Members of the Fire Department elected by the membership, and a fifth Member elected by the other four and appointed by the Commission.

Government-Wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. The government-wide financial statements required under this statement (the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City and its blended component unit. For the most part, the effect of interfund activity has been removed from these statements so as not to distort financial results.

Fiduciary funds are also excluded from the government-wide financial statements since by definition these assets are being held for the benefit of third parties and cannot be used to address activities or obligations of the government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period, with the exception of property taxes, for which the period is 60 days.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Revenues of the City which are susceptible to accrual under the modified accrual basis include property taxes, franchise fees, licenses and interest revenue associated with the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The financial transactions of the City are recorded in individual funds. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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

The City reports the following major governmental funds:

- The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Capital Projects Fund** is used to account for the construction and acquisition of significant capital assets for the City.
- The **CRA Fund** is the community redevelopment agency special revenue fund. Its purpose is to finance and redevelop the City's designated redevelopment areas. Financing is provided primarily through tax increment funding from the City and Polk County.
- The **Debt Service Fund** is used to account for the payment of current principal and interest due on loans payable.

The City reports the following major proprietary funds:

- The **Water and Sewer Fund** accounts for the operations of the City's regional water and sewer system.
- The **Stormwater Fund** accounts for the operations of the City's stormwater activities.

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the City reports the following fund types:

- The Pension Trust Funds account for the activities of the General Employees' Pension Fund, Police Officers' Pension Fund and Firefighters' Pension Fund, which accumulate resources for pension benefit payments to qualified employees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided, and other charges between the City's water and sewer functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services or privileges provided, as well as fees, fines and forfeitures, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Budget Process and Accounting

On or before September 1 of each year, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing October 1. A public hearing is conducted at City Hall to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through passage of an ordinance. As set forth in the City Charter, the City Commission legally adopts an annual budget for the General Fund and Special Revenue Fund. Budgets are prepared for Proprietary Funds as a control measure only. The City does not adopt a budget for the Debt Service Fund, because effective budgetary control is achieved through bond indenture provisions. The annual budgets for the General Fund and Special Revenue Fund are prepared in accordance with GAAP for governmental fund types (modified accrual basis). The operating annual budgets for the Proprietary Funds are generally prepared in accordance with GAAP for enterprise fund types (accrual basis); except that capital expenses are included in the budget and depreciation expense is not included. All annual appropriations lapse at fiscal year-end.

Budgetary control is legally maintained at the fund level. City policy requires that expenditures do not exceed budgeted appropriations at the department level. Department heads are permitted to transfer appropriations between line items within their department, with the approval of the Finance Director and City Manager. Appropriations may be transferred between departments with the approval of the Finance Director and City Manager. The City Commission approves budget amendments for expenditures/expenses which are funded by new or increased revenue sources through passage of an ordinance. All outstanding commitments at fiscal year-end are re-appropriated at fiscal year-end as part of the following year's budget. For the year ended within the General Fund, the physical environment department was over budget by \$485,439.

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity

Deposits and Investments

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

All investments, including pension funds, are stated at fair value. All fair market valuations are based on quoted market prices.

Receivables and Payables

Receivables consist of trade receivables, due from other governments and interest receivable, recorded net of an allowance for doubtful accounts. The City's General Fund and Water and Sewer Fund accounts receivable are presented net of an allowance for doubtful accounts of \$30,491 and \$128,923, respectively, at September 30, 2021. All other receivables are considered fully collectible.

Outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventory

Inventory is valued at cost using the first-in/first-out (FIFO) method. Inventory in the governmental funds are recorded as expenditures when consumed rather than when purchased (consumption method).

Restricted Assets

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

Capital Assets

Capital assets, which include land, plant and plant improvements, buildings and improvements, equipment, transportation equipment, library books, and infrastructure (i.e., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value.

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

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciable capital assets are amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Stormwater improvements	10 – 30 years
Plant and plant improvements	5 – 50 years
Buildings and improvements	5 – 50 years
Equipment	3 – 50 years
Transportation equipment	3 – 15 years
Library books	3 – 7 years
Infrastructure	20 – 40 years

Unavailable Revenue/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned – unavailable revenue.

Compensated Absences

All regular employees with less than five years continuous service earn 80 hours of annual leave. The number of hours of annual leave increases relative to the number of years of continuous service, in increments of five years. The maximum of 160 hours of annual leave is obtained after 20 years of continuous service. For employees with ten years or less of continuous service with the City, a maximum of 20 days of annual leave may be carried over to the next year. For employees with more than ten years of continuous service, a maximum of 30 days may be carried over. Employees who terminate with more than one year’s service are paid for 100% of their unused annual leave. The City has accrued 100% of the annual leave liability, including related fringe benefits.

All regular employees earn eight hours of sick leave per month. A maximum of 112 days sick leave may be accumulated. Employees who voluntarily terminate or retire are paid for 100% of their accumulated sick leave balance up to a maximum of 112 days. The City has accrued the estimated amount of vested sick leave liability, including related fringe benefits.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balance Reporting

Effective October 1, 2010, the City adopted the provisions of Governmental Accounting Board Statement No. 54 (“GASB 54”), which addresses fund balance reporting. The intention of GASB 54 is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the City’s financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are spendable and nonspendable. Nonspendable fund balances cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and long-term receivables.

In addition to the nonspendable fund balance, GASB 54 provides a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- **Restricted**—Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed**—Fund balances are reported as “committed” when they can be used for only specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.
- **Assigned**—Fund balances are reported as “assigned” when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Manager has been authorized by the City Council to assign fund balances.
- **Unassigned**—This classification represents the residual positive balance within the General Fund, which has not been restricted, committed or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balance in the following order: (1) committed, (2) assigned, and (3) unassigned.

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Deferred Outflows/Inflows of Resources

The City implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, as of October 1, 2012. These standards establish accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category, which arises only under the modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from interest rebates and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

The City also has deferred inflows and deferred outflows related to the recording of changes in its net pension liability and total OPEB liability. Certain changes in the net pension liability and total OPEB liability are recognized as pension or OPEB expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the liabilities for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension or OPEB expense over the expected remaining service life of plan members. Changes in actuarial assumptions which adjust the liabilities are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining lives of plan members. The difference between projected investment return on investments and actual return on those investments is also deferred and amortized against expense over a five year period. The changes in proportion and differences between City contributions and proportionate share of contributions are also deferred and amortized against expense over a five year period. Additionally, any contributions made by the City to the pension or OPEB plan before year-end but subsequent to the measurement date of the City's liabilities are reported as deferred outflows of resources.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's three plans and additions to/deductions from these plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

NOTE 2 – PROPERTY TAXES

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

The Tax Collector remits collected taxes at least monthly to the City. The City recognizes property tax revenues in the year for which they are levied.

A calendar of property tax events is as follows:

January 1	Property taxes are based on assessed value at this date as determined by the Polk County Property Appraiser
July 1	Assessment roll approved by the state
September 30	Millage resolution approved by the City Commission
October 1	Beginning of fiscal year for which taxes have been levied
November 1	Property taxes due and payable
November 30	Last day for 4% maximum discount
April 1	Unpaid property taxes become delinquent
Not later than June 1	Tax certificates are sold by the Polk County Tax Collector. An enforceable legal claim arises this date

NOTE 3 – DEPOSITS AND INVESTMENTS

In accordance with Florida Statutes and the City’s (except for the pension trust funds) written investment policy (which was adopted by the City Commission by Resolution), the City may invest in the following types of investments: the Local Government Surplus Funds Trust Fund (Florida PRIME); SEC-registered money market funds with the highest credit quality rating; interest-bearing time deposits or savings accounts in qualified public depositories; direct obligations of the U.S. Treasury; federal agencies and instrumentalities; securities of investment companies or investment trusts provided their portfolio is limited to obligations of the U.S. Government or agencies or instrumentalities; repurchase agreements fully collateralized by U.S. Government obligations and other investments authorized by law or ordinance for a municipality.

The City pools the majority of its cash in a single bank account that is available for use by all funds, except the Pension Trust Funds. The City has entered into an agreement with the bank concerning the sweeping of this account to pay all cleared charges against other accounts and pay the City a stipulated variable rate of interest on the account’s daily balance. At September 30, 2021, the bank balances of the City’s total deposits was \$95,227,256. All such deposits are covered either by the Federal Deposit Insurance Corporation or by the State of Florida Collateral Pool, a multiple financial institution pool with the ability to assess its members' financial institution for collateral shortfalls if a member fails.

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Each of the City’s three defined benefit pension plans (Police Officers’, Firefighters’ and other General Employees) has adopted an investment policy that specifies objectives and guidelines for the portfolio as a whole and for each individual manager. The policy also details limits by investment and issuer. Investments of the pension trust funds shall be limited to annuity and life insurance contracts, time or savings accounts, obligations of the United States, bonds issued by the State of Israel, stocks, commingled funds administered by national or state banks, mutual funds and bonds rated in one of the three highest classifications by a major rating service. Up to 10% of the assets may be invested in foreign securities and no more than 5% of the pension funds’ assets may be invested in equities of any one issuing company. The aggregate of its investments in common stock, capital stock and convertible securities at cost shall not exceed 50% of the assets of the Police Officers’ and Firefighters’ Pension Funds and 65% of the General Employees’ Pension Fund.

The City's Pension Trust Funds' investment balances at September 30, 2021 are as shown below and on the following page. For purposes of credit quality rating, investments explicitly guaranteed by the United States Government are rated as “N/A.”

Interest Rate Risk Policy

Interest rate risk is the risk that the fair value of securities in the portfolio will fall due to change in the general interest rate. The City and the Pension Trust Funds mitigate this risk by:

- Structuring the investment portfolio so that securities mature to meet cash flow requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and
- Investing operating funds primarily in shorter-term securities.

Credit Risk Policy

The City has an investment policy that limits investments to the safest types of securities. It requires pre-qualifying of all financial institutions, broker/dealers, intermediaries and advisors with whom the City conducts business. Also, the City diversifies their investment portfolio to minimize any potential loss on an individual security.

The Pension Trust Funds have investment policies that limit investments to those with a minimum credit quality rating of BBB by Standard & Poor’s or an equivalent rating by another major rating service. Fixed income securities that are downgraded below the minimum rating are sold at the earliest beneficial opportunity.

General Employees' Pension Investment Type	Rating	Fair Value	Years to Maturity			
			< 1	1-5	6-10	>10
Fixed income mutual funds	NA	\$ 5,657,127	5,657,127	-	-	-
Equity mutual funds	N/A	11,893,140	11,893,140	-	-	-
Commingled real estate funds	N/A	1,711,944	1,711,944	-	-	-
Money market/cash	N/A	179,978	179,978	-	-	-
Total fair value		\$ 19,442,189	19,442,189	-	-	-

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Police Officers' Pension		Years to Maturity				
Investment Type	Rating	Fair Value	< 1	1-5	6-10	>10
U.S. Government securities	Aaa..AA+	\$ 825,866	-	132,476	242,241	451,149
Corporate bonds	Aa..BBB	2,026,277	36,755	522,832	643,368	823,322
Municipal obligations	A1..AAA	141,416	-	63,611	-	77,805
Equities and equity mutual funds	N/A	10,175,984	10,175,984	-	-	-
Foreign stocks	N/A	70,672	70,672	-	-	-
Commingled real estate funds	N/A	1,182,940	1,182,940	-	-	-
Money market/cash	N/A	521,223	521,223	-	-	-
Total fair value		\$ 14,944,378	11,987,574	718,919	885,609	1,352,276

Firefighters' Pension		Years to Maturity				
Investment Type	Rating	Fair Value	< 1	1-5	6-10	>10
Fixed income mutual funds	N/A	\$ 2,090,112	2,090,112	-	-	-
Equity mutual funds	N/A	6,426,781	6,426,781	-	-	-
Commingled real estate funds	N/A	1,009,610	1,009,610	-	-	-
Money market/cash	N/A	94,258	94,258	-	-	-
Total fair value		\$ 9,620,761	9,620,761	-	-	-

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the exchange price that would be received for an asset (exit price) in the principal or most advantageous market for an asset in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets that the City has the ability to access.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset in active markets, as well as inputs that are observable for the asset (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the asset which are typically based on the City's own assumptions, as there is little, if any, related market activity.

Investments that are measured at fair value using the net asset value (NAV) per share, or its equivalent, as a practical expedient are not classified in the fair value hierarchy.

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

The City had the following recurring fair value measurements, broken into the fair value hierarchy, as of September 30, 2021:

General Employees' Pension	Fair Value Hierarchy			
Investment Type	Fair Value	Level 1	Level 2	Level 3
Fixed income mutual funds	\$ 5,657,127	5,657,127	-	-
Equity mutual funds	11,893,140	11,893,140	-	-
Commingled real estate funds	1,711,944	-	-	1,711,944
Money market/cash	179,978	179,978	-	-
Total fair value	\$ 19,442,189	17,730,245	-	1,711,944

Police Officers' Pension	Fair Value Hierarchy			
Investment Type	Fair Value	Level 1	Level 2	Level 3
U.S. Government securities	\$ 825,866	52,774	773,092	-
Corporate bonds	2,026,277	27,244	1,999,033	-
Municipal obligations	141,416	-	141,416	-
Equities and equity mutual funds	10,175,984	10,175,984	-	-
Foreign stocks	70,672	70,672	-	-
Commingled real estate funds	1,182,940	-	-	1,182,940
Money market/cash	521,223	521,223	-	-
Total fair value	\$ 14,944,378	10,847,897	2,913,541	1,182,940

Firefighters' Pension	Fair Value Hierarchy			
Investment Type	Fair Value	Level 1	Level 2	Level 3
Fixed income mutual funds	\$ 2,090,112	2,090,112	-	-
Equity mutual funds	6,426,781	6,426,781	-	-
Commingled real estate funds	1,009,610	-	-	1,009,610
Money market/cash	94,258	94,258	-	-
Total fair value	\$ 9,620,761	8,611,151	-	1,009,610

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 4 – CAPITAL ASSETS

Capital asset balances and activity for the year ended September 30, 2021 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 9,227,820	310,018	(4,550)	9,533,288
Construction in progress	1,436,620	671,799	(1,798,414)	310,005
Total capital assets not being depreciated	<u>10,664,440</u>	<u>981,817</u>	<u>(1,802,964)</u>	<u>9,843,293</u>
Capital assets being depreciated				
Buildings and improvements	63,654,538	1,668,999	(37,519)	65,286,018
Equipment	9,313,086	664,947	(16,185)	9,961,848
Transportation equipment	6,945,348	46,877	(713,183)	6,279,042
Infrastructure	10,371,115	-	-	10,371,115
Library books	758,439	-	-	758,439
Total capital assets being depreciated	<u>91,042,526</u>	<u>2,380,823</u>	<u>(766,887)</u>	<u>92,656,462</u>
Less accumulated depreciation for:				
Buildings and improvements	(28,342,097)	(2,539,635)	17,385	(30,864,347)
Equipment	(6,537,952)	(615,650)	1,349	(7,152,253)
Transportation equipment	(4,993,332)	(514,799)	713,183	(4,794,948)
Infrastructure	(5,031,817)	(300,142)	-	(5,331,959)
Library books	(758,439)	-	-	(758,439)
Total accumulated depreciation	<u>(45,663,637)</u>	<u>(3,970,226)</u>	<u>731,917</u>	<u>(48,901,946)</u>
Capital assets being depreciated, net	<u>45,378,889</u>	<u>(1,589,403)</u>	<u>(34,970)</u>	<u>43,754,516</u>
Governmental activities capital assets, net	<u>\$ 56,043,329</u>	<u>(607,586)</u>	<u>(1,837,934)</u>	<u>53,597,809</u>

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

NOTE 4 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 814,935	2,500	-	817,435
Construction in progress	4,919,111	1,385,782	(7,578)	6,297,315
Total capital assets not being depreciated	<u>5,734,046</u>	<u>1,388,282</u>	<u>(7,578)</u>	<u>7,114,750</u>
Capital assets being depreciated				
Plant and plant improvements	78,005,532	1,141,769	-	79,147,301
Buildings and improvements	409,534	127,814	-	537,348
Equipment	10,792,741	387,248	-	11,179,989
Infrastructure	839,125	-	-	839,125
Transportation equipment	1,954,866	217,626	(26,391)	2,146,101
Total capital assets being depreciated	<u>92,001,798</u>	<u>1,874,457</u>	<u>(26,391)</u>	<u>93,849,864</u>
Less accumulated depreciation				
Plant and plant improvements	(27,921,316)	(1,947,431)	-	(29,868,747)
Buildings and improvements	(194,526)	(23,972)	-	(218,498)
Equipment	(6,539,836)	(692,696)	-	(7,232,532)
Infrastructure	(426,044)	(14,418)	-	(440,462)
Transportation equipment	(1,263,911)	(212,470)	26,391	(1,449,990)
Total accumulated depreciation	<u>(36,345,633)</u>	<u>(2,890,987)</u>	<u>26,391</u>	<u>(39,210,229)</u>
Capital assets being depreciated, net	55,656,165	(1,016,530)	-	54,639,635
Business-type activities capital assets, net	<u>\$ 61,390,211</u>	<u>371,752</u>	<u>(7,578)</u>	<u>61,754,385</u>

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

Governmental activities:	
General government	\$ 549,281
Public safety	846,856
Physical environment	298
Transportation	470,007
Economic environment	215,376
Culture and recreation	1,888,408
Total depreciation expense, governmental functions	<u>\$ 3,970,226</u>
Business-type activities:	
Water and sewer	\$ 2,862,190
Stormwater	28,797
Total depreciation expense, business-type functions	<u>\$ 2,890,987</u>

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

NOTE 5 – CONSTRUCTION COMMITMENTS

Commitments for uncompleted construction projects at September 30, 2021 consist of the following:

	Committed
Water and Sewer Fund	
Reclaimed Water Ground Storage Tank & Pump Stations	\$ 7,760,300
Disc Filters	1,091,400
	\$ 8,851,700

NOTE 6 – INTERFUND BALANCES AND TRANSFERS

Interfund loans for short-term operating purposes resulted in the following balances at September 30, 2021:

	Receivable	Payable
General Fund	\$ 42,686	-
Water and Sewer Fund	-	42,686
	\$ 42,686	42,686

The outstanding balance between funds results from the annual accrual of utility billing. All amounts are expected to be repaid within one year.

Interfund transfers for operating purposes from the fund that collected them to the fund that is authorized to expend them were as follows for the year ended September 30, 2021:

	Transfers In	Transfers Out
General Fund	\$ 2,300,000	4,288,637
CRA Fund	2,986,190	1,862,437
Debt Service Fund	3,164,884	-
Water and Sewer Fund	-	2,300,000
	\$ 8,451,074	8,451,074

Transfers between the funds are used to fund various activities of the City such as the General Fund's contribution to the CRA for redevelopment projects, debt service payments and administrative duties paid by the General Fund.

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – LONG-TERM DEBT

Summarized below is the City's debt issued to finance the acquisition and construction of major capital facilities that is outstanding as of September 30, 2021:

1. Governmental activities debt (direct borrowings)

\$11,748,000 loan payable (\$8,630,000 in principal remaining at September 30, 2021), CenterState Bank–Funds borrowed to finance the construction of a new City Hall/Library municipal complex and fire station in the downtown area. The financing was accomplished through the Build America Bond Program, under the Recovery Zone Economic Development Bond (RZEDB) provision, with a 25 year variable rate bank note with CenterState Bank in the principal amount of \$11,748,000. The RZEDB program is a stimulus program administered through the Department of Treasury/IRS where 45% of interest payments associated with qualified financing is federally subsidized.

The CenterState Bank loan is secured by a pledge and lien upon the revenues derived by the City from the electricity portion of the City's Utility Services Tax together with a lien on the rebate subsidy credit that it will receive from the federal government. Semi-annual payments will be made over a 25 year period, including interest at 4.92%. The total principal and interest remaining to be paid on the CenterState Bank loan was \$12,056,952, less a subsidy of \$1,542,129, as of September 30, 2021. Interest paid was \$437,253 and total pledged revenue was \$2,491,234 for the fiscal year ended September 30, 2021.

\$4,636,000 loan payable (\$2,862,000 in principal remaining at September 30, 2021), CenterState Bank–Funds borrowed during fiscal year 2016 to refund two previous notes with Municipal Loan Council. Annual payments will be made over a 15 year period, including interest at 2.70%.

\$967,894 loan payable (\$256,817 in principal remaining at September 30, 2021), CenterState Bank–Funds borrowed during fiscal year 2016 to finance various vehicles and equipment purchases. Annual payments will be made over a ten year period, including interest at 2.65%.

\$24,109,000 loan payable (\$18,742,000 in principal remaining at September 30, 2021), CenterState Bank–Funds borrowed during fiscal year 2017 to refund \$2,725,000 of the Police Station Loan from the Florida Municipal Loan Council and \$21,780,000 of the CRA projects loan from the Florida Municipal Loan Council. Semi-annual payments will be made over a 17 year period, including interest at 2.95%. The excess of the reacquisition price over the net carrying amount of the old debt of \$1,071,069 is reflected as a deferred outflow and is being amortized over 17 years.

\$835,000 loan payable (\$617,000 in principal remaining at September 30, 2021), CenterState Bank–Funds borrowed during fiscal year 2017 to finance the acquisition of a 2016 E-One 95 foot platform on a Cyclone II Chassis fire engine.

The Florida Municipal Loan Council loans are subject to arbitrage. The arbitrage rebate requirement requires issuers of tax exempt debt to rebate to the U.S. Treasury investment income arising from proceeds of tax exempt debt to the extent that such income results from an investment yield in excess of the bond yield. There was no arbitrage liability at September 30, 2021.

The Florida Municipal Loan Council loans payable are secured by a covenant to budget and appropriate non-ad valorem revenues of the City sufficient to pay the principal and interest.

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – LONG-TERM DEBT (CONTINUED)

Capital Leases:

The City has entered into lease agreements as lessee for financing the acquisition of various equipment including police vehicles, computers and two way radios. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows for the City’s governmental activities:

Vehicles and equipment	\$	888,271
Less accumulated depreciation		(647,014)
Total	<u>\$</u>	<u>241,257</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2021, for governmental activities are as follows:

Fiscal Year		
2022	\$	115,003
2023		115,003
Total minimum lease payments		<u>230,006</u>
Less: Amount representing interest		(10,577)
Present value of minimum lease payments	<u>\$</u>	<u>219,429</u>

2. Business-type activities debt (direct borrowings)

\$4,031,127 State Revolving Fund Loan (\$2,361,478 in principal remaining at September 30, 2021) – Funds borrowed to finance construction of a sewer plant expansion project. The maximum amount of the loan is \$4,124,761, including capitalized interest of \$75,565. Semi-annual loan payments began on April 15, 2014. The loan will be repaid in 40 semi-annual payments including interest at 2.26%, 2.31% and 2.34%, which applies to various loan increments.

\$369,362 State Revolving Fund Loan (\$201,616 in principal remaining at September 30, 2021) – Funds borrowed to finance construction of a water main expansion and new ground storage reservoirs projects. Semi-annual loan payments began on June 15, 2011. The loan will be repaid in 40 semi-annual payments including interest at 2.71%. The loan is part of an agreement with the Florida Department of Environmental Protection which provides principal forgiveness on loans funded by the American Recovery and Reinvestment Act. Of the total \$2,462,413 awarded under this agreement, the estimated amount of principal forgiveness is \$2,093,051, the amount of money awarded pursuant to this agreement that is not to be repaid.

\$319,529 State Revolving Fund Loan (\$174,412 in principal remaining at September 30, 2021) – Funds borrowed to finance construction of a water main expansion and new ground storage reservoirs projects. Semi-annual loan payments began on June 15, 2011. The loan is paid in 40 semi-annual payments, including interest at 2.61%.

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – LONG-TERM DEBT (CONTINUED)

\$4,912,507 State Revolving Fund Loan (\$2,931,346 in principal remaining on September 30, 2021) – Funds borrowed to finance construction of the BCR Neutralizer and Sludge Treatment Facilities Project. The maximum amount of the loan is \$5,222,820, including capitalized interest of \$38,600. Semi-annual loan payments began on May 15, 2017, including interest of 2.18%.

\$911,110 State Revolving Fund Loan (\$591,575 in principal remaining on September 30, 2021) – Funds borrowed to finance construction of the WTP #1 and 2 treatment system upgrades. The maximum amount of the loan is \$6,173,086 less principal forgiveness of \$5,247,123 and is currently in the draw-down phase. 40 semi-annual loan payments began in 2021, including interest of 1.16%.

\$5,025,000 State Revolving Fund Loan (\$3,737,050 in principal remaining on September 30, 2021) – Funds borrowed to finance construction of a new compost facility. 40 semi-annual loan payments (\$124,568) have begun and are due through 2036. This loan does not bear interest.

\$14,621,323 State Revolving Fund Loan (\$358,896 in principal on September 30, 2021) – Funds borrowed to finance construction of various wastewater treatment and reclaimed water improvements. This loan is currently in the draw-down phase. 40 semi-annual loan payments will begin once the project has been completed. This loan does not bear interest.

\$3,670,000 Utility System Revenue Note, Series 2013A (\$1,171,000 in principal remaining on September 30, 2021) – Funds borrowed to finance construction of various water and sewer system improvements. Semi-annual loan payments began in October 2014, including interest of 1.83%.

State Revolving Fund Loans Payable

The total principal and interest remaining to be paid on these loans was \$10,738,348 (includes interest of \$381,975) as of September 30, 2021. Principal and interest paid was \$1,023,319 and total available pledged revenue was \$12,670,097 for the fiscal year ended September 30, 2021. The loans are secured by pledged revenue, which consists of the gross revenues derived from the operation of the Water and Sewer Systems after payment of the Operations and Maintenance Expense and the satisfaction of all yearly payment obligations on account of the Senior Revenue Obligations.

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – LONG-TERM DEBT (CONTINUED)

3. Changes in long-term debt

The following is a summary of changes in long-term debt of the City for the year ended September 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
Direct borrowings:					
CenterState Bank Loan	\$ 9,039,000	-	(409,000)	8,630,000	429,000
CenterState Bank Loan, Series 2014	3,140,000	-	(278,000)	2,862,000	285,000
CenterState Bank Loan, Series 2016	327,732	-	(70,915)	256,817	72,814
CenterState Bank Loan, Series 2016 Refunding	20,069,000	-	(1,327,000)	18,742,000	1,364,000
CenterState Bank Loan, Series 2019	668,000	-	(51,000)	617,000	53,000
Loans payable	<u>33,243,732</u>	<u>-</u>	<u>(2,135,915)</u>	<u>31,107,817</u>	<u>2,203,814</u>
Capital leases	343,672	-	(124,243)	219,429	107,990
Compensated absences	2,253,345	1,132,566	(1,175,673)	2,210,238	1,163,224
Net pension liability	5,633,324	3,795,156	(5,183,179)	4,245,301	-
Total OPEB liability	<u>2,900,254</u>	<u>424,490</u>	<u>(373,662)</u>	<u>2,951,082</u>	<u>-</u>
	<u>11,130,595</u>	<u>5,352,212</u>	<u>(6,856,757)</u>	<u>9,626,050</u>	<u>1,271,214</u>
Total governmental activities					
Long-term liabilities	<u>\$ 44,374,327</u>	<u>5,352,212</u>	<u>(8,992,672)</u>	<u>40,733,867</u>	<u>3,475,028</u>

For governmental activities, compensated absences, the net pension liability, and total OPEB liability are generally liquidated by the General Fund.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Business-type activities:</u>					
Direct borrowings:					
Utility System Revenue Note, Series 2013	\$ 1,548,000	-	(377,000)	1,171,000	383,000
State Revolving Fund Loan, WW765080	2,558,069	-	(196,591)	2,361,478	201,161
State Revolving Fund Loan, DW530410	219,996	-	(18,380)	201,616	18,878
State Revolving Fund Loan, DW530411	190,518	-	(16,106)	174,412	16,418
State Revolving Fund Loan, WW530400	3,177,020	-	(245,674)	2,931,346	251,102
State Revolving Fund Loan, WW530440	3,986,187	-	(249,137)	3,737,050	249,137
State Revolving Fund Loan, DW530450	743,745	-	(152,170)	591,575	155,519
State Revolving Fund Loan, WW530460	185,421	173,476	-	358,897	-
	<u>12,608,956</u>	<u>173,476</u>	<u>(1,255,058)</u>	<u>11,527,374</u>	<u>1,275,215</u>
Compensated absences	408,053	231,894	(297,761)	342,186	175,278
Net pension liability	416,106	422,558	(583,857)	254,807	-
Total OPEB liability	<u>728,693</u>	<u>106,123</u>	<u>(93,353)</u>	<u>741,463</u>	<u>-</u>
	<u>1,552,852</u>	<u>760,575</u>	<u>(974,971)</u>	<u>1,338,456</u>	<u>175,278</u>
Total business-type activities					
Long-term liabilities	<u>\$ 14,161,808</u>	<u>934,051</u>	<u>(2,230,029)</u>	<u>12,865,830</u>	<u>1,450,493</u>

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

NOTE 7 – LONG-TERM DEBT (CONTINUED)

4. Principal and Interest Requirements to Maturity

The following represents the annual debt service requirements to maturity for all debt outstanding as of September 30, 2021:

Fiscal Year Ending	Governmental Activities				Business-Type Activities		
	Principal	Interest	Subsidy	Total	Principal	Interest	Total
2022	\$ 2,203,814	1,047,931	(187,542)	3,064,203	1,275,215	148,985	1,424,200
2023	2,265,721	974,701	(177,862)	3,062,560	1,294,756	129,372	1,424,128
2024	2,341,320	899,065	(167,694)	3,072,691	1,315,566	109,352	1,424,918
2025	2,424,962	820,723	(157,034)	3,088,651	891,867	92,626	984,493
2026	2,440,000	740,110	(145,820)	3,034,290	782,937	79,999	862,936
2027-2031	12,915,000	2,407,015	(540,249)	14,781,766	4,081,245	209,796	4,291,041
2032-2036	6,517,000	465,959	(165,928)	6,817,031	1,526,891	3,161	1,530,052
	<u>\$31,107,817</u>	<u>7,355,504</u>	<u>(1,542,129)</u>	<u>36,921,192</u>	<u>11,168,477</u>	<u>773,291</u>	<u>11,941,768</u>

NOTE 8 – RESTRICTED ASSETS

Certain cash and cash equivalents that are legally restricted in the statement of net position at September 30, 2021 are as follows:

	Governmental Activities	Business-Type Activities
Capital projects	\$ -	20
Impact fees	11,379,942	14,655,687
Debt service	29,619	715,316
Other purposes:		
Confiscated property	83,046	-
Law enforcement training	67,619	-
Deposits	11,907	1,850,348
Bond and loan reserves	-	13,015
Total	<u>\$ 11,572,133</u>	<u>17,234,386</u>

NOTE 9 – RISK MANAGEMENT

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

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

NOTE 9 – RISK MANAGEMENT (CONTINUED)

The City’s former worker’s compensation insurer, Governmental Risk Insurance Trust (GRIT), a governmental insurance pool, filed for Chapter 11 bankruptcy on March 30, 2000. As a result, the City is contingently liable for certain worker’s compensation claims that otherwise would have been subject to GRIT coverage. There was one such claim outstanding at September 30, 2021.

As of September 30, 2021, the City’s risk retention for certain types of risk is as follows:

	Retention/Deductible	Coverage after Retention/Deductible
Worker’s compensation	None	100% - liabilities under F.S. 440
General liability	\$2,500	\$2,000,000/\$4,000,000 limit
Property, multi-peril	\$5,000	\$2,000,000 limit
Public officials liability	\$2,500	\$2,000,000 limit
Storage tank pollution liability	\$10,000	\$1,000,000 each incident \$2,000,000 aggregate

NOTE 10 – CONTINGENT LIABILITIES

The City receives revenues from various federal and state grants. These grants are for specific purposes and are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement for expenditures disallowed under the terms of the grants. Based upon prior experience, City management believes such disallowances, if any, will be immaterial. The City is involved in legal actions and has certain workers’ compensation claims outstanding, as described above. In the opinion of management, associated contingent obligations will not have a material effect on the financial statements of the City.

NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

In addition to providing pension benefits, the City offers its retirees the option of continuing to participate in health and dental insurance benefits and a \$5,000 group term life insurance benefit at the same rate as active employees, in accordance with state statutes. Retirees can also insure eligible dependents for health and dental insurance only. Each retiree must pay 100% of the costs of any insurance they elect to continue. Funding is on a “pay as you go” basis. Most of the City’s employees would become eligible for those benefits should they reach normal retirement age while working for the City. Life, dental and health insurance are fully insured and provided through outside providers. Retiree premium costs are paid in full by the retirees. The City does not intend to fund the total OPEB liability. The post-employment benefit plan is a single-employer plan.

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS
(CONTINUED)**

Membership

As of September 30, 2020, the most recent actuarial evaluation date, membership consisted of:

Active employees	259
Inactive participants, currently receiving benefits	50
Inactive participants, entitled to but not yet receiving benefits	0

Total OPEB Liability of the City

The City’s total OPEB liability was measured as of September 30, 2020, and was determined by an actuarial valuation as of the same date.

Actuarial Assumptions

The total OPEB liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate	2.14%
Inflation rate	2.50%
Salary increases including inflation	2.45%
Participation rate	40.00%
Initial trend rate	7.00%
Ultimate trend rate	4.00%
Years to ultimate	54

Mortality rates were based on the Pub-2010 mortality tables with fully generational improvements using Scale MP-2021. Base mortality rates are consistent with those outlined in the July 1, 2021 Florida Retirement System actuarial valuation report.

Discount Rate

Under GASB Statement No. 75, when there are currently no invested plan assets held in trust to finance the OPEB liability, the discount rate equals the tax-exempt municipal bond rate based on an index of 20-year general obligations with an average AA credit rating as of the measurement date. The rate used in the September 30, 2020 valuation was 2.14%.

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS
(CONTINUED)**

Changes in the Total OPEB Liability of the City

The changes in the total OPEB liability of the City for the year ended September 30, 2021 were as follows:

	Total OPEB Liability
Balances at September 30, 2020	\$ 3,628,947
Changes for the year:	
Service cost	421,962
Interest on total OPEB liability	106,391
Differences between expected and actual experience	2,260
Changes of assumptions	(363,892)
Benefit payments	(103,123)
Balance as of September 30, 2021	\$ 3,692,545

The required schedule of changes in the City’s total OPEB liability and related ratios in the Required Supplementary Information immediately following the notes to the financial statements presents multi-year trend information about the total OPEB liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following represents the total OPEB liability of the City, calculated using the discount rate of 2.14%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.14%) or 1 percentage point higher (3.14%) than the current rate:

	1% Decrease 1.14%	Current Discount Rate 2.14%	1% Increase 3.14%
Total OPEB liability	\$ 4,317,338	3,692,545	3,187,146

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB liability	\$ 3,129,356	3,692,545	4,419,212

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS
(CONTINUED)**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2020, and the current sharing pattern of costs between employer and inactive employees.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the City recognized OPEB expense of \$194,809. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,883	54,716
Changes of assumptions	-	1,246,630
Contributions subsequent to the measurement date	71,938	-
Total	<u>\$ 73,821</u>	<u>1,301,346</u>

The deferred outflows of resources totaling \$71,938 resulting from City contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30,	
2022	\$ (333,544)
2023	(333,544)
2024	(305,872)
2025	(266,231)
2026	(60,272)
Total	<u>\$ (1,299,463)</u>

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

NOTE 12 – PENSION PLANS

Defined Benefit Plans

The City Commission has established a single-employer public employee retirement system to provide defined retirement benefits to its qualifying employees. Separate plans are maintained for its Police Officers', Firefighters' and other General Employees'. The City Commission has established separate governing boards for each of the plans, which have the authority to make recommendations to amend plan provisions, including contribution rates. Stand-alone plan financial reports are not issued, and the plans are not included in the reports of any other public employee retirement system or entity. Benefits and refunds of these plans are recognized when due and payable in accordance with the terms of the plan.

Membership

At October 1, 2020, the date of the latest actuarial valuations for the plans, participation in the plans consisted of:

	General Employees'	Police Officers'	Fire fighters
Retirees and beneficiaries receiving benefits	71	25	16
Terminated employees entitled to benefits but not yet receiving them	73	13	9
Active plan members	34	53	33
Total membership	<u>178</u>	<u>91</u>	<u>58</u>

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

NOTE 12 – PENSION PLANS (CONTINUED)

The following is a summary of the funding policies, contribution methods, and benefit provisions of the defined benefit plans:

	<u>General Employees'</u>	<u>Police Officers' and Firefighters'</u>
Eligibility to participate	Full time (30 hours per week) City employees not classified as sworn police officers or firefighters.	Full-time sworn police officers and firefighters.
Determination of contributions	Actuarially determined.	Actuarially determined.
Funding of administration costs	Included in normal cost.	Included in normal cost.
Period required to vest	If employed on or before 8/1/99, 20% after three years of credited service, plus 20% annually thereafter to 100% after seven years; if employed after 8/1/99, 100% after seven years of credited service.	100% after 10 years of credited service.
Required contributions	5% of compensation (prior to freeze)	Police Officers: 9% of salary. Firefighters: 9% of salary.
Eligibility for Benefits		
Normal retirement	If employed before 8/1/99, age 60 and five years of credited service; if employed on or after 8/1/99 age 60 and seven years of credited service.	Earlier of age 55 and 10 years of credited service or age 52 and 25 years of credited service or age 60.
Early retirement	Age 55 and 10 years of credited service.	Age 50 and 10 years of credited service.
Benefits		
Normal retirement	3% of average final compensation times credited service.	Police Officers: 3.35% of average final compensation times credited service earned before 10/1/11 plus 3.30% of average final compensation times credited service earned after 10/1/11. Firefighters: 3.2% of average final compensation times credited service earned before 10/1/11 plus 3.11% of average final compensation times credited service earned on or after 10/1/11.
Early retirement	Accrued benefit, reduced 2% for each year up to five and 4% for each year between five and ten that early retirement precedes normal retirement. No reduction for participants age 55 and with 25 years of service.	Accrued benefit, reduced 3% for each year prior to normal retirement.

The plans also have provisions for benefits in case of termination, disability, or death.

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 12 – PENSION PLANS (CONTINUED)

Plan Disclosures

The Plans do not issue separate financial statements.

Net Pension Liability of the City

The components of the net pension liability of the City at September 30, 2021 are as follows:

	General Employees'	Police Officers'	Firefighters'	Total
Total pension liability	\$ 18,136,736	14,695,922	9,207,963	42,040,621
Plan fiduciary net position	(17,237,342)	(12,240,783)	(8,062,388)	(37,540,513)
City's net pension liability	<u>\$ 899,394</u>	<u>2,455,139</u>	<u>1,145,575</u>	<u>4,500,108</u>
Plan fiduciary net position as a percentage of Total pension liability	95.04%	83.29%	87.56%	89.30%

For the year ended September 30, 2021, the City recognized pension expense of \$972,097 for the three plans combined. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows related to its General Employees' pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	-
Difference between expected and actual experience	-	-
Net difference between projected and actual earnings on investments	-	377,511
City pension plan contributions subsequent to the measurement date	416,758	-
Total	<u>\$ 416,758</u>	<u>377,511</u>

The deferred outflows of resources related to the General Employee's Pension Plan, totaling \$416,758 resulting from City contributions to the plans subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the plans will be recognized in pension expense as follows:

Year ended September 30,	
2022	\$ (164,719)
2023	(85,529)
2024	(23,949)
2025	(103,314)
2026	-
Total	<u>\$ (377,511)</u>

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

NOTE 12 – PENSION PLANS (CONTINUED)

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows related to its Police Officers’ Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 177,417	150,708
Difference between expected and actual experience	356,030	4,972
Net difference between projected and actual earnings on investments	119,525	-
City pension plan contributions subsequent to the measurement date	826,503	-
Total	<u>\$ 1,479,475</u>	<u>155,680</u>

The deferred outflows of resources related to the Police Officers’ Pension Plan, totaling \$826,503 resulting from City contributions to the plans subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the plans will be recognized in pension expense as follows:

Year ended September 30,	
2022	\$ 248,363
2023	170,278
2024	136,107
2025	(57,456)
2026	-
Total	<u>\$ 497,292</u>

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows related to its Firefighters’ Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 182,517	120,312
Difference between expected and actual experience	300,261	-
Net difference between projected and actual earnings on investments	-	190,659
City pension plan contributions subsequent to the measurement date	446,107	-
Total	<u>\$ 928,885</u>	<u>310,971</u>

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 12 – PENSION PLANS (CONTINUED)

The deferred outflows of resources related to the Firefighters’ Pension Plan, totaling \$446,107 resulting from City contributions to the plans subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the plans will be recognized in pension expense as follows:

Year ended September 30,		
2022	\$	180,086
2023		81,089
2024		(34,510)
2025		(54,859)
2026		-
Total	<u>\$</u>	<u>171,806</u>

The required schedule of changes in the City’s net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2020, updated through September 30, 2021. The following actuarial assumptions applied to all periods included in the measurement:

	General Employees'	Police Officers'	Firefighters'
Inflation	2.5%	2.7%	2.5%
Salary increases	NA	4.0% - 10.0%	Service based
Investment rate of return	7.25%	7.40%	7.00%

Mortality rates were based upon the Pub S.H-2010 mortality tables.

The actuarial assumptions used in the October 1, 2020, valuation were based on the results of an actuarial experience study dated June 4, 2019.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of September 30, 2021, are: Domestic Equities – 7.5%; International Equities – 8.5% and Broad Market Fixed Income – 2.5%.

The target asset allocation as of September 30, 2021, are: Domestic Equities – 50%; International Equities – 10%; Broad Market Fixed Income – 35%; and Global Fixed Income – 5% for the General Employees’ Pension Plan.

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 12 – PENSION PLANS (CONTINUED)

The target asset allocation as of September 30, 2021, are: Domestic Equities – 36%; International Equities – 12%; Bonds – 27%; Convertibles – 10%; Private Real Estate – 10% and MLPs – 5% for the Police Officers’ Pension Plan.

The target asset allocation as of September 30, 2021, are: Domestic Equities – 50%; International Equities – 10%; Broad Market Fixed Income – 35%; and Global Bonds – 5% for the Firefighters’ Pension Plan.

Discount Rate. The discount rate used to measure the total pension liability for the General Employees’ Pension Plan was 7.25%, 7.40% for the Police Officers’ Pension Plan and 7.00% for the Firefighter’s Pension Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability of the City. The changes in the components of the General Employees’ net pension liability of the City for the fiscal year ended September 30, 2021, were as follows:

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a-b)</u>
Balances at 9/30/20	\$ 18,213,848	16,790,557	1,423,291
Changes for the year:			
Service cost	149,281	-	149,281
Interest on total pension liability	1,285,607	-	1,285,607
Differences between expected and actual experience	(3,625)	-	(3,625)
Change in assumptions	(247,136)	-	(247,136)
Benefit payments, including refunds of employee contributions	(1,261,239)	(1,261,239)	-
Contributions - employer	-	76,944	(76,944)
Net investment income	-	1,687,696	(1,687,696)
Administrative expenses	-	(56,616)	56,616
Net change	<u>(77,112)</u>	<u>446,785</u>	<u>(523,897)</u>
Balances at 9/30/21	<u>\$ 18,136,736</u>	<u>17,237,342</u>	<u>899,394</u>

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

NOTE 12 – PENSION PLANS (CONTINUED)

The changes in the components of the Police Officers’ net pension liability of the City for the fiscal year ended September 30, 2021 were as follows:

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a-b)</u>
Balances at 9/30/20	\$ 14,115,983	11,114,865	3,001,118
Changes for the year:			
Service cost	536,712	-	536,712
Interest on total pension liability	1,053,002	-	1,053,002
Change in excess state money	53,445	-	53,445
Differences between expected and actual experience	(6,214)	-	(6,214)
Change in assumptions	(188,383)	-	(188,383)
Changes of benefit terms	-	-	-
Benefit payments, including refunds of employee contributions	(868,623)	(868,623)	-
Contributions - employer	-	806,652	(806,652)
Contributions - employees	-	312,165	(312,165)
Net investment income	-	926,846	(926,846)
Administrative expenses	-	(51,122)	51,122
Net change	<u>579,939</u>	<u>1,125,918</u>	<u>(545,979)</u>
Balances at 9/30/21	<u>\$ 14,695,922</u>	<u>12,240,783</u>	<u>2,455,139</u>

The changes in the components of the Firefighters’ net pension liability of the City for the fiscal year ended September 30, 2021 were as follows:

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a-b)</u>
Balances at 9/30/20	\$ 8,966,919	7,387,339	1,579,580
Changes for the year:			
Service cost	257,039	-	257,039
Interest on total pension liability	623,567	-	623,567
Change in excess state money	-	-	-
Share plan allocation	13,333	-	13,333
13th check allocation	950	-	950
Differences between expected and actual experience	91,192	-	91,192
Change in assumptions	(160,414)	-	(160,414)
Change of benefit terms	-	-	-
Benefit payments, including refunds of employee contributions	(584,623)	(584,623)	-
Contributions - state	-	133,324	(133,324)
Contributions - employer	-	216,558	(216,558)
Contributions - employees	-	169,020	(169,020)
Net investment income	-	786,618	(786,618)
Administrative expenses	-	(45,848)	45,848
Net change	<u>241,044</u>	<u>675,049</u>	<u>(434,005)</u>
Balances at 9/30/21	<u>\$ 9,207,963</u>	<u>8,062,388</u>	<u>1,145,575</u>

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

NOTE 12 – PENSION PLANS (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following table presents the net pension liability of the City using the measurement date of September 30, 2020, calculated using the discount rate indicated, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Sponsor's Net Pension Liability			
General Employees:	\$ 2,643,670	899,394	(563,310)

	1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
Police Officers:	\$ 4,420,345	2,455,139	871,259

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Firefighters:	\$ 2,824,036	1,145,575	600,234
Total:	<u>\$ 9,888,051</u>	<u>4,500,108</u>	<u>908,183</u>

The following presents the net pension liabilities (assets) of the City using the measurement date of September 30, 2021:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Sponsor's Net Pension Liability (asset)			
General Employees:	\$ 541,300	(1,177,279)	(2,620,842)

	1% Decrease 6.35%	Current Discount Rate 7.35%	1% Increase 7.35%
Police Officers:	\$ 2,786,611	703,714	(960,026)

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Firefighters:	\$ 1,434,375	101,975	(952,105)
Total:	<u>\$ 4,762,286</u>	<u>(371,590)</u>	<u>(4,532,973)</u>

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

NOTE 12 – PENSION PLANS (CONTINUED)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2021, and the current sharing pattern of costs between employer and employee.

Contributions

Members of the General Employees’ plan are required to contribute 5% of total compensation. The City is required to contribute the actuarially determined amounts. Administrative costs of the General Employees’ Pension Fund are financed through plan contributions and investment earnings.

Members of the Police Officers’ plan are required to contribute 9% of their salary. The City is required to contribute the actuarially determined rates less amounts received from the State of Florida for insurance surcharges on policies sold within the City. The State’s contribution to the Police Officer’s Pension Fund for fiscal year 2021 was \$230,250. The City recognizes these on-behalf payments as revenues and expenditures in the governmental funds financial statements.

Members of the Firefighters’ plan are required to contribute 5.4% of their salary. The City is required to contribute the actuarially determined rates less amounts received from the State of Florida for insurance surcharges on policies sold within the City. The state’s contribution to the Firefighter’s Pension Fund for fiscal year 2021 was \$150,974. The City recognizes these on-behalf payments as revenues and expenditures in the governmental funds financial statements.

Applicable totals for all of the City’s defined benefit pension plans are reflected below:

	General Employees'	Police Officers'	Firefighters'	Total
City's net pension liability	\$ 899,394	2,455,139	1,145,575	4,500,108
Deferred outflows of resources	416,758	1,479,475	928,885	2,825,118
Deferred inflows of resources	377,511	155,680	310,971	844,162
Pension expense/expenditure	(95,999)	672,385	395,711	972,097

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 12 – PENSION PLANS (CONTINUED)

Financial statements for the City’s pension plans at September 30, 2021 are as follows:

	General Employees'	Police Officers'	Firefighters'	
	Pension Fund	Pension Fund	Pension Fund	Total
Assets				
Cash and cash equivalents	\$ 179,978	521,223	94,258	795,459
Receivables				
Contributions receivable	14,581	28,920	15,662	59,163
Accrued interest and dividends	-	18,954	-	18,954
Investments, at fair value:				
U.S. Government agencies	-	825,866	-	825,866
Municipal obligations	-	141,416	-	141,416
Corporate bonds	-	2,026,277	-	2,026,277
Equities and equity mutual funds	11,893,140	10,246,656	6,426,781	28,566,577
Fixed income mutual funds	5,657,127	-	2,090,112	7,747,239
Comingled real estate funds	1,711,944	1,182,940	1,009,610	3,904,494
Total assets	\$ 19,456,770	14,992,252	9,636,423	44,085,445
Liabilities				
Accounts payable	\$ -	2,516	378	2,894
Net Position				
Restricted for pension benefits	\$ 19,456,770	14,989,736	9,636,045	44,082,551
	General Employees'	Police Officers'	Firefighters'	
	Pension Fund	Pension Fund	Pension Fund	Total
Additions				
Contributions				
Employer	\$ 416,758	596,253	295,133	1,308,144
Employees	-	313,249	172,870	486,119
State of Florida	-	230,250	150,974	381,224
Total contributions	416,758	1,139,752	618,977	2,175,487
Investment earnings				
Interest	60,790	91,650	28,287	180,727
Dividends	332,758	311,819	242,677	887,254
Net appreciation in fair value of investments	2,790,777	2,278,590	1,358,809	6,428,176
Less investment expense	(32,447)	(47,107)	(25,002)	(104,556)
Net investment earnings	3,151,878	2,634,952	1,604,771	7,391,601
Total additions	3,568,636	3,774,704	2,223,748	9,567,088
Deductions				
Pension benefits	1,277,157	945,775	604,662	2,827,594
Administrative expenses	72,051	79,976	45,429	197,456
Total deductions	1,349,208	1,025,751	650,091	3,025,050
Change in net position	2,219,428	2,748,953	1,573,657	6,542,038
Net position, beginning of year	17,237,342	12,240,783	8,062,388	37,540,513
Net position, end of year	\$ 19,456,770	14,989,736	9,636,045	44,082,551

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

NOTE 13 – COMMUNITY REDEVELOPMENT AGENCY

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits into, and the amount and purpose of withdrawals from the Community Redevelopment Agency (CRA) for the fiscal year ended September 30, 2021:

	Revenues	Expenditures
Source of Revenues		
Ad valorem taxes	\$ 2,718,704	-
Ad valorem taxes received from Polk County	2,986,190	-
Interest	7,141	-
Other	9,017	-
Purpose of Expenditures		
Professional services	-	1,219,650
Culture and recreation	-	829,528
Capital outlay	-	1,104,265
Debt service	-	1,862,437
	\$ 5,721,052	5,015,880

NOTE 14 – SUBSEQUENT EVENTS

The City has evaluated all subsequent events through June 21, 2022, the date the financial statements were available to be issued.



REQUIRED SUPPLEMENTARY INFORMATION

In accordance with the Governmental Accounting Standards Board Statement Number 34, the following budgetary comparison for the General Fund and CRA Fund is required supplementary information.

In accordance with the Governmental Accounting Standards Board Statement Number 68, the following historical trend information of the City's General Employees', Police Officers' and Firefighters' Pension Trust Funds is required supplementary information.

In accordance with the Governmental Accounting Standards Board Statement Number 75, the following historical trend information of the City's post-employment benefits other than pensions is required supplementary information.



CITY OF HAINES CITY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL-GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 10,465,365	10,465,365	10,628,750	163,385
Gas and fuel taxes	800,000	800,000	1,096,859	296,859
Utility taxes	1,965,000	1,965,000	3,299,040	1,334,040
Communications service tax	515,000	515,000	605,354	90,354
Local business tax	70,000	70,000	75,594	5,594
Franchise fees	2,015,000	2,015,000	2,430,508	415,508
Licenses and permits	2,186,985	2,861,485	7,770,438	4,908,953
Intergovernmental	2,314,000	2,314,000	3,440,237	1,126,237
Charges for services	4,691,175	4,711,175	5,604,074	892,899
Fines and forfeitures	919,250	919,250	1,924,533	1,005,283
Assessments	2,000,000	2,000,000	2,266,709	266,709
Impact fees	819,000	1,119,000	4,539,563	3,420,563
Contributions	113,200	113,200	45,140	(68,060)
Interest	164,650	164,650	98,378	(66,272)
Other	92,500	92,500	178,188	85,688
Total revenues	<u>29,131,125</u>	<u>30,125,625</u>	<u>44,003,365</u>	<u>13,877,740</u>
Expenditures				
Current				
General government	5,575,420	5,762,340	4,954,654	807,686
Public safety	12,213,210	12,482,710	12,276,183	206,527
Physical environment	2,992,890	2,992,890	3,478,379	(485,489)
Transportation	2,132,730	2,151,430	1,295,609	855,821
Culture and recreation	4,049,510	4,353,697	3,763,733	589,964
Capital outlay	412,800	793,993	537,188	256,805
Total expenditures	<u>27,376,560</u>	<u>28,537,060</u>	<u>26,305,746</u>	<u>2,231,314</u>
Excess of revenues over expenditures	<u>1,754,565</u>	<u>1,588,565</u>	<u>17,697,619</u>	<u>16,109,054</u>
Other financing sources (uses)				
Insurance proceeds	-	-	361,054	361,054
Proceeds from sale of capital assets	-	-	66,055	66,055
Transfers in	2,649,610	2,649,610	2,300,000	(349,610)
Transfers out	(4,797,955)	(4,631,955)	(4,288,637)	343,318
Total other financing uses, net	<u>(2,148,345)</u>	<u>(1,982,345)</u>	<u>(1,561,528)</u>	<u>420,817</u>
Net change in fund balance	(393,780)	(393,780)	16,136,091	16,529,871
Fund balance, beginning of year	<u>32,741,144</u>	<u>32,741,144</u>	<u>32,741,144</u>	<u>-</u>
Fund balance, end of year	<u>\$ 32,347,364</u>	<u>32,347,364</u>	<u>48,877,235</u>	<u>16,529,871</u>

CITY OF HAINES CITY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL-CRA FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 2,793,535	2,793,535	2,718,704	(74,831)
Contributions	-	-	9,017	9,017
Interest revenue	5,000	5,000	7,141	2,141
Total revenues	<u>2,798,535</u>	<u>2,798,535</u>	<u>2,734,862</u>	<u>(63,673)</u>
Expenditures				
Current				
General government	-	-	2,341	(2,341)
Public safety	134,425	134,425	82,391	52,034
Economic development	1,200,260	1,450,260	1,134,918	315,342
Culture and recreation	1,239,255	1,218,182	829,528	388,654
Capital outlay	<u>3,150,000</u>	<u>3,866,073</u>	<u>1,104,265</u>	<u>2,761,808</u>
Total expenditures	<u>5,723,940</u>	<u>6,668,940</u>	<u>3,153,443</u>	<u>3,515,497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,925,405)</u>	<u>(3,870,405)</u>	<u>(418,581)</u>	<u>3,451,824</u>
Other financing sources (uses)				
Transfers in	4,786,190	5,731,190	2,986,190	(2,745,000)
Transfers out	<u>(1,860,785)</u>	<u>(1,860,785)</u>	<u>(1,862,437)</u>	<u>(1,652)</u>
Total other financing sources (uses)	<u>2,925,405</u>	<u>3,870,405</u>	<u>1,123,753</u>	<u>(2,746,652)</u>
Net change in fund balance	-	-	705,172	705,172
Fund balance, beginning of year	<u>2,131,749</u>	<u>2,131,749</u>	<u>2,131,749</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,131,749</u>	<u>2,131,749</u>	<u>2,836,921</u>	<u>705,172</u>

CITY OF HAINES CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS—GENERAL EMPLOYEES' PENSION

Reporting period ending	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement date	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability								
Service cost	\$ 143,164	149,281	176,250	176,863	209,833	280,460	323,073	797,644
Interest on total pension liability	1,279,102	1,285,607	1,330,781	1,317,907	1,245,293	1,189,882	1,233,630	1,451,733
Changes of benefit terms	-	-	-	-	-	-	(3,433,675)	-
Differences between expected and actual experience	(5,286)	(3,625)	(393,291)	(79,183)	746,612	(106,141)	(662,677)	-
Changes of assumptions	-	(292,575)	194,848	-	-	556,036	734,704	-
Benefit payments, including refunds of employee contributions	(1,274,225)	(1,261,239)	(1,233,584)	(1,253,062)	(1,148,111)	(1,073,479)	(1,209,317)	(925,509)
Net change in total pension liability	<u>142,755</u>	<u>(122,551)</u>	<u>75,004</u>	<u>162,525</u>	<u>1,053,627</u>	<u>846,758</u>	<u>(3,014,262)</u>	<u>1,323,868</u>
Total pension liability - beginning	<u>18,136,736</u>	<u>18,259,287</u>	<u>18,184,283</u>	<u>18,021,758</u>	<u>16,968,131</u>	<u>16,121,373</u>	<u>19,135,635</u>	<u>17,811,767</u>
Total pension liability - ending (a)	<u>\$18,279,491</u>	<u>18,136,736</u>	<u>18,259,287</u>	<u>18,184,283</u>	<u>18,021,758</u>	<u>16,968,131</u>	<u>16,121,373</u>	<u>19,135,635</u>
Plan fiduciary net position								
Contributions - employer	\$ 416,758	76,944	734,486	330,764	112,300	130,025	443,084	893,398
Contributions - state	-	-	-	-	-	-	-	-
Contributions - employee	-	-	-	-	-	-	84,740	221,592
Net investment income	3,151,878	1,687,696	834,153	1,473,203	1,595,225	560,035	218,081	1,769,864
Benefit payments, including refunds of member contributions	(1,274,225)	(1,261,239)	(1,233,693)	(1,253,062)	(1,150,412)	(1,073,479)	(1,220,354)	(923,182)
Administrative expenses	(74,983)	(56,616)	(76,591)	(55,315)	(117,991)	(56,501)	(180,013)	(141,662)
Net change in plan fiduciary net position	<u>2,219,428</u>	<u>446,785</u>	<u>258,355</u>	<u>495,590</u>	<u>439,122</u>	<u>(439,920)</u>	<u>(654,462)</u>	<u>1,820,010</u>
Plan fiduciary net position - beginning	<u>17,237,342</u>	<u>16,790,557</u>	<u>16,532,202</u>	<u>16,036,612</u>	<u>15,597,490</u>	<u>16,037,410</u>	<u>16,691,872</u>	<u>14,871,862</u>
Plan fiduciary net position - ending (b)	<u>\$19,456,770</u>	<u>17,237,342</u>	<u>16,790,557</u>	<u>16,532,202</u>	<u>16,036,612</u>	<u>15,597,490</u>	<u>16,037,410</u>	<u>16,691,872</u>
City's net pension liability - ending (a) - (b)	<u>\$ (1,177,279)</u>	<u>899,394</u>	<u>1,468,730</u>	<u>1,652,081</u>	<u>1,985,146</u>	<u>1,370,641</u>	<u>83,963</u>	<u>2,443,763</u>
Plan fiduciary net position as a percentage of the total pension liability	106.44%	95.04%	91.96%	90.91%	88.98%	91.92%	99.48%	87.23%
Covered payroll	\$ 1,681,238	1,711,778	1,851,807	2,047,811	2,124,711	2,549,511	3,690,825	4,454,410
City's net pension liability as a percentage of covered payroll	-70.02%	52.54%	79.31%	80.68%	93.43%	53.76%	2.27%	54.86%

Note to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF HAINES CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
GENERAL EMPLOYEES' PENSION

	9/20/2021	9/20/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially determined contribution	\$ 403,344	362,920	366,462	325,166	131,366	130,025	472,548	890,882
Contributions in relation to the actuarially determined contribution	416,758	81,533	734,486	330,764	112,300	130,025	512,763	890,882
Contribution deficiency (excess)	\$ (13,414)	281,387	(368,024)	(5,598)	19,066	-	(40,215)	-
Covered payroll	\$ 1,681,238	1,711,778	1,851,807	2,047,811	2,124,711	2,549,511	3,690,825	4,454,410
Contributions as a percentage of covered payroll	24.79%	4.76%	39.66%	16.15%	5.29%	5.10%	13.89%	20.00%

Notes to the Schedule:

Valuation date: October 1, 2019

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

Methods and assumptions used to determine contribution rates:

Funding method: Traditional unit credit cost method.
Amortization method: Level percentage of compensation.
Remaining amortization period: 19 years (as of October 1, 2019).
Asset valuation method: All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a four year period.

Inflation: 3.0% per year.
Salary increases: Not applicable.
Final salary load: Individually determined based upon current accruals.
Interest rate: 7.5% per year, compounded annually, net of investment-related expenses. This assumption is supported by the asset allocation.

Payroll increases: None.
Retirement age: The earlier of age 60 with the completion of 7 years of service and age 55 with the completion of 25 years of service. Members at or over the normal retirement age on the valuation date are assumed to work one additional year.

Early retirement: Commencing with the earliest early retirement age (55 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

Mortality: *Healthy Lives*:
Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: RP2000 Generational, 50% Annuitant White Collar/50% Annuitant Blue Collar, Scale BB.
Disabled Lives:
Female: 100% RP2000 Disabled Female set forward two years. Male: 100% RP2000 Disabled Male, setback four years.

Age	Termination and disability rate table:	
	% Becoming Disabled During the Year	% Terminating During the Year
20	0.051%	38.6%
30	0.058%	19.4%
40	0.121%	7.3%
50	0.429%	2.7%
60	1.611%	1.2%

The schedule will present 10 years of information once it is accumulated.

CITY OF HAINES CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PENSION INVESTMENT RETURNS

	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
General Employees':								
Annual money-weighted rate of return, net of investment expenses	18.62%	10.40%	5.05%	9.50%	10.09%	3.59%	0.65%	11.18%
Police Officers':								
Annual money-weighted rate of return, net of investment expenses	21.53%	8.34%	4.29%	5.86%	12.31%	9.52%	-3.69%	8.76%
Firefighters':								
Annual money-weighted rate of return, net of investment expenses	20.07%	10.76%	4.60%	9.45%	11.28%	9.43%	-0.70%	12.42%

Note to the Schedule:

The schedules will present 10 years of information once it is accumulated.

CITY OF HAINES CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS—POLICE OFFICERS' PENSION

Reporting period ending	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement date	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability								
Service cost	\$ 564,141	536,712	486,883	411,856	366,092	386,608	343,572	355,679
Interest on total pension liability	1,084,070	1,053,002	964,367	873,191	824,923	753,430	745,463	704,103
Change in excess state money	60,540	53,445	47,981	(54,868)	23,539	(36,548)	30,503	24,392
Change in benefit terms	-	-	-	217,251	-	-	-	-
Differences between expected and actual experience	142,313	(6,214)	327,704	637,626	-	196,061	(423,476)	-
Changes of assumptions	92,239	(188,384)	295,697	-	(67,601)	352,225	-	-
Benefit payments, including refunds of employee contributions	(945,775)	(868,622)	(828,281)	(735,772)	(749,932)	(679,205)	(525,538)	(466,873)
Net change in total pension liability	<u>997,528</u>	<u>579,939</u>	<u>1,294,351</u>	<u>1,349,284</u>	<u>397,021</u>	<u>972,571</u>	<u>170,524</u>	<u>617,301</u>
Total pension liability - beginning	<u>14,695,922</u>	<u>14,115,983</u>	<u>12,821,632</u>	<u>11,472,348</u>	<u>11,075,327</u>	<u>10,102,756</u>	<u>9,932,232</u>	<u>9,314,931</u>
Total pension liability - ending (a)	<u>\$15,693,450</u>	<u>14,695,922</u>	<u>14,115,983</u>	<u>12,821,632</u>	<u>11,472,348</u>	<u>11,075,327</u>	<u>10,102,756</u>	<u>9,932,232</u>
Plan fiduciary net position								
Contributions - employer	\$ 596,253	590,590	577,221	500,417	437,529	532,313	554,255	434,076
Contributions - state	230,250	216,062	205,133	181,471	156,249	-	-	117,527
Contributions - employee	313,249	312,165	288,857	259,632	230,087	223,621	203,417	196,385
Net investment income	2,634,952	926,846	448,816	567,254	1,105,157	748,956	(220,314)	674,400
Benefit payments, including refunds of member contributions	(945,775)	(868,623)	(828,280)	(738,288)	(749,932)	(679,205)	(553,565)	(466,873)
Administrative expenses	(79,976)	(51,122)	(73,960)	(50,982)	(81,378)	(57,128)	(81,990)	(80,961)
Net change in plan fiduciary net position	<u>2,748,953</u>	<u>1,125,918</u>	<u>617,787</u>	<u>719,504</u>	<u>1,097,712</u>	<u>768,557</u>	<u>(98,197)</u>	<u>874,554</u>
Plan fiduciary net position - beginning	<u>12,240,783</u>	<u>11,114,865</u>	<u>10,497,078</u>	<u>9,777,574</u>	<u>8,679,862</u>	<u>7,911,305</u>	<u>8,009,502</u>	<u>7,134,948</u>
Plan fiduciary net position - ending (b)	<u>\$14,989,736</u>	<u>12,240,783</u>	<u>11,114,865</u>	<u>10,497,078</u>	<u>9,777,574</u>	<u>8,679,862</u>	<u>7,911,305</u>	<u>8,009,502</u>
City's net pension liability - ending (a) - (b)	<u>\$ 703,714</u>	<u>2,455,139</u>	<u>3,001,118</u>	<u>2,324,554</u>	<u>1,694,774</u>	<u>2,395,465</u>	<u>2,191,451</u>	<u>1,922,730</u>
Plan fiduciary net position as a percentage of the total pension liability	95.52%	83.29%	78.74%	81.87%	85.23%	78.37%	78.31%	80.64%
Covered payroll	\$ 3,249,868	3,317,378	3,113,482	2,828,741	2,465,118	2,484,672	2,310,767	2,173,174
City's net pension liability as a percentage of covered payroll	21.65%	74.01%	96.39%	82.18%	68.75%	96.41%	94.84%	88.48%

Note to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF HAINES CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
POLICE OFFICERS' PENSION

	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially determined contribution	\$ 757,219	753,045	750,349	667,583	525,070	529,235	520,137	517,215
Contributions in relation to the actuarially determined contribution	862,503	750,258	782,354	681,888	593,778	532,313	554,255	551,603
Contribution deficiency (excess)	<u>\$ (105,284)</u>	<u>2,787</u>	<u>(32,005)</u>	<u>(14,305)</u>	<u>(68,708)</u>	<u>(3,078)</u>	<u>(34,118)</u>	<u>(34,388)</u>
Covered payroll	\$ 3,249,868	3,317,378	3,113,482	2,828,741	2,465,118	2,484,672	2,310,767	2,173,174
Contributions as a percentage of covered payroll	26.54%	22.62%	25.13%	24.11%	24.09%	21.42%	23.99%	25.38%

Notes to the Schedule:

Valuation date: October 1, 2019

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

Methods and assumptions used to determine contribution rates:

Funding method: Entry age normal actuarial cost method.
Amortization method: Level percentage of pay, closed.
Remaining amortization period: 26 years (as of October 1, 2019).
Asset valuation method: Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric 5-year average market value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below market value.

Inflation: 3.0% per year.

Salary increases:	Service	Increase
	First year	10.0%
	Years 2 to 15	5.5%
	Greater than 15 Years	4.0%

Additionally, projected salary at retirement is increased based on individual accruals to account for non-regular compensation.

Interest rate: 7.5% per year, compounded annually, net of investment-related expenses.

Payroll increase: 2.45% per year.

Retirement age: Earlier of age 56 and 11 years of service, or age 53 and 26 years of service. Also, any member who has reached normal retirement is assumed to continue employment for one additional year.

Early retirement: Commencing with the earliest early retirement age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

Disability rates: Members are assumed to become disabled at varying rates based on age. Sample rates are as follows:

Age	Probability
20	0.051%
30	0.058%
40	0.121%
50	0.429%

Additionally, it is assumed that 75% of disablements are service related.

Termination rates:	Age	Probability
	Before age 40	12.0%
	Age 40 and above	7.0%

Mortality: *Healthy Lives* :
Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: RP2000 Generational, 10% Annuitant White Collar/90% Annuitant Blue Collar, Scale BB.
Disabled Lives :
Female: 60% RP2000 Disabled Female set forward two years/40% Annuitant White Collar with no setback, no projection scale. Male: 60% RP2000 Disabled Male, setback four years/40% Annuitant White Collar with no setback, no projection scale.

The schedule will present 10 years of information once it is accumulated.

CITY OF HAINES CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS—FIREFIGHTERS' PENSION

Reporting period ending	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement date	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability								
Service cost	\$ 283,364	257,039	204,357	167,939	149,580	109,002	121,753	130,593
Interest on total pension liability	641,582	623,567	587,110	547,173	548,290	520,966	516,128	506,406
Change in excess state money	-	-	(122,844)	(317,257)	76,052	65,351	69,107	70,342
Share plan allocation	15,098	13,333	12,382	11,998	-	-	-	-
13th check allocation	1,765	950	384	11,998	-	-	-	-
Changes of benefit terms	-	-	(392)	(81,400)	-	-	-	-
Differences between expected and actual experience	192,910	91,192	301,527	324,409	(100,367)	(17,885)	(17,148)	-
Changes of assumptions	-	(160,414)	248,666	232,731	-	247,330	-	-
Benefit payments, including refunds of employee contributions	(604,662)	(584,623)	(542,200)	(584,802)	(513,928)	(557,414)	(529,529)	(467,541)
Net change in total pension liability	530,057	241,044	688,990	312,789	159,627	367,350	160,311	239,800
Total pension liability - beginning	9,207,963	8,966,919	8,277,929	7,965,140	7,805,513	7,438,163	7,277,852	7,038,052
Total pension liability - ending (a)	\$ 9,738,020	9,207,963	8,966,919	8,277,929	7,965,140	7,805,513	7,438,163	7,277,852
Plan fiduciary net position								
Contributions - employer	\$ 295,133	216,558	491,203	458,872	398,748	479,629	430,712	352,192
Contributions - state	150,974	133,324	123,819	119,975	116,083	-	-	110,374
Contributions - employee	172,870	169,020	154,222	145,830	125,920	108,784	104,266	105,867
Net investment income	1,604,771	786,618	319,572	579,035	640,637	472,199	11,234	592,615
Benefit payments, including refunds of member contributions	(604,662)	(584,623)	(542,200)	(584,803)	(514,641)	(557,414)	(529,529)	(467,541)
Administrative expenses	(45,429)	(45,848)	(55,498)	(42,353)	(58,103)	(91,883)	(84,623)	(68,237)
Net change in plan fiduciary net position	1,573,657	675,049	491,118	676,556	708,644	411,315	(67,940)	625,270
Plan fiduciary net position - beginning	8,062,388	7,387,339	6,896,221	6,219,665	5,511,021	5,099,706	5,167,646	4,542,376
Plan fiduciary net position - ending (b)	\$ 9,636,045	8,062,388	7,387,339	6,896,221	6,219,665	5,511,021	5,099,706	5,167,646
City's net pension liability - ending (a) - (b)	\$ 101,975	1,145,575	1,579,580	1,381,708	1,745,475	2,294,492	2,338,457	2,110,206
Plan fiduciary net position as a percentage of the total pension liability	98.95%	87.56%	82.38%	83.31%	78.09%	70.60%	68.56%	71.01%
Covered payroll	\$ 1,862,831	1,884,339	1,759,644	1,588,231	1,352,142	1,208,709	1,233,777	1,146,263
City's net pension liability as a percentage of covered payroll	5.47%	60.79%	89.77%	87.00%	129.09%	189.83%	189.54%	184.09%

Note to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF HAINES CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FIREFIGHTERS' PENSION

	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially determined contribution	\$ 396,783	450,357	490,941	493,939	450,263	389,204	356,077	385,144
Contributions in relation to the actuarially determined contribution	446,107	328,250	615,022	578,847	514,831	479,629	430,712	462,566
Contribution deficiency (excess)	<u>\$ (49,324)</u>	<u>122,107</u>	<u>(124,081)</u>	<u>(84,908)</u>	<u>(64,568)</u>	<u>(90,425)</u>	<u>(74,635)</u>	<u>(77,422)</u>
Covered payroll	\$ 1,862,831	1,884,339	1,759,644	1,588,231	1,352,142	1,208,709	1,233,777	1,146,263
Contributions as a percentage of covered payroll	23.95%	17.42%	34.95%	36.45%	38.08%	39.68%	34.91%	40.35%

Notes to the Schedule:

Valuation date: October 1, 2019

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

Methods and assumptions used to determine contribution rates:

Funding method: Entry age normal actuarial cost method.

Amortization method: Level percentage of pay, closed.

Remaining amortization period: 26 years (as of October 1, 2019)

Asset valuation method: Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric 5-year average market value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below market value.

Salary increases:	Service	Increase
	First 10 years	5.5%
	Greater than 10 years	4.0%

Additionally, projected salary at retirement is increased based on individual accruals to account for non-regular compensation.

Interest rate: 7.5% per year, compounded annually, net of investment-related expenses.

Payroll increase: 2.13% per year.

Retirement age: Earlier of age 55 and 10 years of service, age 52 and 25 years of service, and age 60. Also, any member who has reached normal retirement is assumed to continue employment for one additional year.

Early retirement: Commencing with the earliest early retirement age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 10% per year.

Disability rates: Members are assumed to become disabled at varying rates based on age. Sample rates are as follows:

Age	Probability
20	0.051%
30	0.058%
40	0.121%
50	0.429%

Additionally, it is assumed that 75% of disablements and active member deaths are service related.

Termination rates: Members are assumed to terminate employment prior to retirement as follows:

Age	Probability
Before age 45	15.0%
Age 45 and above	5.0%

Mortality: *Healthy Lives:*
Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: RP2000 Generational, 10% Annuitant White Collar/90% Annuitant Blue Collar, Scale BB.

Disabled Lives:
Female: 60% RP2000 Disabled Female set forward two years/40% Annuitant White Collar with no setback, no projection scale. Male: 60% RP2000 Disabled Male, setback four years/40% Annuitant White Collar with no setback, no projection scale.
75% of active deaths are assumed to happen in the line of duty.

The schedule will present 10 years of information once it is accumulated.

CITY OF HAINES CITY, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS**

Measurement year ended September 30,	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability				
Service cost	\$ 421,962	\$ 411,871	\$ 336,206	\$ 360,840
Interest on the total OPEB liability	106,391	191,966	155,293	124,111
Differences between expected and actual experience	2,260	-	-	-
Economic/demographic gains or (losses)	-	(82,074)	-	-
Changes in assumptions and other inputs	(363,892)	(1,073,428)	(242,733)	(269,562)
Benefit payments	(103,123)	-	3,478	30,235
Net change in total OPEB liability	<u>\$ 63,598</u>	<u>\$ (551,665)</u>	<u>\$ 252,244</u>	<u>\$ 245,624</u>
Total OPEB liability - beginning	<u>3,628,947</u>	<u>4,180,612</u>	<u>3,928,368</u>	<u>3,682,744</u>
Total OPEB liability - ending	<u><u>\$ 3,692,545</u></u>	<u><u>\$ 3,628,947</u></u>	<u><u>\$ 4,180,612</u></u>	<u><u>\$ 3,928,368</u></u>
Covered employee payroll	\$ 11,369,208	\$ 11,921,595	\$ 11,009,000	\$ 9,904,000
City's total OPEB liability as a percentage of covered employee payroll	32.48%	30.44%	37.97%	39.66%

Notes to the Schedule

Difference Between Expected and Actual Experience reflects the impact of changes to the census data from the prior valuation to the valuation as of September 30, 2020.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal year ending September 30, 2021:	2.14%
Fiscal year ending September 30, 2020:	2.66%

Also reflected as assumption changes are updated health care costs and premiums, updated health care cost trend rates, updated disability and life participation, removal of dental benefits, and updated mortality improvement scales.

The schedule will present 10 years of information once it is accumulated.

Statistical Section

The statistical section of the Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the City's overall financial health. Below is a summary of the components and purpose for the tables provided herein.

	Page
Financial Trends	73
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	78
<i>These schedules contain trend information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	82
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt, the City's ability to issue additional debt in the future and related historical trend data.</i>	
Demographic and Economic Information	87
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	89
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs.</i>	



CITY OF HAINES CITY, FLORIDA
NET POSITION BY COMPONENT
(accrual basis of accounting)
Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities										
Net investment in capital assets	\$ 22,215,410	23,437,379	21,701,775	22,290,761	21,719,202	22,040,679	20,809,496	21,898,498	23,169,970	22,895,353
Restricted	9,562,330	6,063,673	5,653,280	4,523,550	4,677,821	5,420,884	7,797,320	9,714,656	12,850,855	20,836,634
Unrestricted	3,921,279	2,075,980	3,629,398	(30,669)	4,125,794	4,295,233	5,394,687	8,075,388	12,933,375	22,217,829
Total governmental activities net position	<u>\$ 35,699,019</u>	<u>31,577,032</u>	<u>30,984,453</u>	<u>26,783,642</u>	<u>30,522,817</u>	<u>31,756,796</u>	<u>34,001,503</u>	<u>39,688,542</u>	<u>48,954,200</u>	<u>65,949,816</u>
Business-type activities										
Net investment in capital assets	\$ 37,274,891	34,286,996	34,971,248	36,985,880	39,912,100	44,208,739	45,586,148	47,243,443	48,781,258	48,691,838
Restricted	2,668,531	2,668,531	3,292,321	3,075,986	3,919,286	3,919,286	5,354,889	6,947,433	9,380,684	15,384,018
Unrestricted	3,044,504	7,876,386	8,082,240	7,570,207	9,543,360	10,053,371	10,074,677	11,907,387	15,158,653	25,163,557
Total business-type activities net position	<u>\$ 42,987,926</u>	<u>44,831,913</u>	<u>46,345,809</u>	<u>47,632,073</u>	<u>53,374,746</u>	<u>58,181,396</u>	<u>61,015,714</u>	<u>66,098,263</u>	<u>73,320,595</u>	<u>89,239,413</u>
Primary government										
Net investment in capital assets	\$ 59,490,301	57,724,375	56,673,023	59,276,641	61,631,302	66,249,418	66,395,644	69,141,941	71,951,228	71,587,191
Restricted	12,230,861	8,732,204	8,945,601	7,599,536	8,597,107	9,340,170	13,152,209	16,662,089	22,231,539	36,220,652
Unrestricted	6,965,783	9,952,366	11,711,638	7,539,538	13,669,154	14,348,604	15,469,364	19,982,775	28,092,028	47,381,386
Total primary government net position	<u>\$ 78,686,945</u>	<u>76,408,945</u>	<u>77,330,262</u>	<u>74,415,715</u>	<u>83,897,563</u>	<u>89,938,192</u>	<u>95,017,217</u>	<u>105,786,805</u>	<u>122,274,795</u>	<u>155,189,229</u>

Sources: Information derived from the Annual Comprehensive Financial Report or annual financial reports for the relevant year.
The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF HAINES CITY, FLORIDA
CHANGES IN NET POSITION
(accrual basis of accounting)
Last Ten Fiscal Years

Expenses	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
General government	\$ 3,110,061	3,615,992	3,799,284	3,595,254	3,468,800	4,703,311	4,632,235	5,212,258	5,456,794	5,518,518
Public safety	8,949,795	9,082,035	8,746,663	8,762,723	8,703,603	9,053,067	10,836,046	11,804,561	12,992,295	12,969,992
Physical environment	2,407,824	2,732,178	2,078,854	1,964,600	1,834,507	2,470,348	2,783,402	3,049,988	3,181,953	3,474,576
Transportation	1,528,139	2,098,081	1,389,983	2,331,126	1,305,397	2,725,828	2,017,654	1,958,444	1,974,706	1,741,992
Economic environment	1,224,276	348,224	228,518	227,942	292,272	237,847	329,280	503,292	1,041,023	1,347,390
Culture and recreation	5,199,493	5,030,102	4,904,738	4,826,880	4,610,486	5,889,679	6,402,986	6,601,436	6,342,173	6,382,456
Interest on long-term debt	2,213,162	2,697,317	2,019,532	1,989,212	1,976,589	1,367,571	1,396,518	1,329,174	1,260,270	1,193,871
Total governmental activities expenses	<u>24,632,750</u>	<u>25,603,929</u>	<u>23,167,572</u>	<u>23,697,737</u>	<u>22,191,654</u>	<u>26,447,651</u>	<u>28,398,121</u>	<u>30,459,153</u>	<u>32,249,214</u>	<u>32,628,795</u>
Business-type activities										
Water/sewer utility	6,954,698	6,660,710	6,655,355	6,724,698	6,349,429	8,461,798	9,255,799	9,735,538	10,658,998	10,314,609
Stormwater utility	450,929	323,119	255,380	237,584	297,363	511,350	544,091	703,885	529,775	439,731
Total business-type activities expenses	<u>7,405,627</u>	<u>6,983,829</u>	<u>6,910,735</u>	<u>6,962,282</u>	<u>6,646,792</u>	<u>8,973,148</u>	<u>9,799,890</u>	<u>10,439,423</u>	<u>11,188,773</u>	<u>10,754,340</u>
Total primary government net position	32,038,377	32,587,758	30,078,307	30,660,019	28,838,446	35,420,799	38,198,011	40,898,576	43,437,987	43,383,135
Program revenues										
Governmental activities										
Charges for services										
General government	1,026,206	1,333,376	2,625,437	3,581,673	1,701,926	1,529,739	3,016,454	3,718,876	6,154,604	8,758,081
Public safety	2,065,746	1,781,354	1,159,008	1,055,096	3,331,891	3,583,282	3,735,242	3,894,943	4,368,055	5,217,970
Physical environment	2,288,623	2,513,053	2,433,752	2,476,577	2,530,455	2,993,238	3,280,338	3,519,498	3,698,294	4,090,916
Transportation	152,524	477,617	225,720	502,397	406,958	350,078	686,631	693,580	986,632	2,261,065
Economic environment	-	-	-	-	-	-	-	-	-	-
Culture and recreation	486,031	585,657	554,736	585,832	647,163	568,418	785,961	879,494	926,021	1,955,473
Operating grants and contributions	627,691	411,253	401,003	383,394	333,123	411,824	592,882	1,154,076	593,245	405,384
Capital grants and contributions	709,149	38,463	-	25,000	-	-	250,032	-	-	-
Total governmental activities program revenues	<u>7,355,970</u>	<u>7,140,773</u>	<u>7,399,656</u>	<u>8,609,969</u>	<u>8,951,516</u>	<u>9,436,579</u>	<u>12,347,540</u>	<u>13,860,467</u>	<u>16,726,851</u>	<u>22,688,889</u>
Business-type activities										
Charges for services	8,755,108	9,785,780	9,787,688	9,850,613	11,676,899	12,865,511	14,344,022	15,990,103	20,044,833	28,431,843
Operating grants and contributions	37,578	4,987	-	-	-	-	248,797	-	-	-
Capital grants and contributions	65,088	335,604	-	580,776	2,290,678	2,886,407	314,367	145,200	174,040	414,010
Total business-type activities program revenues	<u>8,857,774</u>	<u>10,126,371</u>	<u>9,787,688</u>	<u>10,431,389</u>	<u>13,967,577</u>	<u>15,751,918</u>	<u>14,907,186</u>	<u>16,135,303</u>	<u>20,218,873</u>	<u>28,845,853</u>
Total primary government program revenues	16,213,744	17,267,144	17,187,344	19,041,358	22,919,093	25,188,497	27,254,726	29,995,770	36,945,724	51,534,742
Net (expenses)/revenue										
Governmental activities	(17,276,780)	(18,463,156)	(15,767,916)	(15,087,768)	(13,240,138)	(17,011,072)	(16,050,581)	(16,598,686)	(15,522,363)	(9,939,906)
Business-type activities	1,452,147	3,142,542	2,876,953	3,469,107	7,320,785	6,778,770	5,107,296	5,695,880	9,030,100	18,091,513
Total primary government net expenses	<u>\$ (15,824,633)</u>	<u>(15,320,614)</u>	<u>(12,890,963)</u>	<u>(11,618,661)</u>	<u>(5,919,353)</u>	<u>(10,232,302)</u>	<u>(10,943,285)</u>	<u>(10,902,806)</u>	<u>(6,492,263)</u>	<u>8,151,607</u>

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Sources: Information derived from the Annual Comprehensive Financial Report or annual financial reports for the relevant year.

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CITY OF HAINES CITY, FLORIDA
CHANGES IN NET POSITION
(accrual basis of accounting)
Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General revenues and other changes in net position										
Governmental activities										
Property taxes	\$ 6,048,218	6,457,679	6,658,896	7,191,929	7,797,395	8,275,047	9,338,910	10,768,775	12,195,561	13,347,454
Franchise taxes	1,935,038	1,890,395	1,979,579	1,971,016	1,810,206	1,869,686	1,977,252	2,258,770	2,370,709	2,430,508
Utility taxes	1,418,290	1,472,363	1,557,792	1,637,064	1,771,016	1,839,880	1,913,806	2,199,599	2,434,310	3,299,040
Communications taxes	661,526	543,154	533,364	514,898	518,919	566,800	533,196	526,052	591,481	605,354
Local business tax	66,285	72,503	71,948	75,354	73,739	76,335	81,157	96,828	39,371	75,594
Gas and fuel taxes	746,463	778,859	824,130	884,346	962,003	950,758	1,021,713	1,036,779	992,938	1,096,859
State revenue sharing	1,659,850	1,750,552	1,872,644	2,019,140	2,184,678	2,310,556	2,451,402	2,606,090	2,595,405	3,089,010
Unrestricted investment earnings	382,319	273,878	257,673	253,126	254,099	249,119	291,513	692,832	391,204	304,114
Gain/(loss) on sale of capital assets	-	-	-	155,580	7,258	106,870	290,255	-	977,042	387,589
Transfers in (out)	1,146,165	1,385,835	1,385,835	1,554,447	1,600,000	2,000,000	2,000,000	2,100,000	2,200,000	2,300,000
Total governmental activities	<u>14,064,154</u>	<u>14,625,218</u>	<u>15,141,861</u>	<u>16,256,900</u>	<u>16,979,313</u>	<u>18,245,051</u>	<u>19,899,204</u>	<u>22,285,725</u>	<u>24,788,021</u>	<u>26,935,522</u>
Business-type activities										
Unrestricted investment earnings	33,956	29,087	22,778	22,284	21,888	27,880	62,168	327,386	123,010	71,683
Unrestricted intergovernmental revenues	-	-	-	-	-	-	-	1,159,283	269,222	-
Miscellaneous	14,109	58,193	-	-	-	-	-	-	-	-
Gain/(loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in (out)	(1,146,165)	(1,385,835)	(1,385,835)	(1,554,447)	(1,600,000)	(2,000,000)	(2,000,000)	(2,100,000)	(2,200,000)	(2,300,000)
Total business-type activities	<u>(1,098,100)</u>	<u>(1,298,555)</u>	<u>(1,363,057)</u>	<u>(1,532,163)</u>	<u>(1,578,112)</u>	<u>(1,972,120)</u>	<u>(1,937,832)</u>	<u>(613,331)</u>	<u>(1,807,768)</u>	<u>(2,228,317)</u>
Total primary government	<u>12,966,054</u>	<u>13,326,663</u>	<u>13,778,804</u>	<u>14,724,737</u>	<u>15,401,201</u>	<u>16,272,931</u>	<u>17,961,372</u>	<u>21,672,394</u>	<u>22,980,253</u>	<u>24,707,205</u>
Change in net position										
Governmental activities	(3,212,626)	(3,837,938)	(626,055)	1,169,132	3,739,175	1,233,979	3,848,623	5,687,039	9,265,658	16,995,616
Business-type activities	354,047	1,843,987	1,513,896	1,936,944	5,742,673	4,806,650	3,169,464	5,082,549	7,222,332	15,863,196
Total primary government	<u>\$ (2,858,579)</u>	<u>(1,993,951)</u>	<u>887,841</u>	<u>3,106,076</u>	<u>9,481,848</u>	<u>6,040,629</u>	<u>7,018,087</u>	<u>10,769,588</u>	<u>16,487,990</u>	<u>32,858,812</u>

Sources: Information derived from the Annual Comprehensive Financial Report or annual financial reports for the relevant year.

CITY OF HAINES CITY, FLORIDA
FUND BALANCES, GOVERNMENTAL FUNDS
(modified accrual basis of accounting)
Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund										
Nonspendable	\$ 110,524	74,724	76,171	529,201	48,483	223,119	56,742	64,370	76,598	175,858
Restricted	3,610,815	3,335,259	3,473,360	3,491,462	3,962,535	3,999,802	5,981,355	6,833,744	10,689,541	17,970,126
Committed	-	-	-	-	-	-	-	487,388	507,549	539,394
Assigned	492,770	400,000	-	-	-	-	-	500,000	349,610	943,505
Unassigned	<u>4,609,524</u>	<u>4,001,486</u>	<u>5,522,732</u>	<u>6,705,320</u>	<u>8,456,022</u>	<u>9,518,384</u>	<u>12,228,941</u>	<u>15,190,449</u>	<u>21,117,846</u>	<u>29,248,352</u>
Total General Fund	<u>\$ 8,823,633</u>	<u>7,811,469</u>	<u>9,072,263</u>	<u>10,725,983</u>	<u>12,467,040</u>	<u>13,741,305</u>	<u>18,267,038</u>	<u>23,075,951</u>	<u>32,741,144</u>	<u>48,877,235</u>
All other governmental funds										
Nonspendable, reported in										
76 Debt Service Fund	\$ -	-	-	-	-	-	-	-	20,687	-
Restricted, reported in										
Capital Projects Fund	4,359,426	1,440,290	1,365,494	-	-	8	8	8	8	-
CRA Fund	309,820	-	-	203,453	924,322	1,736,705	2,131,385	2,810,199	2,131,749	2,836,921
Debt Service Fund	<u>1,273,655</u>	<u>1,288,124</u>	<u>1,310,652</u>	<u>1,324,861</u>	<u>62,830</u>	<u>69,651</u>	<u>69,854</u>	<u>70,705</u>	<u>29,557</u>	<u>29,619</u>
Total all other governmental funds	<u>\$ 5,942,901</u>	<u>2,728,414</u>	<u>2,676,146</u>	<u>1,528,314</u>	<u>987,152</u>	<u>1,806,364</u>	<u>2,201,247</u>	<u>2,880,912</u>	<u>2,182,001</u>	<u>2,866,540</u>

Sources: Information derived from the Annual Comprehensive Financial Report or annual financial reports for the relevant year.

CITY OF HAINES CITY, FLORIDA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
(modified accrual basis of accounting)
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 10,875,820	11,214,953	11,625,709	12,274,607	12,933,278	13,578,506	14,866,034	16,886,803	18,624,370	20,854,809
Licenses and permits	538,662	879,190	839,587	972,785	1,253,265	1,029,087	2,435,564	3,173,911	5,405,458	7,770,438
Intergovernmental revenues	2,755,865	2,383,766	2,100,591	2,254,622	2,406,563	2,574,270	2,937,604	3,588,887	3,083,441	3,440,237
Charges for services	3,091,021	3,376,450	3,219,722	3,476,117	3,538,090	4,127,686	4,381,628	4,821,282	4,729,886	5,604,074
Fines and forfeitures	1,970,254	1,668,140	1,089,915	964,305	1,366,205	1,528,630	1,623,451	1,636,036	1,702,594	1,924,533
Assessments	-	-	1,375,927	2,116,849	1,810,363	1,882,041	1,908,268	1,925,787	2,134,580	2,266,709
Impact fees	151,992	589,091	357,460	478,991	498,955	328,930	1,032,106	1,015,699	2,039,317	4,539,563
Miscellaneous revenues	626,419	591,164	546,771	618,566	403,436	639,026	521,802	997,787	618,184	536,459
Total revenues	<u>20,010,033</u>	<u>20,702,754</u>	<u>21,155,682</u>	<u>23,156,842</u>	<u>24,210,155</u>	<u>25,688,176</u>	<u>29,706,457</u>	<u>34,046,192</u>	<u>38,337,830</u>	<u>46,936,822</u>
Expenditures										
Current										
General government	2,916,138	3,307,807	3,207,655	3,289,508	3,364,526	3,685,154	3,813,138	4,353,305	4,815,406	4,957,003
Public safety	8,452,010	8,687,220	8,302,665	8,449,776	8,581,570	9,203,478	10,097,383	11,385,689	11,532,987	12,358,574
Physical environment	2,406,891	2,736,838	2,079,602	1,959,226	1,847,682	2,446,731	2,765,626	3,022,060	3,164,078	3,478,379
Transportation	1,196,014	1,389,560	1,006,979	1,977,480	1,022,060	2,292,148	1,575,714	1,510,283	1,473,535	1,295,609
Economic environment	900,125	150,934	22,762	19,963	85,986	25,018	118,643	279,916	816,592	1,134,918
Culture and recreation	3,516,158	3,104,819	3,014,287	2,995,290	3,478,620	3,790,021	4,247,671	4,618,726	4,313,545	4,593,261
Capital outlay	7,187,108	3,355,531	1,094,505	3,343,484	1,674,996	2,792,757	1,102,004	2,766,812	3,784,841	1,641,453
Debt service										
Principal retirement	1,324,402	1,471,000	1,651,907	1,614,880	1,842,347	1,179,577	2,039,735	2,056,039	2,123,679	2,260,158
Interest and fiscal charges	2,194,376	2,132,915	2,065,990	2,038,540	1,895,153	1,192,116	1,324,930	1,258,190	1,190,028	1,123,946
Total expenditures	<u>30,093,222</u>	<u>26,336,624</u>	<u>22,446,352</u>	<u>25,688,147</u>	<u>23,792,940</u>	<u>26,607,000</u>	<u>27,084,844</u>	<u>31,251,020</u>	<u>33,214,691</u>	<u>32,843,301</u>
Excess of revenues over (under) expenditures	<u>(10,083,189)</u>	<u>(5,633,870)</u>	<u>(1,290,670)</u>	<u>(2,531,305)</u>	<u>417,215</u>	<u>(918,824)</u>	<u>2,621,613</u>	<u>2,795,172</u>	<u>5,123,139</u>	<u>14,093,521</u>
Other financing sources (uses)										
Bond/loan proceeds	-	-	-	-	-	-	-	-	-	-
Insurance proceeds	9,242	52,860	7,224	9,767	7,258	106,870	290,986	258,271	381,272	361,054
Proceeds from sale of capital assets	5,150	-	596,665	146,024	-	70,431	8,017	335,135	937,793	66,055
Issuance of capital lease	-	-	477,996	1,205,402	93,092	835,000	-	-	-	-
Refunding notes issued	-	-	-	4,636,000	24,109,000	-	-	-	324,078	-
Payment to refunded debt escrow agent	-	-	-	(4,560,000)	(25,026,670)	-	-	-	-	-
Transfers in	5,440,893	5,777,177	6,326,611	6,738,627	6,349,853	6,128,800	7,077,141	7,576,371	8,010,709	8,451,074
Transfers out	(4,294,728)	(4,391,342)	(4,940,776)	(5,138,627)	(4,749,853)	(4,128,800)	(5,077,141)	(5,476,371)	(5,810,709)	(6,151,074)
Total other financing sources (uses)	<u>1,160,557</u>	<u>1,438,695</u>	<u>2,467,720</u>	<u>3,037,193</u>	<u>782,680</u>	<u>3,012,301</u>	<u>2,299,003</u>	<u>2,693,406</u>	<u>3,843,143</u>	<u>2,727,109</u>
Net change in fund balances	<u>\$ (8,922,632)</u>	<u>(4,195,175)</u>	<u>1,177,050</u>	<u>505,888</u>	<u>1,199,895</u>	<u>2,093,477</u>	<u>4,920,616</u>	<u>5,488,578</u>	<u>8,966,282</u>	<u>16,820,630</u>
Debt service as a percentage of non-capital expenditures	<u>15.36%</u>	<u>15.46%</u>	<u>17.58%</u>	<u>16.50%</u>	<u>16.90%</u>	<u>9.90%</u>	<u>12.96%</u>	<u>11.60%</u>	<u>11.27%</u>	<u>10.82%</u>

Sources: Information derived from the Annual Comprehensive Financial Report or annual financial reports for the relevant year.

CITY OF HAINES CITY, FLORIDA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
NET OF EXEMPTIONS
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Totals		Total Direct Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2012	\$ 646,866,541	646,866,541	106,138,512	106,138,512	753,005,053	753,005,053	6.9900
2013	615,872,764	615,872,764	112,804,675	112,804,675	728,677,439	728,677,439	7.9900
2014	651,343,372	651,343,372	110,380,551	110,380,551	761,723,923	761,723,923	7.7900
2015	698,680,015	698,680,015	110,105,197	110,105,197	808,785,212	808,785,212	7.7900
2016	830,566,349	830,566,349	112,118,392	112,118,392	942,684,741	942,684,741	7.7900
2017	916,232,983	916,232,983	124,788,633	124,788,633	1,041,021,616	1,041,021,616	7.5895
2018	1,196,234,092	1,196,234,092	145,189,671	145,189,671	1,341,423,763	1,341,423,763	7.5895
2019	1,470,510,878	1,470,510,878	170,029,820	170,029,820	1,640,540,698	1,640,540,698	7.5895
2020	1,678,247,091	1,678,247,091	172,402,792	172,402,792	1,850,649,883	1,850,649,883	7.5895
2021	1,964,899,980	1,964,899,980	185,566,592	185,566,592	2,150,466,572	2,150,466,572	7.5895

Source: Polk County Property Appraiser.

Note: Tax rate are per every \$1,000 of assessed value.

CITY OF HAINES CITY, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
Millage Rates (\$1 per \$1,000 Valuation)

City of Haines City				Overlapping Rates ^(a)				
Fiscal Year	Operating Millage	GO Debt Service Millage	Total Direct Millage	Polk County	Southwest Florida Water Management District	Polk County School Board	Peace River Water Basin	Total
2012	6.9900	0.000	6.9900	7.4993	0.3928	7.6700	0.1830	22.7351
2013	7.9900	0.000	7.9900	6.8665	0.3928	7.4920	0.0000	22.7413
2014	7.7900	0.000	7.7900	6.8665	0.3650	7.5470	0.0000	22.5685
2015	7.7900	0.000	7.7900	6.7815	0.3490	7.2080	0.0000	22.1285
2016	7.7900	0.000	7.7900	6.7815	0.3317	6.7970	0.0000	21.7002
2017	7.5895	0.000	7.5895	6.7815	0.3131	6.5140	0.0000	21.1981
2018	7.5895	0.000	7.5895	7.1565	0.2955	6.2510	0.0000	21.2925
2019	7.5895	0.000	7.5895	7.1565	0.2801	6.0860	0.0000	21.1121
2020	7.5895	0.000	7.5895	6.8990	0.2669	5.9350	0.0000	20.6904
2021	7.5895	0.000	7.5895	6.8990	0.2535	5.8290	0.0000	20.5710

^(a) Overlapping rates are those of local and county governments that apply to property owners within the incorporated areas.

Source: Polk County Tax Collector.

**CITY OF HAINES CITY
PRINCIPAL TAXPAYERS
Current Year and Nine Years Ago**

Taxpayer	Fiscal Year 2020/2021			Fiscal Year 2011/2012		
	Taxable Value	Percent of Total Taxable Value	Rank	Taxable Value	Percent of Total Taxable Value	Rank
Aldi Florida LLC	\$ 47,577,479	3.3%	1			
Duke Energy/Florida Power	23,798,827	1.7%	2			
Royal Palm Village LLC	11,461,282	0.8%	3			
Sofidel America Corp	11,702,485	0.8%	4	10,417,771	1.0%	5.0%
WPT Depot Way LP	10,957,625	0.8%	5			
Northwestern Mutual Life Insurance Co	10,609,395	0.7%	6			
Haines City Mall LLC	10,013,436	0.7%	7			
WalMart	9,682,242	0.7%	8			
DR Horton Inc	9,175,306	0.6%	9			
NHC FL144 LLC	8,971,471	0.6%	10			
Health Management Associates				24,109,577	2.3%	1
Florida Power Corp.				12,678,988	1.2%	2
Heart of Florida				12,317,155	1.2%	3
Verizon Florida				11,908,733	1.1%	4
Cellyne Corp.				9,153,509	0.9%	6
Maronda Homes Inc of Florida				8,679,836	0.8%	7
Nicholson USA Properties LTD				7,932,029	0.8%	8
Bowen Family Homes of Florida, Inc.				7,318,971	0.7%	9
PGB Land Inc.				7,267,595	0.7%	10
Total ten largest taxpayers	153,949,548	10.7%		111,784,164	10.7%	
Other taxpayers	1,284,660,381	89.3%		933,444,394	89.3%	
Total per 2021 tax roll	<u>\$ 1,438,609,929</u>	<u>100.0%</u>				
Total per 2012 tax roll				<u>\$ 1,045,228,558</u>	<u>100.0%</u>	

*Data not available.

Source: Polk County Property Appraiser.

**CITY OF HAINES CITY
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy ⁽¹⁾	Current Tax Collections	Percent of Levy Collected	Prior Years Tax Collections	Total Tax Collections	Percentage of Total Collections To Tax Levy
2012	\$ 5,268,128	5,048,229	95.83%	63,901	5,112,130	97.04%
2013	5,822,133	5,600,105	96.19%	32,986	5,633,091	96.75%
2014	5,933,829	5,718,569	96.37%	36,919	5,755,488	96.99%
2015	6,300,431	6,082,038	96.53%	68,306	6,150,344	97.62%
2016	6,845,858	6,592,527	96.30%	34,170	6,626,697	96.80%
2017	6,904,098	6,850,251	99.22%	37,845	6,888,096	99.77%
2018	7,844,563	7,645,055	97.46%	40,007	7,685,062	97.97%
2019	8,794,759	8,567,254	97.41%	21,258	8,588,512	97.65%
2020	9,939,056	9,690,279	97.50%	15,163	9,705,442	97.65%
2021	10,918,330	10,589,289	96.99%	39,461	10,628,750	97.35%

⁽¹⁾ Total assessed value times millage rate. Gross taxes before discounts.
Source: Polk County Tax Collector.

CITY OF HAINES CITY, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Haines City Personal Income	Percentage of Personal Income	Per Capita
	Capital Leases	Bank Loans	Utility System Revenue Bonds/ Notes	State Revolving Loans	Capital Leases				
2012	\$ -	44,103,189	-	12,256,692	-	56,359,881	691,048,467	8.16%	2,728
2013	-	42,627,605	5,960,000	9,196,289	-	57,783,894	719,541,095	8.03%	2,702
2014	366,089	41,084,285	5,353,000	8,789,510	-	55,592,884	735,494,305	7.56%	2,600
2015	368,717	40,744,859	4,349,000	10,087,021	-	55,549,597	724,351,968	7.67%	2,504
2016	224,816	39,602,540	3,329,000	13,377,104	-	56,533,460	784,127,196	7.21%	2,371
2017	72,403	39,410,376	2,638,000	13,060,377	-	55,181,156	815,543,553	6.77%	2,314
2018	55,744	37,387,300	2,281,000	12,432,182	-	52,156,226	831,307,474	6.27%	2,147
2019	38,158	35,348,847	1,918,000	11,680,348	-	48,985,353	905,476,779	5.41%	1,919
2020	343,672	33,243,732	1,548,000	11,060,953	-	46,196,357	1,028,407,589	4.49%	1,646
2021	219,429	31,107,817	1,171,000	10,356,374	-	42,854,620	1,160,157,040	3.69%	1,469

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Sources: Population data from the City of Haines City Department of Economic Development. Personal income data from the U.S. Department of Commerce.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Debt limitation: There are no legal debt limits for Florida municipalities.

CITY OF HAINES CITY, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year	Florida Municipal Loan Council			CenterState			Less: Amounts Available in Debt Service Fund	Total	Percent of Actual Taxable Value of Property	Per Capita
	CRA	Police	Rail Spur	Library/ City Hall	CRA/ Rail Spur	CRA/ Police				
2012	\$ 26,736,633	2,980,556	2,705,000	11,681,000	-	-	1,273,655	42,829,534	5.84%	2,132
2013	25,716,524	2,871,081	2,635,000	11,405,000	-	-	1,288,124	41,339,481	5.85%	1,993
2014	24,652,679	2,756,606	2,560,000	11,115,000	-	-	1,310,652	39,773,633	5.22%	1,860
2015	21,903,834	2,642,131	-	10,809,000	4,422,000	-	1,324,861	38,452,104	4.38%	1,733
2016	-	-	-	10,489,000	4,179,000	24,934,540	62,830	39,539,710	4.50%	1,700
2017	-	-	-	10,153,000	3,929,000	24,515,376	69,651	38,527,725	3.70%	1,616
2018	-	-	-	9,799,000	3,673,000	23,149,300	69,854	36,551,446	2.72%	1,504
2019	-	-	-	9,429,000	3,410,000	21,791,847	50,018	34,580,829	2.11%	1,354
2020	-	-	-	9,039,000	3,140,000	21,064,732	29,557	33,214,175	1.79%	1,184
2021	-	-	-	8,630,000	2,862,000	19,615,817	29,619	31,078,198	1.45%	1,065

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF HAINES CITY, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
GENERAL OBLIGATION BONDS
September 30, 2021

<u>Jurisdiction</u>	<u>Total Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of Haines City</u>	<u>Amount Applicable to City of Haines City</u>
District School Board of Polk County	\$ 337,771,261	3.89% ⁽¹⁾	<u>\$ 13,136,948</u>
Total overlapping debt			13,136,948
Total direct debt	31,327,246	100.0%	<u>31,327,246</u>
Total direct and overlapping debt			<u><u>\$ 44,464,194</u></u>

⁽¹⁾ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by dividing the City's taxable assessed values by the County's total taxable assessed values.

Source: Polk County School Board.

CITY OF HAINES CITY, FLORIDA
LEGAL DEBT MARGIN INFORMATION
September 30, 2021

The constitution of the State of Florida, Florida Statute 200.181 and the City of Haines City, Florida, set no legal debt limit.

**CITY OF HAINES CITY, FLORIDA
PLEDGED REVENUE COVERAGE
Last Ten Fiscal Years**

Fiscal Year	Gross Revenues ⁽¹⁾	Less Operating Expenses ⁽²⁾	Net Available For Debt Service	Debt Service Requirements		
				Principal	Interest	Coverage
Water and Sewer Revenue Bonds						
2012	\$ 8,359,524	5,373,126	2,986,398	-	-	-
2013	8,595,968	4,756,751	3,839,217	-	-	-
2014	8,701,975	4,598,428	4,103,547	607,000	90,815	5.88
2015	8,807,681	4,645,953	4,161,728	1,007,000	76,131	3.84
2016	9,994,381	4,071,219	5,923,162	1,020,000	61,215	5.48
2017	10,900,093	6,143,440	4,756,653	691,000	48,275	6.43
2018	11,505,947	6,704,683	4,801,264	357,000	41,742	12.04
2019	13,589,176	6,906,060	6,683,116	363,000	35,099	16.79
2020	16,141,004	7,682,046	8,458,958	370,000	28,328	21.24
2021	20,456,787	7,287,157	13,169,630	377,000	24,879	32.77
State Revolving Fund Loans						
2012	8,359,524	5,373,126	2,986,398	918,559	203,785	2.66
2013	8,595,968	4,756,751	3,839,217	873,206 ⁽³⁾	279,786	3.33
2014	8,701,975	5,296,243	3,405,732	406,778	207,021	5.55
2015	8,807,681	5,729,084	3,078,597	416,092	193,892	5.05
2016	9,994,381	5,152,434	4,841,947	425,619	188,180	7.89
2017	10,900,093	6,882,715	4,017,378	572,285	178,434	5.35
2018	11,505,947	7,103,425	4,402,522	652,962	177,065	5.30
2019	13,589,176	7,304,159	6,285,017	751,834	168,137	6.83
2020	16,141,004	8,080,374	8,060,630	804,816	157,150	8.38
2021	20,456,787	7,689,036	12,767,751	878,053	145,266	12.48

⁽¹⁾ Gross revenues from water and sewer charges for services, plus interest income and service charges.

⁽²⁾ Total operating expenses exclusive of depreciation, sewer impact fees, amortization of intangibles and non-recurring costs. State Revolving Fund Loans operating expenses include the annual debt service for revenue bonds.

⁽³⁾ This amount does not include \$2,292,898 of funds from the issuance of the 2013 Revenue Notes used to payoff SRF note. See Note 7.3 within financial statements. Change in long-term debt does include this amount as a principal reduction.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: City of Haines City Finance Department.

CITY OF HAINES CITY, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Year	Population ⁽¹⁾	Polk County Per Capita Personal Income ⁽²⁾	Personal Income ⁽²⁾	Public School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
2012	20,661	\$ 33,447	691,048,467	7,846	8.6%
2013	21,385	33,647	719,541,095	8,449	7.2%
2014	21,385	34,393	735,494,305	8,533	6.6%
2015	22,184	32,652	724,351,968	6,881	5.9%
2016	23,252	33,723	784,127,196	6,227	5.9%
2017	23,847	34,199	815,543,553	7,219	4.6%
2018	24,298	34,213	831,307,474	7,472	3.4%
2019	25,533	35,463	905,476,779	6,744	3.0%
2020	28,061	36,649	1,028,407,589	6,744	7.9%
2021	29,179	39,760	1,160,157,040	7,030	5.4%

- Sources:
- ⁽¹⁾ City of Haines City Community Development Department.
 - ⁽²⁾ U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System
The actual per capita personal income is for Lakeland/Winter Haven MSA. The per capita figures are multiplied by population to determine the total personal income.
 - ⁽³⁾ www.greatschools.org website.
 - ⁽⁴⁾ U.S. Department of Labor Bureau labor Statistics Data, - Lakeland, Florida.

**CITY OF HAINES CITY, FLORIDA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago**

Employer	Type of Business	Fiscal Year 2020/2021			Fiscal Year 2011/2012		
		Number of Employees	Percent of Total City Employment	Rank	Number of Employees	Percent of Total City Employment	Rank
Advent Health	Health Care	850	7.52%	1	*	*	*
Polk County School Board	Education/Government	705	6.23%	2	*	*	*
Wal-Mart	Retailer	430	3.80%	3	*	*	*
Sofidel America Corp	Manufacturer	400	3.54%	4	*	*	*
Crown Linen	Manufacturer	240	2.12%	5	*	*	*
City of Haines City	Municipal Government	240	2.12%	6	*	*	*
Publix Super Market	Food Service	200	1.77%	7	*	*	*
Aldi	Food Service	154	1.36%	8	*	*	*
Lowes	Retailer	150	1.33%	9	*	*	*
Haines City Health Care	Health Care	120	1.06%	10	*	*	*
Total		<u>3,489</u>					

* Data not available.

Source: Community Development Department.
Haines City Economic Development Council.

CITY OF HAINES CITY, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

		Fiscal Year									
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government											
	City Manager	4	3	3	3	3	5	5	4	4	4
	City Clerk	2	1.5	2	2	2	3	3	3	3	4
	Finance	5.5	3.3	2.8	3.8	4.7	4.7	4.7	4.2	4.6	4.6
	Human Resources	2	2	2	3	3	3	3.5	3.5	3	4
	Information Technology		2	2.5	4	4	4	4	4	5	5
	Community Development	16	13	12	8	10	10	11.5	12	16.1	17.1
	Facilities Maintenance	6	7	5	6	9.4	9.4	13	10	10	10
Public safety											
68	Police	76	76	64	63.6	62.7	63.7	69	69	74	85
	Fire	31	31	32	31.4	31.3	29.7	37	38	38	38
Public works		12.5	10	8.8	9.25	15.5	17.2	18.3	18.3	19.3	20.3
Utilities		46	46.7	45.95	44.95	39.1	46.5	51	55.45	59	60
Parks and recreation		40	34	33	32	35	45	45	48	48	48
Library		6	9	8	8	8	8	8	8	8	8
Total		<u>247</u>	<u>239</u>	<u>221</u>	<u>219</u>	<u>228</u>	<u>249</u>	<u>273</u>	<u>277</u>	<u>292</u>	<u>308</u>

Source: City of Haines City Annual Budget.

CITY OF HAINES CITY
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Building inspection										
Building permits issued	865	935	1,235	1,101	1,364	1,891	3,760	5,942	2,640	2,640
Number of building inspections completed	3,531	3,567	5,129	4,554	5,365	6,719	14,462	23,769	15,020	15,020
Number of re-inspections	*	*	*	*	*	*	*	*	2,617	2,617
Number of total building construction plans reviewed	300	323	368	498	667	442	708	2,215	1,506	1,506
Law enforcement										
Physical arrests	1,768	1,355	1,435	1,058	779	914	1,374	1,073	1,840	1,840
DUI arrests	58	59	77	17	22	29	45	52	93	93
Traffic violations	4,943	3,825	4,011	2,428	2,959	3,384	7,512	6,525	6,326	6,326
Red light camera violations	21,454	20,427	22,357	11,428	18,470	17,708	20,586	20,241	20,600	20,600
Traffic crashes	616	610	719	814	1,315	1,490	1,449	1,069	921	921
Calls for service	20,974	23,571	22,741	21,241	17,424	20,244	12,734	11,886	11,905	11,905
Fire										
Emergency responses	2,212	2,684	2,711	2,838	3,705	4,054	4,300	3,998	4,000	4,000
Number of actual fires suppressed	93	106	23	20	105	140	144	58	97	97
Number of building inspections	370	492	448	60	307	206	323	344	1,200	1,200
Number of school inspections	12	12	12	2	1	8	6	12	25	25
Number of re-inspection	1,150	655	995	50	98	20	148	133	800	800
Number of plans reviewed	54	62	69	70	53	60	60	*	1,500	1,500
Public works										
Street resurfacing (miles)	*	*	*	3	4	7	7	2	2	-
Other street repairs	*	*	*	*	*	*	*	*	*	*
Paved streets (miles)	*	*	*	84	84	84	86	98	92	92
Unpaved streets (miles)	*	*	*	6	6	6	6	6	6	6

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* Data not available.

Source: Various City departments.

CITY OF HAINES CITY, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Transportation										
Miles of streets	*	*	*	*	*	*	*	*	*	*
Public safety										
Number of fire stations	1	1	1	1	1	2	2	2	2	2
Number of firefighters and officers	30	30	32	30	30	36	36	36	36	36
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of sworn officers	53	53	53	53	53	53	53	53	59	59
Municipal water system										
Number of customers	9,314	9,532	9,714	9,871	9,493	9,158	10,084	10,700	11,815	12,643
Average daily consumption	3.99MGD	3.99MGD	3.99MGD	4.39MGD	4.51MGD	4.51MGD	4.51MGD	4.88MGD	5.078MGD	5.078MGD
Plant capacity, all plants	9.0MGD	9.0MGD	9.0MGD	9.0MGD	9.0MGD	9.0MGD	9.0MGD	9.0MGD	9.0MGD	9.0MGD
Deep wells	7	7	7	7	7	7	7	7	7	7
Number of fire hydrants	700	700	700	710	718	718	718	730	860	860
Municipal sewer system										
Number of customers	7,432	7,463	7,467	7,363	7,286	7,142	7,218	7,310	7,649	8,256
Treatment facility capacity	2.97MGD	2.97MGD	2.97MGD	2.97MGD	2.97MGD	2.97MGD	2.97MGD	2.97MGD	2.97MGD	2.97MGD
Annual average flow	1.65MGD	1.65MGD	1.65MGD	1.65MGD	1.50MGD	1.50MGD	1.50MGD	1.87MGD	1.97MGD	1.97MGD
Municipal stormwater system										
Number of customers	7,426	7,426	7,426	7,910	7,910	7,910	8,562	9,300	10,000	10,000
Building permits issued										
	865	935	1,235	1,101	1,364	1,891	3,760	5,942	2,640	2,640
Recreation and culture										
Number of neighborhood parks	4	4	4	4	4	4	4	6	6	6
Park area, number of acres	39	39	39	39	39	39	39	107	107	107
Number of books	61,525	61,500	61,500	61,500	62,099	63,400	70,508	80,289	67,772	67,772

* Data not available.

Source: Various City departments.



COMPLIANCE SECTION

This section contains the following subsections:

- Independent Auditor's report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Schedule of Findings and Responses
- Independent Auditor's Management Letter
- Independent Accountant's Report on Investment Compliance





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

To the Honorable Mayor,
Members of the City Council
City of Haines City, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Haines City, Florida (the “City”), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated June 21, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Bradenton, Florida
June 21, 2022

Mauldin & Jenkins, LLC

CITY OF HAINES CITY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
Material weaknesses identified? ___ yes X no

Significant deficiencies identified not considered
to be material weaknesses? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Programs and State Financial Assistance Projects

There was not an audit of major federal award programs or state award programs as of September 30, 2021, due to the total amount expended being less than \$750,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.

SECTION IV
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None.





INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Mayor,
Members of the City Council
City of Haines City, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Haines City, Florida (the "City"), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 21, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings and Responses; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 21, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no prior year findings.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of Haines City, Florida was incorporated in 1914. Additional information on the City's creation and the City's component unit is disclosed within the City's footnotes.

Financial Condition and Management

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

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

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

Special District Component Units

Section 10.554(1)(i)5.c, Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

Mauldin & Jenkins, LLC

Bradenton, Florida
June 21, 2022



INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor,
Members of the City Council
City of Haines City, Florida

We have examined the City of Haines City, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2021. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2021.

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

Bradenton, Florida
June 21, 2022

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.



IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Omar DeJesus CPA, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer¹ of City of Haines City which is a local governmental entity of the State of Florida.
2. The governing body of the City of Haines City adopted Ordinance No. 15-159, 20-1674 and 20-1675 implementing an impact fee.
3. The City of Haines City has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.



 (Chief Financial Officer of Entity)

STATE OF FLORIDA
COUNTY OF POLK

SWORN TO AND SUBSCRIBED before me this 17th day of June, ~~2021~~ 2022



Jazmine Beltran
 NOTARY PUBLIC
 Print Name Jazmine Beltran

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires: 9-9-2025

¹ Pursuant to Section 163.31801(8), Florida Statutes, if there is no chief financial officer, the executive officer must sign the affidavit.