

CITY OF HAINES CITY, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**Fiscal Year Ended
September 30, 2022**

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



CITY OF HAINES CITY, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2022

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INTRODUCTORY SECTION

This section contains the following subsections:

- Letter of Transmittal
- Organizational Chart
- Principal City Officials





HAINES CITY

WWW.HAINESCITY.COM

April 7, 2023

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, 2022.

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, 2022 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, 2022 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 31,979. 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 with a large number of developments on the books. New housing starts approximately doubled over the previous year. The City issued 4,753 building permits for the fiscal year ended September 30, 2022. 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 2022, 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 received \$13,026,702 in Coronavirus State & Local Fiscal Recovery Funds that were dedicated to continue to make improvements at the existing utility infrastructure.
- The development growth provided a 17.4% increase in taxable value for 2022 ad valorem taxes. The consistent and steady growth has kept the millage rate consistent for 7 consecutive years.
- For the fourth straight year, Haines City is among the safest cities in the state of Florida. It was named in the Top 50 safest cities in the State of Florida in a study published by SafeWise in 2022.
- The City received a Congressional Grant for FY22 in the amount of \$750,000 for the design of the Fire/Emergency Operations Center project. Additionally, the City was donated the land for this project from Advent Health.

Fiscal year 2022 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 has also submitted for the award for the fiscal year ending 2021 and is awaiting the results.

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 cursive script that reads "Jim Elenksy".

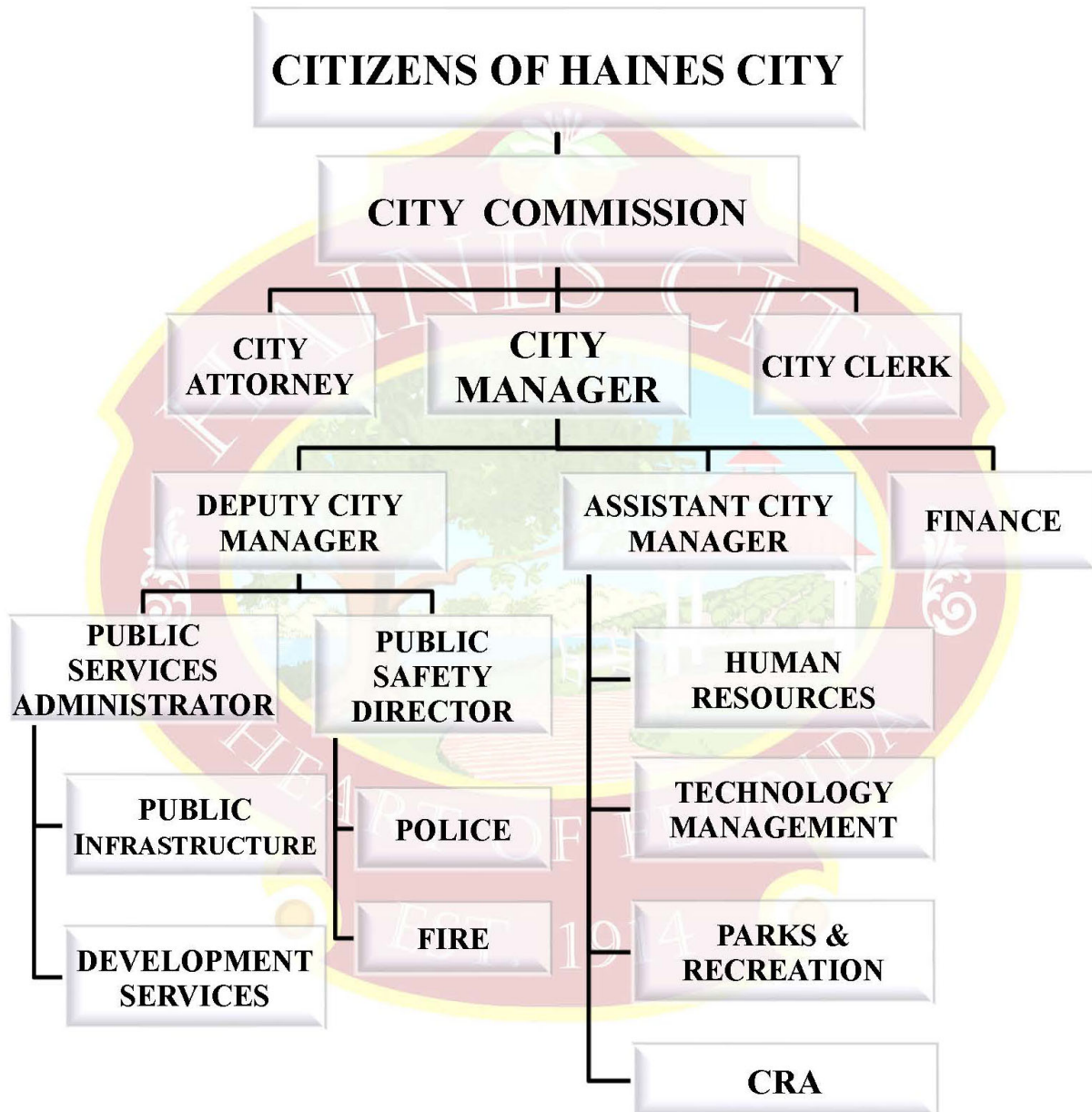
Jim Elenksy
City Manager

A handwritten signature in cursive script that reads "Omar DeJesus, CPA".

Omar DeJesus, CPA
Finance Director

City of Haines City, Florida

Organizational Chart



CITY OF HAINES CITY, FLORIDA

**PRINCIPAL CITY OFFICIALS
SEPTEMBER 30, 2022**

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

Sharon Lauther

CITY ATTORNEY

Fred Reilly



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 Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As of October 1, 2021, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 4 through 14, 65 and 66, and 67 through 74, 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.

Supplementary 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 accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2023, 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 City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
April 7, 2023



**CITY OF HAINES CITY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended September 30, 2022**

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, 2022, by \$214,673,181 (net position). This amount includes \$100,332,038 invested in capital assets net of all related debt. Of this amount, unrestricted net position totals \$60,343,225.
- The City’s total net position increased by \$59,483,952 or 38.33%.
- As of September 30, 2022, the City’s governmental funds reported combined ending fund balances of \$65,853,911, an increase of \$14,110,136 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 \$2,362,876 (4.3%) 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 Annual Comprehensive 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 \$2,814,545 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 \$5,312,040 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, 2022

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.

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.

**CITY OF HAINES CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2022**

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 \$214,673,181.

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 71,989,368	57,044,268	73,349,133	44,287,597	145,338,501	101,331,865
Capital assets	56,833,279	53,597,809	85,951,582	61,754,385	142,784,861	115,352,194
Total assets	<u>128,822,647</u>	<u>110,642,077</u>	<u>159,300,715</u>	<u>106,041,982</u>	<u>288,123,362</u>	<u>216,684,059</u>
Deferred outflows	2,737,332	3,390,834	77,213	132,895	2,814,545	3,523,729
Long-term liabilities						
outstanding	36,796,601	40,733,867	15,305,652	12,865,830	52,102,253	53,599,697
Other liabilities	4,335,850	5,571,983	14,514,583	3,701,371	18,850,433	9,273,354
Total liabilities	<u>41,132,451</u>	<u>46,305,850</u>	<u>29,820,235</u>	<u>16,567,201</u>	<u>70,952,686</u>	<u>62,873,051</u>
Deferred inflows	4,631,203	1,777,245	680,837	368,263	5,312,040	2,145,508
Net investment in						
capital assets	28,425,855	22,895,353	71,906,183	48,691,838	100,332,038	71,587,191
Restricted	30,898,389	20,836,634	23,099,529	15,384,018	53,997,918	36,220,652
Unrestricted	26,472,081	22,217,829	33,871,144	25,163,557	60,343,225	47,381,386
Total net position	<u>\$ 85,796,325</u>	<u>65,949,816</u>	<u>128,876,856</u>	<u>89,239,413</u>	<u>214,673,181</u>	<u>155,189,229</u>

CITY OF HAINES CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2022

Forty-six percent (46.7%) 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 (25.2%) 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.

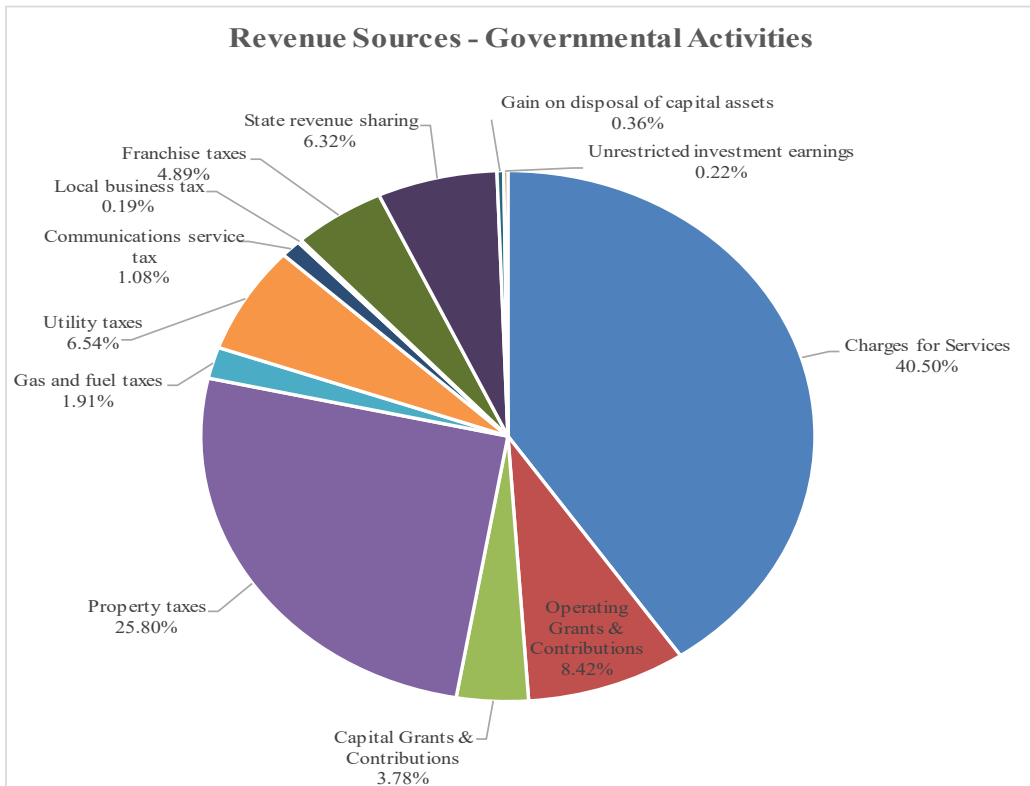
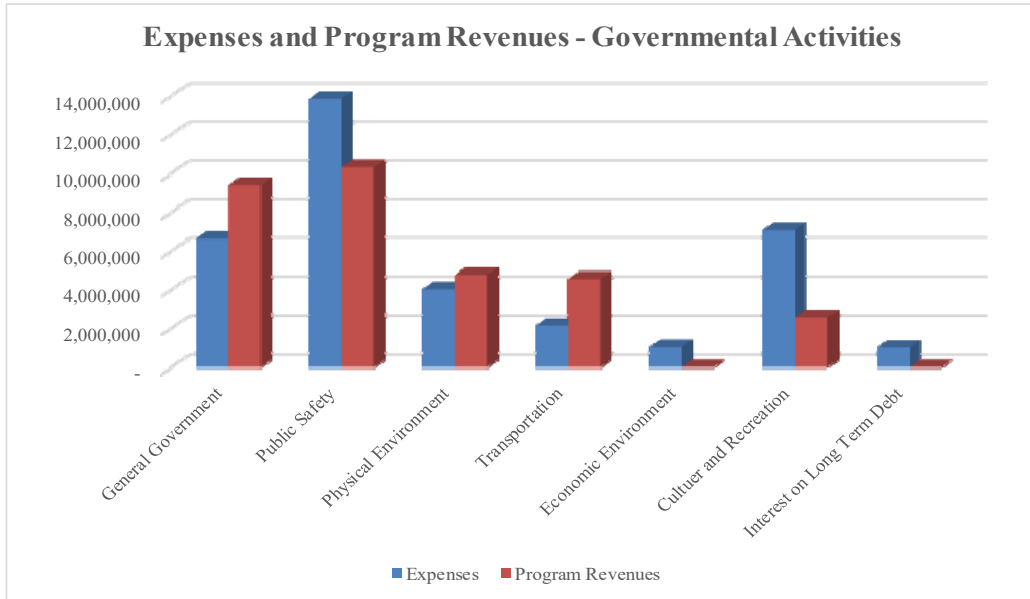
CITY OF HAINES CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2022

Statements of Activities

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	\$ 24,338,376	22,283,505	35,967,772	28,431,843	60,306,148	50,715,348
Operating grants and contributions	5,061,629	405,384	-	-	5,061,629	405,384
Capital grants and contributions	2,269,398	-	11,946,230	414,010	14,215,628	414,010
General revenues						
Property taxes	15,507,959	13,347,454	-	-	15,507,959	13,347,454
Franchise taxes	2,936,328	2,430,508	-	-	2,936,328	2,430,508
Utility taxes	3,929,722	3,299,040	-	-	3,929,722	3,299,040
Communications service tax	646,582	605,354	-	-	646,582	605,354
Local business tax	116,117	75,594	-	-	116,117	75,594
Gas and fuel taxes	1,147,587	1,096,859	-	-	1,147,587	1,096,859
State revenue sharing	3,796,678	3,089,010	-	-	3,796,678	3,089,010
Unrestricted investment earnings	129,413	304,114	35,545	71,683	164,958	375,797
Gain on disposal	217,428	387,589	-	55,622	217,428	443,211
Total revenues	60,097,217	47,324,411	47,949,547	28,973,158	108,046,764	76,297,569
Expenses						
General government	6,633,635	5,518,518	-	-	6,633,635	5,518,518
Public safety	13,855,278	12,969,992	-	-	13,855,278	12,969,992
Physical environment	4,031,222	3,474,576	-	-	4,031,222	3,474,576
Transportation	2,149,747	1,741,992	-	-	2,149,747	1,741,992
Economic environment	1,067,485	1,347,390	-	-	1,067,485	1,347,390
Culture and recreation	7,072,663	6,382,456	-	-	7,072,663	6,382,456
Interest on long-term debt	1,060,746	1,193,871	-	-	1,060,746	1,193,871
Water/sewer utility	-	-	12,251,686	10,314,609	12,251,686	10,314,609
Stormwater utility	-	-	440,350	439,731	440,350	439,731
Total expenses	35,870,776	32,628,795	12,692,036	10,754,340	48,562,812	43,383,135
Change in net position before transfers	24,226,441	14,695,616	35,257,511	18,218,818	59,483,952	32,914,434
Transfers	(4,379,932)	2,300,000	4,379,932	(2,300,000)	-	-
Change in net position	19,846,509	16,995,616	39,637,443	15,918,818	59,483,952	32,914,434
Net position, beginning	65,949,816	48,954,200	89,239,413	73,320,595	155,189,229	122,274,795
Net position, ending	\$ 85,796,325	65,949,816	128,876,856	89,239,413	214,673,181	155,189,229

**CITY OF HAINES CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2022**



**CITY OF HAINES CITY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended September 30, 2022**

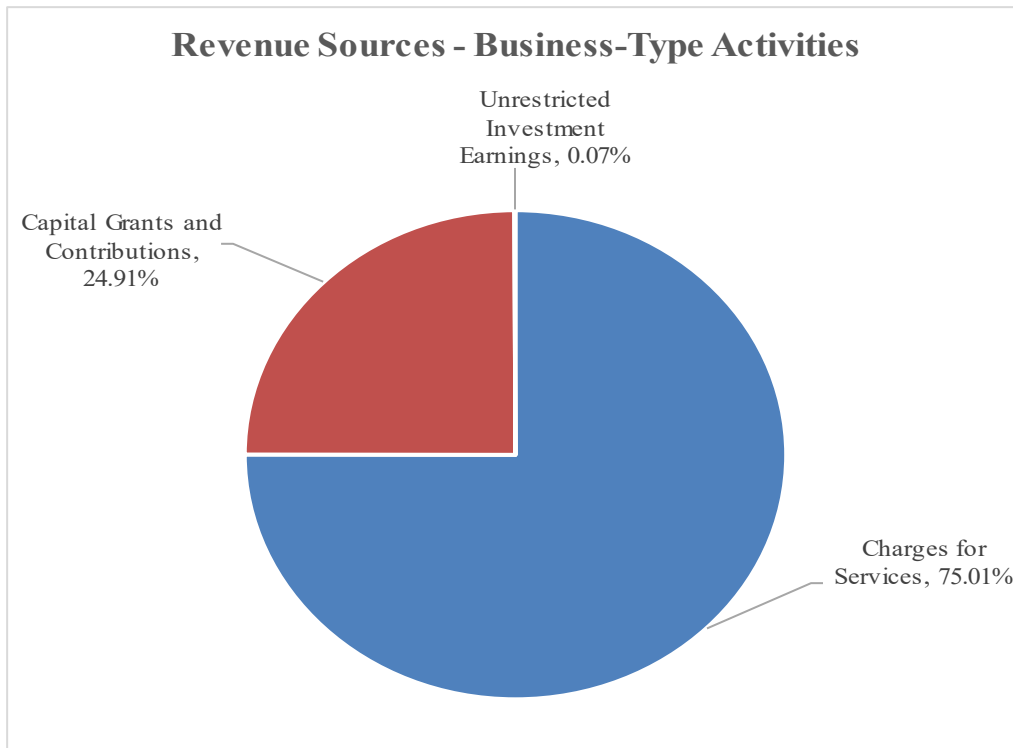
Governmental Activities

Governmental activities net position increased by \$19,846,509.

General revenues of governmental activities increased by \$3,792,292. Property values have continued to increase as new homes continue to be built at higher prices.

Program revenues of governmental activities increased by \$8,980,514, showing a large increase over last year’s building permits and related revenues collected. Charges for services increased by \$2,054,871 and grant contributions increased by \$6,925,643 due to continued growth within the City and the recognition of ARPA grant funding. The City has been and will continue to be active in securing grant funding.

The expenses for governmental activities increased by \$3,241,181 compared to the prior year. This increase is primarily due to additional staffing and capital projects city-wide.



Business-Type Activities

Business-type activities net position increased by \$39,637,443.

Program revenues of business type activities increased by \$19,068,149, 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 increased by \$1,937,696 due to filling of vacant positions along with an increase in capital projects. 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, 2022**

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, 2022, the City's governmental funds reported combined ending fund balances of \$65,853,911, an increase of \$14,110,136 in comparison with the prior year. Despite the economic shifts, 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 with the primary being restricted funds as a result of the development growth from new construction. The City plans to heavily invest in its capital infrastructure in its next budget cycle with strategic funding to minimize future debt obligation.

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). \$104,199 or 0.2% 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. \$30,898,389 or 46.9% 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. \$495,455 or 0.8% of total fund balance is classified as committed.
- Assigned fund balance includes amounts established by City Management intended to be used for specific purposes. \$2,516,634 or 3.8% 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. \$31,839,234 or 48.3% of total fund balance is classified as unassigned.

**CITY OF HAINES CITY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended September 30, 2022**

The General Fund is the chief operating fund of the City. At September 30, 2022, total fund balance of the General Fund is \$60,066,387. Non-spendable fund balance equals \$104,199 or 0.2%; restricted fund balance equals \$25,110,865 or 41.8%; committed fund balance equals \$495,455 or 0.8%; assigned fund balance equals \$2,516,634 or 4.2%; and unassigned fund balance equals \$31,839,234 or 53.0%.

The fund balance of the City’s General Fund increased by \$11,189,152 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 largely impacting restricted use funds from impact fees.

The fund balance of the City’s CRA fund increased by \$2,950,603 during the current fiscal year due to increased revenues as a result of taxable values being affected by the economic growth and expense savings due to staffing turnover.

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 67.4% unassigned balance in relation to the 2023 Operating Budget of \$46,814,384. 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, 2022 amounted to \$33,282,325 and \$588,819, 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 \$70,478,501 in the Water and Sewer Fund at year-end. The change in net position for these funds was an increase of \$39,296,156 in the Water and Sewer Fund and an increase of \$341,287 in the Stormwater Fund. The change in net position for the Water and Sewer Fund was due to improved revenue collection with increased rates and new customers coming online and the collection of state grant funding.

GENERAL FUND BUDGETARY HIGHLIGHTS

There is a \$2,910,000 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 from utility tax revenues and additional capital outlay expenditures.

The difference between the final amended budget and actual expenditures was \$2,114,539 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.

**CITY OF HAINES CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2022**

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 \$142,784,861 (net of accumulated depreciation) as of September 30, 2022. This investment in capital assets includes land, buildings, improvements, infrastructure, vehicles and equipment. The total increase in the City's investment in capital assets, net of related debt, for the current fiscal year (net of accumulated depreciation) was \$28,744,847 (an increase of \$5,530,502 governmental activities and an increase of \$23,214,345 for business-type activities, respectively).

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 11,485,366	9,533,288	5,350,581	817,435	16,835,947	10,350,723
Plant improvements	-	-	57,741,662	49,278,554	57,741,662	49,278,554
Buildings and improvements	31,981,266	34,421,671	278,223	318,850	32,259,489	34,740,521
Equipment	2,769,195	2,809,595	3,283,166	3,947,457	6,052,361	6,757,052
Transportation equipment	1,465,380	1,484,094	796,845	696,111	2,262,225	2,180,205
Infrastructure	7,009,280	5,039,156	384,245	398,663	7,393,525	5,437,819
Construction in progress	2,122,792	310,005	18,116,860	6,297,315	20,239,652	6,607,320
Total	<u>\$ 56,833,279</u>	<u>53,597,809</u>	<u>85,951,582</u>	<u>61,754,385</u>	<u>142,784,861</u>	<u>115,352,194</u>

Additional information on the City's capital assets can be found in Note 4 to the financial statements on pages 42 and 43 of this report.

Long-Term Debt

At the end of the current fiscal year, the City had total long-term liabilities of \$52,102,253, a decrease of \$2,362,876 from the prior year. This change includes the restatement of 2021 to account for the GASB 87 lease implementation.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Total long-term liabilities	<u>\$ 36,796,601</u>	<u>41,538,081</u>	<u>15,305,652</u>	<u>12,927,048</u>	<u>52,102,253</u>	<u>54,465,129</u>

Additional information on the City's long-term debt can be found in Note 7 to the financial statements on pages 45 through 49 of this report.

CITY OF HAINES CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2022

NEXT YEAR'S BUDGETS AND RATES

For fiscal year 2023, the City's millage rate remained the same at 7.5895 mills. For taxable year 2021, the City's property tax valuation increased by \$169,902,408 (12.5%). 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 on 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 and maintained a similar level in 2022. Therefore, optimism remains high that this upward momentum will continue even with economic indicators trying to intentionally slow down the growth with increased interest rates. 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, 2022**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	\$ 15,201,179	12,418,784	27,619,963
Investments	36,543,896	31,629,192	68,173,088
Accounts receivable, net	1,833,785	3,424,409	5,258,194
Internal balances	34,994	(34,994)	-
Due from other governments	540,974	1,183	542,157
Inventory	95,805	295,777	391,582
Prepaid items	8,394	2,736	11,130
Net pension asset	871,187	306,092	1,177,279
Restricted cash and cash equivalents	15,710,385	25,257,199	40,967,584
Right to use leased assets, net of amortization	1,148,769	48,755	1,197,524
Capital assets			
Non-depreciable assets	13,608,158	23,467,441	37,075,599
Depreciable assets, net of depreciation	43,225,121	62,484,141	105,709,262
TOTAL ASSETS	128,822,647	159,300,715	288,123,362
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	2,144,108	62,718	2,206,826
Deferred outflows - OPEB	57,690	14,495	72,185
Deferred loss on refunding	535,534	-	535,534
Total deferred outflows of resources	<u>2,737,332</u>	<u>77,213</u>	<u>2,814,545</u>
LIABILITIES			
Accounts payable	2,725,462	3,515,217	6,240,679
Due to other governments	388,484	-	388,484
Accrued interest	249,493	-	249,493
Accrued payroll	731,094	149,269	880,363
Deposits	190,597	-	190,597
Unearned revenues	50,720	8,635,565	8,686,285
Current liabilities payable from restricted assets			
Accrued interest payable	-	56,862	56,862
Deposits	-	2,157,670	2,157,670
Noncurrent liabilities			
Portion due within one year	3,445,839	1,255,353	4,701,192
Portion due after one year	33,350,762	14,050,299	47,401,061
TOTAL LIABILITIES	41,132,451	29,820,235	70,952,686
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - leases	29,144	-	29,144
Deferred inflows - pensions	3,699,229	454,000	4,153,229
Deferred inflows - OPEB	902,830	226,837	1,129,667
Total deferred inflows of resources	<u>4,631,203</u>	<u>680,837</u>	<u>5,312,040</u>
NET POSITION			
Net investment in capital assets	28,425,855	71,906,183	100,332,038
Restricted for			
Building permits	9,438,998	-	9,438,998
Impact fee requirements	15,414,574	-	15,414,574
Confiscated property	167,789	-	167,789
Law enforcement training	89,504	-	89,504
Capital projects - from impact fees	-	22,319,230	22,319,230
Community development	5,787,524	-	5,787,524
Debt service	-	780,299	780,299
Unrestricted	26,472,081	33,871,144	60,343,225
TOTAL NET POSITION	\$ 85,796,325	128,876,856	214,673,181

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, 2022

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
Governmental activities							
General government	\$ 6,633,635	9,370,607	46,469	-	2,783,441	-	2,783,441
Public safety	13,855,278	5,845,029	4,475,755	-	(3,534,494)	-	(3,534,494)
Physical environment	4,031,222	4,783,257	-	-	752,035	-	752,035
Transportation	2,149,747	2,297,768	-	2,269,398	2,417,419	-	2,417,419
Economic environment	1,067,485	-	-	-	(1,067,485)	-	(1,067,485)
Culture and recreation	7,072,663	2,041,715	539,405	-	(4,491,543)	-	(4,491,543)
Interest on long-term debt	1,060,746	-	-	-	(1,060,746)	-	(1,060,746)
Total governmental activities	35,870,776	24,338,376	5,061,629	2,269,398	(4,201,373)	-	(4,201,373)
Business-type activities							
Water and sewer	12,251,686	35,226,801	-	11,906,730	-	34,881,845	34,881,845
Stormwater	440,350	740,971	-	39,500	-	340,121	340,121
Total business-type activities	12,692,036	35,967,772	-	11,946,230	-	35,221,966	35,221,966
Total primary government	\$ 48,562,812	60,306,148	5,061,629	14,215,628	(4,201,373)	35,221,966	31,020,593
GENERAL REVENUES							
Property taxes					15,507,959	-	15,507,959
Gas and fuel taxes					1,147,587	-	1,147,587
Utility taxes					3,929,722	-	3,929,722
Communications service tax					646,582	-	646,582
Local business tax					116,117	-	116,117
Franchise taxes					2,936,328	-	2,936,328
State revenue sharing					3,796,678	-	3,796,678
Gain on disposal of capital assets					217,428	-	217,428
Unrestricted investment earnings					129,413	35,545	164,958
Total general revenues					28,427,814	35,545	28,463,359
Transfers					(4,379,932)	4,379,932	-
Total general revenues and transfers					24,047,882	4,415,477	28,463,359
Change in net position					19,846,509	39,637,443	59,483,952
Net position, beginning of year					65,949,816	89,239,413	155,189,229
Net position, end of year	\$ 85,796,325				128,876,856		214,673,181

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

CITY OF HAINES CITY, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	General Fund	CRA Fund	Debt Service Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 9,172,742	6,028,437	-	15,201,179
Investments	36,543,896	-	-	36,543,896
Accounts receivable, net	1,833,785	-	-	1,833,785
Due from other funds	34,994	-	-	34,994
Due from other governments	540,974	-	-	540,974
Inventory	95,805	-	-	95,805
Prepaid items	8,394	-	-	8,394
Restricted cash and cash equivalents	15,710,385	-	-	15,710,385
Total assets	<u>\$ 63,940,975</u>	<u>6,028,437</u>	<u>-</u>	<u>69,969,412</u>
Liabilities				
Accounts payable	\$ 2,503,192	222,270	-	2,725,462
Due to other governments	388,484	-	-	388,484
Accrued payroll	714,950	16,144	-	731,094
Other current liabilities	188,098	2,499	-	190,597
Unearned revenue	50,720	-	-	50,720
Total liabilities	<u>3,845,444</u>	<u>240,913</u>	<u>-</u>	<u>4,086,357</u>
Deferred inflows of resources				
Deferred inflow - leases	29,144	-	-	29,144
Total deferred inflows of resources	<u>29,144</u>	<u>-</u>	<u>-</u>	<u>29,144</u>
Fund balances				
Nonspendable				
Inventory	95,805	-	-	95,805
Prepaid items	8,394	-	-	8,394
Restricted for				
Building permits	9,438,998	-	-	9,438,998
Impact fee requirements	15,414,574	-	-	15,414,574
Confiscated property	167,789	-	-	167,789
Law enforcement training	89,504	-	-	89,504
Community development	-	5,787,524	-	5,787,524
Committed for capital projects	495,455	-	-	495,455
Assigned for				
Subsequent years budget:				
Appropriation of fund balance	2,516,634	-	-	2,516,634
Unassigned	31,839,234	-	-	31,839,234
Total fund balances	<u>60,066,387</u>	<u>5,787,524</u>	<u>-</u>	<u>65,853,911</u>
Total liabilities and fund balances	<u>\$ 63,940,975</u>	<u>6,028,437</u>	<u>-</u>	<u>69,969,412</u>

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, 2022**

Total fund balances for governmental funds	\$ 65,853,911
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of :

Land	\$	11,485,366	
Buildings and improvements, net of \$33,398,453 accumulated depreciation		31,981,266	
Equipment, net of \$7,061,474 accumulated depreciation		2,769,195	
Transportation equipment, net of \$4,045,151 accumulated depreciation		1,465,380	
Infrastructure, net of \$5,631,233 accumulated depreciation		7,009,280	
Construction in progress		<u>2,122,792</u>	
Total capital assets, net			56,833,279

Right to use lease assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of :

Equipment, net of \$658,747 accumulated amortization	1,148,769
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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 of:

CenterState Bank loans		(28,156,001)	
Deferred loss on refunding		535,534	
Financed purchase obligation		(753,281)	
Lease liability		(1,182,445)	
Accrued interest on long-term debt		(249,493)	
Compensated absences		(2,528,059)	
Net pension asset		871,187	
Net pension liability		(805,689)	
Total OPEB liability		<u>(3,371,126)</u>	
Total long-term liabilities and accrued interest			(35,639,373)

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		2,144,108	
Deferred outflows - OPEB		57,690	
Deferred inflows - pensions		(3,699,229)	
Deferred inflows - OPEB		<u>(902,830)</u>	
Total deferred outflows/inflows of resources			(2,400,261)

Total net position of governmental activities	<u><u>\$ 85,796,325</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 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	<u>General Fund</u>	<u>CRA Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 12,485,307	3,022,652	-	15,507,959
Gas and fuel taxes	1,147,587	-	-	1,147,587
Utility taxes	3,929,722	-	-	3,929,722
Communications service tax	646,582	-	-	646,582
Local business tax	116,117	-	-	116,117
Franchise fees	2,936,328	-	-	2,936,328
Licenses and permits	8,561,514	-	-	8,561,514
Intergovernmental	8,667,531	-	-	8,667,531
Charges for services	6,414,318	-	-	6,414,318
Fines and forfeitures	1,901,696	-	-	1,901,696
Assessments	2,870,673	-	-	2,870,673
Impact fees	4,457,403	-	-	4,457,403
Contributions	169,847	10,000	-	179,847
Interest	12,951	6,903	109,559	129,413
Other	115,942	-	-	115,942
Total revenues	<u>54,433,518</u>	<u>3,039,555</u>	<u>109,559</u>	<u>57,582,632</u>
Expenditures				
Current				
General government	5,919,796	-	-	5,919,796
Public safety	12,983,984	66,307	-	13,050,291
Physical environment	4,011,377	-	-	4,011,377
Transportation	1,689,228	-	-	1,689,228
Economic environment	-	827,069	-	827,069
Culture and recreation	4,775,280	357,085	-	5,132,365
Debt service				
Principal	-	-	3,713,352	3,713,352
Interest	-	-	993,487	993,487
Capital outlay	5,362,806	349,789	-	5,712,595
Total expenditures	<u>34,742,471</u>	<u>1,600,250</u>	<u>4,706,839</u>	<u>41,049,560</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,691,047</u>	<u>1,439,305</u>	<u>(4,597,280)</u>	<u>16,533,072</u>
Other financing sources (uses)				
Insurance proceeds	255,618	-	-	255,618
Lease liability issued	700,199	-	-	700,199
Financed purchase obligation	1,001,179	-	-	1,001,179
Transfers in	29,619	3,371,300	4,597,280	7,998,199
Transfers out	(10,488,510)	(1,860,002)	(29,619)	(12,378,131)
Total other financing sources (uses)	<u>(8,501,895)</u>	<u>1,511,298</u>	<u>4,567,661</u>	<u>(2,422,936)</u>
Net change in fund balances	11,189,152	2,950,603	(29,619)	14,110,136
Fund balances, beginning of year	48,877,235	2,836,921	29,619	51,743,775
Fund balances, end of year	<u>\$ 60,066,387</u>	<u>5,787,524</u>	<u>-</u>	<u>65,853,911</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, 2022**

Total net change in fund balances for governmental funds \$ 14,110,136

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 or amortization expense in the current period.

Capital outlay	\$ 5,674,517	
Depreciation/amortization expense	<u>(4,325,700)</u>	1,348,817

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

Net book value of assets disposed	(38,190)	
Donated infrastructure	<u>2,269,398</u>	2,231,208

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 the proceeds from issuance of new debt.

Financed purchase obligation issued	(1,001,179)	
Lease liability issued	(700,199)	
Principal payments	<u>3,741,111</u>	2,039,733

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	21,997	
Pension expense	785,841	
Compensated absences	(317,821)	
Total OPEB liability	<u>(284,146)</u>	205,871

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

Deferred loss on refunding		<u>(89,256)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 19,846,509

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, 2022**

Assets	Water and Sewer Fund	Stormwater Fund	Total
Current assets			
Cash and cash equivalents	\$ 11,680,850	737,934	12,418,784
Investments	31,629,192	-	31,629,192
Accounts receivable, net of allowances	3,424,409	-	3,424,409
Due from other governments	-	1,183	1,183
Inventories	295,777	-	295,777
Prepaid items	2,736	-	2,736
Total current assets	47,032,964	739,117	47,772,081
Noncurrent assets			
Restricted cash and cash equivalents	25,257,199	-	25,257,199
Right to use leased assets, net of amortization	48,755	-	48,755
Net pension asset	270,774	35,318	306,092
Capital assets			
Land	5,294,628	55,952	5,350,580
Stormwater improvements	-	839,126	839,126
Plant and plant improvements	89,534,100	-	89,534,100
Buildings and improvements	475,306	-	475,306
Equipment	10,790,348	174,541	10,964,889
Transportation equipment	2,294,949	-	2,294,949
Construction in progress	17,219,516	897,345	18,116,861
Less accumulated depreciation	(41,084,947)	(539,282)	(41,624,229)
Total capital assets (net of accumulated depreciation)	84,523,900	1,427,682	85,951,582
Total noncurrent assets	110,100,628	1,463,000	111,563,628
Total assets	157,133,592	2,202,117	159,335,709
Deferred outflows of resources			
Deferred outflows - pensions	55,481	7,237	62,718
Deferred outflows - OPEB	13,073	1,422	14,495
Total deferred outflows of resources	68,554	8,659	77,213

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, 2022**

	<u>Water and Sewer Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 3,513,217	2,000	3,515,217
Due to other funds	34,994	-	34,994
Accrued liabilities	137,691	11,578	149,269
Current portion of compensated absences	68,308	4,592	72,900
Current portion of lease liability	12,768	-	12,768
Current liabilities payable from restricted assets			
Current portion of long-term debt	1,169,685	-	1,169,685
Accrued interest payable	56,862	-	56,862
Deposits	2,157,670	-	2,157,670
Unearned revenue	8,635,565	-	8,635,565
Total current liabilities	<u>15,786,760</u>	<u>18,170</u>	<u>15,804,930</u>
Noncurrent liabilities			
Long-term liabilities	<u>13,948,833</u>	<u>101,466</u>	<u>14,050,299</u>
Total noncurrent liabilities	<u>13,948,833</u>	<u>101,466</u>	<u>14,050,299</u>
Total liabilities	<u>29,735,593</u>	<u>119,636</u>	<u>29,855,229</u>
Deferred inflows of resources			
Deferred inflows - pensions	401,615	52,385	454,000
Deferred inflows - OPEB	204,583	22,254	226,837
Total deferred inflows of resources	<u>606,198</u>	<u>74,639</u>	<u>680,837</u>
Net position			
Net investment in capital assets	70,478,501	1,427,682	71,906,183
Restricted for			
Capital projects - from impact fees	22,319,230	-	22,319,230
Debt service	780,299	-	780,299
Unrestricted	<u>33,282,325</u>	<u>588,819</u>	<u>33,871,144</u>
Total net position	<u>\$ 126,860,355</u>	<u>2,016,501</u>	<u>128,876,856</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, 2022

	Water and Sewer Fund	Stormwater Fund	Total
Operating revenues			
Charges for services	\$ 22,771,599	740,937	23,512,536
Impact fees	12,380,805	-	12,380,805
Miscellaneous	74,397	34	74,431
Total operating revenues	<u>35,226,801</u>	<u>740,971</u>	<u>35,967,772</u>
Operating expenses			
Personnel services	3,040,185	220,225	3,260,410
Other services and charges	6,037,257	189,542	6,226,799
Depreciation/amortization	2,944,352	30,583	2,974,935
Total operating expenses	<u>12,021,794</u>	<u>440,350</u>	<u>12,462,144</u>
Operating income	<u>23,205,007</u>	<u>300,621</u>	<u>23,505,628</u>
Nonoperating revenues (expenses)			
Interest revenue	34,379	1,166	35,545
Interest expense	(143,334)	-	(143,334)
Loss on disposal of capital assets	(86,558)	-	(86,558)
Total nonoperating revenues, net	<u>(195,513)</u>	<u>1,166</u>	<u>(194,347)</u>
Income before capital contributions and transfers	23,009,494	301,787	23,311,281
Capital contributions	11,906,730	39,500	11,946,230
Transfers in	4,379,932	-	4,379,932
Change in net position	39,296,156	341,287	39,637,443
Net position, beginning of year	<u>87,564,199</u>	<u>1,675,214</u>	<u>89,239,413</u>
Net position, end of year	<u>\$ 126,860,355</u>	<u>2,016,501</u>	<u>128,876,856</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, 2022**

	Water and Sewer Fund	Stormwater Fund	Total
Cash flows from operating activities			
Cash received from customers	\$ 44,079,307	739,894	44,819,201
Cash payments to suppliers for goods and services	(4,098,254)	(239,072)	(4,337,326)
Cash payments to employees for services	(3,076,130)	(211,965)	(3,288,095)
Net cash provided by operating activities	<u>36,904,923</u>	<u>288,857</u>	<u>37,193,780</u>
Cash flows from noncapital financing activities			
Transfer from other funds	4,379,932	-	4,379,932
Net cash provided by noncapital financing activities	<u>4,379,932</u>	<u>-</u>	<u>4,379,932</u>
Cash flows from capital and related financing activities			
Capital contributions	11,906,730	39,500	11,946,230
Acquisition and construction of capital assets	(27,294,732)	(57,117)	(27,351,849)
Principal paid on loans payable and lease liability	(1,224,509)	-	(1,224,509)
Interest paid on loans payable	(152,222)	-	(152,222)
Proceeds from issuance of notes payable	3,730,072	-	3,730,072
Proceeds from sale of capital assets	105,622	-	105,622
Net cash used in capital and related financing activities	<u>(12,929,039)</u>	<u>(17,617)</u>	<u>(12,946,656)</u>
Cash flows from investing activities			
Purchases of investments	(31,753,461)	-	(31,753,461)
Interest received	158,648	1,166	159,814
Net cash provided by (used in) investing activities	<u>(31,594,813)</u>	<u>1,166</u>	<u>(31,593,647)</u>
Net change in cash and cash equivalents	(3,238,997)	272,406	(2,966,591)
Cash and cash equivalents, beginning of year	40,177,046	465,528	40,642,574
Cash and cash equivalents, end of year	<u>\$ 36,938,049</u>	<u>737,934</u>	<u>37,675,983</u>
Cash and cash equivalents classified as			
Current assets	\$ 11,680,850	737,934	12,418,784
Restricted assets	25,257,199	-	25,257,199
	<u>\$ 36,938,049</u>	<u>737,934</u>	<u>37,675,983</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, 2022**

	<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	\$ 23,205,007	300,621	23,505,628
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation expense	2,944,352	30,583	2,974,935
Change in assets and liabilities			
(Increase) decrease in			
Accounts receivable	(90,381)	-	(90,381)
Due from other governments	-	(1,077)	(1,077)
Inventory	54,800	-	54,800
Prepays	262	-	262
Deferred outflows - pensions	53,340	2,014	55,354
Deferred outflows - OPEB	296	32	328
Increase (decrease) in			
Accounts payable	1,891,633	(56,283)	1,835,350
Due to other funds	(7,692)	-	(7,692)
Accrued liabilities	37,110	6,753	43,863
Customer deposits	307,322	-	307,322
Deferred inflows - pensions	303,042	44,005	347,047
Deferred inflows - OPEB	(31,090)	(3,383)	(34,473)
Net pension liability/asset	(505,617)	(55,283)	(560,900)
Total OPEB liability	95,183	10,354	105,537
Compensated absences	11,791	10,521	22,312
Unearned revenue	8,635,565	-	8,635,565
Total adjustments	<u>13,699,916</u>	<u>(11,764)</u>	<u>13,688,152</u>
Net cash provided by operating activities	<u>\$ 36,904,923</u>	<u>288,857</u>	<u>37,193,780</u>
Noncash investing, capital, and financing activities			
Unrealized loss on investments	<u>\$ (124,269)</u>	<u>\$ -</u>	<u>\$ (124,269)</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, 2022

	<u>Pension Trust Funds</u>
Assets	
Cash and cash equivalents	\$ 1,081,581
Receivables	
Accrued interest and dividends	21,424
Investments, at fair value	
U.S. government agencies	851,906
Municipal obligations	114,311
Corporate bonds	2,138,209
Equities and equity mutual funds	21,918,853
Fixed income mutual funds	6,096,668
Commingled real estate funds	4,707,718
	<hr/>
Total assets	\$ 36,930,670
	<hr/> <hr/>
Liabilities	
Accounts payable	\$ 14,020
	<hr/>
Total liabilities	14,020
	<hr/>
Net position	
Restricted for pension benefits	\$ 36,916,650
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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, 2022**

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 1,011,331
Employee	475,619
State of Florida	430,662
Total contributions	1,917,612
Investment earnings (losses)	
Interest	128,899
Dividends	1,216,928
Net depreciation in fair value of investments	(7,251,589)
Less investment expense	(161,360)
Net investment loss	(6,067,122)
Total additions	(4,149,510)
Deductions	
Pension benefits	2,818,125
Administrative expenses	198,266
Total deductions	3,016,391
Change in net position	(7,165,901)
Net position, restricted for pension benefits	
Beginning of year	44,082,551
End of year	\$ 36,916,650

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, 2022

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.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The City does not have any discretely presented component units.

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 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, 2022

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, 2022

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 **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, 2022

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, physical environment and capital outlay were over budget by \$138,427 and \$1,940,195.

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022

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, leases receivable, 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 \$55,850 and \$293,550, respectively, at September 30, 2022. 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 \$5,000 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, 2022**

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
Right to use equipment	5 years

Leases

Lessee: The City is a lessee for noncancellable leases of equipment and recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life (five years).

Key estimates and judgments related to leases include how the City determines: (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lessor: The City is a lessor for noncancellable leases of land for cell towers. The City recognizes a lease receivable and a deferred inflow of resources in the fund level statements. The City evaluates each lease arrangement for recognition in accordance to GASB 87. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the City determines: (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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 full-time employees with less than five years continuous service earn 80 hours of annual leave at a minimum. 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 25 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 35 days may be carried over. Employees who terminate with more than six month'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 full-time 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.

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 two items that qualifies for reporting in this category. Under the modified accrual basis of accounting 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. In the government-wide financial statements and in the fund level financial statements, the City reports deferred amounts related to leases.

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.

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022

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, 2022, the bank balances of the City’s total deposits was \$69,152,386 with a carrying value of \$68,587,547. 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. The City also invests excess cash in short term United States Treasuries.

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 and the City’s Pension Trust Funds' investment balances at September 30, 2022 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.

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

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.

City Investment Portfolio		Years to Maturity				
Investment Type	Rating	Fair Value	< 1	1-5	6-10	>10
U.S. Treasuries	N/A	\$ 68,173,088	68,173,088	-	-	-
Total fair value		<u>\$ 68,173,088</u>	<u>68,173,088</u>	<u>-</u>	<u>-</u>	<u>-</u>

General Employees' Pension		Years to Maturity				
Investment Type	Rating	Fair Value	< 1	1-5	6-10	>10
Fixed income mutual funds	NA	\$ 4,443,896	4,443,896	-	-	-
Equity mutual funds	N/A	8,934,491	8,934,491	-	-	-
Commingled real estate funds	N/A	2,059,263	2,059,263	-	-	-
Money market/cash	N/A	406,400	406,400	-	-	-
Total fair value		<u>\$ 15,844,050</u>	<u>15,844,050</u>	<u>-</u>	<u>-</u>	<u>-</u>

Police Officers' Pension		Years to Maturity				
Investment Type	Rating	Fair Value	< 1	1-5	6-10	>10
U.S. government securities	Aaa..AA+	\$ 851,906	-	39,818	812,088	-
Corporate bonds	Aa..BBB	2,138,209	19,710	182,507	1,935,992	-
Municipal obligations	A1..AAA	114,311	-	25,264	-	89,047
Equities and equity mutual funds	N/A	7,949,304	7,949,304	-	-	-
Foreign stocks	N/A	81,490	81,490	-	-	-
Commingled real estate funds	N/A	1,437,283	1,437,283	-	-	-
Money market/cash	N/A	459,835	459,835	-	-	-
Total fair value		<u>\$ 13,032,338</u>	<u>9,947,622</u>	<u>247,589</u>	<u>2,748,080</u>	<u>89,047</u>

Firefighters' Pension		Years to Maturity				
Investment Type	Rating	Fair Value	< 1	1-5	6-10	>10
Fixed income mutual funds	N/A	\$ 1,652,772	1,652,772	-	-	-
Equity mutual funds	N/A	4,953,568	4,953,568	-	-	-
Commingled real estate funds	N/A	1,211,172	1,211,172	-	-	-
Money market/cash	N/A	215,346	215,346	-	-	-
Total fair value		<u>\$ 8,032,858</u>	<u>8,032,858</u>	<u>-</u>	<u>-</u>	<u>-</u>

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

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.

The City had the following recurring fair value measurements, broken into the fair value hierarchy, as of September 30, 2022:

City Investment Portfolio	Fair Value Hierarchy			
Investment Type	Fair Value	Level 1	Level 2	Level 3
U.S. Treasuries	\$ 68,173,088	68,173,088	-	-
Total fair value	\$ 68,173,088	68,173,088	-	-
General Employees' Pension	Fair Value Hierarchy			
Investment Type	Fair Value	Level 1	Level 2	Level 3
Fixed income mutual funds	\$ 4,443,896	4,443,896	-	-
Equity mutual funds	8,934,491	8,934,491	-	-
Money market/cash	406,400	406,400	-	-
	13,784,787	13,784,787	-	-
Investments measured at NAV:				
Commingled real estate funds	2,059,263			
Total fair value	\$ 15,844,050			

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Police Officers' Pension	Fair Value Hierarchy			
	Fair Value	Level 1	Level 2	Level 3
Investment Type				
U.S. government securities	\$ 851,906	45,334	806,572	-
Corporate bonds	2,138,209	18,398	2,119,811	-
Municipal obligations	114,311	-	114,311	-
Equities and equity mutual funds	7,949,304	7,949,304	-	-
Foreign stocks	81,490	81,490	-	-
Money market/cash	459,835	459,835	-	-
	<u>11,595,055</u>	<u>8,554,361</u>	<u>3,040,694</u>	<u>-</u>
Investments measured at NAV:				
Commingled real estate funds	<u>1,437,283</u>			
Total fair value	<u>\$ 13,032,338</u>			
Firefighters' Pension	Fair Value Hierarchy			
Investment Type	Fair Value	Level 1	Level 2	Level 3
Fixed income mutual funds	\$ 1,652,772	1,652,772	-	-
Equity mutual funds	4,953,568	4,953,568	-	-
Money market/cash	215,346	215,346	-	-
	<u>6,821,686</u>	<u>6,821,686</u>	<u>-</u>	<u>-</u>
Investments measured at NAV:				
Commingled real estate funds	<u>1,211,172</u>			
Total fair value	<u>\$ 8,032,858</u>			

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 4 – CAPITAL ASSETS

Capital asset balances and activity for the year ended September 30, 2022 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 9,533,288	1,952,078	-	11,485,366
Construction in progress	310,005	1,812,787	-	2,122,792
Total capital assets not being depreciated	<u>9,843,293</u>	<u>3,764,865</u>	<u>-</u>	<u>13,608,158</u>
Capital assets being depreciated				
Buildings and improvements	65,286,018	95,941	(2,240)	65,379,719
Equipment	9,961,848	645,984	(777,163)	9,830,669
Transportation equipment	6,279,042	467,529	(1,236,040)	5,510,531
Infrastructure	10,371,115	2,269,398	-	12,640,513
Library books	758,439	-	(758,439)	-
Total capital assets being depreciated	<u>92,656,462</u>	<u>3,478,852</u>	<u>(2,773,882)</u>	<u>93,361,432</u>
Less accumulated depreciation for:				
Buildings and improvements	(30,864,347)	(2,534,666)	560	(33,398,453)
Equipment	(7,152,253)	(649,874)	740,653	(7,061,474)
Transportation equipment	(4,794,948)	(486,242)	1,236,039	(4,045,151)
Infrastructure	(5,331,959)	(299,274)	-	(5,631,233)
Library books	(758,439)	-	758,439	-
Total accumulated depreciation	<u>(48,901,946)</u>	<u>(3,970,056)</u>	<u>2,735,691</u>	<u>(50,136,311)</u>
Capital assets being depreciated, net	43,754,516	(491,204)	(38,191)	43,225,121
Governmental activities capital assets, net	<u>\$ 53,597,809</u>	<u>3,273,661</u>	<u>(38,191)</u>	<u>56,833,279</u>
Right to use leased assets				
Equipment	\$ 1,107,317	700,199	-	1,807,516
Accumulated amortization	(303,103)	(355,644)	-	(658,747)
Right to use leased assets, net	<u>\$ 804,214</u>	<u>344,555</u>	<u>-</u>	<u>1,148,769</u>

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 4 – CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 817,435	4,533,446	(300)	5,350,581
Construction in progress	6,297,315	12,299,473	(479,928)	18,116,860
Total capital assets not being depreciated	<u>7,114,750</u>	<u>16,832,919</u>	<u>(480,228)</u>	<u>23,467,441</u>
Capital assets being depreciated				
Plant and plant improvements	79,147,301	10,456,500	(69,699)	89,534,102
Buildings and improvements	537,348	-	(62,041)	475,307
Equipment	11,179,989	122,253	(337,355)	10,964,887
Infrastructure	839,125	-	-	839,125
Transportation equipment	2,146,101	314,255	(165,404)	2,294,952
Total capital assets being depreciated	<u>93,849,864</u>	<u>10,893,008</u>	<u>(634,499)</u>	<u>104,108,373</u>
Less accumulated depreciation				
Plant and plant improvements	(29,868,747)	(1,979,613)	55,920	(31,792,440)
Buildings and improvements	(218,498)	(26,581)	47,995	(197,084)
Equipment	(7,232,532)	(728,340)	279,151	(7,681,721)
Infrastructure	(440,462)	(14,418)	-	(454,880)
Transportation equipment	(1,449,990)	(213,520)	165,403	(1,498,107)
Total accumulated depreciation	<u>(39,210,229)</u>	<u>(2,962,472)</u>	<u>548,469</u>	<u>(41,624,232)</u>
Capital assets being depreciated, net	<u>54,639,635</u>	<u>7,930,536</u>	<u>(86,030)</u>	<u>62,484,141</u>
Business-type activities capital assets, net	<u>\$ 61,754,385</u>	<u>24,763,455</u>	<u>(566,258)</u>	<u>85,951,582</u>
Right to use leased assets				
Equipment	\$ 68,258	-	-	68,258
Accumulated amortization	(7,040)	(12,463)	-	(19,503)
Right to use leased assets, net	<u>\$ 61,218</u>	<u>(12,463)</u>	<u>-</u>	<u>48,755</u>

Depreciation and amortization expense was charged to function/programs of the City as follows:

Governmental activities:	
General government	\$ 654,294
Public safety	1,104,573
Transportation	467,588
Economic environment	215,541
Culture and recreation	1,883,704
Total depreciation expense, governmental functions	<u>\$ 4,325,700</u>
Business-type activities:	
Water and sewer	\$ 2,944,352
Stormwater	30,583
Total depreciation expense, business-type functions	<u>\$ 2,974,935</u>

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

NOTE 5 – CONSTRUCTION COMMITMENTS

Commitments for uncompleted construction projects at September 30, 2022 consist of the following:

	Committed
General Fund	
Server Project	\$ 195,114
	\$ 195,114
Water and Sewer Fund	
Reclaimed Water Ground Storage Tank and Pump Stations	\$ 3,458,300
Water Treatment Plant No. 1 and 2 System Improvements	3,054,800
Wastewater Treatment Plant Disc Filter Project	55,400
EQ Tanks	1,747,700
Engineering on Water Treatment Plant No. 1 and 2	91,700
	\$ 8,407,900

NOTE 6 – INTERFUND BALANCES AND TRANSFERS

Interfund loans for short-term operating purposes resulted in the following balances at September 30, 2022:

	Receivable	Payable
General Fund	\$ 34,994	-
Water and Sewer Fund	-	34,994
	\$ 34,994	34,994

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, 2022:

	Transfers In	Transfers Out
General Fund	\$ 29,619	10,488,510
CRA Fund	3,371,300	1,860,002
Debt Service Fund	4,597,280	29,619
Water and Sewer Fund	4,379,932	-
	\$ 12,378,131	12,378,131

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, 2022

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, 2022:

1. Governmental activities debt (direct borrowings)

\$11,748,000 loan payable (\$8,201,000 in principal remaining at September 30, 2022), 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 \$11,211,191, less a subsidy of \$1,354,586, as of September 30, 2022. Interest paid was \$416,761 and total pledged revenue was \$2,996,012 for the fiscal year ended September 30, 2022.

\$4,636,000 loan payable (\$2,577,000 in principal remaining at September 30, 2022), 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%.

\$24,109,000 loan payable (\$17,378,000 in principal remaining at September 30, 2022), 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.

Financed Purchase Agreements

The City has entered into various financed purchase agreements for financing the acquisition of various equipment including police two way radios and information technology infrastructure. These agreements have been recorded at the present value of their future minimum payments as of the inception date. These agreements carry various interest rates and are payable through 2024.

Lease Liability Agreements

The City has entered into various lease agreements for usage of vehicles and copier equipment. These agreements have been recorded at the present value of their future minimum lease payments as of the inception date. These agreements carry various interest rates and are payable through 2027.

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 7 – LONG-TERM DEBT (CONTINUED)

2. Business-type activities debt (direct borrowings)

\$3,670,000 Utility System Revenue Note, Series 2013A (\$788,000 in principal remaining on September 30, 2022) – 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%.

\$4,031,127 State Revolving Fund Loan (\$2,160,317 in principal remaining at September 30, 2022) – 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 (\$182,738 in principal remaining at September 30, 2022) – 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 (\$158,098 in principal remaining at September 30, 2022) – 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%.

\$4,912,507 State Revolving Fund Loan (\$2,680,244 in principal remaining on September 30, 2022) – 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%.

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 7 – LONG-TERM DEBT (CONTINUED)

\$5,025,000 State Revolving Fund Loan (\$3,487,913 in principal remaining on September 30, 2022) – 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.

\$911,110 State Revolving Fund Loan (\$499,029 in principal remaining on September 30, 2022) – Funds borrowed to finance construction of the WTP #1 and 2 treatment system upgrades. The maximum amount of the loan is \$6,238,744 less principal forgiveness of \$5,302,931. 40 semi-annual loan payments began in 2022, including interest of 1.16%.

\$14,621,323 State Revolving Fund Loan (\$559,316 in principal on September 30, 2022) – 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.

\$9,326,960 State Revolving Fund Loan (\$3,529,653 in principal on September 30, 2022) – 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.

State Revolving Fund Loans Payable

The total principal and interest remaining to be paid on these loans was \$9,816,109 (includes interest of \$647,770) as of September 30, 2022. Principal and interest paid was \$961,836 and total available pledged revenue was \$13,414,082 for the fiscal year ended September 30, 2022. 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, 2022

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, 2022:

	<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	\$ 8,630,000	-	(429,000)	8,201,000	451,000
CenterState Bank Loan, Series 2014	2,862,000	-	(285,000)	2,577,000	293,000
CenterState Bank Loan, Series 2016	256,817	-	(256,817)	-	-
CenterState Bank Loan, Series 2016 Refunding	18,742,000	-	(1,364,000)	17,378,000	1,409,000
CenterState Bank Loan, Series 2019	617,000	-	(617,000)	-	-
Loans payable	<u>31,107,817</u>	<u>-</u>	<u>(2,951,817)</u>	<u>28,156,000</u>	<u>2,153,000</u>
Financed purchases	219,429	1,001,179	(467,327)	753,281	428,168
Leases payable	804,214	700,199	(321,967)	1,182,446	359,059
Compensated absences	2,210,238	781,971	(464,150)	2,528,059	505,612
Net pension liability	4,245,301	4,311,391	(7,751,003)	805,689	-
Total OPEB liability	<u>2,951,082</u>	<u>626,340</u>	<u>(206,296)</u>	<u>3,371,126</u>	<u>-</u>
	<u>10,430,264</u>	<u>7,421,080</u>	<u>(9,210,743)</u>	<u>8,640,601</u>	<u>1,292,839</u>
Total governmental activities					
Long-term liabilities	<u>\$ 41,538,081</u>	<u>7,421,080</u>	<u>(12,162,560)</u>	<u>36,796,601</u>	<u>3,445,839</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	\$ 1,171,000	-	(383,000)	788,000	390,000
State Revolving Fund Loan, WW765080	2,361,478	-	(201,161)	2,160,317	205,838
State Revolving Fund Loan, DW530410	201,616	-	(18,878)	182,738	19,393
State Revolving Fund Loan, DW530411	174,412	-	(16,314)	158,098	16,848
State Revolving Fund Loan, WW530400	2,931,346	-	(251,102)	2,680,244	256,650
State Revolving Fund Loan, WW530440	3,737,050	-	(249,137)	3,487,913	249,137
State Revolving Fund Loan, DW530450	591,575	-	(92,546)	499,029	31,819
State Revolving Fund Loan, WW530460	358,897	200,419	-	559,316	-
State Revolving Fund Loan, WW530461	-	3,529,653	-	3,529,653	-
	<u>11,527,374</u>	<u>3,730,072</u>	<u>(1,212,138)</u>	<u>14,045,308</u>	<u>1,169,685</u>
Leases payable	61,218	-	(12,372)	48,846	12,768
Compensated absences	342,186	206,354	(184,042)	364,498	72,900
Net pension liability	254,807	389,285	(644,092)	-	-
Total OPEB liability	<u>741,463</u>	<u>157,369</u>	<u>(51,832)</u>	<u>847,000</u>	<u>-</u>
	<u>1,399,674</u>	<u>753,008</u>	<u>(892,338)</u>	<u>1,260,344</u>	<u>85,668</u>
Total business-type activities					
Long-term liabilities	<u>\$ 12,927,048</u>	<u>4,483,080</u>	<u>(2,104,476)</u>	<u>15,305,652</u>	<u>1,255,353</u>

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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, 2022 (except for the two SRF loans still in the draw down phase):

Fiscal Year Ending	Governmental Activities				Business-Type Activities		
	Principal	Interest	Subsidy	Total	Principal	Interest	Total
2023	\$ 2,940,227	1,017,827	(177,862)	3,780,192	1,182,453	132,920	1,315,373
2024	2,897,348	917,759	(167,694)	3,647,413	1,202,651	113,509	1,316,160
2025	2,558,925	821,952	(157,034)	3,223,843	817,133	97,386	914,519
2026	2,579,289	735,271	(145,820)	3,168,740	825,173	84,638	909,811
2027	2,490,938	649,760	(134,058)	3,006,640	828,480	71,917	900,397
2028-2032	12,446,000	1,950,070	(471,859)	13,924,211	3,988,920	160,093	4,149,013
2033-2036	4,179,000	247,184	(100,261)	4,325,923	1,160,375	4,741	1,165,116
	<u>\$30,091,727</u>	<u>6,339,823</u>	<u>(1,354,588)</u>	<u>35,076,962</u>	<u>10,005,185</u>	<u>665,204</u>	<u>10,670,389</u>

NOTE 8 – RESTRICTED ASSETS

Certain cash and cash equivalents that are legally restricted in the statement of net position at September 30, 2022 are as follows:

	Governmental Activities	Business-Type Activities
Impact fees	\$ 15,441,184	22,319,230
Debt service	-	780,299
Other purposes:		
Confiscated property	167,789	-
Law enforcement training	89,504	-
Deposits	11,908	2,157,670
Total	<u>\$ 15,710,385</u>	<u>25,257,199</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, 2022**

NOTE 9 – RISK MANAGEMENT (CONTINUED)

As of September 30, 2022, 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, 2022**

**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, 2021 and was determined by an actuarial valuation as of September 30, 2020.

Actuarial Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2020, updated to September 30, 2021, using the following actuarial assumptions:

Discount rate	2.43%
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-2022. Base mortality rates are consistent with those outlined in the July 1, 2022 Florida Retirement System actuarial valuation report.

Discount Rate

Given the City’s decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 2.43%. The high-quality municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor’s Ratings Services, Aa2 by Moody’s or AA by Fitch. If there are multiple ratings, the lowest rating is used.

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**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, 2022 were as follows:

	Total OPEB Liability
Balances at September 30, 2021	\$ 3,692,545
Changes for the year:	
Service cost	690,585
Interest on total OPEB liability	93,124
Differences between expected and actual experience	-
Changes of assumptions	(194,690)
Benefit payments	(63,438)
Balance as of September 30, 2022	\$ 4,218,126

Changes of Assumptions reflect a change in the discount rate from 2.14% for the reporting period ended September 30, 2021, to 2.43% for the reporting period ended September 30, 2022. 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 2.43%, 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 (1.43%) or 1 percentage point higher (3.43%) than the current rate:

	1% Decrease 1.43%	Current Discount Rate 2.43%	1% Increase 3.43%
Total OPEB liability	\$ 4,947,487	4,218,126	3,635,103

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	\$ 3,542,862	4,218,126	5,096,395

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**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, 2021, 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, 2022, the City recognized OPEB expense of \$426,217. At September 30, 2022, 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	\$ 1,506	41,037
Changes of assumptions	-	1,088,630
Contributions subsequent to the measurement date	70,679	-
Total	\$ 72,185	1,129,667

The deferred outflows of resources totaling \$70,679 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, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30,	
2023	\$ (365,992)
2024	(338,320)
2025	(298,679)
2026	(92,720)
2027	(32,450)
Total	\$ (1,128,161)

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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, 2021, the date of the latest actuarial valuations for the plans, participation in the plans consisted of:

	General Employees'	Police Officers'	Firefighters'
Retirees and beneficiaries receiving benefits	72	29	18
Terminated employees entitled to benefits but not yet receiving them	72	13	7
Active plan members	31	53	30
Total membership	<u>175</u>	<u>95</u>	<u>55</u>

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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: 9.4% 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, 2022**

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 (asset) of the City at September 30, 2022 are as follows:

	<u>General Employees'</u>	<u>Police Officers'</u>	<u>Firefighters'</u>	<u>Total</u>
Total pension liability	\$ 18,279,491	15,693,450	9,738,020	43,710,961
Plan fiduciary net position	<u>(19,456,770)</u>	<u>(14,989,736)</u>	<u>(9,636,045)</u>	<u>(44,082,551)</u>
City's net pension liability (asset)	<u>\$ (1,177,279)</u>	<u>703,714</u>	<u>101,975</u>	<u>(371,590)</u>
Plan fiduciary net position as a percentage of total pension liability	106.44%	95.52%	98.95%	100.85%

For the year ended September 30, 2022, the City recognized pension expense of \$497,654 for the three plans combined. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows related to its General Employees' pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	-
Difference between expected and actual experience	-	-
Net difference between projected and actual earnings on investments	-	1,746,152
City pension plan contributions subsequent to the measurement date	<u>241,220</u>	<u>-</u>
Total	<u>\$ 241,220</u>	<u>1,746,152</u>

The deferred outflows of resources related to the General Employee's Pension Plan, totaling \$241,220 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, 2023. 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,	
2023	\$ (468,869)
2024	(407,289)
2025	(486,653)
2026	(383,341)
2027	-
Total	<u>\$ (1,746,152)</u>

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

NOTE 12 – PENSION PLANS (CONTINUED)

At September 30, 2022, 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	\$ 192,070	113,031
Difference between expected and actual experience	244,934	3,729
Net difference between projected and actual earnings on investments	-	1,264,691
City pension plan contributions subsequent to the measurement date	847,166	-
Total	<u>\$ 1,284,170</u>	<u>1,381,451</u>

The deferred outflows of resources related to the Police Officers’ Pension Plan, totaling \$847,166 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, 2023. 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,	
2023	\$ (128,066)
2024	(162,237)
2025	(355,797)
2026	(298,347)
2027	-
Total	<u>\$ (944,447)</u>

At September 30, 2022, 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	\$ 62,167	80,208
Difference between expected and actual experience	265,662	-
Net difference between projected and actual earnings on investments	-	945,418
City pension plan contributions subsequent to the measurement date	353,607	-
Total	<u>\$ 681,436</u>	<u>1,025,626</u>

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 12 – PENSION PLANS (CONTINUED)

The deferred outflows of resources related to the Firefighters’ Pension Plan, totaling \$353,607 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, 2023. 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,		
2023	\$	(79,233)
2024		(194,832)
2025		(215,183)
2026		(208,549)
2027		-
Total	\$	(697,797)

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, 2022. 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	6.0%	Service based	Service based
Investment rate of return	7.25%	7.30%	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, 2022, are: Domestic Equities – 7.5%; International Equities – 8.5% and Broad Market Fixed Income – 2.5%; Global Fixed Income – 3.5%; and Real Estate – 4.5%.

The target asset allocation as of September 30, 2022, are: Domestic Equities – 50%; International Equities – 10%; Broad Market Fixed Income – 25%; Global Fixed Income – 5%; and Real Estate – 10% for the General Employees’ Pension Plan.

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

NOTE 12 – PENSION PLANS (CONTINUED)

The target asset allocation as of September 30, 2022, 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, 2022, are: Domestic Equities – 50%; International Equities – 15%; Broad Market Fixed Income – 20%; Global Bonds – 5%; and Real Estate – 10% 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%, 7.30% 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 (Asset) of the City. The changes in the components of the General Employees’ net pension liability (asset) of the City for the fiscal year ended September 30, 2022, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Liability (a-b) (Asset)
Balances at September 30, 2021	\$ 18,136,736	17,237,342	899,394
Changes for the year:			
Service cost	143,164	-	143,164
Interest on total pension liability	1,279,102	-	1,279,102
Differences between expected and actual experience	(5,286)	-	(5,286)
Change in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(1,274,225)	(1,274,225)	-
Contributions - employer	-	416,758	(416,758)
Net investment income	-	3,151,878	(3,151,878)
Administrative expenses	-	(74,983)	74,983
Net change	<u>142,755</u>	<u>2,219,428</u>	<u>(2,076,673)</u>
Balances at September 30, 2022	<u>\$ 18,279,491</u>	<u>19,456,770</u>	<u>(1,177,279)</u>

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022

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, 2022 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 September 30, 2021	\$ 14,695,922	12,240,783	2,455,139
Changes for the year:			
Service cost	564,141	-	564,141
Interest on total pension liability	1,084,070	-	1,084,070
Change in excess state money	60,540	-	60,540
Differences between expected and actual experience	142,313	-	142,313
Change in assumptions	92,239	-	92,239
Changes of benefit terms	-	-	-
Benefit payments, including refunds of employee contributions	(945,775)	(945,775)	-
Contributions - employer	-	826,503	(826,503)
Contributions - employees	-	313,249	(313,249)
Net investment income	-	2,634,952	(2,634,952)
Administrative expenses	-	(79,976)	79,976
Net change	<u>997,528</u>	<u>2,748,953</u>	<u>(1,751,425)</u>
Balances at September 30, 2022	<u>\$ 15,693,450</u>	<u>14,989,736</u>	<u>703,714</u>

The changes in the components of the Firefighters’ net pension liability of the City for the fiscal year ended September 30, 2022 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 September 30, 2021	\$ 9,207,963	8,062,388	1,145,575
Changes for the year:			
Service cost	283,364	-	283,364
Interest on total pension liability	641,582	-	641,582
Change in excess state money	-	-	-
Share plan allocation	15,098	-	15,098
13th check allocation	1,765	-	1,765
Differences between expected and actual experience	192,910	-	192,910
Change in assumptions	-	-	-
Change of benefit terms	-	-	-
Benefit payments, including refunds of employee contributions	(604,662)	(604,662)	-
Contributions - state	-	150,974	(150,974)
Contributions - employer	-	295,133	(295,133)
Contributions - employees	-	172,870	(172,870)
Net investment income	-	1,604,771	(1,604,771)
Administrative expenses	-	(45,429)	45,429
Net change	<u>530,057</u>	<u>1,573,657</u>	<u>(1,043,600)</u>
Balances at September 30, 2022	<u>\$ 9,738,020</u>	<u>9,636,045</u>	<u>101,975</u>

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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 (asset) of the City using the measurement date of September 30, 2021, 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 (Asset)			
General Employees'	\$ 541,300	(1,177,279)	(2,620,842)
Police Officers'	\$ 2,786,611	703,714	(960,026)
Firefighters'	\$ 1,434,375	101,975	(952,105)
Total	<u>\$ 4,762,286</u>	<u>(371,590)</u>	<u>(4,532,973)</u>

The following presents the net pension liabilities of the City using the measurement date of September 30, 2022:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Sponsor's Net Pension Liability			
General Employees'	\$ 9,921,833	7,340,777	5,150,441
Police Officers'	\$ 5,465,770	3,369,899	1,632,315
Firefighters'	\$ 3,204,262	1,852,451	751,910
Total	<u>\$ 18,591,865</u>	<u>12,563,127</u>	<u>7,534,666</u>

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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, 2022, 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 9.4% 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 Police Officer’s Pension Fund for fiscal year 2022 was \$270,350. 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 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 Firefighter’s Pension Fund for fiscal year 2022 was \$160,312. 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	\$ -	703,714	101,975	805,689
City's net pension asset	(1,177,279)	-	-	(1,177,279)
Deferred outflows of resources	241,220	1,284,170	681,436	2,206,826
Deferred inflows of resources	1,746,152	1,381,451	1,025,626	4,153,229
Pension expense/expenditure	(291,274)	516,818	272,110	497,654

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 12 – PENSION PLANS (CONTINUED)

Financial statements for the City’s pension plans at September 30, 2022 are as follows:

	<u>General Employees'</u> <u>Pension Fund</u>	<u>Police Officers'</u> <u>Pension Fund</u>	<u>Firefighters'</u> <u>Pension Fund</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 406,400	459,835	215,346	1,081,581
Receivables				
Contributions receivable	-	-	-	-
Accrued interest and dividends	-	21,424	-	21,424
Investments, at fair value:				
U.S. government agencies	-	851,906	-	851,906
Municipal obligations	-	114,311	-	114,311
Corporate bonds	-	2,138,209	-	2,138,209
Equities and equity mutual funds	8,934,491	8,030,794	4,953,568	21,918,853
Fixed income mutual funds	4,443,896	-	1,652,772	6,096,668
Comingled real estate funds	2,059,263	1,437,283	1,211,172	4,707,718
Total assets	<u>\$ 15,844,050</u>	<u>13,053,762</u>	<u>8,032,858</u>	<u>36,930,670</u>
Liabilities				
Accounts payable	\$ 3,008	8,931	2,081	14,020
Net Position				
Restricted for pension benefits	<u>\$ 15,841,042</u>	<u>13,044,831</u>	<u>8,030,777</u>	<u>36,916,650</u>
	<u>General Employees'</u> <u>Pension Fund</u>	<u>Police Officers'</u> <u>Pension Fund</u>	<u>Firefighters'</u> <u>Pension Fund</u>	<u>Total</u>
Additions				
Contributions				
Employer	\$ 241,220	576,816	193,295	1,011,331
Employees	-	314,882	160,737	475,619
State of Florida	-	270,350	160,312	430,662
Total contributions	<u>241,220</u>	<u>1,162,048</u>	<u>514,344</u>	<u>1,917,612</u>
Investment earnings				
Interest	879	94,341	33,679	128,899
Dividends	466,980	448,259	301,689	1,216,928
Net depreciation in fair value of investments	(2,930,801)	(2,563,826)	(1,756,962)	(7,251,589)
Less investment expense	(61,235)	(59,060)	(41,065)	(161,360)
Net investment earnings	<u>(2,524,177)</u>	<u>(2,080,286)</u>	<u>(1,462,659)</u>	<u>(6,067,122)</u>
Total additions	<u>(2,282,957)</u>	<u>(918,238)</u>	<u>(948,315)</u>	<u>(4,149,510)</u>
Deductions				
Pension benefits	1,246,331	968,810	602,984	2,818,125
Administrative expenses	86,440	57,857	53,969	198,266
Total deductions	<u>1,332,771</u>	<u>1,026,667</u>	<u>656,953</u>	<u>3,016,391</u>
Change in net position	(3,615,728)	(1,944,905)	(1,605,268)	(7,165,901)
Net position, beginning of year	<u>19,456,770</u>	<u>14,989,736</u>	<u>9,636,045</u>	<u>44,082,551</u>
Net position, end of year	<u>\$ 15,841,042</u>	<u>13,044,831</u>	<u>8,030,777</u>	<u>36,916,650</u>

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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, 2022:

	Revenues	Expenditures
Source of revenues		
Ad valorem taxes	\$ 3,022,652	-
Ad valorem taxes received from Polk County	3,371,300	-
Interest	6,903	-
Other	10,000	-
Purpose of expenditures		
Professional services	-	893,376
Culture and recreation	-	357,085
Capital outlay	-	349,789
Debt service	-	1,860,002
	\$ 6,410,855	3,460,252

NOTE 14 – SUBSEQUENT EVENTS

The City has evaluated all subsequent events through April 7, 2023 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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 12,431,905	12,431,905	12,485,307	53,402
Gas and fuel taxes	1,005,000	1,005,000	1,147,587	142,587
Utility taxes	2,175,000	3,525,000	3,929,722	404,722
Communications service tax	515,000	515,000	646,582	131,582
Local business tax	75,000	75,000	116,117	41,117
Franchise fees	2,365,000	2,365,000	2,936,328	571,328
Licenses and permits	3,114,500	3,114,500	8,561,514	5,447,014
Intergovernmental	3,129,000	3,639,000	8,667,531	5,028,531
Charges for services	4,883,600	4,908,600	6,414,318	1,505,718
Fines and forfeitures	919,250	1,919,250	1,901,696	(17,554)
Assessments	2,600,000	2,600,000	2,870,673	270,673
Impact fees	1,668,000	1,668,000	4,457,403	2,789,403
Contributions	113,200	138,200	169,847	31,647
Interest	26,650	26,650	12,951	(13,699)
Other	92,500	92,500	115,942	23,442
Total revenues	<u>35,113,605</u>	<u>38,023,605</u>	<u>54,433,518</u>	<u>16,409,913</u>
Expenditures				
Current				
General government	6,840,085	7,033,721	5,919,796	1,113,925
Public safety	14,007,635	14,457,635	12,983,984	1,473,651
Physical environment	3,172,950	3,872,950	4,011,377	(138,427)
Transportation	2,198,200	2,198,200	1,689,228	508,972
Culture and recreation	5,881,470	5,871,893	4,775,280	1,096,613
Capital outlay	1,846,670	3,422,611	5,362,806	(1,940,195)
Total expenditures	<u>33,947,010</u>	<u>36,857,010</u>	<u>34,742,471</u>	<u>2,114,539</u>
Excess of revenues over expenditures	<u>1,166,595</u>	<u>1,166,595</u>	<u>19,691,047</u>	<u>18,524,452</u>
Other financing sources (uses)				
Insurance proceeds	-	-	255,618	255,618
Installment purchase obligation	-	-	1,001,179	1,001,179
Issuance of capital lease	-	-	700,199	700,199
Transfers in	3,468,505	3,468,505	29,619	(3,438,886)
Transfers out	(4,839,635)	(4,839,635)	(10,488,510)	(5,648,875)
Total other financing uses, net	<u>(1,371,130)</u>	<u>(1,371,130)</u>	<u>(8,501,895)</u>	<u>(7,130,765)</u>
Net change in fund balance	(204,535)	(204,535)	11,189,152	11,393,687
Fund balance, beginning of year	<u>48,877,235</u>	<u>48,877,235</u>	<u>48,877,235</u>	<u>-</u>
Fund balance, end of year	<u>\$ 48,672,700</u>	<u>48,672,700</u>	<u>60,066,387</u>	<u>11,393,687</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, 2022

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 3,175,525	3,175,525	3,022,652	(152,873)
Contributions	-	-	10,000	10,000
Interest revenue	5,000	5,000	6,903	1,903
Total revenues	3,180,525	3,180,525	3,039,555	(140,970)
Expenditures				
Current				
Public safety	144,585	144,585	66,307	78,278
Economic development	1,191,370	1,191,370	827,069	364,301
Culture and recreation	570,395	570,395	357,085	213,310
Capital outlay	3,322,000	3,322,000	349,789	2,972,211
Total expenditures	5,228,350	5,228,350	1,600,250	3,628,100
Excess (deficiency) of revenues over (under) expenditures	<u>(2,047,825)</u>	<u>(2,047,825)</u>	<u>1,439,305</u>	<u>3,487,130</u>
Other financing sources (uses)				
Transfers in	3,905,975	3,905,975	3,371,300	(534,675)
Transfers out	(1,858,150)	(1,858,150)	(1,860,002)	(1,852)
Total other financing sources (uses)	2,047,825	2,047,825	1,511,298	(536,527)
Net change in fund balance	-	-	2,950,603	2,950,603
Fund balance, beginning of year	<u>2,836,921</u>	<u>2,836,921</u>	<u>2,836,921</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,836,921</u></u>	<u><u>2,836,921</u></u>	<u><u>5,787,524</u></u>	<u><u>2,950,603</u></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	9/30/2023	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	9/30/2022	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	\$ 736,534	143,164	149,281	176,250	176,863	209,833	280,460	323,073	797,644
Interest on total pension liability	1,648,527	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	4,345,450	-	-	-	-	-	-	(3,433,675)	-
Differences between expected and actual experience	(581,851)	(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	(1,246,331)	(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	4,902,329	142,755	(122,551)	75,004	162,525	1,053,627	846,758	(3,014,262)	1,323,868
Total pension liability - beginning	18,279,491	18,136,736	18,259,287	18,184,283	18,021,758	16,968,131	16,121,373	19,135,635	17,811,767
Total pension liability - ending (a)	\$ 23,181,820	18,279,491	18,136,736	18,259,287	18,184,283	18,021,758	16,968,131	16,121,373	19,135,635
Plan fiduciary net position									
Contributions - employer	\$ 241,220	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	(2,524,177)	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	(1,246,331)	(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	(86,439)	(74,983)	(56,616)	(76,591)	(55,315)	(117,991)	(56,501)	(180,013)	(141,662)
Net change in plan fiduciary net position	(3,615,727)	2,219,428	446,785	258,355	495,590	439,122	(439,920)	(654,462)	1,820,010
Plan fiduciary net position - beginning	19,456,770	17,237,342	16,790,557	16,532,202	16,036,612	15,597,490	16,037,410	16,691,872	14,871,862
Plan fiduciary net position - ending (b)	\$ 15,841,043	19,456,770	17,237,342	16,790,557	16,532,202	16,036,612	15,597,490	16,037,410	16,691,872
City's net pension liability - ending (a) - (b)	\$ 7,340,777	(1,177,279)	899,394	1,468,730	1,652,081	1,985,146	1,370,641	83,963	2,443,763
Plan fiduciary net position as a percentage of the total pension liability	68.33%	106.44%	95.04%	91.96%	90.91%	88.98%	91.92%	99.48%	87.23%
Covered payroll	\$ 1,849,162	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	396.98%	-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**

	<u>9/20/2022</u>	<u>9/20/2021</u>	<u>9/20/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Actuarially determined contribution	\$ 352,966	403,344	362,920	366,462	325,166	131,366	130,025	472,548	890,882
Contributions in relation to the actuarially determined contribution	241,220	416,758	81,533	734,486	330,764	112,300	130,025	512,763	890,882
Contribution deficiency (excess)	<u>\$ 111,746</u>	<u>(13,414)</u>	<u>281,387</u>	<u>(368,024)</u>	<u>(5,598)</u>	<u>19,066</u>	<u>-</u>	<u>(40,215)</u>	<u>-</u>
Covered payroll	\$ 1,849,162	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	13.04%	24.79%	4.76%	39.66%	16.15%	5.29%	5.10%	13.89%	20.00%

Notes to the Schedule:

Valuation date: October 1, 2020
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: Traditional unit credit cost method.
Funding method: Level percentage of compensation.
Amortization method: 18 years (as of October 1, 2020).
Remaining amortization period: 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.
Asset valuation method:

Inflation: 2.50% per year.
Salary increases: Not applicable.
Final salary load: Individually determined based upon current accruals.
Interest rate: 7.25% 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 Active Lives* : Female: PubG.H-2010 for employees. Male: PubG.H-2010 (below median) for employees, set back one year.
Healthy Retiree Lives : Female: PubG.H-2010 for healthy retirees. Male: PubG.H-2010 (below median) for healthy retirees, set back one year.
Beneficiary Lives : Female: PubG.H-2010 (below median) for healthy retirees. Male: PubG.H-2010 for healthy retirees, set back one year.
Disabled Lives : PubG.H-2010 for disabled retirees, set forward three years.

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**

	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
General Employees':									
Annual money-weighted rate of return, net of investment expenses	-13.22%	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	-13.92%	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	-15.39%	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	9/30/2023	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	9/30/2022	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	\$ 550,787	564,141	536,712	486,883	411,856	366,092	386,608	343,572	355,679
Interest on total pension liability	1,143,793	1,084,070	1,053,002	964,367	873,191	824,923	753,430	745,463	704,103
Change in excess state money	80,589	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	(179,663)	142,313	(6,214)	327,704	637,626	-	196,061	(423,476)	-
Changes of assumptions	94,385	92,239	(188,384)	295,697	-	(67,601)	352,225	-	-
Benefit payments, including refunds of employee contributions	(968,611)	(945,775)	(868,622)	(828,281)	(735,772)	(749,932)	(679,205)	(525,538)	(466,873)
Net change in total pension liability	<u>721,280</u>	<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>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>	<u>9,314,931</u>
Total pension liability - ending (a)	<u>\$ 16,414,730</u>	<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	\$ 576,816	596,253	590,590	577,221	500,417	437,529	532,313	554,255	434,076
Contributions - state	270,350	230,250	216,062	205,133	181,471	156,249	-	-	117,527
Contributions - employee	314,882	313,249	312,165	288,857	259,632	230,087	223,621	203,417	196,385
Net investment income	(2,080,286)	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	(968,811)	(945,775)	(868,623)	(828,280)	(738,288)	(749,932)	(679,205)	(553,565)	(466,873)
Administrative expenses	(57,856)	(79,976)	(51,122)	(73,960)	(50,982)	(81,378)	(57,128)	(81,990)	(80,961)
Net change in plan fiduciary net position	<u>(1,944,905)</u>	<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>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>	<u>7,134,948</u>
Plan fiduciary net position - ending (b)	<u>\$ 13,044,831</u>	<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>\$ 3,369,899</u>	<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	79.47%	95.52%	83.29%	78.74%	81.87%	85.23%	78.37%	78.31%	80.64%
Covered payroll	\$ 3,449,099	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	97.70%	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**

	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Actuarially determined contribution	\$ 769,149	757,219	753,045	750,349	667,583	525,070	529,235	520,137	517,215
Contributions in relation to the actuarially determined contribution	847,166	862,503	750,258	782,354	681,888	593,778	532,313	554,255	551,603
Contribution deficiency (excess)	<u>\$ (78,017)</u>	<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	\$ 3,449,099	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	24.56%	26.54%	22.62%	25.13%	24.11%	24.09%	21.42%	23.99%	25.38%

Notes to the Schedule:

Valuation date: October 1, 2020
 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: 25 years (as of October 1, 2020).
 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: 2.70% per year.
 Salary increases: Service based
 Discount rate: 7.35%
 Investment rate of return: 7.35%
 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.
 Mortality: *Healthy Active Lives*: Female: PubG.H-2010 (below median) for employees, set forward one year. Male: PubG.H-2010 (below median) for employees, set forward one year.
Healthy Retiree Lives: Female: PubG.H-2010 for healthy retirees, set forward one year. Male: PubG.H-2010 (below median) for healthy retirees, set forward one year.
Beneficiary Lives: Female: PubG.H-2010 (below median) for healthy retirees. Male: PubG.H-2010 for healthy retirees, set back one year.
Disabled Lives: 80% PubG.H-2010 for disabled retirees/20% PubS.H-2010 for disabled retirees.
 75% of active deaths are assumed to be service-incurred.

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	9/30/2023	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	9/30/2022	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	\$ 244,619	283,364	257,039	204,357	167,939	149,580	109,002	121,753	130,593
Interest on total pension liability	676,062	641,582	623,567	587,110	547,173	548,290	520,966	516,128	506,406
Change in excess state money	(23,541)	-	-	(122,844)	(317,257)	76,052	65,351	69,107	70,342
Share plan allocation	16,031	15,098	13,333	12,382	11,998	-	-	-	-
13th check allocation	934	1,765	950	384	11,998	-	-	-	-
Changes of benefit terms	-	-	-	(392)	(81,400)	-	-	-	-
Differences between expected and actual experience	(166,750)	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	(602,146)	(604,662)	(584,623)	(542,200)	(584,802)	(513,928)	(557,414)	(529,529)	(467,541)
Net change in total pension liability	<u>145,209</u>	<u>530,057</u>	<u>241,044</u>	<u>688,990</u>	<u>312,789</u>	<u>159,627</u>	<u>367,350</u>	<u>160,311</u>	<u>239,800</u>
Total pension liability - beginning	<u>9,738,020</u>	<u>9,207,963</u>	<u>8,966,919</u>	<u>8,277,929</u>	<u>7,965,140</u>	<u>7,805,513</u>	<u>7,438,163</u>	<u>7,277,852</u>	<u>7,038,052</u>
Total pension liability - ending (a)	<u>\$ 9,883,229</u>	<u>9,738,020</u>	<u>9,207,963</u>	<u>8,966,919</u>	<u>8,277,929</u>	<u>7,965,140</u>	<u>7,805,513</u>	<u>7,438,163</u>	<u>7,277,852</u>
Plan fiduciary net position									
Contributions - employer	\$ 193,295	295,133	216,558	491,203	458,872	398,748	479,629	430,712	352,192
Contributions - state	160,312	150,974	133,324	123,819	119,975	116,083	-	-	110,374
Contributions - employee	160,737	172,870	169,020	154,222	145,830	125,920	108,784	104,266	105,867
Net investment income	(1,462,659)	1,604,771	786,618	319,572	579,035	640,637	472,199	11,234	592,615
Benefit payments, including refunds of member contributions	(602,146)	(604,662)	(584,623)	(542,200)	(584,803)	(514,641)	(557,414)	(529,529)	(467,541)
Administrative expenses	(54,806)	(45,429)	(45,848)	(55,498)	(42,353)	(58,103)	(91,883)	(84,623)	(68,237)
Net change in plan fiduciary net position	<u>(1,605,267)</u>	<u>1,573,657</u>	<u>675,049</u>	<u>491,118</u>	<u>676,556</u>	<u>708,644</u>	<u>411,315</u>	<u>(67,940)</u>	<u>625,270</u>
Plan fiduciary net position - beginning	<u>9,636,045</u>	<u>8,062,388</u>	<u>7,387,339</u>	<u>6,896,221</u>	<u>6,219,665</u>	<u>5,511,021</u>	<u>5,099,706</u>	<u>5,167,646</u>	<u>4,542,376</u>
Plan fiduciary net position - ending (b)	<u>\$ 8,030,778</u>	<u>9,636,045</u>	<u>8,062,388</u>	<u>7,387,339</u>	<u>6,896,221</u>	<u>6,219,665</u>	<u>5,511,021</u>	<u>5,099,706</u>	<u>5,167,646</u>
City's net pension liability - ending (a) - (b)	<u>\$ 1,852,451</u>	<u>101,975</u>	<u>1,145,575</u>	<u>1,579,580</u>	<u>1,381,708</u>	<u>1,745,475</u>	<u>2,294,492</u>	<u>2,338,457</u>	<u>2,110,206</u>
Plan fiduciary net position as a percentage of the total pension liability	81.26%	98.95%	87.56%	82.38%	83.31%	78.09%	70.60%	68.56%	71.01%
Covered payroll	\$ 1,866,157	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	99.27%	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**

	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Actuarially determined contribution	\$ 343,372	396,783	450,357	490,941	493,939	450,263	389,204	356,077	385,144
Contributions in relation to the actuarially determined contribution	353,607	446,107	328,250	615,022	578,847	514,831	479,629	430,712	462,566
Contribution deficiency (excess)	<u>\$ (10,235)</u>	<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	\$ 1,866,157	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	18.95%	23.95%	17.42%	34.95%	36.45%	38.08%	39.68%	34.91%	40.35%

Notes to the Schedule:

Valuation date: October 1, 2020

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: 25 years (as of October 1, 2020)

Asset valuation method: Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric five-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: 2.50%

Salary increases: Service based

Discount rate: 7.00%

Investment rate of return: 7.00%

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 Active Lives*: Female: PubS.H-2010 (below median) for employees, set forward one year. Male: PubS.H-2010 (below median) for employees, set forward one year.
Healthy Retiree Lives: Female: PubS.H-2010 for healthy retirees, set forward one year. Male: PubS.H-2010 (below median) for healthy retirees, set forward one year.
Beneficiary Lives: Female: PubG.H-2010 (below median) for healthy retirees. Male: PubG.H-2010 for healthy retirees, set back one year.
Disabled Lives: 80% PubG.H-2010 for disabled retirees/20% PubS.H-2010 for disabled retirees.

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability					
Service cost	\$ 690,585	421,962	411,871	336,206	360,840
Interest on the total OPEB liability	93,124	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	(194,690)	(363,892)	(1,073,428)	(242,733)	(269,562)
Benefit payments	(63,438)	(103,123)	-	3,478	30,235
Net change in total OPEB liability	<u>525,581</u>	<u>63,598</u>	<u>(551,665)</u>	<u>252,244</u>	<u>245,624</u>
Total OPEB liability - beginning	<u>3,692,545</u>	<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>\$ 4,218,126</u>	<u>3,692,545</u>	<u>3,628,947</u>	<u>4,180,612</u>	<u>3,928,368</u>
Covered employee payroll	\$ 11,647,754	11,369,208	11,921,595	11,009,000	9,904,000
City's total OPEB liability as a percentage of covered employee payroll	36.21%	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, 2022:	2.43%
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	75
<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	80
<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	84
<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	89
<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	91
<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>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>	<u>2022</u>
Governmental activities										
Net investment in capital assets	\$ 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	28,425,855
Restricted	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	30,898,389
Unrestricted	<u>2,075,980</u>	<u>3,629,398</u>	<u>(30,669)</u>	<u>4,125,794</u>	<u>4,295,233</u>	<u>5,394,687</u>	<u>8,075,388</u>	<u>12,933,375</u>	<u>22,217,829</u>	<u>26,472,081</u>
Total governmental activities net position	<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>	<u>85,796,325</u>
Business-type activities										
Net investment in capital assets	\$ 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	71,906,183
Restricted	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	23,099,529
Unrestricted	<u>7,876,386</u>	<u>8,082,240</u>	<u>7,570,207</u>	<u>9,543,360</u>	<u>10,053,371</u>	<u>10,074,677</u>	<u>11,907,387</u>	<u>15,158,653</u>	<u>25,163,557</u>	<u>33,871,144</u>
Total business-type activities net position	<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>	<u>128,876,856</u>
Primary government										
Net investment in capital assets	\$ 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	100,332,038
Restricted	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	53,997,918
Unrestricted	<u>9,952,366</u>	<u>11,711,638</u>	<u>7,539,538</u>	<u>13,669,154</u>	<u>14,348,604</u>	<u>15,469,364</u>	<u>19,982,775</u>	<u>28,092,028</u>	<u>47,381,386</u>	<u>60,343,225</u>
Total primary government net position	<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>	<u>214,673,181</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 NET POSITION
(accrual basis of accounting)
Last Ten Fiscal Years

Expenses	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
General government	\$ 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	6,633,635
Public safety	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	13,855,278
Physical environment	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	4,031,222
Transportation	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	2,149,747
Economic environment	348,224	228,518	227,942	292,272	237,847	329,280	503,292	1,041,023	1,347,390	1,067,485
Culture and recreation	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	7,072,663
Interest on long-term debt	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	1,060,746
Total governmental activities expenses	<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>	<u>35,870,776</u>
Business-type activities										
Water/sewer utility	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	12,251,686
Stormwater utility	323,119	255,380	237,584	297,363	511,350	544,091	703,885	529,775	439,731	440,350
Total business-type activities expenses	<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>	<u>12,692,036</u>
Total primary government net position	<u>32,587,758</u>	<u>30,078,307</u>	<u>30,660,019</u>	<u>28,838,446</u>	<u>35,420,799</u>	<u>38,198,011</u>	<u>40,898,576</u>	<u>43,437,987</u>	<u>43,383,135</u>	<u>48,562,812</u>
Program revenues										
Governmental activities										
Charges for services										
General government	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	9,370,607
Public safety	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	5,845,029
Physical environment	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	4,783,257
Transportation	477,617	225,720	502,397	406,958	350,078	686,631	693,580	986,632	2,261,065	2,297,768
Economic environment	-	-	-	-	-	-	-	-	-	-
Culture and recreation	585,657	554,736	585,832	647,163	568,418	785,961	879,494	926,021	1,955,473	2,041,715
Operating grants and contributions	411,253	401,003	383,394	333,123	411,824	592,882	1,154,076	593,245	405,384	5,061,629
Capital grants and contributions	38,463	-	25,000	-	-	250,032	-	-	-	2,269,398
Total governmental activities program revenues	<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>	<u>31,669,403</u>
Business-type activities										
Charges for services	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	35,967,772
Operating grants and contributions	4,987	-	-	-	-	248,797	-	-	-	-
Capital grants and contributions	335,604	-	580,776	2,290,678	2,886,407	314,367	145,200	174,040	414,010	11,946,230
Total business-type activities program revenues	<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>	<u>47,914,002</u>
Total primary government program revenues	<u>17,267,144</u>	<u>17,187,344</u>	<u>19,041,358</u>	<u>22,919,093</u>	<u>25,188,497</u>	<u>27,254,726</u>	<u>29,995,770</u>	<u>36,945,724</u>	<u>51,534,742</u>	<u>79,583,405</u>
Net (expenses)/revenue										
Governmental activities	(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)	(4,201,373)
Business-type activities	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	35,221,966
Total primary government net expenses	<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>	<u>31,020,593</u>

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

(Continued)

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

	<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>	<u>2022</u>
General revenues and other changes in net position										
Governmental activities										
Property taxes	\$ 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	15,507,959
Franchise taxes	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	2,936,328
Utility taxes	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	3,929,722
Communications taxes	543,154	533,364	514,898	518,919	566,800	533,196	526,052	591,481	605,354	646,582
Local business tax	72,503	71,948	75,354	73,739	76,335	81,157	96,828	39,371	75,594	116,117
Gas and fuel taxes	778,859	824,130	884,346	962,003	950,758	1,021,713	1,036,779	992,938	1,096,859	1,147,587
State revenue sharing	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	3,796,678
Unrestricted investment earnings	273,878	257,673	253,126	254,099	249,119	291,513	692,832	391,204	304,114	129,413
Gain/(loss) on sale of capital assets	-	-	155,580	7,258	106,870	290,255	-	977,042	387,589	217,428
Transfers in (out)	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	(4,379,932)
Total governmental activities	<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>	<u>24,047,882</u>
Business-type activities										
Unrestricted investment earnings	29,087	22,778	22,284	21,888	27,880	62,168	327,386	123,010	71,683	35,545
Unrestricted intergovernmental revenues	-	-	-	-	-	-	1,159,283	269,222	-	-
Miscellaneous	58,193	-	-	-	-	-	-	-	-	-
Gain/(loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in (out)	(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)	4,379,932
Total business-type activities	<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>	<u>4,415,477</u>
Total primary government	<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>	<u>28,463,359</u>
Change in net position										
Governmental activities	(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	19,846,509
Business-type activities	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	39,637,443
Total primary government	<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>	<u>59,483,952</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>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>	<u>2022</u>
General Fund										
Nonspendable	\$ 74,724	76,171	529,201	48,483	223,119	56,742	64,370	76,598	175,858	104,199
Restricted	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	25,110,865
Committed	-	-	-	-	-	-	487,388	507,549	539,394	495,455
Assigned	400,000	-	-	-	-	-	500,000	349,610	943,505	2,516,634
Unassigned	<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>	<u>31,839,234</u>
Total General Fund	<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>	<u>60,066,387</u>
All other governmental funds										
Nonspendable, reported in										
Debt Service Fund	\$ -	-	-	-	-	-	-	20,687	-	-
Restricted, reported in										
Capital Projects Fund	1,440,290	1,365,494	-	-	8	8	8	8	-	-
CRA Fund	-	-	203,453	924,322	1,736,705	2,131,385	2,810,199	2,131,749	2,836,921	5,787,524
Debt Service Fund	<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>	<u>-</u>
Total all other governmental funds	<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>	<u>5,787,524</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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$ 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	24,284,295
Licenses and permits	879,190	839,587	972,785	1,253,265	1,029,087	2,435,564	3,173,911	5,405,458	7,770,438	8,561,514
Intergovernmental revenues	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	8,667,531
Charges for services	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	6,414,318
Fines and forfeitures	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	1,901,696
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	2,870,673
Impact fees	589,091	357,460	478,991	498,955	328,930	1,032,106	1,015,699	2,039,317	4,539,563	4,457,403
Miscellaneous revenues	591,164	546,771	618,566	403,436	639,026	521,802	997,787	618,184	536,459	425,202
Total revenues	20,702,754	21,155,682	23,156,842	24,210,155	25,688,176	29,706,457	34,046,192	38,337,830	46,936,822	57,582,632
Expenditures										
Current										
General government	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	5,919,796
Public safety	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	13,050,291
Physical environment	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	4,011,377
Transportation	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	1,689,228
Economic environment	150,934	22,762	19,963	85,986	25,018	118,643	279,916	816,592	1,134,918	827,069
Culture and recreation	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	5,132,365
Capital outlay	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	5,712,595
Debt service										
Principal retirement	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	3,713,352
Interest and fiscal charges	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	993,487
Total expenditures	26,336,624	22,446,352	25,688,147	23,792,940	26,607,000	27,084,844	31,251,020	33,214,691	32,843,301	41,049,560
Excess of revenues over (under) expenditures	(5,633,870)	(1,290,670)	(2,531,305)	417,215	(918,824)	2,621,613	2,795,172	5,123,139	14,093,521	16,533,072
Other financing sources (uses)										
Bond/loan proceeds	-	-	-	-	-	-	-	-	-	-
Insurance proceeds	52,860	7,224	9,767	7,258	106,870	290,986	258,271	381,272	361,054	255,618
Lease liability issued	-	-	-	-	-	-	-	-	-	700,199
Installment purchase obligation	-	-	-	-	-	-	-	-	-	1,001,179
Proceeds from sale of capital assets	-	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	5,777,177	6,326,611	6,738,627	6,349,853	6,128,800	7,077,141	7,576,371	8,010,709	8,451,074	7,998,199
Transfers out	(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)	(12,378,131)
Total other financing sources (uses)	1,438,695	2,467,720	3,037,193	782,680	3,012,301	2,299,003	2,693,406	3,843,143	2,727,109	(2,422,936)
Net change in fund balances	\$ (4,195,175)	1,177,050	505,888	1,199,895	2,093,477	4,920,616	5,488,578	8,966,282	16,820,630	14,110,136
Debt service as a percentage of non-capital expenditures	15.46%	17.58%	16.50%	16.90%	9.90%	12.96%	11.60%	11.27%	10.82%	13.31%

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	
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	1,680,169,125	1,680,169,125	172,402,792	172,402,792	1,852,571,917	1,852,571,917	7.5895
2021	1,966,961,480	1,966,961,480	185,566,592	185,566,592	2,152,528,072	2,152,528,072	7.5895
2022	2,525,035,800	2,525,035,800	206,271,845	206,271,845	2,731,307,645	2,731,307,645	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
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
2022	7.5895	0.000	7.5895	6.6920	0.2260	5.5190	0.0000	20.0265

^(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 2021/2022			Fiscal Year 2012/2013		
	Taxable Value	Percent of Total Taxable Value	Rank	Taxable Value	Percent of Total Taxable Value	Rank
ALDI	\$ 64,160,032	2.9%	1	22,494,090	2.8%	3
DUKE ENERGY/FLORIDA POWER	32,978,632	1.5%	2	25,697,336	3.2%	2
SOFIDEL AMERICA CORP	29,446,981	1.3%	3	21,434,996	2.7%	4
CARVANNA LLC	26,178,710	1.2%	4			
D R HORTON LLC	25,639,785	1.2%	5			
WALMART	13,778,497	0.6%	6	8,498,570	1.1%	7
ROYAL PALM VILLAGE LLC	12,728,441	0.6%	7	9,239,647	1.1%	6
WPT DEPOT WAY LP	12,053,388	0.5%	8			
NORTHWESTER MUTUAL INSURANCE FRONTIER	11,080,920	0.5%	9			
FRONTIER	10,298,782	0.5%	10			
HEART OF FLORIDA				37,466,247	4.6%	1
VERIZON				10,594,745	1.3%	5
FR/CAL HAINES CITY LLC				8,142,833	1.0%	8
LOWES				7,028,885	0.9%	9
HAINES MALL LLC				6,588,844	0.8%	10
Total ten largest taxpayers	238,344,168	10.8%		157,186,193	19.4%	
Other taxpayers	1,972,044,323	89.2%		651,599,019	80.6%	
Total per 2022 tax roll	<u>\$ 2,210,388,491</u>	<u>100.0%</u>				
Total per 2013 tax roll				<u>\$ 808,785,212</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
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%
2022	12,882,803	12,020,715	93.31%	464,592	12,485,307	96.91%

⁽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				
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	975,258,468	5.02%	1,919
2020	343,672	33,243,732	1,548,000	11,060,953	-	46,196,357	1,149,659,170	4.02%	1,646
2021	219,429	31,107,817	1,171,000	10,356,374	-	42,854,620	1,270,920,524	3.37%	1,469
2022	753,281	28,156,000	788,000	13,257,308	-	42,954,589	1,488,985,859	2.88%	1,343

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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				
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	1.44%	1,065
2022	-	-	-	8,201,000	2,577,000	17,378,000	-	28,156,000	1.03%	880

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, 2022

<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	3.30% ⁽¹⁾	<u>\$ 11,156,592</u>
Total overlapping debt			11,156,592
Total direct debt	28,909,281	100.0%	<u>28,909,281</u>
Total direct and overlapping debt			<u><u>\$ 40,065,873</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, 2022

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						
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
2022	22,880,375	9,077,442	13,802,933	383,000	17,925	34.43
State Revolving Fund Loans						
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
2022	22,880,375	9,478,367	13,402,008	829,137	132,594	13.94

⁽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⁾
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	38,196	975,258,468	6,744	3.0%
2020	28,061	40,970	1,149,659,170	6,744	7.9%
2021	29,179	43,556	1,270,920,524	7,030	5.4%
2022	31,979	46,561	1,488,974,219	7,030	3.2%

- 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	2,000	17.68%	1	*	*	*
WALMART	Retailer	520	4.60%	2	*	*	*
ALDI	Food Service	471	4.16%	3	*	*	*
SOFIDEL AMERICA CORP	Manufacturer	400	3.54%	4	*	*	*
CITY OF HAINES CITY	Municipal Government	322	2.85%	5	*	*	*
CARVANNA	Automotive	246	2.18%	6	*	*	*
CROWN LINEN	Manufacturer	240	2.12%	7	*	*	*
PUBLIX SUPERMARKET	Food Service	173	1.53%	8	*	*	*
LOWES	Retailer	165	1.46%	9	*	*	*
MCDONALDS	Health Care	165	1.46%	10	*	*	*
Total		<u>4,702</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									
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government											
	City manager	3	3	3	3	5	5	4	4	4	5
	City clerk	1.5	2	2	2	3	3	3	3	4	4.5
	Finance	3.3	2.8	3.8	4.7	4.7	4.7	4.2	4.6	4.6	7
	Human resources	2	2	3	3	3	3.5	3.5	3	4	5
	Information technology	2	2.5	4	4	4	4	4	5	5	6
	Community development	13	12	8	10	10	11.5	12	16.1	17.1	19
	Facilities maintenance	7	5	6	9.4	9.4	13	10	10	10	11.5
16	Public safety										
	Police	76	64	63.6	62.7	63.7	69	69	74	85	85
	Fire	31	32	31.4	31.3	29.7	37	38	38	38	39
	Public works	10	8.8	9.25	15.5	17.2	18.3	18.3	19.3	20.3	23
	Utilities	46.7	45.95	44.95	39.1	46.5	51	55.45	59	60	60
	Parks and recreation	34	33	32	35	45	45	48	48	48	52
	Library	9	8	8	8	8	8	8	8	8	9
	Total	<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>	<u>326</u>

Source: City of Haines City Annual Budget.

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Building inspection										
Building permits issued	935	1,235	1,101	1,364	1,891	3,760	5,942	2,640	4,477	4,753
Number of building inspections completed	3,567	5,129	4,554	5,365	6,719	14,462	23,769	15,020	33,251	25,580
Number of re-inspections	*	*	*	*	*	*	*	2,617	1,153	1,115
Number of total building construction plans reviewed	323	368	498	667	442	708	2,215	1,506	2,744	3,498
Law enforcement										
Physical arrests	1,355	1,435	1,058	779	914	1,374	1,073	1,840	979	918
DUI arrests	59	77	17	22	29	45	52	93	188	70
Traffic violations	3,825	4,011	2,428	2,959	3,384	7,512	6,525	6,326	3,143	2,845
Red light camera violations	20,427	22,357	11,428	18,470	17,708	20,586	20,241	20,600	24,239	24,371
Traffic crashes	610	719	814	1,315	1,490	1,449	1,069	921	1,208	1,579
Calls for service	23,571	22,741	21,241	17,424	20,244	12,734	11,886	11,905	12,852	13,695
Fire										
Emergency responses	2,684	2,711	2,838	3,705	4,054	4,300	3,998	4,000	4,335	4,853
Number of actual fires suppressed	106	23	20	105	140	144	58	97	105	22
Number of building inspections	492	448	60	307	206	323	344	300	428	129
Number of school inspections	12	12	2	1	8	6	12	25	25	12
Number of re-inspection	655	995	50	98	20	148	133	800	685	22
Number of plans reviewed	62	69	70	53	60	60	60	60	60	60
Public works										
Street resurfacing (miles)	*	*	3	4	7	7	2	2	-	4
Other street repairs	*	*	*	*	*	*	*	*	*	*
Paved streets (miles)	*	*	84	84	84	86	98	92	92	92
Unpaved streets (miles)	*	*	6	6	6	6	6	6	6	6

* Data not available.

Source: Various City departments.

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Transportation										
Miles of streets	*	*	*	*	*	*	*	*	*	*
Public safety										
Number of fire stations	1	1	1	1	2	2	2	2	2	2
Number of firefighters and officers	30	32	30	30	36	36	36	36	36	37
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	59	59	70
Municipal water system										
Number of customers	9,532	9,714	9,871	9,493	9,158	10,084	10,700	11,815	12,643	16,023
Average daily consumption	3.99MGD	3.99MGD	4.39MGD	4.51MGD	4.51MGD	4.51MGD	4.88MGD	5.078MGD	6.914MGD	6.914MGD
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	710	718	718	718	730	860	860	860
Municipal sewer system										
Number of customers	7,463	7,467	7,363	7,286	7,142	7,218	7,310	7,649	8,256	8,706
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	1.50MGD	1.50MGD	1.50MGD	1.87MGD	1.97MGD	1.97MGD	1.97MGD
Municipal stormwater system										
Number of customers	7,426	7,426	7,910	7,910	7,910	8,562	9,300	10,000	10,000	11,826
Building permits issued										
	935	1,235	1,101	1,364	1,891	3,760	5,942	2,640	4,477	4,753
Recreation and culture										
Number of neighborhood parks	4	4	4	4	4	4	6	6	6	7
Park area, number of acres	39	39	39	39	39	39	107	107	107	115
Number of books	61,500	61,500	61,500	62,099	63,400	70,508	80,289	67,772	67,772	68,137

93

* 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, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated April 7, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

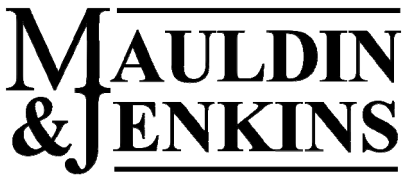
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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
April 7, 2023

Mauldin & Jenkins, LLC



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

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

Report on Compliance For Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of Haines City, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2022. The City's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Bradenton, Florida
April 7, 2023

CITY OF HAINES CITY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

Federal Grantors/Pass Through Grantor/Program Title	AL Number	Pass Through Grantor's/Lender's Number	Expenditures
U.S. Department of the Treasury			
Coronavirus Local Fiscal Recovery Funds	21.027	Y5107	\$ 4,391,137
Total U.S. Department of the Treasury			<u>4,391,137</u>
Total Expenditures of Federal Awards			<u>\$ 4,391,137</u>
State Agency/Pass Through Entity/State Program	CFSA Number	Grantors Number	Expenditures
Department of Environmental Protection			
Wastewater Treatment Facility Construction	37.077	WW530461	\$ 3,529,653
Total Department of Environmental Protection			<u>3,529,653</u>
Total Expenditures of State Financial Assistance			<u>\$ 3,529,653</u>

CITY OF HAINES CITY, FLORIDA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Haines City, Florida (the “City”), and is presented on the modified accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, Rules of the Auditor General of the State of Florida. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – DE MINIMIS INDIRECT COST RATE

The City chose not to use the 10% de minimis cost rate for the year ended September 30, 2022.

NOTE 3 – NON-CASH AWARDS

The City did not receive non-cash federal awards during the year ended September 30, 2022.

NOTE 4 – CONTINGENCIES

Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in disallowed expenditures under the terms of the grants. Based upon prior experience, the City does not believe that such disallowances, if any, would be material.

**CITY OF HAINES CITY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**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 no

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

Noncompliance material to financial statements noted? yes no

Federal Programs and State Financial Assistance Projects

Internal control over major federal programs:
Material weaknesses identified? yes no

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

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	U.S. Department of the Treasury – Coronavirus State and Local Fiscal Recovery Funds

Identification of major state financial assistance:

<u>CSFA Number</u>	<u>Name of State Program</u>
37.077	Wastewater Treatment Facility Construction

Dollar threshold used to distinguish between
Type A and Type B federal programs: \$750,000
Type A and Type B state awards: \$750,000

Auditee qualified as low-risk auditee? yes no

**CITY OF HAINES CITY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**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, 2022, and have issued our report thereon dated April 7, 2023.

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 Questioned Costs; Independent Auditor's Report on Compliance for each Major Federal Program and State Project and on Internal Control over Compliance required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General; 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 April 7, 2023, 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
April 7, 2023



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, 2022. 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, 2022.

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
April 7, 2023

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".

