

**CITY OF HAINES CITY, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Fiscal Year Ended  
September 30, 2015**

**Prepared by:  
Department of Finance**



**CITY OF HAINES CITY, FLORIDA**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended September 30, 2015**

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## **INTRODUCTORY SECTION**

This section contains the following subsections:

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







# HAINES CITY

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June 16, 2016

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

State law requires that 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 Comprehensive Annual Financial Report (CAFR) of the City of Haines City for the fiscal year ended September 30, 2015.

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 of the 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 that is 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 that the financial statements will be free from material misstatements. As management, we assert that, 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, L.L.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City of Haines City for the fiscal year ended September 30, 2015, 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, that there was a reasonable basis for rendering an unqualified opinion that the City of Haines City's financial statements for the fiscal year ended September 30, 2015, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Haines City was part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of the federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but

## 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."*

also on the City's internal controls and compliance with legal requirements, with special emphasis on the administration of federal and state awards.

GAAP requires that 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 22,184. The jurisdiction of the City encompasses 18.6 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 (2) 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 continue to slowly develop in the area surrounding the local hospital in the northwest section of the City, as well as industrial projects in the City's southern industrial park and along the Highway 27 corridor.

The economic condition of the area has been improving in the last couple of years. Property values had declined by forty percent (40%) through the year ended September 30, 2013 but has since recovered by increasing twenty percent (20%) through the year ended September 30, 2015. The unemployment rate continues to drop. It has declined from a high of 13.3% in 2010 to the current rate of 5.9%. New housing starts are consistent with the previous year. The City issued 135 new single family building permits for the fiscal year ended September 30, 2015, compared to 134 for fiscal year ended September 30, 2014. This is much higher than the 91 issued in the fiscal year ended September 30, 2012. 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 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 budgetary practices, and 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 2015, 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:

- Implementation of a non-ad valorem assessment for fire service, offsetting a portion of the cost to provide fire protection only. The available cost include personnel, operating and capital. The assessment was broken into two components. The first component levies each parcel of property within the City limits a flat readiness to serve fee of \$144.93. The second component assesses the relative improvements upon the property at \$.85 per every \$1,000 of value. Relative improvements are items such as homes, apartments, storage units, warehouses and other commercial structures. The value of such improvements are derived from information provided by the Polk County Property Appraiser's office.
- The City continues to make improvements at the existing water and wastewater treatment facilities. A new Fire Station was completed during the year along with a new Fleet Management building. A new micro screen process is being installed at the wastewater treatment plant and should be operational in the third quarter Fiscal Year 2016. Also, a new 20 inch water line and anionic ion exchange process is being designed to improve water quality, as well as system pressure within the water distribution system. The anionic ion exchange project is funded by a Florida Department of Environmental Protection State Revolving Fund (SRF) loan.

### **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 sixth consecutive year for the City's Comprehensive Annual Financial Report for the fiscal year ended September 30, 2014. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

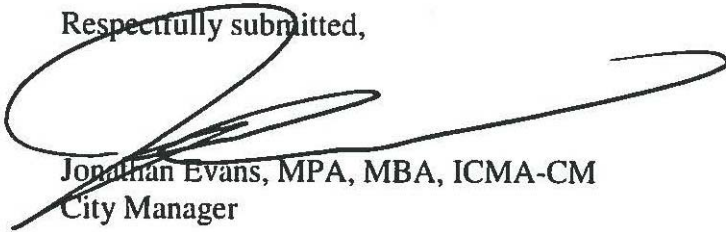
In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid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

The 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, L.L.C., 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,

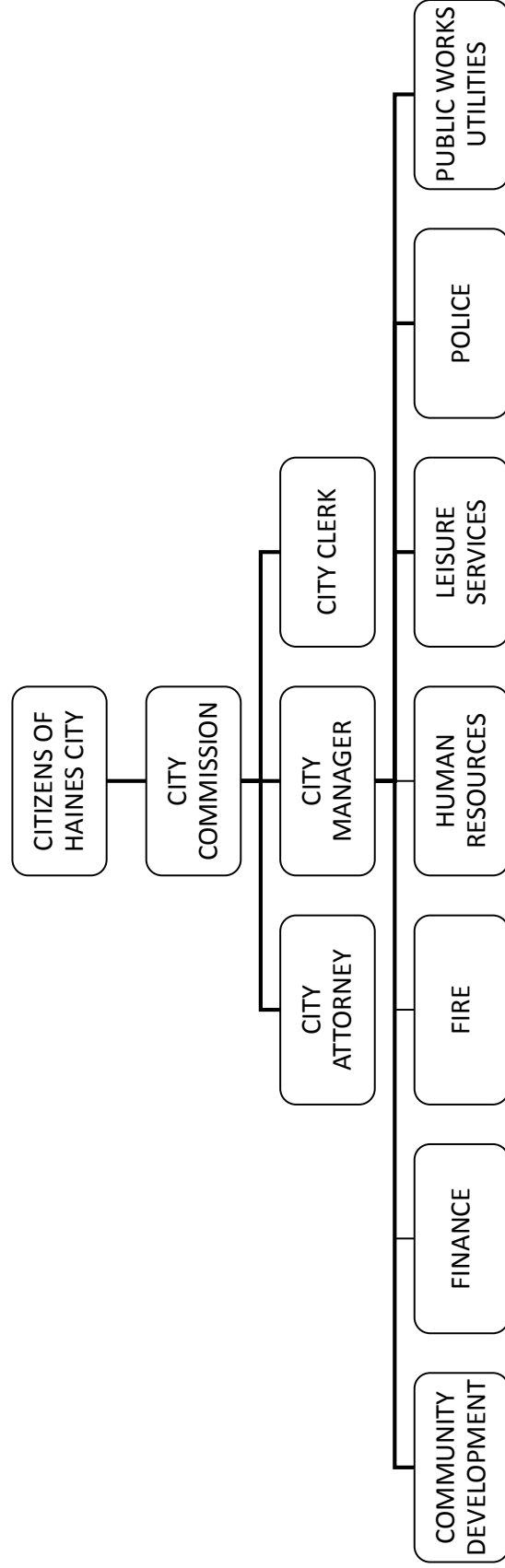
A large, stylized handwritten signature in black ink, appearing to read 'Jonathan Evans', is written over the text below it.

Jonathan Evans, MPA, MBA, ICMA-CM  
City Manager

A handwritten signature in blue ink, appearing to read 'Shantavia Conner', is written above the text below it.

Shantavia Conner, CPA  
Assistant Finance Director

# CITY OF HAINES CITY ORGANIZATIONAL CHART



**CITY OF HAINES CITY, FLORIDA**

**LIST OF CITY OFFICIALS  
SEPTEMBER 30, 2015**

**ELECTED OFFICIALS**

Horace West	Commissioner/Mayor
Don Mason	Commissioner/Vice Mayor
Morris L. West	Commissioner
Kenneth Kipp	Commissioner
H.L. "Roy" Tyler	Commissioner

**APPOINTED OFFICIALS**

Jonathan E. Evans, MPA, MBA, ICMA-CM	City Manager
Linda Bourgeois	City Clerk
Shantavia Conner, CPA	Assistant Finance Director
Fred Reilly	City Attorney



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Haines City  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO



## **FINANCIAL SECTION**

This section contains the following subsections:

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





## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Haines City, Florida (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2015, 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.

## ***Emphasis of Matter***

As discussed in Note 14, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of October 1, 2014. These standards significantly changed the accounting for the City’s net pension liability and the related disclosures. Our opinions are not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, and pension and other post-employment benefit schedules on pages 4-14, 56-57 and 58-60, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

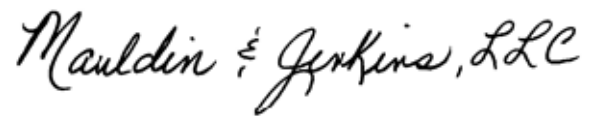
The individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit 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 individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2016, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Bradenton, Florida  
June 16, 2016

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



**CITY OF HAINES CITY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ended September 30, 2015**

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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 of the City exceeded its liabilities on September 30, 2015, by \$74,415,715 (net position). This amount includes \$59,276,641 invested in capital assets net of all related debt. Of this amount, unrestricted net position total \$7,323,203.
- The City's total net position increased by \$3,106,076 or 4.4%.
- As of September 30, 2015, the City's governmental funds reported combined ending fund balances of \$12,254,297, an increase of \$505,888 from the prior year. The improvement in the local economy along with cost saving measures implemented by the City is the reason for the modest improvement in the ending fund balance amount.
- The City's total debt (including compensated absences and net pension liability) decreased by \$1,084,483 (1.6%) during the current fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

For the year ending September 30, 2015, the City has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of FASB Statement No. 68*, which requires the restatement of the September 30, 2014, net position of the governmental activities, business-type activities and enterprise funds.

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 \$1,428,052 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 inflow 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 \$624,244 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, 2015**

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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, 2015**

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 the General Fund, the Capital Projects Fund, the CRA Fund, and 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 \$74,415,715.

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

	Governmental Activities		Business-type Activities		Total	
	2015	(Restated) 2014	2015	(Restated) 2014	2015	(Restated) 2014
Current and other assets	\$ 13,658,730	13,331,167	14,035,289	13,432,499	27,694,019	26,763,666
Capital assets	63,404,337	63,152,149	51,421,901	49,113,758	114,826,238	112,265,907
Total assets	77,063,067	76,483,316	65,457,190	62,546,257	142,520,257	139,029,573
Deferred outflows	1,287,174	1,623,514	140,878	284,053	1,428,052	1,907,567
Long-term liabilities						
outstanding	49,178,248	50,384,160	14,226,237	14,130,335	63,404,485	64,514,495
Other liabilities	1,883,827	2,108,160	3,620,038	3,004,846	5,503,865	5,113,006
Total liabilities	51,062,075	52,492,320	17,846,275	17,135,181	68,908,350	69,627,501
Deferred inflows	504,524	-	119,720	-	624,244	-
Net investment in capital assets	22,290,761	21,701,775	36,985,880	34,971,248	59,276,641	56,673,023
Restricted	4,523,550	5,653,280	3,292,321	3,292,321	7,815,871	8,945,601
Unrestricted	(30,669)	(1,740,545)	7,353,872	7,431,560	7,323,203	5,691,015
Total net position	\$ 26,783,642	25,614,510	47,632,073	45,695,129	74,415,715	71,309,639

Eighty percent (80%) 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

**CITY OF HAINES CITY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended September 30, 2015**

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.

Eleven percent (11%) 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 primarily due to the additions made to the City's water distribution and sewer collection systems.

**Statements of Activities**

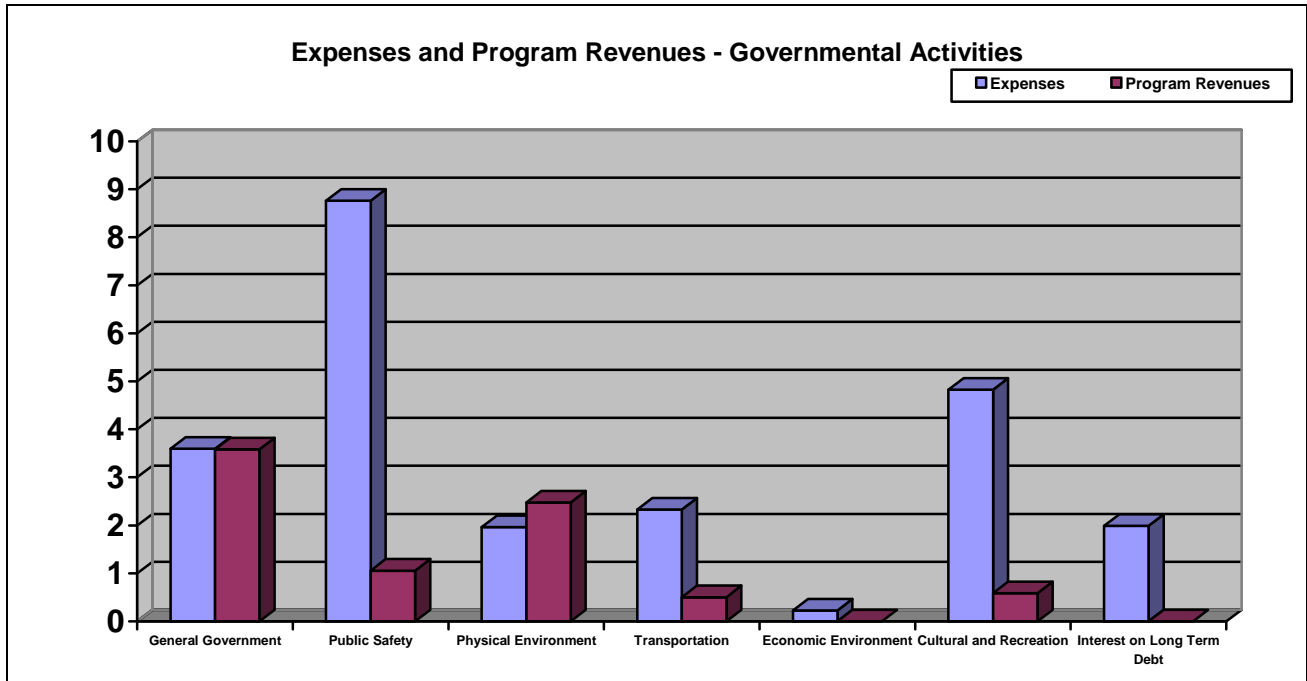
The following table reflects the condensed Statements of Activities for the current and prior years:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 8,201,575	6,998,653	9,850,613	9,787,688	18,052,188	16,786,341
Operating grants and contributions	383,394	401,003	-	-	383,394	401,003
Capital grants and contributions	25,000	-	580,776	-	605,776	-
General revenues						
Property taxes	7,191,929	6,658,896	-	-	7,191,929	6,658,896
Franchise taxes	1,971,016	1,979,579	-	-	1,971,016	1,979,579
Utility taxes	1,637,064	1,557,792	-	-	1,637,064	1,557,792
Communications service tax	514,898	533,364	-	-	514,898	533,364
Local business tax	75,354	71,948	-	-	75,354	71,948
Gas and fuel taxes	884,346	824,130	-	-	884,346	824,130
State revenue sharing	2,019,140	1,872,644	-	-	2,019,140	1,872,644
Unrestricted investment earnings	253,126	257,673	22,284	22,778	275,410	280,451
Gain on disposal	155,580	-	-	-	155,580	-
Total revenues	<u>23,312,422</u>	<u>21,155,682</u>	<u>10,453,673</u>	<u>9,810,466</u>	<u>33,766,095</u>	<u>30,966,148</u>

**CITY OF HAINES CITY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended September 30, 2015**

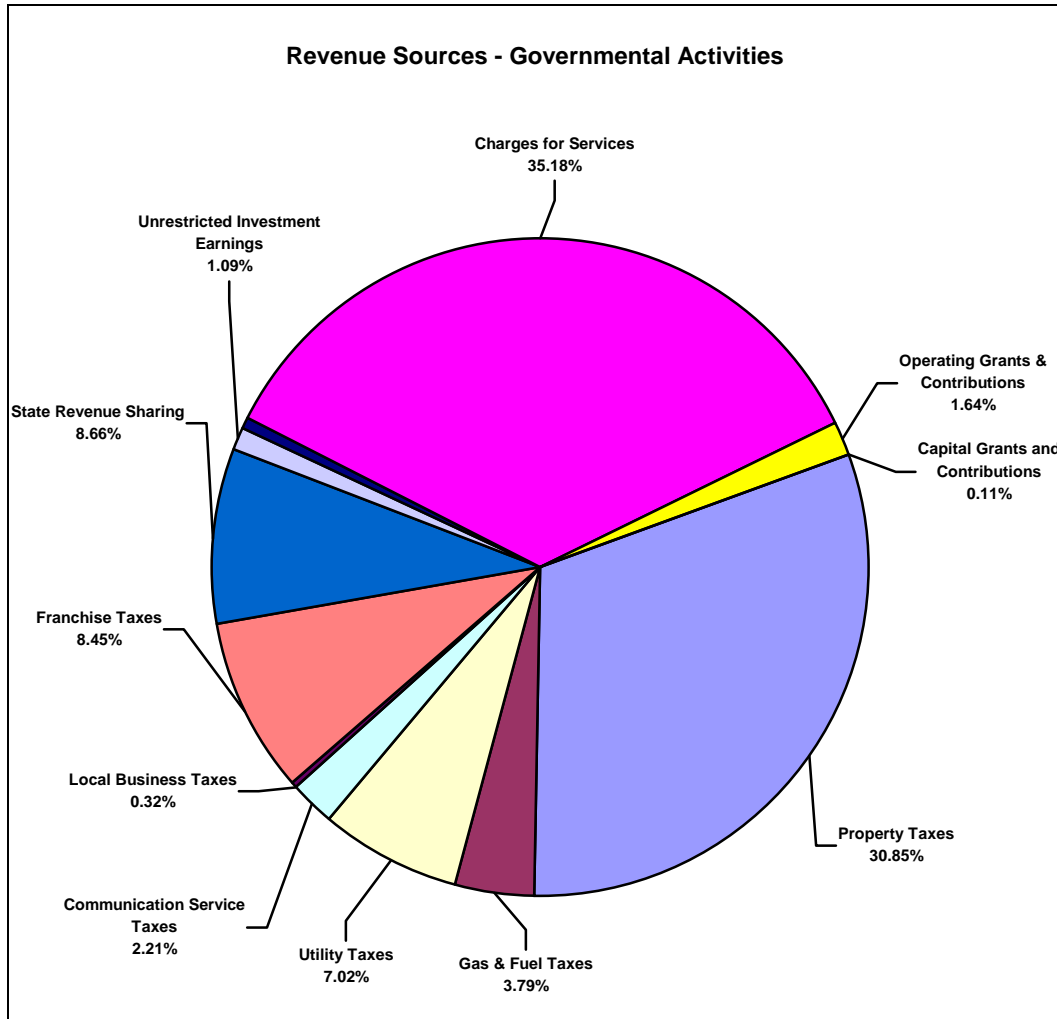
**Expenses**

General government	\$ 3,595,254	3,799,284	-	-	3,595,254	3,799,284
Public safety	8,762,723	8,746,663	-	-	8,762,723	8,746,663
Physical environment	1,964,600	2,078,854	-	-	1,964,600	2,078,854
Transportation	2,331,126	1,389,983	-	-	2,331,126	1,389,983
Economic environment	227,942	228,518	-	-	227,942	228,518
Culture and recreation	4,826,880	4,904,738	-	-	4,826,880	4,904,738
Interest on long-term debt	1,989,212	2,017,532	-	-	1,989,212	2,017,532
Water/sewer utility	-	-	6,724,698	6,655,355	6,724,698	6,655,355
Stormwater utility	-	-	237,584	255,380	237,584	255,380
Total expenses	<u>23,697,737</u>	<u>23,165,572</u>	<u>6,962,282</u>	<u>6,910,735</u>	<u>30,660,019</u>	<u>30,076,307</u>
Change in net position before transfers	(385,315)	(2,009,890)	3,491,391	2,899,731	3,106,076	889,841
Transfers	<u>1,554,447</u>	<u>1,385,835</u>	<u>(1,554,447)</u>	<u>(1,385,835)</u>	-	-
Change in net position	1,169,132	(624,055)	1,936,944	1,513,896	3,106,076	889,841
Net position, beginning - as restated	<u>25,614,510</u>	<u>26,238,565</u>	<u>45,695,129</u>	<u>44,181,233</u>	<u>71,309,639</u>	<u>70,419,798</u>
Net position, ending	<u>\$ 26,783,642</u>	<u>25,614,510</u>	<u>47,632,073</u>	<u>45,695,129</u>	<u>74,415,715</u>	<u>71,309,639</u>



(Above Chart in Millions)

**CITY OF HAINES CITY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended September 30, 2015**



**Governmental Activities**

Governmental activities net position increased by \$1,169,132.

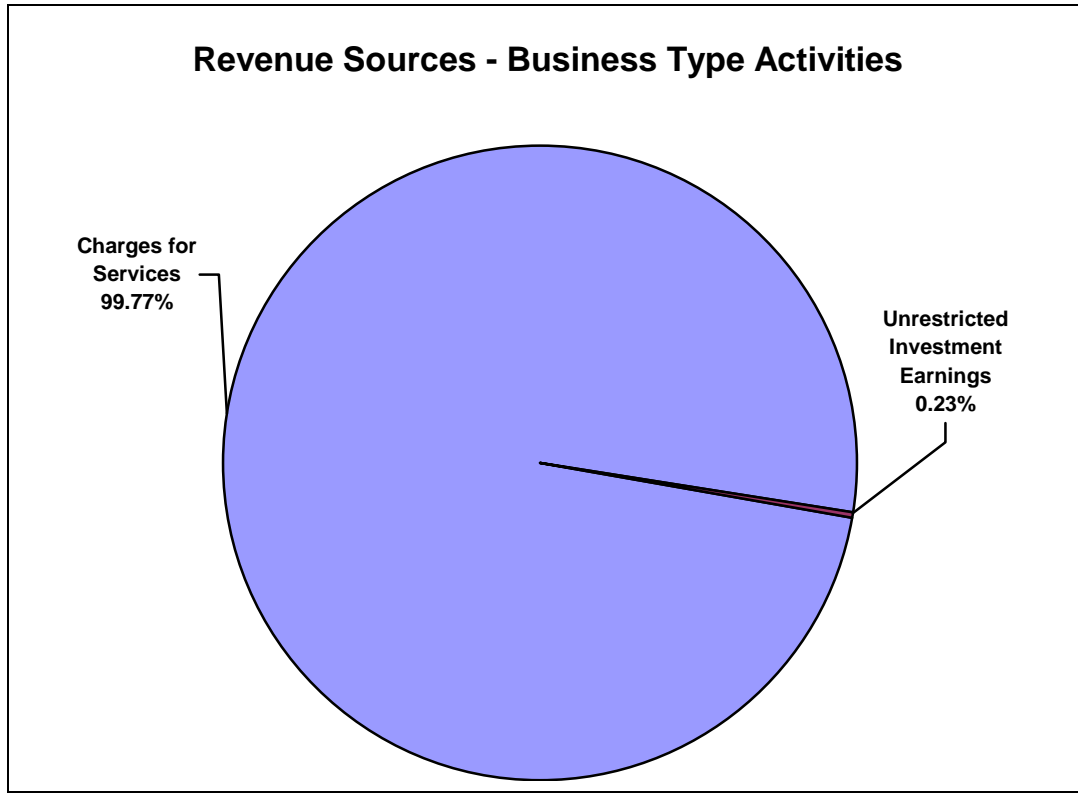
General revenues of governmental activities increased by \$946,427 which indicates the local economy is stabilizing and property values have increased.

Program revenues of governmental activities increased by \$1,210,313, due to the implementation of a fire service assessment. Charges for services increased by \$1,202,922 as Operating grants and contributions decreased by \$17,609 and Capital grants and contributions increased by a combined \$25,000. The City has been and will continue to be active in securing grant funding.

The expenses for governmental activities increased by \$532,165 compared to the prior year. This increase is primarily due to a road paving program whereby eleven (11) roads were paved during the year.

**CITY OF HAINES CITY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended September 30, 2015**

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**Business-type Activities**

Business-type activities net position increased by \$1,936,944.

Program revenues of business type activities increased by \$643,701, due to an increase in the amount the City received in capital grant funding.

Expenses of business-type activities increased by \$51,547 or 0.7%. The City continues to develop the most effective and efficient ways to provides services to its citizens.

**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.

**CITY OF HAINES CITY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended September 30, 2015**

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As of September 30, 2015, the City's governmental funds reported combined ending fund balances of \$12,254,297, an increase of \$505,888 in comparison with the prior year. The increase is due to the improvement of the overall economic condition of the City. The City implemented a non-ad valorem assessment for fire services to assist in offsetting a portion of the cost to provide fire protection. Each parcel of property is assessed \$144.93. Additionally any relative improvements upon the property are assessed at \$.85 per \$1,000 of value. The data used to develop the assessment amount was obtained from the Polk County Property Appraiser. Also, the City sold the old city hall building which had been declared surplus.

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, non-spendable, restricted, committed, assigned, and unassigned.

- Non-spendable fund balance is the 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). Approximately \$529,201 or 4.3% of total fund balance is classified as non-spendable.
- Restricted fund balance is the 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. Approximately \$4,523,550 or 36.9% of total fund balance is classified as restricted.
- Committed fund balance is the 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. Approximately \$496,226 or 4.0% of total fund balance is classified as committed.

During the fiscal year of 2015, the City Commission committed funding of approximately \$138,000, for the future construction of youth baseball/softball athletic fields. This revenue was experienced by the sale of East Park, to the city's Utility Department (Enterprise Fund) for the construction of a composting facility vis-à-vis a public-private partnership. A corresponding resolution was adopted by the City Commission to restrict this revenue for recreational purposes specific to youth athletics. Capital construction has yet occurred, but staff has embarked upon a recreational master plan to address recreational programmatic needs for the next 15 to 20 years.

- Assigned fund balance is the amount established by City Management intended to be used for specific purposes.
- Unassigned fund balance is the residual classification representing fund balance that has not been restricted, committed or assigned. Approximately \$6,705,320 or 54.7% of total fund balance is classified as unassigned.

The General Fund is the chief operating fund of the City. At September 30, 2015, total fund balance of the General Fund is \$10,725,983. Non-spendable fund balance equals \$529,201, or 4.9%; restricted fund balance equals \$2,995,236 or 27.9%; committed fund balance equals \$496,226 or 4.6%; and unassigned fund balance equals \$6,705,320 or 62.5%.

**CITY OF HAINES CITY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended September 30, 2015**

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The fund balance of the City's General Fund increased by \$1,653,720 during the current fiscal year. As stated earlier, this increase is due to an overall improvement in the City's economic condition, as well as new realized revenue streams and improved efficiencies in the delivery of services.

The fund balance of the City's CRA fund increased by \$203,453 during the current fiscal year.

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 25.0% unassigned balance.

### **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, 2015, amounted to \$6,944,169 and \$409,703, 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 \$36,356,524 in the Water and Sewer Fund at year end. The change in net position for these funds was an increase of \$1,670,344 and \$266,600, respectively. The change in net position for the Water and Sewer Fund and the Stormwater Fund was due to a positive result from operating activities.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

There is a \$769,125 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 for the construction of Johnson Avenue and lighting of the Haines City Trail but the projects were not completed by year end and carried over to the 2016 budget year.

The difference between the final amended budget and actual expenditures was \$3,501,356 and can be summarized as follows:

- Various General Government departments under budget.
- Contingency not being utilized.
- Facilities Maintenance Division savings on building and repairs materials.
- Salary savings in the Police and Fire Departments due to vacant positions during the year.
- Police and Fire Impact fees budgeted but not expended. Projects have been carried over to the 2016 budget year.
- Paving projects cost savings.
- Transportation Impact fees budgeted but not expended. Projects have been carried over to the 2016 budget year.
- Salary savings within other departments throughout the City due to vacant positions.
- Fuel costs decreased resulting from a decrease in gas prices.

**CITY OF HAINES CITY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended September 30, 2015**

**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 \$59,276,641 (net of accumulated depreciation) as of September 30, 2015. 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 \$2,603,618 (an increase of \$588,986 and \$2,014,632 for governmental activities and business-type activities, respectively).

Major capital projects with substantial expenditures during the current fiscal year included the following:

- Wastewater Treatment Plant Upgrades

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Land	\$ 9,004,809	8,916,112	483,853	345,853	9,488,662	9,261,965
Plant improvements	-	-	39,725,832	37,731,236	39,725,832	37,731,236
Buildings and improvements	44,356,787	44,455,300	180,648	192,068	44,537,435	44,647,368
Equipment	1,382,047	1,306,012	5,492,660	6,100,976	6,874,707	7,406,988
Transportation equipment	731,898	606,532	341,498	360,271	1,073,396	966,803
Infrastructure	6,719,590	6,628,139	453,223	356,748	7,172,813	6,984,887
Library books	205,987	200,961	-	-	205,987	200,961
Construction in progress	1,003,219	1,039,093	4,744,187	4,026,606	5,747,406	5,065,699
Total	<u>\$ 63,404,337</u>	<u>63,152,149</u>	<u>51,421,901</u>	<u>49,113,758</u>	<u>114,826,238</u>	<u>112,265,907</u>

Additional information on the City's capital assets can be found in Note 4 to the Financial Statements on pages 38-39 of this report.

**Long-term Debt**

At the end of the current fiscal year, the City had total long term liabilities of \$64,850,104, a decrease of \$1,084,483 from the prior year.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Total long term liabilities	<u>\$ 49,178,248</u>	<u>50,384,160</u>	<u>15,671,856</u>	<u>15,550,427</u>	<u>64,850,104</u>	<u>65,934,587</u>

Additional information on the City's long-term debt can be found in Note 7 to the Financial Statements on pages 41-44 of this report.



**CITY OF HAINES CITY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended September 30, 2015**

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**NEXT YEAR'S BUDGETS AND RATES**

The City's millage rate has remained the same since fiscal year 2014 at 7.79 mills. For the fiscal year 2015, the City's property tax valuation increased by \$67,683,737 (8.38%). The increase is due to the upturn in property values as well as a modest amount of new growth. Balancing the annual budget continues to be a struggle as the City moves forward. The City has approved the levy of a Fire Service Assessment for property within the city limits of Haines City for the third year. Each parcel of land will be assessed a flat amount of \$144.93 plus \$.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.

**ECONOMIC FACTORS**

With all major market indicators showing that the economy is slowly recovering, the City is optimistic about what lies ahead in the coming fiscal years. Although the City's housing market remains well below what it was in 2007, activity is slowly gaining momentum. The City issued 135 new single family home permits in fiscal year 2015, as compared to 134 for last year. Therefore optimism remains high that this upward trend will continue. The area's unemployment rate continues to drop. The current rate is 5.9%, well below the double digit rate of several years ago. 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 but understand 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. With events like the Florida Iron Man competition, Ribs on the Ridge-Jack Daniels 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 heart beat 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 E. Main Street, Haines City, Florida 33844.



**CITY OF HAINES CITY, FLORIDA**

**STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,561,450	\$ 6,825,930	\$ 14,387,380
Accounts receivable, net	846,970	1,175,004	2,021,974
Internal balances	17,511	(17,511)	-
Due from other governments	382,195	1,720,671	2,102,866
Inventory	46,231	121,944	168,175
Prepaid items	621,654	-	621,654
Restricted cash and cash equivalents	4,180,835	4,209,251	8,390,086
Long-term receivables	1,884	-	1,884
Capital assets			
Non-depreciable assets	10,008,028	5,228,040	15,236,068
Depreciable assets, net of depreciator	53,396,309	46,193,861	99,590,170
<b>TOTAL ASSETS</b>	<b>77,063,067</b>	<b>65,457,190</b>	<b>142,520,257</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pensions	1,287,174	140,878	1,428,052
<b>LIABILITIES</b>			
Accounts payable	676,384	945,352	1,621,736
Due to other governments	27,390	-	27,390
Accrued interest	619,962	-	619,962
Accrued payroll	489,254	82,807	572,061
Deposits	28,421	-	28,421
Unearned revenues	42,416	-	42,416
Current liabilities payable from restricted assets:			
Accrued interest payable	-	113,852	113,852
Current portion of long-term debt	-	1,445,619	1,445,619
Deposits	-	1,019,393	1,019,393
Other liabilities	-	13,015	13,015
Noncurrent liabilities			
Portion due within one year	2,585,071	139,141	2,724,212
Portion due after one year	46,593,177	14,087,096	60,680,273
<b>TOTAL LIABILITIES</b>	<b>51,062,075</b>	<b>17,846,275</b>	<b>68,908,350</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - pensions	504,524	119,720	624,244
<b>NET POSITION</b>			
Net investment in capital assets	22,290,761	36,985,880	59,276,641
Restricted for			
Building permits	139,262	-	139,262
Impact fee requirements	2,777,926	-	2,777,926
Confiscated property	69,378	-	69,378
Law enforcement training	8,670	-	8,670
Capital projects	-	2,429,780	2,429,780
Community Development	203,453	-	203,453
Debt service	1,324,861	862,541	2,187,402
Unrestricted	(30,669)	7,353,872	7,323,203
<b>TOTAL NET POSITION</b>	<b>\$ 26,783,642</b>	<b>\$ 47,632,073</b>	<b>\$ 74,415,715</b>

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, 2015**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>PRIMARY GOVERNMENT</b>						
<b>Governmental activities</b>						
General government	\$ 3,595,254	\$ 14,072	\$ -	\$ 491	\$ -	\$ 491
Public safety	8,762,723	7,801	-	(7,699,826)	-	(7,699,826)
Physical environment	1,964,600	-	-	511,977	-	511,977
Transportation	2,331,126	-	25,000	(1,803,729)	-	(1,803,729)
Economic environment	227,942	-	-	(227,942)	-	(227,942)
Culture and recreation	4,826,880	361,521	-	(3,879,527)	-	(3,879,527)
Interest on long-term debt	1,989,212	-	-	(1,989,212)	-	(1,989,212)
<b>Total governmental activities</b>	<b>23,697,737</b>	<b>383,394</b>	<b>25,000</b>	<b>(15,087,768)</b>	<b>-</b>	<b>(15,087,768)</b>
<b>Business-type activities</b>						
Water and sewer	6,724,698	-	580,776	-	3,203,627	3,203,627
Stormwater	237,584	-	-	-	265,480	265,480
<b>Total business-type activities</b>	<b>6,962,282</b>	<b>-</b>	<b>580,776</b>	<b>-</b>	<b>3,469,107</b>	<b>3,469,107</b>
<b>Total primary government</b>	<b>\$ 30,660,019</b>	<b>\$ 383,394</b>	<b>\$ 605,776</b>	<b>\$ (15,087,768)</b>	<b>\$ 3,469,107</b>	<b>\$ (11,618,661)</b>
<b>GENERAL REVENUES</b>						
Property taxes				7,191,929	-	7,191,929
Gas and fuel taxes				884,346	-	884,346
Utility taxes				1,637,064	-	1,637,064
Communications service tax				514,898	-	514,898
Local business tax				75,354	-	75,354
Franchise taxes				1,971,016	-	1,971,016
State revenue sharing				2,019,140	-	2,019,140
Gain on disposal of capital assets				155,580	-	155,580
Unrestricted investment earnings				253,126	22,284	275,410
<b>Total general revenues</b>				<b>14,702,453</b>	<b>22,284</b>	<b>14,724,737</b>
Transfers				1,554,447	(1,554,447)	-
<b>Total general revenues and transfers</b>				<b>16,256,900</b>	<b>(1,532,163)</b>	<b>14,724,737</b>
<b>Change in net position</b>				<b>1,169,132</b>	<b>1,936,944</b>	<b>3,106,076</b>
<b>Net position, beginning of year, as restated</b>				<b>25,614,510</b>	<b>45,695,129</b>	<b>71,309,639</b>
<b>Net position, end of year</b>				<b>\$ 26,783,642</b>	<b>\$ 47,632,073</b>	<b>\$ 74,415,715</b>

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

CITY OF HAINES CITY, FLORIDA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015

	General Fund	Capital Projects Fund	CRA Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 7,357,997	\$ -	\$ 203,453	\$ -	\$ 7,561,450
Accounts receivable	846,970	-	-	-	846,970
Due from other funds	17,511	-	-	-	17,511
Due from other governments	382,195	-	-	-	382,195
Inventory	46,231	-	-	-	46,231
Prepaid items	481,086	-	-	-	481,086
Restricted cash and cash equivalents	2,855,974	-	-	1,324,861	4,180,835
Long-term receivables	1,884	-	-	-	1,884
Total assets	\$ 11,989,848	\$ -	\$ 203,453	\$ 1,324,861	\$ 13,518,162
<b>Liabilities</b>					
Accounts payable	\$ 676,384	\$ -	\$ -	\$ -	\$ 676,384
Due to other governments	27,390	-	-	-	27,390
Accrued payroll	489,254	-	-	-	489,254
Other current liabilities	28,421	-	-	-	28,421
Unearned revenue	42,416	-	-	-	42,416
Total liabilities	1,263,865	-	-	-	1,263,865
<b>Fund Balances</b>					
Nonspendable					
Inventory	46,231	-	-	-	46,231
Prepaid items	481,086	-	-	-	481,086
Long-term receivables	1,884	-	-	-	1,884
Restricted for					
Building permits	139,262	-	-	-	139,262
Impact fee requirements	2,777,926	-	-	-	2,777,926
Confiscated property	69,378	-	-	-	69,378
Law enforcement training	8,670	-	-	-	8,670
Community development	-	-	203,453	-	203,453
Debt Service	-	-	-	1,324,861	1,324,861
Committed for capital projects	496,226	-	-	-	496,226
Unassigned	6,705,320	-	-	-	6,705,320
<b>Total fund balances</b>	10,725,983	-	203,453	1,324,861	12,254,297
<b>Total liabilities and fund balances</b>	\$ 11,989,848	\$ -	\$ 203,453	\$ 1,324,861	\$ 13,518,162

See accompanying notes to the basic financial statements.

**CITY OF HAINES CITY, FLORIDA**

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015**

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Total fund balances for governmental funds		\$ 12,254,297
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Total net position reported for governmental activities in the statement of net position is different because:

1. Capital assets used in governmental activities are not financial resources

Land	\$ 9,004,809	
Buildings and improvements, net of \$16,513,049 accumulated depreciation	44,356,787	
Equipment, net of \$4,793,375 accumulated depreciation	1,382,047	
Transportation equipment, net of \$3,531,104 accumulated depreciation	731,898	
Library books, net of \$552,452 accumulated depreciation	205,987	
Infrastructure, net of \$3,401,493 accumulated depreciation	6,719,590	
Construction in progress	1,003,219	
<b>Total capital assets, net</b>		63,404,337

2. Long-term liabilities and related accrued interest applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities, except for portions payable early in the following year for which sufficient resources have been accumulated in the funds to liquidate the liabilities. These liabilities consist of:

CenterState Bank loan	(16,198,894)	
Florida Municipal Loan Council loans	(24,505,000)	
Deferred loss on refunding	82,869	
Premium on debt issuance	(123,834)	
Capital leases obligations	(368,717)	
Accrued interest on long-term debt	(619,962)	
Compensated absences	(1,318,444)	
Net pension liability	(5,699,712)	
Other post-employment benefits	(1,046,516)	
<b>Total long-term liabilities and accrued interest</b>		(49,798,210)

3. Deferred outflows and deferred inflows related to the City's pension plans are not expected to be liquidated with expendable available financial resources and are therefore, not reported in the funds.

Deferred outflows - pensions	1,287,174	
Deferred inflows - pensions	(504,524)	
<b>Total deferred outflows / inflows of resources</b>		782,650

4. Prepaid debt insurance costs are not expensed in government-wide statements, but are reported as prepaid items and amortized over the life of the debt.

	140,568	140,568
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<b>Total net position of governmental activities</b>		<b>\$ 26,783,642</b>
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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, 2015

	General Fund	Capital Projects Fund	CRA Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 6,150,344	\$ -	\$ 1,041,585	\$ -	\$ 7,191,929
Gas and fuel taxes	884,346	-	-	-	884,346
Utility taxes	1,637,064	-	-	-	1,637,064
Communications service tax	514,898	-	-	-	514,898
Local business tax	75,354	-	-	-	75,354
Franchise fees	1,971,016	-	-	-	1,971,016
Licenses and permits	972,785	-	-	-	972,785
Intergovernmental	2,254,622	-	-	-	2,254,622
Charges for services	3,476,117	-	-	-	3,476,117
Fines and forfeitures	964,305	-	-	-	964,305
Assessments	2,116,849	-	-	-	2,116,849
Impact fees	478,991	-	-	-	478,991
Contributions	187,846	-	-	-	187,846
Interest	23,156	1,150	2,452	226,368	253,126
Other	177,594	-	-	-	177,594
<b>Total revenues</b>	<u>21,885,287</u>	<u>1,150</u>	<u>1,044,037</u>	<u>226,368</u>	<u>23,156,842</u>
<b>Expenditures</b>					
<b>Current</b>					
General government	3,289,508	-	-	-	3,289,508
Public safety	8,449,776	-	-	-	8,449,776
Physical environment	1,959,226	-	-	-	1,959,226
Transportation	1,977,480	-	-	-	1,977,480
Economic environment	-	-	19,963	-	19,963
Culture and recreation	2,995,290	-	-	-	2,995,290
Debt service					
Principal	-	-	-	1,614,880	1,614,880
Interest	-	-	-	1,962,540	1,962,540
Bond issuance costs	-	-	-	76,000	76,000
Capital outlay	1,402,179	1,941,305	-	-	3,343,484
<b>Total expenditures</b>	<u>20,073,459</u>	<u>1,941,305</u>	<u>19,963</u>	<u>3,653,420</u>	<u>25,688,147</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,811,828</u>	<u>(1,940,155)</u>	<u>1,024,074</u>	<u>(3,427,052)</u>	<u>(2,531,305)</u>
<b>Other financing sources (uses)</b>					
Insurance proceeds	9,767	-	-	-	9,767
Proceeds from sale of capital assets	146,024	-	-	-	146,024
Issuance of capital leases	1,205,402	-	-	-	1,205,402
Refunding notes issued	-	-	-	4,636,000	4,636,000
Payment to refunded debt escrow agent	-	-	-	(4,560,000)	(4,560,000)
Transfers in	1,600,000	574,661	1,198,705	3,365,261	6,738,627
Transfers out	(3,119,301)	-	(2,019,326)	-	(5,138,627)
<b>Total other financing sources (uses)</b>	<u>(158,108)</u>	<u>574,661</u>	<u>(820,621)</u>	<u>3,441,261</u>	<u>3,037,193</u>
<b>Net change in fund balances</b>	1,653,720	(1,365,494)	203,453	14,209	505,888
<b>Fund balances, beginning of year</b>	9,072,263	1,365,494	-	1,310,652	11,748,409
<b>Fund balances, end of year</b>	<u>\$ 10,725,983</u>	<u>\$ -</u>	<u>\$ 203,453</u>	<u>\$ 1,324,861</u>	<u>\$ 12,254,297</u>

See accompanying notes to the basic financial statements.

**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, 2015**

Total net change in fund balances for governmental funds	\$	505,888
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The change in net position reported for governmental activities in the statement of activities is different because:

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

Capital outlay	\$ 3,543,039	
Depreciation expense	<u>(3,245,087)</u>	297,952

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

Net book value of assets disposed		(45,764)
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Proceeds of certain long-term debt are reported as financing sources in governmental funds and thus contribute to the increase in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. This is the amount by which payment of principal on this debt exceeds (is exceeded by) the proceeds from issuance of new debt.

New capital leases and notes payable	(5,841,402)	
Principal payments	<u>6,174,880</u>	333,478

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	54,389	
Pension expense	140,255	
Compensated absences	(8,448)	
Other post-employment benefits payable	<u>(103,557)</u>	82,639

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

Prepaid debt insurance costs	(8,381)	
Debt issuance premium	8,845	
Loss on refunding debt	<u>(5,525)</u>	<u>(5,061)</u>

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u><u>\$ 1,169,132</u></u></b>
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See accompanying notes to the basic financial statements.



**CITY OF HAINES CITY, FLORIDA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2015**

<b>Assets</b>	<b>Water and Sewer Fund</b>	<b>Stormwater Fund</b>	<b>Total</b>
<b>Current assets</b>			
Cash and cash equivalents	\$ 6,329,029	\$ 496,901	\$ 6,825,930
Accounts receivable, net of allowances	1,175,004	-	1,175,004
Due from other governments	1,713,601	7,070	1,720,671
Inventories	121,944	-	121,944
<b>Total current assets</b>	<b>9,339,578</b>	<b>503,971</b>	<b>9,843,549</b>
<b>Noncurrent assets</b>			
<b>Restricted assets</b>			
Cash and cash equivalents	4,209,251	-	4,209,251
Capital assets			
Land	427,901	55,952	483,853
Stormwater improvements	-	811,768	811,768
Plant and plant improvements	59,485,090	-	59,485,090
Buildings and improvements	285,976	-	285,976
Equipment	8,940,228	19,331	8,959,559
Transportation equipment	1,194,490	-	1,194,490
Construction in progress	4,628,534	115,653	4,744,187
Less accumulated depreciation	(24,169,674)	(373,348)	(24,543,022)
Total capital assets (net of accumulated depreciation)	50,792,545	629,356	51,421,901
<b>Total noncurrent assets</b>	<b>55,001,796</b>	<b>629,356</b>	<b>55,631,152</b>
<b>Total assets</b>	<b>64,341,374</b>	<b>1,133,327</b>	<b>65,474,701</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows - pensions	128,807	12,071	140,878

See accompanying notes to the basic financial statements.

**CITY OF HAINES CITY, FLORIDA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2015**

<b>Liabilities</b>	<b>Water and Sewer Fund</b>	<b>Stormwater Fund</b>	<b>Total</b>
<b>Current liabilities</b>			
Accounts payable	\$ 937,633	\$ 7,719	\$ 945,352
Due to other funds	17,511	-	17,511
Accrued liabilities	78,797	4,010	82,807
Current portion of compensated absences	133,035	6,106	139,141
<b>Current liabilities payable from restricted assets</b>			
Current portion of long-term debt	1,445,619	-	1,445,619
Accrued interest payable	113,852	-	113,852
Deposits	1,019,393	-	1,019,393
Other liabilities	13,015	-	13,015
<b>Total current liabilities</b>	<u>3,758,855</u>	<u>17,835</u>	<u>3,776,690</u>
<b>Noncurrent liabilities</b>			
Long-term liabilities	14,008,850	78,246	14,087,096
<b>Total long-term liabilities</b>	<u>14,008,850</u>	<u>78,246</u>	<u>14,087,096</u>
<b>Total liabilities</b>	<u>17,767,705</u>	<u>96,081</u>	<u>17,863,786</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows - pensions	109,462	10,258	119,720
<b>Net Position</b>			
Net investment in capital assets	36,356,524	629,356	36,985,880
Restricted for			
Capital projects	2,429,780	-	2,429,780
Debt service	862,541	-	862,541
Unrestricted	6,944,169	409,703	7,353,872
<b>Total Net Position</b>	<u>\$ 46,593,014</u>	<u>\$ 1,039,059</u>	<u>\$ 47,632,073</u>

See accompanying notes to the basic financial statements.

**CITY OF HAINES CITY, FLORIDA**

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

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<b>Water and Sewer Fund</b>	<b>Stormwater Fund</b>	<b>Total</b>
Operating revenues			
Charges for services	\$ 8,775,975	\$ 502,242	\$ 9,278,217
Impact fees	561,032	-	561,032
Miscellaneous	10,542	822	11,364
Total operating revenues	<u>9,347,549</u>	<u>503,064</u>	<u>9,850,613</u>
Operating expenses			
Personnel services	1,947,130	171,794	2,118,924
Other services and charges	2,698,823	46,790	2,745,613
Depreciation	1,808,722	15,230	1,823,952
Total operating expenses	<u>6,454,675</u>	<u>233,814</u>	<u>6,688,489</u>
Operating income	<u>2,892,874</u>	<u>269,250</u>	<u>3,162,124</u>
Nonoperating revenues (expenses)			
Interest revenue	21,164	1,120	22,284
Interest expense	(270,023)	-	(270,023)
Loss on disposal of capital assets	-	(3,770)	(3,770)
Total nonoperating revenues (expenses)	<u>(248,859)</u>	<u>(2,650)</u>	<u>(251,509)</u>
Income before capital contributions and transfers	2,644,015	266,600	2,910,615
Capital contributions	626,329	-	626,329
Transfers out	<u>(1,600,000)</u>	<u>-</u>	<u>(1,600,000)</u>
Change in net position	1,670,344	266,600	1,936,944
Net position, beginning of year, as restated	<u>44,922,670</u>	<u>772,459</u>	<u>45,695,129</u>
Net position, end of year	<u>\$ 46,593,014</u>	<u>\$ 1,039,059</u>	<u>\$ 47,632,073</u>

See accompanying notes to the basic financial statements.

**CITY OF HAINES CITY, FLORIDA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<b>Water and Sewer Fund</b>	<b>Stormwater Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Cash received from customers	\$ 7,619,545	\$ 496,433	\$ 8,115,978
Cash payments to suppliers for goods and services	(2,134,015)	(48,307)	(2,182,322)
Cash payments to employees for services	(1,846,209)	(184,076)	(2,030,285)
Net cash provided by operating activities	<u>3,639,321</u>	<u>264,050</u>	<u>3,903,371</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers out	(1,600,000)	-	(1,600,000)
Net cash used in noncapital financing activities	<u>(1,600,000)</u>	<u>-</u>	<u>(1,600,000)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(3,318,917)	(190,619)	(3,509,536)
Principal paid on loans payable	(1,420,092)	-	(1,420,092)
Interest paid on loans payable	(281,192)	-	(281,192)
Proceeds from issuance of notes payable	1,713,600	-	1,713,600
Net cash used in capital and related financing activities	<u>(3,306,601)</u>	<u>(190,619)</u>	<u>(3,497,220)</u>
<b>Cash Flows from Investing Activities</b>			
Interest received	21,164	1,120	22,284
Net cash provided by investing activities	<u>21,164</u>	<u>1,120</u>	<u>22,284</u>
Net change in cash and cash equivalents	(1,246,116)	74,551	(1,171,565)
Cash and cash equivalents, beginning of year	11,784,396	422,350	12,206,746
Cash and cash equivalents, end of year	<u>\$ 10,538,280</u>	<u>\$ 496,901</u>	<u>\$ 11,035,181</u>
<b>Cash and cash equivalents classified as</b>			
Current assets	\$ 6,329,029	\$ 496,901	\$ 6,825,930
Restricted assets	4,209,251	-	4,209,251
	<u>\$ 10,538,280</u>	<u>\$ 496,901</u>	<u>\$ 11,035,181</u>

*(Continued)*

**CITY OF HAINES CITY, FLORIDA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<u>Water and Sewer Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>			
Operating income	\$ 2,892,874	\$ 269,250	\$ 3,162,124
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation expense	1,808,722	15,230	1,823,952
Change in assets and liabilities			
(Increase) decrease in			
Accounts receivable	(69,256)	-	(69,256)
Due from other governments	(1,709,848)	(6,631)	(1,716,479)
Inventory	10,023	-	10,023
Deferred outflows - pensions	130,908	12,267	143,175
Increase (decrease) in			
Accounts payable	553,428	(1,517)	551,911
Due to other funds	1,357	-	1,357
Accrued liabilities	(2,177)	-	(2,177)
Customer deposits	51,100	-	51,100
Deferred inflows - pensions	109,462	10,258	119,720
Net pension liability	(144,231)	(13,516)	(157,747)
Other postemployment benefits	16,610	13,416	30,026
Compensated absences	(9,651)	(34,707)	(44,358)
Total adjustments	<u>746,447</u>	<u>(5,200)</u>	<u>741,247</u>
Net cash provided by operating activities	<u>\$ 3,639,321</u>	<u>\$ 264,050</u>	<u>\$ 3,903,371</u>
<b>Noncash Investing, Capital, and Financing Activities</b>			
Donated assets	<u>\$ 626,329</u>	<u>\$ -</u>	<u>\$ 626,329</u>

See accompanying notes to the basic financial statements.

**CITY OF HAINES CITY, FLORIDA**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2015**

	<b>Pension Trust Funds</b>	<b>Right of Way Agency Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 700,762	\$ 11,741
Receivables		
Contributions receivable	60,698	-
Accrued interest and dividends	30,505	-
Investments, at fair value		
U.S Government agencies	306,460	-
Collateralized mortgage obligations	9,833	-
Municipal obligations	49,843	-
Corporate bonds	2,743,784	-
Common equity securities	17,168,373	-
Fixed income mutual funds	7,978,163	-
	<b>\$ 29,048,421</b>	<b>\$ 11,741</b>
<b>Liabilities</b>		
Deposits held in custody for others	\$ -	\$ 11,741
	<b>-</b>	<b>11,741</b>
<b>Net position</b>		
Restricted for pension benefits	\$ 29,048,421	\$ -

See accompanying notes to the basic financial statements.

**CITY OF HAINES CITY, FLORIDA**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PENSION TRUST FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<b>Pension Trust Funds</b>
<b>Additions</b>	
Contributions	
Employer	\$ 1,195,276
Employee	392,423
State of Florida	232,775
<b>Total contributions</b>	<b>1,820,474</b>
Investment earnings	
Interest	101,694
Dividends	756,881
Net appreciation in fair value of investments	(849,574)
<b>Net investment earnings</b>	<b>9,001</b>
<b>Total additions</b>	<b>1,829,475</b>
<b>Deductions</b>	
Pension benefits	2,303,447
Administrative expenses	346,627
<b>Total deductions</b>	<b>2,650,074</b>
<b>Change in net position</b>	<b>(820,599)</b>
<b>Net position, restricted for pension benefits</b>	
<b>Beginning of year</b>	<b>29,869,020</b>
<b>End of year</b>	<b>\$ 29,048,421</b>

See accompanying notes to the basic financial statements.





**CITY OF HAINES CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2015**

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**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 more significant of the government's accounting policies are described below.

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

**Blended Component Unit**

The following component unit is 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.

*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.

**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.

**CITY OF HAINES CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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.

**CITY OF HAINES CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

The City reports the following major governmental funds:

- The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Capital Projects Fund** is used to account for the construction and acquisition of capital assets related to a City Hall/Library complex and fire station.
- 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.

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 Fire Fighters' Pension Fund, which accumulate resources for pension benefit payments to qualified employees.
- The Right of Way Agency Fund accounts for funds held in custody for the maintenance of Southern Dunes right-of-way land.

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

**CITY OF HAINES CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 adopts an annual budget for the General Fund, Special Revenue Fund, Capital Projects Fund and Proprietary Funds. 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, Capital Projects Fund and Special Revenue Fund are prepared in accordance with GAAP for governmental fund types (modified accrual basis). The 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.

**CITY OF HAINES CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities and Net Position or Equity**

*Deposits and investments*

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

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

*Receivables and payables*

Receivables consist of trade receivables, due from other governments and interest receivable, recorded net of an allowance for doubtful accounts. The City's General Fund, Water and Sewer Fund and Stormwater Fund accounts receivable are presented net of an allowance for doubtful accounts of \$30,491, \$105,423 and \$415, respectively, at September 30, 2015. All other receivables are considered fully collectible.

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

*Inventory*

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

*Restricted assets*

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

*Capital assets*

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

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

**CITY OF HAINES CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2015**

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**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:

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

*Unavailable revenue / unearned revenue*

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

*Compensated absences*

All regular employees with less than five years continuous service earn 80 hours of annual leave. The number of hours of annual leave increases relative to the number of years of continuous service, in increments of five years. The maximum of 160 hours of annual leave is obtained after twenty years of continuous service. For employees with 10 years or less of continuous service with the City, a maximum of 20 days of annual leave may be carried over to the next year. For employees with more than 10 years of continuous service, a maximum of 30 days may be carried over. Employees who terminate with more than one year's service are paid for 100% of their unused annual leave. The City has accrued 100% of the annual leave liability, including related fringe benefits.

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

*Long-term obligations*

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

**CITY OF HAINES CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*Fund balance reporting*

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

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

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

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

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

**CITY OF HAINES CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*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.

The City has deferred inflows and deferred outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension 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 net pension liability 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 expense over the expected remaining service life of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension 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 pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

*Pension*

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



**CITY OF HAINES CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Use of estimates*

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

**NOTE 2 – PROPERTY TAXES**

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

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

A calendar of property tax events is as follows:

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

**NOTE 3 – DEPOSITS AND INVESTMENTS**

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

The City pools the majority of its cash in a single bank account that is available for use by all funds, except the Pension Trust Funds. The City has entered into an agreement with the bank concerning the sweeping of this account to pay all cleared charges against other accounts and pay the City a stipulated variable rate of interest on the account's daily balance. At September 30, 2015, the carrying amount of the City's total bank deposits was \$23,372,848. All such deposits are covered either by the Federal Deposit Insurance Corporation or by the State of Florida Collateral Pool, a multiple financial institution pool with the ability to assess its members' financial institution for collateral shortfalls if a member fails.

**CITY OF HAINES CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2015**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

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

The City's Pension Trust Funds' investment balances at September 30, 2015, 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 market value of securities in the portfolio will fall due to change in the general interest rate. The City and the Pension Trust Funds mitigate this risk by:

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

*Credit risk policy*

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

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

<b>General Employees' Pension Investment Type</b>	<b>Fair Value</b>	<b>Years to Maturity</b>			
		<b>&lt; 1</b>	<b>1-5</b>	<b>6-10</b>	<b>&gt;10</b>
Fixed income mutual funds	\$ 6,454,621	6,454,621	-	-	-
Common equity securities	9,361,164	9,361,164	-	-	-
Money market/cash	205,266	205,266	-	-	-
<b>Total fair value</b>	<b>\$ 16,021,051</b>	<b>16,021,051</b>	<b>-</b>	<b>-</b>	<b>-</b>

**CITY OF HAINES CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2015**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

<b>Police Officers' Pension</b>		<b>Years to Maturity</b>			
<b>Investment Type</b>	<b>Fair Value</b>	<b>&lt; 1</b>	<b>1-5</b>	<b>6-10</b>	<b>&gt;10</b>
U.S. Government securities	\$ 306,460	333	108,284	25,006	172,837
Collateralized mortgage obligations	9,833	-	-	-	9,833
Corporate bonds	2,743,784	711,316	1,115,694	708,206	208,568
Common equity securities	4,438,924	4,438,924	-	-	-
Municipal obligations	49,843	-	25,509	-	24,334
Money market/cash	304,553	304,553	-	-	-
<b>Total fair value</b>	<b>\$ 7,853,397</b>	<b>5,455,126</b>	<b>1,249,487</b>	<b>733,212</b>	<b>415,572</b>

<b>Firefighters' Pension</b>		<b>Years to Maturity</b>			
<b>Investment Type</b>	<b>Fair Value</b>	<b>&lt; 1</b>	<b>1-5</b>	<b>6-10</b>	<b>&gt;10</b>
Fixed income mutual funds	\$ 1,523,542	61,926	864,751	309,632	287,233
Common equity securities	3,368,285	3,368,285	-	-	-
Money market/cash	190,943	190,943	-	-	-
<b>Total fair value</b>	<b>\$ 5,082,770</b>	<b>3,621,154</b>	<b>864,751</b>	<b>309,632</b>	<b>287,233</b>

**NOTE 4 – CAPITAL ASSETS**

Capital asset balances and activity for the year ended September 30, 2015, were as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 8,916,112	88,697	-	9,004,809
Construction in progress	1,039,093	316,315	(352,189)	1,003,219
Total capital assets not being depreciated	9,955,205	405,012	(352,189)	10,008,028
Capital assets being depreciated				
Buildings and improvements	58,687,576	2,182,260	-	60,869,836
Equipment	5,894,088	459,789	(178,455)	6,175,422
Transportation equipment	4,134,637	381,660	(253,295)	4,263,002
Infrastructure	9,721,057	400,026	-	10,121,083
Library books	691,958	66,481	-	758,439
Total capital assets being depreciated	79,129,316	3,490,216	(431,750)	82,187,782
Less accumulated depreciation for:				
Buildings and improvements	(14,232,276)	(2,280,773)	-	(16,513,049)
Equipment	(4,588,076)	(383,543)	178,244	(4,793,375)
Transportation equipment	(3,528,105)	(210,741)	207,742	(3,531,104)
Infrastructure	(3,092,918)	(308,575)	-	(3,401,493)
Library books	(490,997)	(61,455)	-	(552,452)
Total accumulated depreciation	(25,932,372)	(3,245,087)	385,986	(28,791,473)
Capital assets being depreciated, net	53,196,944	245,129	(45,764)	53,396,309
Governmental activities capital assets, net	\$ 63,152,149	650,141	(397,953)	63,404,337

**CITY OF HAINES CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2015**

**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	\$ 345,853	138,000	-	483,853
Construction in progress	4,026,606	2,757,627	(2,040,046)	4,744,187
Total capital assets not being depreciated	<u>4,372,459</u>	<u>2,895,627</u>	<u>(2,040,046)</u>	<u>5,228,040</u>
Capital assets being depreciated				
Plant and plant improvements	56,426,941	3,058,150	-	59,485,091
Buildings and improvements	285,976	-	-	285,976
Equipment	8,945,327	68,840	(54,611)	8,959,556
Infrastructure	704,024	107,744	-	811,768
Transportation equipment	1,167,719	45,553	-	1,213,272
Total capital assets being depreciated	<u>67,529,987</u>	<u>3,280,287</u>	<u>(54,611)</u>	<u>70,755,663</u>
Less accumulated depreciation				
Plant and plant improvements	(18,695,705)	(1,063,554)	-	(19,759,259)
Buildings and improvements	(93,908)	(11,420)	-	(105,328)
Equipment	(2,844,351)	(673,383)	50,838	(3,466,896)
Infrastructure	(347,276)	(11,269)	-	(358,545)
Transportation equipment	(807,448)	(64,326)	-	(871,774)
Total accumulated depreciation	<u>(22,788,688)</u>	<u>(1,823,952)</u>	<u>50,838</u>	<u>(24,561,802)</u>
Capital assets being depreciated, net	<u>44,741,299</u>	<u>1,456,335</u>	<u>(3,773)</u>	<u>46,193,861</u>
Business-type activities capital assets, net	<u>\$ 49,113,758</u>	<u>4,351,962</u>	<u>(2,043,819)</u>	<u>51,421,901</u>

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

Governmental activities:	
General government	\$ 543,395
Public safety	399,718
Transportation	372,693
Economic environment	207,774
Culture and recreation	1,721,507
Total depreciation expense, governmental functions	<u>\$ 3,245,087</u>

Depreciation expense was charged to functions/programs of the primary government as follows:	
Business-type activities:	
Water and sewer	\$ 1,808,722
Stormwater	15,230
Total depreciation expense, business-type functions	<u>\$ 1,823,952</u>

**CITY OF HAINES CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2015**

**NOTE 5 – CONSTRUCTION COMMITMENTS**

Commitments under uncompleted construction projects at September 30, 2015, consist of the following:

	<b>Committed</b>
General Fund	
Johnson Avenue Road Project	\$ 26,990
	26,990
Water and Sewer Fund	
WWTP Filtration System Replacement	343,343
Compost Facility	3,567,270
WTP #1 Anionic Ion Exchange	68,340
	3,978,953
Stormwater Fund	
Lake Eva Alum	43,121
Ledwith Ave & 5th St./Hill Dr	47,907
	91,028
Total	\$ 4,096,971

**NOTE 6 – INTERFUND BALANCES AND TRANSFERS**

Interfund loans for short-term operating purposes resulted in the following balances at September 30, 2015:

	<b>Receivable</b>	<b>Payable</b>
General Fund	\$ 17,511	-
Water and Sewer Fund	-	17,511
	\$ 17,511	17,511

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, 2015:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 1,600,000	3,119,301
Capital Projects Fund	574,661	-
CRA Fund	1,198,705	2,019,326
Debt Service Fund	3,365,261	-
Water and Sewer Fund	-	1,600,000
	\$ 6,738,627	6,738,627

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, and 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, 2015**

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**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, 2015:

1. Governmental activities debt

\$11,748,000 loan payable (\$10,809,000 in principal remaining at September 30, 2015), 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 \$17,134,263, less a subsidy of \$2,846,368, as of September 30, 2015. Interest paid was \$541,274 and total pledged revenue was \$1,299,094 for the fiscal year ended September 30, 2015.

\$4,636,000 loan payable (\$4,422,000 in principal remaining at September 30, 2015), CenterState Bank–Funds borrowed during fiscal year 2015 to refund two previous notes with Municipal Loan Council. Annual payments will be made over a 15 year period, including interest at 2.70%.

\$967,894 loan payable (\$967,894 in principal remaining at September 30, 2015), CenterState Bank–Funds borrowed during fiscal year 2015 to finance various vehicles and equipment purchases. Annual payments will be made over a 10 year period, including interest at 2.65%.

\$3,850,000 loan payable (\$2,725,000 in principal remaining at September 30, 2015), Florida Municipal Loan Council–Funds borrowed during fiscal year 2005 to refund \$3,215,000 of the Police Station Loan from the Florida Municipal Loan Council. Semi-annual payments will be made over a 25 year period, including interest which varies from 3.25% to 5.0%. The excess of the reacquisition price over the net carrying amount of the old debt of \$138,125 is netted against this loan and amortized over 25 years, which represents both the remaining life of the old debt and the life of the new debt.

\$26,200,000 loan payable (\$21,780,000 in principal remaining at September 30, 2015), Florida Municipal Loan Council–Funds borrowed during fiscal year 2007 to finance various redevelopment projects within the City by the CRA Fund. Annual payments will be made over a 25 year period, including interest which varies from 4.25% to 5.00%.

**CITY OF HAINES CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2015**

**NOTE 7 – LONG-TERM DEBT (CONTINUED)**

The Florida Municipal Loan Council loans are subject to arbitrage. The arbitrage rebate requirement requires issuers of tax exempt debt to rebate to the U.S. Treasury investment income arising from proceeds of tax exempt debt to the extent that such income results from an investment yield in excess of the bond yield. There was no arbitrage liability at September 30, 2015.

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

Capital Leases:

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

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

Vehicles and Equipment	\$	715,504
Less Accumulated Depreciation		(222,569)
Total	\$	<u><u>492,935</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2015 for governmental activities are as follows:

<b>Fiscal Year</b>		
2016	\$	247,676
2017		<u>134,674</u>
Total minimum lease payments		382,350
Less: Amount representing interest		(13,633)
Present value of minimum lease payments	\$	<u><u>368,717</u></u>

2. Business-type activities debt

\$3,990,747 State Revolving Fund Loan (\$3,476,027 in principal remaining at September 30, 2015)—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 forty semi-annual payments including interest at 2.26%, 2.31% and 2.34%, which applies to various loan increments.

**CITY OF HAINES CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2015**

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**NOTE 7 – LONG-TERM DEBT (CONTINUED)**

\$369,362 State Revolving Fund Loan (\$304,807 in principal remaining at September 30, 2015)– 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 forty 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 (\$264,597 in principal remaining at September 30, 2015)– 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 forty semi-annual payments, including interest at 2.61%.

\$4,912,507 State Revolving Fund Loan (\$4,327,989 in principal remaining on September 30, 2015)– 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, 2015, including interest of 2.18%.

\$1,457,730 State Revolving Fund Loan (\$1,457,730 in principal remaining on September 30, 2015)– Funds borrowed to finance construction of the WTP #1 and 2 treatment system upgrades. The maximum amount of the loan is \$6,173,086 less principal forgiveness of \$5,247,123 and is currently in the draw-down phase. 40 semi-annual loan payments will begin once the project has been completed, including interest of 1.16%.

\$255,871 State Revolving Fund Loan (\$255,871 in principal remaining on September 30, 2015)– Funds borrowed to finance construction of a new compost facility. The maximum amount of the loan is \$5,101,891 and is currently in the draw-down phase. 40 semi-annual loan payments will begin once the project has been completed.

\$3,670,000 Utility System Revenue Note, Series 2013A (\$3,332,000 in principal remaining on September 30, 2015)– Funds borrowed to finance construction of various water and sewer system improvements. Semi-annual loan payments will begin in October 2014, including interest of 1.83%.

\$2,290,000 Utility System Refunding Revenue Note, Series 2013B (\$1,017,000 in principal remaining on September 30, 2015)– Funds borrowed to refinance the debt owed by the City to the Florida State Revolving Fund Loan Agreement. Semi-annual loan payments began in October 2013, including interest of 1.28%.

State Revolving Fund Loans Payable

The total principal and interest remaining to be paid on these loans was \$11,795,220 (includes interest of \$1,708,200) as of September 30, 2015. Principal and interest paid was \$613,799 and total available pledged revenue was \$4,161,728 for the fiscal year ended September 30, 2015. 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, 2015**

**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, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b><u>Governmental activities:</u></b>					
CenterState Bank Loan	\$ 11,115,000	-	(306,000)	10,809,000	320,000
CenterState Bank Loan, Series 2014	-	4,636,000	(214,000)	4,422,000	243,000
CenterState Bank Loan, Series 2015	-	967,894	-	967,894	142,354
FMLC, CRA	2,000,000	-	(2,000,000)	-	-
FMLC, rail spur	2,560,000	-	(2,560,000)	-	-
FMLC, police station	2,845,000	-	(120,000)	2,725,000	125,000
FMLC, CRA	22,520,000	-	(740,000)	21,780,000	775,000
Loans payable	<u>41,040,000</u>	<u>5,603,894</u>	<u>(5,940,000)</u>	<u>40,703,894</u>	<u>1,605,354</u>
Less unamortized costs:					
Deferred loss on refunding	(88,394)	-	5,525	(82,869)	-
Plus unamortized premium	132,679	-	(8,845)	123,834	-
Total loans payable, net	<u>41,084,285</u>	<u>5,603,894</u>	<u>(5,943,320)</u>	<u>40,744,859</u>	<u>1,605,354</u>
Capital leases	366,089	237,508	(234,880)	368,717	236,993
Compensated absences	1,309,996	279,607	(271,159)	1,318,444	742,724
Net pension liability	6,680,831	3,635,026	(4,616,145)	5,699,712	-
Other postemployment benefits	942,959	256,972	(153,415)	1,046,516	-
	<u>9,299,875</u>	<u>4,409,113</u>	<u>(5,275,599)</u>	<u>8,433,389</u>	<u>979,717</u>
Total governmental activities long-term liabilities	<u>\$ 50,384,160</u>	<u>10,013,007</u>	<u>(11,218,919)</u>	<u>49,178,248</u>	<u>2,585,071</u>

For governmental activities, compensated absences, the net pension liability, and net OPEB obligations 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>
<b><u>Business-type activities:</u></b>					
Utility System Revenue Note, Series 2013	\$ 5,353,000	-	(1,004,000)	4,349,000	1,020,000
State Revolving Fund Loan, WW765080	3,647,298	-	(171,271)	3,476,027	175,252
State Revolving Fund Loan, DW530410	320,443	-	(15,636)	304,807	16,062
State Revolving Fund Loan, DW530411	278,297	-	(13,700)	264,597	14,060
State Revolving Fund Loan, WW530400	4,543,472	-	(215,483)	4,327,989	220,245
State Revolving Fund Loan, WW530440	-	1,457,730	-	1,457,730	-
State Revolving Fund Loan, DW530450	-	255,871	-	255,871	-
	<u>14,142,510</u>	<u>1,713,601</u>	<u>(1,420,090)</u>	<u>14,436,021</u>	<u>1,445,619</u>
Compensated absences	273,616	40,616	(58,145)	256,087	139,141
Net pension liability	934,733	694,399	(852,146)	776,986	-
Other post-employment benefits	199,568	60,532	(57,338)	202,762	-
	<u>1,407,917</u>	<u>795,547</u>	<u>(967,629)</u>	<u>1,235,835</u>	<u>139,141</u>
Total business-type activities long-term liabilities	<u>\$ 15,550,427</u>	<u>2,509,148</u>	<u>(2,387,719)</u>	<u>15,671,856</u>	<u>1,584,760</u>

**CITY OF HAINES CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2015**

**NOTE 7 – LONG-TERM DEBT (CONTINUED)**

4. Principal and Interest Requirements to Maturity

The following represents the annual debt service requirements to maturity for debt outstanding as of September 30, 2015, including the General Government's \$24,505,000 of FMLC debt principal, \$16,198,894 of Center State Bank Loans, and State Revolving Fund Loans and Utility System Revenue Note of \$12,722,420. The schedule below does not include the State Revolving Fund Loans in the amount of \$1,713,601 which have not yet been fully drawn down.

Fiscal Year Ending	Governmental Activities				Business-type Activities		
	Principal	Interest	Subsidy	Total	Principal	Interest	Total
2016	\$ 1,605,354	1,863,872	(236,671)	3,232,555	1,445,619	256,869	1,702,488
2017	1,682,164	1,792,761	(229,476)	3,245,449	1,126,365	232,094	1,358,459
2018	1,755,076	1,716,711	(221,876)	3,249,911	802,336	213,473	1,015,809
2019	1,782,453	1,640,548	(213,906)	3,209,095	818,535	196,686	1,015,221
2020	1,857,115	1,563,875	(205,548)	3,215,442	835,968	179,545	1,015,513
2021-2025	10,367,732	6,483,185	(886,895)	15,964,022	4,042,926	631,366	4,674,292
2026-2030	12,670,000	3,838,488	(605,346)	15,903,142	2,794,163	273,833	3,067,996
2031-2035	8,775,000	935,542	(245,494)	9,465,048	856,508	19,124	875,632
2036	209,000	2,571	(1,157)	210,414	-	-	-
	<u>\$ 40,703,894</u>	<u>19,837,553</u>	<u>(2,846,369)</u>	<u>57,695,078</u>	<u>12,722,420</u>	<u>2,002,990</u>	<u>14,725,410</u>

**NOTE 8 – RESTRICTED ASSETS**

Certain cash and cash equivalents that are legally restricted in the statement of net position at September 30, 2015, are as follows:

	Governmental Activities	Business-type Activities
Capital projects	\$ -	20
Impact fees	2,777,926	2,185,616
Debt service	1,324,861	991,207
Other purposes:		
Confiscated property	69,378	-
Law enforcement training	8,670	-
Deposits	-	1,019,393
Bond and loan reserves	-	13,015
Total	<u>\$ 4,180,835</u>	<u>4,209,251</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, 2015**

**NOTE 9 – RISK MANAGEMENT (Continued)**

The City’s former worker’s compensation insurer, Governmental Risk Insurance Trust (GRIT), a governmental insurance pool, filed for Chapter 11 bankruptcy on March 30, 2000. As a result, the City is contingently liable for certain worker’s compensation claims that otherwise would have been subject to GRIT coverage. There was one such claim outstanding at September 30, 2015.

As of September 30, 2015, the City’s risk retention for certain types of risk is as follows:

	<b>Retention/Deductible</b>	<b>Coverage after Retention/Deductible</b>
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.

In order to comply with the requirements of GASB 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*, the City contracted with a certified actuarial firm to provide an actuarial valuation of post-employment benefits. The post-employment health insurance benefits will continue to be offered on a pay-as-you-go basis with no premium subsidy to the retirees. As required by the State of Florida Statute 112.08011, the claims experience of the retirees is co-mingled with that of active employees in determining the health plan cost. In accordance with GASB 45, the co-mingling of claims requirement equates to an implicit subsidy to retirees that creates an OPEB liability on the part of the City. Therefore, the City has incurred a liability for the implicit rate subsidy as the City implemented GASB 45. The City does not intend to fund the actuarial accrued 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, 2015**

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

*Membership*

As of October 1, 2014, the most recent actuarial evaluation date, membership consisted of:

Active Employees	190
Retired Participants	24
Retiree Covered Spouses	3

*Annual OPEB Costs and Net OPEB Obligation*

The City's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB 45. The calculation produced an unfunded obligation of \$2,475,673 and an ARC of \$337,875, defined in level dollars. The following table shows the components of the City's OPEB cost for the year, the amount contributed to the plan, and changes in the City's net OPEB obligation:

Annual Required Contribution (ARC)	\$ 337,875
Interest on Net OPEB Obligation	45,701
Adjustment to ARC	(66,072)
Annual OPEB cost	<u>317,504</u>
Contributions made	<u>(210,753)</u>
Increase in Net OPEB Obligation	106,751
Net OPEB Obligation, beginning of year	<u>1,142,527</u>
Net OPEB Obligation, end of year	<u><u>\$1,249,278</u></u>

The above OPEB obligation is presented as part of long-term debt, as summarized in Note 7. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year are as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>% of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
September 30, 2013	\$ 286,080	51%	\$ 1,001,547
September 30, 2014	297,283	53%	1,142,527
September 30, 2015	317,504	66%	1,249,278

**CITY OF HAINES CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2015**

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

The funded status of the plan as of October 1, 2014, the most recent actuarial valuation date, is as follows:

Actuarial Accrued Liability (AAL)	\$2,475,673
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$2,475,673</u></u>
Funded Ratio	0%
Covered Payroll	8,510,287
Ratio of UAAL to Covered Payroll	29.09%

*Valuation method and assumptions*

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. A separate, publicly available post-employment benefit plan report is not prepared for the defined benefit plans.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectation and new estimates are made about the future.

Calculations for financial reporting purposes are based on the benefits provided under terms of the substantive plan (the plan as understood by the employer and the plan members) in effect at the time of each valuation and on the pattern of sharing the costs between the employer and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and the plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

**CITY OF HAINES CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2015**

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

The information presented in the required supplementary schedule was determined as a part of the actuarial valuation at the date indicated.

Valuation date	October 1, 2014
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar, open
Remaining amortization period	30 Years
Asset valuation method	Market Value
Actuarial assumptions	
Investment return	0.0% per year
Discount rate	4.0% per year, compounded annually
Healthcare cost trend rate	9.6% initially, 4.2% ultimately in 2080
Inflation rate	2.50% per annum, compounded annually
Projected salary increases	N/A, not relevant to determination of benefits

**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, 2015, the date of the latest actuarial valuations for the plans, participation in the plans consisted of:

	<b><u>General Employees</u></b>	<b><u>Police Officers</u></b>	<b><u>Firefighters</u></b>
Retirees and beneficiaries receiving benefits	57	16	16
Terminated employees entitled to benefits but not yet receiving them	67	11	4
Active plan members	64	50	22
Total membership	<u>188</u>	<u>77</u>	<u>42</u>

**CITY OF HAINES CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
Fiscal Year Ended September 30, 2015**

**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 Fire Fighters</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	Police Officers: 9% of salary Firefighters: 9% of salary
<b>Eligibility for Benefits</b>		
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
<b>Benefits</b>		
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 10 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, 2015**

**NOTE 12 – PENSION PLANS (CONTINUED)**

**Plan Disclosures**

Effective October 1, 2013, the City’s Pension Plans implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, which significantly changed the disclosures required related to the Plans. The information disclosed below is presented in accordance with this new standard. The Plans do not issue separate financial statements.

**Net Pension Liability of the City**

The components of the net pension liability of the City at September 30, 2015 are as follows:

	<u>General Employees'</u>	<u>Police Officers'</u>	<u>Fire Fighters'</u>	<u>Total</u>
Total pension liability	\$ 19,135,635	\$ 9,932,232	\$ 7,277,852	\$ 36,345,719
Plan fiduciary net position	<u>(16,691,872)</u>	<u>(8,009,502)</u>	<u>(5,167,646)</u>	<u>(29,869,020)</u>
City's net pension liability	<u>\$ 2,443,763</u>	<u>\$ 1,922,730</u>	<u>\$ 2,110,206</u>	<u>\$ 6,476,699</u>
Plan fiduciary net position as a percentage of Total pension liability	87.23%	80.64%	71.01%	82.18%

For the year ended September 30, 2015, the City recognized pension expense of \$1,481,324 for the three plans combined. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows related to its three pension plans from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ -
Net difference between projected and actual earnings on investments	-	624,244
City pension plan contributions subsequent to the measurement date	1,428,052	-
Total	<u>\$ 1,428,052</u>	<u>\$ 624,244</u>

The deferred outflows of resources related to the Pension Plan, totaling \$1,428,052 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, 2016. 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,	
2016	\$ (124,849)
2017	(124,849)
2018	(124,849)
2019	(124,849)
2020	(124,848)
Total	<u>\$ (624,244)</u>



**CITY OF HAINES CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2015**

**NOTE 12 – PENSION PLANS (CONTINUED)**

The required schedule of changes in the City’s net pension liability and related ratios immediately following the notes to the financial statements presents multiyear 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, 2013 updated through September 30, 2014. The following actuarial assumptions applied to all periods included in the measurement:

	General Employees'	Police Officers'	Fire Fighters'
Inflation	3.0%	3.0%	3.0%
Salary increases	6.0%	4.0% - 10.0%	4.0% - 5.5%
Investment rate of return	8.0%	7.5%	7.5%

Mortality rates were based upon the RP-2000 Combined Healthy Mortality Table.

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of an actuarial experience study for the period 2008 – 2013.

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, 2015 are: Domestic Equities – 7.5%; International Equities – 8.5% and Broad Market Fixed Income – 2.5%.

The target asset allocation as of September 30, 2015 are: Domestic Equities – 40%; International Equities – 15%; Bonds – 30%; Convertibles – 10% and MLPs – 5% for the Police Officers’ plan.

The target asset allocation as of September 30, 2015 are: Domestic Equities – 50%; International Equities – 10%; Broad Market Fixed Income – 35%; and Global Bonds – 5% for the General Employees’ and the Fire Fighters’ plan.

*Discount rate.* The discount rate used to measure the total pension liability was 7.50% for the Fire Fighters’ and Police Officers’ plans and was 8.0% for the General Employees’ 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.

**CITY OF HAINES CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2015**

**NOTE 12 – PENSION PLANS (CONTINUED)**

*Sensitivity of the net pension liability to changes in the discount rate.* The following table presents the net pension liability of the City, calculated using the discount rate of 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
General Employees:	7.00%	8.00%	9.00%
City's Net Pension Liability	\$ 4,778,178	\$ 2,443,763	\$ 665,223
Police Officers:	6.50%	7.50%	8.50%
City's Net Pension Liability	\$ 3,265,386	\$ 1,922,730	\$ 909,849
Fire Fighters:	6.50%	7.50%	8.50%
City's Net Pension Liability	\$ 2,982,265	\$ 2,110,206	\$ 1,464,545
Total:	<u>\$ 11,025,829</u>	<u>\$ 6,476,699</u>	<u>\$ 3,039,617</u>

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, 2015 and the current sharing pattern of costs between employer and employee.

Contributions

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

Members of the Police Officers’ plan are required to contribute 9% of their salary. The City is required to contribute the actuarially determined rates less amounts received from the State of Florida for insurance surcharges on policies sold within the City. The State’s contribution to the Police Officer’s Pension Fund for fiscal year 2015 was \$123,637. The City recognizes these on-behalf payments as revenues and expenditures in the governmental funds financial statements.

Members of the Fire Fighters’ plan are required to contribute 5.4% of their salary. The City is required to contribute the actuarially determined rates less amounts received from the State of Florida for insurance surcharges on policies sold within the City. The State’s contribution to the Firefighter’s Pension Fund for fiscal year 2015 was \$109,138. The City recognizes these on-behalf payments as revenues and expenditures in the governmental funds financial statements.

**CITY OF HAINES CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2015**

**NOTE 12 – PENSION PLANS (CONTINUED)**

Financial statements for the City’s pension plans at September 30, 2015, are as follows:

	<b>General Employees' Pension Fund</b>	<b>Police Officers' Pension Fund</b>	<b>Fire Fighters' Pension Fund</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 205,266	304,553	190,943	700,762
Receivables				
Contributions receivable	9,303	35,550	15,845	60,698
Accrued interest and dividends	7,056	22,358	1,091	30,505
Investments, at fair value:				
U.S government agencies	-	306,460	-	306,460
Collateralized mortgage obligations	-	9,833	-	9,833
Municipal obligations	-	49,843	-	49,843
Corporate bonds	-	2,743,784	-	2,743,784
Common equity securities	9,361,164	4,438,924	3,368,285	17,168,373
Fixed income mutual funds	6,454,621	-	1,523,542	7,978,163
<b>Total assets</b>	<b>\$ 16,037,410</b>	<b>7,911,305</b>	<b>5,099,706</b>	<b>29,048,421</b>
<b>Net Position</b>				
Restricted for pension benefits	\$ 16,037,410	7,911,305	5,099,706	29,048,421
<b>Additions</b>				
<b>Contributions</b>				
Employer	\$ 443,084	430,618	321,574	1,195,276
Employees	84,740	203,417	104,266	392,423
State of Florida	-	123,637	109,138	232,775
Total contributions	527,824	757,672	534,978	1,820,474
Investment earnings				
Interest	1,089	99,484	1,121	101,694
Dividends	273,526	275,350	208,005	756,881
Net appreciation in fair value of investments	(56,534)	(595,148)	(197,892)	(849,574)
Net investment earnings	218,081	(220,314)	11,234	9,001
Total additions	745,905	537,358	546,212	1,829,475
<b>Deductions</b>				
Pension benefits	1,220,354	553,565	529,528	2,303,447
Administrative expenses	180,013	81,990	84,624	346,627
Total deductions	1,400,367	635,555	614,152	2,650,074
Change in net position	(654,462)	(98,197)	(67,940)	(820,599)
Net position, beginning of year	16,691,872	8,009,502	5,167,646	29,869,020
Net position, end of year	\$ 16,037,410	7,911,305	5,099,706	29,048,421

**CITY OF HAINES CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 2015**

**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, 2015:

	<b>Revenues</b>	<b>Expenditures</b>
<b>Source of Revenues</b>		
Ad valorem taxes	\$ 1,198,705	-
Ad valorem taxes received from Polk County	1,041,585	-
Interest	2,452	-
<b>Purpose of Expenditures</b>		
Professional services	-	19,963
Debt service	-	2,019,326
	\$ 2,242,742	2,039,289

**NOTE 14 – CHANGE IN ACCOUNTING PRINCIPLE**

The City has determined that a restatement to the October 1, 2014 beginning net position was required to recognize the change in accounting principle for implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, through which accounting for pension plans and the related disclosure requirements were modified. This adjustment resulted in a change to the beginning net position of the City as follows.

Net position, Governmental Activities, as previously reported	\$ 30,984,453
Implementation of GASB 68	(5,369,943)
Beginning net position, Governmental Activities, as restated	\$ 25,614,510
Net position, Business-type Activities, as previously reported	\$ 46,345,809
Implementation of GASB 68	(650,680)
Beginning net position, Business-type Activities, as restated	\$ 45,695,129
Net position, Water and Sewer Fund, as previously reported	\$ 45,517,599
Implementation of GASB 68	(594,929)
Beginning net position, Water and Sewer Fund, as restated	\$ 44,922,670
Net position, Stormwater Fund, as previously reported	\$ 828,210
Implementation of GASB 68	(55,751)
Beginning net position, Stormwater Fund, as restated	\$ 772,459

## **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 45, 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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 6,067,110	6,067,110	6,150,344	83,234
Gas and fuel taxes	811,300	811,300	884,346	73,046
Utility taxes	1,489,000	1,489,000	1,637,064	148,064
Communications service tax	545,000	545,000	514,898	(30,102)
Local business tax	70,000	70,000	75,354	5,354
Franchise fees	1,890,000	1,890,000	1,971,016	81,016
Licenses and permits	749,500	749,500	972,785	223,285
Intergovernmental	2,103,500	2,177,590	2,254,622	77,032
Charges for services	3,232,590	3,232,590	3,476,117	243,527
Fines and forfeitures	1,336,200	1,346,200	964,305	(381,895)
Assessments	2,170,500	2,170,500	2,116,849	(53,651)
Impact fees	297,000	297,000	478,991	181,991
Contributions	127,200	177,200	187,846	10,646
Interest	36,100	36,100	23,156	(12,944)
Other	122,700	122,700	177,594	54,894
Total revenues	<u>21,047,700</u>	<u>21,181,790</u>	<u>21,885,287</u>	<u>703,497</u>
<b>Expenditures</b>				
Current				
General government	3,986,805	3,841,645	3,289,508	552,137
Public safety	8,932,150	8,979,090	8,449,776	529,314
Physical environment	2,066,480	2,066,480	1,959,226	107,254
Transportation	2,279,920	2,912,770	1,977,480	935,290
Culture and recreation	3,299,715	3,337,020	2,995,290	341,730
Capital outlay	2,240,620	2,437,810	1,402,179	1,035,631
Total expenditures	<u>22,805,690</u>	<u>23,574,815</u>	<u>20,073,459</u>	<u>3,501,356</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,757,990)</u>	<u>(2,393,025)</u>	<u>1,811,828</u>	<u>4,204,853</u>
<b>Other financing sources (uses)</b>				
Insurance proceeds	-	9,760	9,767	7
Proceeds from sale of capital assets	-	-	146,024	146,024
Proceeds from capital lease	1,230,870	1,230,870	1,205,402	(25,468)
Transfers in	1,752,450	2,956,965	1,600,000	(1,356,965)
Transfers out	(2,662,610)	(3,241,850)	(3,119,301)	122,549
Total other financing sources (uses)	<u>320,710</u>	<u>955,745</u>	<u>(158,108)</u>	<u>(1,113,853)</u>
Net change in fund balance	(1,437,280)	(1,437,280)	1,653,720	3,091,000
<b>Fund balance, beginning of year</b>	<u>9,072,263</u>	<u>9,072,263</u>	<u>9,072,263</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 7,634,983</u>	<u>7,634,983</u>	<u>10,725,983</u>	<u>3,091,000</u>

The City's budget basis is in accordance with accounting standards generally accepted in the United States of America.

**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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 1,030,500	1,030,500	1,041,585	11,085
Interest revenue	750	750	2,452	1,702
Total revenues	<u>1,031,250</u>	<u>1,031,250</u>	<u>1,044,037</u>	<u>12,787</u>
<b>Expenditures</b>				
Current				
Economic development	21,310	21,310	19,963	1,347
Total expenditures	<u>21,310</u>	<u>21,310</u>	<u>19,963</u>	<u>1,347</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,009,940</u>	<u>1,009,940</u>	<u>1,024,074</u>	<u>14,134</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,281,385	1,281,385	1,198,705	(82,680)
Transfers out	<u>(2,291,325)</u>	<u>(2,291,325)</u>	<u>(2,019,326)</u>	<u>271,999</u>
Total other financing sources (uses)	<u>(1,009,940)</u>	<u>(1,009,940)</u>	<u>(820,621)</u>	<u>189,319</u>
Net change in fund balance	-	-	203,453	203,453
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>203,453</u>	<u>203,453</u>



**CITY OF HAINES CITY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS - GENERAL EMPLOYEES PENSION**

	<b>2015</b>
<b>Total pension liability</b>	
Service cost	\$ 797,644
Interest on total pension liability	1,451,733
Differences between expected and actual experience	-
Benefit payments, including refunds of employee contributions	(925,509)
<b>Net change in total pension liability</b>	<b>1,323,868</b>
<b>Total pension liability - beginning</b>	<b>17,811,767</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 19,135,635</b>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 893,398
Contributions - state	-
Contributions - employee	221,592
Net investment income	1,769,864
Benefit payments, including refunds of member contributions	(923,182)
Administrative expenses	(141,662)
<b>Net change in plan fiduciary net position</b>	<b>1,820,010</b>
<b>Plan fiduciary net position - beginning</b>	<b>14,871,862</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 16,691,872</b>
<b>City's net pension liability - ending (a) - (b)</b>	<b>\$ 2,443,763</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>87.23%</b>
<b>Covered-employee payroll</b>	<b>\$ 4,454,410</b>
<b>City's net pension liability as a percentage of covered-employee payroll</b>	<b>54.86%</b>

**Notes 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><b>2015</b></u>
Actuarially determined contribution	\$ 890,882
Contributions in relation to the actuarially determined contribution	<u>893,398</u>
Contribution deficiency (excess)	<u>\$ (2,516)</u>
Covered employee payroll	\$ 4,454,410
Contributions as a percentage of covered-employee payroll	20.00%

**Notes to the Schedule:**

Valuation Date October 1, 2013  
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: 29 years (as of 10/1/2013)  
 Asset valuation method: All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a four year period.

Inflation: 3.0% per year  
 Salary increases: 6% per year until the assumed retirement age.  
 Final salary load: Individually determined based upon current accruals.  
 Interest Rate: 8.0% per year, compounded annually, net of investment-related expenses

Payroll increases: 3% per year for amortizing UAAL. None for required contribution projection.

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.

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>2015</u>
General Employees:	
Annual money-weighted rate of return, net of investment expenses	11.18%
Police Officers:	
Annual money-weighted rate of return, net of investment expenses	8.76%
Fire Fighters:	
Annual money-weighted rate of return, net of investment expenses	12.42%

**Notes to the Schedules:**

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**

	<u>2015</u>
<b>Total pension liability</b>	
Service cost	\$ 355,679
Interest on total pension liability	704,103
Change in excess state money	24,392
Benefit payments, including refunds of employee contributions	(466,873)
<b>Net change in total pension liability</b>	<u>617,301</u>
<b>Total pension liability - beginning</b>	<u>9,314,931</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 9,932,232</u></u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 434,076
Contributions - state	117,527
Contributions - employee	196,385
Net investment income	674,400
Benefit payments, including refunds of member contributions	(466,873)
Administrative expenses	(80,961)
<b>Net change in plan fiduciary net position</b>	<u>874,554</u>
<b>Plan fiduciary net position - beginning</b>	<u>7,134,948</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 8,009,502</u></u>
<b>City's net pension liability - ending (a) - (b)</b>	<u><u>\$ 1,922,730</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	80.64%
<b>Covered-employee payroll</b>	\$ 2,173,174
<b>City's net pension liability as a percentage of covered-employee payroll</b>	88.48%

**Notes 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**

	<b>2015</b>
Actuarially determined contribution	\$ 517,215
Contributions in relation to the actuarially determined contribution	551,603
Contribution deficiency (excess)	\$ (34,388)
Covered employee payroll	\$ 2,173,174
Contributions as a percentage of covered-employee payroll	23.80%

**Notes to the Schedule:**

Valuation Date October 1, 2013

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:	30 years (as of 10/1/2013)
Asset valuation method:	Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric 5-year average market value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below market value.
Inflation:	3.0% per year
Salary increases:	7.0% per year until the assumed retirement age. Projected salary at retirement is increased 20% to account for non-regular compensation.
Interest Rate:	7.5% per year, compounded annually, net of investment-related expenses
Payroll increase:	3% per year.
Retirement age:	Earlier of age 56 and 11 years of service, or age 53 and 26 years of service, or 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 5% per year.

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 - FIRE FIGHTERS' PENSION**

	<b>2015</b>
<b>Total pension liability</b>	
Service cost	\$ 130,593
Interest on total pension liability	506,406
Change in excess state money	70,342
Benefit payments, including refunds of employee contributions	(467,541)
<b>Net change in total pension liability</b>	239,800
<b>Total pension liability - beginning</b>	7,038,052
<b>Total pension liability - ending (a)</b>	\$ 7,277,852
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 352,192
Contributions - state	110,374
Contributions - employee	105,867
Net investment income	592,615
Benefit payments, including refunds of member contributions	(467,541)
Administrative expenses	(68,237)
<b>Net change in plan fiduciary net position</b>	625,270
<b>Plan fiduciary net position - beginning</b>	4,542,376
<b>Plan fiduciary net position - ending (b)</b>	\$ 5,167,646
<b>City's net pension liability - ending (a) - (b)</b>	\$ 2,110,206
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	71.01%
<b>Covered-employee payroll</b>	\$ 1,146,263
<b>City's net pension liability as a percentage of covered-employee payroll</b>	184.09%

**Notes 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  
FIRE FIGHTERS' PENSION**

	<u><b>2015</b></u>
Actuarially determined contribution	\$ 385,144
Contributions in relation to the actuarially determined contribution	<u>462,566</u>
Contribution deficiency (excess)	<u>\$ (77,422)</u>
Covered employee payroll	\$ 1,146,263
Contributions as a percentage of covered-employee payroll	33.60%

**Notes to the Schedule:**

Valuation Date October 1, 2013  
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:	30 years (as of 10/1/2013)
Asset valuation method:	Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric 5-year average market value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below market value.
Inflation:	3.0% per year
Salary increases:	6.5% per year until the assumed retirement age. Projected salary at retirement is increased 20% to account for non-regular compensation.
Interest Rate:	7.5% per year, compounded annually, net of investment-related expenses
Payroll increase:	3% per year.
Retirement age:	Earlier of age 55 and 10 years of service, age 52 and 25 years of service, and age 60. Also, any member who has reached normal retirement is assumed to continue employment for one additional year.
Early retirement:	Commencing with the earliest early retirement age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 10% per year.

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

**CITY OF HAINES CITY, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS—OTHER POST-EMPLOYMENT BENEFITS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL) (2) - (1)</b>	<b>Funded Ratio (1)/(2)</b>	<b>(3) Annual Covered Payroll</b>	<b>UAAL as a % of Payroll [(2) - (1)] / (3)</b>
10/1/2014	\$ -	\$ 2,475,673	\$ 2,475,673	0.00%	\$ 8,372,980	29.57%
10/1/2013	-	2,246,712	2,246,712	0.00%	8,510,287	26.40%
10/1/2012	-	2,133,280	2,133,280	0.00%	8,510,287	25.07%
10/1/2011	-	1,955,679	1,955,679	0.00%	8,727,426	22.41%

As stated in GASB 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*, OPEB plans with a total membership of 200 or more must have actuarial valuations at least biennially.

September 30, 2009, was the first fiscal year that an actuarial valuation was performed on the City's Other Post-employment Benefits Plan. The above information is as of October 1, 2011, October 1, 2012, October 1, 2013 and October 1, 2014, the most recent actuarial valuation dates.



## **OTHER SUPPLEMENTARY INFORMATION**



**CITY OF HAINES CITY, FLORIDA  
OTHER SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—  
BUDGET AND ACTUAL—CAPITAL PROJECTS FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest revenue	\$ 1,500	\$ 1,500	\$ 1,150	\$ (350)
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>1,150</u>	<u>(350)</u>
<b>Expenditures</b>				
Current				
General government	1,301,500	1,880,740	-	1,880,740
Capital outlay	-	-	1,941,305	(1,941,305)
Total expenditures	<u>1,301,500</u>	<u>1,880,740</u>	<u>1,941,305</u>	<u>(60,565)</u>
<b>Deficiency of revenues over expenditures</b>	<u>(1,300,000)</u>	<u>(1,879,240)</u>	<u>(1,940,155)</u>	<u>(60,915)</u>
<b>Other financing sources:</b>				
Transfers in	1,300,000	1,879,240	574,661	(1,304,579)
<b>Total other financing sources</b>	<u>1,300,000</u>	<u>1,879,240</u>	<u>574,661</u>	<u>(1,304,579)</u>
Net change in fund balance	-	-	(1,365,494)	(1,365,494)
Fund balance, beginning of year	<u>1,365,494</u>	<u>1,365,494</u>	<u>1,365,494</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,365,494</u>	<u>\$ 1,365,494</u>	<u>\$ -</u>	<u>\$ (1,365,494)</u>

**CITY OF HAINES CITY, FLORIDA**  
**OTHER SUPPLEMENTARY INFORMATION**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**RIGHT OF WAY AGENCY FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<u>Balance</u> <u>09/30/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>09/30/15</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 11,712	\$ 29	\$ -	\$ 11,741
<b>Liabilities</b>				
Deposits held in custody for others	\$ 11,712	\$ 29	\$ -	\$ 11,741

## Statistical Section

The statistical section of the Comprehensive Annual 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.

	<b>Page</b>
Financial Trends.....	68
<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 .....	73
<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 .....	77
<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 .....	82
<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 .....	84
<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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities</b>										
Net investment in capital assets	\$ 11,065,309	23,476,903	29,857,420	29,415,076	28,576,391	26,940,200	22,215,410	23,437,379	21,701,775	22,290,761
Restricted	2,676,256	3,615,300	4,780,831	4,924,785	5,095,130	6,975,641	9,562,330	6,063,673	5,653,280	4,523,550
Unrestricted	8,268,510	8,392,922	5,199,355	7,393,466	7,626,335	4,995,804	3,921,279	2,075,980	3,629,398	(30,669)
Total governmental activities net position	\$ 22,010,075	35,485,125	39,837,606	41,733,327	41,297,856	38,911,645	35,699,019	31,577,032	30,984,453	26,783,642
<b>Business-type activities</b>										
Net investment in capital assets	\$ 16,008,934	18,130,167	27,145,002	29,787,837	34,390,110	37,287,641	37,274,891	34,286,996	34,971,248	36,985,880
Restricted	6,011,873	5,232,984	4,932,384	4,249,432	2,387,606	2,558,210	2,668,531	2,668,531	3,292,321	3,292,321
Unrestricted	1,826,140	2,805,237	3,394,034	3,157,162	4,697,003	2,788,028	3,044,504	7,876,386	8,082,240	7,353,872
Total business-type activities net position	\$ 23,846,947	26,168,388	35,471,420	37,194,431	41,474,719	42,633,879	42,987,926	44,831,913	46,345,809	47,632,073
<b>Primary government</b>										
Net investment in capital assets	\$ 27,074,243	41,607,070	57,002,422	59,202,913	62,966,501	64,227,841	59,490,301	57,724,375	56,673,023	59,276,641
Restricted	8,688,129	8,848,284	9,713,215	9,174,217	7,482,736	9,533,851	12,230,861	8,732,204	8,945,601	7,815,871
Unrestricted	10,094,650	11,198,159	8,593,389	10,550,628	12,323,338	7,783,832	6,965,783	9,952,366	11,711,638	7,323,203
Total primary government net position	\$ 45,857,022	61,653,513	75,309,026	78,927,758	82,772,575	81,545,524	78,686,945	76,408,945	77,330,262	74,415,715

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

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

<b>Expenses</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Governmental activities										
General government	\$ 2,320,516	3,122,071	2,541,726	3,722,262	3,624,171	3,400,467	3,110,061	3,615,992	3,799,284	3,595,254
Public safety	6,099,180	6,898,270	7,163,470	7,404,678	7,646,714	8,406,667	8,949,795	9,082,035	8,746,663	8,762,723
Physical environment	2,035,618	2,279,492	2,389,786	2,311,304	2,256,065	2,270,203	2,407,824	2,732,178	2,078,854	1,964,600
Transportation	914,764	2,103,696	1,741,826	1,792,055	1,432,913	1,366,502	1,528,139	2,098,081	1,389,983	2,331,126
Economic environment	1,107,999	1,385,515	1,550,587	1,393,596	1,693,953	1,513,205	1,224,276	348,224	228,518	227,942
Culture and recreation	2,054,021	2,705,538	2,953,468	4,078,884	4,950,934	4,861,540	5,199,493	5,030,102	4,904,738	4,826,880
Interest on long-term debt	524,467	600,813	1,971,844	1,774,790	961,109	1,999,634	2,213,162	2,697,317	2,017,532	1,989,212
Total governmental activities expenses	15,056,565	19,095,395	20,312,707	22,477,569	22,565,859	23,818,218	24,632,750	25,603,929	23,165,572	23,697,737
Business-type activities										
Water/sewer utility	4,070,347	4,959,499	5,364,164	5,943,447	5,902,252	5,916,023	6,954,698	6,660,710	6,655,355	6,724,698
Stormwater utility	20,901	152,697	75,017	61,416	271,814	270,175	450,929	323,119	255,380	237,584
Total business-type activities expenses	4,091,248	5,112,196	5,439,181	6,004,863	6,174,066	6,186,198	7,405,627	6,983,829	6,910,735	6,962,282
Total primary government net position	19,147,813	24,207,591	25,751,888	28,482,432	28,739,925	30,004,416	32,038,377	32,587,758	30,076,307	30,660,019
<b>Program revenues</b>										
Governmental activities										
Charges for services										
General government	2,108,237	1,724,427	1,218,390	684,283	817,763	943,347	1,026,206	1,333,376	2,625,437	3,581,673
Public safety	736,806	792,494	736,734	472,928	492,529	1,812,473	2,065,746	1,781,354	1,159,008	1,055,096
Physical environment	1,954,328	2,233,962	2,359,193	2,285,293	2,211,521	2,216,110	2,288,623	2,513,053	2,433,752	2,476,577
Transportation	615,253	1,071,798	736,696	485,559	336,351	291,073	152,524	477,617	225,720	502,397
Economic environment	265,427	443,273	875,517	379,227	23,968	27,800	-	-	-	-
Culture and recreation	473,378	288,562	177,593	382,083	528,904	512,225	486,031	585,657	554,736	585,832
Operating grants and contributions	878,350	887,006	861,011	1,098,414	1,077,708	1,215,422	627,691	411,253	401,003	383,394
Capital grants and contributions	277,844	550,854	268,133	833,670	2,333	18,667	709,149	38,463	-	25,000
Total governmental activities program revenues	7,309,623	7,992,376	7,233,267	6,621,457	5,491,077	7,037,117	7,355,970	7,140,773	7,399,656	8,609,969
Business-type activities										
Charges for services	6,950,127	7,351,255	8,128,627	7,458,032	7,623,873	8,279,379	8,755,108	9,785,780	9,787,688	9,850,613
Operating grants and contributions	-	39,790	-	-	-	-	37,578	4,987	-	-
Capital grants and contributions	242,343	143,288	7,407,562	1,230,190	3,919,994	125,032	65,088	335,604	-	580,776
Total business-type activities program revenues	7,192,470	7,534,333	15,536,189	8,688,222	11,543,867	8,404,411	8,857,774	10,126,371	9,787,688	10,431,389
Total primary government program revenues	14,502,093	15,526,709	22,769,456	15,309,679	17,034,944	15,441,528	16,213,744	17,267,144	17,187,344	19,041,358
<b>Net (expenses)/revenue</b>										
Governmental activities	(7,746,942)	(11,103,019)	(13,079,440)	(15,856,112)	(17,074,782)	(16,781,101)	(17,276,780)	(18,463,156)	(15,765,916)	(15,087,768)
Business-type activities	3,101,222	2,422,137	10,097,008	2,683,359	5,369,801	2,218,213	1,452,147	3,142,542	2,876,953	3,469,107
Total primary government net expenses	\$ (4,645,720)	(8,680,882)	(2,982,432)	(13,172,753)	(11,704,981)	(14,562,888)	(15,824,633)	(15,320,614)	(12,888,963)	(11,618,661)

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



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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General revenues and other changes in net position</b>										
Governmental activities										
Property taxes	\$ 5,806,571	8,722,091	10,213,697	10,286,101	8,940,798	6,878,624	6,048,218	6,457,679	6,658,896	7,191,929
Franchise taxes	1,375,670	1,572,079	1,644,848	1,936,734	2,085,373	1,968,887	1,935,038	1,890,395	1,979,579	1,971,016
Utility taxes	1,125,498	1,218,588	1,254,101	1,303,509	1,471,442	1,437,394	1,418,290	1,472,363	1,557,792	1,637,064
Communications taxes	696,625	686,392	725,155	767,190	677,765	649,988	661,526	543,154	533,364	514,898
Local business tax	-	-	70,575	71,389	76,213	84,424	66,285	72,503	71,948	75,354
Gas and fuel taxes	776,898	825,075	823,395	805,145	796,859	766,757	746,463	778,859	824,130	884,346
State revenue sharing	1,643,541	1,602,438	1,567,688	1,406,501	1,375,310	1,416,689	1,659,850	1,750,552	1,872,644	2,019,140
Unrestricted investment earnings	403,712	530,837	267,850	131,663	75,906	101,433	382,319	273,878	257,673	253,126
Gain/(loss) on sale of capital assets	(31,318)	(100,841)	(87,186)	-	-	-	-	-	-	155,580
Transfers in (out)	790,864	266,329	951,798	1,043,601	1,130,339	1,100,000	1,146,165	1,385,835	1,385,835	1,554,447
<b>Total governmental activities</b>	<b>12,588,061</b>	<b>15,322,988</b>	<b>17,431,921</b>	<b>17,751,833</b>	<b>16,630,005</b>	<b>14,404,196</b>	<b>14,064,154</b>	<b>14,625,218</b>	<b>15,141,861</b>	<b>16,256,900</b>
Business-type activities										
Unrestricted investment earnings	333,584	355,856	170,236	83,253	38,736	43,037	33,956	29,087	22,778	22,284
Miscellaneous	-	-	-	-	-	-	14,109	58,193	-	-
Gain/(loss) on sale of capital assets	(26,871)	(208,659)	(12,414)	-	-	-	-	-	-	-
Transfers in (out)	(790,864)	(266,329)	(951,798)	(1,043,601)	(1,130,339)	(1,100,000)	(1,146,165)	(1,385,835)	(1,385,835)	(1,554,447)
<b>Total business-type activities</b>	<b>(484,151)</b>	<b>(119,132)</b>	<b>(793,976)</b>	<b>(960,348)</b>	<b>(1,091,603)</b>	<b>(1,056,963)</b>	<b>(1,098,100)</b>	<b>(1,298,555)</b>	<b>(1,363,057)</b>	<b>(1,532,163)</b>
<b>Total primary government</b>	<b>12,103,910</b>	<b>15,203,856</b>	<b>16,637,945</b>	<b>16,791,485</b>	<b>15,538,402</b>	<b>13,347,233</b>	<b>12,966,054</b>	<b>13,326,663</b>	<b>13,778,804</b>	<b>14,724,737</b>
<b>Change in net position</b>										
Governmental activities	4,841,119	4,219,969	4,352,481	1,895,721	(444,777)	(2,376,905)	(3,212,626)	(3,837,938)	(624,055)	1,169,132
Business-type activities	2,617,071	2,303,005	9,303,032	1,723,011	4,278,198	1,161,250	354,047	1,843,987	1,513,896	1,936,944
<b>Total primary government</b>	<b>\$ 7,458,190</b>	<b>6,522,974</b>	<b>13,655,513</b>	<b>3,618,732</b>	<b>3,833,421</b>	<b>(1,215,655)</b>	<b>(2,858,579)</b>	<b>(1,993,951)</b>	<b>889,841</b>	<b>3,106,076</b>

Sources: Information derived from the comprehensive annual 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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund</b>										
Nonspendable	\$ -	-	-	-	-	95,210	110,524	74,724	76,171	529,201
Restricted	-	-	-	-	-	3,884,159	3,610,815	3,335,259	3,473,360	3,491,462
Assigned	-	-	-	-	-	3,022,660	492,770	400,000	-	-
Unassigned	-	-	-	-	-	3,543,346	4,609,524	4,001,486	5,522,732	6,705,320
Reserved	1,660,879	1,395,837	364,481	129,359	59,038	-	-	-	-	-
Unreserved	8,867,913	10,719,891	10,686,550	10,437,566	11,103,810	-	-	-	-	-
Total general fund	\$ 10,528,792	12,115,728	11,051,031	10,566,925	11,162,848	10,545,375	8,823,633	7,811,469	9,072,263	10,725,983
<b>All other governmental funds</b>										
Restricted, reported in										
Capital Projects Fund	\$ -	-	-	-	-	10,057,898	4,359,426	1,440,290	1,365,494	-
CRA Fund	-	-	-	-	-	1,825,119	309,820	-	-	203,453
Debt Service Fund	-	-	-	-	-	1,260,774	1,273,655	1,288,124	1,310,652	1,324,861
Reserved	5,510,038	29,852,182	1,130,504	1,230,231	1,243,303	-	-	-	-	-
Unreserved, reported in										
Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
CRA Fund	-	-	18,122,376	3,186,179	2,558,788	-	-	-	-	-
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 5,510,038	29,852,182	19,252,880	4,416,410	3,802,091	13,143,791	5,942,901	2,728,414	2,676,146	1,528,314

Sources: Information derived from the comprehensive annual 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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 9,781,262	13,024,223	14,731,771	15,170,068	14,048,450	11,786,074	10,875,820	11,214,953	11,625,709	12,274,607
Licenses and permits	1,722,151	1,381,617	931,930	326,256	327,821	360,953	538,662	879,190	839,587	972,785
Intergovernmental revenues	2,882,415	4,314,080	3,061,894	3,415,042	2,606,694	2,539,687	2,755,865	2,383,766	2,100,591	2,254,622
Charges for services	2,457,159	2,604,445	2,790,219	2,860,203	2,952,486	2,965,271	3,091,021	3,376,450	3,219,722	3,476,117
Fines and forfeitures	196,205	265,432	190,237	261,004	361,709	1,735,716	1,970,254	1,668,140	1,089,915	964,305
Assessments	-	-	-	-	-	-	-	-	1,375,927	2,116,849
Impact fees	1,125,907	1,296,464	756,229	333,233	348,306	258,661	151,992	589,091	357,460	478,991
Miscellaneous revenues	926,283	1,311,855	1,401,974	939,395	358,655	718,903	626,419	591,164	546,771	618,566
Total revenues	19,091,382	24,198,116	23,864,254	23,305,201	21,004,121	20,365,265	20,010,033	20,702,754	21,155,682	23,156,842
<b>Expenditures</b>										
<b>Current</b>										
General government	1,975,155	2,696,557	3,284,156	2,677,030	3,154,632	3,164,419	2,916,138	3,307,807	3,207,655	3,289,508
Public safety	5,710,807	6,427,643	6,615,670	6,734,418	6,983,796	7,836,139	8,452,010	8,687,220	8,302,665	8,449,776
Physical environment	2,033,972	2,278,212	2,387,630	2,306,117	2,250,786	2,268,838	2,406,891	2,736,838	2,079,602	1,959,226
Transportation	859,531	1,836,469	1,432,343	1,462,387	1,087,489	1,021,361	1,196,014	1,389,560	1,006,979	1,977,480
Economic environment	1,097,353	1,754,870	1,431,838	1,312,872	1,353,196	1,173,554	900,125	150,934	22,762	19,963
Culture and recreation	1,836,180	2,448,921	2,528,911	3,092,972	3,191,007	3,168,448	3,516,158	3,104,819	3,014,287	2,995,290
Capital outlay	2,861,965	6,940,050	17,063,982	19,344,204	1,126,872	2,429,369	7,187,108	3,355,531	1,094,505	3,343,484
Debt service										
Principal retirement	517,445	536,915	643,862	1,158,011	1,320,473	1,299,247	1,324,402	1,471,000	1,651,907	1,614,880
Interest and fiscal charges	516,063	518,278	1,239,109	1,771,137	1,724,917	2,131,212	2,194,376	2,132,915	2,065,990	2,038,540
Total expenditures	17,408,471	25,437,915	36,627,501	39,859,148	22,193,168	24,492,587	30,093,222	26,336,624	22,446,352	25,688,147
Excess of revenues over (under) expenditures	1,682,911	(1,239,799)	(12,763,247)	(16,553,947)	(1,189,047)	(4,127,322)	(10,083,189)	(5,633,870)	(1,290,670)	(2,531,305)
<b>Other financing sources (uses)</b>										
Bond/Loan proceeds	90,873	26,883,224	106,996	159,644	-	11,748,000	-	-	-	-
Insurance proceeds	46,756	20,852	38,928	30,126	40,312	3,549	9,242	52,860	7,224	9,767
Proceeds from sale of capital assets	-	-	-	-	-	-	5,150	-	596,665	146,024
Issuance of capital lease	-	-	-	-	-	-	-	-	477,996	1,205,402
Refunding notes issued	-	-	-	-	-	-	-	-	-	4,636,000
Payment to refunded debt escrow agent	-	-	-	-	-	-	-	-	-	(4,560,000)
Transfers in	2,761,154	2,912,335	6,370,837	6,345,401	5,977,136	5,571,045	5,440,893	5,777,177	6,326,611	6,738,627
Transfers out	(1,970,290)	(2,646,006)	(5,419,040)	(5,301,800)	(4,846,797)	(4,471,045)	(4,294,728)	(4,391,342)	(4,940,776)	(5,138,627)
Total other financing sources (uses)	928,493	27,170,405	1,097,721	1,233,371	1,170,651	12,851,549	1,160,557	1,438,695	2,467,720	3,037,193
Net change in fund balances	\$ 2,611,404	25,930,606	(11,665,526)	(15,320,576)	(18,396)	8,724,227	(8,922,632)	(4,195,175)	1,177,050	505,888
Debt service as a percentage of non-capital expenditures	7.10%	5.70%	9.62%	14.28%	14.46%	15.55%	15.36%	15.46%	17.58%	16.50%

Sources: Information derived from the comprehensive annual 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**

<b>Fiscal Year</b>	<b>Real Property</b>		<b>Personal Property</b>		<b>Totals</b>		<b>Total Direct Tax Rate</b>
	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	
2006	\$ 568,961,490	568,961,490	86,300,203	86,300,203	655,261,693	655,261,693	6.990
2007	857,437,095	857,437,095	112,760,393	112,760,393	970,197,488	970,197,488	6.890
2008	1,067,094,603	1,067,094,603	140,332,168	140,332,168	1,207,426,771	1,207,426,771	6.819
2009	1,074,623,840	1,074,623,840	113,068,291	113,068,291	1,187,692,131	1,187,692,131	6.990
2010	921,434,087	921,434,087	123,794,471	123,794,471	1,045,228,558	1,045,228,558	6.990
2011	720,234,408	720,234,408	106,622,010	106,622,010	826,856,418	826,856,418	6.990
2012	647,527,857	647,527,857	106,138,512	106,138,512	753,666,369	753,666,369	6.990
2013	615,872,764	615,872,764	112,804,675	112,804,675	728,677,439	728,677,439	7.990
2014	698,367,834	698,367,834	109,721,224	109,721,224	808,089,058	808,089,058	7.790
2015	759,414,944	759,414,944	119,385,823	119,385,823	878,800,767	878,800,767	7.790

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 <sup>(a)</sup>				
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
2006	6.990	0.000	6.990	8.727	0.422	8.078	0.195	24.412
2007	6.890	0.000	6.890	8.333	0.422	7.770	0.195	23.610
2008	6.819	0.000	6.819	6.867	0.387	7.512	0.183	21.766
2009	6.990	0.000	6.990	6.867	0.387	7.586	0.183	22.013
2010	6.990	0.000	6.990	6.867	0.377	7.792	0.183	22.208
2011	6.990	0.000	6.990	6.867	0.377	7.792	0.183	22.208
2012	6.990	0.000	6.990	7.499	0.393	7.670	0.183	22.735
2013	7.990	0.000	7.990	6.867	0.393	7.492	0.000	22.742
2014	7.790	0.000	7.790	6.867	0.365	7.547	0.000	22.569
2015	7.790	0.000	7.790	6.782	0.349	7.208	0.000	22.129

<sup>(a)</sup> 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**

<u>Taxpayer</u>	<u>Fiscal Year 2014/2015</u>			<u>Fiscal Year 2005/2006</u>		
	<u>Taxable Value</u>	<u>Percent of Total Taxable Value</u>	<u>Rank</u>	<u>Taxable Value</u>	<u>Percent of Total Taxable Value</u>	<u>Rank</u>
Heart of Florida	\$ 39,182,433	4.5%	1	*	*	*
Sofidel America Corp	33,837,532	3.9%	2	*	*	*
Aldi Florida LLC	23,845,256	2.7%	3	*	*	*
Duke Energy/Florida Power	21,703,886	2.5%	4	*	*	*
Royal Palm Village LLC	10,148,498	1.2%	5	*	*	*
WalMart	8,851,513	1.0%	6	*	*	*
Verizon Florida	7,905,319	0.9%	7	*	*	*
Oldcastle APG South	7,505,397	0.9%	8	*	*	*
Lowe's	7,110,178	0.8%	9	*	*	*
Haines Mall LLC	6,894,476	0.8%	10	*	*	*
Total ten largest taxpayers	166,984,488	19.0%		0	0.0%	
Other taxpayers	711,816,279	81.0%				
Total per 2015 tax roll	<u>\$ 878,800,767</u>	<u>100.0%</u>		<u>0</u>	<u>0.0%</u>	

\*Data not available

Source : Polk County Property Appraiser

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

<b>Fiscal Year</b>	<b>Total Tax Levy <sup>(1)</sup></b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Prior Years Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percentage of Total Collections To Tax Levy</b>
2006	\$ 4,580,279	4,435,346	96.84%	20,061	4,455,407	97.27%
2007	6,684,661	6,470,906	96.80%	14,881	6,485,787	97.02%
2008	8,232,839	7,783,524	94.54%	139,007	7,922,531	96.23%
2009	8,301,968	8,052,643	97.00%	100,973	8,153,616	98.21%
2010	7,306,148	7,117,451	97.42%	70,945	7,188,396	98.39%
2011	5,779,726	5,598,844	96.87%	72,540	5,671,384	98.13%
2012	5,268,128	5,048,229	95.83%	63,901	5,112,130	97.04%
2013	5,822,133	5,600,105	96.19%	32,986	5,633,091	96.75%
2014	6,295,014	5,718,569	90.84%	36,919	5,755,488	91.43%
2015	6,845,858	6,066,464	88.62%	68,306	6,134,770	89.61%

<sup>(1)</sup> 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	Capital Projects Revenue Bonds	Utility System Revenue Bonds/Notes	State Revolving Loans	Capital Leases					
2006	\$ 375,693	11,048,400	1,981,433	6,611,101	103,559	20,120,186	517,480,416	3.89%	1,071	
2007	757,356	36,563,186	1,748,767	6,030,184	63,036	45,162,529	584,515,251	7.73%	2,276	
2008	660,409	36,142,330	1,500,762	5,433,340	21,260	43,758,101	582,291,228	7.51%	2,313	
2009	587,123	35,236,474	1,237,412	5,452,095	-	42,513,104	587,512,737	7.24%	2,267	
2010	316,650	34,205,618	958,687	5,826,178	-	41,307,133	668,866,020	6.18%	2,012	
2011	112,402	44,877,752	-	7,023,004	-	52,013,158	668,094,096	7.79%	2,517	
2012	-	44,103,189	-	12,256,692	-	56,359,881	691,048,467	8.16%	2,728	
2013	-	42,627,605	5,960,000	9,196,289	-	57,783,894	719,541,095	8.03%	2,702	
2014	366,089	41,084,285	5,353,000	8,789,510	-	55,592,884	735,494,305	7.56%	2,600	
2015	368,717	40,744,859	4,349,000	10,087,021	-	55,549,597	724,351,968	7.67%	2,504	

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				
2006	\$4,485,000	3,675,000	3,090,000	-	-	5,352	11,244,648	1.79%	599
2007	30,410,000	3,585,000	3,030,000	-	-	1,529	37,023,471	3.89%	1,866
2008	30,125,000	3,490,000	2,970,000	-	-	1,130,504	35,454,496	3.06%	1,934
2009	29,360,000	3,395,000	2,905,000	-	-	1,230,231	34,429,769	3.00%	1,901
2010	28,475,000	3,295,000	2,840,000	-	-	1,243,303	33,366,697	3.31%	1,685
2011	27,550,000	3,190,000	2,775,000	11,748,000	-	1,260,774	44,002,226	5.47%	2,191
2012	26,736,633	2,980,556	2,705,000	11,681,000	-	1,273,655	42,829,534	5.84%	2,132
2013	25,716,524	2,871,081	2,635,000	11,405,000	-	1,288,124	41,339,481	5.85%	1,993
2014	24,652,679	2,756,606	2,560,000	11,115,000	-	1,310,652	39,773,633	5.22%	1,860
2015	21,903,834	2,642,131	-	10,809,000	4,422,000	1,324,861	38,452,104	4.38%	1,733

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, 2015**

<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	\$ 322,925,158	3.27% <sup>(1)</sup>	<u>\$ 10,551,366</u>
Total overlapping debt			10,551,366
Total direct debt	40,744,859	100.0%	<u>40,744,859</u>
Total direct and overlapping debt			<u><u>\$ 51,296,225</u></u>

<sup>(1)</sup> 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, 2015**

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  
PLEGGED REVENUE COVERAGE  
Last Ten Fiscal Years**

Fiscal Year	Gross Revenues <sup>(1)</sup>	Less Operating Expenses <sup>(2)</sup>	Net Available For Debt Service	Debt Service Requirements		
				Principal	Interest	Coverage
<b>Water and Sewer Revenue Bonds</b>						
2006	\$ 5,714,708	2,983,681	2,731,027	220,000	135,928	7.67
2007	6,592,401	3,809,716	2,782,685	235,000	121,536	7.80
2008	7,195,273	4,118,344	3,076,929	250,000	105,950	8.64
2009	6,930,688	4,542,408	2,388,280	265,000	89,213	6.74
2010	7,287,830	4,585,174	2,702,656	280,000	71,500	7.69
2011	7,897,736	4,598,332	3,299,404	960,000	64,209	3.22
2012	8,359,524	5,373,126	2,986,398	-	-	-
2013	8,595,968	4,756,751	3,839,217	-	-	-
2014	8,701,975	4,598,428	4,103,547	-	-	-
2015	8,807,681	4,645,953	4,161,728	-	-	-
<b>State Revolving Fund Loans</b>						
2006	5,714,708	3,339,609	2,375,099	565,424	188,175	3.15
2007	6,592,401	4,166,252	2,426,149	588,743	172,682	3.19
2008	7,195,273	4,474,294	2,720,979	596,845	156,754	3.61
2009	6,930,688	4,896,621	2,034,067	613,218	140,380	2.70
2010	7,287,830	4,936,674	2,351,156	630,053	123,545	3.12
2011	7,897,736	5,622,541	2,275,195	657,475	112,029	2.96
2012	8,359,524	5,373,126	2,986,398	918,559	203,785	2.66
2013	8,595,968	4,756,751	3,839,217	873,206 <sup>(3)</sup>	279,786	3.33
2014	8,701,975	4,598,428	4,103,547	406,778	207,021	6.69
2015	8,807,681	4,645,953	4,161,728	416,092	193,892	6.82

<sup>(1)</sup> Gross revenues from water and sewer charges for services, plus interest income and service charges

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

<sup>(3)</sup> 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**

<b>Year</b>	<b>Population <sup>(1)</sup></b>	<b>Polk County Per Capita Personal Income <sup>(2)</sup></b>	<b>Personal Income <sup>(2)</sup></b>	<b>Public School Enrollment <sup>(3)</sup></b>	<b>Unemployment Rate <sup>(4)</sup></b>
2006	18,784	\$ 27,549	517,480,416	6,654	4.2%
2007	19,843	29,457	584,515,251	7,394	5.2%
2008	18,916	30,783	582,291,228	7,468	8.7%
2009	18,753	31,329	587,512,737	7,673	12.8%
2010	20,535	32,572	668,866,020	7,701	13.3%
2011	20,661	32,336	668,094,096	7,653	10.7%
2012	20,661	33,447	691,048,467	7,846	8.6%
2013	21,385	33,647	719,541,095	8,449	7.2%
2014	21,385	34,393	735,494,305	8,533	6.6%
2015	22,184	32,652	724,351,968	6,881	5.9%

- Sources:
- <sup>(1)</sup> City of Haines City Community Development Department
  - <sup>(2)</sup> 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.
  - <sup>(3)</sup> Polk County School Board
  - <sup>(4)</sup> U.S. Department of Labor Bureau labor Statistics Data, Polk County, Florida

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

<u>Employer</u>	<u>Type of Business</u>	<u>Fiscal Year 2015/2016</u>		<u>Fiscal Year 2005/2006</u>	
		<u>Number of Employees</u>	<u>Rank</u>	<u>Number of Employees</u>	<u>Rank</u>
HFRMC	Manufacturer	850	1	*	*
Polk County School Board	Education/Government	705	2	*	*
Wal-Mart	Retailer	430	3	*	*
Sofidel America Corp	Manufacturer	400	4	*	*
City of Haines City	Municipal Government	231	5	*	*
Publix Super Market	Food Service	200	6	*	*
Aldi	Food Service	154	7	*	*
Lowes	Retailer	150	8	*	*
Haines City CGA	Food Service	142	9	*	*
Haines City Health Care	Health Care	120	10	*	*
Total		<u>3,382</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**

	<b>Full-time Equivalent Employees as of September 30,</b>									
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>General government</b>										
City Manager	5	5	5	4	4	4	4	3	3	3
City Clerk	1	2	2	2	2	2	2	1.5	2	2
Finance	5.5	7.5	6.5	6.5	6.5	5.5	5.5	3.3	2.8	3.8
Human Resources	2	2	2	2	2	2	2	2	2	3
Information Technology								2	2.5	4
Community Development	18	20	21	19	17	16	16	13	12	8
Facilities Maintenance		1	1	1	6	6	6	7	5	6
<b>Public safety</b>										
Police	67	76	74	74	76	76	76	76	64	63.6
Fire	28	31	31	31	31	31	31	31	32	31.4
<b>Public works</b>	14.5	18.5	17	17	12.5	12.5	12.5	10	8.8	9.25
<b>Utilities</b>	37	39	42.5	42.5	46	46	46	46.7	45.95	44.95
<b>Parks and recreation</b>	24	31	35	47	42	42	40	34	33	32
<b>Library</b>	<u>6</u>	<u>7</u>	<u>7</u>	<u>6</u>	<u>6</u>	<u>5</u>	<u>6</u>	<u>9</u>	<u>8</u>	<u>8</u>
<b>Total</b>	<u>208</u>	<u>240</u>	<u>244</u>	<u>252</u>	<u>251</u>	<u>248</u>	<u>247</u>	<u>239</u>	<u>221</u>	<u>219</u>

Source: City of Haines City Annual Budget

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Building inspection</b>										
Building permits issued	1,677	1,374	1,052	767	788	810	865	935	1,235	1,101
Number of building inspections completed	11,575	6,874	3,678	2,639	2,297	2,383	3,531	3,567	5,129	4,554
Number of re-inspections	*	*	*	*	*	*	*	*	*	*
Number of total building construction plans reviewed	*	*	387	308	298	322	300	323	368	498
<b>Law enforcement</b>										
Physical arrests	1,494	1,221	1,154	1,093	1,504	1,527	1,768	1,355	1,435	1,058
DUI arrests	93	95	54	63	66	62	58	59	77	17
Traffic violations	4,444	3,548	2,620	2,987	5,090	4,974	4,943	3,825	4,011	2,428
Red light camera violations	*	*	*	*	*	25,189	21,454	20,427	22,357	11,428
Traffic crashes	827	672	685	712	816	536	616	610	719	814
Calls for service	14,572	14,702	14,906	13,541	19,632	16,265	20,974	23,571	22,741	21,241
<b>Fire</b>										
Emergency responses	2,832	2,242	2,572	2,424	2,096	2,127	2,212	2,684	2,711	2,838
Number of actual fires suppressed	16	24	27	33	26	70	93	106	23	20
Number of building inspections	244	259	699	720	669	370	370	492	448	60
Number of school inspections	7	8	8	8	9	12	12	12	12	2
Number of re-inspection	*	*	*	722	1,260	652	1,150	655	995	50
Number of plans reviewed	*	*	*	46	67	115	54	62	69	70
<b>Public works</b>										
Street resurfacing (miles)	*	*	*	*	*	*	*	*	*	3
Other street repairs	*	*	*	*	*	*	*	*	*	*
Paved streets (miles)	*	*	*	*	*	*	*	*	*	84
Unpaved streets (miles)	*	*	*	*	*	*	*	*	*	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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Transportation</b>										
Miles of streets	*	*	*	*	*	*	*	*	*	*
<b>Public safety</b>										
Number of fire stations	1	1	1	1	1	1	1	1	1	1
Number of firefighters and officers	27	30	30	30	30	30	30	30	32	30
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of sworn officers	45	50	51	51	51	53	53	53	53	53
<b>Municipal water system</b>										
Number of customers	7,684	8,121	8,097	7,733	7,891	8,167	9,314	9,532	9,714	9,871
Average daily consumption	*	3.99MGD	3.99MGD	3.99MGD	3.99MGD	3.99MGD	3.99MGD	3.99MGD	3.99MGD	4.39MGD
Plant capacity, all plants	*	5.72MGD	5.72MGD	5.72MGD	5.72MGD	5.72MGD	9.0MGD	9.0MGD	9.0MGD	9.0MGD
Deep wells	*	7	7	7	7	7	7	7	7	7
Number of fire hydrants	*	700	700	700	700	700	700	700	700	710
<b>Municipal sewer system</b>										
Number of customers	6,325	6,755	6,813	6,566	6,566	6,899	7,432	7,463	7,467	7,363
Treatment facility capacity	*	2.97MGD	2.97MGD	2.97MGD	2.97MGD	2.97MGD	2.97MGD	2.97MGD	2.97MGD	2.97MGD
Annual average flow	*	1.65MGD	1.65MGD	1.65MGD	1.65MGD	1.65MGD	1.65MGD	1.65MGD	1.65MGD	1.65MGD
<b>Municipal stormwater system</b>										
Number of customers	7,112	7,535	7,541	7,205	7,332	7,426	7,426	7,426	7,426	7,910
<b>Building permits issued</b>										
Number of customers	1,533	714	544	767	788	810	865	935	1,235	1,101
<b>Recreation and culture</b>										
Number of neighborhood parks	3	3	4	4	4	4	4	4	4	4
Park area, number of acres	31	39	39	39	39	39	39	39	39	39
Number of books	50,383	52,607	58,000	61,854	62,510	60,521	61,525	61,500	61,500	61,500

\* 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*
- Independent Auditor's report on Compliance for each Major State Project and on Internal Control over Compliance
- Schedule of Expenditures of State Financial Assistance Projects
- Schedule of Findings and Questioned Costs
- Independent Auditor's Management Letter
- Independent Auditor's Report – 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***

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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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 16, 2016. Our report includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

Bradenton, Florida  
June 16, 2016

*Mauldin & Jenkins, LLC*



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR STATE PROJECT AND ON  
INTERNAL CONTROL OVER COMPLIANCE**

---

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

**Report on Compliance for Each Major State Project**

We have audited the City of Haines City, Florida's (the "City") compliance with the types of compliance 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 state projects for the year ended September 30, 2015. The City's major state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major state projects based on our audit of the types of compliance requirements referred to above. 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; and Chapter 10.550, *Rules of the Auditor General*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major State Project***

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 state projects for the year ended September 30, 2015.

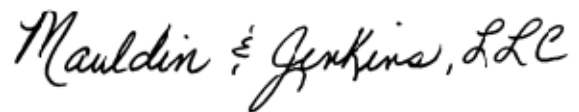
## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project 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 state project 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



Bradenton, Florida  
June 16, 2016



**CITY OF HAINES CITY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE PROJECTS**  
**FOR FISCAL YEAR ENDED SEPTEMBER 30, 2015**

<b>Federal Grantors/Pass Through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Pass Through Grantor's/Lender's Number</b>	<b>Expenditures</b>
<b>State Financial Assistance</b>			
<b>State of Florida, Department of State</b>			
Passed through Polk County, Florida			
Board of County Commissioners			
Library Cooperative Grant	45.018	N/A	<u>\$ 174,090</u>
<b>State of Florida, Department of Economic Opportunity</b>			
Growth Management Implementation Technical Assistance	40.024	P0105	<u>25,000</u>
<b>State of Florida, Department of Environmental Protection</b>			
Clean Water State Revolving Fund			
Wastewater Treatment Facility Construction	37.077	WW530440	<u>1,457,730</u>
<b>Total Expenditures of State financial assistance</b>			<u><u>\$ 1,656,820</u></u>

**CITY OF HAINES CITY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**SECTION I  
SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of auditor's report issued Unmodified

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

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

Noncompliance material to financial statements noted? \_\_\_ yes  X  no

**State Financial Assistance Projects**

Internal Control over major state programs:  
Material weaknesses identified? \_\_\_ yes  X  no

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

Type of auditor's report issued on compliance for  
major state financial assistance projects: Unmodified

Identification of major state financial assistance projects:

CSFA Number	Name of State Project or Cluster
37.077	Wastewater Treatment Facility Construction

**SECTION II  
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported

**SECTION III  
STATE FINANCIAL ASSISTANCE PROJECT  
FINDINGS AND QUESTIONED COSTS**

None reported.

**SECTION IV  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

*Technology Disaster Recovery Plan*

**2014-001** - The City has been in the development stage of the technology disaster recovery plan but did not have a written disaster and recovery plan in place as of September 30, 2014. Therefore, in the event of disaster, the City would not have a formal set of procedures to follow as guidance for recovery.

*Status:* The City has completed its preparation of the disaster recovery plan and has placed the plan into operation. As such this recommendation has been corrected and is not repeated in the current year.





## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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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, 2015, and have issued our report thereon dated June 16, 2016.

### **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 Reports and Schedule**

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 Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated June 16, 2016, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report as recommendation 2014-001 was corrected during the current year and is not repeated in this year's report.

### **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**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we report 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 identification of 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.c. 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 the review of financial information provided by same.

**Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

**Special District Component Units**

Section 10.554(1)(i)5.d, Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided 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 determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

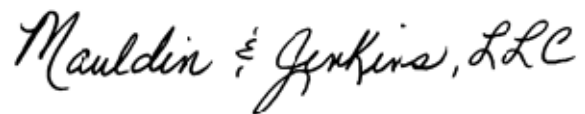
**Other Matters**

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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 have 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.



Bradenton, Florida  
June 16, 2016



## INDEPENDENT AUDITOR'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, 2015. Management 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 and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. 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 for the year ended September 30, 2015.

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.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
June 16, 2016