

CITY OF HAINES CITY, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**Fiscal Year Ended
September 30, 2025**

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



CITY OF HAINES CITY, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2025

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INTRODUCTORY SECTION

This section contains the following subsections:

- Letter of Transmittal
- Organizational Chart
- Principal City Officials
- GFOA Certificate of Excellence





HAINES CITY

WWW.HAINESCITY.COM

April 29, 2026

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

State law requires all local governments publish each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP), and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the City of Haines City for the fiscal year ended September 30, 2025.

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

The City of Haines City's financial statements have been audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance the basic financial statements of the City of Haines City for the fiscal year ended September 30, 2025 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, there was a reasonable basis for rendering an unmodified opinion that the City of Haines City's financial statements for the fiscal year ended September 30, 2025 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Our Mission

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

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

Profile of the City

The City of Haines City, Florida, is a municipal corporation of the State of Florida and was incorporated in 1914. The City is located in Central Florida, some 40 miles west of Orlando and 60 miles east of Tampa. Because of this central location, Haines City is referred to as the "Heart of Florida". The current permanent population is 39,514. The jurisdiction of the City encompasses 24.1 square miles of territory. The City is empowered to levy a property tax on real estate and personal properties located within its boundaries. It is empowered by state statute to extend its corporate limits by annexation, which occurs when deemed appropriate by the City Commission.

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

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

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

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

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

Factors Affecting Financial Condition

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

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

Over the past three fiscal years, the City has issued more than 4,000 permits, a strong indicator of investor confidence and economic vitality. This high level of permit activity spans residential, commercial, and infrastructure projects, underscoring the City's broad-based growth. The pipeline of planned developments remains robust, positioning the City for continued economic expansion.

The City remains committed to responsible fiscal management and collaborative governance. By being prudent stewards of public funds, we aim to ensure long-term financial stability and preserve resources for future generations, while fostering a dynamic and resilient local economy.

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

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

Major Initiatives: During fiscal year 2025, 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:

- Continued development and growth contributed to a 17.84% increase in taxable value for 2025 ad valorem taxes. This sustained growth has enabled the City to maintain the millage rate consistent for 9 consecutive years (2016).
- The City has proudly received this prestigious designation for the past two years and is anticipating continued success this year—positioning us to be named **Best Places to Work** once again!
- The Emergency Operations Center (EOC) and Fire Station No. 2 project has been completed, representing a significant investment in public safety infrastructure. This state-of-the-art facility enhances the City’s capabilities in emergency response, disaster preparedness, and overall community resilience.

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 seventeenth consecutive year for the City’s Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024.

The City also received its seventh Government Finance Officers Association’s (GFOA) Distinguished Budget Presentation Award for the fiscal year 2024 budget. These Certificates of Achievement are the highest form of recognition for excellence in state and local government financial reporting and budgeting.

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

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

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

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

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

Respectfully submitted,

A handwritten signature in black ink that reads "Jim Elenksy". The signature is written in a cursive, flowing style.

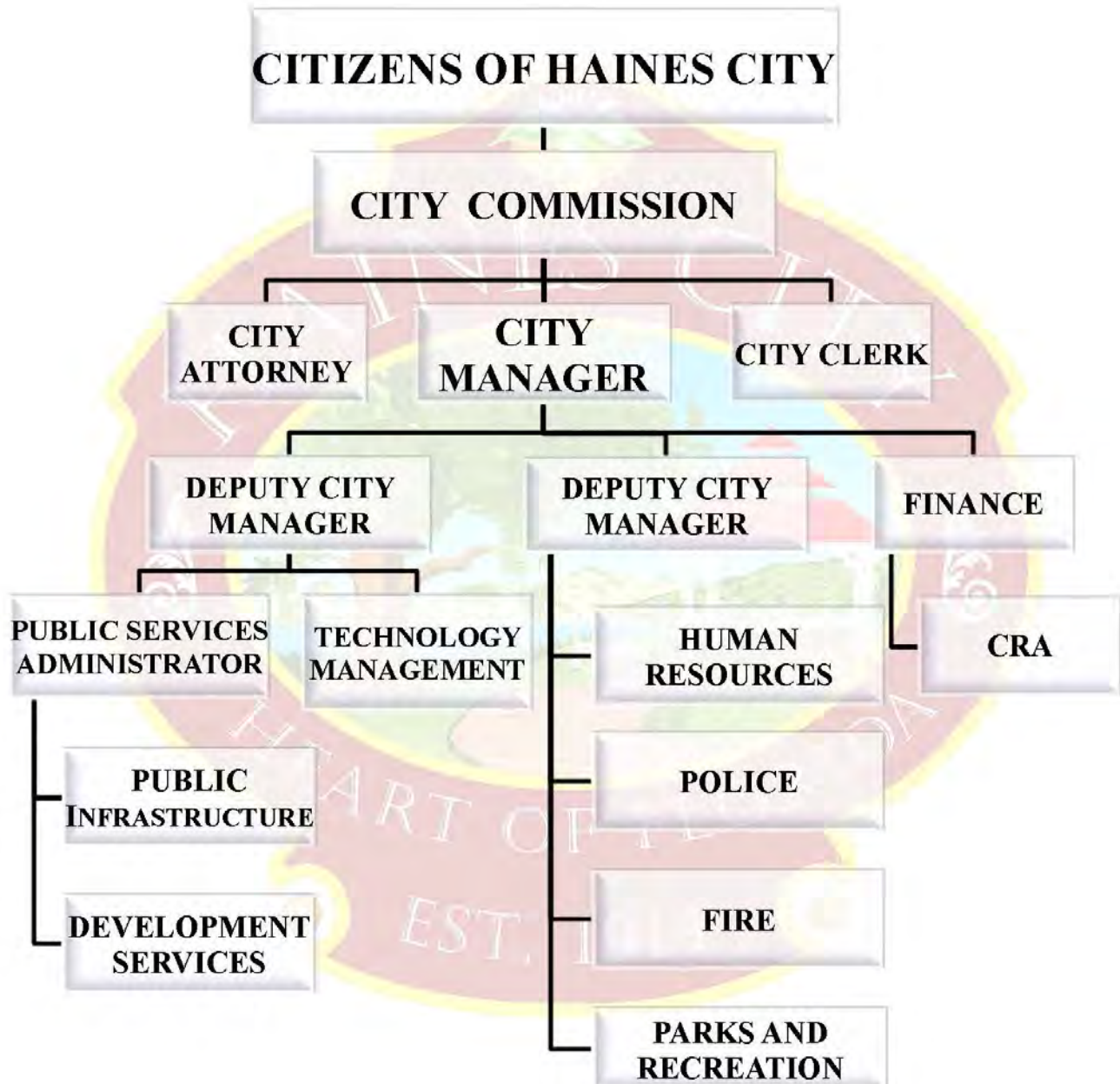
Jim Elenksy, CPM
City Manager

A handwritten signature in black ink that reads "Omar DeJesus, CPA". The signature is written in a cursive, flowing style.

Omar DeJesus, CPA
Finance Director

City of Haines City, Florida

Organizational Chart



CITY OF HAINES CITY, FLORIDA

**PRINCIPAL CITY OFFICIALS
SEPTEMBER 30, 2025**

CITY COMMISSION

Omar Arroyo, Mayor/Commissioner
Morris West, Vice Mayor/Commissioner
Anne Huffman, Commissioner
Vernel Smith, Commissioner
Kim Downing, Commissioner

CITY MANAGER

James R. Elensky

CITY CLERK

Sharon Lauther

CITY ATTORNEY

Fred Reilly



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Haines City
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

This section contains the following subsections:

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





Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Haines City, Florida (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and other post-employment benefit schedules on pages 4 through 14, 65 and 66, and 67 through 74, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

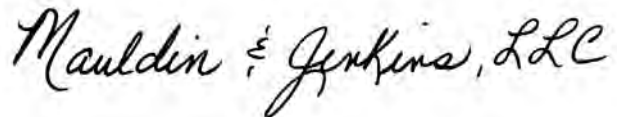
Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



Bradenton, Florida
April 29, 2026



CITY OF HAINES CITY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended September 30, 2025

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows on September 30, 2025, by \$442,797,631 (net position). This amount includes \$177,940,698 invested in capital assets net of all related debt. Of this amount, unrestricted net position totals \$136,765,530.
- The City’s total net position increased by \$86,113,496 or 24.14% in fiscal year 2025 compared to \$86,647,069 increase in the prior year. The increases in both unrestricted and restricted assets are a result of a combination of sustained new development growth.
- As of September 30, 2025, the City’s governmental funds reported combined ending fund balances of \$139,243,626, an increase of \$18,218,631 from the prior year. The fund balance saw a notable increase due to the strategic management of impact fees and diligent cost management.
- The City’s total debt (including compensated absences, the net pension liability, and the total OPEB liability) decreased by \$11,291,067 (-14.3%) during the current fiscal year due to scheduled principle payments and a substantial decrease in the net pension liability due to strong market performance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has \$5,993,466 that qualifies for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City currently has \$7,342,783 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.”

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.

CITY OF HAINES CITY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended September 30, 2025

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.

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

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

**CITY OF HAINES CITY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended September 30, 2025**

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 \$442,797,631.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|-------------------------|-------------|--------------------------|-------------|-------------|-------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Current and other assets | \$ 152,778,272 | 129,126,817 | 146,328,525 | 125,563,885 | 299,106,797 | 254,690,702 |
| Capital assets | 89,986,997 | 69,833,085 | 139,203,220 | 120,097,316 | 229,190,217 | 189,930,401 |
| Total assets | 242,765,269 | 198,959,902 | 285,531,745 | 245,661,201 | 528,297,014 | 444,621,103 |
| Deferred outflows | 5,313,005 | 6,123,484 | 680,461 | 740,131 | 5,993,466 | 6,863,615 |
| Long-term liabilities | | | | | | |
| outstanding | 40,307,815 | 49,013,317 | 27,329,814 | 29,915,379 | 67,637,629 | 78,928,696 |
| Other liabilities | 10,165,664 | 5,301,327 | 6,346,773 | 6,674,542 | 16,512,437 | 11,975,869 |
| Total liabilities | 50,473,479 | 54,314,644 | 33,676,587 | 36,589,921 | 84,150,066 | 90,904,565 |
| Deferred inflows | 6,272,945 | 3,422,819 | 1,069,838 | 473,199 | 7,342,783 | 3,896,018 |
| Net investment in | | | | | | |
| capital assets | 64,768,355 | 45,945,263 | 113,172,343 | 92,727,079 | 177,940,698 | 138,672,342 |
| Restricted | 79,441,532 | 43,198,347 | 48,649,871 | 37,663,296 | 128,091,403 | 80,861,643 |
| Unrestricted | 47,121,963 | 58,202,313 | 89,643,567 | 78,947,837 | 136,765,530 | 137,150,150 |
| Total net position | \$ 191,331,850 | 147,345,923 | 251,465,781 | 209,338,212 | 442,797,631 | 356,684,135 |

Of the City’s net position, forty percent (40.19%) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure, and vehicles and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF HAINES CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2025

Approximately twenty-nine percent (28.93%) of the City's net position represents resources that are subject to external restrictions on how they may be used.

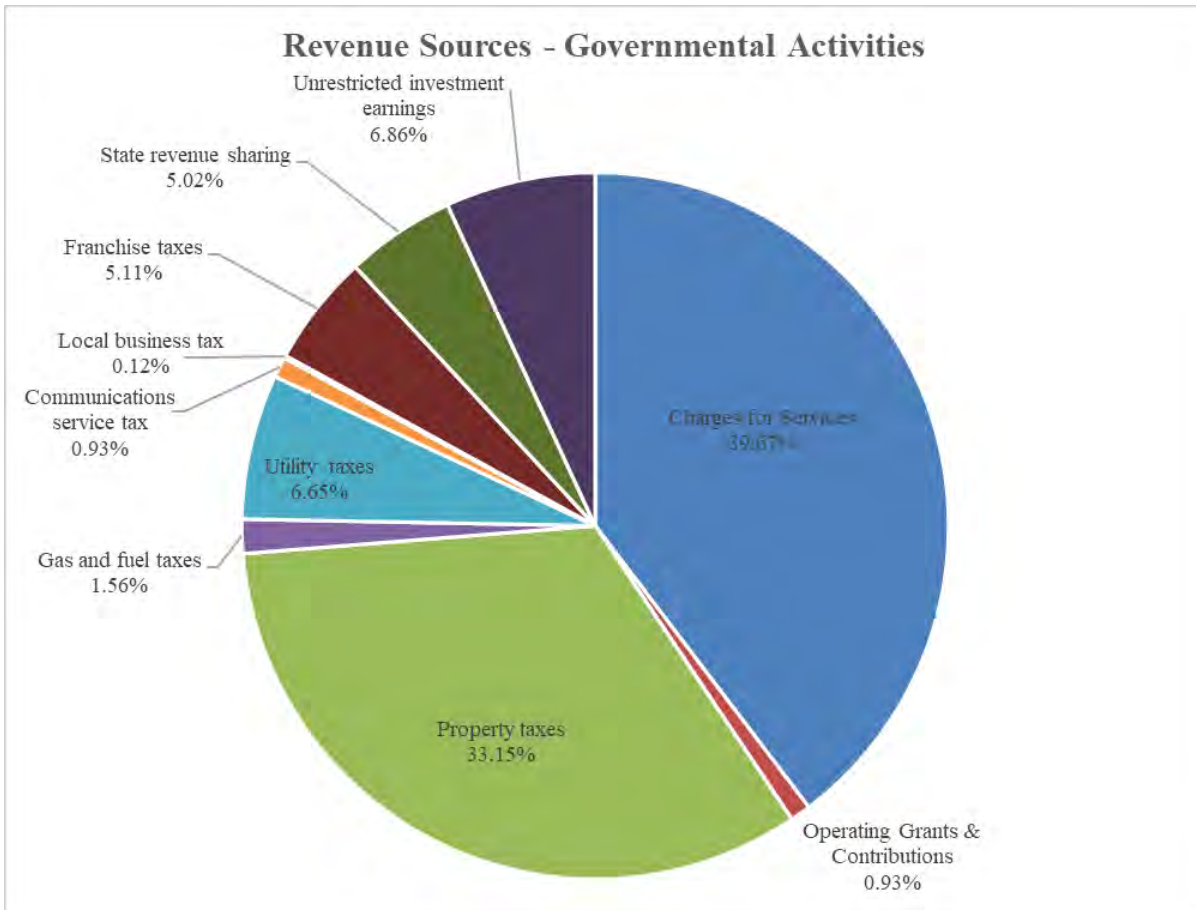
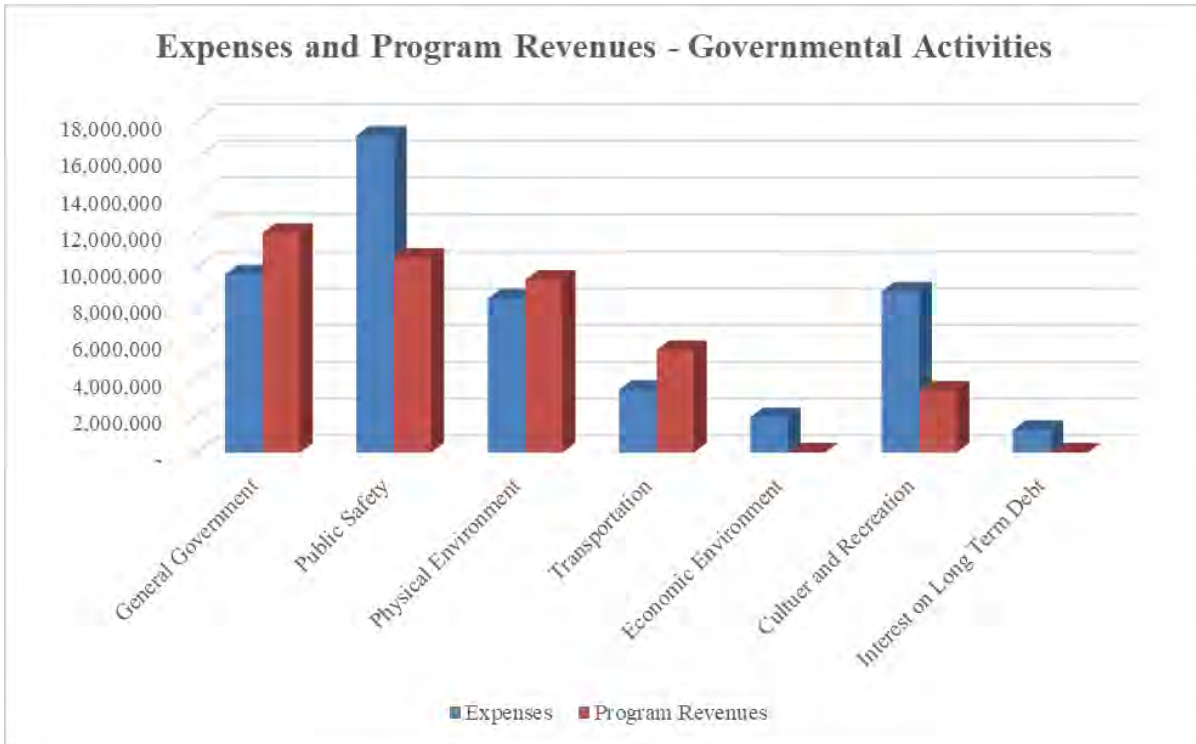
The increase in assets and net position of the City's business-type activities is due to additions made to the City's water distribution and sewer collection systems, but primarily due to increases in restricted assets because the City is experiencing record growth.

Statements of Activities

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|-------------|--------------------------|-------------|-------------|-------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 35,704,146 | 34,508,333 | 44,100,091 | 42,395,668 | 79,804,237 | 76,904,001 |
| Operating grants and contributions | 840,814 | 1,941,799 | - | - | 840,814 | 1,941,799 |
| Capital grants and contributions | 4,220,926 | 2,501,395 | 14,760,647 | 13,775,466 | 18,981,573 | 16,276,861 |
| General revenues | | | | | | |
| Property taxes | 29,835,398 | 25,067,633 | - | - | 29,835,398 | 25,067,633 |
| Franchise taxes | 4,599,290 | 3,688,071 | - | - | 4,599,290 | 3,688,071 |
| Utility taxes | 5,981,729 | 4,891,399 | - | - | 5,981,729 | 4,891,399 |
| Communications service tax | 838,887 | 749,514 | - | - | 838,887 | 749,514 |
| Local business tax | 111,974 | 102,651 | - | - | 111,974 | 102,651 |
| Gas and fuel taxes | 1,403,887 | 1,287,875 | - | - | 1,403,887 | 1,287,875 |
| State revenue sharing | 4,519,947 | 4,222,774 | - | - | 4,519,947 | 4,222,774 |
| Unrestricted investment earnings | 6,175,886 | 5,874,259 | 5,408,282 | 5,082,889 | 11,584,168 | 10,957,148 |
| Gain on disposal | 145,946 | 466,765 | - | 8,750 | 145,946 | 475,515 |
| Total revenues | 94,378,830 | 85,302,468 | 64,269,020 | 61,262,773 | 158,647,850 | 146,565,241 |
| Expenses | | | | | | |
| General government | 9,658,284 | 8,494,888 | - | - | 9,658,284 | 8,494,888 |
| Public safety | 17,196,122 | 16,679,539 | - | - | 17,196,122 | 16,679,539 |
| Physical environment | 8,346,483 | 6,713,704 | - | - | 8,346,483 | 6,713,704 |
| Transportation | 3,399,580 | 2,792,663 | - | - | 3,399,580 | 2,792,663 |
| Economic environment | 1,912,974 | 1,460,006 | - | - | 1,912,974 | 1,460,006 |
| Culture and recreation | 8,738,501 | 8,082,540 | - | - | 8,738,501 | 8,082,540 |
| Interest on long-term debt | 1,224,792 | 957,366 | - | - | 1,224,792 | 957,366 |
| Water/sewer utility | - | - | 21,095,649 | 14,094,504 | 21,095,649 | 14,094,504 |
| Stormwater utility | - | - | 961,969 | 642,953 | 961,969 | 642,953 |
| Total expenses | 50,476,736 | 45,180,706 | 22,057,618 | 14,737,457 | 72,534,354 | 59,918,163 |
| Change in net position before transfers | 43,902,094 | 40,121,762 | 42,211,402 | 46,525,316 | 86,113,496 | 86,647,078 |
| Transfers | 83,833 | - | (83,833) | - | - | - |
| Change in net position | 43,985,927 | 40,121,762 | 42,127,569 | 46,525,316 | 86,113,496 | 86,647,078 |
| Net position, beginning | 147,345,923 | 107,224,161 | 209,338,212 | 162,812,896 | 356,684,135 | 270,037,057 |
| Net position, ending | \$ 191,331,850 | 147,345,923 | 251,465,781 | 209,338,212 | 442,797,631 | 356,684,135 |

**CITY OF HAINES CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2025**



**CITY OF HAINES CITY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended September 30, 2025**

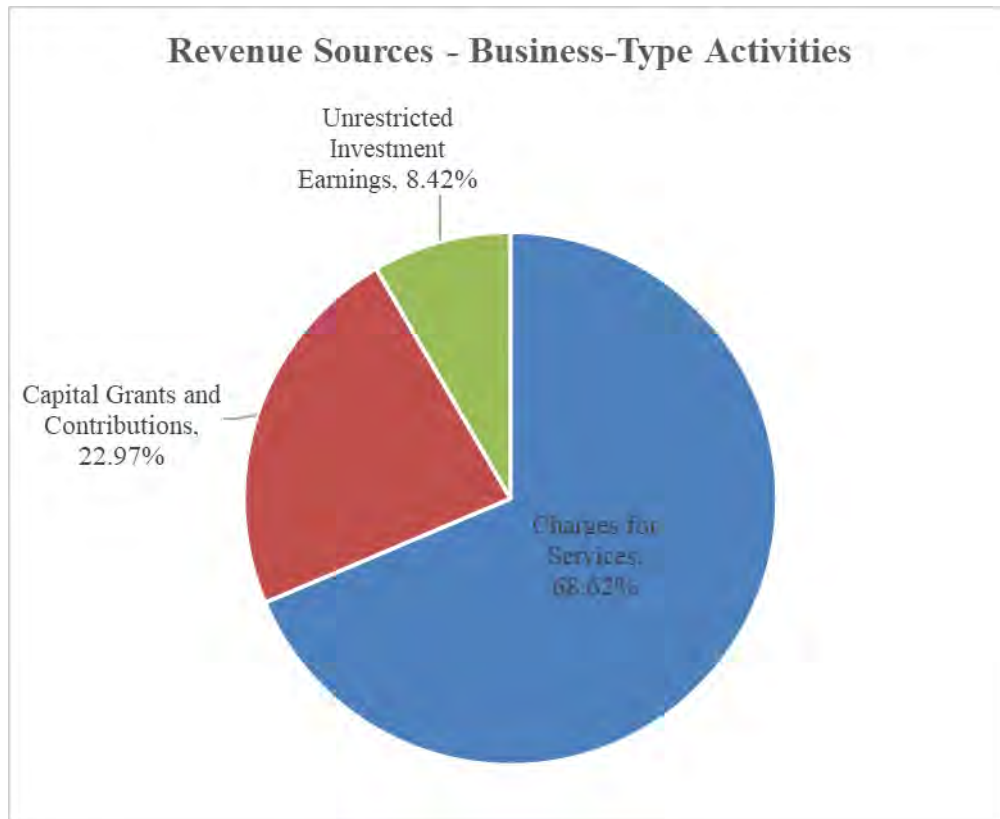
Governmental Activities

Governmental activities net position increased by \$43,985,927.

General revenues of governmental activities increased by \$7,262,003. Property values have continued to increase as new homes continue to be built at higher prices. Favorable economic markets have allowed for greater investment returns.

Program revenues of governmental activities increased by \$1,814,359, showing a large increase over last year’s building permits and related revenues collected. Charges for services increased by \$1,195,813 and grant contributions decreased by \$1,100,985 due to continued growth within the City and the recognition of contributed capital from developers. The City has been and will continue to be active in securing grant funding which resulted in a decrease of \$1,719,531 over the prior year.

The expenses for governmental activities increased by \$5,296,030 compared to the prior year. Governmental expenses surged due to higher investment in infrastructure projects, expanded public services, and increased personnel costs to meet growing community needs.



**CITY OF HAINES CITY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended September 30, 2025**

Business-Type Activities

Business-type activities net position increased by \$42,127,569.

Program revenues of business type activities increased by \$2,689,604 due to increases in contributed capital from developers in comparison to the prior year. Community initiatives were not impacted as a result of strategic planning and continued customer accounts growth leading to higher water and sewer service revenues.

Expenses for business-type activities increased by \$7,320,161 during the fiscal year, primarily attributable to the completion of major capital projects. Although these projects contributed to the increase in current-year expenses, their completion is expected to support long-term operational efficiencies.

The City has implemented staffing improvements, streamlined workflows, and cost-effective operational strategies, which have contributed to reducing the overall cost of service delivery. These efforts have enabled the City to continue providing reliable services while managing expenditures.

The City remains focused on maintaining efficient operations and exercising prudent financial management to minimize impacts on ratepayers while continuing to address infrastructure needs associated with ongoing community growth.

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

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

Governmental Funds

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

As of September 30, 2025, the City’s governmental funds reported combined ending fund balances of \$139,243,626, an increase of \$18,218,631 in comparison with the prior year. Despite the economic shifts, the increase is due to the improvement of the overall economic condition of the City. As mentioned before, many factors resulted in the City’s increased fund balances with the primary being restricted funds as a result of the development growth from new construction. The City plans to heavily invest in its capital infrastructure in its next budget cycle with strategic funding to minimize future debt obligation.

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

- Non-spendable fund balance includes amounts that are not in spendable form (inventory or long-term receivables) or amounts that are required to be maintained intact (corpus of a permanent fund). \$190,168 or 0.1% of total fund balance is classified as non-spendable.
- Restricted fund balance includes amounts that can be spent only for specific purposes stipulated by external resource providers such as creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. \$79,441,532 or 57.0% of total fund balance is classified as restricted.

CITY OF HAINES CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2025

- Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution or ordinance) of the City Commission, the City's highest level of decision-making authority. Committed amounts cannot be used for any other purposes unless the City Commission removes or changes the specified use by taking the same type of formal action (resolution or ordinance) it employed to commit those funds. \$5,464,039 or 3.9% of total fund balance is classified as committed.
- Assigned fund balance includes amounts established by City Management intended to be used for specific purposes. \$42,356 or 0.03% of total fund balance is classified as assigned.
- Unassigned fund balance is the residual classification representing fund balance that has not been restricted, committed or assigned. \$54,105,531 or 38.9% of total fund balance is classified as unassigned.

The General Fund is the chief operating fund of the City. At September 30, 2025, total fund balance of the General Fund is \$111,000,468. Non-spendable fund balance equals \$190,168 or 0.2%; restricted fund balance equals \$51,198,374 or 46.1%; committed fund balance equals \$5,464,039 or 4.9%; assigned fund balance equals \$42,356 or .04%; and unassigned fund balance equals \$54,105,531 or 48.7%.

The fund balance of the City's General Fund increased by \$13,622,775 during the current fiscal year. As stated earlier, this increase is due to an overall improvement in the City's economic condition due to significant growth largely impacting restricted use funds from impact fees.

The fund balance of the City's CRA fund increased by \$4,307,571 during the current fiscal year due to increased revenues as a result of taxable values being affected by the economic growth and expense savings due to staffing turnover and project carryovers.

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 70.8% unassigned balance in relation to the 2026 Operational Budget of \$76,413,656. The City is now in a position to fund its capital improvement plan aggressively with reserves and not create recurring costs.

Proprietary Funds

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

- Unrestricted net position of the Water and Sewer Fund and the Stormwater Utility Fund at September 30, 2025 amounted to \$88,371,879 and \$1,271,688, 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 \$108,888,768 in the Water and Sewer Fund at year-end.

The change in net position for these funds was an increase of \$40,424,089 in the Water and Sewer Fund and an increase of \$1,703,480 in the Stormwater Fund. The change in net position for the Water and Sewer Fund was due to improved revenue collection with increased rates and new customers coming online and the collection of state grant funding.

**CITY OF HAINES CITY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended September 30, 2025**

GENERAL FUND BUDGETARY HIGHLIGHTS

There is a \$19,831,413 difference in appropriations between the original budget and the final amended budget for this fiscal year. The major reason for the difference relates to prior year carryforward projects to include the projects in the Capital Projects Fund which require General Fund Transfer funding.

The difference between the final amended budget and actual expenditures was \$16,180,804 and can be summarized as follows:

- General government departments expending less than budgeted amounts.
- Salary savings across multiple departments resulting from vacant positions.
- Restricted funding that was projected to be used but instead remained unspent and is designated for future use, including the City Hall Annex project.
- Unexpended capital project funding related to projects that were not completed during the fiscal year.

Overall, these variances reflect conservative spending patterns and timing differences in project execution

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 \$229,190,217 (net of accumulated depreciation) as of September 30, 2025. 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 \$39,259,816 (an increase of \$20,153,912 governmental activities and an increase of \$19,105,904 for business-type activities, respectively).

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------------------|-------------------------|-------------------|--------------------------|--------------------|--------------------|--------------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Land | \$ 12,255,170 | 12,126,988 | 5,350,580 | 5,350,581 | 17,605,750 | 17,477,569 |
| Plant improvements | - | - | 89,176,731 | 69,323,011 | 89,176,731 | 69,323,011 |
| Buildings and improvements | 30,152,367 | 29,603,526 | 23,371,977 | 24,214,057 | 53,524,344 | 53,817,583 |
| Equipment | 4,799,808 | 3,291,118 | 2,691,230 | 2,936,929 | 7,491,038 | 6,228,047 |
| Right to use leased assets, equipment | 232,727 | 483,487 | 16,671 | 33,809 | 249,398 | 517,296 |
| Transportation equipment | 4,922,013 | 3,114,516 | 660,050 | 634,514 | 5,582,063 | 3,749,030 |
| Infrastructure | 11,667,837 | 10,299,068 | 355,409 | 355,409 | 12,023,246 | 10,654,477 |
| Construction in progress | 25,957,075 | 10,914,382 | 17,580,572 | 17,249,006 | 43,537,647 | 28,163,388 |
| Total | <u>\$ 89,986,997</u> | <u>69,833,085</u> | <u>139,203,220</u> | <u>120,097,316</u> | <u>229,190,217</u> | <u>189,930,401</u> |

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

**CITY OF HAINES CITY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended September 30, 2025**

Long-Term Debt

At the end of the current fiscal year, the City had total long-term liabilities of \$67,637,629, a decrease of \$11,291,067 from the prior year.

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

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|-----------------------------|--------------------------------|-------------|---------------------------------|-------------|--------------|-------------|
| | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> |
| Total long-term liabilities | \$ 40,307,815 | 49,013,317 | 27,329,814 | 29,915,379 | 67,637,629 | 78,928,696 |

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

NEXT YEAR’S BUDGETS AND RATES

For fiscal year 2026, the City reduced its millage rate from 7.5895 mills to 7.3395 mills. For the 2025 tax year, the City experienced a \$604,389,621 (17.84%) increase in property tax valuation, driven by rising property values and new development on previously agricultural land.

The upcoming budget focuses on key priorities such as retaining employees, boosting economic development, and advancing strategic planning efforts. To support these goals, the City continues to impose a Fire Service Assessment on properties within Haines City limits. Each parcel will be charged a base fee of \$144.93, plus \$0.85 for every \$1,000 of assessed value for improvements on the property. This assessment will appear on the property tax bill issued by the Polk County Tax Collector.

Revenues generated from the Fire Service Assessment, in combination with available reserves, are being utilized to fund the construction of additional fire stations and related capital improvements. The City continues to strategically allocate reserve funds toward critical infrastructure projects to support long-term community growth. In addition, impact fees remain an important funding source to offset the infrastructure demands associated with ongoing development.

**CITY OF HAINES CITY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended September 30, 2025**

ECONOMIC FACTORS

Haines City’s economic condition in fiscal year 2025 reflects continued growth and relative stability. While broader economic conditions, including inflationary pressures and elevated interest rates, have created challenges, the City has maintained positive momentum through ongoing development activity and strategic economic initiatives.

Key sectors, including tourism, healthcare, and related service industries, continue to support local economic activity, contributing to commercial development and employment opportunities. Residential development also remains strong, with sustained growth in new housing construction.

The City continues to prioritize economic diversification, infrastructure investment, and workforce development to support long-term economic sustainability. Although inflation and rising costs of living remain considerations, management remains focused on maintaining sound financial practices and delivering services efficiently.

Overall, the City is well-positioned to manage continued growth while addressing infrastructure needs and maintaining fiscal stability.

REQUESTS FOR INFORMATION

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



CITY OF HAINES CITY, FLORIDA

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

| | Primary Government | | |
|--|------------------------------------|-------------------------------------|--------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Cash and cash equivalents | \$ 71,035,678 | 53,893,151 | 124,928,829 |
| Investments | 45,439,293 | 34,420,557 | 79,859,850 |
| Accounts receivable, net | 4,046,424 | 4,546,505 | 8,592,929 |
| Internal balances | 60,241 | (60,241) | - |
| Due from other governments | 1,475,660 | 546,228 | 2,021,888 |
| Inventory | 132,026 | 1,259,251 | 1,391,277 |
| Prepaid items | 58,142 | 12,038 | 70,180 |
| Restricted cash and cash equivalents | 30,530,808 | 51,711,036 | 82,241,844 |
| Capital assets | | | |
| Non-depreciable assets | 38,212,245 | 22,931,152 | 61,143,397 |
| Depreciable assets, net of depreciation | 51,774,752 | 116,272,068 | 168,046,820 |
| TOTAL ASSETS | 242,765,269 | 285,531,745 | 528,297,014 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows - pensions | 4,958,931 | 661,316 | 5,620,247 |
| Deferred outflows - OPEB | 86,307 | 19,145 | 105,452 |
| Deferred loss on refunding | 267,767 | - | 267,767 |
| Total deferred outflows of resources | 5,313,005 | 680,461 | 5,993,466 |
| LIABILITIES | | | |
| Accounts payable | 7,250,995 | 1,747,313 | 8,998,308 |
| Due to other governments | 102,918 | - | 102,918 |
| Accrued interest | 290,719 | - | 290,719 |
| Accrued payroll | 1,270,027 | 208,123 | 1,478,150 |
| Deposits | 1,249,679 | - | 1,249,679 |
| Unearned revenues | 1,326 | 1,308,753 | 1,310,079 |
| Current liabilities payable from restricted assets | | | |
| Accrued interest payable | - | 21,419 | 21,419 |
| Deposits | - | 3,061,165 | 3,061,165 |
| Noncurrent liabilities | | | |
| Portion due within one year | 3,780,836 | 1,766,711 | 5,547,547 |
| Portion due after one year | 36,526,979 | 25,563,103 | 62,090,082 |
| TOTAL LIABILITIES | 50,473,479 | 33,676,587 | 84,150,066 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows - leases | 1,145,031 | - | 1,145,031 |
| Deferred inflows - pensions | 3,262,018 | 655,925 | 3,917,943 |
| Deferred inflows - OPEB | 1,865,896 | 413,913 | 2,279,809 |
| Total deferred inflows of resources | 6,272,945 | 1,069,838 | 7,342,783 |
| NET POSITION | | | |
| Net investment in capital assets | 64,768,355 | 113,172,343 | 177,940,698 |
| Restricted for | | | |
| Building permits | 16,110,275 | - | 16,110,275 |
| Impact fee requirements | 34,727,946 | - | 34,727,946 |
| Confiscated property | 226,986 | - | 226,986 |
| Law enforcement training | 133,167 | - | 133,167 |
| Capital projects | 11,095,840 | - | 11,095,840 |
| Capital projects - from impact fees | - | 47,889,203 | 47,889,203 |
| Community development | 17,147,318 | - | 17,147,318 |
| Debt service | - | 760,668 | 760,668 |
| Unrestricted | 47,121,963 | 89,643,567 | 136,765,530 |
| TOTAL NET POSITION | \$ 191,331,850 | 251,465,781 | 442,797,631 |

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, 2025

| | Expenses | 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 |
| PRIMARY GOVERNMENT | | | | | | | |
| Governmental activities | | | | | | | |
| General government | \$ 9,658,284 | 11,898,715 | 14,792 | - | 2,255,223 | - | 2,255,223 |
| Public safety | 17,196,122 | 8,181,642 | 193,516 | 2,194,631 | (6,626,333) | - | (6,626,333) |
| Physical environment | 8,346,483 | 9,368,113 | - | - | 1,021,630 | - | 1,021,630 |
| Transportation | 3,399,580 | 3,918,114 | - | 1,645,777 | 2,164,311 | - | 2,164,311 |
| Economic environment | 1,912,974 | - | - | - | (1,912,974) | - | (1,912,974) |
| Culture and recreation | 8,738,501 | 2,337,562 | 632,506 | 380,518 | (5,387,915) | - | (5,387,915) |
| Interest on long-term debt | 1,224,792 | - | - | - | (1,224,792) | - | (1,224,792) |
| Total governmental activities | 50,476,736 | 35,704,146 | 840,814 | 4,220,926 | (9,710,850) | - | (9,710,850) |
| Business-type activities | | | | | | | |
| Water and sewer | 21,095,649 | 43,068,164 | - | 13,199,318 | - | 35,171,833 | 35,171,833 |
| Stormwater | 961,969 | 1,031,927 | - | 1,561,329 | - | 1,631,287 | 1,631,287 |
| Total business-type activities | 22,057,618 | 44,100,091 | - | 14,760,647 | - | 36,803,120 | 36,803,120 |
| Total primary government | \$ 72,534,354 | 79,804,237 | 840,814 | 18,981,573 | (9,710,850) | 36,803,120 | 27,092,270 |
| GENERAL REVENUES | | | | | | | |
| Property taxes | | | | | 29,835,398 | - | 29,835,398 |
| Gas and fuel taxes | | | | | 1,403,887 | - | 1,403,887 |
| Utility taxes | | | | | 5,981,729 | - | 5,981,729 |
| Communications service tax | | | | | 838,887 | - | 838,887 |
| Local business tax | | | | | 111,974 | - | 111,974 |
| Franchise taxes | | | | | 4,599,290 | - | 4,599,290 |
| State revenue sharing | | | | | 4,519,947 | - | 4,519,947 |
| Gain on disposal of capital assets | | | | | 145,946 | - | 145,946 |
| Unrestricted investment earnings | | | | | 6,175,886 | 5,408,282 | 11,584,168 |
| Total general revenues | | | | | 53,612,944 | 5,408,282 | 59,021,226 |
| Transfers | | | | | 83,833 | (83,833) | - |
| Total general revenues and transfers | | | | | 53,696,777 | 5,324,449 | 59,021,226 |
| Change in net position | | | | | 43,985,927 | 42,127,569 | 86,113,496 |
| Net position, beginning of year | | | | | 147,345,923 | 209,338,212 | 356,684,135 |
| Net position, end of year | | | | | \$ 191,331,850 | 251,465,781 | 442,797,631 |

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

CITY OF HAINES CITY, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

| | General Fund | Capital Projects Fund | CRA Fund | Debt Service Fund | Total Governmental Funds |
|--|-------------------------|--------------------------------------|---------------------|----------------------------------|---|
| Assets | | | | | |
| Cash and cash equivalents | \$ 35,868,136 | 15,319,803 | 17,377,870 | - | 68,565,809 |
| Investments | 45,439,293 | - | - | - | 45,439,293 |
| Accounts receivable, net | 4,001,573 | - | 50 | - | 4,001,623 |
| Due from other funds | 60,241 | - | - | - | 60,241 |
| Due from other governments | 1,475,660 | - | - | - | 1,475,660 |
| Inventory | 132,026 | - | - | - | 132,026 |
| Prepaid items | 58,142 | - | - | - | 58,142 |
| Restricted cash and cash equivalents | 30,530,808 | - | - | - | 30,530,808 |
| Total assets | <u>\$ 117,565,879</u> | <u>15,319,803</u> | <u>17,377,920</u> | <u>-</u> | <u>150,263,602</u> |
| Liabilities | | | | | |
| Accounts payable | \$ 2,823,339 | 4,223,963 | 203,693 | - | 7,250,995 |
| Due to other governments | 102,918 | - | - | - | 102,918 |
| Accrued payroll | 1,243,118 | - | 26,909 | - | 1,270,027 |
| Other current liabilities | 1,249,679 | - | - | - | 1,249,679 |
| Unearned revenue | 1,326 | - | - | - | 1,326 |
| Total liabilities | <u>5,420,380</u> | <u>4,223,963</u> | <u>230,602</u> | <u>-</u> | <u>9,874,945</u> |
| Deferred inflows of resources | | | | | |
| Deferred inflow - leases | 1,145,031 | - | - | - | 1,145,031 |
| Total deferred inflows of resources | <u>1,145,031</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,145,031</u> |
| Fund balances | | | | | |
| Nonspendable | | | | | |
| Inventory | 132,026 | - | - | - | 132,026 |
| Prepaid items | 58,142 | - | - | - | 58,142 |
| Restricted for | | | | | |
| Building permits | 16,110,275 | - | - | - | 16,110,275 |
| Impact fee requirements | 34,727,946 | - | - | - | 34,727,946 |
| Confiscated property | 226,986 | - | - | - | 226,986 |
| Law enforcement training | 133,167 | - | - | - | 133,167 |
| Capital projects | - | 11,095,840 | - | - | 11,095,840 |
| Community development | - | - | 17,147,318 | - | 17,147,318 |
| Committed for capital projects | 5,464,039 | - | - | - | 5,464,039 |
| Assigned for | | | | | |
| Subsequent years budget: | | | | | |
| Appropriation of fund balance | 42,356 | - | - | - | 42,356 |
| Unassigned | 54,105,531 | - | - | - | 54,105,531 |
| Total fund balances | <u>111,000,468</u> | <u>11,095,840</u> | <u>17,147,318</u> | <u>-</u> | <u>139,243,626</u> |
| Total liabilities and fund balances | <u>\$ 117,565,879</u> | <u>15,319,803</u> | <u>17,377,920</u> | <u>-</u> | <u>150,263,602</u> |

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

CITY OF HAINES CITY, FLORIDA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

Total fund balances for governmental funds \$ 139,243,626

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

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

| | | |
|--|-------------------|-------------------|
| Land | \$ 12,255,170 | |
| Buildings and improvements | 30,152,367 | |
| Equipment | 4,799,808 | |
| Right to use leased assets (equipment) | 232,727 | |
| Transportation equipment | 4,922,013 | |
| Infrastructure | 11,667,837 | |
| Construction in progress | <u>25,957,075</u> | |
| Total capital assets, net | | 89,986,997 |

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:

| | | |
|---|--------------------|---------------------|
| SouthState Bank loans | (31,046,000) | |
| Deferred loss on refunding | 267,767 | |
| Lease liability | (216,446) | |
| Accrued interest on long-term debt | (290,719) | |
| Compensated absences | (3,081,843) | |
| Net pension liability | (4,025,305) | |
| Total OPEB liability | <u>(1,938,221)</u> | |
| Total long-term liabilities and accrued interest | | (40,330,767) |

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

| | | |
|---|--------------------|-----------------|
| Deferred outflows - pensions | 4,958,931 | |
| Deferred outflows - OPEB | 86,307 | |
| Deferred inflows - pensions | (3,262,018) | |
| Deferred inflows - OPEB | <u>(1,865,896)</u> | |
| Total deferred outflows/inflows of resources | | (82,676) |

Internal service funds are used by management to charge the cost of certain self insurance related activities to individual funds. This is the portion of the internal service fund's net position included in governmental activities in the statement of net position.

2,514,670

Total net position of governmental activities **\$ 191,331,850**

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, 2025

| | General Fund | Capital Projects Fund | CRA Fund | Debt Service Fund | Total Governmental Funds |
|--|-----------------------|-----------------------------|-------------------|-------------------------|--------------------------------|
| Revenues | | | | | |
| Property taxes | \$ 24,737,564 | - | 5,097,834 | - | 29,835,398 |
| Gas and fuel taxes | 1,403,887 | - | - | - | 1,403,887 |
| Utility taxes | 5,981,729 | - | - | - | 5,981,729 |
| Communications service tax | 838,887 | - | - | - | 838,887 |
| Local business tax | 111,974 | - | - | - | 111,974 |
| Franchise fees | 4,599,290 | - | - | - | 4,599,290 |
| Licenses and permits | 10,851,496 | - | - | - | 10,851,496 |
| Intergovernmental | 7,819,499 | - | - | - | 7,819,499 |
| Charges for services | 10,800,342 | - | - | - | 10,800,342 |
| Fines and forfeitures | 2,073,161 | - | - | - | 2,073,161 |
| Assessments | 4,960,587 | - | - | - | 4,960,587 |
| Impact fees | 6,853,709 | - | - | - | 6,853,709 |
| Contributions | 137,704 | - | - | - | 137,704 |
| Interest | 4,979,732 | 428,218 | 576,910 | 138,885 | 6,123,745 |
| Other | 136,570 | - | 6,988 | - | 143,558 |
| Total revenues | <u>86,286,131</u> | <u>428,218</u> | <u>5,681,732</u> | <u>138,885</u> | <u>92,534,966</u> |
| Expenditures | | | | | |
| Current | | | | | |
| General government | 9,231,341 | - | 10,517 | - | 9,241,858 |
| Public safety | 18,468,413 | - | 419,275 | - | 18,887,688 |
| Physical environment | 8,298,129 | - | - | - | 8,298,129 |
| Transportation | 2,807,779 | - | - | - | 2,807,779 |
| Economic environment | - | - | 1,640,934 | - | 1,640,934 |
| Culture and recreation | 6,708,176 | - | 408,735 | - | 7,116,911 |
| Debt service | | | | | |
| Principal | - | - | - | 2,982,398 | 2,982,398 |
| Interest | - | - | - | 1,105,274 | 1,105,274 |
| Capital outlay | 2,906,832 | 17,422,535 | 2,282,454 | - | 22,611,821 |
| Total expenditures | <u>48,420,670</u> | <u>17,422,535</u> | <u>4,761,915</u> | <u>4,087,672</u> | <u>74,692,792</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>37,865,461</u> | <u>(16,994,317)</u> | <u>919,817</u> | <u>(3,948,787)</u> | <u>17,842,174</u> |
| Other financing sources (uses) | | | | | |
| Insurance proceeds | 170,414 | - | - | - | 170,414 |
| Sale of capital assets | 122,210 | - | - | - | 122,210 |
| Transfers in | 630,500 | 17,282,602 | 5,856,514 | 3,948,787 | 27,718,403 |
| Transfers out | (25,165,810) | - | (2,468,760) | - | (27,634,570) |
| Total other financing sources (uses) | <u>(24,242,686)</u> | <u>17,282,602</u> | <u>3,387,754</u> | <u>3,948,787</u> | <u>376,457</u> |
| Net change in fund balances | 13,622,775 | 288,285 | 4,307,571 | - | 18,218,631 |
| Fund balances, beginning of year | 97,377,693 | 10,807,555 | 12,839,747 | - | 121,024,995 |
| Fund balances, end of year | <u>\$ 111,000,468</u> | <u>11,095,840</u> | <u>17,147,318</u> | <u>-</u> | <u>139,243,626</u> |

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

CITY OF HAINES CITY, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

| | | |
|--|--|---------------|
| Total net change in fund balances for governmental funds | | \$ 18,218,631 |
|--|--|---------------|

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

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

| | | |
|-----------------------------------|--------------------|------------|
| Capital outlay | \$ 24,114,369 | |
| Depreciation/amortization expense | <u>(5,459,556)</u> | 18,654,813 |

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

| | | |
|--|------------------|-----------|
| Net book value of assets disposed | (146,678) | |
| Donated infrastructure from developers | <u>1,645,777</u> | 1,499,099 |

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

| | | |
|--------------------|------------------|-----------|
| Principal payments | <u>2,982,398</u> | 2,982,398 |
|--------------------|------------------|-----------|

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 | (30,263) | |
| Pension expense | 1,870,542 | |
| Compensated absences | (133,925) | |
| Total OPEB liability | <u>373,625</u> | 2,079,979 |

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

| | | |
|----------------------------|--|----------|
| Deferred loss on refunding | | (89,255) |
|----------------------------|--|----------|

Internal service funds are used by management to charge the costs of certain self insurance related activities to individual funds. This is the net revenue of the internal service fund reported within governmental activities.

| | | |
|--|--|----------------|
| | | <u>640,262</u> |
|--|--|----------------|

| | | |
|--|--|-----------------------------|
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | | <u><u>\$ 43,985,927</u></u> |
|--|--|-----------------------------|

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

CITY OF HAINES CITY, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025**

| | <u>Water and Sewer Fund</u> | <u>Stormwater Fund</u> | <u>Total</u> | <u>Governmental Activities Health Insurance Internal Service Fund</u> |
|--|---------------------------------|----------------------------|--------------------|---|
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 52,706,087 | 1,187,064 | 53,893,151 | 2,469,869 |
| Investments | 34,420,557 | - | 34,420,557 | - |
| Accounts receivable, net of allowances | 4,546,505 | - | 4,546,505 | 44,801 |
| Due from other governments | 151,416 | 394,812 | 546,228 | - |
| Inventories | 1,259,251 | - | 1,259,251 | - |
| Prepaid items | 12,038 | - | 12,038 | - |
| Total current assets | <u>93,095,854</u> | <u>1,581,876</u> | <u>94,677,730</u> | <u>2,514,670</u> |
| Noncurrent assets | | | | |
| Restricted cash and cash equivalents | 51,711,036 | - | 51,711,036 | - |
| Capital assets | | | | |
| Land | 5,294,628 | 55,952 | 5,350,580 | - |
| Stormwater improvements | - | 3,928,147 | 3,928,147 | - |
| Plant and plant improvements | 126,581,817 | - | 126,581,817 | - |
| Buildings and improvements | 23,350,825 | - | 23,350,825 | - |
| Equipment | 11,618,853 | 526,503 | 12,145,356 | - |
| Right to use leased assets, equipment | 82,532 | - | 82,532 | - |
| Transportation equipment | 3,021,054 | - | 3,021,054 | - |
| Construction in progress | 17,005,163 | 575,409 | 17,580,572 | - |
| Less accumulated depreciation/amortization | (52,035,227) | (802,436) | (52,837,663) | - |
| Total capital assets (net of accumulated depreciation) | <u>134,919,645</u> | <u>4,283,575</u> | <u>139,203,220</u> | <u>-</u> |
| Total noncurrent assets | <u>186,630,681</u> | <u>4,283,575</u> | <u>190,914,256</u> | <u>-</u> |
| Total assets | <u>279,726,535</u> | <u>5,865,451</u> | <u>285,591,986</u> | <u>2,514,670</u> |
| Deferred outflows of resources | | | | |
| Deferred outflows - pensions | 585,010 | 76,306 | 661,316 | - |
| Deferred outflows - OPEB | 17,626 | 1,519 | 19,145 | - |
| Total deferred outflows of resources | <u>602,636</u> | <u>77,825</u> | <u>680,461</u> | <u>-</u> |

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

(Continued)

CITY OF HAINES CITY, FLORIDA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2025

| | <u>Water and Sewer Fund</u> | <u>Stormwater Fund</u> | <u>Total</u> | <u>Governmental Activities Health Insurance Internal Service Fund</u> |
|---|---------------------------------|----------------------------|--------------------|---|
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable | \$ 1,590,939 | 156,374 | 1,747,313 | - |
| Due to other funds | 60,241 | - | 60,241 | - |
| Accrued liabilities | 191,264 | 16,859 | 208,123 | - |
| Current portion of compensated absences | 109,789 | 7,957 | 117,746 | - |
| Current portion of OPEB liability | 17,558 | 1,524 | 19,082 | - |
| Current portion of lease liability | 13,353 | - | 13,353 | - |
| Current liabilities payable from restricted assets | | | | |
| Current portion of long-term debt | 1,616,530 | - | 1,616,530 | - |
| Accrued interest payable | 21,419 | - | 21,419 | - |
| Deposits | 3,061,165 | - | 3,061,165 | - |
| Unearned revenue | 1,308,753 | - | 1,308,753 | - |
| Total current liabilities | <u>7,991,011</u> | <u>182,714</u> | <u>8,173,725</u> | <u>-</u> |
| Noncurrent liabilities | | | | |
| Long-term liabilities | <u>25,466,338</u> | <u>96,765</u> | <u>25,563,103</u> | <u>-</u> |
| Total noncurrent liabilities | <u>25,466,338</u> | <u>96,765</u> | <u>25,563,103</u> | <u>-</u> |
| Total liabilities | <u>33,457,349</u> | <u>279,479</u> | <u>33,736,828</u> | <u>-</u> |
| Deferred inflows of resources | | | | |
| Deferred inflows - pensions | 580,241 | 75,684 | 655,925 | - |
| Deferred inflows - OPEB | 381,063 | 32,850 | 413,913 | - |
| Total deferred inflows of resources | <u>961,304</u> | <u>108,534</u> | <u>1,069,838</u> | <u>-</u> |
| Net position | | | | |
| Net investment in capital assets | 108,888,768 | 4,283,575 | 113,172,343 | - |
| Restricted for | | | | |
| Capital projects - from impact fees | 47,889,203 | - | 47,889,203 | - |
| Debt service | 760,668 | - | 760,668 | - |
| Unrestricted | <u>88,371,879</u> | <u>1,271,688</u> | <u>89,643,567</u> | <u>2,514,670</u> |
| Total net position | <u>\$ 245,910,518</u> | <u>5,555,263</u> | <u>251,465,781</u> | <u>2,514,670</u> |

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

CITY OF HAINES CITY, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

| | Water and Sewer Fund | Stormwater Fund | Total | Governmental Activities Health Insurance Internal Service Fund |
|---|---------------------------------|----------------------------|--------------------|---|
| Operating revenues | | | | |
| Charges for services | \$ 31,897,389 | 1,031,927 | 32,929,316 | 4,703,204 |
| Impact fees | 11,127,796 | - | 11,127,796 | - |
| Miscellaneous | 42,979 | - | 42,979 | - |
| Total operating revenues | <u>43,068,164</u> | <u>1,031,927</u> | <u>44,100,091</u> | <u>4,703,204</u> |
| Operating expenses | | | | |
| Personnel services | 4,445,628 | 392,505 | 4,838,133 | - |
| Other services and charges | 10,397,641 | 195,585 | 10,593,226 | 4,115,083 |
| Depreciation/amortization | 4,465,944 | 174,223 | 4,640,167 | - |
| Total operating expenses | <u>19,309,213</u> | <u>762,313</u> | <u>20,071,526</u> | <u>4,115,083</u> |
| Operating income | <u>23,758,951</u> | <u>269,614</u> | <u>24,028,565</u> | <u>588,121</u> |
| Nonoperating revenues (expenses) | | | | |
| Interest revenue | 5,336,089 | 72,193 | 5,408,282 | 52,141 |
| Interest expense | (106,328) | - | (106,328) | - |
| Loss on disposal of capital assets | (1,680,108) | (199,656) | (1,879,764) | - |
| Total nonoperating revenues (expenses), net | <u>3,549,653</u> | <u>(127,463)</u> | <u>3,422,190</u> | <u>52,141</u> |
| Income before capital contributions and transfers | 27,308,604 | 142,151 | 27,450,755 | 640,262 |
| Capital contributions | 13,199,318 | 1,561,329 | 14,760,647 | - |
| Transfers out | (83,833) | - | (83,833) | - |
| Change in net position | 40,424,089 | 1,703,480 | 42,127,569 | 640,262 |
| Net position, beginning of year | <u>205,486,429</u> | <u>3,851,783</u> | <u>209,338,212</u> | <u>1,874,408</u> |
| Net position, end of year | <u>\$ 245,910,518</u> | <u>5,555,263</u> | <u>251,465,781</u> | <u>2,514,670</u> |

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

CITY OF HAINES CITY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

| | Water and Sewer Fund | Stormwater Fund | Total | Governmental Activities Health Insurance Internal Service Fund |
|---|---------------------------------|----------------------------|---------------------|---|
| Cash flows from operating activities | | | | |
| Cash received from customers | \$ 42,163,037 | 637,115 | 42,800,152 | 4,658,403 |
| Cash payments to suppliers for goods and services | (9,761,633) | (58,413) | (9,820,046) | (4,182,744) |
| Cash payments to employees for services | (4,949,116) | (451,791) | (5,400,907) | - |
| Net cash provided by operating activities | <u>27,452,288</u> | <u>126,911</u> | <u>27,579,199</u> | <u>475,659</u> |
| Cash flows from noncapital financing activities | | | | |
| Transfers out | (83,833) | - | (83,833) | - |
| Net cash used by noncapital financing activities | <u>(83,833)</u> | <u>-</u> | <u>(83,833)</u> | <u>-</u> |
| Cash flows from capital and related financing activities | | | | |
| Capital contributions | 13,199,318 | 1,561,329 | 14,760,647 | - |
| Acquisition and construction of capital assets | (23,808,469) | (1,817,367) | (25,625,836) | - |
| Principal paid on loans payable and lease liability | (1,346,357) | - | (1,346,357) | - |
| Interest paid on loans payable | (109,366) | - | (109,366) | - |
| Proceeds from issuance of notes payable | 294,093 | - | 294,093 | - |
| Net cash used in capital and related financing activities | <u>(11,770,781)</u> | <u>(256,038)</u> | <u>(12,026,819)</u> | <u>-</u> |
| Cash flows from investing activities | | | | |
| Purchases of investments | (67,480,589) | - | (67,480,589) | - |
| Sales of investments | 67,794,957 | - | 67,794,957 | - |
| Interest received | 5,021,721 | 72,193 | 5,093,914 | 52,141 |
| Net cash provided by investing activities | <u>5,336,089</u> | <u>72,193</u> | <u>5,408,282</u> | <u>52,141</u> |
| Net change in cash and cash equivalents | 20,933,763 | (56,934) | 20,876,829 | 527,800 |
| Cash and cash equivalents, beginning of year | 83,483,360 | 1,243,998 | 84,727,358 | 1,942,069 |
| Cash and cash equivalents, end of year | <u>\$ 104,417,123</u> | <u>1,187,064</u> | <u>105,604,187</u> | <u>2,469,869</u> |
| Cash and cash equivalents classified as | | | | |
| Current assets | \$ 52,706,087 | 1,187,064 | 53,893,151 | 2,469,869 |
| Restricted assets | 51,711,036 | - | 51,711,036 | - |
| | <u>\$ 104,417,123</u> | <u>1,187,064</u> | <u>105,604,187</u> | <u>2,469,869</u> |

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

(Continued)

CITY OF HAINES CITY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

| | <u>Water and Sewer Fund</u> | <u>Stormwater Fund</u> | <u>Total</u> | <u>Governmental Activities Health Insurance Internal Service Fund</u> |
|--|---------------------------------|----------------------------|-------------------|---|
| Reconciliation of operating income to net cash provided by operating activities | | | | |
| Operating income | \$ 23,758,951 | 269,614 | 24,028,565 | 588,121 |
| Adjustments to reconcile operating income to net cash provided by operating activities | | | | |
| Depreciation expense | 4,465,944 | 174,223 | 4,640,167 | - |
| Change in assets and liabilities | | | | |
| (Increase) decrease in | | | | |
| Accounts receivable | 127,853 | - | 127,853 | (44,801) |
| Due from other governments | - | (394,812) | (394,812) | - |
| Inventory | 98,016 | - | 98,016 | - |
| Prepays | (9,302) | - | (9,302) | - |
| Deferred outflows - pensions | 49,642 | 6,475 | 56,117 | - |
| Deferred outflows - OPEB | 3,533 | 20 | 3,553 | - |
| Increase (decrease) in | | | | |
| Accounts payable | 543,956 | 135,719 | 679,675 | (67,661) |
| Due to other funds | 3,338 | - | 3,338 | - |
| Accrued liabilities | 27,121 | 1,453 | 28,574 | - |
| Customer deposits | 420,532 | - | 420,532 | - |
| Deferred inflows - pensions | 445,880 | 58,159 | 504,039 | - |
| Deferred inflows - OPEB | 81,534 | 11,066 | 92,600 | - |
| Net pension liability/asset | (1,048,422) | (136,750) | (1,185,172) | - |
| Total OPEB liability | (104,443) | (2,260) | (106,703) | - |
| Compensated absences | 41,667 | 4,004 | 45,671 | - |
| Unearned revenue | (1,453,512) | - | (1,453,512) | - |
| Total adjustments | <u>3,693,337</u> | <u>(142,703)</u> | <u>3,550,634</u> | <u>(112,462)</u> |
| Net cash provided by operating activities | <u>\$ 27,452,288</u> | <u>126,911</u> | <u>27,579,199</u> | <u>475,659</u> |
| Noncash investing, capital, and financing activities | | | | |
| Unrealized gain on investments | <u>\$ 314,368</u> | <u>-</u> | <u>314,368</u> | <u>-</u> |

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

CITY OF HAINES CITY, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2025

| | Pension Trust Funds |
|----------------------------------|--------------------------------|
| Assets | |
| Cash and cash equivalents | \$ 1,420,954 |
| Receivables | |
| Accrued interest and dividends | 47,047 |
| Investments, at fair value | |
| U.S. government agencies | 2,751,348 |
| Municipal obligations | 107,797 |
| Corporate bonds | 2,641,333 |
| Equities and equity mutual funds | 39,983,343 |
| Fixed income mutual funds | 10,789,700 |
| Commingled real estate funds | 5,093,607 |
| | <hr/> |
| Total assets | \$ 62,835,129 |
| | <hr/> <hr/> |
| Liabilities | |
| Accounts payable | \$ 34,076 |
| | <hr/> |
| Total liabilities | 34,076 |
| | <hr/> |
| Net position | |
| Restricted for pension benefits | \$ 62,801,053 |
| | <hr/> <hr/> |

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

CITY OF HAINES CITY, FLORIDA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

| | Pension Trust Funds |
|--|--------------------------------|
| Additions | |
| Contributions | |
| Employer | \$ 3,339,865 |
| Employee | 1,152,023 |
| State of Florida | 718,837 |
| Total contributions | 5,210,725 |
| Investment earnings | |
| Interest | 417,891 |
| Dividends | 1,883,295 |
| Net appreciation in fair value of investments | 4,204,067 |
| Less investment expense | (138,936) |
| Net investment income | 6,366,317 |
| Total additions | 11,577,042 |
| Deductions | |
| Pension benefits | 3,254,413 |
| Administrative expenses | 284,542 |
| Total deductions | 3,538,955 |
| Change in net position | 8,038,087 |
| Net position, restricted for pension benefits | |
| Beginning of year | 54,762,966 |
| End of year | \$ 62,801,053 |

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



CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Blended Component Units

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

Community Redevelopment Agency (CRA)

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

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

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

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

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Government-Wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the City reports the following fund types:

- The Health Insurance Internal Service Fund accounts for the premiums collected from participants and contributions from the City to pay for and manage the City’s self insured health insurance program.
- The Pension Trust Funds account for the activities of the General Employees’ Pension Fund, Police Officers’ Pension Fund and Firefighters’ Pension Fund, which accumulate resources for pension benefit payments to qualified employees.

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

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

Budget Process and Accounting

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

Budgetary control is legally maintained at the fund level. City policy requires that expenditures do not exceed budgeted appropriations at the department level. Department heads are permitted to transfer appropriations between line items within their department, with the approval of the Finance Director. Appropriations may be transferred between departments with the approval of the Finance Director. 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, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity

Deposits and Investments

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

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

Receivables and Payables

Receivables consist of trade receivables, leases receivable, due from other governments and interest receivable, recorded net of an allowance for doubtful accounts. The City's General Fund and Water and Sewer Fund accounts receivable are presented net of an allowance for doubtful accounts of \$55,850 and \$293,550, respectively, at September 30, 2025. 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 and Prepaid Items

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). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

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

Capital Assets

Capital assets, which include land, plant and plant improvements, buildings and improvements, equipment, transportation equipment, library books, and infrastructure (i.e., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the fair value of the assets or materially extend assets lives are not capitalized.

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Leases

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

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

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

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

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

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Unavailable Revenue/Unearned Revenue

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

Compensated Absences

All non-exempt full-time employees with less than five years continuous service earn 80 hours of annual leave at a minimum. The number of hours of annual leave increases relative to the number of years of continuous service, in increments of five years. The maximum of 160 hours of annual leave is obtained after 20 years of continuous service. For exempt employees with ten years or less of continuous service with the City, a maximum of 25 days of annual leave may be carried over to the next year. For employees with more than ten years of continuous service, a maximum of 35 days may be carried over. Employees who terminate with more than six month's service are paid for 100% of their unused annual leave. The City has accrued 100% of the annual leave liability, including related fringe benefits.

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

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

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

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

Fund Balance Reporting

Governmental Accounting Board Statement No. 54 (“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 Commission through the adoption of a resolution. Only the City Commission 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 Commission 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, 2025

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.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualifies for reporting in this category. Under the modified accrual basis of accounting the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from interest rebates and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. In the government-wide financial statements and in the fund level financial statements, the City reports deferred amounts related to leases. Deferred outflows of resources represent a consumption of net assets that applies to future periods.

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

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension

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

Use of Estimates

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

NOTE 2 – PROPERTY TAXES

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

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

A calendar of property tax events is as follows:

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

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025

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. At September 30, 2025, the bank balances of the City’s total deposits was \$208,020,716 with a carrying value of \$207,170,673. All such deposits are covered either by the Federal Deposit Insurance Corporation or by the State of Florida Collateral Pool, a multiple financial institution pool with the ability to assess its members' financial institution for collateral shortfalls if a member fails. The City also invests excess cash in short term United States Treasuries.

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

The City's and the City’s Pension Trust Funds' investment balances at September 30, 2025 are as shown below and on the following page. For purposes of credit quality rating, investments explicitly guaranteed by the United States Government are rated as “N/A.”

Interest Rate Risk Policy

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

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

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk Policy

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

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

| City Investment Portfolio | | | Years to Maturity | | | |
|----------------------------------|---------------|---------------------|--------------------------|------------|-------------|---------------|
| Investment Type | Rating | Fair Value | < 1 | 1-5 | 6-10 | >10 |
| U.S. Treasuries | N/A | \$79,859,850 | 79,859,850 | - | - | - |
| Total fair value | | <u>\$79,859,850</u> | <u>79,859,850</u> | <u>-</u> | <u>-</u> | <u>-</u> |

| General Employees' Pension | | | Years to Maturity | | | |
|-----------------------------------|---------------|---------------------|--------------------------|------------|-------------|---------------|
| Investment Type | Rating | Fair Value | < 1 | 1-5 | 6-10 | >10 |
| Fixed income mutual funds | NA | \$ 8,397,389 | 8,397,389 | - | - | - |
| Equity mutual funds | N/A | 19,152,410 | 19,152,410 | - | - | - |
| Commingled real estate funds | N/A | 3,241,701 | 3,241,701 | - | - | - |
| Money market/cash | N/A | 941,294 | 941,294 | - | - | - |
| Total fair value | | <u>\$31,732,794</u> | <u>31,732,794</u> | <u>-</u> | <u>-</u> | <u>-</u> |

| Police Officers' Pension | | | Years to Maturity | | | |
|----------------------------------|---------------|---------------------|--------------------------|------------------|------------------|------------------|
| Investment Type | Rating | Fair Value | < 1 | 1-5 | 6-10 | >10 |
| U.S. government securities | Aaa..AA+ | \$ 2,751,348 | - | 600,142 | 935,045 | 1,216,161 |
| Corporate bonds | Aa..BBB | 2,641,333 | - | 795,970 | 384,302 | 1,461,061 |
| Municipal obligations | A1..AAA | 107,797 | - | 36,576 | 11,561 | 59,660 |
| Equities and equity mutual funds | N/A | 12,568,638 | 12,568,638 | - | - | - |
| Foreign stocks | N/A | 128,480 | 128,480 | - | - | - |
| Commingled real estate funds | N/A | 1,090,636 | 1,090,636 | - | - | - |
| Money market/cash | N/A | 270,949 | 270,949 | - | - | - |
| Total fair value | | <u>\$19,559,181</u> | <u>14,058,703</u> | <u>1,432,688</u> | <u>1,330,908</u> | <u>2,736,882</u> |

| Firefighters' Pension | | | Years to Maturity | | | |
|------------------------------|---------------|---------------------|--------------------------|------------|-------------|---------------|
| Investment Type | Rating | Fair Value | < 1 | 1-5 | 6-10 | >10 |
| Fixed income mutual funds | N/A | \$ 2,392,311 | 2,392,311 | - | - | - |
| Equity mutual funds | N/A | 8,133,815 | 8,133,815 | - | - | - |
| Commingled real estate funds | N/A | 761,270 | 761,270 | - | - | - |
| Money market/cash | N/A | 208,711 | 208,711 | - | - | - |
| Total fair value | | <u>\$11,496,107</u> | <u>11,496,107</u> | <u>-</u> | <u>-</u> | <u>-</u> |

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements

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

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

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

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

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

The City had the following recurring fair value measurements, broken into the fair value hierarchy, as of September 30, 2025:

| <u>City Investment Portfolio</u> <u>Investment Type</u> | <u>Fair Value</u> | <u>Fair Value Hierarchy</u> | | |
|---|---------------------|-----------------------------|----------------|----------------|
| | | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| U.S. Treasuries | \$79,859,850 | 79,859,850 | - | - |
| Total fair value | <u>\$79,859,850</u> | <u>79,859,850</u> | <u>-</u> | <u>-</u> |
| | | | | |
| <u>General Employees' Pension</u> <u>Investment Type</u> | <u>Fair Value</u> | <u>Fair Value Hierarchy</u> | | |
| | | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Fixed income mutual funds | \$ 8,397,389 | 8,397,389 | - | - |
| Equity mutual funds | 19,152,410 | 19,152,410 | - | - |
| Money market/cash | 941,294 | 941,294 | - | - |
| | <u>28,491,093</u> | <u>28,491,093</u> | <u>-</u> | <u>-</u> |
| | | | | |
| Investments measured at NAV: | | | | |
| Commingled real estate funds | 3,241,701 | | | |
| Total fair value | <u>\$31,732,794</u> | | | |

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

| Police Officers' Pension | | Fair Value Hierarchy | | | |
|-------------------------------------|---------------------|-----------------------------|------------------|----------------|----------|
| <u>Investment Type</u> | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | |
| U.S. government securities | \$ 2,751,348 | - | 2,751,348 | - | - |
| Corporate bonds | 2,641,333 | - | 2,641,333 | - | - |
| Municipal obligations | 107,797 | - | 107,797 | - | - |
| Equities and equity mutual funds | 12,568,638 | 12,568,638 | - | - | - |
| Foreign stocks | 128,480 | 128,480 | - | - | - |
| Money market/cash | 270,949 | 270,949 | - | - | - |
| | <u>18,468,545</u> | <u>12,968,067</u> | <u>5,500,478</u> | <u>-</u> | <u>-</u> |
| Investments measured at NAV: | | | | | |
| Commingled real estate funds | 1,090,636 | | | | |
| Total fair value | <u>\$19,559,181</u> | | | | |
| Firefighters' Pension | | Fair Value Hierarchy | | | |
| <u>Investment Type</u> | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | |
| Fixed income mutual funds | \$ 2,392,311 | 2,392,311 | - | - | - |
| Equity mutual funds | 8,133,815 | 8,133,815 | - | - | - |
| Money market/cash | 208,711 | 208,711 | - | - | - |
| | <u>10,734,837</u> | <u>10,734,837</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Investments measured at NAV: | | | | | |
| Commingled real estate funds | 761,270 | | | | |
| Total fair value | <u>\$11,496,107</u> | | | | |

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 4 – CAPITAL ASSETS

Capital asset balances and activity for the year ended September 30, 2025 were as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|------------------------------|--------------------|--------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 12,126,988 | 128,182 | - | 12,255,170 |
| Construction in progress | 10,914,382 | 21,329,093 | (6,286,400) | 25,957,075 |
| Total capital assets not being depreciated | <u>23,041,370</u> | <u>21,457,275</u> | <u>(6,286,400)</u> | <u>38,212,245</u> |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 68,636,645 | 3,611,220 | (84,272) | 72,163,593 |
| Equipment | 11,240,191 | 2,447,902 | (1,110,545) | 12,577,548 |
| Right to use leased assets, equipment | 1,775,564 | - | (30,454) | 1,745,110 |
| Transportation equipment | 7,673,497 | 2,884,372 | (129,258) | 10,428,611 |
| Infrastructure | 16,104,469 | 1,645,777 | - | 17,750,246 |
| Total capital assets being depreciated | <u>105,430,366</u> | <u>10,589,271</u> | <u>(1,354,529)</u> | <u>114,665,108</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (39,033,119) | (3,034,382) | 56,275 | (42,011,226) |
| Equipment | (7,949,073) | (935,167) | 1,106,500 | (7,777,740) |
| Right to use leased assets, equipment | (1,292,077) | (250,760) | 30,454 | (1,512,383) |
| Transportation equipment | (4,558,981) | (962,239) | 14,622 | (5,506,598) |
| Infrastructure | (5,805,401) | (277,008) | - | (6,082,409) |
| Total accumulated depreciation | <u>(58,638,651)</u> | <u>(5,459,556)</u> | <u>1,207,851</u> | <u>(62,890,356)</u> |
| Capital assets being depreciated, net | <u>46,791,715</u> | <u>5,129,715</u> | <u>(146,678)</u> | <u>51,774,752</u> |
| Governmental activities capital assets, net | <u>\$ 69,833,085</u> | <u>26,586,990</u> | <u>(6,433,078)</u> | <u>89,986,997</u> |

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025

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 | \$ 5,350,580 | - | - | 5,350,580 |
| Construction in progress | 17,249,007 | 12,061,425 | (11,729,860) | 17,580,572 |
| Total capital assets not being depreciated | <u>22,599,587</u> | <u>12,061,425</u> | <u>(11,729,860)</u> | <u>22,931,152</u> |
| Capital assets being depreciated | | | | |
| Plant and plant improvements | 105,712,515 | 22,733,823 | - | 128,446,338 |
| Buildings and improvements | 24,575,329 | - | - | 24,575,329 |
| Equipment | 11,796,472 | 410,546 | (61,665) | 12,145,353 |
| Right to use leased assets, equipment | 82,532 | - | - | 82,532 |
| Infrastructure | 785,353 | - | - | 785,353 |
| Transportation equipment | 2,784,831 | 289,999 | - | 3,074,830 |
| Total capital assets being depreciated | <u>145,737,032</u> | <u>23,434,368</u> | <u>(61,665)</u> | <u>169,109,735</u> |
| Less accumulated depreciation/amortization | | | | |
| Plant and plant improvements | (36,389,504) | (2,880,103) | - | (39,269,607) |
| Buildings and improvements | (361,272) | (842,080) | - | (1,203,352) |
| Equipment | (8,859,543) | (636,383) | 41,803 | (9,454,123) |
| Right to use leased assets, equipment | (48,723) | (17,138) | - | (65,861) |
| Infrastructure | (429,944) | - | - | (429,944) |
| Transportation equipment | (2,150,317) | (264,463) | - | (2,414,780) |
| Total accumulated depreciation | <u>(48,239,303)</u> | <u>(4,640,167)</u> | <u>41,803</u> | <u>(52,837,667)</u> |
| Capital assets being depreciated, net | <u>97,497,729</u> | <u>18,794,201</u> | <u>(19,862)</u> | <u>116,272,068</u> |
| Business-type activities capital assets, net | <u>\$ 120,097,316</u> | <u>30,855,626</u> | <u>(11,749,722)</u> | <u>139,203,220</u> |

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

| | |
|--|---------------------|
| Governmental activities: | |
| General government | \$ 1,041,268 |
| Public safety | 1,241,875 |
| Physical environment | 51,424 |
| Transportation | 724,068 |
| Economic environment | 259,740 |
| Culture and recreation | 2,141,181 |
| Total depreciation expense, governmental functions | <u>\$ 5,459,556</u> |

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

| | |
|---|---------------------|
| Business-type activities: | |
| Water and sewer | \$ 4,465,944 |
| Stormwater | 174,223 |
| Total depreciation expense, business-type functions | <u>\$ 4,640,167</u> |

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025**

NOTE 5 – CONSTRUCTION COMMITMENTS

Commitments for uncompleted construction projects were approximately \$23,221,000 as of September 30, 2025.

NOTE 6 – INTERFUND BALANCES AND TRANSFERS

Interfund loans for short-term operating purposes resulted in the following balances at September 30, 2025:

| | Receivable | Payable |
|----------------------|-------------------|----------------|
| General Fund | \$ 60,241 | - |
| Water and Sewer Fund | - | 60,241 |
| | \$ 60,241 | 60,241 |

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, 2025:

| | Transfers In | Transfers Out |
|-----------------------|---------------------|----------------------|
| General Fund | \$ 630,500 | 25,165,810 |
| Capital Projects Fund | 17,282,602 | - |
| CRA Fund | 5,856,514 | 2,468,760 |
| Debt Service Fund | 3,948,787 | - |
| Water and Sewer Fund | - | 83,833 |
| | \$ 27,718,403 | 27,718,403 |

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

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025

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, 2025:

1. Governmental activities debt (direct borrowings)

\$11,748,000 loan payable (\$6,780,000 in principle remaining at September 30, 2025), SouthState 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 SouthState 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 SouthState 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 SouthState Bank loan was \$8,673,327, less a subsidy of \$851,997, as of September 30, 2025. Interest paid was \$257,044 and total pledged revenue was \$4,831,028 for the fiscal year ended September 30, 2025.

\$4,636,000 loan payable (\$1,674,000 in principle remaining at September 30, 2025), SouthState Bank–Funds borrowed during fiscal year 2016 to refund two previous notes with Municipal Loan Council. Annual payments will be made over a 15-year period, including interest at 2.70%.

\$24,109,000 loan payable (\$13,018,000 in principle remaining at September 30, 2025), SouthState Bank–Funds borrowed during fiscal year 2017 to refund \$2,725,000 of the Police Station Loan from the Florida Municipal Loan Council and \$21,780,000 of the CRA projects loan from the Florida Municipal Loan Council. Semi-annual payments will be made over a 17-year period, including interest at 2.95%. The excess of the reacquisition price over the net carrying amount of the old debt of \$1,071,069 is reflected as a deferred outflow and is being amortized over 17 years.

\$10,000,000 loan payable (\$9,574,000 in principle remaining at September 30, 2025), SouthState Bank–Funds borrowed during fiscal year 2024 to fund the cost of the acquisition, expansion, design, construction, and equipping of various capital improvements including the Haines City Annex Building. Semi-annual payments will be made through July 1, 2039, including interest at 4.35%.

Lease Liability Agreements

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

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 7 – LONG-TERM DEBT (CONTINUED)

2. Business-type activities debt (direct borrowings)

\$4,031,127 State Revolving Fund Loan (\$1,528,337 in principle remaining at September 30, 2025) – Funds borrowed to finance construction of a sewer plant expansion project. The maximum amount of the loan is \$4,124,761, including capitalized interest of \$75,565. Semi-annual loan payments began on April 15, 2014. The loan will be repaid in 40 semi-annual payments including interest at 2.26%, 2.31% and 2.34%, which applies to various loan increments.

\$369,362 State Revolving Fund Loan (\$122,958 in principal remaining at September 30, 2025) – Funds borrowed to finance construction of a water main expansion and new ground storage reservoir projects. Semi-annual loan payments began on June 15, 2011. The loan will be repaid in 40 semi-annual payments including interest at 2.71%. The loan is part of an agreement with the Florida Department of Environmental Protection which provides principal forgiveness on loans funded by the American Recovery and Reinvestment Act. Of the total \$2,462,413 awarded under this agreement, the estimated amount of principal forgiveness is \$2,093,051, the amount of money awarded pursuant to this agreement that is not to be repaid.

\$319,529 State Revolving Fund Loan (\$106,219 in principle remaining at September 30, 2025) – Funds borrowed to finance construction of a water main expansion and new ground storage reservoir projects. Semi-annual loan payments began on June 15, 2011. The loan is paid in 40 semi-annual payments, including interest at 2.61%.

\$4,912,507 State Revolving Fund Loan (\$1,893,158 in principle remaining on September 30, 2025) – Funds borrowed to finance construction of the BCR Neutralizer and Sludge Treatment Facilities Project. The maximum amount of the loan is \$5,222,820, including capitalized interest of \$38,600. Semi-annual loan payments began on May 15, 2017, including interest of 2.18%.

\$5,025,000 State Revolving Fund Loan (\$2,740,502 in principle remaining on September 30, 2025) – Funds borrowed to finance construction of a new compost facility. 40 semi-annual loan payments (\$124,568) have begun and are due through 2036. This loan does not bear interest.

\$911,110 State Revolving Fund Loan (\$402,469 in principle remaining on September 30, 2025) – Funds borrowed to finance construction of the WTP #1 and 2 treatment system upgrades. The maximum amount of the loan is \$6,238,744 less principal forgiveness of \$5,302,931. 40 semi-annual loan payments began in 2023, including interest of 1.16%.

\$14,621,323 State Revolving Fund Loan (\$2,374,697 in principle on September 30, 2025) – Funds borrowed to finance construction of various wastewater treatment and reclaimed water improvements. 40 semi-annual loan payments began in 2025 and will continue through 2044. This loan does not bear interest.

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 7 – LONG-TERM DEBT (CONTINUED)

\$9,326,960 State Revolving Fund Loan (\$8,775,489 in principle on September 30, 2025) – Funds borrowed to finance construction of various wastewater treatment and reclaimed water improvements. 40 semi-annual loan payments began in 2025 and will continue through 2043. This loan does not bear interest.

\$4,241,865 State Revolving Fund Loan (\$3,818,292 in principle on September 30, 2025) – Funds borrowed to finance construction of various water treatment improvements. This loan is currently in the draw-down phase. 40 semi-annual loan payments will begin once the project has been completed. This loan bears interest at a rate of 0.15%.

\$10,415,240 State Revolving Fund Loan (\$4,255,403 in principle on September 30, 2025) – Funds borrowed to finance construction of various lift station improvements. This loan is currently in the draw-down phase. 40 semi-annual loan payments will begin once the project has been completed. This loan does not bear interest.

State Revolving Fund Loans Payable

The total principal and interest remaining to be paid on these loans that are in repayment was \$22,139,583 (includes interest of \$377,462) as of September 30, 2025. This does not include the \$4,255,403 of loans that are still in the draw-down phase. Principal and interest paid was \$1,435,736 and total available pledged revenue was \$22,883,236 for the fiscal year ended September 30, 2025. 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, 2025

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, 2025:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|------------------------------|------------------|---------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Direct borrowings: | | | | | |
| SouthState Bank Loan | \$ 7,277,000 | - | (497,000) | 6,780,000 | 522,000 |
| SouthState Bank Loan, Series 2014 | 1,983,000 | - | (309,000) | 1,674,000 | 317,000 |
| SouthState Bank Loan, Series 2016 Refunding | 14,517,000 | - | (1,499,000) | 13,018,000 | 1,544,000 |
| SouthState Bank Loan, Series 2024 | 10,000,000 | - | (426,000) | 9,574,000 | 511,000 |
| Loans payable | <u>33,777,000</u> | <u>-</u> | <u>(2,731,000)</u> | <u>31,046,000</u> | <u>2,894,000</u> |
| Leases payable | 467,844 | - | (251,398) | 216,446 | 184,472 |
| Compensated absences | 2,947,918 | 133,925 | - | 3,081,843 | 616,369 |
| Net pension liability | 9,191,828 | 7,124,601 | (12,291,124) | 4,025,305 | - |
| Total OPEB liability | <u>2,628,727</u> | <u>484,962</u> | <u>(1,175,468)</u> | <u>1,938,221</u> | <u>85,995</u> |
| | <u>15,236,317</u> | <u>7,743,488</u> | <u>(13,717,990)</u> | <u>9,261,815</u> | <u>886,836</u> |
| Total governmental activities | | | | | |
| Long-term liabilities | <u>\$ 49,013,317</u> | <u>7,743,488</u> | <u>(16,448,990)</u> | <u>40,307,815</u> | <u>3,780,836</u> |

For governmental activities, the net pension liability, and total OPEB liability are generally liquidated by the General Fund. The change in compensated absences is reported net in accordance with GASB 101.

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|-------------------------------------|------------------------------|------------------|--------------------|---------------------------|--------------------------------|
| Business-type activities: | | | | | |
| Direct borrowings: | | | | | |
| State Revolving Fund Loan, WW765080 | \$ 1,743,856 | - | (215,519) | 1,528,337 | 220,529 |
| State Revolving Fund Loan, DW530410 | 143,423 | - | (20,465) | 122,958 | 21,024 |
| State Revolving Fund Loan, DW530411 | 123,961 | - | (17,742) | 106,219 | 18,207 |
| State Revolving Fund Loan, WW530400 | 2,161,274 | - | (268,116) | 1,893,158 | 274,041 |
| State Revolving Fund Loan, WW530440 | 2,989,639 | - | (249,137) | 2,740,502 | 249,136 |
| State Revolving Fund Loan, DW530450 | 435,025 | - | (32,556) | 402,469 | 32,931 |
| State Revolving Fund Loan, WW530460 | 2,503,059 | - | (128,362) | 2,374,697 | 128,362 |
| State Revolving Fund Loan, WW530461 | 9,063,554 | - | (288,065) | 8,775,489 | 474,351 |
| State Revolving Fund Loan, WW530451 | 3,918,463 | 6,997 | (107,168) | 3,818,292 | 197,949 |
| State Revolving Fund Loan, WW530470 | 4,255,403 | - | - | 4,255,403 | - |
| | <u>27,337,657</u> | <u>6,997</u> | <u>(1,327,130)</u> | <u>26,017,524</u> | <u>1,616,530</u> |
| Leases payable | 32,580 | - | (19,227) | 13,353 | 13,353 |
| Compensated absences | 543,058 | 45,669 | - | 588,727 | 117,746 |
| Net pension liability | 1,465,424 | 775,170 | (1,960,342) | 280,252 | - |
| Total OPEB liability | <u>536,660</u> | <u>107,611</u> | <u>(214,313)</u> | <u>429,958</u> | <u>19,082</u> |
| | <u>2,577,722</u> | <u>928,450</u> | <u>(2,193,882)</u> | <u>1,312,290</u> | <u>150,181</u> |
| Total business-type activities | | | | | |
| Long-term liabilities | <u>\$ 29,915,379</u> | <u>935,447</u> | <u>(3,521,012)</u> | <u>27,329,814</u> | <u>1,766,711</u> |

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025**

NOTE 7 – LONG-TERM DEBT (CONTINUED)

4. Principal and interest requirements to maturity

The following represents the annual debt service requirements to maturity for all debt outstanding as of September 30, 2025 (except for the SRF loan still in the draw down phase):

| Fiscal Year Ending | Governmental Activities | | | | Business-Type Activities | | |
|-----------------------|-------------------------|------------------|------------------|-------------------|--------------------------|----------------|-------------------|
| | Principal | Interest | Subsidy | Total | Principal | Interest | Total |
| 2026 | \$ 3,078,472 | 1,151,828 | (145,820) | 4,084,480 | 1,629,883 | 90,344 | 1,720,227 |
| 2027 | 3,028,974 | 1,044,792 | (134,058) | 3,939,708 | 1,629,439 | 77,273 | 1,706,712 |
| 2028 | 3,101,000 | 936,782 | (121,693) | 3,916,089 | 1,642,632 | 64,079 | 1,706,711 |
| 2029 | 3,217,000 | 825,708 | (108,707) | 3,934,001 | 1,656,119 | 50,592 | 1,706,711 |
| 2030 | 3,338,000 | 710,232 | (95,069) | 3,953,163 | 1,669,904 | 35,806 | 1,705,710 |
| 2031-2035 | 11,951,000 | 1,950,468 | (245,494) | 13,655,974 | 6,294,369 | 45,820 | 6,340,189 |
| 2036-2040 | 3,548,000 | 373,452 | (1,157) | 3,920,295 | 4,325,967 | 10,933 | 4,336,900 |
| 2041-2044 | - | - | - | - | 2,927,161 | 2,778 | 2,929,939 |
| | <u>\$ 31,262,446</u> | <u>6,993,262</u> | <u>(851,998)</u> | <u>37,403,710</u> | <u>21,775,474</u> | <u>377,625</u> | <u>22,153,099</u> |

NOTE 8 – RESTRICTED ASSETS

Certain cash and cash equivalents that are legally restricted in the statement of net position at September 30, 2025 are as follows:

| | Governmental Activities | Business-Type Activities |
|--------------------------|----------------------------|-----------------------------|
| Impact fees | \$ 30,158,739 | 47,889,203 |
| Debt service | - | 760,668 |
| Other purposes: | | |
| Confiscated property | 226,986 | - |
| Law enforcement training | 133,167 | - |
| Deposits | 11,916 | 3,061,165 |
| Total | <u>\$ 30,530,808</u> | <u>51,711,036</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.

As of September 30, 2025, the City's risk retention for certain types of risk is as follows:

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

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025**

NOTE 10 – CONTINGENT LIABILITIES

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

NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

In addition to providing pension benefits, the City offers its retirees the option of continuing to participate in health and dental insurance benefits and a \$5,000 group term life insurance benefit at the same rate as active employees, in accordance with state statutes. Retirees can also insure eligible dependents for health and dental insurance only. Each retiree must pay 100% of the costs of any insurance they elect to continue. Funding is on a "pay as you go" basis. Most of the City's employees would become eligible for those benefits should they reach normal retirement age while working for the City. Life, dental and health insurance are fully insured and provided through outside providers. Retiree premium costs are paid in full by the retirees. The City does not intend to fund the total OPEB liability and therefore there are no assets being accumulated in a GASB-compliant trust. The post-employment benefit plan is a single-employer plan.

Membership

As of September 30, 2024, the most recent actuarial evaluation date, membership consisted of:

| | |
|---|-----|
| Active employees | 271 |
| Inactive participants, currently receiving benefits | 41 |
| Inactive participants, entitled to but not yet receiving benefits | 0 |

Total OPEB Liability of the City

The City's total OPEB liability was measured as of September 30, 2024 and was determined by an actuarial valuation as of September 30, 2024.

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025**

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

Actuarial Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2024, updated to September 30, 2025, using the following actuarial assumptions:

| | |
|--------------------------------------|-------------------|
| Discount rate | 4.06% |
| Inflation rate | 2.50% |
| Salary increases including inflation | Varies by service |
| Participation rate | 40.00% |
| Initial trend rate | 6.75% |
| Ultimate trend rate | 4.00% |
| Years to ultimate | 50 |

Mortality rates were based on the Pub-2010 mortality tables with fully generational improvements using Scale MP-2018. Base mortality rates are consistent with those outlined in the July 1, 2023 Florida Retirement System actuarial valuation report.

Discount Rate

Given the City’s decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.06%. The high-quality municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor’s Ratings Services, Aa2 by Moody’s or AA by Fitch. If there are multiple ratings, the lowest rating is used.

Changes in the Total OPEB Liability of the City

The changes in the total OPEB liability of the City for the year ended September 30, 2025 were as follows:

| | |
|--|---------------------------------|
| | <u>Total OPEB Liability</u> |
| Balances at September 30, 2024 | \$ 3,165,387 |
| Changes for the year: | |
| Service cost | 421,046 |
| Interest on total OPEB liability | 171,527 |
| Differences between expected and actual experience | (452,254) |
| Changes of assumptions | (807,350) |
| Benefit payments | <u>(130,177)</u> |
| Balance as of September 30, 2025 | <u>\$ 2,368,179</u> |

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025**

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

Changes of Assumptions reflect a change in the discount rate from 4.87% for the reporting period ended September 30, 2024, to 4.06% for the reporting period ended September 30, 2025. The required schedule of changes in the City’s total OPEB liability and related ratios in the Required Supplementary Information immediately following the notes to the financial statements presents multi-year trend information about the total OPEB liability.

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

The following represents the total OPEB liability of the City, calculated using the discount rate of 4.06%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.06%) or 1 percentage point higher (5.06%) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|----------------------|--------------|--------------------------|-------------|
| | 3.06% | 4.06% | 5.06% |
| Total OPEB liability | \$ 2,698,133 | 2,368,179 | 2,094,784 |

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

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate of 4% - 6.75%:

| | 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
|----------------------|--------------|--|-------------|
| Total OPEB liability | \$ 2,060,909 | 2,368,179 | 2,753,413 |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2025, and the current sharing pattern of costs between employer and inactive employees.

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025**

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

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

For the year ended September 30, 2025, the City recognized OPEB benefit of \$279,097. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ 375 | 948,766 |
| Changes of assumptions | - | 1,331,043 |
| Contributions subsequent to the measurement date | 105,077 | - |
| Total | \$ 105,452 | 2,279,809 |

The deferred outflows of resources totaling \$105,077 resulting from City contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the fiscal year ended September 30, 2026. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| | |
|--------------------------|----------------|
| Year ended September 30, | |
| 2026 | \$ (668,661) |
| 2027 | (608,391) |
| 2028 | (575,936) |
| 2029 | (216,512) |
| 2030 | (209,934) |
| Total | \$ (2,279,434) |

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025**

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, 2024, the date of the latest actuarial valuations for the plans, participation in the plans consisted of:

| | General Employees' | Police Officers' | Firefighters' |
|---|-------------------------------|-----------------------------|----------------------|
| Retirees and beneficiaries receiving benefits | 79 | 31 | 19 |
| Terminated employees entitled to benefits but not yet receiving them | 85 | 22 | 10 |
| Active plan members | 181 | 59 | 33 |
| Total membership | 345 | 112 | 62 |

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025**

NOTE 12 – PENSION PLANS (CONTINUED)

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

| | <u>General Employees'</u> | <u>Police Officers' and Firefighters'</u> |
|---------------------------------|---|--|
| Eligibility to participate | Full-time (30 hours per week) City employees not classified as sworn police officers or firefighters. | Full-time sworn police officers and firefighters. |
| Determination of contributions | Actuarially determined. | Actuarially determined. |
| Funding of administration costs | Included in normal cost. | Included in normal cost. |
| Period required to vest | If employed on or before 8/1/99, 20% after three years of credited service, plus 20% annually thereafter to 100% after seven years; if employed after 8/1/99, 100% after seven years of credited service. | 100% after 10 years of credited service. |
| Required contributions | 5% of compensation. | Police Officers: 9.4% of salary. Firefighters: 9% of salary. |
| Eligibility for Benefits | | |
| Normal retirement | If employed before 8/1/99, age 60 and five years of credited service; if employed on or after 8/1/99 age 60 and seven years of credited service. | Earlier of age 55 and 10 years of credited service or age 52 and 25 years of credited service or age 60 (fire only). |
| Early retirement | Age 55 and 10 years of credited service. | Age 50 & 10 years of credited service for fire. Age 55 & 10 years or 25 years of service for police. |
| Benefits | | |
| Normal retirement | 3% of average final compensation times credited service. | Police Officers: 3.35% of average final compensation times credited service earned before 10/1/11 plus 3.30% of average final compensation times credited service earned after 10/1/11. Firefighters: 3.3% of final compensation times credited service earned before 10/1/11 plus 3.11% of average final compensation times credited service earned on or after 10/1/11. |
| Early retirement | Accrued benefit, reduced 2% for each year up to five and 4% for each year between five and ten that early retirement precedes normal retirement. No reduction for participants age 55 and with 25 years of service. | Accrued benefit, reduced 3% for each year prior to normal retirement. |

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

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025**

NOTE 12 – PENSION PLANS (CONTINUED)

Plan Disclosures

The Plans do not issue separate financial statements.

Net Pension Liability of the City

The components of the net pension liability of the City at September 30, 2025 are as follows:

| | General <u>Employees'</u> | Police <u>Officers'</u> | <u>Firefighters'</u> | <u>Total</u> |
|---|------------------------------|----------------------------|----------------------|---------------------|
| Total pension liability | \$ 27,886,345 | 19,063,185 | 12,118,993 | 59,068,523 |
| Plan fiduciary net position | <u>(26,808,452)</u> | <u>(17,612,392)</u> | <u>(10,342,122)</u> | <u>(54,762,966)</u> |
| City's net pension liability | <u>\$ 1,077,893</u> | <u>1,450,793</u> | <u>1,776,871</u> | <u>4,305,557</u> |
| Plan fiduciary net position as a percentage of total pension liability | 96.13% | 92.39% | 85.34% | 92.71% |

For the year ended September 30, 2025, the City recognized pension expense of \$1,582,039 for the three plans combined. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows related to its General Employees' pension plan from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Changes of assumptions | \$ - | - |
| Difference between expected and actual experience | - | 963,976 |
| Net difference between projected and actual earnings on investments | - | 1,558,813 |
| City pension plan contributions subsequent to the measurement date | <u>2,543,523</u> | <u>-</u> |
| Total | <u>\$ 2,543,523</u> | <u>2,522,789</u> |

The deferred outflows of resources related to the General Employee's Pension Plan, totaling \$2,543,523 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, 2026. 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, | |
| 2026 | \$ 687,836 |
| 2027 | 304,496 |
| 2028 | 885,789 |
| 2029 | 644,668 |
| 2030 | - |
| Total | <u>\$ 2,522,789</u> |

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025**

NOTE 12 – PENSION PLANS (CONTINUED)

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows related to its Police Officers’ Pension Plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Changes of assumptions | \$ 117,630 | - |
| Difference between expected and actual experience | 300,593 | 143,310 |
| Net difference between projected and actual earnings on investments | - | 686,969 |
| City pension plan contributions subsequent to the measurement date | <u>1,079,135</u> | <u>-</u> |
| Total | <u>\$ 1,497,358</u> | <u>830,279</u> |

The deferred outflows of resources related to the Police Officers’ Pension Plan, totaling \$1,079,135 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, 2026. 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, | |
| 2026 | \$ 2,024 |
| 2027 | (296,320) |
| 2028 | 322,927 |
| 2029 | 383,425 |
| 2030 | <u>-</u> |
| Total | <u>\$ 412,056</u> |

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows related to its Firefighters’ Pension Plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Changes of assumptions | \$ 747,459 | - |
| Difference between expected and actual experience | 395,863 | 41,688 |
| Net difference between projected and actual earnings on investments | - | 523,187 |
| City pension plan contributions subsequent to the measurement date | <u>436,044</u> | <u>-</u> |
| Total | <u>\$ 1,579,366</u> | <u>564,875</u> |

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025**

NOTE 12 – PENSION PLANS (CONTINUED)

The deferred outflows of resources related to the Firefighters’ Pension Plan, totaling \$436,044 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, 2026. 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, | | |
| 2026 | \$ | 258,342 |
| 2027 | | 508,580 |
| 2028 | | 60,341 |
| 2029 | | (248,816) |
| 2030 | | - |
| Total | <u>\$</u> | <u>578,447</u> |

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2022, updated through September 30, 2025. The following actuarial assumptions applied to all periods included in the measurement:

| | General Employees' | Police Officers' | Firefighters' |
|---------------------------|-----------------------|---------------------|---------------|
| Inflation | 2.5% | 2.5% | 2.5% |
| Salary increases | 6.0% | Service based | Service based |
| Investment rate of return | 7.25% | 7.25% | 7.00% |

Mortality rates were based upon the Pub S.H-2010 mortality tables. The actuarial assumptions used in the October 1, 2023, valuation were based on the results of an actuarial experience study dated June 5, 2019.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and are included below:

| Asset Class | Long-Term Expected Real Rate of Return | | |
|---------------------------|---|---------------------|---------------|
| | General Employees' | Police Officers' | Firefighters' |
| | Domestic equity | 7.50% | 8.20% |
| International equity | 8.50% | 3.30% | 8.50% |
| Broad market fixed income | 2.50% | NA | 2.50% |
| Global bonds | 3.50% | 2.20% | 3.50% |
| Real estate | 4.50% | 5.50% | 4.50% |
| Infrastructure | 4.50% | 6.50% | NA |

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025**

NOTE 12 – PENSION PLANS (CONTINUED)

The target asset allocation as of September 30, 2025 are as follows:

| Asset Class | Target Allocation | | |
|---------------------------|--------------------|------------------|---------------|
| | General Employees' | Police Officers' | Firefighters' |
| Domestic equity | 45% | 50% | 50% |
| International equity | 10% | 8% | 15% |
| Broad market fixed income | 20% | NA | 20% |
| Global bonds | 5% | 30% | 5% |
| Real estate | 10% | 7% | 10% |
| Infrastructure | 10% | 5% | NA |

Discount Rate

The discount rate used to measure the total pension liability for the General Employees' Pension Plan was 7.25%, 7.35% for the Police Officers' Pension Plan and 6.85% for the Firefighter's Pension Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset) of the City

The changes in the components of the General Employees' net pension liability (asset) of the City for the fiscal year ended September 30, 2025, were as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a-b) (Asset) |
|---|-----------------------------|---------------------------------|-------------------------------------|
| Balances at September 30, 2024 | \$ 27,177,750 | 21,541,504 | 5,636,246 |
| Changes for the year: | | | |
| Service cost | 889,778 | - | 889,778 |
| Interest on total pension liability | 1,981,759 | - | 1,981,759 |
| Differences between expected and actual experience | (766,030) | - | (766,030) |
| Change in benefit terms | - | - | - |
| Contributions - buyback | 68,926 | 68,926 | - |
| Benefit payments, including refunds of employee contributions | (1,465,838) | (1,465,838) | - |
| Contributions - employer | - | 1,499,746 | (1,499,746) |
| Contributions - employees | - | 472,045 | (472,045) |
| Net investment income | - | 4,801,954 | (4,801,954) |
| Administrative expenses | - | (109,885) | 109,885 |
| Net change | <u>708,595</u> | <u>5,266,948</u> | <u>(4,558,353)</u> |
| Balances at September 30, 2025 | <u>\$ 27,886,345</u> | <u>26,808,452</u> | <u>1,077,893</u> |

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025**

NOTE 12 – PENSION PLANS (CONTINUED)

The changes in the components of the Police Officers’ net pension liability of the City for the fiscal year ended September 30, 2025 were as follows:

| | <u>Total Pension Liability (a)</u> | <u>Plan Fiduciary Net Position (b)</u> | <u>Net Pension Liability (a-b)</u> |
|---|--|--|--|
| Balances at September 30, 2024 | \$ 17,882,626 | 14,465,693 | 3,416,933 |
| Changes for the year: | | | |
| Service cost | 724,345 | - | 724,345 |
| Interest on total pension liability | 1,311,443 | - | 1,311,443 |
| Change in excess state money | 160,980 | - | 160,980 |
| Change in benefit terms | 56,559 | - | 56,559 |
| Differences between expected and actual experience | (89,306) | - | (89,306) |
| Change in assumptions | - | - | - |
| Contributions - buyback | 52,735 | - | 52,735 |
| Benefit payments, including refunds of employee contributions | (1,036,197) | (1,036,197) | - |
| Contributions - employer | - | 946,954 | (946,954) |
| Contributions - employees | - | 437,682 | (437,682) |
| Net investment income | - | 2,886,034 | (2,886,034) |
| Administrative expenses | - | (87,774) | 87,774 |
| Net change | <u>1,180,559</u> | <u>3,146,699</u> | <u>(1,966,140)</u> |
| Balances at September 30, 2025 | <u>\$ 19,063,185</u> | <u>17,612,392</u> | <u>1,450,793</u> |

The changes in the components of the Firefighters’ net pension liability of the City for the fiscal year ended September 30, 2025 were as follows:

| | <u>Total Pension Liability (a)</u> | <u>Plan Fiduciary Net Position (b)</u> | <u>Net Pension Liability (a-b)</u> |
|---|--|--|--|
| Balances at September 30, 2024 | \$ 10,366,437 | 8,762,364 | 1,604,073 |
| Changes for the year: | | | |
| Service cost | 295,273 | - | 295,273 |
| Interest on total pension liability | 719,802 | - | 719,802 |
| Change in excess state money | - | - | - |
| Share plan allocation | 22,787 | - | 22,787 |
| 13th check allocation | 6,317 | - | 6,317 |
| Differences between expected and actual experience | 469,428 | - | 469,428 |
| Change in assumptions | 996,610 | - | 996,610 |
| Change of benefit terms | - | - | - |
| Benefit payments, including refunds of employee contributions | (757,661) | (757,661) | - |
| Contributions - state | - | 227,864 | (227,864) |
| Contributions - employer | - | 154,656 | (154,656) |
| Contributions - employees | - | 173,874 | (173,874) |
| Net investment income | - | 1,848,054 | (1,848,054) |
| Administrative expenses | - | (67,029) | 67,029 |
| Net change | <u>1,752,556</u> | <u>1,579,758</u> | <u>172,798</u> |
| Balances at September 30, 2025 | <u>\$ 12,118,993</u> | <u>10,342,122</u> | <u>1,776,871</u> |

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025**

NOTE 12 – PENSION PLANS (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the net pension liability (asset) of the City using the measurement date of September 30, 2024, calculated using the discount rate indicated, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 1% Decrease <u>6.25%</u> | Current Discount Rate <u>7.25%</u> | 1% Increase <u>8.25%</u> |
|---------------------------------|-----------------------------|--|-----------------------------|
| Sponsor's Net Pension Liability | | | |
| General Employees' | \$ 4,300,516 | 1,077,893 | (1,589,221) |
| | | | |
| | 1% Decrease <u>6.25%</u> | Current Discount Rate <u>7.35%</u> | 1% Increase <u>8.25%</u> |
| Police Officers' | \$ 4,307,691 | 1,450,793 | (180,803) |
| | | | |
| | 1% Decrease <u>5.85%</u> | Current Discount Rate <u>6.85%</u> | 1% Increase <u>7.85%</u> |
| Firefighters' | <u>\$ 3,524,394</u> | <u>1,776,871</u> | <u>356,257</u> |
| Total | <u>\$ 12,132,601</u> | <u>4,305,557</u> | <u>(1,413,767)</u> |

The following presents the net pension liabilities of the City using the measurement date of September 30, 2025:

| | 1% Decrease <u>6.00%</u> | Current Discount Rate <u>7.00%</u> | 1% Increase <u>8.00%</u> |
|---------------------------------|-----------------------------|--|-----------------------------|
| Sponsor's Net Pension Liability | | | |
| General Employees' | \$ 4,503,353 | 478,194 | (2,832,940) |
| | | | |
| | 1% Decrease <u>6.00%</u> | Current Discount Rate <u>7.00%</u> | 1% Increase <u>8.00%</u> |
| Police Officers' | \$ 4,245,916 | 1,564,519 | (648,635) |
| | | | |
| | 1% Decrease <u>5.85%</u> | Current Discount Rate <u>6.85%</u> | 1% Increase <u>7.85%</u> |
| Firefighters' | <u>\$ 3,500,900</u> | <u>1,584,790</u> | <u>29,232</u> |
| Total | <u>\$ 12,250,169</u> | <u>3,627,503</u> | <u>(3,452,343)</u> |

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025**

NOTE 12 – PENSION PLANS (CONTINUED)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2025, and the current sharing pattern of costs between employer and employee.

Contributions

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

Members of the Police Officers’ plan are required to contribute 9.4% of their salary. The City is required to contribute the actuarially determined rates less amounts received from the State of Florida for insurance surcharges on policies sold within the City. The State’s contribution to the Police Officer’s Pension Fund for fiscal year 2025 was \$481,649. The City recognizes these on-behalf payments as revenues and expenditures in the governmental funds financial statements.

Members of the Firefighters’ plan are required to contribute 9% of their salary. The City is required to contribute the actuarially determined rates less amounts received from the State of Florida for insurance surcharges on policies sold within the City. The state’s contribution to the Firefighter’s Pension Fund for fiscal year 2025 was \$237,188. The City recognizes these on-behalf payments as revenues and expenditures in the governmental funds financial statements.

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

| | <u>General Employees'</u> | <u>Police Officers'</u> | <u>Firefighters'</u> | <u>Total</u> |
|--------------------------------|-------------------------------|-----------------------------|----------------------|--------------|
| City's net pension liability | \$ 1,077,893 | 1,450,793 | 1,776,871 | 4,305,557 |
| Deferred outflows of resources | 2,543,523 | 1,497,358 | 1,579,366 | 5,620,247 |
| Deferred inflows of resources | 2,522,789 | 830,279 | 564,875 | 3,917,943 |
| Pension expense/expenditure | 158,512 | 838,462 | 585,065 | 1,582,039 |

CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 12 – PENSION PLANS (CONTINUED)

Financial statements for the City’s pension plans at September 30, 2025 are as follows:

| | General Employees' | Police Officers' | Firefighters' | |
|--|---------------------------|-------------------------|----------------------|-------------------|
| | Pension Fund | Pension Fund | Pension Fund | Total |
| Assets | | | | |
| Cash and cash equivalents | \$ 941,294 | 270,949 | 208,711 | 1,420,954 |
| Receivables | | | | |
| Contributions receivable | - | - | - | - |
| Accrued interest and dividends | 11,018 | 36,029 | - | 47,047 |
| Investments, at fair value: | | | | |
| U.S. government agencies | - | 2,751,348 | - | 2,751,348 |
| Municipal obligations | - | 107,797 | - | 107,797 |
| Corporate bonds | - | 2,641,333 | - | 2,641,333 |
| Equities and equity mutual funds | 19,152,410 | 12,697,118 | 8,133,815 | 39,983,343 |
| Fixed income mutual funds | 8,397,389 | - | 2,392,311 | 10,789,700 |
| Commingled real estate funds | 3,241,701 | 1,090,636 | 761,270 | 5,093,607 |
| Total assets | \$ 31,743,812 | 19,595,210 | 11,496,107 | 62,835,129 |
| Liabilities | | | | |
| Accounts payable and prepaid contributions | \$ 26,170 | 7,906 | - | 34,076 |
| Net Position | | | | |
| Restricted for pension benefits | \$ 31,717,642 | 19,587,304 | 11,496,107 | 62,801,053 |
| | General Employees' | Police Officers' | Firefighters' | |
| | Pension Fund | Pension Fund | Pension Fund | Total |
| Additions | | | | |
| Contributions | | | | |
| Employer | \$ 2,543,523 | 597,486 | 198,856 | 3,339,865 |
| Employees | 529,745 | 401,169 | 221,109 | 1,152,023 |
| State of Florida | - | 481,649 | 237,188 | 718,837 |
| Total contributions | <u>3,073,268</u> | <u>1,480,304</u> | <u>657,153</u> | <u>5,210,725</u> |
| Investment earnings | | | | |
| Interest | 184,076 | 227,217 | 6,598 | 417,891 |
| Dividends | 1,047,359 | 308,499 | 527,437 | 1,883,295 |
| Net appreciation in fair value | 2,172,978 | 1,232,218 | 798,871 | 4,204,067 |
| Less investment expense | (48,171) | (54,295) | (36,470) | (138,936) |
| Net investment earnings | <u>3,356,242</u> | <u>1,713,639</u> | <u>1,296,436</u> | <u>6,366,317</u> |
| Total additions | <u>6,429,510</u> | <u>3,193,943</u> | <u>1,953,589</u> | <u>11,577,042</u> |
| Deductions | | | | |
| Pension benefits | 1,401,232 | 1,117,150 | 736,031 | 3,254,413 |
| Administrative expenses | 119,088 | 101,881 | 63,573 | 284,542 |
| Total deductions | <u>1,520,320</u> | <u>1,219,031</u> | <u>799,604</u> | <u>3,538,955</u> |
| Change in net position | 4,909,190 | 1,974,912 | 1,153,985 | 8,038,087 |
| Net position, beginning of year | 26,808,452 | 17,612,392 | 10,342,122 | 54,762,966 |
| Net position, end of year | <u>\$ 31,717,642</u> | <u>19,587,304</u> | <u>11,496,107</u> | <u>62,801,053</u> |

**CITY OF HAINES CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2025**

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, 2025:

| | Revenues | Expenditures |
|--|-----------------|---------------------|
| Source of revenues | | |
| Ad valorem taxes | \$ 5,097,834 | - |
| Ad valorem taxes received from Polk County | 5,856,514 | - |
| Interest | 576,910 | - |
| Other | 6,988 | - |
| Purpose of expenditures | | |
| Professional services | - | 2,070,726 |
| Culture and recreation | - | 408,735 |
| Capital outlay | - | 2,282,454 |
| Debt service | - | 2,468,760 |
| | \$ 11,538,246 | 7,230,675 |

NOTE 14 – SUBSEQUENT EVENTS

The City has evaluated all subsequent events through April 29, 2026 the date the financial statements were available to be issued.



REQUIRED SUPPLEMENTARY INFORMATION

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

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

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



CITY OF HAINES CITY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND (GAAP BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget</u> |
|--|-------------------------|---------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Property taxes | \$ 24,550,000 | 24,550,000 | 24,737,564 | 187,564 |
| Gas and fuel taxes | 1,245,000 | 1,245,000 | 1,403,887 | 158,887 |
| Utility taxes | 4,405,000 | 4,405,000 | 5,981,729 | 1,576,729 |
| Communications service tax | 645,000 | 645,000 | 838,887 | 193,887 |
| Local business tax | 120,000 | 120,000 | 111,974 | (8,026) |
| Franchise fees | 3,300,000 | 3,300,000 | 4,599,290 | 1,299,290 |
| Licenses and permits | 10,209,500 | 10,209,500 | 10,851,496 | 641,996 |
| Intergovernmental | 5,260,500 | 7,083,500 | 7,819,499 | 735,999 |
| Charges for services | 9,694,500 | 9,694,500 | 10,800,342 | 1,105,842 |
| Fines and forfeitures | 1,640,000 | 1,640,000 | 2,073,161 | 433,161 |
| Assessments | 4,450,000 | 4,450,000 | 4,960,587 | 510,587 |
| Impact fees | 4,755,000 | 4,755,000 | 6,853,709 | 2,098,709 |
| Contributions | 125,000 | 125,000 | 137,704 | 12,704 |
| Interest | 1,639,000 | 1,639,000 | 4,979,732 | 3,340,732 |
| Other | 2,531,800 | 4,644,570 | 136,570 | (4,508,000) |
| Total revenues | <u>74,570,300</u> | <u>78,506,070</u> | <u>86,286,131</u> | <u>7,780,061</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 10,991,515 | 12,511,615 | 9,231,341 | 3,280,274 |
| Public safety | 19,071,608 | 20,919,608 | 18,468,413 | 2,451,195 |
| Physical environment | 8,712,801 | 8,712,801 | 8,298,129 | 414,672 |
| Transportation | 3,812,825 | 3,510,325 | 2,807,779 | 702,546 |
| Culture and recreation | 7,903,705 | 7,903,705 | 6,708,176 | 1,195,529 |
| Capital outlay | 10,544,500 | 11,043,420 | 2,906,832 | 8,136,588 |
| Total expenditures | <u>61,036,954</u> | <u>64,601,474</u> | <u>48,420,670</u> | <u>16,180,804</u> |
| Excess of revenues over expenditures | <u>13,533,346</u> | <u>13,904,596</u> | <u>37,865,461</u> | <u>23,960,865</u> |
| Other financing sources (uses) | | | | |
| Insurance proceeds | - | - | 170,414 | 170,414 |
| Proceeds from sale of capital assets | - | - | 122,210 | 122,210 |
| Transfers in | 630,500 | 16,526,143 | 630,500 | (15,895,643) |
| Transfers out | (12,828,475) | (29,095,368) | (25,165,810) | 3,929,558 |
| Total other financing uses, net | <u>(12,197,975)</u> | <u>(12,569,225)</u> | <u>(24,242,686)</u> | <u>(11,673,461)</u> |
| Net change in fund balance | 1,335,371 | 1,335,371 | 13,622,775 | 12,287,404 |
| Fund balance, beginning of year | <u>97,377,693</u> | <u>97,377,693</u> | <u>97,377,693</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 98,713,064</u> | <u>98,713,064</u> | <u>111,000,468</u> | <u>12,287,404</u> |

CITY OF HAINES CITY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – CRA FUND (GAAP BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget |
|---|-------------------------|--------------------|---------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Property taxes | \$ 10,995,000 | 10,995,000 | 5,097,834 | (5,897,166) |
| Interest revenue | 425,000 | 425,000 | 576,910 | 151,910 |
| Other | - | - | 6,988 | 6,988 |
| Total revenues | <u>11,420,000</u> | <u>11,420,000</u> | <u>5,681,732</u> | <u>(5,738,268)</u> |
| Expenditures | | | | |
| Current | | | | |
| Public safety | 338,000 | 338,000 | 419,275 | (81,275) |
| Economic development | 5,237,550 | 5,237,550 | 1,640,934 | 3,596,616 |
| Culture and recreation | 511,625 | 511,625 | 408,735 | 102,890 |
| Capital outlay | 2,938,000 | 8,035,325 | 2,282,454 | 5,752,871 |
| Total expenditures | <u>9,210,175</u> | <u>14,307,500</u> | <u>4,761,915</u> | <u>9,545,585</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>2,209,825</u> | <u>(2,887,500)</u> | <u>919,817</u> | <u>3,807,317</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 282,535 | 5,379,860 | 5,856,514 | 476,654 |
| Transfers out | (2,492,360) | (2,492,360) | (2,468,760) | 23,600 |
| Total other financing sources (uses), net | <u>(2,209,825)</u> | <u>2,887,500</u> | <u>3,387,754</u> | <u>500,254</u> |
| Net change in fund balance | - | - | 4,307,571 | 4,307,571 |
| Fund balance, beginning of year | <u>12,839,747</u> | <u>12,839,747</u> | <u>12,839,747</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 12,839,747</u> | <u>12,839,747</u> | <u>17,147,318</u> | <u>4,307,571</u> |

CITY OF HAINES CITY, FLORIDA

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

| Reporting period ending | 9/30/2026 | 9/30/2025 | 9/30/2024 | 9/30/2023 | 9/30/2022 | 9/30/2021 | 9/30/2020 | 9/30/2019 | 9/30/2018 | 9/30/2017 |
|---|----------------------|-------------------|-------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Measurement date | 9/30/2025 | 9/30/2024 | 9/30/2023 | 9/30/2022 | 9/30/2021 | 9/30/2020 | 9/30/2019 | 9/30/2018 | 9/30/2017 | 9/30/2016 |
| Total pension liability | | | | | | | | | | |
| Service cost | \$ 1,087,352 | 889,778 | 696,348 | 736,534 | 143,164 | 149,281 | 176,250 | 176,863 | 209,833 | 280,460 |
| Interest on total pension liability | 2,049,798 | 1,981,759 | 1,684,058 | 1,648,527 | 1,279,102 | 1,285,607 | 1,330,781 | 1,317,907 | 1,245,293 | 1,189,882 |
| Changes of benefit terms | - | - | (118,391) | 4,345,450 | - | - | - | - | - | - |
| Differences between expected and actual experience | 594,989 | (766,030) | (778,905) | (581,851) | (5,286) | (3,625) | (393,291) | (79,183) | 746,612 | (106,141) |
| Changes of assumptions | 1,978,584 | - | - | - | - | (292,575) | 194,848 | - | - | 556,036 |
| Contributions - buy back | - | 68,926 | 3,812,369 | - | - | - | - | - | - | - |
| Benefit payments, including refunds of employee contributions | (1,401,232) | (1,465,838) | (1,299,549) | (1,246,331) | (1,274,225) | (1,261,239) | (1,233,584) | (1,253,062) | (1,148,111) | (1,073,479) |
| Net change in total pension liability | 4,309,491 | 708,595 | 3,995,930 | 4,902,329 | 142,755 | (122,551) | 75,004 | 162,525 | 1,053,627 | 846,758 |
| Total pension liability - beginning | 27,886,345 | 27,177,750 | 23,181,820 | 18,279,491 | 18,136,736 | 18,259,287 | 18,184,283 | 18,021,758 | 16,968,131 | 16,121,373 |
| Total pension liability - ending (a) | \$ 32,195,836 | 27,886,345 | 27,177,750 | 23,181,820 | 18,279,491 | 18,136,736 | 18,259,287 | 18,184,283 | 18,021,758 | 16,968,131 |
| Plan fiduciary net position | | | | | | | | | | |
| Contributions - employer | \$ 2,543,523 | 1,499,746 | 1,429,532 | 241,220 | 416,758 | 76,944 | 734,486 | 330,764 | 112,300 | 130,025 |
| Contributions - employee | 529,745 | 472,045 | 320,545 | - | - | - | - | - | - | - |
| Contributions - buy back | - | 68,926 | 3,812,369 | - | - | - | - | - | - | - |
| Net investment income | 3,356,242 | 4,801,954 | 1,547,749 | (2,524,177) | 3,151,878 | 1,687,696 | 834,153 | 1,473,203 | 1,595,225 | 560,035 |
| Benefit payments, including refunds of member contributions | (1,401,232) | (1,465,838) | (1,299,550) | (1,246,331) | (1,274,225) | (1,261,239) | (1,233,693) | (1,253,062) | (1,150,412) | (1,073,479) |
| Administrative expenses | (119,088) | (109,885) | (110,183) | (86,440) | (74,983) | (56,616) | (76,591) | (55,315) | (117,991) | (56,501) |
| Net change in plan fiduciary net position | 4,909,190 | 5,266,948 | 5,700,462 | (3,615,728) | 2,219,428 | 446,785 | 258,355 | 495,590 | 439,122 | (439,920) |
| Plan fiduciary net position - beginning | 26,808,452 | 21,541,504 | 15,841,042 | 19,456,770 | 17,237,342 | 16,790,557 | 16,532,202 | 16,036,612 | 15,597,490 | 16,037,410 |
| Plan fiduciary net position - ending (b) | \$ 31,717,642 | 26,808,452 | 21,541,504 | 15,841,042 | 19,456,770 | 17,237,342 | 16,790,557 | 16,532,202 | 16,036,612 | 15,597,490 |
| City's net pension liability - ending (a) - (b) | \$ 478,194 | 1,077,893 | 5,636,246 | 7,340,778 | (1,177,279) | 899,394 | 1,468,730 | 1,652,081 | 1,985,146 | 1,370,641 |
| Plan fiduciary net position as a percentage of the total pension liability | 98.51% | 96.13% | 79.26% | 68.33% | 106.44% | 95.04% | 91.96% | 90.91% | 88.98% | 91.92% |
| Covered payroll | \$ 10,708,902 | \$ 9,542,076 | 6,410,891 | 1,849,162 | 1,681,238 | 1,711,778 | 1,851,807 | 2,047,811 | 2,124,711 | 2,549,511 |
| City's net pension liability as a percentage of covered payroll | 4.47% | 11.30% | 87.92% | 396.98% | -70.02% | 52.54% | 79.31% | 80.68% | 93.43% | 53.76% |

CITY OF HAINES CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
GENERAL EMPLOYEES' PENSION

| | 9/20/2025 | 9/20/2024 | 9/20/2023 | 9/20/2022 | 9/20/2021 | 9/20/2020 | 9/30/2019 | 9/30/2018 | 9/30/2017 | 9/30/2016 |
|--|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Actuarially determined contribution | \$ 1,724,133 | 1,364,517 | 794,624 | 352,966 | 403,344 | 362,920 | 366,462 | 325,166 | 131,366 | 130,025 |
| Contributions in relation to the actuarially determined contribution | 2,543,523 | 1,499,746 | 1,429,532 | 241,220 | 416,758 | 81,533 | 734,486 | 330,764 | 112,300 | 130,025 |
| Contribution deficiency (excess) | \$ (819,390) | (135,229) | (634,908) | 111,746 | (13,414) | 281,387 | (368,024) | (5,598) | 19,066 | - |
| Covered payroll | \$ 10,708,902 | 9,542,076 | 6,410,891 | 1,849,162 | 1,681,238 | 1,711,778 | 1,851,807 | 2,047,811 | 2,124,711 | 2,549,511 |
| Contributions as a percentage of covered payroll | 23.75% | 15.72% | 22.30% | 13.04% | 24.79% | 4.76% | 39.66% | 16.15% | 5.29% | 5.10% |

Notes to the Schedule:

Valuation date: October 1, 2023
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates: Traditional unit credit cost method.
Funding method: Level percentage of compensation.
Amortization method: 18 years (as of October 1, 2023).
Remaining amortization period: All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a four year period.
Asset valuation method:

Inflation: 2.50% per year.
Salary increases: Not applicable.
Final salary load: Individually determined based upon current accruals.
Interest rate: 7.25% per year, compounded annually, net of investment-related expenses. This assumption is supported by the asset allocation.
Payroll increases: None.
Retirement age: The earlier of age 60 with the completion of 7 years of service and age 55 with the completion of 25 years of service. Members at or over the normal retirement age on the valuation date are assumed to work one additional year.
Early retirement: Commencing with the earliest early retirement age (55 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
Mortality: *Healthy Active Lives*: Female: PubG.H-2010 for employees. Male: PubG.H-2010 (below median) for employees, set back one year.
Healthy Retiree Lives: Female: PubG.H-2010 for healthy retirees. Male: PubG.H-2010 (below median) for healthy retirees, set back one year.
Beneficiary Lives: Female: PubG.H-2010 (below median) for healthy retirees. Male: PubG.H-2010 for healthy retirees, set back one year.
Disabled Lives: PubG.H-2010 for disabled retirees, set forward three years.

CITY OF HAINES CITY, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PENSION INVESTMENT RETURNS**

| | <u>9/30/2025</u> | <u>9/30/2024</u> | <u>9/30/2023</u> | <u>9/30/2022</u> | <u>9/30/2021</u> | <u>9/30/2020</u> | <u>9/30/2019</u> | <u>9/30/2018</u> | <u>9/30/2017</u> | <u>9/30/2016</u> |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| General Employees: | | | | | | | | | | |
| Annual money-weighted rate of return, net of investment expenses | 12.21% | 22.09% | 9.24% | -13.22% | 18.62% | 10.40% | 5.05% | 9.50% | 10.09% | 3.59% |
| Police Officers: | | | | | | | | | | |
| Annual money-weighted rate of return, net of investment expenses | 9.71% | 20.00% | 9.32% | -13.92% | 21.53% | 8.34% | 4.29% | 5.86% | 12.31% | 9.52% |
| Firefighters: | | | | | | | | | | |
| Annual money-weighted rate of return, net of investment expenses | 12.63% | 21.33% | 10.70% | -15.39% | 20.07% | 10.76% | 4.60% | 9.45% | 11.28% | 9.43% |

CITY OF HAINES CITY, FLORIDA

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

| Reporting period ending | 9/30/2026 | 9/30/2025 | 9/30/2024 | 9/30/2023 | 9/30/2022 | 9/30/2021 | 9/30/2020 | 9/30/2019 | 9/30/2018 | 9/30/2017 |
|---|----------------------|---------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Measurement date | 9/30/2025 | 9/30/2024 | 9/30/2023 | 9/30/2022 | 9/30/2021 | 9/30/2020 | 9/30/2019 | 9/30/2018 | 9/30/2017 | 9/30/2016 |
| Total pension liability | | | | | | | | | | |
| Service cost | \$ 717,302 | 724,345 | 621,246 | 550,787 | 564,141 | 536,712 | 486,883 | 411,856 | 366,092 | 386,608 |
| Interest on total pension liability | 1,353,278 | 1,311,443 | 1,184,254 | 1,143,793 | 1,084,070 | 1,053,002 | 964,367 | 873,191 | 824,923 | 753,430 |
| Change in excess state money | 186,239 | 160,980 | 116,318 | 80,589 | 60,540 | 53,445 | 47,981 | (54,868) | 23,539 | (36,548) |
| Change in benefit terms | - | 56,559 | - | - | - | - | - | 217,251 | - | - |
| Differences between expected and actual experience | 293,545 | (89,306) | 453,549 | (179,663) | 142,313 | (6,214) | 327,704 | 637,626 | - | 196,061 |
| Changes of assumptions | 655,424 | - | 102,378 | 94,385 | 92,239 | (188,384) | 295,697 | - | (67,601) | 352,225 |
| Contributions - buy back | - | 52,735 | 59,374 | - | - | - | - | - | - | - |
| Benefit payments, including refunds of employee contributions | (1,117,150) | (1,036,197) | (1,069,223) | (968,611) | (945,775) | (868,622) | (828,281) | (735,772) | (749,932) | (679,205) |
| Net change in total pension liability | 2,088,638 | 1,180,559 | 1,467,896 | 721,280 | 997,528 | 579,939 | 1,294,351 | 1,349,284 | 397,021 | 972,571 |
| Total pension liability - beginning | 19,063,185 | 17,882,626 | 16,414,730 | 15,693,450 | 14,695,922 | 14,115,983 | 12,821,632 | 11,472,348 | 11,075,327 | 10,102,756 |
| Total pension liability - ending (a) | \$ 21,151,823 | 19,063,185 | 17,882,626 | 16,414,730 | 15,693,450 | 14,695,922 | 14,115,983 | 12,821,632 | 11,472,348 | 11,075,327 |
| Plan fiduciary net position | | | | | | | | | | |
| Contributions - employer | \$ 597,486 | 556,776 | 594,777 | 576,816 | 596,253 | 590,590 | 577,221 | 500,417 | 437,529 | 532,313 |
| Contributions - state | 481,649 | 390,178 | 313,459 | 270,350 | 230,250 | 216,062 | 205,133 | 181,471 | 156,249 | - |
| Contributions - employee | 401,169 | 437,682 | 433,917 | 314,882 | 313,249 | 312,165 | 288,857 | 259,632 | 230,087 | 223,621 |
| Net investment income | 1,713,639 | 2,886,034 | 1,213,514 | (2,080,286) | 2,634,952 | 926,846 | 448,816 | 567,254 | 1,105,157 | 748,956 |
| Benefit payments, including refunds of member contributions | (1,117,150) | (1,036,197) | (1,069,223) | (968,811) | (945,775) | (868,623) | (828,280) | (738,288) | (749,932) | (679,205) |
| Administrative expenses | (101,881) | (87,774) | (65,582) | (57,856) | (79,976) | (51,122) | (73,960) | (50,982) | (81,378) | (57,128) |
| Net change in plan fiduciary net position | 1,974,912 | 3,146,699 | 1,420,862 | (1,944,905) | 2,748,953 | 1,125,918 | 617,787 | 719,504 | 1,097,712 | 768,557 |
| Plan fiduciary net position - beginning | 17,612,392 | 14,465,693 | 13,044,831 | 14,989,736 | 12,240,783 | 11,114,865 | 10,497,078 | 9,777,574 | 8,679,862 | 7,911,305 |
| Plan fiduciary net position - ending (b) | \$ 19,587,304 | 17,612,392 | 14,465,693 | 13,044,831 | 14,989,736 | 12,240,783 | 11,114,865 | 10,497,078 | 9,777,574 | 8,679,862 |
| City's net pension liability - ending (a) - (b) | \$ 1,564,519 | 1,450,793 | 3,416,933 | 3,369,899 | 703,714 | 2,455,139 | 3,001,118 | 2,324,554 | 1,694,774 | 2,395,465 |
| Plan fiduciary net position as a percentage of the total pension liability | 92.60% | 92.39% | 80.89% | 79.47% | 95.52% | 83.29% | 78.74% | 81.87% | 85.23% | 78.37% |
| Covered payroll | \$ 4,267,754 | \$ 4,095,184 | 3,984,501 | 3,449,099 | 3,249,868 | 3,317,378 | 3,113,482 | 2,828,741 | 2,465,118 | 2,484,672 |
| City's net pension liability as a percentage of covered payroll | 36.66% | 35.43% | 85.76% | 97.70% | 21.65% | 74.01% | 96.39% | 82.18% | 68.75% | 96.41% |

CITY OF HAINES CITY, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
POLICE OFFICERS' PENSION**

| | <u>9/30/2025</u> | <u>9/30/2024</u> | <u>9/30/2023</u> | <u>9/30/2022</u> | <u>9/30/2021</u> | <u>9/30/2020</u> | <u>9/30/2019</u> | <u>9/30/2018</u> | <u>9/30/2017</u> | <u>9/30/2016</u> |
|--|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Actuarially determined contribution | \$ 806,606 | 761,704 | 852,683 | 769,149 | 757,219 | 753,045 | 750,349 | 667,583 | 525,070 | 529,235 |
| Contributions in relation to the actuarially determined contribution | 892,896 | 806,451 | 806,092 | 786,163 | 862,503 | 750,258 | 782,354 | 681,888 | 593,778 | 532,313 |
| Contribution deficiency (excess) | <u>\$ (86,290)</u> | <u>(44,747)</u> | <u>46,591</u> | <u>(17,014)</u> | <u>(105,284)</u> | <u>2,787</u> | <u>(32,005)</u> | <u>(14,305)</u> | <u>(68,708)</u> | <u>(3,078)</u> |
| Covered payroll | \$ 4,267,754 | 4,095,184 | 3,984,501 | 3,449,099 | 3,249,868 | 3,317,378 | 3,113,482 | 2,828,741 | 2,465,118 | 2,484,672 |
| Contributions as a percentage of covered payroll | 20.92% | 19.69% | 20.23% | 22.79% | 26.54% | 22.62% | 25.13% | 24.11% | 24.09% | 21.42% |

Notes to the Schedule:

Valuation date: October 1, 2023

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

Methods and assumptions used to determine contribution rates:

Funding method: Entry age normal actuarial cost method.

Amortization method: Level percentage of pay, closed.

Remaining amortization period: 25 years (as of October 1, 2023).

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

Inflation: 2.70% per year.

Salary increases: Service based.

Discount rate: 7.25%

Investment rate of return: 7.25%

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

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

Mortality: *Healthy Active Lives*: Female: PubG.H-2010 (below median) for employees, set forward one year. Male: PubG.H-2010 (below median) for employees, set forward one year.

Healthy Retiree Lives: Female: PubG.H-2010 for healthy retirees, set forward one year. Male: PubG.H-2010 (below median) for healthy retirees, set forward one year.

Beneficiary Lives: Female: PubG.H-2010 (below median) for healthy retirees. Male: PubG.H-2010 for healthy retirees, set back one year.

Disabled Lives: 80% PubG.H-2010 for disabled retirees/20% PubS.H-2010 for disabled retirees.

75% of active deaths are assumed to be service-incurred.

CITY OF HAINES CITY, FLORIDA

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

| Reporting period ending | 9/30/2026 | 9/30/2025 | 9/30/2024 | 9/30/2023 | 9/30/2022 | 9/30/2021 | 9/30/2020 | 9/30/2019 | 9/30/2018 | 9/30/2017 |
|---|----------------------|---------------------|-------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Measurement date | 9/30/2025 | 9/30/2024 | 9/30/2023 | 9/30/2022 | 9/30/2021 | 9/30/2020 | 9/30/2019 | 9/30/2018 | 9/30/2017 | 9/30/2016 |
| Total pension liability | | | | | | | | | | |
| Service cost | \$ 358,766 | 295,273 | 269,236 | 244,619 | 283,364 | 257,039 | 204,357 | 167,939 | 149,580 | 109,002 |
| Interest on total pension liability | 829,517 | 719,802 | 690,342 | 676,062 | 641,582 | 623,567 | 587,110 | 547,173 | 548,290 | 520,966 |
| Change in excess state money | - | - | - | (23,541) | - | - | (122,844) | (317,257) | 76,052 | 65,351 |
| Share plan allocation | 23,719 | 22,787 | 16,469 | 16,031 | 15,098 | 13,333 | 12,382 | 11,998 | - | - |
| 13th check allocation | 23,719 | 6,317 | 437 | 934 | 1,765 | 950 | 384 | 11,998 | - | - |
| Changes of benefit terms | - | - | - | - | - | - | (392) | (81,400) | - | - |
| Differences between expected and actual experience | 165,598 | 469,428 | 87,584 | (166,750) | 192,910 | 91,192 | 301,527 | 324,409 | (100,367) | (17,885) |
| Changes of assumptions | 296,616 | 996,610 | - | - | - | (160,414) | 248,666 | 232,731 | - | 247,330 |
| Benefit payments, including refunds of employee contributions | (736,031) | (757,661) | (580,860) | (602,146) | (604,662) | (584,623) | (542,200) | (584,802) | (513,928) | (557,414) |
| Net change in total pension liability | 961,904 | 1,752,556 | 483,208 | 145,209 | 530,057 | 241,044 | 688,990 | 312,789 | 159,627 | 367,350 |
| Total pension liability - beginning | 12,118,993 | 10,366,437 | 9,883,229 | 9,738,020 | 9,207,963 | 8,966,919 | 8,277,929 | 7,965,140 | 7,805,513 | 7,438,163 |
| Total pension liability - ending (a) | \$ 13,080,897 | 12,118,993 | 10,366,437 | 9,883,229 | 9,738,020 | 9,207,963 | 8,966,919 | 8,277,929 | 7,965,140 | 7,805,513 |
| Plan fiduciary net position | | | | | | | | | | |
| Contributions - employer | \$ 198,856 | 154,656 | 185,452 | 193,295 | 295,133 | 216,558 | 491,203 | 458,872 | 398,748 | 479,629 |
| Contributions - state | 237,188 | 227,864 | 164,687 | 160,312 | 150,974 | 133,324 | 123,819 | 119,975 | 116,083 | - |
| Contributions - employee | 221,109 | 173,874 | 177,514 | 160,737 | 172,870 | 169,020 | 154,222 | 145,830 | 125,920 | 108,784 |
| Net investment income | 1,296,436 | 1,848,054 | 845,024 | (1,462,659) | 1,604,771 | 786,618 | 319,572 | 579,035 | 640,637 | 472,199 |
| Benefit payments, including refunds of member contributions | (736,031) | (757,661) | (580,860) | (602,146) | (604,662) | (584,623) | (542,200) | (584,803) | (514,641) | (557,414) |
| Administrative expenses | (63,573) | (67,029) | (60,230) | (54,807) | (45,429) | (45,848) | (55,498) | (42,353) | (58,103) | (91,883) |
| Net change in plan fiduciary net position | 1,153,985 | 1,579,758 | 731,587 | (1,605,268) | 1,573,657 | 675,049 | 491,118 | 676,556 | 708,644 | 411,315 |
| Plan fiduciary net position - beginning | 10,342,122 | 8,762,364 | 8,030,777 | 9,636,045 | 8,062,388 | 7,387,339 | 6,896,221 | 6,219,665 | 5,511,021 | 5,099,706 |
| Plan fiduciary net position - ending (b) | \$ 11,496,107 | 10,342,122 | 8,762,364 | 8,030,777 | 9,636,045 | 8,062,388 | 7,387,339 | 6,896,221 | 6,219,665 | 5,511,021 |
| City's net pension liability - ending (a) - (b) | \$ 1,584,790 | 1,776,871 | 1,604,073 | 1,852,452 | 101,975 | 1,145,575 | 1,579,580 | 1,381,708 | 1,745,475 | 2,294,492 |
| Plan fiduciary net position as a percentage of the total pension liability | 87.88% | 85.34% | 84.53% | 81.26% | 98.95% | 87.56% | 82.38% | 83.31% | 78.09% | 70.60% |
| Covered payroll | \$ 2,456,767 | \$ 1,931,936 | 1,972,382 | 1,866,157 | 1,862,831 | 1,884,339 | 1,759,644 | 1,588,231 | 1,352,142 | 1,208,709 |
| City's net pension liability as a percentage of covered payroll | 64.51% | 91.97% | 81.33% | 99.27% | 5.47% | 60.79% | 89.77% | 87.00% | 129.09% | 189.83% |

CITY OF HAINES CITY, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FIREFIGHTERS' PENSION**

| | <u>9/30/2025</u> | <u>9/30/2024</u> | <u>9/30/2023</u> | <u>9/30/2022</u> | <u>9/30/2021</u> | <u>9/30/2020</u> | <u>9/30/2019</u> | <u>9/30/2018</u> | <u>9/30/2017</u> | <u>9/30/2016</u> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Actuarially determined contribution | \$ 464,329 | 285,926 | 293,885 | 343,372 | 396,783 | 450,357 | 490,941 | 493,939 | 450,263 | 389,204 |
| Contributions in relation to the actuarially determined contribution | 388,606 | 359,733 | 317,202 | 329,979 | 446,107 | 328,250 | 615,022 | 578,847 | 514,831 | 479,629 |
| Contribution deficiency (excess) | <u>\$ 75,723</u> | <u>(73,807)</u> | <u>(23,317)</u> | <u>13,393</u> | <u>(49,324)</u> | <u>122,107</u> | <u>(124,081)</u> | <u>(84,908)</u> | <u>(64,568)</u> | <u>(90,425)</u> |
| Covered payroll | \$ 2,456,767 | 1,931,936 | 1,972,382 | 1,866,157 | 1,862,831 | 1,884,339 | 1,759,644 | 1,588,231 | 1,352,142 | 1,208,709 |
| Contributions as a percentage of covered payroll | 15.82% | 18.62% | 16.08% | 17.68% | 23.95% | 17.42% | 34.95% | 36.45% | 38.08% | 39.68% |

Notes to the Schedule:

Valuation date: October 1, 2023

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: Entry age normal actuarial cost method.

Funding method: Level percentage of pay, closed.

Amortization method: 24 years (as of October 1, 2023).

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

Asset valuation method: 2.50%

Inflation: Service based.

Salary increases: 6.85%

Discount rate: 6.85%

Investment rate of return: 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.

Retirement age: 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.

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

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

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

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

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

Termination rates:

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

CITY OF HAINES CITY, FLORIDA

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

| Measurement year ended September 30, | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|----------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| Total OPEB liability | | | | | | | | |
| Service cost | \$ 421,046 | 404,452 | 661,640 | 690,585 | 421,962 | 411,871 | 336,206 | 360,840 |
| Interest on the total OPEB liability | 171,527 | 148,706 | 117,758 | 93,124 | 106,391 | 191,966 | 155,293 | 124,111 |
| Differences between expected and actual experience | (452,254) | - | (1,143,778) | - | 2,260 | - | - | - |
| Economic/demographic gains or (losses) | - | - | - | - | - | (82,074) | - | - |
| Changes in assumptions and other inputs | (807,350) | (39,458) | (1,012,803) | (194,690) | (363,892) | (1,073,428) | (242,733) | (269,562) |
| Benefit payments | (130,177) | (121,377) | (67,879) | (63,438) | (103,123) | - | 3,478 | 30,235 |
| Net change in total OPEB liability | (797,208) | 392,323 | (1,445,062) | 525,581 | 63,598 | (551,665) | 252,244 | 245,624 |
| Total OPEB liability - beginning | 3,165,387 | 2,773,064 | 4,218,126 | 3,692,545 | 3,628,947 | 4,180,612 | 3,928,368 | 3,682,744 |
| Total OPEB liability - ending | \$ 2,368,179 | 3,165,387 | 2,773,064 | 4,218,126 | 3,692,545 | 3,628,947 | 4,180,612 | 3,928,368 |
| Covered employee payroll | \$ 17,631,270 | 16,313,927 | 15,390,497 | 11,647,754 | 11,369,208 | 11,921,595 | 11,009,000 | 9,904,000 |
| City's total OPEB liability as a percentage of covered employee payroll | 13.43% | 19.40% | 18.02% | 36.21% | 32.48% | 30.44% | 37.97% | 39.66% |

Notes to the Schedule

No assets are accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits.

Difference between expected and actual experience reflects the impact of changes to the census data from the prior valuation to the valuation as of September 30, 2022.

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

| | |
|--|-------|
| Fiscal year ending September 30, 2025: | 4.06% |
| Fiscal year ending September 30, 2024: | 4.87% |
| Fiscal year ending September 30, 2023: | 4.77% |
| Fiscal year ending September 30, 2022: | 2.43% |
| Fiscal year ending September 30, 2021: | 2.14% |
| Fiscal year ending September 30, 2020: | 2.66% |

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

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

Statistical Section

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

| | Page |
|---|-------------|
| Financial Trends | 75 |
| <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i> | |
| Revenue Capacity | 80 |
| <i>These schedules contain trend information to help the reader assess the City's most significant local revenue source, the property tax.</i> | |
| Debt Capacity | 84 |
| <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt, the City's ability to issue additional debt in the future and related historical trend data.</i> | |
| Demographic and Economic Information | 89 |
| <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i> | |
| Operating Information | 91 |
| <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs.</i> | |



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

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|---|----------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 21,719,202 | 22,040,679 | 20,809,496 | 21,898,498 | 23,169,970 | 22,895,353 | 28,425,855 | 35,855,480 | 45,945,263 | 64,768,355 |
| Restricted | 4,677,821 | 5,420,884 | 7,797,320 | 9,714,656 | 12,850,855 | 20,836,634 | 30,898,389 | 35,878,630 | 43,198,347 | 79,441,532 |
| Unrestricted | <u>4,125,794</u> | <u>4,295,233</u> | <u>5,394,687</u> | <u>8,075,388</u> | <u>12,933,375</u> | <u>22,217,829</u> | <u>26,472,081</u> | <u>35,490,051</u> | <u>58,202,313</u> | <u>47,121,963</u> |
| Total governmental activities net position | <u>\$ 30,522,817</u> | <u>31,756,796</u> | <u>34,001,503</u> | <u>39,688,542</u> | <u>48,954,200</u> | <u>65,949,816</u> | <u>85,796,325</u> | <u>107,224,161</u> | <u>147,345,923</u> | <u>191,331,850</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 39,912,100 | 44,208,739 | 45,586,148 | 47,243,443 | 48,781,258 | 48,691,838 | 71,906,183 | 77,006,846 | 92,727,079 | 113,172,343 |
| Restricted | 3,919,286 | 3,919,286 | 5,354,889 | 6,947,433 | 9,380,684 | 15,384,018 | 23,099,529 | 24,001,377 | 37,663,296 | 48,649,871 |
| Unrestricted | <u>9,543,360</u> | <u>10,053,371</u> | <u>10,074,677</u> | <u>11,907,387</u> | <u>15,158,653</u> | <u>25,163,557</u> | <u>33,871,144</u> | <u>61,804,673</u> | <u>78,947,837</u> | <u>89,643,567</u> |
| Total business-type activities net position | <u>\$ 53,374,746</u> | <u>58,181,396</u> | <u>61,015,714</u> | <u>66,098,263</u> | <u>73,320,595</u> | <u>89,239,413</u> | <u>128,876,856</u> | <u>162,812,896</u> | <u>209,338,212</u> | <u>251,465,781</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 61,631,302 | 66,249,418 | 66,395,644 | 69,141,941 | 71,951,228 | 71,587,191 | 100,332,038 | 112,862,326 | 138,672,342 | 177,940,698 |
| Restricted | 8,597,107 | 9,340,170 | 13,152,209 | 16,662,089 | 22,231,539 | 36,220,652 | 53,997,918 | 59,880,007 | 80,861,643 | 128,091,403 |
| Unrestricted | <u>13,669,154</u> | <u>14,348,604</u> | <u>15,469,364</u> | <u>19,982,775</u> | <u>28,092,028</u> | <u>47,381,386</u> | <u>60,343,225</u> | <u>97,294,724</u> | <u>137,150,150</u> | <u>136,765,530</u> |
| Total primary government net position | <u>\$ 83,897,563</u> | <u>89,938,192</u> | <u>95,017,217</u> | <u>105,786,805</u> | <u>122,274,795</u> | <u>155,189,229</u> | <u>214,673,181</u> | <u>270,037,057</u> | <u>356,684,135</u> | <u>442,797,631</u> |

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

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

| Expenses | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|--------------------|---------------------|---------------------|---------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental activities | | | | | | | | | | |
| General government | \$ 3,468,800 | 4,703,311 | 4,632,235 | 5,212,258 | 5,456,794 | 5,518,518 | 6,633,635 | 8,495,276 | 8,494,888 | 9,658,284 |
| Public safety | 8,703,603 | 9,053,067 | 10,836,046 | 11,804,561 | 12,992,295 | 12,969,992 | 13,855,278 | 17,445,860 | 16,679,539 | 17,196,122 |
| Physical environment | 1,834,507 | 2,470,348 | 2,783,402 | 3,049,988 | 3,181,953 | 3,474,576 | 4,031,222 | 4,147,839 | 6,713,704 | 8,346,483 |
| Transportation | 1,305,397 | 2,725,828 | 2,017,654 | 1,958,444 | 1,974,706 | 1,741,992 | 2,149,747 | 2,899,818 | 2,792,663 | 3,399,580 |
| Economic environment | 292,272 | 237,847 | 329,280 | 503,292 | 1,041,023 | 1,347,390 | 1,067,485 | 1,241,852 | 1,460,006 | 1,912,974 |
| Culture and recreation | 4,610,486 | 5,889,679 | 6,402,986 | 6,601,436 | 6,342,173 | 6,382,456 | 7,072,663 | 8,570,203 | 8,082,540 | 8,738,501 |
| Interest on long-term debt | 1,976,589 | 1,367,571 | 1,396,518 | 1,329,174 | 1,260,270 | 1,193,871 | 1,060,746 | 969,198 | 957,366 | 1,224,792 |
| Total governmental activities expenses | 22,191,654 | 26,447,651 | 28,398,121 | 30,459,153 | 32,249,214 | 32,628,795 | 35,870,776 | 43,770,046 | 45,180,706 | 50,476,736 |
| Business-type activities | | | | | | | | | | |
| Water/sewer utility | 6,349,429 | 8,461,798 | 9,255,799 | 9,735,538 | 10,658,998 | 10,314,609 | 12,251,686 | 16,901,370 | 14,094,504 | 21,095,649 |
| Stormwater utility | 297,363 | 511,350 | 544,091 | 703,885 | 529,775 | 439,731 | 440,350 | 633,410 | 642,953 | 961,969 |
| Total business-type activities expenses | 6,646,792 | 8,973,148 | 9,799,890 | 10,439,423 | 11,188,773 | 10,754,340 | 12,692,036 | 17,534,780 | 14,737,457 | 22,057,618 |
| Total primary government net position | 28,838,446 | 35,420,799 | 38,198,011 | 40,898,576 | 43,437,987 | 43,383,135 | 48,562,812 | 61,304,826 | 59,918,163 | 72,534,354 |
| Program revenues | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | 1,701,926 | 1,529,739 | 3,016,454 | 3,718,876 | 6,154,604 | 8,758,081 | 9,370,607 | 11,483,881 | 12,929,815 | 11,898,715 |
| Public safety | 3,331,891 | 3,583,282 | 3,735,242 | 3,894,943 | 4,368,055 | 5,217,970 | 5,845,029 | 6,423,310 | 7,578,319 | 8,181,642 |
| Physical environment | 2,530,455 | 2,993,238 | 3,280,338 | 3,519,498 | 3,698,294 | 4,090,916 | 4,783,257 | 4,874,951 | 7,693,073 | 9,368,113 |
| Transportation | 406,958 | 350,078 | 686,631 | 693,580 | 986,632 | 2,261,065 | 2,297,768 | 2,440,476 | 3,862,686 | 3,918,114 |
| Culture and recreation | 647,163 | 568,418 | 785,961 | 879,494 | 926,021 | 1,955,473 | 2,041,715 | 2,254,592 | 2,444,440 | 2,337,562 |
| Operating grants and contributions | 333,123 | 411,824 | 592,882 | 1,154,076 | 593,245 | 405,384 | 5,061,629 | 6,240,685 | 1,941,799 | 840,814 |
| Capital grants and contributions | - | - | 250,032 | - | - | - | 2,269,398 | - | 2,501,395 | 4,220,926 |
| Total governmental activities program revenues | 8,951,516 | 9,436,579 | 12,347,540 | 13,860,467 | 16,726,851 | 22,688,889 | 31,669,403 | 33,717,895 | 38,951,527 | 40,765,886 |
| Business-type activities | | | | | | | | | | |
| Charges for services | 11,676,899 | 12,865,511 | 14,344,022 | 15,990,103 | 20,044,833 | 28,431,843 | 35,967,772 | 35,806,631 | 42,395,668 | 44,100,091 |
| Operating grants and contributions | - | - | 248,797 | - | - | - | - | - | - | - |
| Capital grants and contributions | 2,290,678 | 2,886,407 | 314,367 | 145,200 | 174,040 | 414,010 | 11,946,230 | 7,534,252 | 13,775,466 | 14,760,647 |
| Total business-type activities program revenues | 13,967,577 | 15,751,918 | 14,907,186 | 16,135,303 | 20,218,873 | 28,845,853 | 47,914,002 | 43,340,883 | 56,171,134 | 58,860,738 |
| Total primary government program revenues | 22,919,093 | 25,188,497 | 27,254,726 | 29,995,770 | 36,945,724 | 51,534,742 | 79,583,405 | 77,058,778 | 95,122,661 | 99,626,624 |
| Net (expenses)/revenue | | | | | | | | | | |
| Governmental activities | (13,240,138) | (17,011,072) | (16,050,581) | (16,598,686) | (15,522,363) | (9,939,906) | (4,201,373) | (10,052,151) | (6,229,179) | (9,710,850) |
| Business-type activities | 7,320,785 | 6,778,770 | 5,107,296 | 5,695,880 | 9,030,100 | 18,091,513 | 35,221,966 | 25,806,103 | 41,433,677 | 36,803,120 |
| Total primary government net expenses | (5,919,353) | (10,232,302) | (10,943,285) | (10,902,806) | (6,492,263) | 8,151,607 | 31,020,593 | 15,753,952 | 35,204,498 | 27,092,270 |

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

(Continued)

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

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|---|---------------------|--------------------|--------------------|-------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| General revenues and other changes in net position | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Property taxes | \$ 7,797,395 | 8,275,047 | 9,338,910 | 10,768,775 | 12,195,561 | 13,347,454 | 15,507,959 | 19,736,987 | 25,067,633 | 29,835,398 |
| Franchise taxes | 1,810,206 | 1,869,686 | 1,977,252 | 2,258,770 | 2,370,709 | 2,430,508 | 2,936,328 | 3,430,002 | 3,688,071 | 4,599,290 |
| Utility taxes | 1,771,016 | 1,839,880 | 1,913,806 | 2,199,599 | 2,434,310 | 3,299,040 | 3,929,722 | 4,593,234 | 4,891,399 | 5,981,729 |
| Communications taxes | 518,919 | 566,800 | 533,196 | 526,052 | 591,481 | 605,354 | 646,582 | 679,399 | 749,514 | 838,887 |
| Local business tax | 73,739 | 76,335 | 81,157 | 96,828 | 39,371 | 75,594 | 116,117 | 156,418 | 102,651 | 111,974 |
| Gas and fuel taxes | 962,003 | 950,758 | 1,021,713 | 1,036,779 | 992,938 | 1,096,859 | 1,147,587 | 1,211,366 | 1,287,875 | 1,403,887 |
| State revenue sharing | 2,184,678 | 2,310,556 | 2,451,402 | 2,606,090 | 2,595,405 | 3,089,010 | 3,796,678 | 4,070,164 | 4,222,774 | 4,519,947 |
| Unrestricted investment earnings | 254,099 | 249,119 | 291,513 | 692,832 | 391,204 | 304,114 | 129,413 | 3,222,484 | 5,874,259 | 6,175,886 |
| Gain/(loss) on sale of capital assets | 7,258 | 106,870 | 290,255 | - | 977,042 | 387,589 | 217,428 | - | 466,765 | 145,946 |
| Transfers in (out) | 1,600,000 | 2,000,000 | 2,000,000 | 2,100,000 | 2,200,000 | 2,300,000 | (4,379,932) | (5,620,067) | - | 83,833 |
| Total governmental activities | <u>16,979,313</u> | <u>18,245,051</u> | <u>19,899,204</u> | <u>22,285,725</u> | <u>24,788,021</u> | <u>26,935,522</u> | <u>24,047,882</u> | <u>31,479,987</u> | <u>46,350,941</u> | <u>53,696,777</u> |
| Business-type activities | | | | | | | | | | |
| Unrestricted investment earnings | 21,888 | 27,880 | 62,168 | 327,386 | 123,010 | 71,683 | 35,545 | 2,509,870 | 5,082,889 | 5,408,282 |
| Unrestricted intergovernmental revenues | - | - | - | 1,159,283 | 269,222 | - | - | - | - | - |
| Gain/(loss) on sale of capital assets | - | - | - | - | - | 55,622 | - | - | 8,750 | - |
| Transfers in (out) | (1,600,000) | (2,000,000) | (2,000,000) | (2,100,000) | (2,200,000) | (2,300,000) | 4,379,932 | 5,620,067 | - | (83,833) |
| Total business-type activities | <u>(1,578,112)</u> | <u>(1,972,120)</u> | <u>(1,937,832)</u> | <u>(613,331)</u> | <u>(1,807,768)</u> | <u>(2,172,695)</u> | <u>4,415,477</u> | <u>8,129,937</u> | <u>5,091,639</u> | <u>5,324,449</u> |
| Total primary government | <u>15,401,201</u> | <u>16,272,931</u> | <u>17,961,372</u> | <u>21,672,394</u> | <u>22,980,253</u> | <u>24,762,827</u> | <u>28,463,359</u> | <u>39,609,924</u> | <u>51,442,580</u> | <u>59,021,226</u> |
| Change in net position | | | | | | | | | | |
| Governmental activities | 3,739,175 | 1,233,979 | 3,848,623 | 5,687,039 | 9,265,658 | 16,995,616 | 19,846,509 | 21,427,836 | 40,121,762 | 43,985,927 |
| Business-type activities | 5,742,673 | 4,806,650 | 3,169,464 | 5,082,549 | 7,222,332 | 15,918,818 | 39,637,443 | 33,936,040 | 46,525,316 | 42,127,569 |
| Total primary government | <u>\$ 9,481,848</u> | <u>6,040,629</u> | <u>7,018,087</u> | <u>10,769,588</u> | <u>16,487,990</u> | <u>32,914,434</u> | <u>59,483,952</u> | <u>55,363,876</u> | <u>86,647,078</u> | <u>86,113,496</u> |

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

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

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|-------------------------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 48,483 | 223,119 | 56,742 | 64,370 | 76,598 | 175,858 | 104,199 | 107,743 | 166,950 | 190,168 |
| Restricted | 3,962,535 | 3,999,802 | 5,981,355 | 6,833,744 | 10,689,541 | 17,970,126 | 25,110,865 | 28,503,271 | 30,358,600 | 51,198,374 |
| Committed | - | - | - | 487,388 | 507,549 | 539,394 | 495,455 | 310,589 | 2,112,670 | 5,464,039 |
| Assigned | - | - | - | 500,000 | 349,610 | 943,505 | 2,516,634 | 600,000 | 2,401,300 | 42,356 |
| Unassigned | 8,456,022 | 9,518,384 | 12,228,941 | 15,190,449 | 21,117,846 | 29,248,352 | 31,839,234 | 46,029,227 | 62,338,173 | 54,105,531 |
| Total General Fund | <u>\$ 12,467,040</u> | <u>13,741,305</u> | <u>18,267,038</u> | <u>23,075,951</u> | <u>32,741,144</u> | <u>48,877,235</u> | <u>60,066,387</u> | <u>75,550,830</u> | <u>97,377,693</u> | <u>111,000,468</u> |
| All other governmental funds | | | | | | | | | | |
| Nonspendable, reported in | | | | | | | | | | |
| Debt Service Fund | \$ - | - | - | - | 20,687 | - | - | - | - | - |
| Restricted, reported in | | | | | | | | | | |
| Capital Projects Fund | - | 8 | 8 | 8 | 8 | - | - | - | 10,807,555 | 11,095,840 |
| CRA Fund | 924,322 | 1,736,705 | 2,131,385 | 2,810,199 | 2,131,749 | 2,836,921 | 5,787,524 | 7,375,359 | 12,839,747 | 17,147,318 |
| Debt Service Fund | 62,830 | 69,651 | 69,854 | 70,705 | 29,557 | 29,619 | - | - | - | - |
| Total all other governmental funds | <u>\$ 987,152</u> | <u>1,806,364</u> | <u>2,201,247</u> | <u>2,880,912</u> | <u>2,182,001</u> | <u>2,866,540</u> | <u>5,787,524</u> | <u>7,375,359</u> | <u>23,647,302</u> | <u>28,243,158</u> |

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

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

| Revenues | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|-------------------|-------------------|
| Taxes | \$ 12,933,278 | 13,578,506 | 14,866,034 | 16,886,803 | 18,624,370 | 20,854,809 | 24,284,295 | 29,807,406 | 35,787,143 | 42,771,165 |
| Licenses and permits | 1,253,265 | 1,029,087 | 2,435,564 | 3,173,911 | 5,405,458 | 7,770,438 | 8,561,514 | 10,566,049 | 12,011,277 | 10,851,496 |
| Intergovernmental revenues | 2,406,563 | 2,574,270 | 2,937,604 | 3,588,887 | 3,083,441 | 3,440,237 | 8,667,531 | 10,120,177 | 6,237,202 | 7,819,499 |
| Charges for services | 3,538,090 | 4,127,686 | 4,381,628 | 4,821,282 | 4,729,886 | 5,604,074 | 6,414,318 | 6,705,947 | 9,553,154 | 10,800,342 |
| Fines and forfeitures | 1,366,205 | 1,528,630 | 1,623,451 | 1,636,036 | 1,702,594 | 1,924,533 | 1,901,696 | 1,721,082 | 1,862,800 | 2,073,161 |
| Assessments | 1,810,363 | 1,882,041 | 1,908,268 | 1,925,787 | 2,134,580 | 2,266,709 | 2,870,673 | 3,405,522 | 4,174,111 | 4,960,587 |
| Impact fees | 498,955 | 328,930 | 1,032,106 | 1,015,699 | 2,039,317 | 4,539,563 | 4,457,403 | 4,917,729 | 6,606,777 | 6,853,709 |
| Miscellaneous revenues | 403,436 | 639,026 | 521,802 | 997,787 | 618,184 | 536,459 | 425,202 | 3,574,037 | 6,114,825 | 6,405,007 |
| Total revenues | 24,210,155 | 25,688,176 | 29,706,457 | 34,046,192 | 38,337,830 | 46,936,822 | 57,582,632 | 70,817,949 | 82,347,289 | 92,534,966 |
| Expenditures | | | | | | | | | | |
| Current | | | | | | | | | | |
| General government | 3,364,526 | 3,685,154 | 3,813,138 | 4,353,305 | 4,815,406 | 4,957,003 | 5,919,796 | 7,094,737 | 8,215,218 | 9,241,858 |
| Public safety | 8,581,570 | 9,203,478 | 10,097,383 | 11,385,689 | 11,532,987 | 12,358,574 | 13,050,291 | 14,585,756 | 15,441,761 | 18,887,688 |
| Physical environment | 1,847,682 | 2,446,731 | 2,765,626 | 3,022,060 | 3,164,078 | 3,478,379 | 4,011,377 | 4,125,159 | 6,647,149 | 8,298,129 |
| Transportation | 1,022,060 | 2,292,148 | 1,575,714 | 1,510,283 | 1,473,535 | 1,295,609 | 1,689,228 | 2,169,321 | 2,242,115 | 2,807,779 |
| Economic environment | 85,986 | 25,018 | 118,643 | 279,916 | 816,592 | 1,134,918 | 827,069 | 1,009,127 | 1,176,116 | 1,640,934 |
| Culture and recreation | 3,478,620 | 3,790,021 | 4,247,671 | 4,618,726 | 4,313,545 | 4,593,261 | 5,132,365 | 5,919,059 | 6,186,074 | 7,116,911 |
| Capital outlay | 1,674,996 | 2,792,757 | 1,102,004 | 2,766,812 | 3,784,841 | 1,641,453 | 5,712,595 | 9,734,277 | 9,655,709 | 22,611,821 |
| Debt service | | | | | | | | | | |
| Principal retirement | 1,842,347 | 1,179,577 | 2,039,735 | 2,056,039 | 2,123,679 | 2,260,158 | 3,713,352 | 2,966,457 | 2,957,284 | 2,982,398 |
| Interest and fiscal charges | 1,895,153 | 1,192,116 | 1,324,930 | 1,258,190 | 1,190,028 | 1,123,946 | 993,487 | 918,104 | 818,985 | 1,105,274 |
| Total expenditures | 23,792,940 | 26,607,000 | 27,084,844 | 31,251,020 | 33,214,691 | 32,843,301 | 41,049,560 | 48,521,997 | 53,340,411 | 74,692,792 |
| Excess of revenues over (under) expenditures | 417,215 | (918,824) | 2,621,613 | 2,795,172 | 5,123,139 | 14,093,521 | 16,533,072 | 22,295,952 | 29,006,878 | 17,842,174 |
| Other financing sources (uses) | | | | | | | | | | |
| Bond/loan proceeds | - | - | - | - | - | - | - | - | 10,000,000 | - |
| Insurance proceeds | 7,258 | 106,870 | 290,986 | 258,271 | 381,272 | 361,054 | 255,618 | 280,993 | 423,186 | 170,414 |
| Lease liability issued | - | - | - | - | - | - | 700,199 | - | 76,858 | - |
| Installment purchase obligation | - | - | - | - | - | - | 1,001,179 | - | - | - |
| Proceeds from sale of capital assets | - | 70,431 | 8,017 | 335,135 | 937,793 | 66,055 | - | 115,400 | 91,904 | 122,210 |
| Issuance of capital lease | 93,092 | 835,000 | - | - | - | - | - | - | - | - |
| Refunding notes issued | 24,109,000 | - | - | - | 324,078 | - | - | - | - | - |
| Payment to refunded debt escrow agent | (25,026,670) | - | - | - | - | - | - | - | - | - |
| Transfers in | 6,349,853 | 6,128,800 | 7,077,141 | 7,576,371 | 8,010,709 | 8,451,074 | 7,998,199 | 9,008,472 | 12,205,968 | 27,718,403 |
| Transfers out | (4,749,853) | (4,128,800) | (5,077,141) | (5,476,371) | (5,810,709) | (6,151,074) | (12,378,131) | (14,628,539) | (13,705,988) | (27,634,570) |
| Total other financing sources (uses) | 782,680 | 3,012,301 | 2,299,003 | 2,693,406 | 3,843,143 | 2,727,109 | (2,422,936) | (5,223,674) | 9,091,928 | 376,457 |
| Net change in fund balances | \$ 1,199,895 | 2,093,477 | 4,920,616 | 5,488,578 | 8,966,282 | 16,820,630 | 14,110,136 | 17,072,278 | 38,098,806 | 18,218,631 |
| Debt service as a percentage of non-capital expenditures | 16.90% | 9.90% | 12.96% | 11.60% | 11.27% | 10.82% | 13.31% | 10.00% | 8.66% | 8.08% |

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

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

| Fiscal Year | Real Property | | Personal Property | | Totals | | Total Direct Tax Rate |
|--------------------|-----------------------|-------------------------------|--------------------------|-------------------------------|-----------------------|-------------------------------|------------------------------|
| | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | |
| 2016 | \$ 830,566,349 | 830,566,349 | 112,118,392 | 112,118,392 | 942,684,741 | 942,684,741 | 7.7900 |
| 2017 | 916,232,983 | 916,232,983 | 124,788,633 | 124,788,633 | 1,041,021,616 | 1,041,021,616 | 7.5895 |
| 2018 | 1,196,234,092 | 1,196,234,092 | 145,189,671 | 145,189,671 | 1,341,423,763 | 1,341,423,763 | 7.5895 |
| 2019 | 1,470,510,878 | 1,470,510,878 | 170,029,820 | 170,029,820 | 1,640,540,698 | 1,640,540,698 | 7.5895 |
| 2020 | 1,680,169,125 | 1,680,169,125 | 172,402,792 | 172,402,792 | 1,852,571,917 | 1,852,571,917 | 7.5895 |
| 2021 | 1,966,961,480 | 1,966,961,480 | 185,566,592 | 185,566,592 | 2,152,528,072 | 2,152,528,072 | 7.5895 |
| 2022 | 2,525,035,800 | 2,525,035,800 | 206,271,845 | 206,271,845 | 2,731,307,645 | 2,731,307,645 | 7.5895 |
| 2023 | 3,177,280,393 | 3,177,280,393 | 233,174,366 | 233,174,366 | 3,410,454,759 | 3,410,454,759 | 7.5895 |
| 2024 | 3,803,734,539 | 3,803,734,539 | 246,714,644 | 246,714,644 | 4,050,449,183 | 4,050,449,183 | 7.5895 |
| 2025 | 4,492,233,911 | 4,492,233,911 | 277,199,040 | 277,199,040 | 4,769,432,951 | 4,769,432,951 | 7.3395 |

Source: Polk County Property Appraiser.

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

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

| City of Haines City | | | | Overlapping Rates ^(a) | | | | |
|---------------------|-------------------|-------------------------|----------------------|----------------------------------|---|--------------------------|-------------------------|---------|
| Fiscal Year | Operating Millage | GO Debt Service Millage | Total Direct Millage | Polk County | Southwest Florida Water Management District | Polk County School Board | Peace River Water Basin | Total |
| 2016 | 7.7900 | 0.000 | 7.7900 | 6.7815 | 0.3317 | 6.7970 | 0.0000 | 21.7002 |
| 2017 | 7.5895 | 0.000 | 7.5895 | 6.7815 | 0.3131 | 6.5140 | 0.0000 | 21.1981 |
| 2018 | 7.5895 | 0.000 | 7.5895 | 7.1565 | 0.2955 | 6.2510 | 0.0000 | 21.2925 |
| 2019 | 7.5895 | 0.000 | 7.5895 | 7.1565 | 0.2801 | 6.0860 | 0.0000 | 21.1121 |
| 2020 | 7.5895 | 0.000 | 7.5895 | 6.8990 | 0.2669 | 5.9350 | 0.0000 | 20.6904 |
| 2021 | 7.5895 | 0.000 | 7.5895 | 6.8990 | 0.2535 | 5.8290 | 0.0000 | 20.5710 |
| 2022 | 7.5895 | 0.000 | 7.5895 | 6.6920 | 0.2260 | 5.5190 | 0.0000 | 20.0265 |
| 2023 | 7.5895 | 0.000 | 7.5895 | 6.6852 | 0.2043 | 5.4080 | 0.0000 | 19.8870 |
| 2024 | 7.5895 | 0.000 | 7.5895 | 6.6348 | 0.1909 | 5.2960 | 0.0000 | 19.7112 |
| 2025 | 7.3395 | 0.000 | 7.3395 | 6.6348 | 0.0948 | 5.2900 | 0.0000 | 19.3591 |

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

Source: Polk County Tax Collector.

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

| Taxpayer | Fiscal Year 2024/2025 | | | Fiscal Year 2016/2017 | | |
|-------------------------------|-------------------------|--------------------------------|------|-------------------------|--------------------------------|------|
| | Taxable Value | Percent of Total Taxable Value | Rank | Taxable Value | Percent of Total Taxable Value | Rank |
| ALDI | \$ 75,373,987 | 1.9% | 1 | 27,955,377 | 2.7% | 3 |
| DUKE ENERGY/FLORIDA POWER | 43,194,112 | 1.1% | 2 | 24,212,532 | 2.3% | 4 |
| DR HORTON INC | 27,717,652 | 0.7% | 3 | | | |
| SOFIDEL AMERICA CORP | 27,707,082 | 0.7% | 4 | 30,483,402 | 2.9% | 2 |
| MERITAGE HOMES OF FLORIDA INC | 26,311,191 | 0.7% | 5 | | | |
| CARVANNA LLC | 25,958,290 | 0.6% | 6 | | | |
| PR ARC BORROWER 1 LLC | 23,514,430 | 0.6% | 7 | | | |
| RD AMERICA LLC | 20,970,638 | 0.5% | 8 | | | |
| AERCON FLORIDA LLC | 19,984,829 | 0.5% | 9 | | | |
| WJHFL LLC | 17,142,340 | 0.4% | 10 | | | |
| HEART OF FLORIDA | | | | 48,420,668 | 4.7% | 1 |
| ROYAL PALM VILLAGE LLC | | | | 11,397,724 | 1.1% | 5 |
| NORTHWESTERN MUTUAL LIFE | | | | 10,636,621 | 1.0% | 6 |
| WALMART | | | | 10,273,603 | 1.0% | 7 |
| HAINES MALL LLC | | | | 9,966,693 | 1.0% | 8 |
| NHC FL 144 LLC | | | | 8,844,361 | 0.8% | 9 |
| BLUE HERON BAY INC | | | | 7,431,707 | 0.7% | 10 |
| Total ten largest taxpayers | 307,874,551 | 7.7% | | 189,622,688 | 18.2% | |
| Other taxpayers | 3,704,369,635 | 92.3% | | 851,398,928 | 81.8% | |
| Total per 2025 tax roll | <u>\$ 4,012,244,186</u> | <u>100.0%</u> | | | | |
| Total per 2017 tax roll | | | | <u>\$ 1,041,021,616</u> | <u>100.0%</u> | |

*Data not available.
Source: Polk County Property Appraiser.

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

| Fiscal Year | Total Tax Levy ⁽¹⁾ | Current Tax Collections | Percent of Levy Collected | Prior Years Tax Collections | Total Tax Collections | Percentage of Total Collections To Tax Levy |
|--------------------|--------------------------------------|--------------------------------|----------------------------------|------------------------------------|------------------------------|--|
| 2016 | \$ 6,845,858 | 6,592,527 | 96.30% | 34,170 | 6,626,697 | 96.80% |
| 2017 | 6,904,098 | 6,850,251 | 99.22% | 37,845 | 6,888,096 | 99.77% |
| 2018 | 7,844,563 | 7,645,055 | 97.46% | 40,007 | 7,685,062 | 97.97% |
| 2019 | 8,794,759 | 8,567,254 | 97.41% | 21,258 | 8,588,512 | 97.65% |
| 2020 | 9,939,056 | 9,690,279 | 97.50% | 15,163 | 9,705,442 | 97.65% |
| 2021 | 10,918,330 | 10,589,289 | 96.99% | 39,461 | 10,628,750 | 97.35% |
| 2022 | 12,882,803 | 12,020,715 | 93.31% | 464,592 | 12,485,307 | 96.91% |
| 2023 | 16,665,289 | 15,771,335 | 94.64% | 431,009 | 16,202,344 | 97.22% |
| 2024 | 21,357,473 | 20,601,433 | 96.46% | 2,329 | 20,603,762 | 96.47% |
| 2025 | 25,728,200 | 24,737,564 | 96.15% | 448,455 | 25,186,019 | 97.89% |

⁽¹⁾ Total assessed value times millage rate. Gross taxes before discounts.

Source: Polk County Tax Collector.

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

| Fiscal Year | Governmental Activities | | | Business-Type Activities | | | Total Primary Government | Haines City Personal Income | Percentage of Personal Income | Per Capita |
|-------------|-------------------------|----------------|------------|------------------------------------|-----------------------|----------------|--------------------------|-----------------------------|-------------------------------|------------|
| | Financed Purchases | Leases Payable | Bank Loans | Utility System Revenue Bonds/Notes | State Revolving Loans | Leases Payable | | | | |
| 2016 | \$ 224,816 | - | 39,602,540 | 3,329,000 | 13,377,104 | - | 56,533,460 | 784,127,196 | 7.21% | 2,371 |
| 2017 | 72,403 | - | 39,410,376 | 2,638,000 | 13,060,377 | - | 55,181,156 | 815,543,553 | 6.77% | 2,314 |
| 2018 | 55,744 | - | 37,387,300 | 2,281,000 | 12,432,182 | - | 52,156,226 | 831,307,474 | 6.27% | 2,147 |
| 2019 | 38,158 | - | 35,348,847 | 1,918,000 | 11,680,348 | - | 48,985,353 | 975,258,468 | 5.02% | 1,919 |
| 2020 | 343,672 | - | 33,243,732 | 1,548,000 | 11,060,953 | - | 46,196,357 | 1,149,659,170 | 4.02% | 1,646 |
| 2021 | 219,429 | - | 31,107,817 | 1,171,000 | 10,356,374 | - | 42,854,620 | 1,270,920,524 | 3.37% | 1,469 |
| 2022 | 753,281 | 1,182,446 | 28,156,000 | 788,000 | 13,257,308 | 48,846 | 44,185,881 | 1,488,985,859 | 2.97% | 1,343 |
| 2023 | 325,114 | 797,156 | 26,003,000 | 398,000 | 24,636,479 | 36,078 | 52,195,827 | 1,990,956,125 | 2.62% | 1,312 |
| 2024 | - | 467,844 | 33,777,000 | - | 27,337,657 | 32,580 | 61,615,081 | 2,406,442,114 | 2.56% | 1,559 |
| 2025 | - | 216,446 | 31,046,000 | - | 26,017,524 | 13,353 | 57,293,323 | 2,406,442,114 | 2.38% | 1,296 |

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 | | | SouthState | | | Less: Amounts Available in Debt Service Fund | Total | Percent of Actual Taxable Value of Property | Per Capita |
|-------------|--------------------------------|--------|-----------|--------------------|----------------|-------------|--|------------|---|------------|
| | CRA | Police | Rail Spur | Library/ City Hall | CRA/ Rail Spur | CRA/ Police | | | | |
| 2016 | \$ - | - | - | 10,489,000 | 4,179,000 | 24,934,540 | 62,830 | 39,539,710 | 4.50% | 1,700 |
| 2017 | - | - | - | 10,153,000 | 3,929,000 | 24,515,376 | 69,651 | 38,527,725 | 3.70% | 1,616 |
| 2018 | - | - | - | 9,799,000 | 3,673,000 | 23,149,300 | 69,854 | 36,551,446 | 2.72% | 1,504 |
| 2019 | - | - | - | 9,429,000 | 3,410,000 | 21,791,847 | 50,018 | 34,580,829 | 2.11% | 1,354 |
| 2020 | - | - | - | 9,039,000 | 3,140,000 | 21,064,732 | 29,557 | 33,214,175 | 1.79% | 1,184 |
| 2021 | - | - | - | 8,630,000 | 2,862,000 | 19,615,817 | 29,619 | 31,078,198 | 1.44% | 1,065 |
| 2022 | - | - | - | 8,201,000 | 2,577,000 | 17,378,000 | - | 28,156,000 | 1.03% | 880 |
| 2023 | - | - | - | 7,750,000 | 2,284,000 | 15,969,000 | - | 26,003,000 | 0.76% | 737 |
| 2024 | - | - | - | 10,000,000 | 1,983,000 | 14,517,000 | - | 26,500,000 | 0.65% | 671 |
| 2025 | - | - | - | 9,574,000 | 1,674,000 | 13,018,000 | - | 24,266,000 | 0.51% | 549 |

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, 2025

| <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 | \$ 163,686,738 | 5.53% ⁽¹⁾ | <u>\$ 9,054,882</u> |
| Total overlapping debt | | | 9,054,882 |
| Total direct debt | 31,262,446 | 100.0% | <u>31,262,446</u> |
| Total direct and overlapping debt | | | <u><u>\$ 40,317,328</u></u> |

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

Source: Polk County School Board.

CITY OF HAINES CITY, FLORIDA
LEGAL DEBT MARGIN INFORMATION
September 30, 2025

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 ⁽¹⁾ | Less Operating Expenses ⁽²⁾ | Net Available For Debt Service | Debt Service Requirements | | |
|--------------------------------------|-------------------------------|--|--------------------------------|---------------------------|----------|----------|
| | | | | Principal | Interest | Coverage |
| Water and Sewer Revenue Bonds | | | | | | |
| 2016 | \$ 9,994,381 | 4,071,219 | 5,923,162 | 1,020,000 | 61,215 | 5.48 |
| 2017 | 10,900,093 | 6,143,440 | 4,756,653 | 691,000 | 48,275 | 6.43 |
| 2018 | 11,505,947 | 6,704,683 | 4,801,264 | 357,000 | 41,742 | 12.04 |
| 2019 | 13,589,176 | 6,906,060 | 6,683,116 | 363,000 | 35,099 | 16.79 |
| 2020 | 16,141,004 | 7,682,046 | 8,458,958 | 370,000 | 28,328 | 21.24 |
| 2021 | 20,456,787 | 7,287,157 | 13,169,630 | 377,000 | 24,879 | 32.77 |
| 2022 | 22,880,375 | 9,077,442 | 13,802,933 | 383,000 | 17,925 | 34.43 |
| 2023 | 28,718,331 | 13,470,014 | 15,248,317 | 390,000 | 10,852 | 38.04 |
| 2024 | 34,660,837 | 10,599,209 | 24,061,628 | 398,000 | 3,642 | 59.91 |
| 2025 | 37,276,457 | 14,843,269 | 22,433,188 | - | - | 0.00 |
| State Revolving Fund Loans | | | | | | |
| 2016 | \$ 9,994,381 | 5,152,434 | 4,841,947 | 425,619 | 188,180 | 7.89 |
| 2017 | 10,900,093 | 6,882,715 | 4,017,378 | 572,285 | 178,434 | 5.35 |
| 2018 | 11,505,947 | 7,103,425 | 4,402,522 | 652,962 | 177,065 | 5.30 |
| 2019 | 13,589,176 | 7,304,159 | 6,285,017 | 751,834 | 168,137 | 6.83 |
| 2020 | 16,141,004 | 8,080,374 | 8,060,630 | 804,816 | 157,150 | 8.38 |
| 2021 | 20,456,787 | 7,689,036 | 12,767,751 | 878,053 | 145,266 | 12.48 |
| 2022 | 22,880,375 | 9,478,367 | 13,402,008 | 829,137 | 132,594 | 13.94 |
| 2023 | 28,718,331 | 13,870,866 | 14,847,465 | 779,684 | 120,711 | 16.49 |
| 2024 | 34,660,837 | 11,000,851 | 23,659,986 | 1,056,081 | 109,286 | 20.30 |
| 2025 | 37,276,457 | 14,843,269 | 22,433,188 | 1,327,130 | 108,605 | 15.62 |

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

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

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Source: City of Haines City Finance Department.

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

| Year | Population ⁽¹⁾ | Polk County Per Capita Personal Income ⁽²⁾ | Personal Income ⁽²⁾ | Public School Enrollment ⁽³⁾ | Unemployment Rate ⁽⁴⁾ |
|-------------|----------------------------------|--|---|--|---|
| 2016 | 23,252 | \$ 33,723 | 784,127,196 | 6,227 | 5.9% |
| 2017 | 23,847 | 34,199 | 815,543,553 | 7,219 | 4.6% |
| 2018 | 24,298 | 34,213 | 831,307,474 | 7,472 | 3.4% |
| 2019 | 25,533 | 38,196 | 975,258,468 | 6,744 | 3.0% |
| 2020 | 28,061 | 40,970 | 1,149,659,170 | 6,744 | 7.9% |
| 2021 | 29,179 | 43,556 | 1,270,920,524 | 7,030 | 5.4% |
| 2022 | 31,979 | 46,561 | 1,488,974,219 | 9,869 | 3.2% |
| 2023 | 35,285 | 56,425 | 1,990,956,125 | 9,404 | 3.2% |
| 2024 | 39,514 | 60,901 | 2,406,442,114 | 10,133 | 3.2% |
| 2025 | 44,215 | 64,185 | 2,837,939,775 | 10,133 | 5.2% |

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

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

| Employer | Type of Business | Fiscal Year 2024/2025 | | | Fiscal Year 2015/2016 | | |
|----------------------|----------------------|-----------------------|----------------------------------|------|-----------------------|----------------------------------|------|
| | | Number of Employees | Percent of Total City Employment | Rank | Number of Employees | Percent of Total City Employment | Rank |
| ADVENT HEALTH | Health Care | 800 | 7.07% | 1 | * | * | * |
| POLK COUNTY SCHOOLS | Education | 665 | 5.88% | 2 | * | * | * |
| ALDI | Food Service | 630 | 5.57% | 3 | * | * | * |
| CARVANNA | Automotive | 468 | 4.14% | 4 | * | * | * |
| CITY OF HAINES CITY | Municipal Government | 367 | 3.24% | 5 | * | * | * |
| SOFIDEL AMERICA CORP | Manufacturer | 277 | 2.45% | 6 | * | * | * |
| WALMART | Retailer | 250 | 2.21% | 7 | * | * | * |
| CROWN LOGISTICS | Commercial Laundry | 200 | 1.77% | 8 | * | * | * |
| PUBLIX SUPERMARKET | Food Service | 200 | 1.77% | 9 | * | * | * |
| LOWES | Retailer | 100 | 0.88% | 10 | * | * | * |
| Total | | <u>3,957</u> | | | | | |

* Data not available.

Source: Community Development Department.

Haines City Economic Development Council.

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

| | Fiscal Year | | | | | | | | | |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| General government | | | | | | | | | | |
| City manager | 3.0 | 5.0 | 5.0 | 4.0 | 4.0 | 4.0 | 5.0 | 5.0 | 6.0 | 6.0 |
| City clerk | 2.0 | 3.0 | 3.0 | 3.0 | 3.0 | 4.0 | 4.5 | 4.5 | 5.0 | 5.0 |
| Finance | 4.7 | 4.7 | 4.7 | 4.2 | 4.6 | 4.6 | 6.0 | 7.0 | 9.0 | 10.5 |
| Human resources | 3.0 | 3.0 | 3.5 | 3.5 | 3.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Information technology | 4.0 | 4.0 | 4.0 | 4.0 | 5.0 | 5.0 | 5.0 | 6.0 | 6.0 | 6.0 |
| Community development | 10.0 | 10.0 | 11.5 | 12.0 | 16.1 | 17.1 | 19.0 | 19.0 | 19.0 | 19.0 |
| Facilities maintenance | 9.4 | 9.4 | 13.0 | 10.0 | 10.0 | 10.0 | 11.5 | 11.5 | 11.5 | 11.5 |
| CRA | | | | | | | | | 10.0 | 10.0 |
| 16 Public safety | | | | | | | | | | |
| Police | 62.7 | 63.7 | 69.0 | 69.0 | 74.0 | 85.0 | 85.0 | 87.0 | 89.5 | 92.5 |
| Fire | 31.3 | 29.7 | 37.0 | 38.0 | 38.0 | 38.0 | 39.0 | 40.0 | 46.0 | 46.0 |
| Public works | 15.5 | 17.2 | 18.3 | 18.3 | 19.3 | 20.3 | 23.0 | 24.0 | 26.0 | 27.0 |
| Utilities | 39.1 | 46.5 | 51.0 | 55.5 | 59.0 | 60.0 | 60.0 | 64.0 | 66.0 | 66.0 |
| Parks and recreation | 35.0 | 45.0 | 45.0 | 48.0 | 48.0 | 48.0 | 52.0 | 59.0 | 63.0 | 63.0 |
| Library | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 9.0 | 9.0 | 9.0 | 9.0 |
| Total | <u>227.7</u> | <u>249.2</u> | <u>273.0</u> | <u>277.5</u> | <u>292.0</u> | <u>308.0</u> | <u>323.0</u> | <u>340.0</u> | <u>370.0</u> | <u>375.5</u> |

Source: City of Haines City Annual Budget.

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

| | Fiscal Year | | | | | | | | | |
|--|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| Building inspection | | | | | | | | | | |
| Building permits issued | 1,364 | 1,891 | 3,760 | 5,942 | 2,640 | 4,477 | 4,753 | 4,785 | 5,680 | 5,308 |
| Number of building inspections completed | 5,365 | 6,719 | 14,462 | 23,769 | 15,020 | 33,251 | 25,580 | 25,641 | 38,672 | 32,235 |
| Number of re-inspections | * | * | * | * | 2,617 | 1,153 | 1,115 | 1,626 | 1,900 | 1,600 |
| Number of total building construction plans reviewed | 667 | 442 | 708 | 2,215 | 1,506 | 2,744 | 3,498 | 3,881 | 3,900 | 3,200 |
| Law enforcement | | | | | | | | | | |
| Physical arrests | 779 | 914 | 1,374 | 1,073 | 1,840 | 979 | 918 | 827 | 899 | 886 |
| DUI arrests | 22 | 29 | 45 | 52 | 93 | 188 | 70 | 62 | 67 | 91 |
| Traffic violations | 2,959 | 3,384 | 7,512 | 6,525 | 6,326 | 3,143 | 2,845 | 5,150 | 5,101 | 3,358 |
| Red light camera violations | 18,470 | 17,708 | 20,586 | 20,241 | 20,600 | 24,239 | 24,371 | 69,658 | 24,940 | 20,198 |
| Traffic crashes | 1,315 | 1,490 | 1,449 | 1,069 | 921 | 1,208 | 1,579 | 1,654 | 1,745 | 1,423 |
| Calls for service | 17,424 | 20,244 | 12,734 | 11,886 | 11,905 | 12,852 | 13,695 | 15,036 | 15,080 | 18,712 |
| Fire | | | | | | | | | | |
| Emergency responses | 3,705 | 4,054 | 4,300 | 3,998 | 4,000 | 4,335 | 4,853 | 6,776 | 7,005 | 7,454 |
| Number of actual fires suppressed | 105 | 140 | 144 | 58 | 97 | 105 | 22 | 28 | 140 | 137 |
| Number of building inspections | 307 | 206 | 323 | 344 | 300 | 428 | 129 | 274 | 196 | 265 |
| Number of school inspections | 1 | 8 | 6 | 12 | 25 | 25 | 12 | 12 | 12 | 6 |
| Number of re-inspection | 98 | 20 | 148 | 133 | 800 | 685 | 22 | 28 | 15 | 13 |
| Number of plans reviewed | 53 | 60 | 60 | 60 | 60 | 60 | 60 | 137 | 213 | 261 |
| Public works | | | | | | | | | | |
| Street resurfacing (miles) | 4 | 7 | 7 | 2 | 2 | - | 4 | 5 | 5 | 5 |
| Other street repairs | * | * | * | * | * | * | * | 14 | 64 | 93 |
| Paved streets (miles) | 84 | 84 | 86 | 98 | 92 | 92 | 92 | 108 | 118 | 118 |
| Unpaved streets (miles) | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 3 | 2 | 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 | | | | | | | | | |
|-------------------------------------|-------------|---------|---------|---------|----------|----------|----------|---------|----------|---------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| Transportation | | | | | | | | | | |
| Miles of streets | * | * | * | * | * | * | * | 111 | 111 | 124 |
| Public safety | | | | | | | | | | |
| Number of fire stations | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 6 |
| Number of firefighters and officers | 30 | 36 | 36 | 36 | 36 | 36 | 37 | 37 | 40 | 57 |
| Number of police stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of sworn officers | 53 | 53 | 53 | 53 | 59 | 59 | 70 | 72 | 76 | 76 |
| Municipal water system | | | | | | | | | | |
| Number of customers | 9,493 | 9,158 | 10,084 | 10,700 | 11,815 | 12,643 | 16,023 | 18,981 | 19,065 | 20,278 |
| Average daily consumption | 4.51MGD | 4.51MGD | 4.51MGD | 4.88MGD | 5.078MGD | 6.914MGD | 6.914MGD | 6.89MGD | 6.94MGD | 7.47MGD |
| Plant capacity, all plants | 9.0MGD | 9.0MGD | 9.0MGD | 9.0MGD | 9.0MGD | 9.0MGD | 9.0MGD | 9.0MGD | 9.0MGD | 9.0MGD |
| Deep wells | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Number of fire hydrants | 718 | 718 | 718 | 730 | 860 | 860 | 860 | 1,000 | 1,000 | 1,200 |
| Municipal sewer system | | | | | | | | | | |
| Number of customers | 7,286 | 7,142 | 7,218 | 7,310 | 7,649 | 8,256 | 8,706 | 8,850 | 9,646 | 10,178 |
| Treatment facility capacity | 2.97MGD | 2.97MGD | 2.97MGD | 2.97MGD | 2.97MGD | 2.97MGD | 2.97MGD | 2.97MGD | 2.97MGD | 2.97MGD |
| Annual average flow | 1.50MGD | 1.50MGD | 1.50MGD | 1.87MGD | 1.97MGD | 1.97MGD | 1.97MGD | 2.37MGD | 2.381MGD | 2.88MGD |
| Municipal stormwater system | | | | | | | | | | |
| Number of customers | 7,910 | 7,910 | 8,562 | 9,300 | 10,000 | 10,000 | 11,826 | 15,798 | 15,102 | 16,815 |
| Building permits issued | 1,364 | 1,891 | 3,760 | 5,942 | 2,640 | 4,477 | 4,753 | 4,785 | 5,680 | 5,308 |
| Recreation and culture | | | | | | | | | | |
| Number of neighborhood parks | 4 | 4 | 4 | 6 | 6 | 6 | 7 | 8 | 8 | 8 |
| Park area, number of acres | 39 | 39 | 39 | 107 | 107 | 107 | 115 | 120 | 120 | 120 |
| Number of books | 62,099 | 63,400 | 70,508 | 80,289 | 67,772 | 67,772 | 68,137 | 55,355 | 56,671 | 58,817 |

* Data not available.
Source: Various City departments.



COMPLIANCE SECTION

This section contains the following subsections:

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





Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Haines City, Florida (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 29, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Bradenton, Florida
April 29, 2026



Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by The Uniform Guidance

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

Report on Compliance For Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Haines City, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended September 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Bradenton, Florida
April 29, 2026



**CITY OF HAINES CITY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2025**

| Federal Grantors/Pass Through Grantor/Program Title | AL Number | Pass Through Grantor's/Lender's Number | Expenditures |
|--|----------------------|---|---------------------|
| U.S. Department of Housing and Urban Development | | | |
| Passed through the Florida Department of Economic Opportunity | | | |
| Community Development Block Grant (CDBG) | 14.228 | MT006 | \$ 47,868 |
| Community Development Block Grant (CDBG) | 14.228 | MT007 | 72,015 |
| Economic Development Initiative | 14.251 | B-23-CP-FL-0426 | <u>1,921,641</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>2,041,524</u> |
| U.S. Department of Justice | | | |
| Passed through the Florida Department of Law Enforcement | | | |
| Edward Byrne Memorial Justice Assistance Grant (JAG) | 16.738 | R7164 | <u>21,293</u> |
| Total U.S. Department of Justice | | | <u>21,293</u> |
| U.S. Department of Treasury | | | |
| COVID-19 - Coronavirus Local Fiscal Recovery Funds | 21.027 | Y5107 | <u>1,453,512</u> |
| Total U.S. Department of the Treasury | | | <u>1,453,512</u> |
| U.S. Department of Environmental Protection | | | |
| Passed through the Florida Environmental Protection | | | |
| Nonpoint Source Implementation Grant | 66.460 | NF093 | <u>394,500</u> |
| Total U.S. Department of Environmental Protection | | | <u>394,500</u> |
| U.S. Department of Homeland Security | | | |
| Passed through the Florida Division of Emergency Management | | | |
| Disaster Assistance Grants | 97.036 | DR4673 | <u>184,920</u> |
| Total U.S. Department of Homeland Security | | | <u>184,920</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 4,095,749</u> |

City of Haines City, Florida

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 1. BASIS OF PRESENTATION

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

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

NOTE 2. DE MINIMIS INDIRECT COST RATE

The City chose not to use the allowable de minimis cost rate for the year ended September 30, 2025.

NOTE 3. NON-CASH AWARDS

The City did not receive non-cash federal awards during the year ended September 30, 2025.

NOTE 4. CONTINGENCIES

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

NOTE 5. SUBRECIPIENTS

The City did not pass through any grant funds to subrecipients during the year ended September 30, 2025.

City of Haines City, Florida

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2025

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:
Material weaknesses identified?

yes no

Significant deficiencies identified not considered to be material weaknesses?

yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Programs

Internal control over major federal programs:
Material weaknesses identified?

yes no

Significant deficiencies identified not considered to be material weaknesses?

yes none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes no

Identification of major federal programs:

| AL Number |
|-----------|
| 14.251 |
| 21.027 |

| Name of Federal Program or Cluster |
|--|
| U.S. Department of Housing and Urban Development – Economic Development Initiative |
| U.S. Department of Treasury – Coronavirus State and Local Fiscal Recovery Funds |

Dollar threshold used to distinguish between Type A and Type B federal programs:

\$1,000,000

Auditee qualified as low-risk auditee?

yes no

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

**SECTION III
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Not applicable.

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

None.



Independent Auditor's Management Letter

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

Report on the Financial Statements

We have audited the financial statements of the City of Haines City, Florida (the "City"), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated April 29, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings and Questioned Costs; Independent Auditor's Report on Compliance for each Major Federal Program and on Internal Control over Compliance required by the Uniform Guidance; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 29, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the City's geographical boundaries during the fiscal year under audit.

Special District Component Units

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

Additional Matters

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

Purpose of this Letter

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



Bradenton, Florida
April 29, 2026



Independent Accountant's Report

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

We have examined the City of Haines City, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2025. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2025.

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
April 29, 2026




IMPACT FEE AFFIDAVIT

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

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

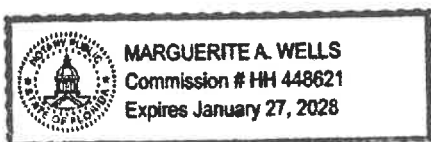
FURTHER AFFIANT SAYETH NAUGHT.

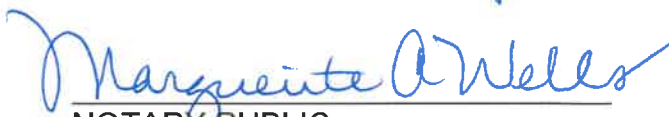


(Chief Financial Officer of Entity)

STATE OF FLORIDA
COUNTY OF POLK

SWORN TO AND SUBSCRIBED before me this 28th day of April, 2026.





NOTARY PUBLIC
Print Name Marguerite A. Wells

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires:
1-27-2028

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