

ANNUAL COMPREHENSIVE FINANCIAL REPORT

THE CITY OF LAKELAND, FLORIDA

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30

2021



GREETINGS FROM
LAKELAND POSTCARD
(505 MARTIN L KING JR AVE.)



ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

CITY OF LAKELAND, FLORIDA

for the

FISCAL YEAR ENDED SEPTEMBER 30, 2021



Prepared by the
FINANCE DEPARTMENT

MICHAEL C. BROSSART, CPA
Finance Director

DEIDRA M. JOSEPH
Assistant Finance Director



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INTRODUCTORY SECTION



BENT'S CYCLE STORAGE
(1066 S FLORIDA AVE.)

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INTRODUCTORY SECTION (UNAUDITED)

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March 24, 2022

Honorable Mayor, Members of the City Commission and Citizens of the City of Lakeland, Florida:

It is our pleasure to submit this Comprehensive Annual Financial Report for the City of Lakeland, Florida for the fiscal year ended September 30, 2021. The organization, form and contents of this report plus the accompanying financial statements and statistical tables are prepared in accordance with the requirements of the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, and the Governmental Finance Officers Association.

This report has been prepared by the Finance Department of the City of Lakeland, which assumes full responsibility for the completeness and accuracy of the information presented herein. To provide assurance that financial data incorporated into this report is as accurate as possible, the Finance Department has adopted internal control procedures which are intended to ensure that financial transactions are recorded in a manner that is consistent with generally accepted accounting principles. These internal control procedures are also intended to prevent loss of assets due to theft or mismanagement. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

Florida Statutes require that all municipalities in the State conduct an annual financial audit of the books and records, performed by an independent certified public accountant. The City has contracted with the firm of Crowe LLP to conduct the audit for the year ended September 30, 2021. The independent auditor's report, which indicates that the financial statements included in this document are free from material misstatement and are fairly presented in conformity with accounting principles generally accepted in the United States of America appears on page B-1 of this document.

The report titled Management's Discussion and Analysis is intended to provide a narrative explanation of the results of operations and financial condition of the City. It should be read in conjunction with this transmittal letter to provide a general overview of the City's finances. This report starts on page C-1 of this bound document.

Profile of the City of Lakeland

Located between two major urban areas – Tampa and Orlando – Lakeland enjoys the quality of life characteristics of smaller cities, while affording easy access and the amenities of larger metropolitan areas. Lakeland's current permanent population estimate as of April 2021 is 116,421 residents. The City limits include approximately 76 square miles.

The City is governed by a seven-member City Commission. This Commission employs a full-time City Manager to run the day-to-day operations of the entity. Page A-5 of this report graphically presents the Organization Chart for the City. The services provided by the City of Lakeland government are extremely diverse, ranging from traditional police, fire, public works, and an extensive parks and recreation system to utility services including electric power generation and supply, treated water, wastewater treatment, stormwater, solid waste collection, municipal parking facilities, an airport, convention center and 27-hole golf course.

Annual operating budgets are formally adopted by the City Commission. Legally authorized appropriations are prepared based on total expenses by fund and department. Any variation between the budgeted expenses and actual expenses at the fund and departmental level of detail must be authorized by the City Commission by affirmative action throughout the year.

The City of Lakeland derives its name from the 28,000 acres of 38 named lakes and numerous smaller lakes, ranging in size from 2.5 acres (Lake Blanton) to 2,272 acres (Lake Parker).

Lakeland boasts many unique features, including the world's largest on-site collection of Frank Lloyd Wright-designed buildings at Florida Southern College. Lakeland hosts Florida's largest aircraft convention – the Sun 'n Fun International Fly-In & Expo – which draws more than 140,000 people and 4,000 aircraft to Lakeland Linder International Airport. Lakeland's annual outdoor art festival, Mayfair by-the-lake, began in 1971 and attracts more than 70,000 visitors and artists to the shores of Lake Mirror.

Lakeland is the spring home of the Detroit Tigers who have been training in Lakeland since 1934. The organization has a year-round presence and operates one of their minor league teams, developmental squads and rehabilitative facilities in Lakeland. Other sports teams that call Lakeland home include the Lakeland Magic who are the NBA G League developmental affiliate of the NBA's Orlando Magic and the Florida Tropics SC who are a professional soccer team playing indoor soccer in the Major Arena Soccer League and outdoor soccer in the United Premier Soccer League.

Profile of the City of Lakeland (continued)

Local Economy

Lakeland is home to the headquarters of Publix Super Markets, which was founded in nearby Winter Haven by Mr. George Jenkins in 1930. Publix operates 1,297 grocery stores in Florida, Georgia, South Carolina, North Carolina, Alabama, Tennessee and Virginia and is the largest employee-owned grocery chain in the United States. Ranked as one of Fortune's Best Big Companies to work for, Publix has more than 225,000 employees and is a Fortune 100 company with \$44.9 billion in retail sales in 2020. Through the first three quarters of 2021, retail sales are up 5.2% as Publix looks to surpass \$47 billion in sales for 2021. The total taxable value of real property owned by Publix within the Lakeland city limits is approximately \$422 million.

The City also boasts the fifth largest hospital in the state and the busiest single-site Emergency Department in the state – Lakeland Regional Health, an 864-bed not-for profit hospital. Lakeland is also home to Watson Clinic, LLC which provides close to 1 million outpatient visits annually. In 2020 Lakeland Regional Systems began construction on an 80,000-square foot \$46 million freestanding Center for Behavior Health and Wellness on a 9.3-acre property that is adjacent to the current campus. This project is expected to be completed in the spring of 2022.

Residential construction activity in Lakeland continues to accelerate. Lakeland issued 749 new single family permits and 337 multi-family permits in 2021. This marked a slight 1.9% year-over-year increase from 2020 for single-family permits and a slight decrease for multi-family permits. Single-family permitting in Lakeland has averaged over 500 new permits annually per year for the past 5-years, while multi-family has averaged approximately 300 annually during the same period. 2021 was the most active year on record for new single family permits in Lakeland. Historically, it has been understood locally that a healthy single family residential market in Lakeland could support 200-250 new single family permits per year. This belief is based upon balanced and consistent suburban growth pushing to the south and north away from the central city. With growth surging beyond that average number, the City is demonstrating a great deal of core strength as the real estate market signals an expanding pattern for residential development. The right balance of a growing population, new buyers and shifting demographics have Lakeland positioned well. Low interest rates will continue to push single family buyers with greater purchasing power, while more affordable multi-family units in lower density areas will help balance Lakeland's residential market. Understanding that normalization of the economy may be prolonged post pandemic, many economists recognize that the biggest concerns for the supply of new residential construction in 2022 will be an under abundance of qualified labor, the increasing costs of building supplies and materials and project delays associated with supply chain issues.

Existing and new companies in Lakeland are helping to fuel the City's growing population which has a direct correlation on employment opportunities and the local unemployment rate. The impacts of the global pandemic have caused unemployment rates to continue to fluctuate mildly throughout 2021. In Lakeland, monthly unemployment rates began the year at 5.2% in January, spiked to 6.6 % in June before gradually descending to 4.1% in December. The relative consistency seen in local unemployment figures also mirrors the state and national economy as it is tied to responses and impacts of the ongoing pandemic. Closing out 2021, Lakeland's unemployment rate achieved month-over-month decreases for 6 consecutive months, closing with a 12-month average of 5.3%. This decrease, despite the ongoing concern of COVID variants, sends a secure message of stabilization. Complimenting Lakeland's expanding population, the City's month-over-month labor force for 2021 experienced a noticeable expansion, starting the year at 48,384 and ending at 50,772. This is better illustrated by tracking the actual number of unemployed persons within the workforce. In 2021, Lakeland began the year with a January 5.2% monthly unemployment rate and 2,526 individuals within the local workforce seeking work. The year closed with a monthly December unemployment rate of 4.1% and just 2,092 individuals unemployed and actively seeking work. This decrease illustrates Lakeland's economic health as determined by job growth. As new companies locate and existing ones expand and grow their workforce, new jobs are required. These new jobs help balance available opportunities for residents, thus allowing the City's overall unemployment rate to remain stable and low. For 2022, Lakeland's unemployment will continue to decrease with a strong economic performance that will continue to drop annual unemployment rates below the 4% range.

Lakeland's industrial real estate market is heavily reliant on demand. Leasing activity in Lakeland's industrial market was active in 2021, despite the widespread impacts of the COVID pandemic. E-commerce activities have accelerated over the past year as demand has outpaced the supply of available inventory. With that, Lakeland has added more than 10 million square feet on new industrial space over the past five years, of which, three quarters of this space has been speculative. That spike in inventory has caused vacancy rates to surge to 9.8%, which is 10-year high. In 2021, industrial vacancy rates in Lakeland rose above 9% for the first time in a decade. This increase follows a recent trend which previously marked the end of an extended period which identified Lakeland as an area that was consistently regarded as the geography with the lowest overall vacancy rates in the U.S. primary market. Despite the year-over-year increase in vacancy from 9.1% in 2020 to 9.8% in 2021. Analysts believe that Lakeland's industrial market is positioned well, demonstrating strengths in both relative affordability and absorption. Last year, Lakeland completed 2,227,250 square feet of industrial, office and retail space. During that same period, the City permitted 2,002,022 square feet on new industrial space, 14,911 square feet of commercial office space and 140,911 square feet of retail space. Of that, users leased 963,00 square feet of new space, which was a drop off from the historic levels reached in 2020. With many new industrial projects under construction and planned, 2022 will be another very busy year. Strong demand balanced with the influx of new space should help drop vacancy rates as new inventory is constructed and leased.

Profile of the City of Lakeland (continued)

Local Economy (continued)

Significant business and institutional development investments completed within the City in 2021 totaled more than \$300 million and committed to the creation of approximately 650 new jobs. As proof of Lakeland's evolving economy, a few of the examples below highlight the industrial, office, residential and educational growth.

Based on our geographic location, much of Lakeland's economic strength revolves around logistics and distribution. In 2021 developers completed the construction of more than 2 million square feet of new industrial space and permitted an additional 2 million square feet to be constructed in Lakeland to support this active market.

Brennan Investment Group developed a new 1,001,697 square foot building which sits on a 165-acre property that is accessed by SR 33 and located west of Florida Polytechnic University on the north side of I-4. This \$100 million investment was sold in December to a real estate investment firm just as it was completed.

Xebec Realty developed a new 440,000 square foot facility at 3075 Whitten Road, off County Line Road. This new space has tenants interested and should be occupied by the spring of 2022.

Lakeland Central Park completed \$20 million in site work in 2021 to kick off their 740-acre 5-million square foot industrial development located on the east side of the Polk Parkway, south of I-4. This \$400 million multi-tenant development will contain 10 separate buildings ranging in size from 128,000 square feet to 839,000 square feet. The developments first 700,000 square foot building is under construction and will be complete in the fall of 2022.

As demand in Lakeland continues, several new smaller speculative industrial projects sized at 98,000 square feet, 109,000 square feet and 197,000 square feet are currently under construction and will be complete in 2022.

In addition to industrial, Lakeland benefited by other notable expansions and new projects that will further diversify the local economy.

NOAA completed a \$12 million office and hanger expansion, increasing their total footprint at Lakeland Linder International Airport (LLIA) from 106,000 square feet to 176,000 square feet. This project helped secure a 20-year lease extension that will help grow NOAA's high skill workforce in Lakeland while also allowing their team to add two additional aircraft to their fleet. NOAA currently has 110 full-time employees at their Lakeland facility.

IGT at the Interstate Commerce Park leased an additional 34,000 square feet that will add 50 new employees to their workforce. This \$10 million project will support their current manufacturing operation and their future growth.

Encompass Health constructed a \$20 million 62,000 square foot in-patient rehabilitation hospital on an 8-acre parcel in Oakbridge which will provide acute-care for patients recovering from complex orthopedic procedures, spinal cord injuries and neurological disorders.

Downtown, Lakeland is seeing new projects that support residential, office, retail and entertainment which will add value for the citizens and downtown.

Summit Consulting is construction a build to-suit \$50 million 9-story office building that will be completed in April of 2022. The building will employ 450 individuals and contains a 4 level parking garage which will have 150 spaces designated to the general public on weekday nights and on weekends.

Mirrorton residential is a 305-unit market rate multi-family project positioned on a 10-acre property on the northern boundary of downtown. This \$50 million project is on a property once owned by the Lakeland CRA which not contains of a mix of townhomes and some 3 and 4 story flats. Prior to completing construction more than 90% of the units were pre-leased, demonstrating the demand for multi-family downtown.

In the Garden District of downtown, developers completed The Garden Apartments as a concentration of two 4-story buildings containing a total of 90 market rate one-bedroom units located at the corner of Lake Avenue and Lime Street, just south of Lake Mirror. Upon completion all of the units constructed were 100% occupied.

Demand for multi-family products will bring a number of new projects that will offer benefits in varying parts of Downtown, stretching its geographic boundaries.

Bonnet Springs Park is a 180-acre private park that will activate the western edge of downtown. This \$100 million park will be completed in March of 2022 and will welcome the public with 9 unique buildings complimented by a variety of trails, paths, water amenities and open space further expanding the reach of downtown.

Profile of the City of Lakeland (continued)

Local Economy (continued)

With regards to higher education in Lakeland, in 2020 Florida Southern College completed their new 15,000 Computer Science Building and Florida Polytechnic University is nearing the completion of their 85,000-square foot \$45 million Applied Research Center (ARC) building which will house research and teaching laboratories, student design space, conference rooms and faculty offices for the University. Both these facilities support the higher education student population growth that Lakeland is experiencing.

Long-term Financial Planning

The City prepares ten-year capital improvement plans for several of its Funds that identifies both capital improvements and related revenue sources anticipated for the next ten annual budget cycles. Capital requirements of enterprise operations – typically utility operations such as electric, water, wastewater and solid waste, are financed from capital reserves accumulated within those enterprise operations and obtained from the users of those services through the imposition of user fees. Capital requirements of general governmental operations are financed primarily from the proceeds from gasoline taxes and the proceeds from the pre-payment of an operating lease between the City of Lakeland and a not-for-profit entity that operates the City-owned hospital facility.

Impact Fees are also assessed on new construction within the Water and Wastewater utilities to provide a source of financing for the capital costs associated with growth. The City also levies similar impact fees to offset a portion of the capital costs of Transportation improvements, Parks and Recreation Facilities, and Public Safety.

Relevant Financial Policies

The City finances a portion of general governmental operating costs from the proceeds of transfers to the General Fund from various utility operations – primarily from an electric utility operation. These transfers finance approximately 27% of the operating costs for general governmental operations within Lakeland.

Reporting Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lakeland, Florida, for its Annual Comprehensive Financial Report (Annual Report) for the fiscal year ended September 30, 2020. To be awarded a Certificate of Achievement for Excellence in Financial Reporting, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, of which its contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. We believe our current report continues to conform to Certificate of Achievement for Excellence in Financial Reporting Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of the Annual Comprehensive Financial Report could not be achieved without many extra hours of work on the part of the City's Finance Department staff. The City is fortunate to have such a fine group of professionals who are highly skilled and complete all tasks accurately and within schedule.

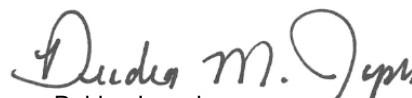
We would like to especially thank Barbara Henry, Chief Accountant, Brent Howard, Electric Utility Controller, and Brent McLain, Chief Accountant for their efforts in assisting the external auditors in completing the audit, and for preparation of the Annual Report. Their respective roles in coordinating the work of accountants and other professionals have proven to be invaluable to the report preparation process. We would also like to thank the external auditors, Crowe LLP, for their cooperation, professionalism and assistance during the audit process.

We would like to express appreciation to the City Manager, his staff, and the City Commission for their continued support of the Finance Department and for the leadership they have provided to make Lakeland such an exceptional community. This report reflects the favorable financial condition of the City, and we are proud to submit it to you for your review.

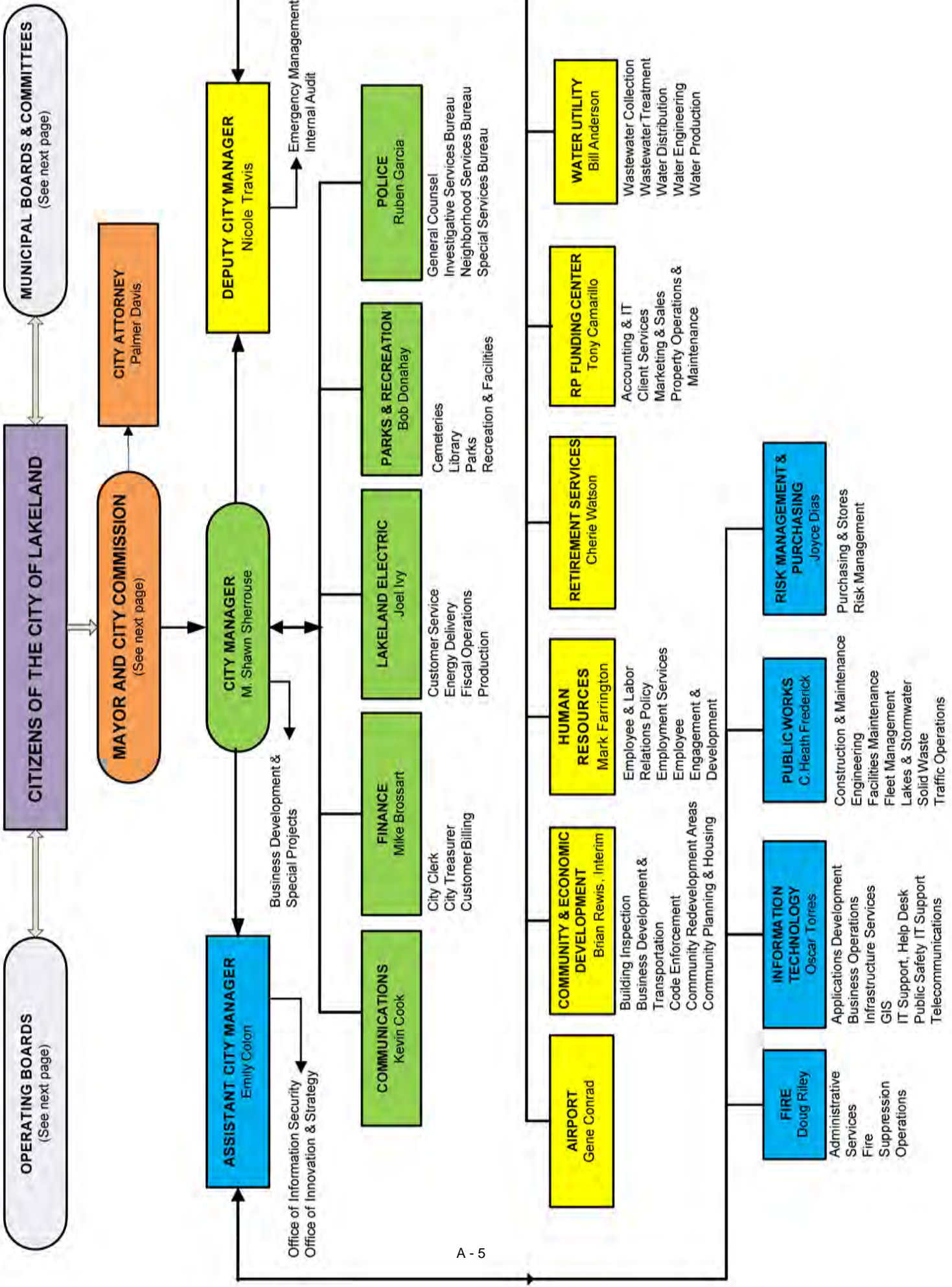
Respectfully submitted,



Michael C. Brossart, CPA, CGFO
Finance Director



Deidra Joseph
Assistant Finance Director



MUNICIPAL BOARDS & COMMITTEES
(See next page)

CITIZENS OF THE CITY OF LAKELAND

OPERATING BOARDS
(See next page)

CITY ATTORNEY
Palmer Davis

MAYOR AND CITY COMMISSION
(See next page)

DEPUTY CITY MANAGER
Nicole Travis

CITY MANAGER
M. Shawn Sherrouse

ASSISTANT CITY MANAGER
Emily Cotton

POLICE
Ruben Garcia

PARKS & RECREATION
Bob Donahay

LAKELAND ELECTRIC
Joel Ivy

FINANCE
Mike Brossart

COMMUNICATIONS
Kevin Cook

General Counsel
Investigative Services Bureau
Neighborhood Services Bureau
Special Services Bureau

Cemeteries
Library
Parks
Recreation & Facilities

Customer Service
Energy Delivery
Fiscal Operations
Production

City Clerk
City Treasurer
Customer Billing

WATER UTILITY
Bill Anderson

RP FUNDING CENTER
Tony Camarillo

RETIREMENT SERVICES
Cherie Watson

HUMAN RESOURCES
Mark Farrington

COMMUNITY & ECONOMIC DEVELOPMENT
Brian Rewis, Interim

AIRPORT
Gene Conrad

Wastewater Collection
Wastewater Treatment
Water Distribution
Water Engineering
Water Production

Accounting & IT
Client Services
Marketing & Sales
Property Operations & Maintenance

Employee & Labor
Relations Policy
Employment Services
Employee Engagement & Development

Building Inspection
Business Development & Transportation
Code Enforcement
Community Redevelopment Areas
Community Planning & Housing

FIRE
Doug Riley

INFORMATION TECHNOLOGY
Oscar Torres

PUBLIC WORKS
C. Heath Frederick

RISK MANAGEMENT & PURCHASING
Joyce Dias

Administrative Services
Fire
Fire Suppression Operations

Applications Development
Business Operations
Infrastructure Services
GIS
IT Support, Help Desk
Public Safety IT Support
Telecommunications

Construction & Maintenance
Engineering
Facilities Maintenance
Fleet Management
Lakes & Stormwater
Solid Waste
Traffic Operations

Purchasing & Stores
Risk Management

Organizational Chart

CITIZENS OF THE CITY OF LAKELAND

MAYOR AND CITY COMMISSIONERS

Michael L. Musick
 Sara Roberts McCarley
 Chad E. McLeod
 H. William "Bill" Mutz, Mayor
 Stephanie R. Madden
 William "Bill" W. Read
 Phillip E. Walker

REGIONAL OR PROFESSIONAL ASSOCIATIONS

Airport Advisory Board
 American Public Power Assn., Policy Makers Council
 Central Florida Development Council
 Central Florida Regional Planning Council
 Community Redevelopment Area
 Enterprise Zone Development Agency
 Florida League of Cities
 Intl. City/County Management Assn.
 Lakeland Area Mass Transit District
 Lakeland Chamber of Commerce
 Lakeland Downtown Development Authority
 Lakeland Economic Development Council
 Lakeland Sister Cities, Inc.
 Lakeland Vision
 National League of Cities
 Orlando Economic Partnership-Congress of Leaders
 Polk County Tourism and Sports Marketing
 Polk Regional Water Cooperative Committee
 Sun n' Fun Board of Directors
 Transportation Planning Organization

MUNICIPAL BOARDS & COMMITTEES

Affordable Housing Advisory
 Affordable Housing Review
 Airport Advisory Board
 Beautification Board
 Civil Service
 Code Enforcement Board
 Community Redevelopment Area Advisory Board
 Employees Pension Board
 Firefighter's Pension Trust—Board of Trustees
 Historic Preservation Board
 Housing Authority Board
 Mayor's Council on the Arts
 Nuisance Abatement Board
 Planning and Zoning Board
 Police Officer's Retirement Fund
 Public Employee Relations Commission
 Public Improvement Endowment Fund Board
 Utility Committee
 Zoning Board of Adjustment and Appeals

CITY OF LAKELAND, FLORIDA

CITY OFFICIALS

COMMISSION-MANAGER FORM OF GOVERNMENT

CITY COMMISSION

H. William "Bill" Mutz, Mayor

Sara Roberts McCarley

William "Bill" W. Read

Michael L. Musick

Chad E. McLeod

Stephanie R. Madden

Phillip E. Walker

CITY MANAGER

M. Shawn Sherrouse

FINANCE DIRECTOR

Michael C. Brossart, CPA

CITY ATTORNEY

Palmer Davis

CITY CLERK

Kelly S. Koos



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lakeland
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, City Commissioners
and City Manager
City of Lakeland, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Police Officers' Defined Benefit Retirement System of the City of Lakeland, Florida (a pension trust fund included in aggregate remaining fund information) and the City of Lakeland Firefighters' Retirement System (a pension trust fund included in aggregate remaining fund information), which represent the percentages of assets, net position, and revenues of the pension and other employee benefit trust fund type listed below.

	<u>Assets</u>	<u>Net Position</u>	<u>Revenues</u>
Aggregate Remaining Fund Information:			
Pension and Other Employee Benefit Trusts			
Police Officers' Defined Benefit Retirement System of the City of Lakeland, Florida	16.10%	16.12%	15.61%
City of Lakeland Firefighters' Retirement System	<u>11.74%</u>	<u>11.76%</u>	<u>11.31%</u>
	<u>27.84%</u>	<u>27.88%</u>	<u>26.92%</u>

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as they relate to the amounts included for the Police Officers' Defined Benefit Retirement System of the City of Lakeland, Florida and the City of Lakeland Firefighters' Retirement System, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Police Officers' Defined Benefit Retirement System of the City of Lakeland, Florida and the City of Lakeland Firefighters' Retirement System were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, General Fund budgetary comparison schedule, schedule of changes in the City's net pension liability and related ratios, schedule of changes in the City's net OPEB liability and related ratios, schedule of OPEB investment returns, schedule of OPEB contributions, and schedule of contributions from employers and other contributing entities on pages C-1 through C-20 and F-1 through F-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory information, budgetary comparison schedule – major capital projects fund, combining and individual fund financial statements, schedules and miscellaneous statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule – major capital projects fund, combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule – major capital projects fund, combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

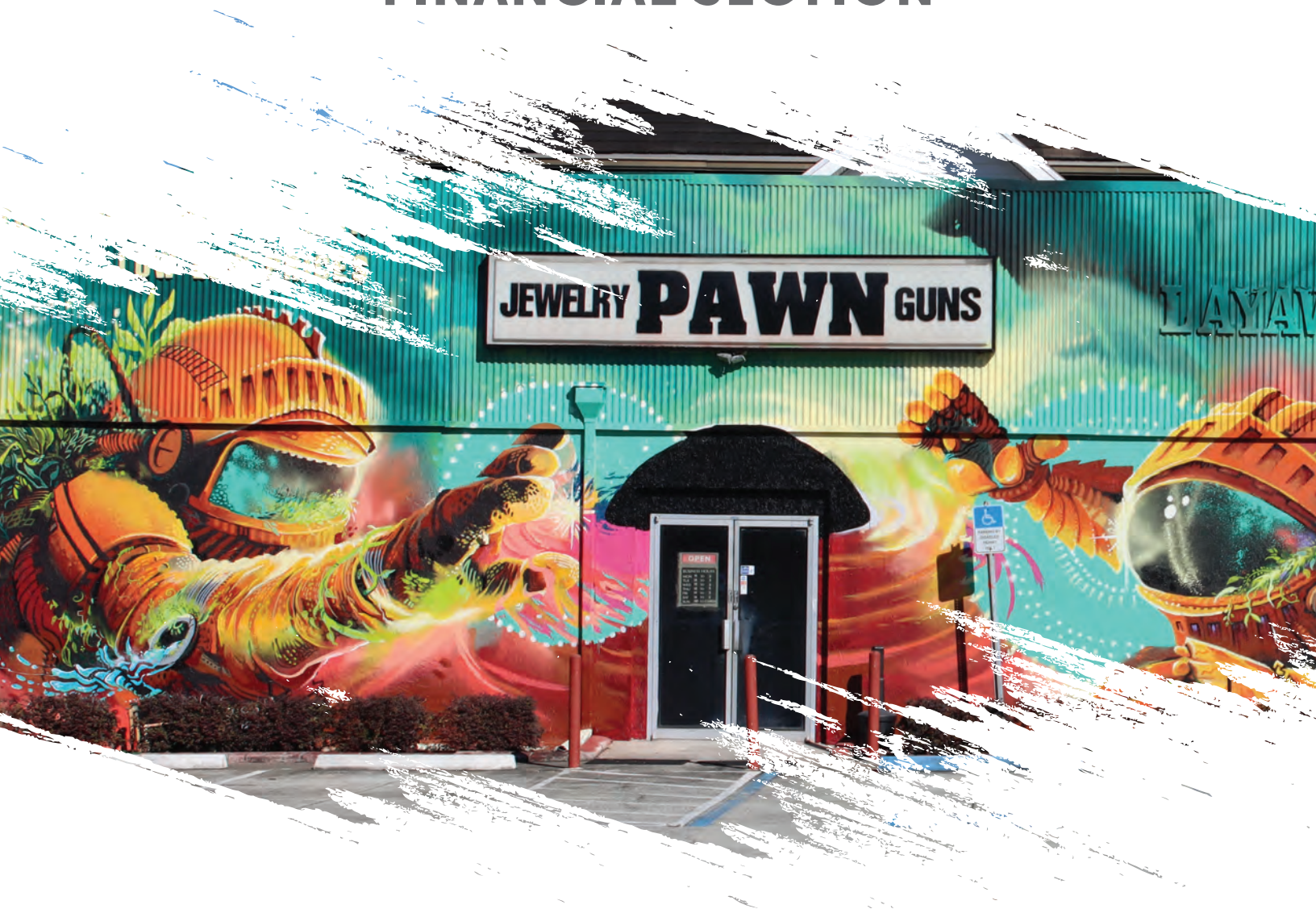
In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Crowe LLP

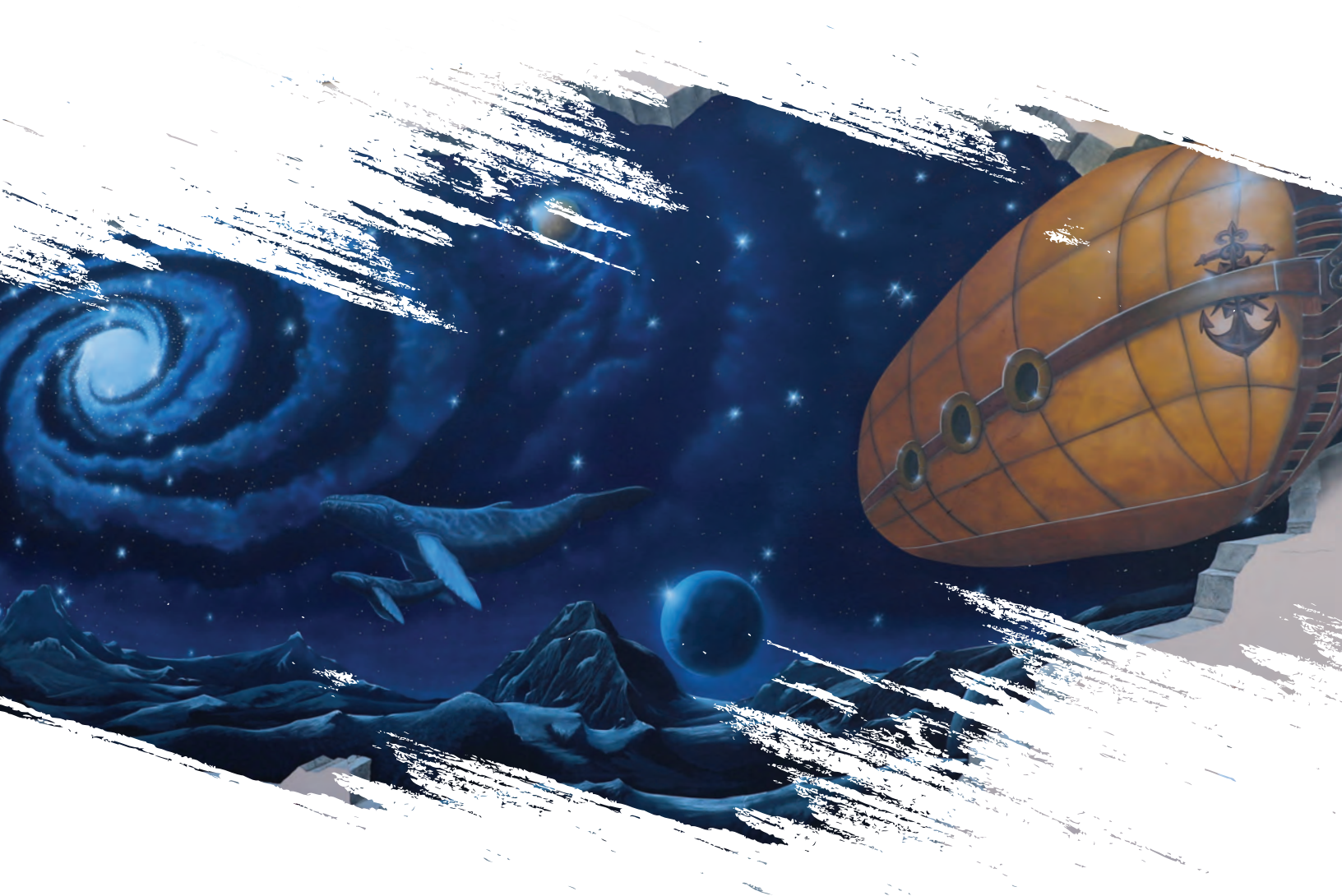
Tampa, Florida
March 24, 2022

FINANCIAL SECTION



SOUTH FLORIDA GUN AND PAWN
(844 S FLORIDA AVE)

MANAGEMENT'S DISCUSSION AND ANALYSIS



SOUTHSIDE CLEANERS
(901 S FLORIDA AVE)

CITY OF LAKELAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The Management's Discussion and Analysis section provides a narrative overview of the City of Lakeland's (City's) financial activities for fiscal year ending September 30, 2021. This discussion is broken down into three components:

- An overview of the financial statements, consisting of a narrative description of the type of information provided within the Comprehensive Annual Financial Report (which begins on page D-1 of this bound document).
- A concise, condensed financial report that summarizes the results of operations of the City as a whole.
- A narrative financial analysis of the City's overall financial condition and results of operations, supported by additional consolidated information about specific services provided by the City.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements are comprised of three sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The nature of these three components of the report is described as follows:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

There are two financial statements in this section that address the financial position and results of operations of the City taken as a whole: The Statement of Net Position and the Statement of Activities.

These two financial statements are prepared using the "full accrual" method (basis) of accounting. This is the same accounting method used by most private-sector companies to determine whether they earn a profit in any given year, and to measure the net worth of the company as of the end of the year.

The statement of net position (page D-2 and D-3) is similar to a balance sheet in that it separately identifies the assets (what the City owns) from the liabilities (what the City owes) and the net difference between the two. Cash, receivables, land, buildings, and equipment are examples of assets. Bonds, notes, and payables are examples of liabilities. The increase or decrease in net positions from one year to the next indicates whether the City's financial position is improving or deteriorating.

The statement of activities (pages D-4) explains how or why the net position has increased or decreased during the year. The statement of activities resembles a profit and loss statement because it compares the total expenses of the government to the total revenues, with the difference between the two, equaling the increase or decrease in net position over the course of the year.

Under the full accrual basis of accounting, some cash flows into the city and some of the cash flows out are not considered operating revenues or operating expenses and accordingly do not appear on the statement of activities. For example, under the full accrual basis of accounting, the purchase of capital assets (e.g. equipment, land, buildings that have a useful life beyond one year) is not shown as an operating expense on the Statement of Activities.

On the other hand, the full accrual accounting method recognizes certain expenses that may not be funded or budgeted by the City within a given year, such as non-cash expenses like depreciation of capital assets and costs that may be incurred in one accounting cycle but are not paid until some future year.

In many cases, this full accrual method of accounting is very different than the accounting process used to budget and measure the cost of government. The annual budgets for most governmental operations only include provisions for cash outlays that will actually occur in a given year – which would include disbursements for capital assets, and excludes non-cash expenses such as depreciation or expenses paid out in future years. However, the Government Accounting Standards Board ("GASB") requires that a version of the financial activity for all aspects of the city be prepared using the full accrual basis in order to provide the ability to evaluate the financial status of the city in a manner that is compatible with accounting standards normally adopted within the private sector. Hence, the Government-Wide Financial Statements on pages D-2 thru D-4 are prepared on a full accrual basis.

CITY OF LAKELAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS, (continued)

The information in each of these two statements is separated into two categories as follows:

Governmental activities – This portion of the government-wide financial report represents those activities undertaken by the government which cannot, based on practical considerations, be financed by the imposition of a user fee assessed directly and exclusively against the users of those activities. These activities include the services provided by Police and Fire Departments; Public Works (road and drainage construction and maintenance); the Parks & Recreation Department; libraries; growth management; public utilities (such as street lighting); and administrative functions. Because these activities do not lend themselves to recovery of costs through a direct user charge, they are financed primarily from the proceeds of property taxes, sales taxes, franchise fees, interest income, intergovernmental revenues, and state and federal grants.

Business-type activities – This portion of the government-wide financial report includes those activities such as the Electric, Water, Wastewater, and Solid Waste Utilities. The cost of providing these services is directly recovered from a user charge assessed against the users of those services. This category also includes the operations of the City's RP Funding Center, the Parking System, and the Lakeland Linder International Airport.

This category also includes activities within internal service funds – which provide services such as fleet management, information technology, and self-insurance of certain risks to city departments at cost. The value of assets, liabilities and the operating activities of these internal funds are accounted for as Business-type activities, less an allocation of those assets, liabilities and current year operations based on the relative portion of those services that are provided to Governmental activities.

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CITY OF LAKELAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS, (continued)

The following condensed information is derived from the Government-Wide Financial Statements for the City of Lakeland:

CONDENSED STATEMENT OF NET POSITION (In thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current assets	\$ 135,581	\$ 114,125	\$ 245,434	\$ 232,121	\$ 381,015	\$ 346,246
Asset Apportionments	234,112	15,604	203,652	195,238	437,764	210,842
Restricted assets	70,781	52,614	62,328	36,919	133,109	89,533
Capital assets	295,257	290,979	1,322,851	1,296,553	1,618,108	1,587,532
Other noncurrent assets	-	-	870	1,052	870	1,052
Total assets	735,731	473,322	1,835,135	1,761,883	2,570,866	2,235,205
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources related to pensions	17,452	66,599	10,433	52,714	27,885	119,313
Deferred outflows of resources related to OPEB	44,642	20,104	41,091	19,730	85,733	39,834
Deferred outflows of resources related to ARO	-	-	3,130	3,156	3,130	3,156
Decrease in fair value of interest rate swaps	-	-	30,410	39,934	30,410	39,934
Unamortized loss on hedges	-	-	33,613	2,425	33,613	2,425
Unamortized loss on refunding	6	13	20,241	23,309	20,247	23,322
Total deferred outflows of resources	62,100	86,716	138,918	141,268	201,018	227,984
LIABILITIES						
Current liabilities	24,233	24,432	125,957	118,456	150,190	142,888
Apported Asset liabilities	215,000	-	16,485	17,959	231,485	17,959
Restricted liabilities	241	230	26,233	17,103	26,474	17,333
Deferred credits	-	-	37,645	46,369	37,645	46,369
Accrued liabilities						
less current portion	146,301	203,230	149,964	200,159	296,265	403,389
Long term debt payable						
less current portion	86,004	89,584	567,588	542,459	653,592	632,043
Total liabilities	471,779	317,476	923,872	942,505	1,395,651	1,259,981
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources related to pensions	8,899	2,832	4,156	6,035	13,055	8,867
Deferred inflows of resources related to OPEB	48,585	18,318	52,560	20,560	101,145	38,878
Over-recovery of fuel	-	-	18,793	18,992	18,793	18,992
Deferred inflows of resources related to CIAC	-	-	225	-	225	-
Contributions in aid of construction	-	-	43,863	45,728	43,863	45,728
Total deferred inflows of resources	57,484	21,150	119,597	91,315	177,081	112,465
NET POSITION						
Net investment in capital assets	243,922	232,860	805,614	735,397	1,049,536	968,257
Restricted	70,539	52,384	36,094	20,803	106,633	73,187
Unrestricted	(45,892)	(63,832)	88,876	113,131	42,984	49,299
Total net position	\$ 268,569	\$ 221,412	\$ 930,584	\$ 869,331	\$ 1,199,153	\$ 1,090,743

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CITY OF LAKELAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS, (continued)

Governmental activities:

Current Assets consist predominantly of \$61.1 million of cash and investments, \$24.7 million of receivables, \$34.2 million of assets held within internal balances of the City; and \$5.7 million in assets to liquidate current apportioned and restricted liabilities. In the aggregate, this represents an increase of \$21.5 million in the value of current assets during 2021.

Asset Apportionments represents assets that are designated by the City Commission for certain specific uses – as opposed to current assets, which generally can be used to finance the cost of any general governmental operations. Apportioned assets are comprised of approximately \$5.6 million in assets related to Stormwater Utilities Fund, \$285 thousand set aside to fund contributions to cultural and community agencies, \$227.9 million set aside to pay for future capital expansion, and \$336.6 thousand in cash designated for maintaining recreation facilities.

Restricted Assets are legally restricted for expenses for certain purposes. These consist predominately of \$14.5 million in assets held within Community Redevelopment Districts, \$3.8 million and in assets held for community development, \$1.9 million in assets held in trust for law enforcement; \$28.7 million of unspent impact fees, \$3.0 million in assets held from building inspection revenues, \$12.5 million in assets held from transportation, and approximately \$6.8 million held in a fund that is used to provide perpetual maintenance of cemetery plots sold by the City. In the aggregate, there was a \$23.5 million increase in the change in the value of these restricted assets from 2020 to 2021.

Current Liabilities represent obligations payable from Current Assets that are likely to be settled within the next year. These consist of primarily \$10.5 million in amounts owed to vendors, \$6.6 million in undistributed payroll obligations accrued during the last pay period of the fiscal year, \$5.1 million of principal and interest due on long term debt and notes on October 1st.

Restricted and Apportioned Liabilities represent obligations payable from Restricted and Apportioned Assets that are likely to be settled within the next year.

Accrued Liabilities represent payroll-related obligations that are not likely to be settled within the next year. This includes approximately \$5.6 million in unpaid sick and vacation time, \$38.5 million representing the actuarially accrued liability for pension benefits payable to employees during retirement, and approximately \$102.1 million representing the actuarially accrued liability for health insurance benefits payable to employees during retirement. This obligation is the result of a state of Florida mandate, which requires that any city which offers health insurance coverage to retired employees must provide that coverage at the same health insurance premium rates applied to active employees. Since the population of retired employees is prone to higher medical costs than the population of active employees, there is an implied subsidy built into that retiree health insurance premium.

Long-term debt payable decreased by approximately \$(8.5) million from 2020 to 2021. The dollar value of those outstanding loans, notes, and bonds was approximately \$88.8 million as of the end of 2021. Those loans are supported by four fixed interest revenue bonds. The City's long term capital plan calls for the repayment of a little over \$30.6 million of these loans within the course of the next five years.

Business-type activities:

Current Assets consist predominantly of \$138.6 million of cash and investments, \$54.4 million of receivables, and \$27.9 million of inventories; less approximately \$34.2 million representing the estimated value of those assets held within internal service funds of the City that are allocable to governmental activities. In the aggregate, these assets decreased \$13.3 million during 2021. There was a decrease of \$13.4 million within Electric Utilities system – as a result of a decrease in liquidity from operations; there was a \$(8.2) million decrease within the Internal Loan Fund – as a result of the net repayment/issuance of loans during the year; and there was a \$0.5 million increase in the Solid Waste Fund resulting from an increase in liquidity from operations.

Asset Apportionments represents assets that are designated by the City Commission for certain specific uses – as opposed to current assets, which generally can be used to finance the cost of any general governmental operation. Apportioned assets are primarily comprised of \$131.1 million committed to financing the cost of capital improvements, \$33.6 million in assets held for vehicle replacements, and \$28.9 million in assets held by funds used to self-insure the city against certain risks.

CITY OF LAKELAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS, (continued)

Business-type activities (continued):

Restricted Assets are legally restricted for expenses for certain purposes. These consist predominately of \$17.1 million in customer deposits collected by utility operations, \$46.9 million of unspent water and wastewater impact fees. This class of assets decreased approximately \$(25.4) million during the year, predominantly from the expenditures related to capital projects.

Current Liabilities represent obligations payable from Current Assets that are likely to be settled within the next year. These consist of primarily \$26.9 million in amounts owed to vendors, \$7.4 million in obligations accrued during the last pay period of the fiscal year, \$40.4 million in bonded debt and loans principal and interest payable on October 1, 2021, \$8.0 million in current obligations of the city's self-insurance program, and approximately \$1.1 million in advance customer deposits held by the RP Funding Center fund for events that have not yet occurred.

Restricted and Apportioned Liabilities represent obligations payable from Restricted and Apportioned Assets. These consist of approximately \$16.5 million in obligations of the city's self-insurance program, and \$15.9 million in customer deposits.

Accrued Liabilities represents obligations that are not likely to be settled within the next year. This includes approximately \$6.3 million in unpaid sick and vacation time, \$7.2 million in profits earned on settlement of a natural gas purchase agreement, approximately \$40.8 million representing the actuarially accrued liability for pension benefits, approximately \$3.7 million representing the actuarially accrued liability for asset retirement obligations, and approximately \$99.2 million representing the actuarially accrued liability for health insurance benefits payable to employees during retirement. This obligation is the result of a state of Florida mandate, which requires that any city which offers health insurance coverage to retired employees must provide that coverage at the same health insurance premium rates applied to active employees. Since the population of retired employees is prone to higher medical costs than the population of active employees, there is an implied subsidy built into that retiree health insurance premium.

Capital asset and debt administration:

Capital assets

Ratio of capital assets to related debt:

	Total Governmental Activities	Electric Utility	Water & Wastewater Utility	Lakeland Linder International Airport	Other Business-type Activities
Capital assets	\$ 295,256,745	\$ 671,591,237	\$ 381,182,653	\$ 187,518,499	\$ 82,558,328
Related long term debt	(51,335,245)	(391,333,903)	(107,163,240)	(7,468,727)	(11,271,118)
Net investments in capital assets	<u>\$ 243,921,500</u>	<u>\$ 280,257,334</u>	<u>\$ 274,019,413</u>	<u>\$ 180,049,772</u>	<u>\$ 71,287,210</u>
FY 2021 Ratio	5.75	1.72	3.56	25.11	7.32
FY 2020 Ratio	5.01	1.70	3.50	4.42	6.61

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS, (continued)

Capital asset and debt administration: (continued)

Capital assets (continued)

This investment in capital assets includes land, buildings, improvements, machinery and equipment, plant, distribution and generation facilities, and infrastructure. The total book value of capital assets as of September 30, 2021 was \$1,618,107,462 which represents a net increase of \$30,574,926 for the year.

Gross capital spending for the year exceeded \$155.5 million. Major capital asset additions during the current fiscal year included the following:

- \$12.1 million in land, right of way, and construction for roadway projects
- \$1.4 million in parks and recreation facility improvements
- \$1.9 million in public facility improvements
- \$1.7 million in public safety facility improvements
- \$0.5 million in Stormwater system improvements
- \$9.3 million for new vehicles
- \$4.3 million for computers and software; system upgrades
- \$82.3 million for improvements at the city-owned airport
- \$56.4 million in water and wastewater system improvements
- \$118.1 million in electric transmission, distribution, and generation improvements

Additional information regarding the capital assets of the City can be found in Note 4 of the basic financial statements.

Long-term debt

As of September 30, 2021, the City of Lakeland's total bonded and notes outstanding was \$649.9 million. This represents a net decrease of \$(17.4) million compared to 2020. During the year, the City made scheduled retirements of debt of approximately \$86.7 million and issued capital improvement revenue bonds totaling \$52 million.

Most of the long-term debt outstanding represents revenue notes and bonds issued by the Electric and Water/Wastewater Utilities. Payment of annual principal and interest on this outstanding debt is secured by a lien on the net operating revenues of those operations. Revenue bond obligations issued for the benefit of governmental activities are paid from amounts accumulated in legally required sinking funds maintained in the debt service fund. The City has no general obligation bonded debt outstanding.

The City does not have any debt limitations that could affect the financing of planned facilities or services. Additional information regarding the long-term debt of the City can be found in Note 6 of the basic financial statements.

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CITY OF LAKELAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS, (continued)

GOVERNMENT-WIDE STATEMENT OF REVENUES, EXPENSES, AND INCREASE IN NET POSITION

CHANGES IN NET POSITION (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	\$ 33,841	\$ 30,216	\$ 435,112	397,913	\$ 468,953	\$ 428,129
Operating grants and contributions	7,386	11,892	133	309	7,519	12,201
Capital grants and contributions	13,186	3,751	33,030	48,729	46,216	52,480
General Revenues						
Property taxes	46,339	43,066	-	-	46,339	43,066
Utility, fuel, and franchise taxes	22,490	21,838	-	-	22,490	21,838
State shared revenues	11,925	10,113	-	-	11,925	10,113
Rents and royalties	14,379	14,379	-	-	14,379	14,379
Investment earnings	13,547	(10,829)	21,264	(21,982)	34,811	(32,811)
Miscellaneous	4,804	11,131	2,435	2,039	7,239	13,170
Total revenues	167,897	135,557	491,974	427,008	659,871	562,565
Program expenses						
General government	16,174	34,235	-	-	16,174	34,235
Public safety	72,577	71,120	-	-	72,577	71,120
Physical environment	9,000	8,107	-	-	9,000	8,107
Transportation	19,013	17,266	-	-	19,013	17,266
Economic environment	9,989	17,889	-	-	9,989	17,889
Human services	363	574	-	-	363	574
Culture/recreation	29,202	24,202	-	-	29,202	24,202
Interest on long-term debt	3,037	2,861	-	-	3,037	2,861
Electric	-	-	262,057	243,590	262,057	243,590
Waste and wastewater	-	-	49,489	48,488	49,489	48,488
Parking	-	-	1,062	962	1,062	962
RP Funding Center	-	-	7,426	9,171	7,426	9,171
Lakeland Linder International Airport	-	-	10,698	10,437	10,698	10,437
Solid Waste	-	-	14,957	14,725	14,957	14,725
Total expenses	159,355	176,254	345,689	327,373	505,044	503,627
Excess before transfers	8,542	(40,697)	146,285	99,635	154,827	58,938
Transfers	38,615	38,555	(38,615)	(38,555)	-	-
Special item	-	-	(46,417)	-	(46,417)	-
Increase in net position	47,157	(2,142)	61,253	61,080	108,410	58,938
Net position, beginning of year	221,412	223,554	869,331	808,251	1,090,743	1,031,805
Net position, end of year	\$ 268,569	\$ 221,412	\$ 930,584	\$ 869,331	\$ 1,199,153	\$ 1,090,743

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CITY OF LAKELAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS, (continued)

Governmental Activities – Revenues, Expenses and increase in net position

The combined amount of tax revenue from all sources (property tax, sales tax, and utility taxes) was up 6.05% compared to the prior year due to higher than expected tax revenue collections and increased property values. Total spending on governmental activities was down (9.59)% due to the \$43 million pension liability reduction payments to the pension plans made in the prior year. Overall, the City's reliance on taxes as a source of revenue increased slightly from 42.6 % in 2020 to 50.7% in 2021 due to lower spending and increased tax revenues. For 2021, the City's property tax millage rate remained the same at 5.4644 mills.

Other operating revenue sources consist of grants, certain lease proceeds, and amounts collected directly from users of city services.

In the aggregate, total revenues collected, not including the Lakeland Regional Health lease payment, in FY 2021 were up 16.26% compared to 2020 because of increased program revenues and taxes during FY 2021. Property tax revenues increased as a result of the increased property values and operating grants and contributions increased as a result of increased grant funded transportation projects.

Total governmental expenses for 2020 were (9.6)% lower compared to 2019 due to the one-time \$43 million payment to the pension plans in the previous year. Direct payroll costs, minus the one-time pension contribution in FY 20, remained flat during 2021 compared to 2020, as a result of no cost of living adjustment and merit increases for FY 21.

Altogether, direct revenues of the governmental activities are not sufficient to pay all related expenses. The City has historically addressed the difference by relying on a portion of profits earned from certain business-type activities – namely electric, water, wastewater, and solid waste utility services - to finance a portion of the cost of general governmental activities. These subsidies are embedded in the net amount shown as "Transfers" on the Statement of Activities. For FY 2021, these transfers amounted to a net \$38.6 million. This represents approximately 24.2% of the operating cost of general governmental activities.

Business-type Activities – Revenues, Expenses and increase in net position

In the aggregate, the cost of operating the business-type activities of the City is fully recovered from user charges. Those revenues also provide excess amounts available to subsidize a portion of the cost of general governmental activities and amounts necessary to finance the majority of capital improvements. The City-operated Electric Utility is the largest of the operations accounted for within the business-type activities.

Contributions and grants from other governments increased (32.2)% during the year – predominantly the result of the decrease in capital grants and contributions for airport operations.

Overall profitability of these business-type activities increased from \$99.6 million (before transfers) in fiscal 2019 to \$146.3 million for 2021 primarily due to the decrease in operating revenues and interest income.

Of these profits, \$38.6 million was transferred to help finance the cost of general governmental activities. In the aggregate, the transfer of profits from these business type activities represented 8.9% of gross operating revenues of these business-type entities (excluding revenues associated with recovering the cost of fuel used to generate electricity).

Other Post Employment Benefit costs

As previously mentioned, the Statement of Net Position of both the governmental and business-type operations includes approximately \$201.3 million in liabilities associated with post-employment health insurance benefits payable to retired city employees. Also included in both governmental and business-type expenses is approximately \$10.1 million of cost associated with increases in the unfunded portion of those OPEB costs. This cost and increase in liabilities is attributable to the fact that the City does not actuarially fund the implied cost associated with the state mandate to establish a uniform premium rate applying to both retired and active participants in the self-insured health insurance program. In lieu of funding the cost of this program in advance, the City will continue to address this cost on a "pay as you go basis", by offsetting the annual value of that implied subsidy for retired employees with increases in the cost of health insurance assessed against active employees – and paid by both the City (as the employer) and active employees themselves.

Pension Costs

Also included in the Statement of Net Position of both the governmental and business-type operations are approximately \$79 million in liabilities associated with retirement benefits payable to city employees. Also, included in both governmental and business-type expenses is approximately \$16 million in pension expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENTS

This is the second section of the basic financial statements, which starts on page D-5. It presents information in more detail, centered on individual "Funds". For record keeping and reporting purposes, the City separates many of its unique operations into separate accounting "companies" called funds. Separating the record keeping into individual funds enables the City to maintain accounting control over resources and expenses that are dedicated to specific activities. The City also uses fund accounting to separate financial transactions as needed to ensure compliance with finance-related legal requirements imposed on the City by other governments and bond covenants.

All the funds of the City can be divided into three types: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

There are two types of financial statements presented for governmental funds – a balance sheet (showing assets, liabilities, and the difference between the two – technically referred to as "fund balance") and a statement of revenues, expenditures, and changes in fund balance (which is similar to a profit or loss statement). The balance sheet appears on page D-5 and the statement of revenues, expenditures, and changes in fund balance is on page D-7.

For purposes of preparing the financial statements for the governmental funds within this section of the report, the basis of accounting used to measure the value of assets, liabilities, revenues and expenditures on more of a "pay as you go" basis – which is the method used to budget for these types of governmental operations. Under this accounting method, the balance sheet only includes working capital assets (cash, investments, receivables) and liabilities that are generally payable within a short period of time. The statement of revenues, expenditures, and changes in fund balance only shows all cash inflows and outflows that occur within in a given year.

This accounting method is different than the full accrual method used to prepare the Government-Wide Financial Statements. The reason for this different accounting approach is that the activities in these funds are not financed from charges for services. As a result, there is no emphasis placed on measuring annual "net profit or loss" resulting from those operations. Instead, the accounting focuses on whether there will be enough cash flows available in a given year to finance the costs of providing services. The emphasis is much more focused on activities occurring within a one-year budget period rather than the long-term. This methodology is referred to as the "modified accrual" basis of accounting.

A reconciliation schedule is provided within these fund financial statements to identify differences between the modified accrual basis of accounting used in these fund financial statements and the full accrual basis of accounting used in the government wide statements.

The City has two major governmental funds; the General Fund and the Public Improvement Fund. The General Fund serves as a "catch-all" used to capture the day-to-day operating costs associated with a variety of different programs and activities that are not financed from charges for services and other fees. The Public Improvement Fund is used to finance a variety of capital and maintenance projects and debt service related to governmental activities of the City. These funds appear in own separate columns on the fund financial statements. All of the other governmental funds of the City are consolidated into a single column of information labeled Other Governmental Funds. The activities in this column generally represent the cost of transportation capital improvements required to support general governmental activities, plus certain activities that are legally required to be accounted for separately from the "catch-all" activities reported in the General Fund.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENTS (continued)

Proprietary funds

Those services provided by the City which are classified as business-type activities in the government-wide financial statements, are labeled as proprietary funds within the fund financial statements. The basis of accounting used within these statements is the full accrual basis of accounting, wherein all assets, liabilities, and net position related to a given activity, as well as transactions, events, or interfund activity of the period that affect net position (economic resources measurement) regardless of the timing of related cash flows (accrual basis of accounting).

The major proprietary funds of the City are the Lakeland Electric Utility Fund, the Water and Wastewater Utility Fund, and the Lakeland Linder International Airport Fund. Information for these three funds is presented in three separate columns within the fund financial statements. The remaining proprietary funds of the City that account for user-financed services provided to the general public are consolidated into a single column labeled Other Enterprise Funds within these statements.

In addition, there is a separate column on these financial statements which consolidates the activities that are provided exclusively to support operations of the City government itself, such as a motor pool, centralized purchasing and warehousing, and a self-insurance financing pool. These services are provided to the various City functions on a cost recovery basis. These are labeled Internal Service Funds within the fund financial statements.

The balance sheet (showing assets, liabilities, and the difference between the two) for the proprietary funds appears on pages D-9 and D-10 and a statement of revenues, expenses, and changes in net position (which is similar to a profit or loss statement) is on page D-13.

Fiduciary funds

The City also maintains separate funds called fiduciary funds, which account for the activities of the City's pension funds, private-purpose trust funds, and custodial funds. These activities benefit private parties such as retired City employees and other governmental entities. The fact that these services are not provided to the general public mandates their accounting in this separate section of the report. The balance sheet and statement of changes in fiduciary net position appears on pages D-17 and D-18, respectively.

The following section of this letter discusses the results of operations for the three major funds of the City in more detail.

General Fund

The General Fund is used to account for the majority of the governmental activities of the City, including activities of the Police and Fire Departments; Public Works (road and drainage construction and maintenance); the Parks & Recreation Department; libraries; growth management; public utilities (such as street lighting); and administrative functions. These activities are financed from a combination of taxes, user fees, and transfers of a portion of the operating profits earned by the business-type activities operated by the City.

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CITY OF LAKELAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENTS (continued)

General Fund (continued)

A summary of the operations of this fund, including a comparison to the approved budget, is as follows:

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Original Budget	Final Amended Budget	2021 Actual	Variance
REVENUES				
Taxes	\$ 54,734,423	\$ 54,734,423	\$ 55,428,398	\$ 693,975
Licenses and permits	1,946,605	1,946,605	2,176,718	230,113
Intergovernmental	10,726,149	10,816,318	14,019,202	3,202,884
Charges for services	5,344,499	6,385,237	7,105,308	720,071
Fines and forfeits	2,383,244	2,514,268	2,526,377	12,109
Miscellaneous	3,261,544	3,814,273	4,743,191	928,918
Total revenues	<u>78,396,464</u>	<u>80,211,124</u>	<u>85,999,194</u>	<u>5,788,070</u>
EXPENDITURES				
General government	15,712,501	15,780,233	12,421,963	3,358,270
Public safety	68,431,549	69,580,087	65,138,306	4,441,781
Physical environment:	6,439,604	6,430,433	6,352,499	77,934
Transportation	7,449,509	7,135,863	5,163,349	1,972,514
Economic environment	4,065,888	5,306,698	3,793,086	1,513,612
Human services	136,200	181,739	127,474	54,265
Culture/Recreation	26,172,957	26,721,124	22,809,374	3,911,750
Capital outlay	115,993	631,286	237,695	393,591
Debt Service	184,796	574,282	571,039	3,243
Total expenditures	<u>128,708,997</u>	<u>132,341,745</u>	<u>116,614,785</u>	<u>15,726,960</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(50,312,533)</u>	<u>(52,130,621)</u>	<u>(30,615,591)</u>	<u>21,515,030</u>
OTHER FINANCING SOURCES AND USES	<u>43,803,009</u>	<u>41,300,410</u>	<u>42,411,511</u>	<u>1,111,101</u>
NET CHANGE IN FUND BALANCE	<u>\$ (6,509,524)</u>	<u>\$ (10,830,211)</u>	<u>\$ 11,795,920</u>	<u>\$ 22,626,131</u>

The schedule above shows the budget that was originally adopted for the General Fund as well as the "Final Budget".

Actual revenues in the aggregate were about 7.2% more than the final budget, with significant variances within the intergovernmental category. Intergovernmental revenue, which includes grants and state shared revenue, were \$3.2 million greater than budget - \$3 million in state shared revenues were collected over the amount budgeted. Estimated amounts for state shared revenues were reduced in FY 21 due to the anticipated impacts of Covid-19 on the state revenues.

Miscellaneous revenues were \$0.9 million more than the budget, primarily as a result of \$783.5 thousand increase in the market value of the City's cash investment pool at year end.

Spending was significantly below budget; however, spending was (26.6)% lower than fiscal year 2020. This is due to the \$41.7 million payment to the pension plan resulting from the issuance of the pension reduction note made in the prior year. Other operating expenses have remained relatively flat. These expenses remained flat due to budgetary operating increase for 2021 as compared to 2020 were lower. Controllable cost expenditures were limited to 1.50% of the previous year's original budget.

For the year ended September 30, 2021 the City realized an increase in the fund balance within the General Fund of \$11.8 million compared to \$1.5 million in FY 2020. Property tax revenues increased \$1.9 million as property values experienced an increase of over 8%. License and permit revenues were up \$0.4 million due to the increase in occupational licenses issued during the year. Total revenues were up \$7.1 million primarily due to the increase in the market value of the City's pooled investments at year end. Total unrestricted reserves at the end of the year were \$39.3 million, of which \$5.8 million is appropriated to balance the 2022 budget and carryovers.

CITY OF LAKELAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENTS (continued)

Public Improvement Fund

The Public Improvement Fund is used to finance a variety of capital and maintenance projects and debt service related to governmental activities of the City, including activities of the Police and Fire Departments; Public Works (road and drainage construction and maintenance); the Parks & Recreation Department; libraries; growth management; public utilities (such as street lighting); and general governmental City facilities. These activities are financed primarily from the hospital lease revenues and impact fee revenues.

A summary of the operations of this fund, including a comparison to the approved budget, is as follows:

PUBLIC IMPROVEMENT FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Original Budget	Final Amended Budget	2021 Actual	Variance
REVENUES				
Intergovernmental	\$ 2,244,561	\$ 3,014,328	\$ 2,623,669	\$ (390,659)
Charges for services	633,939	633,939	615,588	(18,351)
Miscellaneous	17,468,801	15,856,867	19,817,786	3,960,919
Total revenues	<u>20,347,301</u>	<u>19,505,134</u>	<u>23,057,043</u>	<u>3,551,909</u>
EXPENDITURES				
General government:	1,199,212	2,380,593	721,619	1,658,974
Public safety	25,000	87,543	87,543	-
Physical environment:	31,700	51,132	27,722	23,410
Transportation	-	354,497	297,985	56,512
Economic environment	-	1,901,679	233,916	1,667,763
Human services	165,000	151,818	71,515	80,303
Culture/Recreation:	927,500	2,144,644	614,942	1,529,702
Capital outlay	5,265,236	22,729,043	3,923,338	18,805,705
Debt service	10,097,154	10,119,608	9,869,607	250,001
Total expenditures	<u>17,710,802</u>	<u>39,920,557</u>	<u>15,848,187</u>	<u>24,072,370</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,636,499</u>	<u>(20,415,423)</u>	<u>7,208,856</u>	<u>27,624,279</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,407,414)</u>	<u>2,614,532</u>	<u>(1,965,697)</u>	<u>(4,580,229)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,770,915)</u>	<u>\$ (17,800,891)</u>	<u>\$ 5,243,159</u>	<u>\$ 23,044,050</u>

For the year ended September 30, 2021, the Public Improvement Fund realized an increase of \$5.2 million in fund balance due to the completion of \$22.7 million in various capital expenditures related to renovations of various city facilities. Actual revenues in the aggregate were relatively flat, \$1.6 million higher than the previous year due to the increase in the market value of the City's pooled investments at year end. Total unrestricted reserves at the end of the year. The funding level for capital projects within the Public Improvement Fund remained relatively flat from the previous year.

Total unrestricted reserves at the end of the year were \$17.3 million, of which \$14.2 million was appropriated to balance the 2022 budget and carryovers.

CITY OF LAKELAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENTS (continued)

Lakeland Electric

The Lakeland Electric Fund is used to account for the generation and delivery of electric power to residential and commercial customers in the greater Lakeland area. The service territory for Lakeland Electric is a predefined, 246 square mile area, encompassing all of the incorporated City limits and the surrounding area. The utility serves approximately 137,295 retail customers.

A summation of the results of operations for Lakeland Electric is as follows:

DEPARTMENT OF ELECTRIC UTILITIES

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FISCAL YEARS ENDED SEPTEMBER 30, 2021, 2020, AND 2019 (in thousands)**

	<u>2021</u>	<u>2020</u>	<u>(as restated) 2019</u>
OPERATING REVENUES			
Sales of energy - retail	\$ 318,423	\$ 288,268	\$ 302,654
Sales of energy and capacity sales - wholesale	5,746	4,867	7,168
All other operating revenue	5,544	5,510	9,321
	<u>329,713</u>	<u>298,645</u>	<u>319,143</u>
OPERATING EXPENSES			
Fuel and purchased power	125,551	101,536	120,231
Energy supply	27,332	29,658	29,155
Energy delivery	27,540	21,151	28,202
Customer service and accounting	8,136	8,894	8,610
State tax on electric sales	7,854	7,028	7,760
Administrative and general	14,047	17,787	15,415
Depreciation	38,848	44,762	40,407
	<u>249,308</u>	<u>230,816</u>	<u>249,780</u>
OPERATING INCOME	80,405	67,829	69,363
NON-OPERATING ACTIVITY:			
Investment and other income	12,879	(8,524)	14,148
Interest on debt	(13,914)	(13,980)	(16,062)
Transfers to other funds	(32,884)	(32,557)	(31,281)
Special item	(46,417)	-	-
	<u>(80,336)</u>	<u>(55,061)</u>	<u>(33,195)</u>
CHANGE IN NET POSITION	<u>\$ 69</u>	<u>\$ 12,768</u>	<u>\$ 36,168</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENTS (continued)

Lakeland Electric (continued)

Net Position of Lakeland Electric

The net position of Lakeland Electric increase by \$0.1 million during fiscal year 2021 compared to a \$12.8 million increase in 2020 primarily reflecting the retirement of Lakeland Electric's coal-fired generating unit. Operating income was \$80.4 million in 2021 compared to \$67.8 million in the preceding year. The year-over-year increase in operating income is primarily attributable to lower depreciation associated with the retirement of the utility's coal generating unit, reduced non-fuel operating expenses and increased load partially offset by the non-recurrence of \$8.7 million of FEMA reimbursements associated with Hurricane Irma.

Financial Highlights

Lakeland Electric's 2021 non-fuel retail revenue was up \$3.3 million from the previous year reflecting solid load growth of 2.7%. Residential load grew at 1.6% while commercial and industrial load grew 3.9% as the business sector recovered from the pandemic lock down. Total year-over-year customer growth was 2.1%.

Non-operating revenue increased by \$21.4 million from the previous fiscal year. Investment revenue decreased \$0.7 million. Additionally, a \$5.5 million favorable fair value adjustment on Lakeland Electric's share of the City's pooled investments was recognized in 2021, compared to an unfavorable adjustment of \$16.1 recognized in the previous year. Fair value adjustments, up or down, are caused by the impact of interest rate changes on fixed income securities. Most of Lakeland Electric's investments are held through maturity.

Lakeland Electric's non-fuel operating expenses, excluding gross receipts tax and depreciation, were down \$0.4 million or 0.5% percent from \$77.5 million in 2020 to \$77.1 million in 2021. The favorable variance is primarily attributable to lower production, customer service and pension expenses, partially offset by the non-recurrence of \$8.7 million of FEMA reimbursements recorded in 2020. Total operating expenses, excluding fuel and depreciation, average \$23.70 per retail MWh in 2021, compared to \$24.48 in 2020.

Administrative and General expenses were \$3.7 million below the previous year largely due to reduced pension costs.

Fuel and purchased power expenses were up \$24.0 million in 2021 primarily reflecting substantially higher natural gas prices.

Lakeland Electric recovers fuel costs from retail customers in the form of a fuel charge that is subject to a quarterly revision based on a forecast of fuel costs for the following twelve months. As of September 30, 2021, the retail fuel charge was \$40.00 per MWh, compared to \$28.00 per MWh twelve months earlier. The fuel recovery balance represents, on an accrual basis, the cumulative difference between fuel expenses incurred to serve retail load and fuel revenues realized. Lakeland Electric began 2020 with a cumulative over-recovered fuel position of \$23.3 million and ended the year at \$22.7 million. The fuel reserve was over-funded to the extent of \$3.9 million, for which a regulatory liability was recognized. See Note E, Regulatory Assets and Liabilities and Note S, Deferred Inflows of Resources – Fuel Reserve.

Lakeland Electric recovers energy conservation charges in a similar manner to environmental compliance charges. The conservation charge is currently a flat fee of \$0.50 per month per customer. Lakeland Electric had a cumulative over-recovered energy conservation charge balance of \$299 thousand, classified as a regulatory liability, as of the end of 2021. See Note 1D.16.

Lakeland Electric provides a dividend at a rate of \$9.96 per MWh to the City of Lakeland's General Fund in the form of monthly cash transfers. The total amount of the dividend in 2021 was \$32.4 million, compared to \$31.6 million in 2020.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENTS (continued)

Lakeland Electric (continued)

Capital Assets

Lakeland Electric has historically funded the cost of capital improvements through a combination of bond financing and cash generated from retail utility rates. Cash set aside from base rates provided funding for all capital spending during the year.

Capital spending (net of contribution in aid of construction) totaled \$49.0 million in 2021 compared to \$47.1 million in 2020. Capital expenditures during 2021 included \$30.7 million for energy supply projects, \$17.4 million for energy delivery projects and \$0.9 million for building improvements and equipment.

Depreciation expense, net of amortization of contributions in aid of construction, was \$38.8 million in 2021 compared to \$44.8 million in 2020.

Lakeland Electric recorded contributions in aid of construction from outside the Department in the amount of \$1.9 million during fiscal year 2021, compared to \$2.2 million in 2020. These amounts are included in the Plant in Service balance in the Statements of Net Position. See Note 4.

The total net dependable generating capacity of the production units owned by Lakeland Electric is 718 megawatts (MW). The most efficient unit in Lakeland Electric's fleet is McIntosh 5, a 398 MW combined cycle natural gas unit. McIntosh 3, a 342 MW coal-fired unit, jointly owned by Lakeland Electric and Orlando Utility Commission (OUC) was retired April 2021 due to economic reasons. Until new capacity is constructed and comes online, capacity and power previously provided by McIntosh 3 will be supplied through a 125 MW Power Purchase Agreement with OUC. In addition to its Power Purchase Agreement and its base load and peaking units, Lakeland Electric shares a power pool with Florida Municipal Power Agency (FMPA) and OUC, which provides access to relatively low-cost natural gas generated power to supply peak demand. Lakeland Electric has sufficient resources and transmission capacity to cover its projected load requirements for at least the next five years.

Long-term Debt

As of September 30, 2021, Lakeland Electric had \$327.3 million in net long-term bond debt outstanding compared to \$345.8 million at the end of 2020. The current portion of the long-term debt is paid on the first day of the subsequent fiscal year (October 1st). Refer to Note 6, Revenue Bonds, for more detailed information regarding long-term debt.

The coverage on bonded debt of Lakeland Electric for 2021 was 3.87 times the annual debt service requirement for the fiscal year ended 2021. Lakeland Electric is not obligated to fund a Debt Service Reserve Fund, provided that "net revenues" equal or exceed 150 percent of the bond service requirement for each year.

Based on debt service requirements and forecasted revenues and expenses, debt service coverage is expected to remain greater than 2 times the annual debt service requirement in fiscal year 2021.

In 2020, the City of Lakeland issued its Florida Taxable Pension Liability Note, Series 2020, for purposes of reducing the unfunded liabilities in the City's three pension plans. The note is secured by a pledge to budget and appropriate non-ad valorem revenues of the City. The City allocated the liability to each fund according to the fiscal year 2020 pension contributions of each department. Lakeland Electric's share of the liability was 35.34% or \$20,378,522. As of September 30, 2021, the balance of the Pension Liability Bond is \$19,090,309 with a current portion payable of \$1,120,819 (See Note 6). This debt is not included in Lakeland Electric's Debt Service Coverage calculation; however, the expenses are included as part of the calculation.

Lakeland Electric sets aside apportioned funds to meet its current debt service requirements.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENTS (continued)

Lakeland Electric (continued)

Economic Factors

The average demand for energy placed on the system from retail customers during Fiscal Year 2021 was 376 MW, compared to 369 MW during the previous year. The peak demand during the winter was 605 MW on February 4, 2021 and a summer peak demand of 692 MW was reached on August 18, 2021. Lakeland Electric expects to see a growth of approximately 1.2 percent in the retail customer base during fiscal year 2022. Lakeland Electric's ten largest customers account for less than 20 percent of revenue and well over half of the annual revenue comes from residential customers.

The bond ratings services of Fitch RatingsTM, Moody'sTM, and Standard & PoorsTM have assigned long-term ratings of AA, Aa3, and AA, respectively, to Lakeland Electric's energy system bonds.

Currently Known Facts or Conditions That May Have a Significant Effect on the Net Position or Results of Operations

Lakeland Electric's rates, among all customer classes, have consistently been among the lowest in Florida for many years. Residential rates at September 2021 were the sixth lowest of any municipal and investor-owned electric utility in the state.

Days cash is a key financial metric used as a measure of liquidity, essential for maintaining strong bond ratings. An internal goal of Lakeland Electric is to maintain 180 days of operating cash. At the end of 2021, Lakeland Electric had 257 days of cash compared to 244 in the previous fiscal year.

Lakeland Electric has been, and will continue to be, impacted by various regulatory and legislative requirements. In the opinion of Lakeland Electric, the System is currently in compliance with all current federal, state, and local environmental regulations. Lakeland Electric cannot predict at this time whether any additional legislation or rules will be enacted which might affect operations, and if such laws or rules are enacted, what the additional capital and operating costs, if any, might occur in the future because of such actions. The estimation of costs of compliance is subject to significant uncertainties and the financial impact of future proposals could be substantial.

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CITY OF LAKELAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENTS (continued)

Water and Wastewater Utility

A summation of the results of operations for the combined Water and Wastewater Utility is as follows:

WATER AND WASTEWATER UTILITIES FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
YEAR ENDED SEPTEMBER 30, 2021 AND 2020

	2021			2020
	Water	Wastewater	Total	Total
Operating revenues:				
Charges for services	\$ 37,739,523	\$ 37,442,765	\$ 75,182,288	\$ 71,126,878
Operating expenses:				
Personal services	6,894,515	6,842,126	13,736,641	14,496,185
Other operating expenses	11,354,768	13,899,294	25,254,062	23,793,908
Depreciation	4,706,879	4,824,319	9,531,198	9,136,844
Total operating expenses	<u>22,956,162</u>	<u>25,565,739</u>	<u>48,521,901</u>	<u>47,426,937</u>
Operating income (loss)	14,783,361	11,877,026	26,660,387	23,699,941
Nonoperating revenues (expenses)				
Investment revenue	3,371,267	2,596,567	5,967,834	(7,066,142)
Miscellaneous revenue	240,836	162,263	403,099	553,392
Interest expense	(497,569)	(633,399)	(1,218,986)	(1,698,126)
Amortization	(91,548)	3,530	(88,018)	14,528
Loss on disposal of capital assets	(234,620)	(7,170)	(241,790)	(42,922)
Capital grants and contributions	7,777,512	11,064,399	18,841,911	15,110,249
	<u>10,565,878</u>	<u>13,186,190</u>	<u>23,664,050</u>	<u>6,870,979</u>
Income before transfers	25,349,239	25,063,216	50,412,455	30,570,920
Net transfers	<u>(4,753,961)</u>	<u>(4,735,509)</u>	<u>(9,489,470)</u>	<u>(9,717,954)</u>
Change in net position	<u>\$ 20,595,278</u>	<u>\$ 20,327,707</u>	<u>\$ 40,922,985</u>	<u>\$ 20,852,966</u>

Net Position of the Water and Wastewater Utility

The net position of the Water and Wastewater Utility increased by \$40.9 million during FY 2021 compared to a \$20.9 million increase in 2020. Operating income was \$26.7 in 2021 compared to \$23.7 million in FY 2020. The increase in operating income was primarily due to the 2.5% rate increase implemented in both the water and wastewater rates for FY 2021 and the addition of 2,035 customers to the system. The Water Utility System served 60,915 customers: 54,249 residential and 6,666 commercial customers for fiscal year 2021.

Financial Highlights

Water revenues are based on the measured flow of water sales into each customer's facility. Total sales volume for the water system tends to fluctuate significantly from year to year – due in some degree to changes in weather patterns that affect the amount of water sold for irrigation purposes. Over the past several years, Water Utilities across the state have seen consistent and significant declines - due partially to the introduction of tiered rate structures that encourage conservation and also due to the slowdown in the economy. Total gallons of water sold in FY 21 were 7.7 billion, up by 2.7% from FY 20.

For Wastewater operating revenues, the gallons of water sold, upon which the majority of wastewater operating revenues are based, were 3.6 billion gallons. Residential wastewater revenues are capped at 12,000 gallons per customer/per month.

In the aggregate, operating revenues increased 5.7% due to the 2.5% rate increase and an additional 2,035 customers. Wastewater Pretreatment revenues from high strength commercial waste increased by 10.8% in FY 2021 primarily as a result of the increase in commercial customers.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENTS (continued)

Water and Wastewater Utility (continued)

Non-operating revenues and expenses increased by \$13.1 million. Investment revenue increased by \$13.0 million due to the \$13.1 decrease in the fair value adjustment of Water and Wastewater Utility's share of the City's pooled investments recognized at September 30, 2021.

Operating expenses excluding depreciation were up slightly by 2% primarily due to the slight decrease in routine repairs and maintenance.

Unrestricted net current assets decreased slightly by \$9.4 million over the course of the year, now totaling \$53.7 million. Excluding non-cash items such as depreciation, amortization, and OPEB expenses, the system earned an operating profit of approximately \$58.1. Of this amount, \$5.7 million was transferred to sinking funds to finance debt service obligations, and \$9.4 million was transferred to the General Fund as a dividend payment. The utility transferred \$16.7 million from revenues to finance capital improvements for the year.

Unrestricted cash liquidity is \$86.8 - up from \$76.8 million in FY 2020. The increase in the unrestricted cash component of this liquidity is the result of increases in operating revenues.

Currently Known Facts or Conditions That May Have a Significant Effect on the Net Position or Results of Operations

In January of 2021, the EPA revised the Lead and Copper Rule which provides for testing, monitoring, treatment, customer awareness and lead service line replacement in water systems. Compliance with the new rule is required by October 16, 2024 and may include changes to corrosion control treatments, increased monitoring, lead service line replacements, and community outreach.

Revisions to the Central Florida Water Initiative (CFWI) Rules were ratified in 2021. Impacts to the City public water supply include a potential reduction to our current Upper Floridan Aquifer withdrawal limit. Limits could be reduced from our current allocation of 35.03 to 23.84 million gallons per day if the SWFWMD demonstrates that our current allocation is detrimental to other water users or water resources. In addition, new goals for per capita daily water use will require our water conservation initiatives and reuse rates continue at current levels. The City is looking at alternative water supplies in conjunction with the Polk Regional Water Cooperative as well as increasing reuse options to meet future water demands.

Senate Bill 64 passed in FY21 creating new provisions in 403.064(17) F.S. requiring the submission of a plan to eliminate nonbeneficial surface water discharges by January 1, 2032. In response, the City submitted documentation demonstrating the ecological and public water supply benefits of our surface water discharge with a request to continue this discharge. If FDEP concurs, we will be in compliance with the new provisions, but if not, the City will be required to develop a plan to eliminate this discharge by finding an alternative use for this water.

The FDEP finalized rule revisions impacting wastewater collection systems through changes to 62-604 F.A.C effective October 4, 2021. These revisions require the elimination of excessive inflow and infiltration (I&I) and leakage (exfiltration) from collection systems along with increased inspections and corrective actions.

House Bill 53 passed in FY21 amending 403.928 F.S. to include a requirement for entities to complete a 20-year wastewater needs analysis by June 30, 2022 and update every five years thereafter.

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CITY OF LAKELAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENTS (continued)

Lakeland Linder International Airport

The Lakeland Linder International Airport is used to account for activities related to the operations and maintenance of the general aviation facilities and related industrial activities of the airport. The airport is home to over 260 based aircraft, home of the NOAA Hurricane Hunters, an Amazon air cargo facility, and many other aviation related activities.

A summation of the results of operations for the Lakeland Linder International Airport is as follows:

LAKELAND LINDER INTERNATIONAL AIRPORT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
YEAR ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2,021</u>	<u>2020</u>
Operating revenues:		
Charges for services	\$ 9,853,642	\$ 7,378,421
Operating expenses:		
Personal services	1,857,226	1,781,973
Other operating expenses	3,278,440	2,880,576
Depreciation	<u>4,876,110</u>	<u>4,929,209</u>
Total operating expenses	<u>10,011,776</u>	<u>9,591,758</u>
Operating income (loss)	(158,134)	(2,213,337)
Nonoperating revenues (expenses)		
Federal, state, and local grants	129,745	295,060
Investment revenue	(282,299)	(735,633)
Miscellaneous revenue	184,184	159,098
Interest expense	(553,983)	(931,079)
Capital grants and contributions	<u>13,652,158</u>	<u>32,332,119</u>
	<u>13,129,805</u>	<u>31,119,565</u>
Income before transfers	12,971,671	28,906,228
Net transfers	<u>(162,286)</u>	<u>(74,753)</u>
Change in net position	<u>\$ 12,809,385</u>	<u>\$ 28,831,475</u>

Net Position of the Lakeland Linder International Airport Fund

The net position of the Lakeland Linder International Airport increased by \$12.8 million during FY 2021 compared to a \$28.8 million increase in FY 2020. Operating income, excluding depreciation, was \$4.7 million compared to \$2.7 million in FY 2020. This increase is a result of the additional operating revenues generated from increased operating lease revenues.

Financial Highlights

Airport revenues are primarily derived from building and land leases as well as gasoline sales and landing fees associated with aviation activities. The airport has over 65 tenants with various aviation operations including air cargo, aircraft management, defense contracting, flight training, and aircraft maintenance. Operating revenues increased \$2.5 million (33.5%) as a result of increased lease revenues from the addition of tenants.

The Airport historically has financed capital projects part of the Airport's Master Plan extensively through grant partnerships with the FAA, FDOT, and local funding sources. During FY 2021, the Airport received \$13.7 million in funding from these sources, along with \$50.2 million in debt, to finance \$23.1 million in capital expenses.

CITY OF LAKELAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENTS (continued)

Lakeland Linder International Airport (continued)

Non-operating revenues increased by \$0.3 million. Investment revenue increased by \$0.5 million due to the increase in the fair value adjustment of Airport's share of the City's pooled investments recognized at September 30, 2021.

Unrestricted net current assets for the year were \$11.8, a decrease of \$(4.3) million over FY 2020. The decrease was due to the decrease in current assets set aside to pay \$4.3 million in current accrued liabilities related to capital projects.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The FY 2022 Budget is the City's financial, operational, performance management, and capital plans received from the input of the Mayor and the City Commission during the Annual Strategic Planning Retreat and Budget Workshops. The Strategic Planning Retreat allocates resources through service prioritization based on strategic alignment with the City of Lakeland strategies. Following establishment of the Strategic Plan, the budget workshop narrow strategic visioning into funding initiatives, including some specific priorities as determined by the City Commission. As a result, the FY 2022 Budget includes funding for City Commission initiatives linked to strategic objectives established in the 2020-2024 Strategic Plan in the infrastructure, economic development, affordable housing, city hall communication, parks and recreation, resiliency plans, and public safety strategic target areas.

The adopted operating budget for FY 2022 is \$763 million or 26.2% higher than the FY 2021 adopted budget of \$605 million. This increase is primarily due to \$8.2 million in strategic initiative funding, across the board increases of 1.5% 2.0% for all employees, 2.5% merit increases for eligible employees, and \$139.9 million in large capital projects in Lakeland Electric, Wastewater, and Stormwater Utilities. The General Fund Budget for FY 2022 is \$134 million or 1.5% higher than the 2021 adopted budget of \$132 million.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Lakeland's finances and was prepared by the Finance Department of the City. This report also contains general information on the blended component unit, Lakeland Community Redevelopment Agency, of the City of Lakeland. Requests for additional information should be addressed to the Finance Director at 228 South Massachusetts Ave, Lakeland, FL 33801.

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BASIC FINANCIAL STATEMENTS



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CITY OF LAKELAND, FLORIDA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 61,061,339	\$ 138,560,857	\$ 199,622,196
Receivables, net	24,713,422	54,401,225	79,114,647
Internal balances	34,217,522	(34,217,522)	-
Due from fiduciary fund	154,156	-	154,156
Due from other governments	1,445,920	471,114	1,917,034
Inventories	-	27,893,382	27,893,382
Prepaid expenses	-	623,439	623,439
Asset apportionments set aside for (including \$61,732,562 in cash and cash equivalents):			
Current portion of bonds payable	2,245,634	26,991,359	29,236,993
Current portion of pension bonds payable	2,366,625	2,088,375	4,455,000
Accrued interest payable	503,429	9,910,380	10,413,809
Accrued liabilities	535,357	17,091,403	17,626,760
Restricted assets set aside for (including \$9,957,463 in cash and cash equivalents):			
Accrued liabilities	8,337,603	1,619,860	9,957,463
Total current assets	<u>135,581,007</u>	<u>245,433,872</u>	<u>381,014,879</u>
Noncurrent assets:			
Asset apportionments:			
Noncurrent asset apportionments (including \$386,723,439 in cash and cash equivalents and \$48,548,710 in investments)	234,112,424	203,652,132	437,764,556
Restricted assets (including \$120,142,364 in cash and cash equivalents and \$6,952,172 in investments)	70,780,972	62,327,571	133,108,543
Capital assets:			
Land	47,550,380	48,176,799	95,727,179
Construction in progress	28,687,637	177,142,273	205,829,910
Utility plant, facilities & equipment in service	474,355,557	2,044,783,765	2,519,139,322
Less accumulated depreciation	(255,336,829)	(947,252,120)	(1,202,588,949)
Total capital assets	<u>295,256,745</u>	<u>1,322,850,717</u>	<u>1,618,107,462</u>
Other noncurrent assets			
Regulatory assets	-	869,896	869,896
	-	869,896	869,896
Total noncurrent assets	<u>600,150,141</u>	<u>1,589,700,316</u>	<u>2,189,850,457</u>
Total assets	<u>735,731,148</u>	<u>1,835,134,188</u>	<u>2,570,865,336</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	17,452,099	10,433,087	27,885,186
Deferred outflows of resources related to OPEB	44,642,105	41,091,085	85,733,190
Deferred outflows of resources related to ARO	-	3,130,221	3,130,221
Hedge derivative outflows	-	30,409,827	30,409,827
Unamortized loss on hedges	-	33,613,295	33,613,295
Unamortized loss on refunding	6,381	20,240,793	20,247,174
Total deferred outflows of resources	<u>62,100,585</u>	<u>138,918,308</u>	<u>201,018,893</u>

CITY OF LAKELAND, FLORIDA

STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,180,354	\$ 23,055,317	\$ 25,235,671
Accrued liabilities	6,628,848	7,401,585	14,030,433
Fuel hedges	-	33,123,145	33,123,145
Deposits payable	387,863	1,073,900	1,461,763
Accrued interest payable	4,855	2,446	7,301
Capital leases payable	1,035,936	125,344	1,161,280
Notes and loans payable	-	3,454,254	3,454,254
Unearned revenue	6,913	19,921	26,834
Payable from apportioned assets	5,651,045	56,081,517	61,732,562
Payable from restricted assets	8,337,603	1,619,860	9,957,463
Total current liabilities	<u>24,233,417</u>	<u>125,957,289</u>	<u>150,190,706</u>
Noncurrent liabilities:			
Liabilities payable from apportioned assets	215,000,000	16,485,284	231,485,284
Restricted liabilities	241,550	26,233,210	26,474,760
Interest rate swaps	-	30,409,827	30,409,827
Regulatory liabilities	-	7,234,966	7,234,966
Accrued liabilities, less current portion	5,649,815	6,256,667	11,906,482
Net pension liability	38,508,302	40,834,256	79,342,558
Net OPEB liability	102,142,781	99,159,219	201,302,000
Asset retirement obligation	-	3,713,391	3,713,391
Capital leases payable, less current portion	1,809,208	-	1,809,208
Notes and loans payable, less current portion	-	59,214,850	59,214,850
Pension bonds payable, less current portion	37,943,013	33,481,987	71,425,000
Revenue bonds payable, less current portion	46,250,848	435,839,591	482,090,439
Unamortized bond premium	-	39,050,103	39,050,103
Revenue bonds payable, plus unamortized bond premium	<u>46,250,848</u>	<u>474,889,694</u>	<u>521,140,542</u>
Total noncurrent liabilities	<u>447,545,517</u>	<u>797,913,351</u>	<u>1,245,458,868</u>
Total liabilities	<u>471,778,934</u>	<u>923,870,640</u>	<u>1,395,649,574</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	8,898,817	4,156,341	13,055,158
Deferred inflows of resources related to OPEB	48,584,892	52,560,228	101,145,120
Deferred inflows of resources related to CIAC	-	224,951	224,951
Over-recovery of fuel	-	18,792,634	18,792,634
Unamortized contributions in aid of construction	-	43,863,472	43,863,472
Total deferred inflows of resources	<u>57,483,709</u>	<u>119,597,626</u>	<u>177,081,335</u>
NET POSITION			
Net investment in capital assets	<u>243,921,500</u>	<u>805,613,729</u>	<u>1,049,535,229</u>
Restricted for:			
Expendable:			
Debt service	3,075,188	-	3,075,188
Capital improvement	3,761,444	36,094,361	39,855,805
Transportation	8,227,340	-	8,227,340
Law enforcement	1,854,714	-	1,854,714
Grant programs - community development	352,957	-	352,957
CRA	13,982,499	-	13,982,499
Building inspection	2,828,042	-	2,828,042
Impact fee programs	28,680,612	-	28,680,612
Donations received	1,015,305	-	1,015,305
Nonexpendable:			
Endowments	6,761,320	-	6,761,320
	<u>70,539,421</u>	<u>36,094,361</u>	<u>106,633,782</u>
Unrestricted	(45,891,831)	88,876,140	42,984,309
Total net position	<u>\$ 268,569,090</u>	<u>\$ 930,584,230</u>	<u>\$ 1,199,153,320</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LAKELAND, FLORIDA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Program Revenues				Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 16,174,598	\$ 2,133,817	\$ 26,474	\$ 7,500	\$ (14,006,807)	\$ -	\$ (14,006,807)
Public safety	72,577,164	11,093,374	2,221,228	25,000	(59,237,562)	-	(59,237,562)
Physical environment	8,999,820	8,105,887	353,622	2,755	(537,556)	-	(537,556)
Transportation	19,012,926	6,069,310	1,140,675	9,976,850	(1,826,091)	-	(1,826,091)
Economic environment	9,989,204	86,948	2,426,028	-	(7,476,228)	-	(7,476,228)
Human services	362,718	-	-	-	(362,718)	-	(362,718)
Culture recreation	29,201,982	6,351,816	1,218,319	3,173,669	(18,458,178)	-	(18,458,178)
Interest on long-term debt	3,036,744	-	-	-	(3,036,744)	-	(3,036,744)
Total governmental activities	159,355,156	33,841,152	7,386,346	13,185,774	(104,941,884)	-	(104,941,884)
Business-Type Activities							
Electric	262,057,211	329,713,024	-	-	-	67,655,813	67,655,813
Water and Wastewater	49,489,370	75,182,288	-	18,841,911	-	44,534,829	44,534,829
Parking	1,061,669	765,658	-	-	-	(296,011)	(296,011)
RP Funding Center	7,425,644	2,358,538	2,875	536,097	-	(4,528,134)	(4,528,134)
Lakeland Linder International Airport	10,698,350	9,853,642	129,745	13,652,158	-	12,937,195	12,937,195
Solid Waste	14,957,027	17,238,176	-	-	-	2,281,149	2,281,149
Total Business-Type Activities	345,689,271	435,111,326	132,620	33,030,166	-	122,584,841	122,584,841
Total Primary Government	\$ 505,044,427	\$ 468,952,478	\$ 7,518,966	\$ 46,215,940	(104,941,884)	122,584,841	17,642,957
General revenues:							
Taxes:							
Property taxes					46,338,892	-	46,338,892
Franchise Taxes					296,954	-	296,954
Motor fuel taxes					6,112,157	-	6,112,157
Utility taxes					16,080,526	-	16,080,526
State shared revenues (unrestricted)					11,925,134	-	11,925,134
Payments from Lakeland Regional Health					14,378,614	-	14,378,614
Investment earnings					13,547,307	21,264,127	34,811,434
Miscellaneous					4,804,281	2,435,159	7,239,440
Transfers (to) from other funds					38,614,517	(38,614,517)	-
Special item					-	(46,416,616)	(46,416,616)
Total general revenues, special item, and transfers					152,098,382	(61,331,847)	90,766,535
Change in Net Position					47,156,498	61,252,994	108,409,492
Net position - beginning					221,412,592	869,331,236	1,090,743,828
Net position - ending					\$ 268,569,090	\$ 930,584,230	\$ 1,199,153,320

The accompanying notes are an integral part of the financial statements.



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CITY OF LAKELAND, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General Fund	Public Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 50,894,810	\$ 203,145,354	\$ 67,325,048	\$ 321,365,212
Investments	3,326	48,548,710	6,948,846	55,500,882
Receivables	24,731,139	7,167	1,474,550	26,212,856
Due from other funds	265,814	-	-	265,814
Due from other governments	1,336,575	109,345	1,577,855	3,023,775
Total assets	<u>\$ 77,231,664</u>	<u>\$ 251,810,576</u>	<u>\$ 77,326,299</u>	<u>\$ 406,368,539</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,322,208	\$ 863,158	\$ 4,224,219	\$ 6,409,585
Accrued liabilities	6,633,005	698	3,237,632	9,871,335
Deposits payable	382,863	5,000	251,365	639,228
Due to other funds	-	-	111,658	111,658
Unearned revenue	2,463,430	215,006,913	1,802,906	219,273,249
Total liabilities	<u>10,801,506</u>	<u>215,875,769</u>	<u>9,627,780</u>	<u>236,305,055</u>
Deferred inflows of resources:				
Deferred revenue	24,528,902	1,509	1,031,062	25,561,473
Total deferred inflows of resources	<u>24,528,902</u>	<u>1,509</u>	<u>1,031,062</u>	<u>25,561,473</u>
Fund Balances:				
Nonspendable:				
Cemetery endowment	-	-	6,731,844	6,731,844
Permanent fund principal	-	-	29,476	29,476
	<u>-</u>	<u>-</u>	<u>6,761,320</u>	<u>6,761,320</u>
Restricted for:				
CRA	-	-	13,080,684	13,080,684
Law enforcement	1,854,714	-	-	1,854,714
Impact fee program	-	-	28,680,612	28,680,612
Transportation	-	-	8,225,053	8,225,053
Capital improvement	-	3,761,444	-	3,761,444
Donations received	714,286	-	301,016	1,015,302
Debt service	-	1,953,067	1,122,121	3,075,188
Grant programs - community development	-	-	115,867	115,867
Building inspection	-	-	2,828,042	2,828,042
	<u>2,569,000</u>	<u>5,714,511</u>	<u>54,353,395</u>	<u>62,636,906</u>
Committed to:				
Working capital	-	12,936,598	-	12,936,598
Stormwater	-	-	5,554,267	5,554,267
	<u>-</u>	<u>12,936,598</u>	<u>5,554,267</u>	<u>18,490,865</u>
Assigned to:				
Subsequent years expenditures	5,765,184	-	-	5,765,184
Cultural activities	284,990	-	-	284,990
Recreational facilities	336,570	-	-	336,570
Capital projects - assigned	-	17,282,189	-	17,282,189
	<u>6,386,744</u>	<u>17,282,189</u>	<u>-</u>	<u>23,668,933</u>
Unassigned	32,945,512	-	(1,525)	32,943,987
Total fund balances	<u>41,901,256</u>	<u>35,933,298</u>	<u>66,667,457</u>	<u>144,502,011</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 77,231,664</u>	<u>\$ 251,810,576</u>	<u>\$ 77,326,299</u>	<u>\$ 406,368,539</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LAKELAND, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Total Fund Balances - Total Governmental Funds \$ 144,502,011

Amounts reported for governmental activities in the statement of net position are different because:

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

Governmental capital assets	\$ 550,593,574	
Less accumulated depreciation	<u>(255,336,829)</u>	295,256,745

The value of certain assets and deferred outflows of resources are not recorded in the governmental fund financial statements, because such amounts normally are not convertible to cash on a timely enough basis to pay for the current period's expenditures. These assets consist of the following:

Revenues collected more than 60 days from year end		25,561,473
Deferred outflows of resources related to pensions		17,452,099
Deferred outflows of resources related to OPEB		44,642,105

Certain long-term liabilities, including bonds payable, and deferred inflows of resources are not due and available in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

Accrued liability for long-term compensated absences		(5,649,815)
Net pension liability attributable to employee salaries financed from government fund types		(38,508,302)
Deferred inflows of resources related to pensions		(8,898,817)
Net OPEB liability attributable to retiree benefits financed from governmental fund types		(102,142,781)
Deferred inflows of resources related to OPEB		(48,584,892)
Bonds, loans, notes payable and capital leases payable	\$ (89,284,639)	
Unamortized loss on refunding	<u>6,381</u>	(89,278,258)

Internal Service Funds are used to account for certain operating costs that are common to all City funds, such as the cost of vehicles, insurance, and centralized purchasing. These costs are allocated to the individual funds on a pro-rata basis, however the assets of these Internal Service Funds are recognized within the business-type activities component of the Government-wide Statement of Net Position. The Internal Service Funds operated at a gain for the fiscal year. The cumulative pro-rata share of these gains/losses attributable to governmental activities has been included in the allocation of costs to the governmental activities, resulting in an uncollected receivable from the business type activities.

34,217,522

Net Position of Governmental Activities \$ 268,569,090

The accompanying notes are an integral part of the financial statements.

CITY OF LAKELAND, FLORIDA

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

	General Fund	Public Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 55,428,398	\$ -	\$ 13,400,131	\$ 68,828,529
Licenses and permits	2,176,718	-	3,463,941	5,640,659
Intergovernmental	14,019,202	2,623,669	12,487,213	29,130,084
Charges for services	7,105,308	615,588	17,921,689	25,642,585
Fines and forfeitures	2,526,377	-	31,531	2,557,908
Miscellaneous	4,743,191	19,817,786	6,448,443	31,009,420
Total revenues	<u>85,999,194</u>	<u>23,057,043</u>	<u>53,752,948</u>	<u>162,809,185</u>
EXPENDITURES				
Current:				
General government	12,421,963	721,619	2,424,122	15,567,704
Public safety	65,138,306	87,543	2,889,359	68,115,208
Physical environment	6,352,499	27,722	1,780,318	8,160,539
Transportation	5,163,349	297,985	8,381,227	13,842,561
Economic environment	3,793,086	233,916	5,093,457	9,120,459
Human services	127,474	71,515	163,729	362,718
Culture/recreation	22,809,374	614,942	37,328	23,461,644
Capital outlay	237,695	3,923,338	13,737,517	17,898,550
Debt service	571,039	9,869,607	5,418,409	15,859,055
Total expenditures	<u>116,614,785</u>	<u>15,848,187</u>	<u>39,925,466</u>	<u>172,388,438</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,615,591)</u>	<u>7,208,856</u>	<u>13,827,482</u>	<u>(9,579,253)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of internal loans	-	3,500,000	171,882	3,671,882
Transfers from other funds	49,329,830	2,119,625	4,122,744	55,572,199
Transfers to other funds	(6,918,319)	(7,585,322)	(3,175,981)	(17,679,622)
Total other financing sources (uses)	<u>42,411,511</u>	<u>(1,965,697)</u>	<u>1,118,645</u>	<u>41,564,459</u>
Net change in fund balances	11,795,920	5,243,159	14,946,127	31,985,206
FUND BALANCE, beginning of year	30,105,336	30,690,139	51,721,330	112,516,805
FUND BALANCE, end of year	<u>\$ 41,901,256</u>	<u>\$ 35,933,298</u>	<u>\$ 66,667,457</u>	<u>\$ 144,502,011</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LAKELAND, FLORIDA

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

Net change in fund balances - total governmental funds \$ 31,985,206

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives a depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.

Capital outlay	\$ 17,898,550	
Depreciation expense	<u>(13,507,872)</u>	4,390,678

The book value of assets disposed of during the year are not reported as an expenditure in the governmental funds, however it is recognized as a component of gain or loss on the disposition of capital assets in the statement of activities. (113,419)

Proceeds from the issuance of internal loans between the Internal Loan Fund and governmental funds is recorded as a revenue in the governmental funds, but the proceeds result in an additional liability in the statement of net position. (3,671,882)

Repayment of bond principal is recorded as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 11,767,716

Amortization of bond premium is not reported as an expenditure in the governmental funds, but the amortization reduces long-term liabilities in the statement of net position. (6,381)

Repayment of principal on other long-term debt is recorded as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,060,976

Contributions to certain pension plans do not use current financial resources and are recorded in full as expenditures in the governmental funds, however a portion of these disbursements decrease the net pension liability in the statement of activities. (601,207)

Contributions to the retiree benefits do not use current financial resources and are not recorded in full as expenditures in the governmental funds, however these disbursements decrease the net OPEB liability in the statement of activities. (3,549,601)

Certain deferred revenues that do not provide current financial resources are not reported as revenues in the governmental funds, but are included in the statement of activities. 365,648

In the governmental funds, personnel costs are measured by the amount of financial resources used, which does not include the increase in accrued, compensated absences. These expenses are recorded in the statement of activities. 138,069

The revenue and expenses of the Internal Service Funds are reported as a component of proprietary funds and accordingly are not recognized in the governmental funds. A portion of these net revenues and expenses are recorded as governmental activities in the statement of activities. 5,390,695

Change in net position of governmental activities \$ 47,156,498

The accompanying notes are an integral part of the financial statements.

CITY OF LAKELAND, FLORIDA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Business-type Activities					Internal Service Funds
	Enterprise Funds					
	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Linder International Airport Fund	Other Enterprise Funds	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 62,888,748	\$ 40,543,999	\$ 832,461	\$ 8,103,436	\$ 112,368,644	\$ 26,192,213
Receivables	50,192,758	3,548,849	933,165	806,102	55,480,874	830
Less allowance for uncollectibles	(927,697)	(86,897)	(55,856)	(10,029)	(1,080,479)	-
Due from other funds	-	-	-	-	-	12,265,743
Due from other governments	-	-	-	-	-	471,114
Inventories	24,614,700	2,673,568	-	-	27,288,268	605,114
Prepaid expenses	389,508	21,890	62,833	149,208	623,439	-
Asset apportionments set aside for (including \$56,081,517 of cash and cash equivalents)	-	-	-	-	-	-
Current portion of bonds payable	18,540,000	3,054,799	2,090,195	919,999	24,604,993	2,386,366
Current portion of pension bonds payable	1,120,819	395,308	32,967	166,971	1,716,065	372,310
Accrued interest payable	6,689,793	1,171,690	87,136	171,917	8,120,536	1,789,844
Due to other funds	-	-	3,469,475	8,614	3,478,089	6,545,020
Accrued liabilities	1,185,648	2,424,022	4,342,697	282,448	8,234,815	8,856,588
Restricted assets, set aside for (including \$1,619,860 of cash and cash equivalents)	-	-	-	-	-	-
Accrued liabilities	20,216	1,599,644	-	-	1,619,860	-
Total current assets	164,714,493	55,346,872	11,795,073	10,598,666	242,455,104	59,485,142
Noncurrent assets:						
Asset apportionments:						
Other asset apportionments (including \$200,409,708 of cash and cash equivalents)	83,091,704	39,239,138	989,270	1,154,129	124,474,241	69,154,782
Restricted assets (including \$60,140,870 of cash and cash equivalents)	13,811,136	37,522,690	3,514,253	639,317	55,487,396	6,840,175
Total noncurrent assets	96,902,840	76,761,828	4,503,523	1,793,446	179,961,637	75,994,957
Capital assets:						
Land	16,081,126	12,957,798	14,029,120	5,098,783	48,166,827	9,972
Construction in progress	67,977,590	72,917,180	17,493,047	17,383,001	175,770,818	1,371,455
Utility plant, facilities & equipment in service	1,144,686,197	509,383,935	225,321,539	53,193,261	1,932,584,932	112,198,833
Less accumulated depreciation	(557,153,676)	(214,076,260)	(69,325,207)	(36,635,897)	(877,191,040)	(70,061,080)
Total capital assets	671,591,237	381,182,653	187,518,499	39,039,148	1,279,331,537	43,519,180
Other noncurrent assets:						
Advances to other funds	-	-	-	-	-	50,397,422
Regulatory assets	869,896	-	-	-	869,896	-
Total other noncurrent assets	869,896	-	-	-	869,896	50,397,422
Total noncurrent assets	769,363,973	457,944,481	192,022,022	40,832,594	1,460,163,070	169,911,559
Total assets	934,078,466	513,291,353	203,817,095	51,431,260	1,702,618,174	229,396,701
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources related to pensions	4,512,170	2,565,161	375,612	933,106	8,386,049	2,047,038
Deferred outflows of resources related to OPEB	20,409,660	8,800,408	1,230,584	3,208,380	33,649,032	7,442,053
Deferred outflows of resources related to ARO	1,556,638	1,573,583	-	-	3,130,221	-
Unrealized loss on hedges	33,613,295	-	-	-	33,613,295	-
Unamortized loss on refunding	18,640,249	1,233,638	-	38,063	19,911,950	328,843
Hedge derivative outflows	30,409,827	-	-	-	30,409,827	-
Total deferred outflows of resources	109,141,839	14,172,790	1,606,196	4,179,549	129,100,374	9,817,934

CITY OF LAKELAND, FLORIDA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS (CONTINUED)
 SEPTEMBER 30, 2021

	Business-type Activities					Total	Internal Service Funds
	Enterprise Funds						
	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Linder International Airport Fund	Other Enterprise Funds			
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 20,344,747	\$ 546,449	\$ 65,523	\$ 598,860	\$ 21,555,579	\$ 1,499,738	
Accrued liabilities	4,423,039	1,272,486	138,953	524,766	6,359,244	1,042,341	
Fuel hedges	33,123,145	-	-	-	33,123,145	-	
Due to other funds	-	558,991	738,248	-	1,297,239	945,396	
Accrued interest payable	-	-	-	2,446	2,446	-	
Capital leases payable	-	-	-	125,344	125,344	-	
Notes and Loans payable	-	3,454,254	-	-	3,454,254	-	
Deposits payable	-	-	141,258	930,892	1,072,150	1,750	
Unearned revenue	-	-	-	19,921	19,921	-	
Payable from apportioned assets:							
Accrued interest payable	6,689,793	1,171,690	87,136	171,917	8,120,536	1,789,844	
Current portion of bonds payable	18,540,000	3,054,799	2,090,195	919,999	24,604,993	2,386,366	
Current portion of pension bonds payable	1,120,819	395,308	32,967	166,971	1,716,065	372,310	
Accrued liabilities	1,185,648	2,424,022	4,342,697	282,448	8,234,815	8,856,588	
Due to other funds	-	-	3,469,475	8,614	3,478,089	6,545,020	
Payable from restricted assets:							
Accrued liabilities	20,216	1,599,644	-	-	1,619,860	-	
Total current liabilities	85,447,407	14,477,643	11,106,452	3,752,178	114,783,680	23,439,353	
Noncurrent liabilities:							
Liabilities payable from apportioned assets:							
Other liabilities payable from apportioned assets	-	-	-	-	-	16,485,284	
Advances from other funds, less current portion	-	-	38,420,038	-	38,420,038	-	
Restricted liabilities	13,811,136	11,869,857	-	552,217	26,233,210	-	
Accrued liabilities, less current portion	3,430,662	1,121,711	104,145	432,091	5,088,609	1,168,058	
Advances from other funds, less current portion	-	427,612	7,994,943	-	8,422,555	3,554,828	
Interest rate swaps	30,409,827	-	-	-	30,409,827	-	
Net pension liability	21,915,494	7,729,510	644,622	3,264,802	33,554,428	7,279,828	
Net OPEB liability	52,183,441	19,792,221	1,940,130	7,681,144	81,596,936	17,562,283	
Asset retirement obligation (ARO)	1,757,691	1,955,700	-	-	3,713,391	-	
Regulatory liabilities	7,234,966	-	-	-	7,234,966	-	
Notes and loans payable, less current portion	-	59,214,850	-	-	59,214,850	-	
Pension bonds payable, less current portion	17,969,579	6,337,801	528,552	2,676,967	27,512,899	5,969,088	
Revenue bonds payable, less current portion	327,290,000	40,211,992	5,378,532	10,350,938	383,231,462	52,608,129	
Unamortized bond premium	21,150,576	2,460,983	-	-	23,611,559	15,438,544	
Revenue bonds payable, plus unamortized bond premium	348,440,576	42,672,975	5,378,532	10,350,938	406,843,021	68,046,673	
Total noncurrent liabilities	497,153,372	151,122,237	55,010,962	24,958,159	728,244,730	120,066,042	
Total liabilities	582,600,779	165,599,880	66,117,414	28,710,337	843,028,410	143,505,395	
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows of resources related to pensions	2,361,022	365,606	66,133	533,405	3,326,166	830,175	
Deferred inflows of resources related to OPEB	29,172,437	9,037,680	858,839	4,407,531	43,476,487	9,083,741	
Deferred inflows of resources related to CIAC	224,951	-	-	-	224,951	-	
Unamortized contributions in aid of construction	43,863,472	-	-	-	43,863,472	-	
Fuel reserve	18,792,634	-	-	-	18,792,634	-	
Total deferred inflows of resources	94,414,516	9,403,286	924,972	4,940,936	109,683,710	9,913,916	

CITY OF LAKELAND, FLORIDA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2021

	Business-type Activities						Internal Service Funds
	Enterprise Funds						
	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Linder International Airport Fund	Other Enterprise Funds	Total		
NET POSITION							
Net investment in capital assets Restricted	\$ 280,257,334	\$ 274,019,413	\$ 180,049,772	\$ 27,768,030	\$ 762,094,549	\$	43,519,180
Capital improvement Unrestricted	-	25,652,833	3,514,253	87,100	29,254,186	6,840,175	6,840,175
Total net position	\$ 366,205,010	\$ 352,460,977	\$ 138,380,905	\$ 21,959,536	\$ 879,006,428	\$	\$ 85,795,324

The accompanying notes are an integral part of the financial statements.

CITY OF LAKELAND, FLORIDA

RECONCILIATION OF THE PROPRIETARY FUNDS STATEMENT OF NET POSITION
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Net position - business-type activities:

Enterprise Funds	\$ 879,006,428
Internal Service Funds	85,795,324
	<u>964,801,752</u>

Amounts reported for business-type activities in the statement of net position are different because:

Internal Service Funds are recognized within the business-type activities component of the Government-Wide Statement of Net Position, however the revenues and expenses of Internal Service Funds are allocated to the governmental and proprietary fund-types on a pro-rata basis. The Internal Service Funds operated at a gain for the fiscal year. The cumulative pro-rate share of the gains/losses resulted in an unpaid liability to the governmental activities in the Government-Wide Statement of Net Position.

(34,217,522)

Net Position of Business-type Activities	<u>\$ 930,584,230</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF LAKELAND, FLORIDA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-type Activities					Total	Internal Service Funds
	Enterprise Funds		Other Enterprise Funds				
	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland International Airport Fund	Linder International Fund	Other Enterprise Funds		
OPERATING REVENUES							
Charges for services	\$ 329,713,024	\$ 75,182,288	\$ 9,853,642	\$ 20,362,372	\$ 435,111,326	\$ 86,009,064	
OPERATING EXPENSES							
Personal services	40,977,738	13,736,641	1,857,226	7,557,909	64,129,514	15,463,662	
Other operating expenses	169,482,827	25,254,062	3,278,440	14,822,317	212,837,646	58,473,395	
Depreciation	38,847,827	9,531,198	4,876,110	1,212,079	54,467,214	10,558,129	
Total operating expenses	249,308,392	48,521,901	10,011,776	23,592,305	331,434,374	84,495,186	
Operating income (loss)	80,404,632	26,660,387	(158,134)	(3,229,933)	103,676,952	1,513,878	
NONOPERATING REVENUES (EXPENSES)							
Federal, state and local grants	-	-	129,745	2,875	132,620	346,975	
Investment revenue	5,778,223	3,840,914	258,581	341,520	10,219,238	3,733,343	
Loss on disposal of capital assets	-	(241,790)	-	(43,364)	(285,154)	(350,340)	
Net increase (decrease) in the fair value of investments and cash equivalents	5,478,462	2,126,920	(540,880)	277,845	7,342,347	3,516,717	
Interest income on internal loans	1,621,857	403,099	184,184	226,019	2,435,159	2,593,743	
Miscellaneous revenue	-	-	-	-	-	767,529	
Rebate on fuel taxes	-	-	-	-	-	161,330	
Interest expense	(13,745,639)	(1,130,968)	(553,983)	(165,471)	(15,596,061)	(3,945,874)	
Amortization	(168,583)	(88,018)	-	(38,063)	(294,664)	424,425	
Proceeds from the sale of capital assets	-	-	-	-	-	1,530,553	
Total nonoperating revenues (expenses)	(1,035,680)	4,910,157	(522,353)	601,361	3,953,485	8,778,401	
Income (loss) before contributions, special item, and transfers	79,368,952	31,570,544	(680,487)	(2,628,572)	107,630,437	10,292,279	
Capital grants and contributions	-	18,841,911	13,652,158	536,097	33,030,166	-	
Transfers from other funds	-	-	-	5,052,241	5,052,241	1,681,186	
Special item	(46,416,616)	-	-	-	(46,416,616)	-	
Transfers to other funds	(32,884,316)	(9,489,470)	(162,286)	(2,051,542)	(44,587,614)	(38,390)	
Total contributions, special item, and transfers	(79,300,932)	9,352,441	13,489,872	3,536,796	(52,921,823)	1,642,796	
Change in net position	68,020	40,922,985	12,809,385	908,224	54,708,614	11,935,075	
NET POSITION, beginning of year	366,136,990	311,537,992	125,571,520	21,051,312	824,297,814	73,860,249	
NET POSITION, end of year	\$ 366,205,010	\$ 352,460,977	\$ 138,380,905	\$ 21,959,536	\$ 879,006,428	\$ 85,795,324	

The accompanying notes are an integral part of the financial statements.

CITY OF LAKELAND, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION OF THE PROPRIETARY FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Change in net position - business-type activities:

Enterprise Funds	\$ 54,708,614
Internal Service Funds	11,935,075
	<u>66,643,689</u>

Amounts reported for business-type activities in the statement of activities are different because:

Internal Service Funds are recognized within the business-type activities component of the Government-Wide Statement of Activities, however the revenues and expenses of Internal Service Funds are allocated to the governmental and proprietary fund-types on a pro-rata basis. A portion of the net revenues and expenses of the Internal Service Funds for the year are recorded within the Governmental Activities on the Government-Wide Statement of Activities.

(5,390,695)

Change in net position of business-type activities	<u>\$ 61,252,994</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF LAKELAND, FLORIDA

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

	Business-type Activities					
	Enterprise Funds					
	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Linder International Airport Fund	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:						
Receipts from customers	\$ 324,454,305	\$ 75,366,489	\$ 9,763,463	\$ 20,983,832	\$ 430,568,089	\$ -
Receipts for interfund services	-	-	-	-	-	86,347,330
Payments for interfund services	(13,343,312)	(5,235,175)	(330,337)	(6,102,636)	(25,011,460)	(3,560,841)
Payments to suppliers	(125,482,592)	(20,077,696)	(2,935,141)	(8,455,619)	(156,951,048)	(55,167,119)
Payments to employees	(47,692,143)	(12,169,269)	(1,690,496)	(7,494,067)	(69,045,975)	(15,025,565)
Cash flows provided by (used in) operating activities	137,936,258	37,884,349	4,807,489	(1,068,490)	179,559,606	12,593,805
Cash flows from noncapital financing activities:						
Proceeds from local grants	-	-	248,162	2,875	251,037	34,249
Interest paid on customer deposits	(586,734)	(77,845)	-	(22,304)	(686,883)	-
Transfers from other funds	-	-	-	3,836,922	3,836,922	-
Transfers to other funds	(32,884,316)	(9,489,470)	(162,286)	(2,051,542)	(44,587,614)	(38,390)
Payments and maturities on pension obligation bonds	(1,288,124)	(454,316)	(37,889)	(191,895)	(1,972,224)	(427,885)
Interest paid on pension obligation bonds	(511,821)	(180,517)	(15,054)	(76,247)	(783,639)	(170,016)
Cash flows provided by (used in) noncapital financing activities	(35,270,995)	(10,202,148)	32,933	1,497,809	(43,942,401)	(602,042)
Cash flows from capital and related financing activities:						
Interest received on internal loans	-	-	-	-	-	2,593,743
Proceeds from repayment of interfund loans	-	-	-	-	-	9,011,114
Issuance of internal loans - governmental funds	-	-	-	-	-	(3,671,882)
Payments on interfund loans	-	(5,013)	(7,832,286)	(156,080)	(7,993,379)	(7,562,755)
Taxes received for payments on long-term debt	-	104,242	-	536,097	640,339	-
Issuance of interfund loans	-	-	-	-	-	(56,264,083)
Interest paid on long-term debt issued to finance capital assets	(16,015,261)	(2,803,398)	(1,129,857)	(308,223)	(20,256,739)	(3,238,685)
Proceeds from issuance of interfund loans	-	991,615	48,227,448	-	49,219,063	13,590,040
Proceeds from the issuance of long-term debt	-	17,907,209	8,500,000	-	26,407,209	54,873,894
Repayments on & maturities of long-term debt - governmental funds	-	-	-	-	-	9,401,091
Proceeds from rebates received on interest payments	-	-	-	-	-	312,726
Debt issue costs	(2,801,891)	-	(14,968)	-	(2,816,859)	-
Transfers on and maturities of long-term debt	(19,095,000)	(6,664,347)	(39,249,608)	(1,020,135)	(66,029,090)	(15,596,385)
Transfers from other funds for capital purposes	-	-	-	1,215,319	1,215,319	1,681,186
Proceeds from capital grant programs	-	8,900,000	17,468,047	-	26,368,047	-
Capital contributions from others	-	10,346,091	894,926	-	11,241,017	-
Proceeds from sale of capital assets	-	-	-	-	-	1,530,723
Purchase of capital assets	(52,889,907)	(36,333,742)	(26,733,558)	(138,541)	(116,095,748)	(12,928,776)
Cash flows provided by (used in) capital financing activities	(90,802,059)	(7,557,343)	130,144	128,437	(98,100,821)	(6,268,049)

CITY OF LAKELAND, FLORIDA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Linder International Airport Fund	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from investing activities:						
Investment revenue	\$ 5,778,223	\$ 3,870,245	\$ 258,581	\$ 363,824	\$ 10,270,873	\$ 3,733,343
Net increase (decrease) in the fair value of cash equivalents	5,478,462	2,126,920	(540,880)	277,845	7,342,347	3,516,717
Cash flows provided by (used in) investing activities	11,256,685	5,997,165	(282,299)	641,669	17,613,220	7,250,060
Net increase in cash and cash equivalents	23,119,889	26,122,023	4,688,267	1,199,425	55,129,604	12,973,774
Cash and cash equivalents, beginning of year	164,001,479	97,833,289	9,357,471	10,247,406	281,439,645	107,269,789
Cash and cash equivalents, end of year	\$ 187,121,368	\$ 123,955,312	\$ 14,045,738	\$ 11,446,831	\$ 336,569,249	\$ 120,243,563
Classified as:						
Current	\$ 62,888,748	\$ 40,543,999	\$ 832,461	\$ 8,103,436	\$ 112,368,644	\$ 26,192,213
Apporioned	110,608,051	46,268,897	9,699,024	2,704,078	169,280,050	87,211,175
Restricted	13,624,569	37,142,416	3,514,253	639,317	54,920,555	6,840,175
Total	\$ 187,121,368	\$ 123,955,312	\$ 14,045,738	\$ 11,446,831	\$ 336,569,249	\$ 120,243,563
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ 80,404,632	\$ 26,660,387	\$ (158,134)	\$ (3,229,933)	\$ 103,676,952	\$ 1,513,878
Depreciation	38,847,827	9,531,198	4,876,110	1,212,079	54,467,214	10,558,129
Rebate on fuel taxes	-	-	-	-	-	161,330
Miscellaneous revenue	1,621,857	403,099	184,184	226,019	2,435,159	767,529
(Increase) decrease in receivables, net	(7,841,404)	(263,301)	(282,008)	67,056	(8,319,657)	(453,482)
(Increase) in due from other governments	-	-	-	-	-	(127,361)
Decrease in regulatory asset	182,082	-	-	-	182,082	-
(Increase) decrease in inventory	13,819,642	(209,767)	-	-	13,609,875	(76,743)
(Increase) decrease in prepaid expenses	(324,097)	37,065	(14,400)	(83,258)	(384,690)	1,668
Decrease in deferred outflows related to pensions	25,393,719	8,119,609	480,174	3,475,113	37,468,615	7,558,107
(Increase) in deferred outflows related to OPEB	(1,075,950)	(4,447,293)	(615,128)	(1,579,579)	(17,717,950)	(3,642,895)
Increase in fair value of derivative	1,215,000	-	-	-	1,215,000	-
Increase in accounts payable	7,468,602	139,899	12,962	264,651	7,886,114	1,296,235
Increase (decrease) in accrued liabilities	(576,307)	(29,141)	379	45,204	(559,865)	(56,630)
Increase in deferred regulatory liability	600,609	-	-	-	600,609	-
Increase (decrease) in deposits payable	160,778	44,403	28,584	454,897	688,662	(9,750)
(Decrease) in unearned revenue	-	-	(29,200)	(146,321)	(175,521)	-
(Decrease) in net pension liability	(21,844,133)	(7,203,318)	(381,103)	(3,460,917)	(32,889,471)	(7,015,392)
Increase (decrease) in deferred inflows related to pensions	(1,311,193)	(174,880)	(83,479)	63,233	(1,506,319)	(372,415)
Increase in deferred inflows related to OPEB	17,875,592	5,897,255	615,139	2,392,586	26,780,572	5,220,022
Increase in deferred inflows related to CIAC	224,951	(620,866)	173,409	(769,320)	224,951	-
Increase (decrease) in net OPEB liability	(6,905,949)	-	-	-	(8,122,726)	(1,254,368)
(Decrease) in estimated liability for unpaid claims	-	-	-	-	-	(1,474,057)
Net cash provided by (used) operating activities	\$ 137,936,258	\$ 37,884,349	\$ 4,807,489	\$ (1,068,490)	\$ 179,559,606	\$ 12,593,805
Noncash investing, capital, or financing transactions:						
Capital grants and contributions not received	\$ -	\$ 1,905,789	\$ 1,312,716	\$ -	\$ 3,218,505	\$ -
Developer contributed assets	-	8,381,181	-	-	8,381,181	-
Capitalized interest	3,128,869	1,858,873	406,051	-	5,393,793	-
	\$ 3,128,869	\$ 12,145,843	\$ 1,718,767	\$ -	\$ 16,993,479	\$ -

CITY OF LAKELAND, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2021

	<u>Pension and Other Employees Benefit Trust Funds</u>	<u>Private Purpose Trust Fund</u>	<u>Custodial Fund</u>
ASSETS			
Cash and cash equivalents	\$ 19,794,816	\$ -	935,688
Mutual funds	314,550,633	-	-
US government obligations	68,656,030	-	-
Corporate notes and bonds	58,408,957	-	-
Municipal bonds	1,301,649	-	-
Corporate stocks	240,881,450	-	-
Alternate investments	62,078,434	-	-
Fixed income funds	59,507,941	-	-
Real estate funds	89,230,481	-	-
Private equity funds	209,060,501	-	-
Consolidated fund	11,677,433	410,998	-
Prepaid expenses	864	-	-
Accrued interest receivable	868,813	-	-
Receivables	-	-	86,294
Unsettled investment sales, net	5,325,233	-	-
Contributions	1,704,514	-	-
Due from other governments	899,460	-	-
Total assets	<u>1,143,947,209</u>	<u>410,998</u>	<u>1,021,982</u>
LIABILITIES			
Accounts payable	727,969	-	-
Due to other governmental units	-	-	1,021,982
Unsettled investment purchases, net	2,378,221	-	-
Due to other funds	26,770	127,386	-
Total liabilities	<u>3,132,960</u>	<u>127,386</u>	<u>1,021,982</u>
NET POSITION			
Restricted for DROP and other accounts	27,271,041	-	-
Restricted for OPEB benefits	11,719,931	-	-
Restricted for pension benefits and other purposes	1,101,823,277	283,612	-
Total net position	<u>\$ 1,140,814,249</u>	<u>\$ 283,612</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LAKE LAND, FLORIDA

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

	Pension and Other Employees Benefit Trust Funds	Private Purpose Trust Fund	Custodial Fund
ADDITIONS			
Contributions:			
Employer	\$ 18,305,370	\$ -	\$ -
Plan Members	10,549,120	-	-
Impact fee collections	-	-	17,792,168
On-behalf payments - State of Florida	1,946,683	-	-
Total contributions	<u>30,801,173</u>	<u>-</u>	<u>17,792,168</u>
Net investment income:			
Interest and dividends	18,230,916	87,578	234,822
Net increase in fair value of investments	217,647,575	(61,209)	952,988
Investment advisor fee	(2,669,720)	-	-
Net investment income	<u>233,208,771</u>	<u>26,369</u>	<u>1,187,810</u>
Miscellaneous income:			
Miscellaneous income	13,713	-	-
Total additions, net	<u>264,023,657</u>	<u>26,369</u>	<u>18,979,978</u>
DEDUCTIONS			
Benefits paid	76,337,441	-	-
Refunds, former employees	1,854,666	-	-
Impact fee remittances to the County	-	-	11,344,485
Joint City/County transportation projects	-	-	7,570,464
Administrative expenses	605,458	-	65,029
Other	-	741,142	-
Total deductions	<u>78,797,565</u>	<u>741,142</u>	<u>18,979,978</u>
Net increase (decrease) in restricted net position	<u>185,226,092</u>	<u>(714,773)</u>	<u>-</u>
NET POSITION, beginning of year	955,588,157	998,385	-
NET POSITION, end of year	<u>\$ 1,140,814,249</u>	<u>\$ 283,612</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.



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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's financial statements are prepared in accordance with accounting and financial reporting standards established by the Government Accounting Standards Board (GASB) for U.S. state and local governments that follow Generally Accepted Accounting Principles (GAAP) in the United States of America.

There are significant differences in the financing and operating environments between private and public sector entities, resulting in the unique application of accounting principles to government entities. The primary difference is the lack of a profit motive in many aspects of governmental operations, focusing instead on the best and most effective use of limited resources. Nevertheless, the GASB has endeavored to provide financial reporting standards that both satisfy the accounting needs that are unique to government entities, and disclose financial information that is prepared on a basis more comparable to the more widely understood accounting practices adopted by the private sector.

In response to achieving these dual objectives, the Financial Statements include:

- A Management's Discussion and Analysis (MD&A) section providing analysis of the City's overall financial position and results of operations.
- Fund financial statements that focus on individual "major" funds of the City, with only non-major funds presented in aggregate totals. The traditional accounting policies and procedures that are unique to governmental operations are utilized within these financial statements.
- Government-wide financial statements prepared using full accrual accounting for all the City's activities, including infrastructure (roads, bridges, etc.). These statements are intended to provide accounting data that is prepared using uniform application of the same accounting and debt policies adopted by entities in the private sector.

A. Reporting Entity

The City of Lakeland, Florida (City) is a political subdivision of the State of Florida incorporated under the authority of the Laws of Florida, Chapter 4096 adopted in 1891. The City operates under a commission-manager form of government and provides the following services: public safety, transportation, electric, water, stormwater, solid waste, wastewater treatment, culture/recreation, public improvements, planning and zoning, and general administration.

Component Units – These financial statements represent the City (the primary government) and its component units (entities for which the City is considered to be financially accountable). There are three specific tests for determining whether a particular legally separate entity is a component unit of a primary government: 1) appointment of a majority of the unit's governing board, accompanied by the potential imposition of will or ongoing financial burden, 2) fiscal dependence on the primary government, and 3) the potential that exclusion would result in misleading financial reporting. Blended component units, although legally separate entities, are in substance part of the City's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. The City does not report any discretely presented component units.

Blended Component Unit

The Lakeland Community Redevelopment Agency (LCRA) was established in 1979 by the City of Lakeland, Florida (the City) under the provisions of Section 163.340, Florida Statutes. The board of directors of the Agency is comprised of the seven members of the City Commission of the City. The City has operational responsibility for the LCRA. Although legally separate, the LCRA is blended in the City's financial statements in accordance with the criteria for blending set by GASB Statement 14, as amended by GASB Statement 39 and GASB Statement 61. The City has created a total of four community redevelopment areas: Downtown (1979), Dixieland (2001), Midtown (2001), and Williams (2002). Their purpose is to eliminate blight and slum conditions within the defined redevelopment area of the respective agency pursuant to the redevelopment plans for new residential and commercial activity. In 2016, the City Commission voted to close the Williams Community Redevelopment Area as the decision was made not to pursue the redevelopment activities for which it was designated.

Financial information for the LCRA is blended in the Financial Statements of the City. Copies of separately issued financial statements for the LCRA may be obtained from the City's Finance Department.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-wide and Fund Financial Statements, and their underlying Basis of Accounting

The City's basic financial statements are presented in two separate and distinct formats. These consist of government-wide statements (reporting the City as a whole using full accrual accounting policies) and fund financial statements (focusing on individual major funds and utilizing the traditional basis of accounting used by local governments for different fund types). The government-wide financial statements report information on all non-fiduciary activities of the primary government and its component units.

Both the government-wide and fund financial statements categorize activities as either governmental or business-type based on their nature and funding practices. The City's planning and zoning, police and fire protection, parks and recreation, public works, and general governmental functions are classified as governmental activities since they generally cannot pass the full cost of providing those services directly to the users of those services in the form of a user fee. The electric, water, wastewater, solid waste, parking, airport, and civic center are classified as business type activities because they are able to assess user fees intended to satisfy at least the majority of their annual operating costs. The Public Improvement Fund is used to finance a variety of capital and maintenance projects and debt service related to governmental activities of the City, including activities of the Police and Fire Departments; Public Works (road and drainage construction and maintenance); the Parks & Recreation Department; libraries; growth management; public utilities (such as street lighting); and general governmental City facilities. These activities are financed primarily from the hospital lease revenues and impact fee revenues. The primary government is reported separately from the legally separate component units for which the City is financially accountable.

Government-wide Statements – In the Government-wide Statement of Net Position, both the government and business-type activities are presented on a consolidated basis in separate columns. This statement is prepared using the *economic resources* measurement focus, meaning all assets and liabilities (including capital assets and long-term debt) are included in the Statement of Net Position. This accounting methodology is more consistent with the methodology used for business accounting in the private sector than "traditional" governmental accounting methodology.

Within this statement, the net position of the City (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) are reported in three separate components – net investment in capital assets; restricted net position; and unrestricted net position. Whenever possible, the City utilizes restricted resources first to satisfy financial obligations.

Because different measurement focuses and bases of accounting are used in the government-wide statement of net position than in governmental fund statements, amounts reported as *restricted fund balances* in governmental funds may be different from amounts reported as *restricted net position* in the statement of net position.

The Government-wide Statement of Activities reports the degree to which the gross expenses, including depreciation, of the significant governmental and business-type functions provided by the City, are financed by the program revenues and the operating and capital grants directly related to the costs of providing each function. The statement then reports the extent to which the resulting net costs of these functions (gross expenses less directly related program revenues and grants) are financed by general revenues of the City (i.e. taxes, interest income, etc.). This statement is prepared using the *full accrual* basis of accounting, which determines the timing of the recording of revenues and expenditures/expenses. Under this basis of accounting, revenues are recorded when earned, and expenses are recorded when an obligation is incurred. These accounting methods are also more consistent with the methodologies used for business accounting in the private sector than "traditional" governmental accounting methodology.

Administrative fees are charged by the General Fund to other funds, which are eliminated (reducing the revenue and expense of the General Fund) to recover the direct costs of providing services to those funds (i.e., finance, personnel, legal, technology management, etc.). All other internal transactions related to services provided by internal service funds of the City to other functions within the City are also eliminated, ensuring the related expenses appear only once and are categorized within the appropriate functional activity.

Fund Financial Statements – These statements report information at a higher level of detail, focusing on separate reporting of individual major funds, rather than consolidating financial data into two very broad categories of governmental and business-type activities. Those funds that are considered non-major are consolidated into a single column.

The financial transactions of the City are reported in individual funds within the City's accounting system. Each fund is accounted for by providing a separate, self-balancing set of accounts comprised of the assets, deferred outflows, liabilities, deferred inflows, reserves, fund equity, revenues, and expenditures/expenses of each fund. GASB 34, as amended by GASB 65, sets forth the minimum criteria used to determine whether the individual funds are considered major versus non-major. The criteria are based on the value of assets and deferred outflows, liabilities and deferred inflows, revenues, and expenditures/expenses of each fund in relation to all funds taken as a whole. Based on these criteria, the City's major funds are the General Fund, Public Improvement Fund, Electric Utility Fund, Lakeland Linder International Airport Fund and Water/Wastewater Utility Fund. Detailed information on these funds is provided in the basic financial statements and the Management's Discussion and Analysis section.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-wide and Fund Financial Statements, and their underlying Basis of Accounting (continued)

Within the fund financial statements, funds are also classified into fund types. A different basis of accounting is applied to the various fund types, based on the nature of the financial information needed to sustain the types of services provided. The various funds are classified based on fund types as follows:

Governmental Funds – Within the fund financial statements, the accounting policies applied to governmental funds is intended to capture only those transactions that will occur in the short-term, and the ability to finance those activities as needed. The financial focus applied to governmental funds is called the *modified accrual* basis of accounting. Revenues are susceptible to accrual in the accounting period in which they become available and measurable, which generally means those revenues that are collected within 60 days after year end. The City accrues an asset equal to the value of all material revenue to which it is entitled. Intergovernmental revenues included in this accrual are recognized as revenue while all other types are deferred. Major sources of revenue meeting the availability criterion include investment earnings, federal, state, and local grants, State shared revenues, and the City's share of State collected taxes. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Exceptions are un-matured interest on general long-term debt, which is recognized when due, and the long-term portion of accumulated unpaid vacation and sick pay, which is recognized when paid.

Within governmental fund types, assets and liabilities are recorded using the *flow of current financial resources* measurement focus, meaning only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources".

The governmental fund types utilized by the City are broken down as follows:

General Fund – used to account for and report all financial resources not accounted for and reported in another fund.

Debt Service Fund - account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Special Revenue Funds – account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Funds – account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Public Improvement Fund – a major fund used to account for and report financial resources that are restricted, committed or assigned to expenditures for general governmental capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Permanent Funds – account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

Proprietary Funds - Within the fund financial statements, the financial focus for proprietary funds is identical to the full accrual, "private sector" focus applied within the government-wide statements. Revenues are recognized when they are earned and expenses are recognized when they are incurred, without application of the "measurable and available" criteria applied to governmental funds. Accordingly, full recognition is given to capital assets (and depreciation thereof) and all long-term liabilities. The emphasis is on recovering the costs of supplying needed services over the long-term from user fees charged directly to the persons using those services.

The proprietary fund types utilized by the City are broken down as follows:

Enterprise Funds – account for operations for which a fee is charged to external users for goods or services, i.e., parking, entertainment, airport, and solid waste services provided to residents in geographic areas served by the City.

The City reports the following major proprietary funds:

Department of Electric Utilities – accounts for operations in which fees are charged to external users for electric services provided within the City of Lakeland's service area.

Lakeland Linder International Airport Fund – accounts for activities related to the operations and maintenance of a general aviation facility and industrial park that serves as a hub for economic activity in the central Florida area.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-wide and Fund Financial Statements, and their underlying Basis of Accounting (continued)

Enterprise Funds (continued)

Water and Wastewater Utilities – accounts for operations in which fees are charged to external users for water and wastewater services provided within the City of Lakeland’s service area.

Internal Service Funds – account for operations for which a fee is charged to internal users for goods or services. This includes the administrative cost of purchasing and acquisition; the purchase, maintenance and fueling of motorized equipment used by various City departments; the cost of self-insured risk programs administered by the City; the cost of purchasing and maintaining custody of supplies and materials used by the City; the cost of purchasing and maintaining computers, networks, and software used by the City; the maintenance of City facilities; and an internal loan program. To the extent possible, the ultimate costs of these services are reported in the appropriate functional activity.

Fiduciary Funds – Within the fund financial statements, fiduciary fund types are used to report assets that are held in trust or in a custodial capacity by the City on behalf of designated beneficiaries. These consist of pension and other post-employment benefit funds maintained on behalf of retired City employees; and a custodial fund used to accumulate impact fee revenues collected on behalf of Polk County, Florida. The same financial focus applied to proprietary funds types is applied to fiduciary fund types.

Because the assets accounted for within fiduciary funds types cannot be used to address activities or obligations of the City, the activities of these funds are not incorporated into the government-wide financial statements.

C. Budget Policy and Budgetary Data

The City prepares an annual operating budget for the two major funds, the General Fund and Public Improvement Fund (a Capital Projects Fund), and certain Special Revenue Funds and Capital Projects Funds (i.e. Transportation Fund, Community Development Fund, State Housing Initiatives Partnership Program, Neighborhood Stabilization Fund, the Stormwater Fund, and the Lakeland Community Redevelopment Agency Fund). These budgets are prepared on the modified accrual basis of accounting. As of September 30, 2021, there were no material violations of budgetary requirements.

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

1. Cash and Cash Equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits, cash with paying agents, money market funds, as well as each Fund’s equity in pooled cash.

The various funds of the City have combined their resources into an investment pool for the purpose of maximizing investment earnings on daily cash balances. The investment pool is comprised of money market funds, time deposits, notes, bonds, other securities, and accrued interest. These investments are recorded at fair value. Revenue from pooled cash and investments is allocated based on the participation of each fund. Each fund’s pro-rata share of pooled cash and investments is included in the caption “cash and cash equivalents”. These amounts are also considered a cash equivalent because each fund can withdraw cash at any time without prior notice or penalty.

2. Investments Owned by Individual Funds

Investments owned by individual funds, comprised of time deposits, notes, bonds, and other securities, are reported at fair value. Amounts invested in money market funds are reported at fair value. Fixed income, equity and equity securities are reported at the last reported sales price. Revenue from investments owned by the individual funds is recorded in the respective fund as it is earned.

3. Receivables

Receivables are generally attributable to services provided by the City, amounts due to the City under expenditure driven grant agreements with other governments, and accrued interest on investments. Receivables recorded in governmental fund types may be offset by deferred revenues or a restriction of fund balance depending on the revenue recognition criteria applied to those funds. The components of receivable balances include due from customers, due from commercial customers, due from vendors, due from other governments, interest receivable, and miscellaneous receivables, including liquidated damages. Receivables are reported net of allowances for uncollectible where applicable.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

3. Receivables (continued)

The balances of accounts receivable in the governmental and proprietary funds are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Unrestricted:		
Due from:		
Taxpayers	\$ 700,436	\$ -
Customers	24,018,543	54,401,225
Employees	(5,557)	-
	<u>24,713,422</u>	<u>54,401,225</u>
Apportioned:		
Due from:		
Customers	308,459	18,890
Restricted:		
Due from:		
Customers	1,190,975	280,866
	<u>\$ 26,212,856</u>	<u>\$ 54,700,981</u>

4. Due To/From Other Funds

Amounts receivable from, or payable to, other funds are reflected in the accounts of the fund until liquidated. Activity between funds that are representative of lending/borrowing arrangements outstanding at year end are referred to as either “due to/from other funds” (i.e. current portion) or “advances to/from other funds (i.e. non-current portion). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as “internal balances”.

5. Inventories and Prepaid Items

Inventories are valued at cost in governmental funds. In all other funds, inventories are stated at the lower of cost or market using the weighted average method. Inventory and prepaid items are recorded as expenditures (expenses) when actually used in both governmental and proprietary funds.

6. Apportioned Assets

The City has established long-range plans concerning some of its proprietary funds, internal loan funds and capital funds. As part of the plan to achieve its objectives, the City’s elected officials have apportioned certain assets that will be used to fund the cost of expansion of enterprise fund infrastructure, monies accumulated to finance replacement of capital assets at the end of their useful life, funds apportioned for payment of self-insured liability claims, and amounts set aside to pay currently maturing principal and interest on long-term debt. These assets and related liabilities are separate from other assets of the City and appear on the financial statements under the heading “asset apportionments” and “liabilities payable from apportioned assets”. Because these apportionments do not represent legal restrictions imposed by parties external from the local government, the net value of asset apportionments minus liabilities is included in the unrestricted section of net position on the Statement of Net Position.

7. Restricted Assets

Revenue bond ordinances and certain other agreements with parties outside the City require the restriction of certain fund assets for specific purposes such as sinking and reserve accounts required to secure bonded debt; renewal, repair, expansion, and construction funds (bond proceeds) set aside to finance recurring and future capital improvements; meter deposit funds held on behalf of utility customers; and proceeds from impact fees collected for the purpose of financing utility system capacity improvements. These assets and the related liabilities are classified separately from other assets and liabilities, appearing in the accompanying statement of net position under the heading “restricted assets”, “liabilities payable from restricted assets”, and “restricted net position”.

In cases in which both unrestricted and restricted assets are available to finance an expense or program, the City’s policy is to utilize restricted assets first whenever possible.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

7. Restricted Assets (continued)

The balances of restricted asset accounts in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Debt service	\$ 3,075,188	\$ -
Capital improvements	3,761,444	46,851,652
Transportation	12,450,140	-
Customer deposits	241,550	17,095,779
Law enforcement	1,859,725	-
LCRA	14,506,274	-
Building inspection	3,000,038	-
Grant Programs	3,766,979	-
Endowments - nonspendable	6,761,323	-
Donations received	1,015,302	-
Impact fees	28,680,612	-
	<u>\$ 79,118,575</u>	<u>\$ 63,947,431</u>

8. Capital Assets

Capital equipment purchased with an original value of \$1,500 or more, and additions, improvements, and other capital outlays, having an original cost of \$2,500 or more that significantly extend the useful lives are capitalized. Utility plant is capitalized at cost. Capital assets used in governmental fund type operations are accounted for in the government-wide statements, rather than in the fund financial statements. Routine maintenance, repairs, renewals, and replacement costs are charged against operations.

Infrastructure assets consisting of certain improvements and additions such as roads, sidewalks and drainage systems having an original cost of \$25,000 or more are capitalized.

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets are valued at their acquisition value on the date donated.

The depreciation on assets, where disclosed, is provided using the straight-line method over the following estimated useful lives:

Land improvements	10 - 45 years
Buildings	15 - 50 years
Improvements, other than buildings	10 - 45 years
Improvements, sewer lines	40 - 90 years
Office machines	5 - 15 years
Communications equipment	5 - 10 years
Motor vehicles	4 - 20 years
Furnishings and fixtures	5 - 25 years
Maintenance equipment, tools	5 - 15 years
Roads and alleys	10 - 50 years
Easements and right of ways	10 - 50 years
Sidewalks	25 - 50 years
Storm drainage	25 - 100 years
Utility plant	25 - 35 years

Depreciation expense on assets used in governmental activities is included in the expenses of each governmental function on the Government-wide Statement of Activities. Depreciation on general infrastructure assets is included within the expenses of the most relevant function.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

9. Bond Discounts, Bond Premiums, and Issuance Costs

In the governmental funds, bond discounts and bond premiums are treated as period costs in the year of issue. Bond premiums and discounts are shown as an "Other Financing Source/Use."

In proprietary funds (and for governmental activities, in the government-wide statements) bond discounts and bond premiums are amortized over the term of the bonds using the straight-line method, which is materially consistent with the effective interest method. Bond discounts and premiums are presented as a reduction and increase, respectively, of the face amount of the revenue bonds payable. Issuance costs, except any portion related to prepaid insurance cost are recognized as an expense in the period incurred.

10. Unearned Revenues

In the governmental funds, certain revenue transactions have been reported as unearned revenue. Unearned revenues arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. Revenue cannot be recognized until it has been earned and is available to finance expenditures of the current period. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet or statement of net position and the revenue is recognized.

	Governmental Activities	Business-Type Activities
Unrestricted	\$ 6,913	\$ 19,921
Apportioned	215,000,000	-
Restricted	4,266,336	-
	<u>\$ 219,273,249</u>	<u>\$ 19,921</u>

In the proprietary funds (and for governmental activities in the government-wide statements), unearned revenue is reported regardless of its availability.

11. Compensated Absences

Within the government-wide Statement of Net Position, the City accrues all accumulated unpaid vacation and sick leave when earned by the employee. Within the fund financial statements, the non-current portion of this liability payable from governmental funds is not recorded since it would not be paid from expendable available financial resources. Compensated absences are reported in governmental funds only if they have matured.

12. Inter-fund Activity

Inter-fund activity is reported as loans, provided services, reimbursements, or transfers. Loans are reported as inter-fund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

13. Fund Equity

The implementation of GASB 54 was intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types.

GASB 54 differentiates how the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent in governmental funds. Fund balance shall be composed of non-spendable, restricted, committed, assigned, and unassigned amounts. These classifications reflect the nature of the funds and provide clarifications and hierarchies on the level of restrictions placed on the fund balances (i.e. internal or external restriction requirements).

The City uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. For further details of the various fund balance classifications refer to Note 12.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

14. Deferred Inflows/Outflows of Resources

Within the Basic Financial Statements certain items that were previously reported as assets and liabilities are recognized as outflows of resources or inflows of resources because they result in the use of resources in the current period or the acquisition of net assets for the benefit of future periods. The unamortized loss on refunding of debt, deferred outflows of resources related to OPEB, ARO, pension; and deferred hedging derivative outflows are classified as a deferred outflow of resources. Deferred revenues recognized in governmental fund statements, contributions in aid of construction, deferred inflows of resources related to OPEB and pensions; and deferred hedge derivative inflows of resources are classified as deferred inflows of resources. Deferred revenues related to governmental funds represent the recording of assets such as property tax receivables, lease receivables, and mortgage receivables, relating to revenues not available in the accounting period.

Lakeland Electric receives nonrefundable payments from consumers and developers for extension of electric services, and funds received from developers and customers for assets owned and maintained by Lakeland Electric. Through the use of regulatory accounting, contributions in aid of construction and fuel reserve balance are recorded as deferred inflows of resources and amortized over the life of the corresponding assets.

The deferred inflows and outflows of resources balances presented in the Statement of Net Position as of September 30, 2021 are as follows:

Deferred outflows of resources:	
Unamortized loss on refunding of debt, beginning balance	\$ 23,321,970
Amortization	(3,074,796)
Unamortized loss on refunding of debt, ending balance	20,247,174
Decrease in fair value of interest rate swaps	30,409,827
Unrealized loss on hedges	33,613,295
Deferred outflows of resources related to pensions	27,885,186
Deferred outflows of resources related to OPEB	85,733,190
Deferred outflows of resources related to ARO	3,130,221
Total deferred outflows of resources	<u>\$ 201,018,893</u>
Deferred inflows of resources:	
Deferred inflows of resources related to OPEB	\$ 101,145,120
Contributions in aid of construction	43,863,472
Deferred inflows of resources related to CIAC	224,951
Fuel reserve balance	18,792,634
Deferred inflows of resources related to pensions	13,055,158
Total deferred inflows of resources	<u>\$ 177,081,335</u>

15. Derivatives and Hedging Activities

Derivatives have a fair value, require no initial investment, and may be net settled. The City follows GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments. Statement No. 53 requires derivatives to be categorized as either hedging derivative instruments or investment derivatives. Hedging derivative instruments are associated with specific hedging transactions wherein the intent is to significantly reduce risks. Changes in fair value of hedges are reported as either deferred inflows or deferred outflows in the statement of net position. For accounting purposes, in order to qualify as a hedge, the relationship between the derivative and the underlying asset must result in a hedge that is "effective" in mitigating risk. If the hedge transaction is considered "ineffective" the valuation of the instrument is considered investment income or loss on the Statements of Revenues, Expenses and Changes in Net Position. GASB Statement No. 53 outlines five methods for evaluating hedge effectiveness:

- Consistent Critical Terms
- Synthetic Instrument
- Dollar Offset
- Regression Analysis
- Other Quantitative Methods

For purposes of performing hedge effectiveness testing, Lakeland Electric can use any or all of the evaluation methods and is not limited to using the same method from period to period. Therefore, if the result of any one prescribed evaluation method indicates the hedge is ineffective, Lakeland Electric may apply another method to verify effectiveness. In addition, the calculations for effectiveness may be based on either a life to date period or be limited to the immediately preceding annual accounting period.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

15. Derivatives and Hedging Activities (continued)

Fuel Hedges

To achieve its goals of minimizing volatility in both cash flow and fuel rates to the ratepayers, Lakeland Electric was hedged at various volumes for a rolling 30-month forward period with emphasis on upside protection through the purchase of swaps. Due to a depressed natural gas market, the costs of the program became significant. To control the cost of the program, Lakeland Electric's Utility Committee implemented changes to the policy in March 2010. When a swap is placed, at or near the same time, a put option will be placed to provide opportunity to participate in a downward market. Swaps should be placed at no more than a \$1/MMBTU above market and option premiums at \$0.50/MMBTU resulting in a maximum cost of \$1.50/MMBTU. Each quarter, when a fuel rate change is proposed, the next 12 months of forecasted volumes will be approximately 63 percent hedged as follows:

1st quarter will be 100 percent hedged
2nd quarter will be 75 percent hedged
3rd quarter will be 50 percent hedged
4th quarter will be 25 percent hedged

Fuel related derivative transactions are executed in accordance with the fuel hedging policies established by Lakeland Electric's Energy Risk Management Oversight Committee. The primary objective of these policies is to minimize exposure to natural gas price volatility for cash flow and fuel rate stabilization purposes. The Committee has a defined organizational structure and responsibilities, which include approving all brokerage relationships, counterparty credit worthiness, specific fuel volumes and financial limits in addition to overall policy compliance. Acquisition of these hedge transactions are managed by The Energy Authority (TEA) based on a contractual relationship created in March 2007.

TEA performs the front and back office functions associated with such trades in accordance with overall hedging policies developed jointly by TEA and the aforementioned oversight committee of Lakeland Electric. The recording of fuel derivatives, when appropriate, is included on the Statement of Net Position as either an asset or liability measured at fair value. Related gains and/or losses are deferred and recognized in the specific period in which the derivative is settled and included as part of Fuel and Purchased Power costs in the Statement of Revenues, Expenses and Changes in Net Position. The premiums associated with the purchase of options are expensed upon expiration of the option. Premiums associated with unexpired options are embedded in the valuation table displayed later in this note. The valuation of market changes for contracts entered into within Lakeland Electric's Risk Management Program resulted in a net decrease of \$7,597,500 to the cost of fuel during the fiscal year ended September 30, 2021.

Lakeland Electric's natural gas swaps and options have been evaluated using the regression analysis method cited above. According to this method, all of Lakeland Electric's derivatives were considered to be effective. Consequently, the R-Squared relationship between the derivative based on the NYMEX index as related to physical natural gas prices based on purchased gas from Florida Gas Transmission Zones 1, 2 and 3 was 0.8 or higher with a slope between -0.8 and -1.25 with a 95 percent confidence. In addition, the effectiveness of options was assessed consistent with the objective of the derivative instrument as mentioned in the goals of hedging above. With GASB compliance, the open swaps and options valuation of \$33,613,295 includes mark to market of the swaps and both intrinsic and extrinsic mark to market of the options.

Derivative Instruments

Natural Gas Derivative Instruments

Lakeland Electric uses Over-the-Counter (OTC) swaps, put options, swing-swaps and fixed price firm physical purchases of natural gas as tools to stabilize the cost of natural gas that will be needed by the utility in the future. Any gain or loss of the value of these derivatives are ultimately rolled into the price of natural gas burned, offsetting the volatility in the price of that fuel. These derivative instruments are classified in Level 2 of the fair value hierarchy using the market approach of valuation. Derivative instruments classified as Level 2 receive clearing house prices, which are based on models that reflect the contractual terms of the derivatives. As of September 30, 2021, Lakeland Electric had options, swaps and physical contracts outstanding in the following amounts, covered fiscal year 2022 and beyond:

<u>Fiscal Year</u>	<u>Options</u>	<u>Swaps</u>	<u>Fair Value</u>
2022	\$ 3,150,000	\$ 13,070,000	\$ (26,892,880)
2023	-	5,800,000	(4,919,894)
2024	-	3,650,000	(1,800,521)
	<u>\$ 3,150,000</u>	<u>\$ 22,520,000</u>	<u>\$ (33,613,295)</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

15. Derivatives and Hedging Activities (continued)

Interest Rate Swaps

An interest rate swap is a derivative whose value and terms are derived from a specified financial index (e.g. LIBOR). In the case of the interest rate swaps employed by the City of Lakeland, the intent is two-fold. First to achieve an all-in financing cost (representing interest payments to bondholders combined with net interest payments and receipts on the derivatives) that is less than the financing cost associated with traditional fixed rate bonds based on market conditions at the time of each bond issue. The second objective is to minimize the interest rate risk associated with the inherent volatility associated with "naked" variable rate debt. Under the terms of these interest rate swaps, the City of Lakeland pays an amount to a counterparty that is based on a specified notional amount (which closely approximates the outstanding principal amount of the related bonds) times a specified fixed interest rate. In exchange, the counterparty makes a payment to the City that is based on the same notional amount times a variable rate of interest. When the variable and fixed components of the interest rate swaps are combined with the variable cash payments made by the City to the actual bondholders, the result is a net fixed rate of interest.

In the case of Lakeland's interest rate swaps, effectiveness testing measures the extent to which the terms of the interest rate swaps insulated the City from changes in the market rate of interest payable on the bonds. The City of Lakeland's interest rate swaps have been evaluated using regression analysis. All of the interest rate swaps employed by the City have passed at least one of the effectiveness tests prescribed by GASB Statement No. 53. Accordingly, the fair values of the derivatives are recorded as offsetting items on the Statements of Net Position, and therefore the recognition of changes in fair value are deferred. The interest rate swaps on the table below are related to certain prior variable rate debt, which has been refunded. The City has elected to apply the existing swap agreements to hedge the new variable rate refunding debt as a means to hedge the variable rate risk exposure related to variable rate bonds.

Lakeland Electric had interest rate swaps with the following mid-fair value as of the close of the final business day of the fiscal year ending September 30, 2021:

<u>Description</u>	<u>Maturity</u>	<u>Net Value</u>
\$24.772m of LIBOR swap	10/1/2035	\$ (8,163,809)
\$14.053m of LIBOR swap	10/1/2035	(4,517,290)
\$1.520m of LIBOR swap	10/1/2035	(341,376)
\$47.860m of LIBOR swap	10/1/2037	(17,387,352)
		<u>\$ (30,409,827)</u>

The interest rate swaps are classified in Level 2 of the fair value hierarchy using the market approach to valuation. Derivative instruments classified as Level 2 receive clearing house prices, which are based on models that reflect the contractual terms of the derivatives. The fair value of all of Lakeland Electric's derivatives as of September 30, 2021 was as follows:

<u>Derivatives</u>	<u>September 30, 2021</u>
Interest rate swaps	\$ (30,409,827)
Prepaid fuel	490,150
Fuel hedge	(33,613,295)
	<u>\$ (63,532,972)</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

16. Regulatory Assets and Liabilities

GASB accounting guidance for regulated operations requires the recognition of revenues provided either before or after the costs are incurred, as assets or liabilities, in accordance with rate actions of the City Commission.

Regulatory assets and liabilities balances presented in the Statement of Net Position as of September 30, 2021 are as follows:

Regulatory assets:	
Unamortized debt issuance costs	\$ 869,896
	<u>\$ 869,896</u>
Regulatory liabilities:	
Environmental compliance charges	\$ 2,365,427
Energy conservation charges	299,203
Economic development charges	670,384
Fuel charges	3,899,952
	<u>\$ 7,234,966</u>

Unamortized debt issue costs

Lakeland Electric treats unamortized debt issuance costs as a regulatory asset as allowed for regulated operations that recover their debt issuance costs through rates. These debt issue costs are amortized using the effective interest method, over the life of the related debt.

	September 30, 2021
Beginning balance	\$ 1,051,978
Less	
Amortization	182,082
Ending balance	<u>\$ 869,896</u>

Environmental compliance and conservation charges

Accounting guidance for regulated operations allows the recognition of revenues provided either before or after the cost is incurred as assets or (liabilities) in accordance with rate actions of the City Commission. The regulatory assets/liabilities below represent the amounts due from, or (payable to) retail customers.

	September 30, 2021
Environmental compliance charge recovery:	
Beginning regulatory liability balance	\$ 1,624,147
Charges recovered through rates	9,388,743
Less environmental compliance expense	(8,647,463)
Ending balance	<u>\$ 2,365,427</u>
Energy conservation charge recovery:	
Beginning regulatory liability balance	\$ 110,826
Charges recovered through rates	765,633
Less future conservation charges	(577,256)
Ending balance	<u>\$ 299,203</u>
Economic development charge recovery:	
Beginning regulatory liability balance	\$ 436,747
Charges recovered through rates	250,000
Less economic development costs	(16,363)
Ending balance	<u>\$ 670,384</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

16. Regulatory Assets and Liabilities (continued)

Fuel charges

As of September 30, 2021, the cumulative over-recovery of fuel charges, in excess of the long-term fuel reserve balance (deferred inflow of resources) established by the City Commission in 2015, is classified as a regulatory liability, calculated as follows:

	<u>September 30, 2021</u>
Fuel reserve:	
Fuel reserve balance	\$ 18,792,634
Less cumulative over-recovery of fuel charges	(22,692,586)
Ending balance	<u>\$ 3,899,952</u>

17. Asset Retirement Obligations

Effective October 1, 2017, the City of Lakeland adopted GASB Statement No. 83, *Certain Asset Retirement Obligations (ARO)*. GASB 83 established criteria for determining the timing and pattern for recognizing a liability and the corresponding deferred outflow of resources for AROs. The Statement requires that the measurement of an ARO be based on the best estimate of the current value of outlays to be incurred when retiring the asset. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. Otherwise, the best estimate should be the most likely amount.

ARO costs should be recognized on the balance sheet as a liability and as a deferred outflow of resources (i.e., deferred cost) once the liability is both incurred and reasonably estimable. The liability shall be reduced as payment is made, and the deferred outflows of resources shall be reduced and recognized as outflows of resources (e.g., expenses) in a systematic and rational manner over the estimated useful life of the tangible capital asset.

GASB 83 also requires that the government disclose information about the nature of its AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If a government incurs an ARO (or portions thereof) but has not yet recognized the ARO because it is not reasonably estimable, the government must disclose this and the reasons why the amount is not reasonably estimable.

Procedures

Staff from various departments (e.g., legal, environmental, accounting, production, etc.) and a third-party consultant from PricewaterhouseCoopers (PwC) participated in multiple discussions to determine possible AROs at sites. There are certain asset types that have regulatory requirements related to retirement as well as certain asset types that often have retirement obligations required by permits or contracts. For those that were determined to be located at City sites, staff identified which assets have legal obligations for retirement. For those with legal retirement obligations, Staff determined if the ARO costs were reasonably estimable and, thus, the ARO liabilities should be recognized.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

17. Asset Retirement Obligations

The following types of assets were determined to have ARO's:

Asset	Deferred outflow amortization period	ARO cost estimate
Water wells	17 years	\$ 1,592,348
Septic tanks	17 years	31,996
Radiological devices	5 years	10,645
Natural gas pipeline	17 years	416,857
Office trailers	17 years	10,645
Asbestos cement piping	25 years	790,900
Total		<u>\$ 2,853,391</u>

Non-Amortizing, Non-Accreting Obligation*

Asset	Deferred Outflow Amortization Period	ARO Cost Estimate
McIntosh Plant Unit 3	N/A	\$ 860,000

*Amount relates to requirement to repurchase land at end of life from joint owner at amount received from land sale at original participation. As amount is fixed, there will be no escalation in cost over remaining life of plant and as amount involves purchase of land no amortization of the deferred outflow to expense as land is a non-depreciable asset.

Water Wells

Florida and federal regulations provide specific requirements for the plugging of water wells upon abandonment in Florida Administrative Code 62-532.500(5). Water wells located in the Southwest Florida Water Management District have the following specific requirement for plugging water wells upon abandonment Florida Administrative Code 40D-3.531(3).

Staff conducted a review of all water wells installed at their sites and provided a list of applicable assets, which included the following wells:

No. of Wells	Area/Well type	Average Depth (ft)	Unit Cost	Cost Estimate
7	McIntosh plant/10-inch drinking water wells	600	\$ 24,045	\$ 168,315
3	McIntosh plant/24-inch drinking water wells	732	73,096	219,288
42	McIntosh plant/2-inch extracting/monitoring wells	22	475	19,950
18	McIntosh plant/4-inch monitoring wells	43	1,368	24,624
8	Larsen plant/2-inch extraction wells	12	475	3,800
2	Larssen plant/4-inch extraction wells	9	428	856
13	Northwest wellfield/drinking wells	747	60,529	786,877
5	Northeast wellfield/drinking wells	751	27,995	139,975
1	Combee wellfield/drinking well	716	48,744	48,744
57	Monitoring wells	103	3,079	175,503
	Misc. costs			4,416
	Total			<u>\$ 1,592,348</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

17. Asset Retirement Obligations (continued)

Water Wells (continued)

The City will likely abandon these water wells with the closure of the respective facilities. Historically, the City plugs an abandoned water well at the site in order to comply with the applicable regulations. The estimated cost was determined by a cost proposal prepared by Terracon Consultants, Inc. for the plugging of a four-inch groundwater monitoring well at McIntosh Plant; from Custom Drilling Services, Inc. and CH2M Hill Engineers, Inc. for the plugging of 13 monitoring wells at the T.B. Williams Plant in 2020. To obtain additional cost data for preparing the best estimate, vendor quotes were requested from local contractors. Green Well Drilling, Inc. of Lakeland, Florida provided the abandonment costs included in the table above. The contractor noted that the Southwest Florida Water Management District may request additional abandonment requirements beyond those prescribed in F.A.C. 40D-3. Based on Green Well Drilling, Inc.'s historical experience with the District, they assumed that the most likely requirements will include filling the wells with grout to the water table and then with Portland cement from the water table to the surface. The cost estimate received in this vendor quote represents the best information currently available on which to base the ARO liability.

The City provides potable water and wastewater services to residential, commercial, and industrial customers in the Lakeland, Florida area of Polk County (part of the Southwest Florida Water Management District). The City owns and operates two facilities: the T.B. Williams Plant and the C. Wayne Combee Plant. The T.B. Williams plant includes 13 water extraction wells in the Florida aquifer and a 51 million gallon per day (gpd) treatment facility. The C. Wayne Combee Plant includes six extraction wells and the Florida aquifer and an 8 million gpd treatment facility. The City's piping system includes approximately nine miles of raw water piling to convey water from the wells to the treatment plants and 998 miles of service piping to deliver treated water to customers. The system includes more than 54,000 active service meters, which provide 100% coverage of water consumption.

Septic Tanks

Florida regulations provide specific requirements for the abandonment of on-site sewage treatment and disposal systems upon retirement in Florida Administrative Code 64E-6.011(2). The City conducted a review of all septic tanks used at City sites and provided the following applicable assets. McIntosh Plant has four 1,250-gallon tanks, Larsen Plant has one 1,250-gallon tank, Winston Peaking Station has one 1,000-gallon tank (four of which are located beneath asphalt or concrete) and the Wetlands Effluent Treatment Facility has one 900-gallon concrete septic tank approximately 2 feet below a grass surface.

The City will abandon the septic tanks when their respective plant/facilities close. The City has not previously abandoned septic tanks at any sites. To obtain ARO cost data for abandoning the septic tanks, vendor quotes were requested from local contractors. Averett Septic Tank Co., Inc. of Lakeland, Florida provided a cost estimate to abandon the septic tanks in accordance with F.A.C. 64E-6.011(2), which is summarized in the table below. The cost estimate received in this vendor quote represents the best information currently available on which to base the ARO liability.

Number of Septic Tanks	Abandonment Cost per Tank	Cost Estimate (rounded)
6	\$ 3,209	\$ 19,254
1	9,519	\$ 9,519
Misc. costs		3,223
		<u>\$ 31,996</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

17. Asset Retirement Obligations (continued)

Radiological Devices

Federal regulations 49 CFR § Part 173, Subpart I provide specific requirements for the shipment of Type A radioactive materials. Lakeland Electric uses radiation-based measurement at the McIntosh Plant to determine the density of stockpiled coal piles, which requires radioactive sources. Retirement of these gauges is anticipated in 2021 when the coal-fired electric generating unit (Unit 3) is deactivated. Upon retirement of these sources, shipment of these sources will be required, and the devices that house them, to the manufacturer as Type A radioactive materials.

The City conducted a review of all radiological devices located at their sites. There were eighteen assets identified, one portable Troxler 3430 nuclear density gauge, five fixed Ohmart SH-F1 source holders and twelve fixed Thermo Fisher 5197 source heads.

<u>Radiological Devices</u>	<u>Number of Devices</u>	<u>Shipping Cost</u>	<u>Cost Estimate</u>
Troxler 3430	1	\$ 258	\$ 258
Ohmart SH-F1	5	724	3,620
Thermo Fisher 5197	12	327	3,924
Misc. costs			2,843
Total			<u>\$ 10,645</u>

A bill of lading from our most recent (October 2019) shipment of the Troxler 3430 gauge (via R+L Carriers) to Troxler Electronic Labs in Apopka, Florida was provided. It was noted that the device plus packaging weighed 75 pounds, and the one-way shipment had a cost of \$243.31. Per review of the device specifications provided on the manufacturers' website indicates that model "3430" devices weigh 31 pounds and indicates that the shipping container weighs approximately 44 pounds. Also identified was that SH-F1 devices weigh 129 pounds and will be shipped to Ohmart/Vega in Cincinnati, Ohio, and 5197 devices weighing 35 pounds and will be shipped to Thermo Fisher in Sugarland, Texas. Because each radiological device will need to be shipped in a specific container designed for Type A radioactive materials, it was assumed that each device will be shipped in a separate container. R+L Carriers were contacted and provided quotes for these shipments. The above table summarizes those costs. Because Lakeland Electric has historically used R+L Carriers to ship these devices, it is assumed that R+L Carriers will likely be used for future shipments; as such, the quotes provided by R+L Carriers most likely represent future costs and are considered the best estimate.

Natural Gas Pipelines

Federal regulation 49 CFR § Part 192.727(2) provides requirements for the abandonment of natural gas pipelines upon retirement. Lakeland Electric owns and operates a 16-inch, underground natural gas pipeline. The pipeline is approximately 9.25 miles long and runs from the North East Wellfield to the McIntosh Plant Regulating Station and then to the Larsen Plant. The pipeline is located exclusively on properties for which Lakeland Electric has right-of-way easements and the pipeline transects two FDOT road crossings. It was assumed that Lakeland Electric will abandon this pipeline in place when both plants have been closed. Upon abandonment Lakeland Electric anticipates that the pipeline will be cut at eight locations (i.e., North East Wellfield, both sides of the McIntosh Plant, the Larsen Plant, and both sides of the two road crossings). The pipeline will be purged with an inert gas and have each open-end of the pipeline sealed with a welded cap. Lakeland Electric will also fill the two segments located under road crossings with grout. Lakeland Electric engineers prepared the cost estimate of \$416,857 to perform the necessary work.

The components of this cost estimate are provided in the following table:

<u>Description</u>	<u>Cost Estimate</u>
Labor	\$ 171,123
Equipment rental	39,786
Materials	53,551
Pipeline purging	149,641
Misc. costs	2,756
Total	<u>\$ 416,857</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

17. Asset Retirement Obligations (continued)

Office Trailers

Lakeland Electric leases two office trailers located at the McIntosh Plant from Williams Scotsman, Inc. The leases require that Lakeland Electric pay for the “knockdown” of these trailers upon lease termination. Currently these leases do not have termination dates and Lakeland Electric will continue to lease the trailers at least until Unit 3 is deactivated. Williams Scotsman, Inc. includes the following predetermined costs for trailer knockdown:

<u>Trailer Size (sq ft)</u>	<u>Cost Estimate</u>
64x48	\$ 4,897
64x24	2,023
Misc. costs	3,725
	<u>\$ 10,645</u>

Because the leases included contractually agreed upon retirement costs, these costs are considered certain, and probability weighting is not considered necessary.

Asbestos Cement Pipe

Federal regulations (40 CFR Part 61, Subpart M) provide specific requirements for the abatement and disposal of asbestos-containing materials (ACMs). 40 CFR 61.150(B) states that:

1. A waste disposal site operated in accordance with the provisions of 40 CFR 61.154, or
2. An EP- approved site that converts RACM and asbestos-containing waste material into non-asbestos (asbestos-free) material according to the provisions of 40 CFR 61.155.

The City owns and operates 14.11 miles of asbestos-cement pipe within FDOT right-of-way. Upon abandonment, the City has an obligation to remove and dispose of the piping as opposed to closing in place. FDOT's Utility Procedures Manual requires that each utility's permit includes the following statements, "all asbestos cement pipe and debris removed under the utility permit will be in accordance with the Asbestos National Emissions Standard for Hazardous Air Pollutant (NESHAP) and Title 40 Code of Federal Regulation Part 61, Subpart M."

The unit costs to remove and dispose of the asbestos cement pipelines were estimated by using necessary man hours, using internal labor rates and equipment costs, using disposal costs provided by the City's Solid Waste Department, and using grouting costs provided by a third-party vendor, KMR. The following table provides the cost estimate of the asbestos cement pipelines.

<u>Description</u>	<u>Length (ft)</u>	<u>Unit Cost (per ft)</u>	<u>Cost Estimate</u>
6 inch piping	16,000	\$ 10.67	\$ 170,720
8 inch piping	22,000	10.67	234,740
10 inch piping	14,000	10.99	153,860
12 inch piping	21,000	10.99	230,790
Misc. costs			790
			<u>\$ 790,900</u>

McIntosh Plant Unit 3

Lakeland Electric was given City Commission approval to decommission Unit 3 in March of 2021 (a deconstructing and demolishing timeframe is currently unknown). Lakeland Electric is contractually obligated to acquire the OUC's 40% ownership share of Unit 3 for the amount that OUC originally paid according to Section 19 of the *Participation Agreement Between City of Lakeland and Orlando Utilities Commission for the Joint Ownership of McIntosh Unit Three Generation Project*.

Lakeland Electric's 60% share will be approximately \$860,000 based on the original purchase price of \$2,152,000. Because this cost is based upon a contractually agreed upon amount, these costs are considered certain, and probability weighting is not considered necessary.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

17. Asset Retirement Obligations (continued)

Safeguarding Public Health and Safety

Also identified was, an obligation for safeguarding the Larsen Plant based on the requirements of the plant's industrial wastewater facility permit. Lakeland Electric, however, did not recognize the ARO liability because the requirements related to safeguarding the Larsen Plant are not currently known and, as such, the costs are not reasonably estimable.

The Larsen Plant discharges its Unit 8 cooling water, intake screen wash water, and storm water from the petroleum storage areas into Lake Parker under an industrial wastewater facility permit. As such, the Larsen Plant is subject to Florida Administrative Code 62-620, Wastewater Facility and Activities Permitting, which includes requirements for the abandonment of wastewater facilities.

The Florida Department of Environmental Protection (FDEP) has not provided information regarding the tasks that will need to be performed at the Larsen Plant in order to safeguard public health and safety. Lakeland Electric currently does not anticipate that there will be a need for any infrastructure at the plant to safeguard public health and safety beyond security fencing, which already exists at the Larsen Plant. Because Lakeland Electric is currently unable to determine what additional tasks will need to be performed, Lakeland Electric currently does not consider costs for this ARO liability to be reasonably estimable.

It is possible that, through discussions with FDEP, Lakeland Electric will identify additional tasks that will need to be performed to sufficiently safeguard public health and safety. If additional tasks are identified, a cost estimate will be prepared to complete these tasks and the ARO liability will be adjusted as needed.

Subsequent ARO Measurement and Recognition

The current value of the ARO for the effects of general inflation or deflation is adjusted annually using the Consumer Price Index (CPI) as published by the United States Department of Labor Bureau of Labor Statistics to perform the annual computation of the change in the ARO liability. The statement also requires the evaluation, at least annually, of all relevant factors to determine whether the effect of one or more of those factors is expected to significantly increase or decrease the estimated outlays associated with the ARO and the re-measurement of the ARO when results of the evaluation indicate a significant change in the estimated outlays resulting from changes in prices other than inflation/deflation, changes in technology, changes in legal or regulatory requirements, changes in equipment, facilities or services needed to retire the assets. The changes in the estimated outlays will be recognized as increases or decreases in the carrying amount of the ARO liability.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Revenues, Expenditures, and Expenses

Substantially all governmental fund revenues are accrued. Property taxes, which are levied annually based on the value of real property and tangible personal property as assessed on January 1 and are collected from November through the following March. Accordingly, these revenues are recognized in the same fiscal period in which payment is collected.

Revenues of proprietary funds types are categorized as either operating or non-operating. Operating revenues represent the user charges that are assessed directly to the persons benefiting from the service provided by that fund. All other revenues, including grant revenues and capital contributions, are classified as non-operating.

In the Government-wide Statement of Activities, revenue that is derived directly from the program itself or from outside sources if restricted to a specific program is called program revenue. Program revenue is classified as either charges for services, operating grants or capital grants. Charges for services is revenue received by a particular function for the services that it provides to both entities outside of the City and to other City functions. Operating grant revenues come from other government entities to support the operation costs of particular functions and also from the earnings of permanent funds that are legally restricted to a particular function. Capital grants come from other government entities for the purpose of constructing or purchasing capital assets.

All revenues included in the classification of operating revenues, in proprietary fund types, are pledged as security for revenue bonds to the extent such indebtedness exists within each fund type, except for the indebtedness of the RP Funding Center Fund. The debt of the RP Funding Center Fund is secured by a pledge of the utility tax revenues accounted for within the General Fund.

Unearned revenues that are received prior to revenue recognition are classified as liabilities.

1. Property Taxes

The millage rate levied by the City for the fiscal year ended September 30, 2021 was 5.4644 mills. Current tax collections for the City were approximately 96.02% of the total levy. The property tax calendar provides for the tax revenue to be billed and collected within the applicable fiscal year.

The property tax calendar for revenues billed, received, and accrued for fiscal year ended September 30, 2021 is as follows:

Lien date	January 1, 2020
Levy date	January 1, 2020
Certificate of Taxable Value (DR-420)	July 10, 2020
Final public hearing to adopted proposed millage rate	September 17, 2020
Certificate of Final Taxable Value (DR-422)	October 9, 2020
Beginning of fiscal year for tax assessment	October 1, 2020
Due Dates	November 1, 2020 through March 31, 2021
Delinquent date	April 1, 2021
Tax certificate sale	On or before June 1, 2021

2. Miscellaneous Revenues

Within the Government-wide Statement of Activities, revenues are either classified as program or general revenues. Included in general revenues are miscellaneous revenues that represent revenues received outside of normal operations.

The balances of miscellaneous revenues in the governmental and proprietary funds are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Misc. revenues:			
Misc Scrap Sales	\$ 20,232	\$ 330,479	\$ 350,711
Reimbursements/recoveries	905,232	1,119,950	2,025,182
Other misc income	729,173	830,806	1,559,979
Surplus land sale	251,621	-	251,621
Endowment fund contributions	1,546,989	-	1,546,989
Housing loans	468,956	-	468,956
Rents and royalties	882,078	153,924	1,036,002
	<u>\$ 4,804,281</u>	<u>\$ 2,435,159</u>	<u>\$ 7,239,440</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Revenues, Expenditures, and Expenses (continued)

3. Indirect Expenses

Within the government-wide Statement of Activities, indirect expenses are not allocated to the functions of governmental activities. All expenses represent only direct expenses of each function.

4. Expenses

Expenses of proprietary funds types are categorized as either operating or non-operating. Operating expenses represent personnel services, other expenses incurred in the normal operations of the proprietary fund, and depreciation expense. All other expenses are classified as non-operating.

F. Use of Estimates

Management has made estimates and assumptions relating to the reporting of assets and liabilities in conformity with GAAP. Actual results may differ.

G. Amortization

Bond discounts and premiums are amortized over the life of the issue using the straight-line method for all funds with the exception of Lakeland Electric which uses the effective interest rate method. The City considered the effective interest method of amortizing bond discounts and determined that no material difference results from the continued use of the straight-line method. GASB 65, which was implemented by the City for FY 2013, generally requires that unamortized debt issuance costs be expensed in the current period. However, Lakeland Electric elects to follow accounting for regulated operations under GASB 62, which allows debt issuance costs to be classified as a regulatory asset and recovered through rates over the life of the associated debt.

H. Fair Value Hierarchy

The table illustrating investment holdings by the fair value hierarchy can be found in Note 3 – Cash, Cash Equivalents and Investments.

I. Special Item - Impairment Loss

Lakeland Electric, as part of its NextGen strategic plan for future generation needs, had made a decision in 2019 to mothball its generation asset, McIntosh Unit #3 - a coal-fired generator co-owned with Orlando Utilities Commission (see Note 11) in fiscal year 2024. Economic factors such as inexpensive natural gas and increased maintenance costs on the generation unit led management to alter that decision. Lakeland Electric recommended to the Utility Committee in January 2021 to shutter the plant effective March 31, 2021. The Lakeland City Commission voted on January 19, 2021 to retire McIntosh Unit #3 effective March 31, 2021.

On April 4, 2021, McIntosh Unit #3 ceased operations and was retired. Because some of the component assets of the unit had significant remaining book value and useful life, the assets were treated as an impairment loss and recorded as a Special Item in the Statement of Activities and the Statement of Revenue, Expenses and Changes to Net Position.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 2 – ACCOUNTING AND REPORTING CHANGES

New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The requirements of this Statement are effective for reporting periods beginning after December 31, 2019. GASB 84 was implemented for the fiscal year ended September 30, 2021 financial statements of the City. The effect of the implementation of this GASB Statement was the change of the fund name from Agency Fund to Custodial Fund and the addition of the Custodial Fund to the Statement of Changes in Fiduciary Net Position - Fiduciary Funds.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. Management has determined that this GASB statement will be implemented for the fiscal period ending September 30, 2022.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statement prepared using the economic resources measurement focus. It also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management has not determined what impact, if any, this GASB statement might have on its financial statements ending September 30, 2022.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. However, implementation of GASB 90 had no effect on the 2021 financial statements of the City.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Management has not determined what impact, if any, this GASB statement might have on its financial statements ending September 30, 2023.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 2 – ACCOUNTING AND REPORTING CHANGES (continued)

New Accounting Pronouncements (continued)

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement will enhance the comparability in the application of accounting and financial reporting requirements and will improve the usefulness of information for users of state and local government financial statements.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirement related to the measurement of liabilities (and assets, if any) associated with Asset Retirement Obligations (ARO's) in a government acquisition are effective for the government acquisitions occurring in reporting periods beginning June 15, 2021.

Management has not determined what impact, if any, this GASB statement might have on its financial statements ending September 30, 2022.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR). Most notably, the London Interbank Offered Rate (LIBOR). Because of global reference rate reform, LIBOR is expected to cease to exist in its current form as the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provision related to the reference rate. The objective of this Statement is to address those and other accounting and finance reporting implications from the result from the replacement of IBOR.

This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended

The removal of LIBOR as an appropriate benchmark interest rate is effective for the reporting period ending after December 31, 2021. Lease modifications exceptions for certain lease contracts that are amended to replace and IBOR is effective for fiscal years beginning after June 15, 2021. Management has not determined what impact this GASB statement might have on its financial statements ending September 30, 2022.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnerships (PPPs). A PPP arrangement, as used in this Statement, is when a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of a service concession arrangement (SCA) or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Management has not determined what impact, if any, this GASB statement might have on its financial statements ending September 30, 2023.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 2 – ACCOUNTING AND REPORTING CHANGES (continued)

New Accounting Pronouncements (continued)

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Management has not determined what impact, if any, this GASB statement might have on its financial statements ending September 30, 2023.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The objectives of this Statements are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of (a) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (b) paragraph 5 of this Statement are effective immediately. The requirements of this Statement for Leases and all other requirements are effective for fiscal years beginning after June 15, 2021. Management has determined that this GASB Statement will be implemented for the fiscal year September 30, 2022.

In October 2021, the GASB Issued Statement No. 98, *The Annual Comprehensive Financial Report*. The objective of this Statement is to establish the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of the Statement are effective for fiscal years ending after December 15, 2021. Management has implemented this GASB Statement for the fiscal period ending September 30, 2021.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Deposits

The carrying amount of the amounts on deposit in banks, financial institutions, and cash on hand as of September 30, 2021 is as follows:

	<u>Primary Government</u>
Demand Deposits	\$ 7,713,681
Cash with Paying Agents	34,789,502
Cash on Hand	20,225
Total Deposits	<u>\$ 42,523,408</u>
Balance per bank	<u>\$ 9,480,604</u>

All balances are collateralized with securities held by the pledging financial institutions but not in the name of the City of Lakeland. This collateral consists of insurance provided by the FDIC and securities held by the State of Florida Public Deposit Security Trust Fund.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure the City of Lakeland's deposits may not be returned. Florida Statutes Chapter 280, *Florida Security for Public Deposits Act* requires deposits by governmental units in a financial institution be collateralized. The City of Lakeland's policy, in accordance with Florida Statutes, also requires the use of only authorized dealers, institutions and qualified public depositories meeting the standards as set forth by the State of Florida and the Securities and Exchange Commission's Rule 15c3-1. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are deemed as insured or collateralized with securities held by the entity or its agent in the entity's name. As of September 30, 2021, \$9,480,604 and \$34,789,502 of the City of Lakeland's bank balance and paying agent deposits were exposed to custodial credit risk as follows:

	<u>Primary Government</u>
<u>Depository Account</u>	
Insured	\$ 728,427
Collateralized:	
Collateral held by the pledging financial institutions not in the City's name:	
Banking institutions	8,752,177
Cash with paying agents	34,789,502
Total Deposits	<u>\$ 44,270,106</u>

B. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles (GAAP). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs. Investment values are measured consistent with the market approach to valuation using prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Debt and equity securities classified as level 1 were valued using quoted prices as of September 30 (or the most recent market close date if the markets were closed on September 30) in active markets.

Debt and equity securities classified as level 2 use prices from the custodian bank's external pricing vendors. The pricing methodology includes using evaluation models such as matrix pricing, actual trade data, collateral attributes, broker bids, new issue pricing, other observable market information, and alternative pricing source if information is not available from the primary vendors.

Debt and equity securities classified as Level 3 are prices from the custodian bank's external pricing vendors or an alternative pricing source, utilizing inputs such as stale prices, cash flow models, broker bids, or cost. Cost or book value may be used as an estimate of fair value when there is a lack of an independent pricing source.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

B. Fair Value Hierarchy (continued)

The following table illustrates investment holdings by the fair value hierarchy.

Investments by fair value level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Treasury Notes & Bonds	\$ 190,772,859	\$ 30,680,471	\$ 160,092,388	\$ -
Corporate Bonds	347,571,467	-	326,579,374	20,992,093
Foreign Corporate Bonds	27,005,040	8,835,750	18,169,290	-
Municipal Bonds	19,273,337	-	19,273,337	-
Corporate Stocks	293,775,050	293,775,050	-	-
Foreign Corporate Stocks	18,959,076	2,113,097	16,845,979	-
Accrued Interest Receivable	2,979,152	2,979,152	-	-
State Board of Admin LGIP	9	-	9	-
Money Market Accounts	287,288,867	286,966,672	322,195	-
Equity Mutual Funds	214,306,600	150,911,654	63,394,946	-
Foreign Equity Mutual Funds	51,969,827	51,969,827	-	-
Fixed Income Mutual Funds	41,891,273	41,891,273	-	-
Foreign Fixed Income Mutual Funds	38,163,836	38,163,836	-	-
Total Investments by fair value level	1,533,956,393	\$ 908,286,782	\$ 604,677,518	\$ 20,992,093

Investments measured at the net asset value (NAV)	Total	Unfunded Commitments	Redemption Frequency if Currently Eligible	Redemption Notice Period
Fixed Income Strategies ¹	35,142,254	\$ 26,942,218	n/a or quarterly*	100 days written*
Real Estate Strategies ²	89,230,481	13,554,909	n/a or quarterly*	30 days, subjective*
Private Equity Strategies ³	209,060,500	39,339,297	n/a, daily or quarterly*	n/a or 5-10 days*
Alternative Investments ⁴	61,373,414	6,479,326	n/a*	n/a*
Total investments measure at NAV	394,806,649	86,315,750		
Total investments	\$ 1,928,763,042	\$ 86,315,750		

¹*Fixed income strategies* - This type includes nine private equity fixed income type securities invested primarily in secured and unsecured debt instruments of middle market companies and institutions. These securities can include special situations like rescue financing and restructuring to optimize liquidity often with lower fee structures. *These investments are typically illiquid with disbursements received as underlying assets are liquidated; however, one of these funds is eligible for quarterly redemption with 100 days written notice.

²*Real estate strategies* - This type includes ten real estate funds invested primarily in commercial and residential real estate. Participation in these funds is typically as a limited partnership with ownership measured in shares of partners' capital. *These holdings are typically illiquid with distributions received as underlying asset are liquidated; however, one fund is eligible for quarterly disbursement with 30 days' notice subject to available cash as determined by the trustee.

³*Private equity strategies* - This type includes eleven private equity funds that invest in domestic and international equities with a variety of investment strategies. Ownership is measured in shares of partners' capital with distributions received as the underlying investments of the fund are liquidated. *These holdings are typically illiquid with distributions received as underlying assets are liquidated; however, two of these funds are eligible for daily withdrawal subject to a 5 or 10 day notice and one fund is eligible for monthly withdrawal subject to a 5 day notice before month end.

⁴*Alternative investments* - This type includes five private equity funds with a variety of investment strategies that typically offer superior long-term risk/reward profiles, but with more limited liquidity characteristics. Ownership is measured in shares of partners' capital with distributions received as the underlying investments of the fund are liquidated. *These holdings are largely illiquid with distributions only received as underlying assets are liquidated. None of these funds are eligible for withdrawal of equity upon request.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments

Pooling of Cash and Investments - Except for cash in certain restricted and special funds, the City will consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation in each investment pool and in accordance with GAAP.

The City of Lakeland's cash investment pool is considered to be a cash equivalent for reporting purposes because it is an internally managed mutual fund which allows individual funds and sub-funds to, at any time, deposit additional cash or make withdrawals without prior notice or penalty.

Pooled Investments – Swap Transaction - As of September 30, 2021, the City had \$88,205,000 in investment swaps outstanding.

Investments - Several forms of legal and contractual provisions govern the types of investments in which the City may directly invest. Allowable investments consist of US Government obligations, US Government agency or instrumentality obligations, and the obligations of federal government sponsored enterprises (GSE's), which have a liquid market with a readily determinable fair value; securities whose timely payment of principal and interest are fully guaranteed by any of the above; certificates of deposits and other evidences of deposit at financial institutions, provided that any such investments shall be in a qualified public depository (as defined in Chapter 280 of the Florida Statutes) and/or covered by FDIC insurance; investment-grade obligations of state and local governments and public authorities; repurchase agreements whose underlying purchased securities consist of the foregoing; guaranteed investment contracts (GIC's) which are collateralized by the foregoing; dollar denominated money market mutual funds regulated by the SEC; local government investment pools either state administered or through joint powers statutes and other intergovernmental agreement legislation; high grade corporate debt consisting of dollar denominated debt obligations of domestic or foreign corporations, for foreign sovereignty's issued in the US or foreign markets rated in the highest tier by a nationally recognized rating agency. Any such longer-term investments in this category shall be rated investment grade or better by at least two nationally recognized rating agencies, one of which shall be Moody's or Standard & Poor's; and any other qualified investment permitted under Florida Statutes in effect. The SBA is part of the Local Government Surplus Funds Trust Fund which is governed by Chapter 19-7 of the Florida Administrative Code. The pension trust funds are also authorized for investment in corporate stocks and bonds, money market funds and other qualified securities.

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. All trades, where applicable, will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Safekeeping receipts or other evidence of ownership will be audited on a semi-annual basis with a variance report issued to the Investment Administrator. The following investments and maturities, held by the various funds of the City as of September 30, 2021, are collateralized by registered securities held by the City or its agents in the City's name:

Custodial Credit Risk - Custodial credit risk, for an investment, is the risk that, in the event of the failure of the counterparty, the City of Lakeland will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of September 30, 2021, the City of Lakeland held \$287,288,867 in Money Market Funds and \$346,331,536 in Mutual Funds. These investments are held by an investment's counterparty, not in the name of the City. The City of Lakeland's investment policy limits the investment in Money Market Funds and Mutual Funds to 10% of total investments in each.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments (continued)

Investment Type	Reported Amount Fair Value		Investment Maturities (in years)		
	Primary Government	Less than 1	1-5	6-10	More than 10
	US Treasury Notes & Bonds	\$ 190,772,859	\$ 2,849,840	\$ 13,825,688	\$ 23,894,691
Corporate Bonds	347,571,467	2,800,792	31,421,885	113,170,873	200,177,917
Foreign Corporate Bonds	27,005,040	270,453	817,836	896,302	25,020,449
Municipal Bonds	19,273,337	3,788,010	7,728,861	7,475,631	280,835
Corporate Stocks	293,775,050	293,775,050	-	-	-
Foreign Corporate Stocks	18,959,076	18,959,076	-	-	-
Sub-total	<u>897,356,829</u>	<u>322,443,221</u>	<u>53,794,270</u>	<u>145,437,497</u>	<u>375,681,841</u>

Other investments are evidenced by securities that exist in physical or book entry form and thus cannot be held in the City's name or are invested in external investment pools. The breakdown of these investments, held as of September 30, 2021, is as follows:

Investment Type	Reported Amount Fair Value		Investment Maturities (in years)		
	Primary Government	Less than 1	1-5	6-10	More than 10
	Accrued Interest Receivable ¹	2,979,152	2,979,152	-	-
State Board of Admin. LGIP ²	9	9	-	-	-
Money Market Account ²	287,288,867	287,288,867	-	-	-
Equity Mutual Funds ²	214,306,600	214,306,600	-	-	-
Foreign Equity Mutual Funds ²	51,969,827	51,969,827	-	-	-
Fixed Income Mutual Funds ²	41,891,273	41,891,273	-	-	-
Foreign Fixed Income Mutual Funds ²	38,163,836	38,163,836	-	-	-
Fixed Income Strategies ³	35,142,254	8,046,547	3,501,397	15,454,809	8,139,501
Real Estate Strategies ³	89,230,481	36,517,516	42,287,742	10,425,223	-
Private Equity Strategies ³	209,060,500	141,197,203	5,749,574	11,245,789	50,867,934
Alternative Investments ³	61,373,414	13,552,238	23,311,778	24,509,398	-
Sub-total	<u>1,031,406,213</u>	<u>835,913,068</u>	<u>74,850,491</u>	<u>61,635,219</u>	<u>59,007,435</u>
Total Investments:	<u>\$ 1,928,763,042</u>	<u>\$ 1,158,356,289</u>	<u>\$ 128,644,761</u>	<u>\$ 207,072,716</u>	<u>\$ 434,689,276</u>

¹Represents accrued interest accounted for within the internally managed pooled investment fund and consolidated investment fund. This asset is allocated to participating funds on a pro-rata basis and is included within the investment caption.

²The rate of return on the money market funds, exchange traded funds, and mutual funds fluctuates during the year based on market conditions. Also, there is no stated maturity date for this type of investment. These funds may be invested, withdrawn, or reinvested at the City's discretion.

³The investment maturities of the fixed income strategies, real estate strategies, and private equity strategies are based principally on redemption eligibility. For funds where redemption is not known, maturities have been estimated based on past experience with similar investment funds in relation to remaining uncalled capital and typical liquidation of underlying assets.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments (continued)

Interest Rate Risk - Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The City utilizes the "segmented time distribution" method as a measure of interest rate risk.

The fair values of the City of Lakeland's fixed maturity investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into a decrease in the fair values of those instruments. Fair values of interest rate-sensitive instruments may be affected by the credit worthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument, and other market conditions.

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City of Lakeland's investment policy structures the investment portfolio to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The City of Lakeland's investment policy limits the length of maturities of investment securities held by funds of the City, except Pension Funds or any other monies invested under separate ordinance, resolution, policy, or agreement. Unless a portion of the investment is matched to a specific cash flow and invested in cash equivalent investments, the City will not directly invest in securities maturing more than ten (10) years from the date of purchase or in accordance with state and local statutes and ordinances. However, Section IV.7.b of the policy provides for investment horizons exceeding ten years for reserve funds and non-operating funds if, in the judgment of the Investment Administrator, any such investments are sufficiently liquid to provide for unexpected use of such funds. The City owns a significant amount of mortgage-backed debt that have long legal maturities; however, these bonds actually have relatively short average lives. The investment maturity limits and actual limits of investments held by funds of the City as of September 30, 2021, except for the aforementioned funds, are as follows:

<u>Investment Security Maturity Limitations</u>	<u>Maximum Investment Maturity % of Total</u>	<u>Actual Investment Maturity % of Total</u>
0-1 years	100%	18.1%
1-5 years	75%	10.3%
5-10 years	50%	16.6%
10+ years	0%*	55.0%

* Except as provided for in section IV.7.b of the Investment Policy.

Foreign Currency Risk - Foreign currency risk, for an investment, is the risk associated with currency fluctuations when an investment is denominated in a foreign currency.

The Pooled Investment Fund held \$26,601,911 (4.8%) in equity investments of foreign issuers or non-US companies. The investment policy for this fund allows investments in high grade corporate debt consisting of U.S. dollar denominated debt obligations of domestic or foreign corporations, or foreign sovereignties issued in the U.S. or in foreign markets. As of September 30, 2021, the fund's foreign investment holdings were as follows:

<u>Foreign Investments:</u>	<u>Fair Value</u>	<u>\$ Denomination</u>	<u>Maturity</u>
Corporate Bonds:			
Altogas Ltd 5.29 Cnv Cum Pfd	\$ 3,748,499	USD	10/1/2099
Athene Holding Ltd 6.375% Pfd	4,293,771	USD	10/1/2099
Black Diamon F Abs 3.80313% 5/15/32	5,791,500	USD	5.15/2032
Enbridge Inc 5.9491 Cnv Cum Pfd	5,087,250	USD	10/1/2029
Odebrecht Offshore 6.720% 12/01/22	254,974	USD	12/1/2022
Odebrecht Offshore 7.720% 12/01/26	863,893	USD	12/1/2026
Odebrecht Oil & Gas 1.000% 3/01/68	2,278	USD	3/1/2168
Schahin li Fin *Dft* 5.875% 9/25/22	219,868	USD	9/25/2022
Vr P/P Qbe Insurance 7.500% 11/24/43	558,750	USD	11/24/2043
Vr Transcanada Trust 5.875% 8/15/76	5,538,400	USD	8/15/2076
Total Corporate Bonds:	<u>26,359,183</u>		
Corporate Stocks:			
Valaris Ltd	242,728	USD	N/A
Total Corporate Stocks:	<u>242,728</u>		
Total Foreign Investments	<u>\$ 26,601,911</u>		

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments (continued)

The investments of the City’s Perpetual Care Cemetery Fund, Survivor’s Benefit Fund, the Baldwin Book Fund, and the Retiree Health Healthcare Trust Fund were pooled into the Consolidated Investment Fund. Section 1.2 of the investment policy provides that the funds covered under the policy can be “pooled” for investment purposes to maximize earnings and to minimize associated fees. The Consolidated Investment Fund held \$206,823 (1.1%) in equity investments of foreign issuers or non-US companies. The investment policy for this fund limits the investments in foreign securities up to 30% of the fair value of the equity assets held by the fund. As of September 30, 2021, the fund holdings were as follows:

Foreign Investments:			
Corporate Stocks:			
Accenture Plc Ireld Cl A	Fair Value	\$ Denomination	Maturity
Autohome Inc ADR 4 Cl A	\$ 76,141	USD	N/A
Rightmove Plc ADR	48,947	USD	N/A
Total Corporate Stocks:	<u>81,735</u>	USD	N/A
Total Foreign Investments	<u>\$ 206,823</u>		

The Public Improvement Endowment Fund held \$126,402 (0.1%) in equity investments of foreign issuers or non-US companies as follows as of September 30, 2021.

Foreign Investments:			
Corporate Stocks:			
Accenture Plc Ireld Cl A	Fair Value	\$ Denomination	Maturity
Allegion Public Ltd	\$ 46,388	USD	N/A
Flex Ltd	38,729	USD	N/A
Renaissancere Hldgs Ltd	26,927	USD	N/A
Total Corporate Stocks:	<u>14,358</u>	USD	N/A
Total Foreign Investments:	<u>\$ 126,402</u>		

The City of Lakeland Firefighters’ Retirement System held \$19,727,412 (14.8%) in foreign securities. The investment policy for this fund limits the investments in foreign securities to 25% of the total assets held by the fund. As of September 30, 2021, the fund held the following investments in foreign securities:

Foreign Investments:			
Equity Mutual Funds:			
American Europacific Growth Fund	Fair Value	\$ Denomination	Maturity
Harris Associated	\$ 9,876,412	USD	N/A
Total Equity Mutual Funds:	<u>9,851,000</u>	USD	N/A
Total Foreign Investments:	<u>\$ 19,727,412</u>		

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments (continued)

The Employee Pension Fund held \$180,256,007 (22.4%) in mutual fund and equity investments of foreign issuers of non-US companies. The investment policy for this fund limits the investments in foreign securities to 25% of the total assets held by the fund. As of September 30, 2021, the Employee Pension Fund holdings were as follows:

Foreign Investments:	Fair Value	\$ Denomination	Maturity
Fixed Income Mutual Funds:			
PIMCO Diversified Income Fund Institutional Class #106	\$ 30,893,029	USD	N/A
Total Fixed Income Mutual Funds	<u>30,893,029</u>		
Private Equity:			
Emerging Markets Equity Series of GAM Strategies	13,613,750	USD	N/A
TS&W International Large Cap Equity Trust	43,807,773	USD	N/A
WCM Focused International Growth Fund LP	45,445,189	USD	N/A
TWC CTF Emerging Markets Research Equity Portfolio	29,893,014	USD	N/A
Total Private Equity	<u>132,759,726</u>		
Corporate Stocks:			
Accenture Plc	1,958,870	USD	N/A
Aercap Holdings Nv	614,463	USD	N/A
Aon Plc	2,928,285	USD	N/A
Aon Plc	344,639	USD	N/A
Argo Group Intl Hldgs Ltd	272,223	USD	N/A
Asmi Holding N.V.	570,009	USD	N/A
Atlassian Corporation Plc	315,093	USD	N/A
Bunge Limited	351,140	USD	N/A
Canadian Pac Ry Ltd Com	201,001	USD	N/A
Clarivate Plc	276,772	USD	N/A
Constellium Se	411,808	USD	N/A
Establishment Labs Holdings Inc.	129,918	USD	N/A
First Bancorp	432,004	USD	N/A
Gates Industrial Corporation	409,125	USD	N/A
Helen Of Troy Limited	151,210	USD	N/A
Himax Technologies, Inc.	208,150	USD	N/A
Ichor Holdings Ltd	151,211	USD	N/A
Icon Plc	537,141	USD	N/A
James River Group Holdings Ltd.	56,859	USD	N/A
James River Group Holdings Ltd.	9,583	USD	N/A
Johnson Controls International Plc	286,140	USD	N/A
Livanova Plc	129,080	USD	N/A
Lululemon Athletica Inc	237,964	USD	N/A
Lyondellbasell Industries Nv	479,198	USD	N/A
Magnachip Semiconductor Corp	195,182	USD	N/A
Naspers Limited	241,833	USD	N/A
Ofg Bancorp	249,174	USD	N/A
Pacific Biosciences Of Califor	61,703	USD	N/A
Prosus Nv	521,669	USD	N/A
Safran Sa	560,786	USD	N/A
Sea Limited	498,494	USD	N/A
Sensata Technologies Holding Plc	198,196	USD	N/A
Shopify Inc - A W/I	246,752	USD	N/A
Sierra Wireless Inc Com	13,842	USD	N/A
Silicon Motion Technology Corporation	260,813	USD	N/A
Silicon Motion Technology Corporation	16,072	USD	N/A
Smart Global Holdings Inc	243,371	USD	N/A
Steris Plc	173,025	USD	N/A
Tronox Holdings Plc	559,826	USD	N/A
Versabank	58,682	USD	N/A
Willis Towers Watson Pub Ltdco	796,873	USD	N/A
Wns Holdings Ltd Spons Adr Ea Repr 1 Ord Shs	245,073	USD	N/A
Total Corporate Stocks:	<u>16,603,252</u>		
Total Foreign Investments:	<u>\$ 180,256,007</u>		

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments (continued)

The Municipal Police Officers' Pension Plan held \$41,938,950 (22.8%) in fixed income and equity investments of foreign issuers or non-US companies. The investment policy for this fund limits the investments in foreign securities to 25% of the total assets held by the fund. As of September 30, 2021, the fund held the following foreign investments:

Foreign Investments:	Fair Value	\$ Denomination	Maturity
Equity Mutual Funds:			
American Funds Europacific Growth Fd Cl R6	\$ 16,047,781	USD	N/A
Fidelity Total Intl Index Fd	16,194,634	USD	N/A
Total Equity Mutual Funds	<u>32,242,415</u>		
Fixed Income Mutual Funds:			
PIMCO Diversified Inc Instl	<u>7,270,807</u>	USD	N/A
Total Fixed Income Mutual Funds	<u>7,270,807</u>		
Corporate Stocks:			
Aercap Holdings Nv	280,089	USD	N/A
Aon Plc	1,281,393	USD	N/A
Lyondell Basell Industries	218,389	USD	N/A
Total Corporate Stocks	<u>1,779,871</u>		
Corporate Bonds:			
Bank Of Montreal Dtd 09/15/2021 1.25%	39,668	USD	9/15/2026
Bank Of Nova Scotia Dtd 01/10/2020 2.2%	83,000	USD	2/3/2025
Bp Capital Markets Plc Nt Dtd 02/10/2014 3.814%	75,085	USD	2/10/2024
Canadian Natural Resources Ltd Dtd 05/30/2017 2.95%	10,288	USD	1/15/2023
Canadian Natural Resources Ltd Nt Dtd 05/30/2017 3.85%	21,864	USD	6/1/2027
Canadian Pac Ry Co Dtd 12/1/2011 4.5%	50,584	USD	1/15/2022
Glaxosmithkline Cap Inc Dtd 05/15/2018 3.625%	16,374	USD	5/15/2025
Mitsubishi Ufj Finl Group Inc Dtd 7/26/2018 3.761%	21,191	USD	7/26/2023
Nutrien Ltd Com Dtd 05/13/2020 2.95%	10,546	USD	5/13/2030
Rogers Communications Inc Sr Nt Dtd 12/08/2015 3.625%	43,561	USD	12/15/2025
Royal Bk Of Cda Dtd 10/5/2018 3.7%	85,097	USD	10/5/2023
Schlumberger Finance Dtd 09/18/2020 1.4%	30,308	USD	9/17/2025
Shell International Finance Sr Nt Dtd 05/11/2015 3.25%	16,198	USD	5/11/2025
Toronto Dominion Bank Dtd 09/11/2020 .75%	29,604	USD	9/11/2025
Toronto Dominion Bank Fr Dtd 03/11/2019 3.25%	47,811	USD	3/11/2024
Tyco Electronics Group Sa Dtd 7/31/2014 3.45%	42,556	USD	8/1/2024
Vodafone Group Plc Dtd 05/30/2018 4.125%	22,122	USD	5/30/2025
Total Corporate Bonds	<u>645,857</u>		
Total Foreign Investments	<u>\$ 41,938,950</u>		

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments (continued)

Credit Risk Credit risk is the risk of loss due to the failure of the security issuer or other counterparty.

The purpose of the City of Lakeland's investment policy is to minimize credit risk by limiting investments in securities that have higher credit risks, pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the City will do business, and diversifying the investment portfolio so that potential losses on individual securities will be minimized.

The City of Lakeland's investment policy requires the following Standard & Poor's (S&P) or Moody's uninsured credit quality ratings for fixed income securities of the Employee Pension Fund, the Municipal Police Officers' Pension Fund, the City of Lakeland Firefighters' Retirement System Fund, the Public Improvement Endowment Fund, and the Consolidated Investment Fund:

<u>Investment Class</u>	<u>S & P Rating</u>	<u>Moody's Rating</u>	<u>Maximum %</u>
Employee Pension Fund			
Fixed Income	BBB	Baa	20%
Fixed Income	Less than BBB	Less than Baa	10%
Fixed Income - Single Issuer	BBB or lower	Baa or lower	2%
Municipal Police Officers' Pension Fund			
Money Market Funds	BBB or higher	Baa or higher	85%
Firefighters' Retirement System Fund			
Money Market Funds	A-1	P-1	
Fixed Income	BBB or higher	Baa or higher	
Commercial Paper	A-1	P-1	
Money Market Funds	A-1	P-1	
Fixed Income	BBB	Baa	20%
Fixed Income	Less than BBB	Less than Baa	10%
Fixed Income - Single Issuer	BBB or lower	Baa or lower	2%

As of September 30, 2021, the City of Lakeland, Consolidated Investment Fund, Public Improvement Endowment Fund, Employee Pension Fund, Firefighters' Retirement System, and Municipal Police Officers' Pension Fund investment types had the following credit quality ratings and aggregate S&P and Moody's uninsured credit quality ratings:

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments (continued)

S&P Rating	US Government Agency		Corporate Bonds		Money Market Funds		Foreign Corporate Bonds		Municipal Bonds		Aggregate Securities	
	Obligations	%	Fair Value	%	Fair Value	%	Fair Value	%	Fair Value	Percent	Fair Value	%
Pooled Investment Fund												
AAA	\$	0.0%	\$ 3,015,896	1.0%	\$ 15,146,011	17.0%	\$	0.0%	-	0.0%	\$ 18,161,907	3.3%
AA+ to AA-	110,966,560	91.9%	1,098,991	0.4%	-	0.0%	-	0.0%	5,042,651	28.1%	117,108,202	21.5%
A+ to A-	-	0.0%	18,168,978	6.3%	74,191,036	83.0%	-	0.0%	437,790	2.4%	92,797,804	17.1%
BBB+ to BBB-	9,797,500	8.1%	42,219,584	14.6%	-	0.0%	9,832,171	37.3%	2,050,335	11.4%	63,899,590	11.8%
BB+ to BB-	-	0.0%	3,797,758	1.3%	-	0.0%	3,748,500	14.2%	1,689,595	9.4%	9,235,853	1.7%
Below BB-	-	0.0%	22,520,740	7.8%	-	0.0%	254,974	1.0%	-	0.0%	22,775,714	4.2%
NR	-	0.0%	198,400,087	68.6%	-	0.0%	12,523,538	47.5%	8,751,317	48.7%	219,674,942	40.4%
	\$ 120,764,060	100.0%	289,222,034	100.0%	89,337,047	100.0%	26,359,183	100.0%	17,971,688	100.0%	543,654,012	100.0%
Consolidated Investment Fund												
AAA	-	0.0%	-	0.0%	322,196	100.0%	-	0.0%	-	0.0%	322,196	25.3%
AA+ to AA-	662,765	100.0%	50,424	17.5%	-	0.0%	-	0.0%	-	0.0%	713,189	56.0%
A+ to A-	-	0.0%	143,665	49.8%	-	0.0%	-	0.0%	-	0.0%	143,665	11.3%
BBB+ to BBB-	-	0.0%	94,308	32.7%	-	0.0%	-	0.0%	-	0.0%	94,308	7.4%
	\$ 662,765	100.0%	288,397	100.0%	322,196	100.0%	-	0.0%	-	0.0%	1,273,358	100.0%
Public Improvement Endowment Fund												
AAA	-	0.0%	-	0.0%	179,441,750	100.0%	-	0.0%	-	0.0%	179,441,750	99.4%
AA+ to AA-	690,004	100.0%	48,447	16.3%	-	0.0%	-	0.0%	-	0.0%	738,451	0.4%
A+ to A-	-	0.0%	150,843	50.6%	-	0.0%	-	0.0%	-	0.0%	150,843	0.1%
BBB+ to BBB-	-	0.0%	98,645	33.1%	-	0.0%	-	0.0%	-	0.0%	98,645	0.1%
	\$ 690,004	100.0%	297,935	100.0%	179,441,750	100.0%	-	0.0%	-	0.0%	180,429,689	100.0%
Employee Pension Fund												
AAA	-	0.0%	-	0.0%	13,422,136	100.0%	-	0.0%	-	0.0%	13,422,136	11.4%
AA+ to AA-	32,804,822	58.4%	5,055,740	10.5%	-	0.0%	-	0.0%	-	0.0%	37,860,562	32.1%
A+ to A-	-	0.0%	14,347,389	29.6%	-	0.0%	-	0.0%	-	0.0%	14,347,389	12.1%
BBB+ to BBB-	-	0.0%	28,995,979	59.9%	-	0.0%	-	0.0%	-	0.0%	28,995,979	24.6%
NR	23,363,067	41.6%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	23,363,067	19.8%
	\$ 56,167,889	100.0%	48,399,108	100.0%	13,422,136	100.0%	-	0.0%	-	0.0%	117,989,133	100.0%
Firefighters' Retirement System												
AAA	-	0.0%	-	0.0%	732,359	100.0%	-	0.0%	-	0.0%	732,359	100.0%
	-	0.0%	-	0.0%	732,359	100.0%	-	0.0%	-	0.0%	732,359	100.0%
Municipal Police Officers' Pension Fund												
AAA	-	0.0%	982,980	10.5%	4,033,379	100.0%	-	0.0%	221,368	17.0%	5,237,727	18.8%
AA+ to AA-	12,480,686	99.9%	523,838	5.6%	-	0.0%	-	0.0%	728,478	56.0%	13,733,002	49.4%
A+ to A-	-	0.0%	1,997,799	21.3%	-	0.0%	486,891	75.4%	17,129	1.3%	2,501,819	9.0%
BBB+ to BBB-	-	0.0%	2,992,683	32.0%	-	0.0%	158,966	24.6%	-	0.0%	3,151,649	11.3%
NR	7,455	0.1%	2,866,693	30.6%	-	0.0%	-	0.0%	334,674	25.7%	3,208,822	11.5%
	\$ 12,488,141	100.0%	9,363,993	100.0%	4,033,379	100.0%	645,857	100.0%	1,301,649	100.0%	27,833,019	100.0%
Total:	\$ 190,772,859		\$ 347,571,467		\$ 287,288,867		\$ 27,005,040		\$ 19,273,337		\$ 871,911,570	

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments (continued)

Moody's Rating	US Government Agency		Corporate Bonds		Money Market Funds		Foreign Corporate Bonds		Municipal Bonds		Aggregate Securities	
	Obligations	%	Fair Value	%	Fair Value	%	Fair Value	%	Fair Value	Percent	Fair Value	%
Pooled Investment Fund												
Aaa	\$ 110,966,560	91.9%	\$ 179,080	0.1%	\$ 15,146,011	17.0%	\$ -	0.0%	-	0.0%	\$ 126,291,651	23.2%
Aa1 to Aa3	-	0.0%	-	0.0%	69,731,885	78.0%	-	0.0%	-	0.0%	69,731,885	12.8%
A1 to A3	-	0.0%	14,610,484	5.1%	4,459,151	5.0%	-	0.0%	6,607,352	36.8%	25,676,987	4.7%
Baa1 to Baa3	4,622,500	3.8%	71,643,848	24.8%	-	0.0%	6,097,150	23.1%	2,834,008	15.8%	85,197,506	15.7%
Ba1 to Ba3	-	0.0%	11,397,374	3.9%	-	0.0%	-	0.0%	2,235,460	12.4%	13,632,834	2.5%
Below Ba3	-	0.0%	20,652,798	7.1%	-	0.0%	-	0.0%	1,462,698	8.1%	22,115,496	4.1%
NR	5,175,000	4.3%	170,738,450	59.0%	-	0.0%	20,262,033	76.9%	4,832,170	26.9%	201,007,653	37.0%
	120,764,060	100.0%	289,222,034	100.0%	89,337,047	100.0%	26,359,183	100.0%	17,971,688	100.0%	543,654,012	100.0%
Consolidated Investment Fund												
Aaa	662,765	100.0%	-	0.0%	322,196	100.0%	-	0.0%	-	0.0%	984,961	77.3%
Aa1 to Aa3	-	0.0%	50,424	17.5%	-	0.0%	-	0.0%	-	0.0%	50,424	4.0%
A1 to A3	-	0.0%	237,973	82.5%	-	0.0%	-	0.0%	-	0.0%	237,973	18.7%
	662,765	100.0%	288,397	100.0%	322,196	100.0%	-	0.0%	-	0.0%	1,273,358	100.0%
Public Improvement Endowment Fund												
Aaa	690,004	100.0%	-	0.0%	179,441,750	100.0%	-	0.0%	-	0.0%	180,131,754	99.7%
Aa1 to Aa3	-	0.0%	48,447	16.3%	-	0.0%	-	0.0%	-	0.0%	48,447	0.1%
A1 to A3	-	0.0%	249,488	83.7%	-	0.0%	-	0.0%	-	0.0%	249,488	0.2%
	690,004	100.0%	297,935	100.0%	179,441,750	100.0%	-	0.0%	-	0.0%	180,429,689	100.0%
Employee Pension Fund												
Aaa	56,167,889	100.0%	-	0.0%	13,422,136	100.0%	-	0.0%	-	0.0%	69,590,025	59.0%
Aa1 to Aa3	-	0.0%	2,349,391	4.8%	-	0.0%	-	0.0%	-	0.0%	2,349,391	2.0%
A1 to A3	-	0.0%	25,785,352	53.3%	-	0.0%	-	0.0%	-	0.0%	25,785,352	21.8%
Baa1 to Baa3	-	0.0%	20,264,366	41.9%	-	0.0%	-	0.0%	-	0.0%	20,264,366	17.2%
	56,167,889	100.0%	48,399,109	100.0%	13,422,136	100.0%	-	0.0%	-	0.0%	117,989,134	100.0%
Firefighters' Retirement System												
Aaa	-	0.0%	-	0.0%	732,359	100.0%	-	0.0%	-	0.0%	732,359	100.0%
	-	0.0%	-	0.0%	732,359	100.0%	-	0.0%	-	0.0%	732,359	100.0%
Municipal Police Officers' Pension Fund												
Aaa	12,480,686	99.9%	1,232,077	13.2%	4,033,379	100.0%	-	0.0%	247,347	19.0%	17,993,489	64.7%
Aa1 to Aa3	-	0.0%	477,134	5.1%	-	0.0%	16,198	2.5%	773,581	59.4%	1,266,913	4.5%
A1 to A3	-	0.0%	2,310,182	24.7%	-	0.0%	428,137	66.3%	17,129	1.3%	2,755,448	9.9%
Baa1 to Baa3	-	0.0%	2,587,887	27.6%	-	0.0%	201,522	31.2%	-	0.0%	2,789,409	10.0%
NR	7,455	0.1%	2,756,712	29.4%	-	0.0%	-	0.0%	263,592	20.3%	3,027,759	10.9%
	12,488,141	100.0%	9,363,992	100.0%	4,033,379	100.0%	645,857	100.0%	1,301,649	100.0%	27,833,018	100.0%
Total:	\$ 190,772,859		\$ 347,571,467		\$ 287,288,867		\$ 27,005,040		\$ 19,273,337		\$ 871,911,570	

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments (continued)

Concentration of Credit Risk The City of Lakeland limits investments to avoid over-concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities) and continuously invests a portion of the portfolio in readily available funds such as local government investment pools, money market funds or overnight repurchase agreements.

The City of Lakeland's overall investment policy concentration limits and actual concentration limits in investment types for all funds with the exception of Pension funds, the Survivors' Benefit Fund, the Baldwin Book Fund, the Cemetery Perpetual Care Fund, and the Consolidated Investment Fund. As of September 30, 2021, the investments in the Pooled Investment fund were as follows:

Type of Security (Market)	Maximum % of Total	% of Total
US Government Obligations	100%	10.0%
Local Government Investment Pools	100%	0.0%
Federal Agency & Instrumentality Obligations	100%	20.3%
Asset Backed Securities	25%	38.2%
High Grade Corporate Debt & CP	25%	19.5%
State and Local Government Obligations*	25%	5.8%
Collateralized Repurchase Agreements	15%	0.0%
Certificates of Deposit	10%	0.0%
Other Investment Pools (rated "A" or better)	10%	6.2%

* Except as provided for in section IV.7.b

Investment policy provides discretion for temporary variances due to market changes, etc.; therefore, the Asset Backed Securities exceeds the maximum percentage, but the percentages are corrected in the subsequent quarter due to changes in the market. No investments in a single security exceeded 5% of the fixed income portfolio. No individual security should exceed the greater of 50% of the issue or \$5 million.

The City of Lakeland's Consolidated Investment Fund and Public Improvement Endowment Fund are managed in accordance with the guidelines set forth by city ordinance. The investment manager may invest in common stocks, long-term fixed income investments and cash equivalents. Fixed income securities may be US government and agency obligations, obligations guaranteed by the US government, marketable corporate bonds and notes, GNMA's, US agency collateralized mortgage-backed securities, debentures, hybrid securities, commercial paper, and CDs. Up to 10% of fixed income investments may consist of issuers not domiciled in the US. Policy allows for temporary variances due to market shifts and allows the administrator to bring investment allocations into compliance within a short term time frame. As of September 30, 2021 these funds held investments in the following percentages:

Asset Class (Market)	Minimum %	Maximum %	Actual %
Consolidated Investment Fund			
Domestic Equity:			
Large Cap Equity	30%	50%	39.2%
Small/Mid Cap Equity	10%	20%	22.2%
International Equity	10%	25%	12.4%
Total Equity	50%	75%	73.8%
Total Alternate Investments	-%	10%	2.7%
Total Fixed Income (Incl. Cash)	15%	35%	23.5%
Public Improvement Endowment Fund			
Domestic Equity:			
Large Cap Equity	30%	50%	39.2%
Small/Mid Cap Equity	10%	20%	17.9%
International Equity	10%	25%	15.0%
Total Equity	50%	75%	72.1%
Total Alternate Investments	-%	10%	5.3%
Total Fixed Income (Incl. Cash)	15%	35%	22.6%

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments (continued)

The City of Lakeland's Employee Pension Fund, Firefighters' Retirement System, and Municipal Police Officers' Retirement Fund are each managed by their respective Pension Board of Trustees (Board). The Boards employ investment professionals to oversee and invest the assets of their respective funds. Assets are diversified to minimize overall portfolio risk consistent with the level of expected return to improve the long-term return potential of assets. If at the end of any calendar quarter the allocation of an asset class falls outside its allowable range (barring extenuating circumstances) the asset allocation is rebalanced into the allowable range. As of September 30, 2021 no single company's fixed securities or common stock represented more than 3% and 5% respectively of the fair value of assets in any fund. The investment allocation limits and actual percentages for these funds as of September 30, 2021 are as follows:

<u>Asset Class (Fair Value)</u>	<u>Minimum %</u>	<u>Maximum %</u>	<u>Actual %</u>
Employee Pension Fund			
Domestic Equity	27.5%	47.5%	39.4%
International Equity	10.0%	25.0%	16.6%
Private Equity	0.0%	25.0%	7.8%
Global Fixed Income	0.0%	10.0%	3.9%
Core Fixed Income	10.0%	40.0%	14.1%
Private Fixed Income	0.0%	15.0%	3.5%
Core Real Estate	0.0%	10.0%	2.5%
Non-Core Real Estate	0.0%	10.0%	6.0%
Private Multi-Asset	0.0%	10.0%	4.0%
Private Infrastructure	0.0%	5.0%	2.0%
Total Cash Composite	0.0%	0.0%	0.2%
Firefighters' Retirement System			
Domestic Equity	40.0%	50.0%	44.5%
International Equity	10.0%	20.0%	14.8%
Private Equity	0.0%	10.0%	2.0%
US Core Fixed Income	15.0%	25.0%	24.9%
Private Fixed Income	0.0%	10.0%	0.6%
Real Return Alternative	0.0%	10.0%	3.1%
Real Estate	0.0%	10.0%	4.8%
Infrastructure	0.0%	10.0%	4.6%
Cash Account	0.0%	0.0%	0.7%
Municipal Police Officers' Retirement Fund			
Domestic Equity Index	35.0%	50.0%	44.9%
International Equity	12.5%	22.5%	17.6%
Private Equity	0.0%	15.0%	2.9%
Domestic Fixed Income	7.5%	17.5%	14.4%
Global Fixed Income	0.0%	10.0%	4.0%
Private Fixed Income	0.0%	10.0%	1.3%
Real Estate	0.0%	10.0%	5.3%
Infrastructure	0.0%	10.0%	4.0%
Real Return Alternative	0.0%	10.0%	4.7%
Total Cash Composite	0.0%	0.0%	0.9%

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments (continued)

Investments and deposits are classified in the Statement of Net Position and Statement of Fiduciary Net Position as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Pension and Employee Benefit Funds</u>	<u>Custodial Funds</u>	<u>Total</u>
<u>Current:</u>					
Unrestricted					
Cash and cash equivalents	\$ 61,061,339	\$ 139,115,491	\$ -	\$ -	\$ 200,176,830
Asset Apportionments					
Cash and cash equivalents	3,405,411	23,537,649	-	-	26,943,060
Cash with paying agent	2,245,634	32,543,868	-	-	34,789,502
Restricted assets					
Cash and cash equivalents	8,337,603	1,619,860	-	-	9,957,463
<u>Non-current:</u>					
Asset Apportionments					
Cash and cash equivalents	186,313,731	200,409,708	-	-	386,723,439
Investments	48,548,710	-	-	-	48,548,710
Restricted assets					
Cash and cash equivalents	60,001,494	59,586,236	19,794,816	935,688	140,318,234
Investments	6,952,172	-	1,115,764,507	-	1,122,716,679
	<u>\$ 376,866,094</u>	<u>\$ 456,812,812</u>	<u>\$ 1,135,559,323</u>	<u>\$ 935,688</u>	<u>\$ 1,970,173,917</u>
<u>Totals - all classifications</u>					
Cash and cash equivalents	\$ 319,119,578	\$ 424,268,944	\$ 19,794,816	\$ 935,688	\$ 764,119,026
Cash with paying agents	2,245,634	32,543,868	-	-	34,789,502
Investments	55,500,882	-	1,115,764,507	-	1,171,265,389
	<u>\$ 376,866,094</u>	<u>\$ 456,812,812</u>	<u>\$ 1,135,559,323</u>	<u>\$ 935,688</u>	<u>\$ 1,970,173,917</u>
<u>Totals - note disclosures</u>					
Total investments					\$ 1,928,763,042
Investments in transit - Pooled Investments					(1,112,533)
Total deposits					42,523,408
					<u>\$ 1,970,173,917</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 4 – CAPITAL ASSETS

A. Capital Activity

Capital assets of the City as of September 30, 2021, consisted of the following:

	Balance October 1, 2020	Additions	Deletions	Balance September 30, 2021
Governmental Activities				
Non-depreciable assets				
Land	\$ 47,601,334	\$ 53,149	\$ 104,103	\$ 47,550,380
Construction in progress	24,515,491	15,765,389	11,593,243	28,687,637
Depreciable assets				
Buildings	190,523,231	2,894,262	-	193,417,493
Improvements, other than buildings	69,531,649	9,241,051	-	78,772,700
Infrastructure	156,626,950	320,120	-	156,947,070
Equipment	44,249,809	1,213,408	244,923	45,218,294
	<u>533,048,464</u>	<u>29,487,379</u>	<u>11,942,269</u>	<u>550,593,574</u>
 Less accumulated depreciation				
Buildings	92,179,222	4,373,440	-	96,552,662
Improvements, other than buildings	41,063,539	2,260,483	-	43,324,022
Infrastructure	73,872,067	4,524,429	-	78,396,496
Equipment	34,954,150	2,349,520	240,021	37,063,649
	<u>242,068,978</u>	<u>13,507,872</u>	<u>240,021</u>	<u>255,336,829</u>
Net capital assets	<u>\$ 290,979,486</u>	<u>\$ 15,979,507</u>	<u>\$ 11,702,248</u>	<u>\$ 295,256,745</u>
 Business-type Activities				
Non-depreciable assets:				
Land	\$ 47,487,032	\$ 689,767	\$ -	\$ 48,176,799
Construction in process	226,812,573	83,751,382	133,421,682	177,142,273
Depreciable assets:				
Buildings	167,905,603	14,867,776	-	182,773,379
Improvements	96,041,877	57,720,998	-	153,762,875
Machinery and equipment	133,740,263	14,626,733	8,521,836	139,845,160
Electric transmission and distribution	589,284,821	15,107,762	2,402,787	601,989,796
Water transmission and distribution	172,792,601	10,822,971	915	183,614,657
Pumping stations	37,425,471	2,733,813	-	40,159,284
Sewer lines	101,223,966	5,877,099	-	107,101,065
Sewer plants	79,676,267	4,212,097	-	83,888,364
Electric and water plant in service	864,841,521	60,601,792	373,794,128	551,649,185
	<u>2,517,231,995</u>	<u>271,012,190</u>	<u>518,141,348</u>	<u>2,270,102,837</u>
 Less accumulated depreciation:				
Buildings	93,060,102	5,128,132	-	98,188,234
Improvements	47,564,132	2,636,589	-	50,200,721
Machinery and equipment	85,105,770	13,262,675	8,093,970	90,274,475
Electric transmission and distribution	256,401,702	16,242,329	2,085,188	270,558,843
Water transmission and distribution	60,080,536	3,359,973	915	63,439,594
Pumping stations	12,594,837	900,377	-	13,495,214
Sewer lines	40,764,655	2,221,527	-	42,986,182
Sewer plants	46,940,487	1,023,525	-	47,964,012
Electric and water plant in service	578,166,724	23,983,577	332,005,456	270,144,845
	<u>1,220,678,945</u>	<u>68,758,704</u>	<u>342,185,529</u>	<u>947,252,120</u>
Net capital assets	<u>\$ 1,296,553,050</u>	<u>\$ 202,253,486</u>	<u>\$ 175,955,819</u>	<u>\$ 1,322,850,717</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 4 – CAPITAL ASSETS (continued)

B. Depreciation Expense

Included in the government-wide Statement of Activities is depreciation expense for the year ended September 30, 2021, distributed to governmental and business-type functions as follows:

Governmental activities:	
General government	\$ 710,754
Public safety	1,438,753
Physical environment	678,366
Transportation, including depreciation of general infrastructure assets	4,841,421
Economic environment	443,715
Culture/recreation	5,394,863
Total depreciation expense - governmental activities	<u>\$ 13,507,872</u>
Business-type activities:	
Electric	\$ 42,581,188
Water and Wastewater	9,531,198
Parking	158,039
RP Funding Center	958,177
Lakeland Linder International Airport	4,876,110
Solid Waste	95,863
Internal Service Funds	10,558,129
	<u>68,758,704</u>
Contributions in aid of construction - Lakeland Electric Utilities	<u>(3,733,361)</u>
Total depreciation expense - business-type activities	<u>\$ 65,025,343</u>

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

A. Interfund Receivables and Payables

Individual fund interfund receivables and payables at September 30, 2021 are presented in the following table.

Advances from and Due to other funds	Advances to and Due from other funds		
	General Fund	Internal Service Funds	Totals
Major Funds:			
Lakeland Linder International Airport Fund	\$ -	\$ 50,622,704	\$ 50,622,704
Water and Wastewater Utilities Fund	-	986,603	986,603
Internal Service Funds	-	11,045,244	11,045,244
Nonmajor Enterprise Funds	-	8,614	8,614
Nonmajor Governmental Funds	111,658	-	111,658
Fiduciary Funds	154,156	-	154,156
Totals	<u>\$ 265,814</u>	<u>\$ 62,663,165</u>	<u>\$ 62,928,979</u>

The interfund balance of the Internal Service Funds represents the unpaid component of internal loans issued from an internal service fund to finance various capital and operating projects. Of this amount, \$50,397,422 is to be repaid over a period exceeding one year.

The interfund balance of the General Fund represents the unpaid component of amounts transferred to cover cash deficits in other funds.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 5 - INTERFUND BALANCES AND TRANSFERS (Continued)

B. Interfund Transfers

Interfund transfers for the year ending September 30, 2021 are presented in the following table:

Interfund Transfers From:	Interfund Transfers To:					Total
	General Fund	Public Improvement Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ 643,923	\$ 3,298,882	\$ 2,300,000	\$ 675,514	\$ 6,918,319
Public Improvement Fund	5,000,000	-	-	2,585,322	-	7,585,322
Nonmajor Governmental Funds	693,796	1,450,702	798,862	166,919	65,702	3,175,981
Department of Electric Utilities	32,438,947	25,000	-	-	420,369	32,884,316
Water & Wastewater Utilities Fund	9,351,002	-	-	-	138,468	9,489,470
Lakeland Linder International Airport Fund	150,642	-	-	-	11,644	162,286
Nonmajor Enterprise Funds	1,676,167	-	25,000	-	350,375	2,051,542
Internal Service Funds	19,276	-	-	-	19,114	38,390
Total	<u>\$ 49,329,830</u>	<u>\$ 2,119,625</u>	<u>\$ 4,122,744</u>	<u>\$ 5,052,241</u>	<u>\$ 1,681,186</u>	<u>\$ 62,305,626</u>

The majority of transfers are made for the purpose of subsidizing recurring operating losses incurred within funds whose programs and activities do not generate sufficient dedicated revenues to finance those costs in their entirety. Transfers to the Internal Service Funds are intended to finance capital acquisitions accounted for in internal service funds. There are no other significant transfers occurring on a routine basis.

NOTE 6 – LONG-TERM LIABILITIES

A. Totals by Activity

The following is a summary of long-term liability transactions of the City for the year ended September 30, 2021. Additional details are provided on subsequent pages.

	Balance October 1, 2020	Incurred/ Transferred *	Satisfied	Balance September 30, 2021	Amount Due within One Year
Governmental Activities:					
Notes from direct borrowings	\$ 48,332,033	\$ -	\$ 7,747,914	\$ 40,584,119	\$ 2,641,106
Revenue bonds payable	48,923,188	3,671,882	4,373,069	48,222,001	1,971,153
Loans payable (lease financings)	59,126	-	59,126	-	-
Net pension liability	93,120,608	11,709,514	66,321,820	38,508,302	-
Net OPEB liability	104,321,726	40,471,936	42,650,881	102,142,781	-
Compensated absences	7,348,509	8,975	249,342	7,108,142	1,458,327
Total Governmental Activities:	<u>302,105,190</u>	<u>55,862,307</u>	<u>121,402,152</u>	<u>236,565,345</u>	<u>6,070,586</u>
Business-type Activities:					
Notes from direct borrowings	219,384,130	8,500,000	54,501,938	173,382,192	9,959,246
Revenue bonds payable	322,536,812	41,818,118	19,641,931	344,712,999	21,603,847
Loans payable	28,026,917	15,307,320	359,012	42,975,225	970,895
Net pension liability	80,739,119	5,560,537	45,465,400	40,834,256	-
Net OPEB liability	108,536,313	36,596,693	45,973,787	99,159,219	-
Compensated absences	8,283,241	11,671	1,160,517	7,134,395	877,728
Total Business-type Activities:	<u>767,506,532</u>	<u>107,794,339</u>	<u>167,102,585</u>	<u>708,198,286</u>	<u>33,411,716</u>
	<u>\$ 1,069,611,722</u>	<u>\$ 163,656,646</u>	<u>\$ 288,504,737</u>	<u>\$ 944,763,631</u>	<u>\$ 39,482,302</u>

*Amounts transferred represent internal loans issued to governmental funds.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 6 – LONG-TERM LIABILITIES (continued)

A. Totals by Activity (continued)

Revenue bond and note obligations issued for the benefit of governmental activities are paid from amounts accumulated in legally required sinking funds maintained in the debt service fund. Loans issued for the benefit of governmental activities are not secured by one specific revenue pledge. These obligations are repaid directly from various revenue sources accounted for within special revenue funds.

Long-term liabilities payable from the resources of business-type activities are paid from the net revenues generated by those activities.

Other long-term liabilities of governmental activities consisting of compensated absences are repaid as employees separate from service, using current revenues of the general fund as the funding source.

The net OPEB and pension liabilities of governmental activities have been liquidated in prior years using revenues of the general fund, LCRA, stormwater, building inspection, and community development funds.

Long-term liabilities are classified in the Statement of Net Position as follows:

<u>Current</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Notes and loans payable	\$ -	\$ 3,454,254	\$ 3,454,254
Payable from apportioned assets:			
Current portion of revenue bonds and notes payable	2,245,634	26,991,359	29,236,993
Current portion of pension notes payable	2,366,625	2,088,375	4,455,000
Accrued Liabilities:			
Compensated absences	1,458,327	877,728	2,336,055
 <u>Other</u>			
Notes and loans payable	-	59,214,850	59,214,850
Revenue bonds and notes payable	46,250,848	435,839,591	482,090,439
Pension notes payable	37,943,013	33,481,987	71,425,000
Accrued liabilities:			
Compensated absences	5,649,815	6,256,667	11,906,482
Net pension liability	38,508,302	40,834,256	79,342,558
Net OPEB liability	102,142,781	99,159,219	201,302,000
	<u>\$ 236,565,345</u>	<u>\$ 708,198,286</u>	<u>\$ 944,763,631</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 6 – LONG-TERM LIABILITIES (continued)

B. Revenue Bonds, Notes, Loans Outstanding

The City's outstanding notes from direct borrowings related to governmental activities of \$40,584,119 and outstanding bonds of \$48,222,001 contain provisions that in the event of default, outstanding amounts become immediately due if the City is unable to make a payment and are subject to acceleration clauses in the event material adverse changes occur.

The City's outstanding notes from direct borrowings related to business-type activities of \$173,382,192, loans payable of \$42,975,225 and outstanding bonds of \$344,712,999 contain provisions that in the event of default, outstanding amounts become immediately due if the City is unable to make a payment and are subject to acceleration clauses and/or cancelations of the lines of credit in the event material adverse changes occur.

The City has an unused line of credit from Water and Wastewater Revolving Loan program of \$8.4 million.

Revenue bonds, notes, and loans issued and outstanding as of September 30, 2021 are as follows:

PRIMARY GOVERNMENT:	Purpose	Amount Issued	Maturity Date	Interest Rate	Year-end Balance
Governmental Activities:					
Direct Borrowings					
Florida Taxable Pension Liability Reduction Note, Series 2020	Pension Liability	\$ 43,029,529	10/01/40	2.4200	\$ 40,309,638
Capital Improvement Refunding Note, Series 2012A	Refunding	3,983,435	10/01/22	0.0175	274,481
Total Direct Borrowings		<u>47,012,964</u>			<u>40,584,119</u>
Bonds					
Capital Improvement Revenue and Refunding Bond, Series 2010A	Refunding	3,500,000	10/01/23	3.000 to 5.000	186,153
Capital Improvement Revenue and Refunding Bond, Series 2010C	Refunding	15,878,970	10/01/28	5.929 to 6.029	11,113,886
Capital Improvement Revenue Bonds, Series 2015	Capital Improvements	49,519,352	10/01/36	2.000 to 5.000	33,435,593
Capital Improvemnet Revenue and Refunding Bonds, Series 2021A	Capital Improvements, Refunding	3,500,000	10/01/41	4.000 to 5.000	3,486,369
Total Bonds		<u>72,398,322</u>			<u>48,222,001</u>
Total Governmental Activities		<u>119,411,286</u>			<u>88,806,120</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 6 – LONG-TERM LIABILITIES (continued)

B. Revenue Bonds, Notes, Loans Outstanding (continued)

	Purpose	Amount Issued	Maturity Date	Interest Rate	Year-end Balance
Business Type Activities:					
Direct Borrowings					
Capital Improvement Refunding Note, Series 2012A	Refunding	\$ 8,391,565	10/01/22	0.0175	\$ 3,715,519
Water and Wastewater Capital Improvement Note, Series 2015	Capital Improvements	10,600,000	10/01/26	2.420	7,457,768
Wastewater Revolving Loan Program	Capital Improvements	42,734,405	09/30/28	2.960	18,188,233
Wastewater Revolving Loan Program	Capital Improvements	1,301,890	04/15/36	1.690	731,944
Water Revolving Loan Program	Capital Improvements	778,787	10/15/30	1.960	773,702
Capital Improvement Revenue Note, Series 2017A	Capital Improvements	16,370,569	04/01/32	2.440	12,294,364
Capital Improvement Revenue Note, Series 2017B	Improvements	15,879,855	04/01/26	2.440	6,445,300
Energy System Refunding Bonds, Series 2017	Refunding	97,000,000	10/01/37	variable rate	88,205,000
Florida Taxable Pension Liability Reduction Note, Series 2020	Pension Liability	37,970,471	10/01/40	2.4200	35,570,362
Total Direct Borrowings		<u>231,027,542</u>			<u>173,382,192</u>
Loans Payable					
Wastewater Revolving Loan Program	Capital Improvements	12,284,141	01/15/40	.000 to 0.440	11,349,070
Water Revolving Loan Program	Capital Improvements	19,167,295	11/15/41	0.230	16,605,350
Wastewater Revolving Loan Program	Capital Improvements	15,494,263	12/15/42	.000 to 0.06	14,196,838
Wastewater Revolving Loan Program	Capital Improvements	1,000,000	08/15/40	1.160	823,967
Total Loans Payable		<u>47,945,699</u>			<u>42,975,225</u>
Bonds					
Capital Improvement Revenue and Refunding Bond, Series 2010A	Refunding	44,990,000	10/01/23	3.000 to 5.000	1,163,847
Capital Improvement Revenue and Refunding Bond, Series 2010C	Refunding	5,236,030	10/01/40	5.929 to 6.029	10,001,114
Energy System Revenue and Refunding Bonds, Series 2010	Refunding	199,300,000	10/01/36	4.000 to 5.250	99,025,000
Water and Wastewater Revenue Refunding and Improvement, Series 2012A	Refunding	37,325,000	10/01/32	.930 to 5.000	30,120,000
Capital Improvement Revenue Bonds, Series 2015	Capital Improvements	1,945,648	10/01/36	2.000 to 5.000	3,799,408
Energy System Revenue and Refunding Bonds, Series 2016	Refunding	138,650,000	10/01/36	2.500 to 5.000	117,285,000
Energy System Revenues Bonds, Series 2018	Refunding	43,945,000	10/01/37	3.250 to 5.000	41,315,000
Capital Improvemet Revenue and Refunding Bonds, Series 2021A	Refunding	22,695,000	10/01/36	2.500 to 5.000	22,708,630
Capital Improvemet Revenue and Refunding Bonds, Series 2021B	Refunding	15,005,000	10/01/36	2.500 to 5.000	15,005,000
Capital Improvemet Revenue and Refunding Bonds, Series 2021C	Refunding	4,290,000	10/01/37	3.250 to 5.000	4,290,000
Total Bonds		<u>513,381,678</u>			<u>344,712,999</u>
Total Business-Type Activities		<u>792,354,919</u>			<u>561,070,416</u>
TOTAL PRIMARY GOVERNMENT		<u>\$ 911,766,205</u>			<u>\$ 649,876,536</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 6 – LONG-TERM LIABILITIES (continued)

B. Revenue Bonds, Notes, Loans Outstanding (continued)

Revenue bonds, notes, and loans issued and outstanding as of September 30, 2021 are as follows:

	Direct Borrowings																				
	Governmental activities					Business-type activities															
	CAP Refunding Note, Series 2012A	CAP Refunding Note, Series 2012A	Water Wastewater CAP, Series 2015	CAP Refunding Note, Series 2017A & B	Florida Taxable Pension Liability Reduction Note, Series 2020	Florida Taxable Pension Liability Reduction Note, Series 2020	Energy System Refunding Bonds, Series 2017	Water/WW Loan Programs													
Events of Default with finance-related consequences:																					
Non-payment of principal and/or interest when due	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Failure to make required sinking/reserve fund deposits	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Bankruptcy filings, not discharged	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Proceedings affecting the composition of debts or claims to pledged revenues	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Final judgement that would materially affect the ability to meet obligations	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Non-performance of or compliance with any term, provision, or covenant not cured	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
False or incorrect representations made on behalf of the City to the creditor																					
Long-term credit rating on non-ad valorem revenues obligations is less than a Baa/BBB +/-																					
Adjudged insolvent, not set aside or stayed																					
Additional indebtedness that results or entitles any creditor to cause the acceleration of payment on additional indebtedness																					
Failure to complete the project for which the bonds are issued in a reasonable time																					
Charges for any violations of criminal law involving the use of proceeds not withdrawn or dismissed																					
Issuer shall file petition seeking reorganization not remedied																					
Payment of or security for the bonds materially adversely affected not remedied																					

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 6 – LONG-TERM LIABILITIES (continued)

B. Revenue Bonds, Notes, Loans Outstanding (continued)

Revenue bonds, notes, and loans issued and outstanding as of September 30, 2021 are as follows:

	Bonds										Loans	
	Governmental activities					Business-type activities						
	CAP Revenue and Refunding Bond, Series 2010 A&C	CAP Revenue and Refunding Bonds, Series 2015	CAP Revenue and Refunding Bond, Series 2010 A&C	Energy System Revenue and Refunding Bonds, Series 2010	Water and Wastewater Revenue Refunding and Improvement, Series 2012A	Energy System Revenue and Refunding Bonds, Series 2016	CAP Revenue and Refunding Bonds, Series 2015	Energy System Revenue and Refunding Bonds, Series 2016	CAP Revenue and Refunding Bonds, Series 2021 A,B,& C	Energy System Revenues Bonds, Series 2018		Water/WW Loan Programs
Events of Default with finance-related consequences:												
Non-payment of principal and/or interest when due	X	X	X	X	X	X	X	X	X	X	X	X
Failure to make required sinking/reserve fund deposits	X	X	X	X	X	X	X	X	X	X	X	X
Bankruptcy filings, not discharged	X	X	X	X	X	X	X	X	X	X	X	X
Proceedings affecting the composition of debts or claims to pledged revenues	X	X	X	X	X	X	X	X	X	X	X	X
Final judgement that would materially affect the ability to meet obligations				X	X							
Non-performance of or compliance with any term, provision, or covenant not cured				X	X							
False or incorrect representations made on behalf of the City to the creditor		X	X	X								
Adjudged insolvent, not set aside or stayed		X										
Additional indebtedness that results or entitles any creditor to cause the acceleration of payment on additional indebtedness		X										
Failure to complete the project for which the bonds are issued in a reasonable time		X										
Payment of or security for the bonds materially adversely affected not remedied		X										
Charges for any violations of criminal law involving the use of proceeds not withdrawn or dismissed		X										
Issuer shall file petition seeking reorganization not remedied												

(continued)

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 6 – LONG-TERM LIABILITIES (continued)

C. Revenue Bonds, Notes Outstanding

Capital Improvement Revenue and Refunding Bonds, Series 2010

In September 2010, the City issued Capital Improvement Revenue and Refunding Bonds, Series A, B, & C in the amounts of \$48,490,000, \$10,140,000, and \$21,115,000 respectively to finance the cost of various capital improvements in the City, to refund, on a current basis, all of the City's outstanding Capital Improvement Revenue Bonds, Refunding Series 1997, and certain other outstanding indebtedness of the City (Sunshine Loans), and to pay certain costs and expenses related to the issuance of the Series 2010 Bonds. The Series 2010A bonds will mature on October 1, 2023. The Series 2010B bonds matured on October 1, 2020. The Series 2010C bonds will mature on October 1, 2040. Principal payments are payable on October 1 of each year and interest payments are payable October 1 and April 1 of each year.

The Capital Improvement Revenue Bonds are secured by a covenant to budget and appropriate non-ad valorem revenues of the City in sufficient annual amounts to satisfy the debt service requirements on those bonds in each such fiscal year. The City pledged future non ad-valorem revenues to repay \$79,745,000 Capital Improvement Revenue and Refunding bonds. The total principal and interest remaining to be paid on the Capital Improvement Revenue bonds aggregate \$31,705,132

The Capital Improvement bonds require the establishment of debt service reserve accounts and sinking funds to accumulate the funds needed to make annual debt service payments. Principal and Interest paid for the current year and total non-ad valorem revenues were \$2,015,424 and \$107,477,852 respectively.

Capital Improvement Refunding Note, Series 2012

In September 2013, the City issued Capital Improvement Refunding Notes, Series A, and B, in the amounts of \$15,983,000, and \$1,625,000 respectively, to refund, on a current basis, all of the City's outstanding 2002 Utility Tax Revenue Refunding Bonds, Series A and B, and 2002 Tourist Development Series C and to pay certain costs and expenses relating to the issuance of the Series 2012 Bonds. A portion of the Series 2012A bonds matured on October 1, 2015 and the remainder of the Series 2012A bonds will mature on October 1, 2022. The Series 2012B bonds matured on October 1, 2017. Principal payments are payable on October 1 of each year and interest payments are payable October 1 and April 1 of each year. The total remaining principal and interest requirement of these bonds aggregate \$4,060,139.

Taxable Capital Improvement Refunding Revenue Note, Series 2015

In September 2015, the City issued a Taxable Capital Improvement Refunding Revenue Note, Series 2015, in the amount of \$5,000,000 to refund certain prior bonds which were issued to support a downtown redevelopment project and to pay certain costs and expenses relating to the issuance of the Series 2015 note. The series matured on October 1, 2020.

Capital Improvement Revenue Bonds, Series 2015

In May, 2015, the City issued Capital Improvement Revenue Bonds, Series 2015, in the amount of \$51,465,000 to pay a variety of capital improvement projects within the City, including the renovation of Joker Marchant Stadium, the spring training facility for the Detroit Tigers professional baseball team and to pay certain costs and expenses relating to the issuance of the Series 2015 note. The series will mature on October 1, 2036. Principal payments are payable on October 1 of each year and interest payments are payable October 1 and April 1 of each year. The total remaining principal and interest requirement of these bonds aggregate \$51,310,287.

Capital Improvement Revenue Notes, Series 2017A and 2017B

In May, 2017, the City issued its Series 2017A and 2017B Capital Improvement Revenue Notes in the amounts of \$16,370,569 and \$15,879,855 respectively. The 2017A Notes were issued to fund improvements at the City's civic center and certain improvements at the Lakeland Linder International Airport. The 2017A Notes bear interest at the rate of 2.44% and mature on April 1, 2032. The 2017B Notes were issued to fund certain other improvements at the Lakeland Linder International Airport. The 2017B Notes bear interest at the rate of 2.10% and mature on April 1, 2026. Both the 2017A and 2017B Notes are payable from non-ad valorem revenues of the City. In addition, the 2017A Notes are payable, in part, from certain tourist development tax revenues payable to the City by Polk County. The total remaining principal and interest requirement of these bonds aggregate \$20,895,658.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 6 – LONG-TERM LIABILITIES (continued)

C. Revenue Bonds, Notes Outstanding (continued)

Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2012

In January 2012, the City issued the Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2012A in the amount of \$37,325,000 to (i) refund a portion of the City's outstanding Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2002, and (ii) pay certain costs and expenses relating to the issuance of the Series 2012A Bonds. These Bonds will mature on October 1, 2032. The Series 2012 Bonds are subject to optional and mandatory redemption payable October 1 of each year. Interest on the Series 2012 Bonds is payable on October 1 and April 1 of each year. The total remaining principal and interest requirement for these bonds aggregate \$39,038,625.

The Series 2012 Bonds are secured by an irrevocable, valid, and binding lien on and security interest in the gross revenues derived from the operation of the City's Water and Wastewater Utility system, certain connection charges, moneys deposited into certain funds and accounts created by the Bond Ordinance and the earnings thereon, on parity with the Series 2002 Bonds that matured on October 2012, and a portion of the Series 2002 Bonds that matured on October 1, 2016, all of which were not refunded in connection with the issuance of the Series 2012 Bonds, all in the manner and to the extent provided in the Bond Ordinance. Principal and interest paid for the current year and total net customer revenues were \$2,607,025 and \$27,989,509 respectively.

In October 2019, The City of Lakeland entered into a forward delivery agreement with Bank of America, N.A. for the issuance and delivery of the Water and Wastewater Refunding Bond, Series 2021 in the amount of \$28,220,000. The bond, which will take the form of a fixed rate bank loan will refund the outstanding Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2012A maturing on and after October 1, 2022 and pay the issuance costs of the 2021 Bonds. The bonds were issued on October 1, 2021.

Water and Wastewater Revenue Note, Series 2015

In November 2015, the City issued the Water and Wastewater Revenue Note, Series 2015 in the amount of \$10,600,000 to finance the construction and acquisition of improvements to the City's Water and Wastewater Systems and to pay certain costs and expenses relating to the issuance of the Series 2015 note. The series will mature on October 1, 2025. Principal payments are payable on October 1 of each year and interest payments are payable October 1 and April 1 of each year. The total remaining principal and interest requirement of these bonds aggregate \$8,192,857.

Energy System Refunding and Revenue Bonds, Series 2010

In October 2010, the City issued the Energy System Revenue and Refunding Bonds, Series 2010 in the amount of \$199,300,000 to (1) finance certain capital improvements to the electric power system of the City, (2) to refund on a current basis, a portion of the City's outstanding Electric and Water Refunding Revenue Bonds, Series 1999A and to refund on an advance basis, all of the City's outstanding Energy System Revenue Bonds, Series 2001B, (3) to pay costs associated with the termination of a conditional bond warrant agreement, and (4) to pay certain costs and expenses related to the issuance of the Bonds. The bonds mature on October 1, 2036. Principal payments are payable October 1 of each year and interest payments are payable October 1 and April 1 of each year. The remaining principal and interest requirement for these bonds aggregate \$143,686,688.

Energy System Revenue and Refunding Bonds, Series 2016

In February 2016, the City issued the Energy System Revenue and Refunding Bonds, Series 2016 in the amount of \$138,650,000. The Series 2016 bonds refunded all of the Series 2014 bonds, a portion of the outstanding Series 2006 bonds, and provided \$37.4 million in proceeds to fund Electric System capital projects. The Series 2016 bonds bear fixed interest rates ranging from 2.00% to 5.00%, and mature from October 1, 2016 through October 1, 2036. In concert with the refunding of the 2014 bonds, which were variable rate obligations, the City terminated portions of three associated floating-to-fixed interest rate swaps. The refunding portion of the transaction did not produce net present value savings or a material economic gain or loss; rather, it was designed to restructure and simplify the Electric System's debt profile. The remaining principal and interest requirements for these bonds aggregate to \$143,814,274. See Footnote 6.G regarding the interest rate swaps associated with the refunding.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 6 – LONG-TERM LIABILITIES (continued)

C. Revenue Bonds, Notes Outstanding (continued)

Variable Rate Energy System Refunding Bonds, Series 2017

In August 2017, the City issued the Variable Rate Energy System Refunding Bond, Series 2017 in the amount of \$97,000,000 to pay the City's outstanding Variable Rate Energy System Revenue and Refunding Bonds, Series 2012 that were scheduled to mature on October 1, 2017. Immediately prior to this 2017 refunding, the City paid down \$3,000,000 of outstanding principal on the Series 2012 Bonds. The bonds bear a variable rate of interest equal to the one-month LIBOR index plus 0.52 percent. Interest payments are payable on the first business day of each month. Although the 2017 bonds bear a variable rate of interest, they have been effectively converted to a fixed rate as a result of pre-existing interest rate swap agreements. There was no gain or loss on refunding of the debt. The remaining principal and interest payments for these bonds aggregate \$104,901,266.

Energy System Revenue Bonds, Series 2018

In September 2018, the City issued the Energy System Revenue Bonds, Series 2018 in the amount of \$43,945,000. Proceeds of the bonds were used to fund various capital projects for Lakeland Electric, including the acquisition and installation of a 125 megawatt peaking unit. The 2018 bonds mature in serial installments on October 1, 2020 through October 1, 2037. The bonds bear interest rates of between 3.25% and 5.00%, with interest payable on April 1 and October 1 of each year. The remaining principal and interest payments for these bonds aggregate to \$55,814,006.

The Electric and Energy bonds series are secured by a pledge of operating revenues of the Electric Utility. The total principal and interest remaining to be paid on all of the Electric Revenue Bonds is \$448,216,234. Principal and interest paid for the current year and total net customer revenues were \$34,124,792 and \$104,066,615 respectively.

Florida Taxable Pension Liability Reduction Note, Series 2020

In March 2020, the City issued its Taxable Pension Liability Reduction Note, Series 2020 in the amount of \$81,000,000. The Note is secured by a pledge to budget and appropriate non-ad valorem revenues of the City. The Note, which was issued in the form of a bank loan from Toronto Dominion Bank, N.A, pays interest on April 1 and October 1 of each year at a fixed rate of 2.42%. The note amortizes, paying interest on October 1 of each year, with a final maturity of October 1, 2040. Proceeds of the Note were used to reduce the unfunded liabilities in the City's three pension plans and to pay associated cost of issuance. Issuance of the note resulted in present value savings of approximately \$27.1 million. The required contributions to the various pension plans will be reduced by amounts exceeding the allocable debt service on the bonds. The remaining principal and interest payments for this note aggregate to \$90,043,421.

Florida Revenue Note, Series 2019

In November 2019, the City of Lakeland issued a Florida Revenue Note, Series 2019. The Notes take the form of a line of credit loan from Wells Fargo Bank, National Association in an amount not to exceed \$32,000,000. Proceeds of the Notes are being used to temporarily finance improvements at Lakeland Linder International Airport and pay necessary and incidental issuance costs. Projects being financed include, but are not limited to: strengthening and rehabilitation of Runway 9-27, upgrading of its Instrument Landing System, installation of a new ramp area, and construction and improvements to certain hangars owned by the City including one such hanger leased by the National Oceanic and Atmospheric Administration. The Notes pay a variable rate of interest based on the utilization of the line of credit. The City pays interest monthly on the utilized portion of the line of credit at a rate equal to 80% of one-month LIBOR plus 0.45%. The City pays a commitment fee quarterly equal to 0.20% on the unutilized portion of the line of credit. The line of credit matured on August 1, 2021.

Capital Improvement Revenue and Refunding Bonds, Series 2021 A, B, & C

In July 2021, the City issued its Capital Improvement Revenue and Refunding Bonds, Series A, B and C in an aggregate principal amount of \$45,490,000. The bonds are secured by a pledge to budget and appropriate non-ad valorem revenues of the City. The bonds pay interest on April 1 and October 1 of each year, beginning on October 1, 2021, with a final maturity of October 1, 2041. The bonds, which were sold at a premium, generated approximately \$55.3 million of proceeds which will fund a variety of projects including numerous projects at the City's Lakeland Linder International Airport, the current refunding of certain prior loans and bonds, and several other projects of the City. The bonds were sold at an all-in true interest cost of 1.86% and have debt service payments totaling approximately \$63.5 million through final maturity. The remaining principal and interest payments for these bonds aggregate to \$63,497,348. The current refundings resulted in a net positive cash difference of \$606,066 and an economic gain of \$524,445.

As of September 30, 2021, the City is in compliance with all required covenants of the bond ordinances, including compliance with federal arbitrage regulations.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 6 – LONG-TERM LIABILITIES (continued)

D. Loans Payable

The debt service requirements of promissory notes are not secured by pledges of any specific revenue sources of the City. Annual debt service payments are made from a variety of non-ad valorem revenues.

State of Florida Revolving Loan Program

The State of Florida Revolving Loan Program provides low-interest loans for planning, designing, and constructing water pollution control and public water facilities. Currently, the City has eleven loans outstanding. The loan program operates on a reimbursement basis. When proceeds are remitted, the loans accrue interest based upon the rate approved by the State at the date of closing. The liability due to the State is the loan amount (as amended) plus accrued interest.

At September 30, 2021, the City had total loans outstanding of \$62,669,104 payable to the State. The loans are secured by a pledge of excess revenues of the Wastewater and Water Utility systems and by a pledge of certain amounts deposited into a loan amortization account and loan amortization reserve established by the City for the purpose of funding future debt service on the loans. Amounts required for deposit are classified as restricted assets.

As of September 30, 2021, the City is in compliance with all covenants of these loan agreements.

State Infrastructure Bank (SIB) Loan

On October 1, 2018, the City approved the SIB Loan with the Florida Department of Transportation (FDOT). The SIB Loan program provides loans for transportation projects eligible for assistance under the Federal Authorization up to \$4,626,400. The loan program operates on a reimbursement basis. When proceeds are remitted, the loans accrue interest based upon the rate approved by the State at the date of closing. The liability due to the State is the loan amount (as amended) plus accrued interest. The balance of the loan amount outstanding was paid with a portion of the Capital Improvement Revenue and Refunding Bonds proceeds.

E. Conduit Debt

The City has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. This includes bonds issued to finance capital improvements at the Lakeland Regional Health Systems having an unmatured principal balance of \$225,680,000 as of September 30, 2021; and bonds issued to finance and refinance the acquisition, construction, and equipping of educational facilities located in the City of Lakeland having an unmatured principal balance of \$31,030,000 as of September 30, 2021.

Neither the City nor any political subdivision thereof is obligated in any manner for repayment of these bonds.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 6 – LONG-TERM LIABILITIES (continued)

F. Debt Service Requirement to Maturity

The requirements to repay all long-term debt outstanding as of September 30, 2021 are summarized in the following tables.

Governmental Activities								
Year	Direct Borrowings		Bonds Payable		Leases payable (financings)		Total Government Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 2,641,106	\$ 953,310	\$ 1,971,153	\$ 1,280,835	\$ -	\$ -	\$ 4,612,259	\$ 2,234,145
2023	2,464,902	888,396	3,615,088	1,272,744	-	-	6,079,990	2,161,140
2024	2,563,179	827,556	1,843,236	1,128,517	-	-	4,406,415	1,956,073
2025	2,666,768	764,274	6,797,775	1,368,159	-	-	9,464,543	2,132,433
2026	2,770,358	698,485	3,263,330	1,223,609	-	-	6,033,688	1,922,094
2027-2031	15,541,098	2,412,663	17,172,093	4,158,701	-	-	32,713,191	6,571,364
2032-2036	8,985,735	864,581	13,559,326	1,373,473	-	-	22,545,061	2,238,054
2037-2041	2,950,973	121,205	-	-	-	-	2,950,973	121,205
2042-2046	-	-	-	-	-	-	-	-
	<u>\$ 40,584,119</u>	<u>\$ 7,530,470</u>	<u>\$ 48,222,001</u>	<u>\$ 11,806,038</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,806,120</u>	<u>\$ 19,336,508</u>

Business-Type Activities								
Year	Direct Borrowings		Bonds Payable		Leases payable (financings)/Other Loans Payable		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 9,959,246	\$ 3,137,865	\$ 21,603,847	\$ 15,301,136	\$ 970,895	\$ 181,332	\$ 32,533,988	\$ 18,620,333
2023	9,702,519	2,918,771	22,849,912	14,681,544	1,677,847	333,106	34,230,278	17,933,421
2024	7,701,702	2,720,587	23,776,764	13,672,628	2,047,308	318,569	33,525,774	16,711,784
2025	7,920,141	2,540,551	19,657,225	12,212,339	2,062,123	303,753	29,639,489	15,056,643
2026	12,065,053	2,355,661	23,596,670	11,068,030	2,077,217	288,659	37,738,940	13,712,350
2027-2031	29,616,030	8,953,605	119,387,907	38,860,074	10,622,735	1,206,646	159,626,672	49,020,325
2032-2036	64,323,474	5,074,763	81,655,674	16,077,900	11,045,532	783,848	157,024,680	21,936,511
2037-2041	32,094,027	575,416	30,585,000	2,216,621	10,907,888	319,351	73,586,915	3,111,388
2042-2046	-	-	1,600,000	35,050	1,563,680	4,891	3,163,680	39,941
	<u>\$ 173,382,192</u>	<u>\$ 28,277,219</u>	<u>\$ 344,712,999</u>	<u>\$ 124,125,322</u>	<u>\$ 42,975,225</u>	<u>\$ 3,740,155</u>	<u>\$ 561,070,416</u>	<u>\$ 156,142,696</u>

G. Interest Rate Swaps

As a means to reduce borrowing costs, and to hedge the variable rate exposure related to certain bonds, the City has entered into a number of interest rate swap agreements.

An interest rate swap is a derivative i.e. a financial instrument whose value and terms are derived from a specified financial index (SIFMA). In the case of the interest rate swaps employed by the City of Lakeland, the intent is two-fold. First to achieve an all-in financing cost (representing interest payments to bondholders combined with net interest payments and receipts on the derivatives) that is less than the financing cost associated with traditional fixed rate bonds based on market conditions at the time of each bond issue. The second objective is to minimize the interest rate risk associated with the inherent volatility associated with “naked” variable rate debt. Under the terms of these interest rate swaps, the City of Lakeland pays an amount to a counterparty that is based on a specified notional amount (which closely approximates the outstanding principal amount of the related bonds) times a specified fixed interest rate. In exchange, the counterparty makes a payment to the City that is based on the same notional amount times a variable rate of interest. When the variable and fixed components of the interest rate swaps are combined with the variable cash payments made by the City to the actual bondholders, the end result is a net, fixed rate of interest.

In the case of the City’s interest rate swaps, effectiveness testing measures the extent to which the terms of the interest rate swaps insulated the City from changes in the market rate of interest payable on the bonds. All of the interest rate swaps employed by the City have passed at least one of the effectiveness tests prescribed by the GASB 53. Accordingly, the fair values of the derivatives are recorded as offsetting items on the balance sheet i.e. recognition of changes in fair value are deferred. The fair value of Lakeland Electric’s interest rate swaps as of September 30, 2021 was \$(30,409,827).

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 6 – LONG-TERM LIABILITIES (continued)

G. Interest Rate Swaps (continued)

Variable Rate Hedges

As a means to hedge the variable rate risk exposure related to certain variable rate Electric System bonds, the City has entered into several interest rate swap agreements. These agreements, which were entered into between 2001 and 2008, were related to certain prior variable rate debt, which has been refunded. The City has elected to apply the existing swap agreements to hedge the new variable rate refunding debt. In August 2017, the City issued the Variable Rate Energy System Refunding Bond, Series 2017 which refunded the outstanding Series 2012 bonds, which were variable rate obligations. Concurrently, the City modified the terms of several of the outstanding variable rate hedges to bring them into closer alignment with the outstanding variable rate bonds. No termination payments were made. The existing swap agreements are summarized in the chart below:

Notional 9/30/2021	Counterparty	Start Date	Maturity Date	City Receives	City Pays	Fair Market Value 9/30/2021*
24,772,000	Goldman Sachs Mitsui Marine Derivative Products, LP	10/2/2017**	10/1/2035	67% of 1 mo. LIBOR	3.92%	\$ (8,163,809)
14,053,000	Citigroup Global Markets Holdings, Inc.	8/29/2017**	10/1/2035	67% of 1 mo. LIBOR	3.92%	(4,517,290)
47,860,000	Citigroup Global Markets Holdings, Inc.	1/22/2003	10/1/2037	67% of 1 mo. LIBOR	3.74%	(17,387,352)
1,520,000	Goldman Sachs Mitsui Marine Derivative Products, LP	10/2/2017***	10/1/2035	67% of 1 mo. LIBOR	3.16%	(341,376)
						<u>\$ (30,409,827)</u>

* Modelled on Bloomberg by COL

** Latest modification; original start date of 3/23/2006

*** Latest modification; original start date of 6/30/2008

As a result of the swap agreements, the City will receive variable rate payments equal to 67% of LIBOR times the notional amount of the swap agreements. The notional amount of the swap agreements roughly corresponds to the outstanding amount of the Series 2017 variable rate bond. In return, the City will make fixed rate payments of between 3.163% and 3.92% times the notional amount of the swap agreements. These agreements fix the variable rate exposure of the 2017 bond at the fixed rates noted above (plus the fixed rate spread paid on the bond) to the extent that the variable rate payments received by the City under the swap agreements are equal to the variable rates paid by the City on the 2017 Bond. Over time the variable rates paid and received are expected to be equivalent.

The swap agreements use the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay, bankruptcy, or rating downgrades to either counterparty. As of September 30, 2021, the City was not subject to credit risk with its counterparties because the fair values of the swap agreements were negative.

Accordingly, the fair values of the derivatives are recorded as offsetting items on the balance sheet i.e. recognition of changes in fair value are deferred (see Note 1 D15).

H. Prior-year Defeasement of Debt

In May 2014, the City defeased certain special obligations bonds by transferring an existing escrow and pledging it to the payment of the new bonds. The final payment on these securities was made on October 1, 2019. At September 30, 2021, none of prior special obligation bonds were outstanding. Accordingly, the assets and the liability for the defeased bonds are not included in the City's financial statements. The special obligation bonds were defeased by an escrow consisting of U.S. Treasury bonds and notes.

NOTE 7 – INTEREST EXPENSE

All interest expense of governmental activities is disclosed separately from related functional expenses on the government-wide Statement of Activities. Interest expense of business-type activities is consolidated into the functional expense categories on the government-wide Statement of Activities. The total amount of interest charged to expenses and the total amount capitalized for the year ended September 30, 2021 is as follows:

	Governmental Activities	Business-type Activities
Amount charged to expense	\$ 3,036,744	\$ 19,541,935
Add: interest expense capitalized	-	5,393,793
Total	<u>\$ 3,036,744</u>	<u>\$ 24,935,728</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 8 – LEASES

Lakeland Linder International Airport leases land and commercial and industrial space to numerous tenants. These leases contain terms ranging from 1 to 65 years. Total revenue earned under these leases for the fiscal year ended September 30, 2021 were \$8,515,839. The projected lease revenue on leases having initial or remaining terms of more than one year are as follows:

Fiscal Year	Airport
2022	\$ 9,060,440
2023	9,625,216
2024	9,726,718
2025	9,947,682
2026	10,049,891
Thereafter	80,119,494
Total future minimum lease revenue	<u>\$ 128,529,441</u>

The City has leased the operations of the hospital to Lakeland Regional Health - a private not-for-profit corporation. Amendment 8 to the lease agreement was entered into on August 5, 2019. Under the terms of this amendment, the lessee will pay the City \$14,378,614 annually for fiscal years 2020 through 2024 with a 2.75% annual escalation beginning in fiscal year 2025 and continuing through fiscal year 2040. On March 1, 2021 the City Commission adopted the 9th lease amendment wherein the City received a prepayment of \$215,000,000 to satisfy all rent and other payments owed by Lakeland Regional Medical Center for fiscal years 2022 through 2040; thereafter, total rent payments to the City will be \$10 per fiscal year. The amount recorded as lease revenues in the current fiscal year is \$14,378,614. The amount of the prepayment, \$215,000,000, is reported as liabilities payable from apportioned assets in the Statement of Net Position and unearned revenue in the Governmental Balance Sheet.

Included in the capital leases payable is the carrying value of capital leases that the City has entered into for the acquisition of golf carts and maintenance equipment for the benefit of the City-owned Cleveland Heights Golf Course, two Gradall Excavators and three Wheel loaders to assist Construction and Maintenance with projects, six street sweepers for street sweeping operations, two Vactor Trucks and a Cues truck for Stormwater maintenance, two copiers, and various HVAC Equipment purchases and installations at the RP Funding Center. Information about these leases is as follows:

	Governmental Activities	Business-type Activities	Total
Assets acquired under capital lease program:			
Machinery and equipment:			
Original cost	\$ 6,383,353	\$ 1,166,640	\$ 7,549,993
Carrying value	3,123,046	548,100	3,671,146
Current depreciation expense	971,618	52,200	1,023,818
Lease obligations remaining to be paid:			
Current	\$ 1,035,936	\$ 125,344	\$ 1,161,280
Long-Term	1,809,208	-	1,809,208
	<u>\$ 2,845,144</u>	<u>\$ 125,344</u>	<u>\$ 2,970,488</u>
Future minimum lease payments:	Total	Interest	Net
2022	\$ 1,242,500	\$ 81,220	\$ 1,161,280
2023	724,758	48,409	676,349
2024	713,221	28,522	684,699
2025	457,920	9,759	448,161
	<u>\$ 3,138,399</u>	<u>\$ 167,910</u>	<u>\$ 2,970,489</u>

The following is a summary of the capital lease liability transactions of the City for the year ended September 30, 2021.

	Governmental Activities	Business-type Activities	Total
Capital leases payable:			
Beginning balance	\$ 3,846,993	\$ 246,955	\$ 4,093,948
Satisfied	1,001,849	121,611	1,123,460
Ending Balance	<u>\$ 2,845,144</u>	<u>\$ 125,344</u>	<u>\$ 2,970,488</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 9 – DONOR RESTRICTED ENDOWMENTS

The City is the recipient of donor-restricted endowments used to finance maintenance of a mausoleum located at a City-owned cemetery, to finance maintenance of City-owned cemeteries, and to purchase reading materials for the City-owned library system. Total assets held by the City for these endowments equaled \$7,062,339 and total nonspendable fund balances were \$6,761,320 and total restricted fund balances were \$301,016 as of September 30, 2021. The dollar value of these assets experienced a net increase of \$1,081,872 for the year ended September 30, 2021.

Funds are expended in accordance with the terms of the original endowments, which were established by City Ordinance. Expenditure of investment income and other appreciation is controlled by the City's Parks and Recreation Department, subject to the scrutiny of the City's Finance Department.

The net position is reported in the Government-wide Statement of Net Position under Governmental Activities as restricted for endowments – nonexpendable, and as a component of nonspendable fund balance of "Other Governmental Funds" within the Governmental Funds in the Fund Financial Statements.

NOTE 10 – RISK FINANCING ACTIVITIES

The City has established a self-insurance fund for worker's compensation, general liability, automobile liability, prescriptions, and health insurance. Significant losses from other forms of risk, including property damage, are covered by commercial insurance. Settlements exceeded the cost of insurance coverage in Fiscal Year 2016-2017 as a result of the McIntosh Power Plant Unit 5 GSU Transformer claim. Settlements have not exceeded the cost of insurance coverage in Fiscal Years 2015-2016, 2017-2018, 2018-2019, 2019-2020 nor 2020-2021.

At year-end, claim expense accounts and liabilities are adjusted in the health insurance and self-insurance reserves to accrue any changes in unpaid claims outstanding at year-end and the estimated liability for incurred but not reported claims (IBNR). The IBNR includes known and unknown loss events and expected future development on claims already reported.

The IBNR reserve for the self-insurance reserve portion of the fund is the actuarially determined funding requirement minus any unpaid claims outstanding at year-end (current liability). As of September 30, 2021, the current claims due within one year for the self-insurance reserve portion are \$5,616,990. The IBNR reserve for the health insurance reserve portion of the fund is actuarially determined, plus any unpaid claims outstanding at year-end (current liability). As of September 30, 2021, the claims due within one year for the health insurance reserve portion are \$2,347,871. City policy requires that all claims be submitted to the administrator within 90 days of the date of service. Claims received after that period will not be paid. However, any possible liability related to any such claims must be recognized. Expenses resulting from these claims could be incurred over subsequent periods.

The City has also purchased a stop-loss policy to reduce the City's exposure to large losses on health insurance claims. This policy reimburses the City for expenses related to claims exceeding \$435,000. As of September 30, 2021, the City paid \$958,038 in premiums for its stop-loss insurance policy and no amounts were deducted from claims liability.

All claims pending and a provision for incurred but not reported claims have been accrued in the financial statements of the self-insurance fund. A reconciliation of the change in the aggregate liabilities reported as liabilities payable from apportioned assets in the Basic Financial Statements of the self-insurance fund as of September 30, 2021 is as follows:

	<u>2021</u>	<u>2020</u>
Claims liability at beginning of year	\$ 24,890,719	\$ 23,621,845
Claims incurred during the year	(35,078,763)	(32,375,302)
Changes in the estimate for claims	81,906	1,470,078
Claims payments	34,556,283	32,174,098
Claims liability at end of year	<u>\$ 24,450,145</u>	<u>\$ 24,890,719</u>
Amount due within one year		
Self insurance reserve	\$ 5,616,990	\$ 4,883,806
Health insurance reserve	2,347,871	2,047,572
Total amount due within one year	<u>\$ 7,964,861</u>	<u>\$ 6,931,378</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 11 – UTILITY PLANT PARTICIPATION AGREEMENT

On April 4, 1978, the City entered into a fifty-year participation agreement with the Orlando Utilities Commission (OUC). Under the terms of this agreement, the City of Lakeland has a 60 percent interest and OUC a 40 percent interest in McIntosh Unit 3, a 365 MW coal-fired steam generating unit. The Orlando Utilities Commission constructed, at its expense, a 230 KV transmission line to deliver its share of the output to its service area.

The City of Lakeland issued revenue bonds to cover a portion of its initial investment in the plant. OUC also issued revenue bonds to cover a portion of its investment in the plant and the cost of its 230 KV transmission line. Each participant is solely responsible for its debt issued.

The City has operational control of this project and accounts for its undivided ownership interest based on its pro-rata share of the project's construction costs and operating expenses. Shared operating expenses and capital costs for the fiscal year ending September 30, 2021 were as follows:

	<u>City Share</u>	<u>OUC Share</u>	<u>Total</u>
Operating Costs:			
McIntosh unit #3 fuel expense	\$ 22,784,024	\$ 15,189,349	\$ 37,973,373
McIntosh unit #3 direct operating & maintenance expenses	6,235,024	4,156,683	10,391,707
Other shared operating & administrative expenses	4,860,933	3,240,622	8,101,555
	<u>\$ 33,879,981</u>	<u>\$ 22,586,654</u>	<u>\$ 56,466,635</u>
Capital Costs:			
McIntosh unit #3	<u>\$ 89,703</u>	<u>\$ 59,802</u>	<u>\$ 149,505</u>

There are no separate financial statements issued for the utility participation agreement.

Lakeland Electric, as part of its NextGen strategic plan for future generation needs, had made a decision in 2019 to mothball its generation asset, McIntosh Unit #3 - a coal-fired generator co-owned with Orlando Utilities Commission in fiscal year 2024. Economic factors such as inexpensive natural gas and increased maintenance costs on the generation unit led management to alter that decision. Lakeland Electric recommended to the Utility Committee in January 2021 to shutter the plant effective March 31, 2021. The Lakeland City Commission voted on January 19, 2021 to retire McIntosh Unit #3 effective March 31, 2021.

On April 4, 2021, McIntosh Unit #3 ceased operations and was retired. Because some of the component assets of the unit had significant remaining book value and useful life, the assets were treated as an impairment loss and recorded as a Special Item in the Statements of Revenue, Expenses and Changes to Net Position.

NOTE 12 – FUND BALANCES

Fund Balance – As defined by the Governmental Accounting, Auditing, and Financial Reporting of the Government Finance Officers Association, fund balance is “the difference between assets, deferred outflows, deferred inflows, and liabilities reported in a governmental fund.” In accordance with GASB 54, the funds balances of governmental funds are classified as follows:

- Non-spendable Fund Balance – Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. This includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.
- Restricted Fund Balance – Amounts that are restricted for a specific purpose when constraints are (a) externally imposed by creditors (through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed Fund Balance – Amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action (ordinance) of the City Commission, the City’s highest level of decision making authority.
- Assigned Fund Balance – Spendable amounts established by Management of the City (i.e. City Manager or designee), per the City’s expenditure and budgetary policy, intended to be used for specific purposes, but are neither restricted nor committed. Assigned fund balance includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds (Debt Service, Capital Projects, and Special Revenue Funds), other than the general fund that are not classified as non-spendable and are neither restricted or committed and (b) amounts in the general fund intended to be used for a specific purpose.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 12 – FUND BALANCES (continued)

- Unassigned Fund Balance – The residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

A. Non-Spendable Fund Balance

Non-Spendable fund balance as of September 30, 2021 is described below:

Prepays – this represents the value of non-current resources of which the expenditures will be recognized in subsequent periods.

Permanent Fund Principal – this represents the principal amounts of permanent funds that are legally or contractually required to remain intact.

Cemetery Endowment – represents earnings set aside to fund maintenance of all city owned cemeteries after all lots are sold that are contractually required to remain intact.

B. Restricted Fund Balance

Restricted fund balance as of September 30, 2021 is described below:

Restricted for CRA – this represents unexpended resources from property taxes within the Lakeland Community Redevelopment Districts used to finance redevelopment plans of the Agency for residential and commercial activities.

Restricted for Law Enforcement – this represents the value of contraband seized by the Lakeland Police Department. The use of which is restricted by state law.

Restricted for Impact Fee Programs – this represents resources from impact fee collections on new construction projects used to finance transportation, police, fire, and parks & recreation capital related expenditures pursuant to Article VIII of the Florida Constitution and Chapters 163 and 166, Florida Statutes to allocate the fair share of the cost of new public facilities to new users.

Restricted for Capital Improvement – this represents unexpended bond proceeds restricted for capital purposes.

Restricted for Transportation – this represents resources such as state and local gas taxes, developer contributions, grants, impact fees, and other revenues used to finance transportation construction and maintenance capital projects.

Restricted for Donations Received – this represents unexpended net position derived contributions and donations given to the City and spendable amounts of permanent funds legally or contractually maintained for specified purposes such as for the purchase of certain books and periodicals, maintenance of certain parks, and maintenance of the Scott Morris Mausoleum.

Restricted for Debt Service – this represents resources accumulated for and the payment of general long-term debt principal and interest.

Restricted for Grant Programs - Community Development – this represents unexpended net position derived from federal and state grant revenues used to finance housing related expenditures.

Restricted for Building Inspection - this represents unexpended resources from building inspection fees collected used to finance building inspection expenses as defined by State Legislature.

C. Committed Fund Balances

Committed fund balances in the Fund Financial Statements are as follows:

Stormwater – represents stormwater revenues used to finance stormwater related maintenance and capital expenditures.

Working Capital – represents revenues designated by the City Commission for long-term investments.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 12 – FUND BALANCES (continued)

D. Assigned Fund Balances

Assigned fund balances in the Fund Financial Statements are as follows:

Subsequent Year's Expenditure – represents the subsequent year's budget fund balance of the General Fund assigned by City Management as set forth in the annual budget (and any amendments thereto) to appropriate a portion of the existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues.

Cultural Activities – funds assigned by the City Commission to strengthen the cultural organizations of Lakeland; to make their programs more accessible to Lakeland citizens; and to enrich the lives of the citizens.

Capital Projects – funds assigned by the City Commission to finance various construction and maintenance capital projects.

Recreational Facilities – revenues assigned by the City Commission for the purpose of capital recreational expenditures.

Debt Service – revenues assigned by the City Commission for repayment of general long-term debt principal and interest.

E. Unassigned Fund Balances

Unassigned fund balances in the Fund Financial Statements are as follows:

General Fund – represents the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The governmental fund balance in detail as of September 30, 2021 is as follows:

	General Fund	Public Improvement Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Cemetery Endowment	\$ -	\$ -	\$ 6,731,844	\$ 6,731,844
Permanent Fund Principal	-	-	29,476	29,476
Restricted for:				
CRA	-	-	13,080,684	13,080,684
Law Enforcement	1,854,714	-	-	1,854,714
Impact Fee Programs	-	-	28,680,612	28,680,612
Transportation	-	-	8,225,053	8,225,053
Capital Improvement	-	3,761,444	-	3,761,444
Donations Received	714,286	-	301,016	1,015,302
Grant Programs:				
Community Development	-	-	115,867	115,867
Debt Service	-	1,953,067	1,122,121	3,075,188
Building Inspection	-	-	2,828,042	2,828,042
Committed to:				
Working Capital	-	12,936,598	-	12,936,598
Stormwater	-	-	5,554,267	5,554,267
Assigned to:				
Subsequent Year's Expenditures	5,765,184	-	-	5,765,184
Cultural Activities	284,990	-	-	284,990
Recreational Facilities	336,570	-	-	336,570
Capital Projects	-	17,282,189	-	17,282,189
Unassigned	32,945,512	-	(1,525)	32,943,987
Total Fund Balance	\$ 41,901,256	\$ 35,933,298	\$ 66,667,457	\$ 144,502,011

The negative unassigned fund balance represents expenditures incurred in the SHIP Fund that exceeded amounts restricted for the period.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 13 – DEFINED BENEFIT PENSION PLANS

The City maintains three separate single employer defined benefit pension plans for its employees. These plans were established by, and are subject to modifications in funding levels and benefits, by ordinance as approved by the City Commission. All three plans are subject to periodic review by an independent actuary. This review is used to determine the required funding level upon which the City bases its annual contributions to the Employees' Pension and Retirement System, the Police Officers' Defined Benefit Retirement System, and the Firefighters' Retirement System.

The City obtains annual reviews from independent actuaries. Each year, the actuary completes a review utilizing census data covering both retired and active members of each plan and balance sheet data regarding net position of the plan based on an effective date of October 1 of the year just ended. Those reports are generally issued within 6 months of the end of the fiscal year. Any changes in the funding requirements as identified in each actuarial review are applied to the City's budget year commencing immediately after the report issuance. The funding requirements for FY21 were based off the actuarial report with an effective date of October 1, 2019.

The City of Lakeland implemented GASB Statement 68 in 2015. With the new reporting change, the City recognizes the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense associated with each plan. Decisions regarding the allocations are made by the administrators of the pension plans, not by the City of Lakeland's management. For more information, pertaining to the Plans, refer to the City of Lakeland, Florida stand-alone financial statements for each plan, which can be obtained by contacting the City of Lakeland, Finance Department, City Hall, 228 S. Massachusetts Ave., Lakeland, FL 33801-5086.

On-behalf Payments - Within the basic financial statements, the proceeds of the excise tax from the State of Florida in The City of Lakeland Firefighters' Retirement System and the Police Officers' Defined Benefit Retirement System are recorded as operating grants and contributions and public safety expenses in the amounts of \$899,460 and \$1,047,223 respectively in the Government-wide Statement of Activities.

For the fiscal year ended September 30, 2021, the City recognized an aggregate pension expense of \$16,029,684.

A. Employees' Pension and Retirement System

Summary of Significant Accounting Principles

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, pension expenses, information about the fiduciary net position of the City of Lakeland's Employees' Pension and Retirement System, and additions to/deductions from the Employees' Pension and Retirement System's fiduciary net position have been determined on the same basis as that are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

The Plan is maintained using the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which the employee services are performed. Expenses are recognized when they are incurred and revenues are recognized when they are earned. Benefits and refunds are recognized when due and payable in accordance with plan terms. Accounting Principles Generally Accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results can differ from those estimates. Investments are recorded at fair value. Dividends and interest are recognized when earned. Realized gains and losses are recognized as of trade date.

Plan Description

The City of Lakeland Employees' Pension and Retirement System administers the City of Lakeland Employees' Pension Plan – a single employer defined benefit pension plan that provides pension benefits for all full-time, regular employees of the City. The authority for the establishment and amendment of the Plan, benefits, vesting, and contributions are established by City Ordinances. Government plans are not subject to the provisions of the Employee's Retirement Income Security Act of 1974 (ERISA). Management of the plan is vested in the Employees' Pension Board, which is comprised of seven active members serving staggered three-year terms; three of which are elected by plan members, three appointed by the City Commission and one appointed by the board.

This Plan is a pension trust fund (fiduciary fund type) of the City that contains three pension plan options (Plans A, B, and C). Each plan option is part of a single employer, defined benefit pension plan offered by the City with a defined contribution option available to certain eligible employees. Plan A is eligible to employees of the City hired prior to October 1, 2003. Plan B is eligible to employees hired on or after October 1, 2003 through February 15, 2012. Plan C is eligible to employees hired after December 29, 2011 or who have made an irrevocable election to convert their prospective benefit calculation to Plan C as of February 15, 2012. The defined contribution option allows certain eligible employees to cease participation in this Plan and begin participation in the City's defined contribution plan.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

A. Employees' Pension and Retirement System (continued)

Pension plan membership for the Plan as of the actuarial valuation date October 1, 2019 is shown in the following table.

Active plan members	1,434
Retirees and beneficiaries	1,183
DROP Participants	193
Terminated vested plan members	110
Transferred Members	13
	<u>2,933</u>

Deferred Retirement Option Plan (DROP)

A Deferred Retirement Option Plan (DROP) was enacted on December 19, 2009 by Ordinance 4727. Under this Plan, participants who have attained eligibility may continue working with the city for up to sixty months while receiving a retirement benefit that is deposited into a DROP account. At October 1, 2019, there were 193 DROP participants.

Cost of Living Adjustment

No cost of living increase was awarded for fiscal year 2021.

Funding Policy, Contributions Required, and Contributions Made

The City obtains an annual review by an independent actuary utilizing census data covering both retired and active plan members and balance sheet data regarding net position of the Plan based on an effective date of October 1 with the report being issued within 6 months of the fiscal year. This review is used to determine the required funding level upon which the City bases its annual contribution to the Employees' Pension and Retirement System for the budget year commencing after the issuance of that report. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The contribution rate for FY21 was calculated as follows:

Contribution rate last year	19.26%
Change in cost sharing	(0.03)%
Change in normal cost rate	(0.01)%
Amortization payment on UAAL	(0.52)%
Actuarial experience	0.65%
Actuarial experience from DROP variable interest rate option	(0.02)%
Contribution rate this year	<u>19.33%</u>

The City is required to contribute at least quarterly to the fund in an amount equal to the required city contribution as shown by the applicable actuarial valuation system. For the year ended September 30, 2021, the City contributed \$9,145,617 the employees contributed \$6,575,253, including buybacks.

As a result of the renegotiation of the lease agreement between the hospital and the City, the City received a one-time \$15 million payment from LRH, effective October 1, 2015. The purpose of the payment was to compensate the City for agreeing to cap the growth in the hospital's lease payments for the next 25 years. The City Commission expressed an interest in investing the one-time payment on a long-term basis so that a significant amount would accrue by the time the lease needs to be renegotiated in 25 years. In lieu of creating a new investment fund, the Commission approved an alternative plan whereby the \$15 million was sent to the Employee Pension Fund as an advance payment against the employer's share of the unfunded pension liability. In return for this advance payment, the City (as the employer) will receive an annual credit against its regular payment into the fund. This credit will be consistent with the current amortization schedule and methodology for the Fund's unfunded liability. The budgetary savings from this reduced annual payment are channeled into a separate investment fund so that the City can recoup its initial payment, plus interest.

The alternative plan will NOT affect employee contribution rates into the pension fund. They will remain unchanged. The alternative plan can be thought of as paying off a mortgage or a credit card balance early. Once the obligation is paid off, the monthly payments (which include interest) no longer have to be made. The monthly savings can then be put in a savings account for the future.

In FY20 the City issued a Pension Liability Reduction Note in the amount of \$81 million and contributed \$57.7 million of the proceeds to the plan as advance payment against the employer's and employee's unfunded share of the unfunded pension liability. In return for this advance payment, the City (as the employer) and the employees will receive an annual credit against the regular payment.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

A. Employees' Pension and Retirement System (continued)

Net Pension Liability

The City's actuarial valuation date is October 1, 2019 rolled forward to September 30, 2020 and net pension liability was measured as of September 30, 2020.

Actuarial assumptions. The total pension liability in the October 1, 2019 actuarial evaluation rolled-forward to September 30, 2020 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.25%
Salary increases	4.0% to 12.50% depending on service, including inflation
Inflation rate	2.50%
Post-retirement benefit increases	N/A
Retirement rate	(1)
Mortality table	The RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for postretirement mortality), with mortality improvements projected to all future years using Scale BB. (2)

(1) Experienced-based table of rates that are specific to the type of eligibility condition.

(2) The mortality table was changed to the mortality assumption used by the Florida Retirement System (FRS) for Regular Class members in the FRS actuarial valuation report as of July 1, 2017, as mandated by Chapter 112.63, Florida Statutes.

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

The projected long-term real rate of return for the Plan net of investment expenses is 6.29%. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of measurement date September 30, 2020 (see the discussion of the pension plan's investment policy) are summarized in the following table as required by GASB 67 and 68:

Asset Class (Fair Value)	Target Allocation	Long-term Expected	Asset Group
		Real Rate of Return	Contribution
Domestic Equity	30.00%	7.50%	2.25%
International Equity	15.00%	8.50%	1.27%
Domestic Bonds	10.00%	2.50%	0.25%
International Bonds	5.00%	3.50%	0.18%
Real Estate	10.00%	4.50%	0.45%
Alternate Assets	30.00%	6.29%	1.89%
Total Investments	<u>100.00%</u>		<u>6.29%</u>

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the plan members' contributions will be made at the current contribution rate and the City contributions will be made at the 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 the current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.25%) was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

A. Employees' Pension and Retirement System (continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Beginning balances	\$ 723,381,495	\$ 600,641,812	\$ 122,739,683
Changes for the year:			
Service cost	11,756,329	-	11,756,329
Interest	51,567,067	-	51,567,067
Difference between actual & expected experience	1,237,889	-	1,237,889
Contribution - employer	-	67,857,723	(67,857,723)
Contribution - employee	-	7,049,066	(7,049,066)
Net investment income	-	51,347,570	(51,347,570)
Other (adjustment to DROP balance, misc. income)	-	13,035	(13,035)
Benefit payments	(47,735,865)	(47,735,865)	-
Refunds	-	-	-
Administrative Expense	-	(792,308)	792,308
Net Changes	16,825,420	77,739,221	(60,913,801)
Ending Balances	\$ 740,206,915	\$ 678,381,033	\$ 61,825,882

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate.

	1.00% Decrease Rate (6.25%)	Current Discount Rate (7.25%)	1% Increase Rate (8.25%)
City's net pension liability	\$ 139,491,693	\$ 61,825,882	\$ (3,518,940)

Changes in Assumptions

There were no changes in assumptions that affected the measurement of the total pension liability since the prior measurement date.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Employee's Pension and Retirement System financial report.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

A. Employees' Pension and Retirement System (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2021, the City recognized pension expenses of \$10,844,400. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between actual and expected experience	\$ 1,415,795	\$ 2,624,609
Net Difference between projected and actual earnings	1,835,549	-
Changes of Assumptions	963,920	-
Cost Share Change	3,034,053	3,034,053
Contributions Subsequent to the Measurement Date	9,145,617	-
Total	<u>\$ 16,394,934</u>	<u>\$ 5,658,662</u>

\$9,145,617 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date of the net pension liability but before the end of the current fiscal year will be recognized as a reduction of the net pension liability in the year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Total</u>
2022	\$ (3,025,649)
2023	1,608,961
2024	4,292,548
2025	(1,285,205)
	<u>\$ 1,590,655</u>

Payable to the Pension Plan

At September 30, 2021, the City reported a payable of \$1,216,242 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2021.

B. Police Officers' Defined Benefit Retirement System

Summary of Significant Accounting Principles

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, pension expenses, information about the fiduciary net position of the City of Lakeland's Police Officers' Defined Benefit Retirement System, and additions to/deductions from the Police Officers' Defined Benefit Retirement System's fiduciary net position have been determined on the same basis as that reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

B. Police Officers' Defined Benefit Retirement System (continued)

The accrual basis of accounting is used for the Plan. Under the accrual basis of accounting, revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the liability is incurred. Plan participant contributions are recognized in the period in which the contributions are due. City contributions to the plan as calculated by the Plan's actuary, are recognized as revenue when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investments in common stock and bonds traded on a national securities exchange are valued at the last reported sales price on the last business day of the year; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean between the past reported bid and asked prices; investments in securities not having an established value are valued at fair value as determined by the Board of Trustees. The fair value of an investment is the amount that the Plan could reasonably expect to receive for it in a current sale between market participants, other than in a forced or liquidation sale. Purchases and sales of investments are recorded on a trade date basis.

Investment income is recognized on the accrual basis as earned. Unrealized appreciation in fair value of investments includes the difference between cost and fair value of investments held. The net realized and unrealized investment appreciation or depreciation for the year is reflected in the Statement of Changes in Fiduciary Net Position.

Plan Description

The Plan is a defined benefit pension plan covering all full-time police officers of the City of Lakeland as established by local law subject to the provisions of Chapter 185 of the State of Florida Statutes. Participation in the Plan is required as a condition of employment. The Plan provides for pension, death, and disability benefits.

The Plan, in accordance with the above statutes, is governed by a five-member pension board. Two police officers who are elected by a majority of the members of the Plan, two City residents, and a fifth member elected by the other four members constitute the pension board. The City and the Plan participants are obligated to fund all Plan costs based upon actuarial valuations. The City is authorized to establish benefit levels and the Board of Trustees approves the actuarial assumptions used in the determination of contribution levels.

On June 1, 2009 the Lakeland City Commission adopted ordinances 5096 and 5095 - which removed all active and retired police officers from the City of Lakeland Employee Pension Plan (the General Plan) and transferred those individuals to an amended version of the Police Officers' Supplemental Pension and Retirement System (the Supplemental Plan) - which had the effect of creating an entirely new replacement plan called the Police Officers' Retirement System (the Police Plan).

Under the terms of this change, all retired police officers and/or their beneficiaries who were receiving benefits from the General Plan and/or the Supplemental Plan as of the effective date of the transfer would from that point forward be paid the exact same level of combined benefits from the Police Plan. All future retired police officers and/or their beneficiaries will receive their retirement benefits exclusively from the Police Plan based on a new defined benefit calculation formula that replaces the benefit formulas that previously existed within the General Plan and the Supplemental Plan.

Three Tier Structure - The current members of the plan have the option of making an election of one of the following 3 tiers within 45 days of the effective date of the Police Plan. Tier 2 is the only option for officers hired after May 20, 2009.

Tier 1 - these members shall have benefits accrued under the provisions of the City of Lakeland Employees' Pension and Retirement System, the City of Lakeland Police Officers' Supplemental Pension and Retirement System (PORF) and the Lakeland Police Officers' Share Benefit Plan frozen as of the effective date of the Police Plan. On and after the effective date of the system, Tier 1 members shall be subject to the same provisions as Tier 2 members except as otherwise provided. These members shall be eligible to have benefits accrued in the PORF included in the City of Lakeland Employees' Pension and Retirement System Section 23.4.5 DROP upon attainment of age sixty (60).

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

B. Police Officers’ Defined Benefit Retirement System (continued)

Tier 2 - these members shall be subject to the provisions of the City of Lakeland Police Officers’ Retirement System not including those administered pursuant to other City of Lakeland Plans or Systems for Tier 1 or Tier 3 members.

Tier 3 – these members who are DROP participants pursuant to Section 23.4.5 of the City of Lakeland Employees’ Pension and Retirement System and making contributions to the City of Lakeland Police Officers’ Supplemental Pension and Retirement System (PORF) which contributions shall continue after the effective date of the City of Lakeland Police Officers’ Retirement System in an amount calculated annually by the system’s actuary and shall be administered pursuant to the provisions of those systems. These members shall be eligible to have benefits accrued in the PORF included in the Section 23.4.5 DROP upon attainment of age sixty (60).

Pension plan membership for the Plan as of the actuary report dated October 1, 2019 is shown in the following table.

Active plan members	218
Retirees and beneficiaries	211
DROP Participants	18
Terminated vested plan members	24
	<u>471</u>

Deferred Retirement Option Plan (DROP)

Any participant who is eligible to receive a normal retirement pension benefit may elect to participate in a deferred retirement option plan (DROP) while continuing his or her active employment as a police officer. Upon participation in the DROP, the participant becomes a retiree for all plan purposes so that he or she ceases to accrue any further benefits under the pension plan. Normal retirement payments that would have been payable to the participant as a result of retirement are accumulated and invested in the DROP to be distributed to the participant upon his or her termination of employment. Participation in the DROP ceases for a member after the 60 months. At October 1, 2019, there were 18 DROP participants.

Partial Lump Sum Option Plan (PLOP)

A participant that does not elect to participate in the DROP may elect to receive an initial lump-sum payment equal to 5%, 10%, 15% or 20% of the participant’s accrued benefit with the remaining 95%, 90%, 85% or 80%, respectively, payable in a form selected by the participant.

Cost of Living Adjustment

No cost of living increase was awarded for fiscal year 2021.

Funding Policy, Contributions Required, and Contributions Made

The Tier 2 participant contribution rate is re-determined each year, such that the increase in the City’s required contribution and the participant’s required contribution are equal. The required participant’s contribution rate for Tier 2 was 16.53% of Salary for the period of October 1, 2020 through September 30, 2021.

Pursuant to Chapter 185 of the Florida Statutes, a premium tax on certain casualty insurance contracts written on City of Lakeland properties is collected by the State and is remitted to the Plan. The City is required to contribute the remaining amounts necessary to finance the benefits through periodic contributions of actuarially determined amounts .

The City and the Union have agreed that beginning with the fiscal year ending September 30, 2017, the default methodology of determining the use of State monies under Chapter 2015-39, Laws of Florida, will apply. Under this methodology, the City will be able to utilize all State monies received each year up to \$701,457 to offset funding requirements. Any State monies above that amount will be split 50/50, with 50% going into a Share plan for the Police Officers and 50% going to the City to use to offset funding requirements for that year.

The Fund may also accept rollover contributions from participants’ other qualified deferred compensation plans. Rollover contributions may be used to purchase additional credited service. Participants are immediately vested in rollover contributions.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

B. Police Officers' Defined Benefit Retirement System (continued)

A rehired member may buy back not more than 5 years of continuous past service by paying into the Plan the amount of contributions that the participant would otherwise have paid for such continuous past service, plus the interest that would have been earned had such funds been invested by the Plan during that time.

The City's funding policy is to make an actuarially computed annual contribution to the Plan in an amount, such that when combined with participants' contributions and the State insurance excise tax rebate, all participants' benefits will be fully provided for by the time that they retire.

The City's actuarially determined contribution rate for the year ended September 30, 2021 was 20.52%.

For the year ended September 30, 2021, the City contributed \$1,926,208 and the employees contributed \$2,613,913.

Net Pension Liability

The City's actuarial valuation date is October 1, 2019 rolled forward to September 30, 2020 and net pension liability was measured as of September 30, 2020.

Actuarial assumptions. The total pension liability in the October 1, 2019 actuarial evaluation rolled-forward to September 30, 2020 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.50%
Salary increases	Service based
Inflation rate	2.50%
Mortality table	
Active employees	Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB. Male: RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB.
Retired pensioners	Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.
Disabled pensioners	Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale. Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The 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 expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of measurement date September 30, 2020 are summarized in the following table:

<u>Asset Class (Fair Value)</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity value	45.00%	7.50%
International equity	17.50%	8.50%
Fixed income	17.50%	2.50%
Global fixed income	5.00%	3.50%
Alternative	10.00%	3.50%
Real estate	5.00%	4.50%
TOTAL	<u>100.00%</u>	

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

B. Police Officers’ Defined Benefit Retirement System (continued)

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that the plan members’ contributions will be made at the current contribution rate and the City contributions will be made at the 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 the current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.50%) was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Changes for the year:			
Service cost	\$ 3,144,551	\$ -	\$ 3,144,551
Interest	12,080,337	-	12,080,337
Gain share reserve	-	-	-
Share plan allocation	185,109	-	185,109
Contribution - employer	-	20,759,745	(20,759,745)
Contribution - employee	-	2,364,906	(2,364,906)
Contribution - state	-	1,071,675	(1,071,675)
Projected Earnings on investments	-	9,938,013	(9,938,013)
Difference between actual & expected experience	(251,665)	-	(251,665)
Difference between projected & actual earnings	-	7,244,501	(7,244,501)
Benefit payments	(12,544,600)	(12,544,600)	-
Contributions - buy back	490,380	490,380	-
Changes in assumptions	(1,606,578)	-	(1,606,578)
Administrative Expense	-	(192,889)	192,889
Other (Misc. income)	-	2,154	(2,154)
Net Change	<u>1,497,534</u>	<u>29,133,885</u>	<u>(27,636,351)</u>
Total - Beginning	<u>163,844,371</u>	<u>126,566,162</u>	<u>37,278,209</u>
Total - Ending	<u>\$ 165,341,905</u>	<u>\$ 155,700,047</u>	<u>\$ 9,641,858</u>

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate.

	Decrease Rate (6.50%)	Discount Rate (7.50%)	Increase Rate (8.50%)
City's net pension liability	\$ 27,672,337	\$ 9,641,858	\$ (4,624,083)

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

B. Police Officers' Defined Benefit Retirement System (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Police Officers' Benefit Retirement System financial report.

Changes in Assumptions

For measurement date 09/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2021, the City recognized pension expenses of \$2,277,889. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to measurement date	\$ 2,973,431	\$ -
Difference between actual and expected experience	559,115	563,092
Changes of assumptions	603,948	1,285,262
Net difference between projected and actual earnings	-	4,094,833
Total	<u>\$ 4,136,494</u>	<u>\$ 5,943,187</u>

\$2,973,431 reported as deferred outflows of resources related to pensions resulting from City and State contributions subsequent to the measurement date of the net pension liability but before the end of the current fiscal year will be recognized as a reduction of the net pension liability in the year ending September 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended September 30th:	
2022	\$ (1,208,954)
2023	(801,646)
2024	(948,977)
2025	(1,820,547)
	<u>\$ (4,780,124)</u>

Payable to the Pension Plan

At September 30, 2021, the City reported a payable of \$261,468 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2021.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 13 - DEFERRED BENEFIT PENSION PLANS (continued)

C. Firefighters' Retirement System

Summary of Significant Accounting Principles

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, pension expenses, information about the fiduciary net position of the City of Lakeland's Firefighters' Retirement System, and additions to/deductions from the Firefighters' Retirement System's fiduciary net position have been determined on the same basis as that reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms

Basis of accounting is the method by which revenues and expenses are recognized in the accounts and are reported in the financial statements. The accrual basis of accounting is used for the Plan. Under the accrual basis of accounting, revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the liability is incurred. Plan member contributions are recognized in the period in which the contributions are due. City contributions to the plan as calculated by the Plan's actuary, are recognized as revenue when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investments in common stock and bonds traded on a national securities exchange are valued at the last reported sales price on the last business day of the year; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean between the past reported bid and asked prices; investments in securities not having an established value are valued at fair value as determined by the Board of Trustees. The fair value of an investment is the amount that the Plan could reasonably expect to receive for it in a current sale between a willing buyer and a willing seller, other than in a forced or liquidation sale. Purchases and sales of investments are recorded on a trade date basis.

Investment income is recognized on the accrual basis as earned. Unrealized appreciation in fair value of investments includes the difference between cost and fair value of investments held. The net realized and unrealized investment appreciation or depreciation for the year is reflected in the Statement of Changes in Fiduciary Net Position.

Plan Description

The Plan is a pension trust fund (fiduciary fund type) of the City which accounts for the single employer defined benefit pension plan for all City Firefighters. The provisions of the Plan provide for retirement, disability, and survivor benefits.

The restructured Plan is a defined benefit pension plan covering all full-time firefighters of the City of Lakeland, Florida (City). Participation in the Plan is required as a condition of employment. The Plan provides for pension, death and disability benefits. In addition, the Plan is a local law plan subject to provisions of Chapter 175 of the State of Florida Statutes.

The Plan, in accordance with the above statutes, is governed by a five-member pension board. Two firefighters who are elected by a majority of the members of the Plan, two are City residents, and a fifth member elected by the other four members constitute the pension board. The City and the Plan participants are obligated to fund all Plan costs based upon actuarial valuations. The City is authorized to establish benefit levels and the Board of Trustees approves the actuarial assumptions used in the determination of contribution levels.

Pension Benefits - The pension plan provides retirement, death and disability benefits for its participants. A participant may retire early after reaching age 50 and accumulating 10 or more years of credited service; normal retirement age is 55 and completing 10 years of credited service or after reaching age 52 with 25 years of credited service.

The amount of the normal retirement benefit is as follows:

A member who began employment as a firefighter prior to October 1, 2003 and retires on or after the normal retirement date shall receive a monthly benefit of 3.30 percent of average final compensation for each year of credited service. A member who began employment as a firefighter on or after October 1, 2003 and retires on or after the normal retirement date shall receive a monthly benefit of 3.0 percent of average final compensation for each year of credited service. The monthly benefit shall commence on the first day of the month coincident with or next following a member's retirement and be continued thereafter during the member's lifetime, ceasing upon death, but with 120 monthly payments guaranteed in any event.

Disability Benefits - A member having 10 or more years of credited service or a member who becomes totally and permanently disabled in the line of duty regardless of length of service, may retire from the City if the member becomes totally and permanently disabled as defined in subsection (b) by reason of any cause other than a cause set out in subsection at on or after the effective date of the plan. Such retirement shall herein be referred to as "disability retirement." The applicable disability presumptions in Florida Statutes 112 and 175, in effect at the time of disability shall apply.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

C. Firefighters' Retirement System (continued)

Death Benefits - If the participant dies prior to retirement the beneficiary shall receive the following benefit:

(1) Prior to Vesting. The beneficiary of a deceased member who was not yet vested, or who has no surviving spouse, shall receive a refund of 100% of the member's accumulated contributions, without interest.

(2) Deceased Firefighters with Ten or More Years Credited Service. For any actively employed member who has ten or more years of credited service as of his date of death, his or her beneficiary is entitled to the benefits otherwise payable to the member at early or normal retirement age.

Pension plan membership for the Plan as of October 1, 2019 is shown in the following table.

Active plan members	159
Retirees and beneficiaries	115
DROP participants	10
Terminated vested plan members	<u>12</u>
	<u>296</u>

Deferred Retirement Option Plan (DROP)

Any eligible participant may elect to participate in a deferred retirement option plan (DROP) while continuing his or her active employment as a firefighter. Upon participation in the DROP, the participant becomes a retiree for all plan purposes so that he or she ceases to accrue any further benefits under the pension plan. Normal retirement payments that would have been payable to the participant as a result of retirement are accumulated and invested in the DROP to be distributed to the participant upon his or her termination of employment. An eligible member may participate in DROP for a maximum of sixty months or any time before and must provide a thirty-day advance notice.

Back DROP

An eligible member may elect the Back-DROP option and must immediately retire and terminate city employment, and is not eligible to participate in DROP or PLOP. Under this option, a member receives a lump sum amount equal to up to sixty months of retirement benefits plus interest at a rate of 3% per annum, upon entry into the DROP, deposited into the DROP account. The member's monthly benefit is actuarially reduced to reflect the actuarial cost to the system of the lump sum amount. The monthly pension benefit is calculated based on the benefit levels in place on the date the member first became eligible for DROP.

Partial Lump Sum (PLOP)

A member with twenty-five (25) or more years of credited service who is eligible for normal or early retirement may, at the time of retirement or entry into DROP, elect to receive or have deposited into the member's DROP account, up to a maximum of twenty percent (20%) in five percent increments, of the total actuarial equivalent value of the member's accrued benefit paid as a lump sum, with the remaining percentage paid in a monthly amount in accordance with the option selected by the member. The benefit amount of the member who has attained age 50 but is not eligible for normal retirement upon electing a partial lump sum option shall be reduced in accordance with the terms of the Plan. The benefit amount of a member who elects a partial lump sum option prior to age 50 shall be actuarially reduced to reflect the actuarial cost to the system of the partial lump sum option.

At October 1, 2019 there were 10 DROP participants.

Cost of Living Adjustment

No cost of living increase was awarded for fiscal year 2021.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

C. Firefighters' Retirement System (continued)

Funding Policy, Contributions Required, and Contributions Made

As of September 30, 2021, participants were required to contribute 9.71% for Tier 2 members of their annual earnings to the Plan. The exception is for members that were already participating in the Employees Plan DROP plan. The 9.71% rate includes an additional 0.08% of salary to satisfy a receivable which accounts for fewer than required contributions in previous years as a result of revised actuarial valuations. The additional 0.08% member contribution rate will no longer be applicable after fiscal year 2021. Prior to October 1, 1995, contributions to the Plan were made on an after-tax basis. Subsequent to this date, contributions are made on a pre-tax basis pursuant to an amendment to the Plan terms. These contributions are designated as employee contributions under Section 414(h)(2) of the Internal Revenue Code. Contribution requirements of the Plan's participants are established and may be amended by the City of Lakeland, Florida.

The City's funding policy is to make actuarially computed monthly contributions to the Plan in amounts, such that when combined with participants' contributions and the State insurance excise tax rebate, all participants' benefits will be fully provided for by the time that they retire.

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.

The City's actuarially determined contribution rate for the year ended September 31, 2021 was 20.35%. For the year ended September 30, 2021, the City contributed \$1,912,761 and the employees contributed \$1,224,820.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the October 1, 2019 actuarial evaluation updated to September 30, 2020 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.35%
Salary increases	Age based
Inflation rate	2.50%
Mortality table	
Active employees	Female: PubS.H-2010 for employees, set forward one year. Male: PubS.H-2010 for employees, set forward one year.
Retired pensioners	Female: PubS.H-2010 for Healthy Retirees, set forward one year. Male: PubS.H-2010 for Healthy Retirees, set forward one year.
Disabled pensioners	80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disable Retirees

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

C. Firefighters' Retirement System (continued)

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 expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of measurement date September 30, 2020 are summarized in the following table:

Asset Class (Fair Value)	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	45.00%	7.50%
International Equity	15.00%	8.50%
US Core Fixed Income	20.00%	2.50%
International Fixed Income	5.00%	3.50%
Real Estate	5.00%	4.50%
Alternative	10.00%	3.50%
TOTAL	100.00%	

The discount rate used to measure the total pension liability was 7.35%. 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 sponsor 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

Changes for the year:	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Service cost	\$ 2,698,861	\$ -	\$ 2,698,861
Interest	8,467,625	-	8,467,625
Share plan allocation	43,881	-	43,881
Contribution - employer	-	6,201,637	(6,201,637)
Contribution - employee	-	1,163,231	(1,163,231)
Contribution - state	-	821,319	(821,319)
Contribution buy-back	-	-	-
Projected Earnings on investments	-	7,551,555	(7,551,555)
Difference between actual & expected experience	587,818	-	587,818
Changes of assumptions	885,002	-	885,002
Difference between projected & actual earnings	-	3,089,970	(3,089,970)
Benefit payments	(6,431,100)	(6,431,100)	-
Administrative Expense	-	(177,508)	177,508
Net Change	6,252,087	12,219,104	(5,967,017)
Total - Beginning	113,305,769	99,463,934	13,841,835
Total - Ending	\$ 119,557,856	\$ 111,683,038	\$ 7,874,818

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.35%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.35%) or 1-percentage-point higher (8.35%) than the current rate.

	Decrease Rate (6.35%)	Discount Rate (7.35%)	Increase Rate (8.35%)
City's net pension liability	\$ 21,720,916	\$ 7,874,818	\$ (3,556,407)

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

C. Firefighters' Retirement System (continued)

Changes in Assumptions

For measurement date September 30, 2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Millimans July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics. Additionally, as approved by the Board of Trustees, the investment return assumption has been changed from 7.50% per year (gross of expenses) to 7.35% per year (net of investment related expenses).

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued City of Lakeland's Firefighters' Retirement System financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2021, the City recognized pension expenses of \$2,907,395. At September 30, 2021, the City reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 2,812,221	\$ -
Difference between actual and expected experience	3,258,483	177,856
Changes if assumptions	1,283,054	-
Net difference between projected and actual earnings	-	1,275,453
Total	<u>\$ 7,353,758</u>	<u>\$ 1,453,309</u>

\$2,812,221 reported as deferred outflows of resources related to pensions resulting from City and State contributions subsequent to the measurement date of the net pension liability but before the end of the current fiscal year will be recognized as a reduction of the net pension liability in the year ending September 30, 2022. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Fiscal year ended September 30th:	
2022	\$ 381,443
2023	1,003,039
2024	784,538
2025	186,798
2026	522,009
Thereafter	210,401
	<u>\$ 3,088,228</u>

Payable to the Pension Plan

At September 30, 2021, the City reported a payable of \$157,536 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2021.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

D. Condensed Financial Information

The aggregate net pension liability, deferred inflows of resources related to pensions, deferred outflows of resources related to pensions, and pension expense for the City as of September 30, 2021 are as follows:

	Employees' Pension and Retirement System	Police Officers' Defined Benefit Retirement System	Firefighters' Retirement System	Total
Deferred outflows of resources related to pensions	\$ 16,394,934	\$ 4,136,494	\$ 7,353,758	\$ 27,885,186
Net pension liability	61,825,882	9,641,858	7,874,818	79,342,558
Deferred inflows of resources related to pensions	5,658,662	5,943,187	1,453,309	13,055,158
Pension expense	10,844,400	2,277,889	2,907,395	16,029,684

Condensed financial data for the City's Defined Benefit Pension Plans for the year ended September 30, 2021 is presented below.

Condensed Statement of Net Position

	Employees' Pension and Retirement System	Police Officers' Defined Benefit Retirement System	Firefighters' Retirement System
Assets	<u>\$ 813,622,995</u>	<u>\$ 184,264,296</u>	<u>\$ 134,313,217</u>
Liabilities	<u>2,627,019</u>	<u>371,865</u>	<u>107,306</u>
Net Position			
Restricted for DROP benefits	20,693,000	4,571,368	2,006,673
Restricted for pension benefits	<u>790,302,976</u>	<u>179,321,063</u>	<u>132,199,238</u>
	<u>\$ 810,995,976</u>	<u>\$ 183,892,431</u>	<u>\$ 134,205,911</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

D. Condensed Financial Information (continued)

	Condensed Statement of Changes in Plan Net Position		
	Employees' Pension and Retirement System	Police Officers' Defined Benefit Retirement System	Firefighters' Retirement System
Additions			
Contributions	\$ 15,720,870	\$ 5,587,344	\$ 4,037,041
Investment income	169,700,507	35,626,082	25,814,202
All other	1,027	12,686	-
Total additions	<u>185,422,404</u>	<u>41,226,112</u>	<u>29,851,243</u>
Deductions			
Benefits paid	51,473,516	12,183,688	7,052,231
Refunds, former employees	1,058,108	675,985	120,573
All other	275,837	174,055	155,566
Total deductions	<u>52,807,461</u>	<u>13,033,728</u>	<u>7,328,370</u>
Change in net position	132,614,943	28,192,384	22,522,873
Net position, beginning of year	678,381,033	155,700,047	111,683,038
Net position, end of year	<u>\$ 810,995,976</u>	<u>\$ 183,892,431</u>	<u>\$ 134,205,911</u>

For more information, pertaining to the aforementioned plans refer to the City of Lakeland, Florida stand-alone financial statements for each plan, which can be obtained by contacting the City of Lakeland, Finance Department, City Hall, 228 S. Massachusetts Ave., Lakeland, FL 33801-5086.

NOTE 14 – DEFINED CONTRIBUTION PENSION PLAN

The Police Officers' Defined Benefit Retirement System (PODBRS) included a defined contribution Share plan component as of September 30, 2010. In subsequent years, the POBDRS Board will determine Share allocations based on election made by the participants in the plan and their service during the plan year.

For more information pertaining to the POBDRS refer to the City of Lakeland, Florida stand-alone financial statements for the plan, which can be obtained by contacting the City of Lakeland, Finance Department, City Hall, 228 S. Massachusetts Ave., Lakeland, FL 33801-5086.

The assets of the City's Alternate Pension Plan were transferred to a third party administrator in the name of the participants. The City no longer has any fiduciary responsibilities concerning the plan. The City's involvement in the plan is limited to remitting the amounts paid by the participants to a third party.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS

A. Health Insurance Trust Fund

Plan Description

Effective October 1, 2017, the Retiree Healthcare Trust Fund adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement replaces Statements No. 45, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*. In addition to the relevant disclosures within this note, the City's financial statements reflect a long-term liability of \$102,142,781 and \$99,159,219, and related expenses of \$6,249,423 and \$3,888,617 in governmental and business-type activities respectively, resulting from the adoption.

In addition to providing pension benefits, the City Commission has agreed to offer subsidized post-employment health care benefits to former employees who are receiving retirement benefits from the City in conjunction with the Employees' Pension and Retirement System Plan.

The Retiree Health Insurance Plan is a single-employer defined benefit healthcare plan administered by the City of Lakeland Retiree Healthcare Trust. The City Commission serves as the trustees of the plan. The plan provides for healthcare insurance for eligible retirees and their spouses and dependents through the City-sponsored health insurance plan as formally adopted by City ordinance. One other form of subsidy consists of a payment of up to 50 percent of the cost of Part A Medicare insurance coverage purchased by a former employee who is not otherwise eligible for Medicare coverage. To date, there have been no participants in this program. Under Florida Statute 112.08 if the City offers insurance to active employees, the City must offer the same to the retirees. The difference is the City can charge the full premium to the retiree based on the active employees'/city portion of the premiums for the plan their enrolled in.

Funding Policy

The contribution percentages are set forth by City ordinance. The City subsidy is equal to \$5 per month for each year of service accumulated at retirement (maximum 30 years of service or \$150 per month). The City will fund the benefit by placing 1.5% of annual covered payroll into a trust. Retirees are required to make an election as to participation in the City-sponsored health insurance plan upon retirement. Effective January 1, 2003, any employee, who wishes to have his/her spouse and dependents insured on the City of Lakeland's Health Insurance Plan prior to retirement, will be required to have them on the plan one year prior to retirement. Should a participant at any time elect not to purchase coverage from the City-sponsored plan, all eligibility for future participation in that plan, including rights to the subsidy, is terminated. Plan provisions may be amended by city ordinance.

Effective January 1, 2003, all new hires will not be eligible for the retiree subsidy plan which has been formally adopted by City ordinance 4379. The City has established a Trust to accumulate and invest assets necessary to pay for the accumulated liability.

Plan Membership

A summary of the current active and inactive employees and the criteria of the classes participating in the plan is as follows:

	Active plan members	1,906
	Inactive plan members participating in the health plan	606
	Inactive plan members currently receiving a subsidy	1,542
	Normal Retirement	Early Retirement
General Employees:		
Hired before October 1, 2003	60 + 10 years	50 + 10 years or 30 years
Hired after September 30, 2003	62 + 10 years	52 + 10 years or 30 years
Hired after February 25, 2012	62 + 5 years	52 + 5 years
Firefighters	55 + 10 years or 52 + 25 years	50 + 10 years
Police	55 + 10 years or 25 years	50 + 10 years

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS (continued)

A. Health Insurance Trust Fund (continued)

Actuarial assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of actuarial methods and assumptions used including techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events into the future; as such these actuarial amounts are subject to continual valuation.

Significant Assumptions: The date of the actuarial valuation on which the plan's liability was determined is September 30, 2021. The following actuarial assumptions were applied.

Actuarial cost method	Entry age normal based on level percentage of projected salary
Valuation Date	October 1, 2020
Measurement Date	September 30, 2021
Discount rate:	
Implicit	2.26%
Explicit	7.22%
Health care cost trend rate:	
Pre-medicare medical & Rx benefits	
Select	7.00%
Ultimate	4.00%
Medical benefits	
Select	6.00%
Ultimate	4.00%
Stop loss fees	
Select	7.00%
Ultimate	4.00%
Administrative	
Select	4.00%
Ultimate	4.00%
Salary changes	3.5% per annum
Postemployment benefit changes	N/A
Mortality rates	Pub-2010 base table scaled generationally using MP-2019 and applied on a gender-specific basis
Long-term expected rate of return	tax-exempt, high quality municipal bond
Asset valuation	fair value
Date of experience study	24 months ending September 30, 2021

The total OPEB liability was determined by an actuarial valuation as of October 1, 2020, using the previously listed actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. The discount rate, the medical trend rates, the plan participation assumption, retirement rates, and termination rates are the only applicable changes in the evaluation.

Interest rates

Discount (or interest) rates are used to reflect the time value of money. Discount rates are used in determining the present value of the valuation date of future cash flows currently expected to be required to satisfy the postretirement benefit obligation. The long-term expected rate of return using arithmetic mean on OPEB investments was determined using the rate of return on tax-exempt, high quality municipal bonds (20 year, tax-exempt municipal bond - 2.26%) blended with the expected rate of return on trust assets.

The discount rate used to measure the total OPEB liability was 2.26% for the implicit subsidy and 7.22% for the explicit subsidy. The discount rate increased from 2.21%. The municipal bond rate used in the discount rate is the Bond Buyer 20-Bond GO Index.

The annual money-weighted rate of return that expresses investment performance, net of investment expense, adjusted for changes in the amount actually invested was 21.1%.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS (continued)

A. Health Insurance Trust Fund (continued)

Investments

Investments are held in the City's Consolidated Investment Fund. For information regarding the Consolidated Fund's investment policies, asset allocations, and descriptions of significant investments, refer to Note 3.C.

Concentration

The Plan's investment in the consolidated fund comprised of more than 5% of the Plan's total fiduciary net position. However, no individual investment of the Plan's share of the consolidated fund (2%) comprised of more than 5% of the Plan's total fiduciary net position.

The rate of return for the assets of the Trust as of September 30, 2020 are summarized in the following table.

<u>Asset Allocation:</u>	<u>%</u>	<u>Returns (with inflation)</u>	<u>Balance</u>	<u>% of Net Position</u>
Consolidated funds	99.41%	7.25%	\$ 11,677,433	99%
Money market funds	0.00%	0.49%	-	0%
Accounts receivable	0.59%	0.00%	69,268	1%
Total	<u>100.00%</u>		<u>\$ 11,746,701</u>	<u>100%</u>

Rate of Return

For the year ended September 30, 2021, the annual rate of return (with inflation) was 7.22%.

Projected Benefit Payments

The long-term expected rate of return is used for the first two years of the benefit payments. Thereafter, the municipal bond rate index is applied to the remainder of the life of the plan.

Net OPEB Liability

The components of the Net OPEB Liability for the Health Insurance Trust Fund as September 30, 2021 were as follows:

Total OPEB Liability	\$ 213,021,931
Fiduciary Net Position	11,719,931
Net OPEB Liability	<u>\$ 201,302,000</u>

Fiduciary Net Position as a percentage of the total OPEB liability 5.50%

Changes in Net OPEB Liability

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Beginning balances.	\$ 222,682,078	\$ 9,824,039	\$ 212,858,039
Changes for the year:			
Service cost	9,675,719	-	9,675,719
Interest cost	6,040,753	-	6,040,753
Benefit payments	(5,628,006)	(5,628,006)	-
Changes in assumptions	57,491,826	-	57,491,826
Difference between expected and actual experience	(77,240,439)	-	(77,240,439)
Contributions - employers	-	5,320,784	(5,320,784)
Contributions - employees	-	135,134	(135,134)
Investment income	-	2,067,980	(2,067,980)
Net changes	<u>(9,660,147)</u>	<u>1,895,892</u>	<u>(11,556,039)</u>
Ending balances	<u>\$ 213,021,931</u>	<u>\$ 11,719,931</u>	<u>\$ 201,302,000</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS (continued)

A. Health Insurance Trust Fund continued)

Sensitivity of the net OPEB liability to changes in the discount rate

The sensitivity of the net OPEB liability to a discount rate 1% (3.26%) higher and 1% lower (1.26%) than the discount rate of 2.26% is as follows:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>	<u>% Difference</u>
3.26%	\$ 165,537,000	(18)%
2.26%	201,302,000	N/A
1.26%	249,634,000	24%

Sensitivity to the net OPEB liability to changes in the healthcare cost trend rate

The sensitivity of the net OPEB liability using healthcare cost trend rates 1% higher and 1% lower than the current trend rates is as follows:

<u>Trend</u>	<u>Net OPEB Liability</u>	<u>% Difference</u>
1% decrease	\$ 161,768,000	(20)%
Current trend	201,302,000	N/A
1% increase	253,595,000	26%

Changes in Assumptions

The following assumption changes were since the prior evaluation:

- The discount rate for the implicit subsidy was increased from 2.21% to 2.26% from the prior measurement date.
- The discount rate for explicit subsidy was increased from 7.21% to 7.22% from the prior measurement date.
- The plan participation assumption was updated from 62% to 72%.
- The termination rates assumption for Police, Fire, and General Employees were updated based on the October 1, 2020 Pension valuations for each.
- The retirement rates Police and General Employees were updated based on the October 1, 2020 Pension valuations for each.
- The initial year medical trend rate was updated from 6.0% to 7.0% for pre-Medicare costs and from 5.0% to 6.0% for post-Medicare costs to reflect the generally low claims experience environment. The stop-loss trend rate was updated from 6.0% to 7.0% and the administrative fees trend was updated from 5.0% to 4.0%.

Plan Fiduciary Net Position

The Plan does not issue a stand-alone publicly available financial report. In accordance with the requirements of GASB Statement 74, *Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans*, the City has elected to present the Lakeland Retiree Healthcare Trust as fiduciary fund and include the required disclosures and required supplementary information in its annual financial statements.

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

For the fiscal year ended September 30, 2021, the City recognized OPEB expenses of \$10,133,040. At September 30, 2021, the City reported deferred inflows and outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual earnings	\$ -	\$ 1,293,220
Difference between actual and expected experience	-	81,803,586
Changes in assumptions	76,537,872	8,852,996
Change in cost share allocation	9,195,318	9,195,318
Total	\$ 85,733,190	\$ 101,145,120

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS (continued)

A. Health Insurance Trust Fund continued)

Other amounts reported as deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Fiscal year ended September 30th:		
2022	\$	(4,707,658)
2023		(2,766,646)
2024		33,341
2025		157,862
2026		(2,323,956)
Thereafter		(5,804,873)
	\$	<u>(15,411,930)</u>

Financial Statements

STATEMENT OF PLAN NET POSITION
RETIREE HEALTH CARE TRUST FUND
September 30, 2021

ASSETS	
Consolidated Fund	\$ 11,677,433
Contributions	69,268
Total assets	<u>11,746,701</u>
LIABILITIES	
Due to primary government	<u>26,770</u>
Total liabilities	<u>26,770</u>
NET POSITION	
Restricted for other post employment benefits	11,719,931
	<u>\$ 11,719,931</u>

STATEMENT OF CHANGES IN PLAN NET POSITION
RETIREE HEALTH CARE TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

ADDITIONS	
Contributions:	
Employer	\$ 5,320,784
Plan members	135,134
Total contributions	<u>5,455,918</u>
Net investment income:	
Net increase in the fair value of investments	1,144,267
Interest and dividends	923,713
Net investment income	<u>2,067,980</u>
Total additions, net	<u>7,523,898</u>
DEDUCTIONS	
Benefits paid	<u>5,628,006</u>
Total deductions	<u>5,628,006</u>
Change in net position	1,895,892
NET POSITION, beginning of year	9,824,039
NET POSITION, end of year	<u>\$ 11,719,931</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS (continued)

B. Survivor Benefit Trust Fund

The City Commission through Ordinance No. 3434, established the Employees' Survivor's Benefit Fund to provide a life insurance benefit of 12 times the monthly retiree benefits up to \$150,000 to eligible beneficiaries of certain retirees meeting eligibility requirements. Upon the death of any employee who is regularly retired and currently receiving a pension benefit under the City of Lakeland Employee Pension Fund. The City pays an annual insurance premium to the underwriter who assumes the liability for benefit payments to beneficiaries. The City paid \$741,142 in insurance premiums for fiscal year 2021.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

A. Litigation

Various suits and claims arising in the ordinary course of operations are pending against the City. The ultimate effect of such would not result in losses which would materially affect the financial position of the City or materially compromise its operations. The City relies upon the sovereign immunity protection afforded to local governments under Section 768.28, Florida Statutes, which limits the collection of any judgment to \$200,000 per person and to \$300,000 arising out of the same incident or occurrence. Some cases which arise out of police activity represent a possibility of exposure that would exceed sovereign immunity limits, although the City carries excess coverage for that risk.

B. Contractual Commitments

At September 30, 2021, the City's Fleet Management Operations had \$10,137,413 in outstanding contracts to purchase motor vehicles.

Lakeland Electric has contracts for the supply and transportation of natural gas requiring the purchase and transportation of a minimum and a maximum number of cubic feet of natural gas per year. Lakeland Electric has contracts for the purchase/sale and delivery of electric energy setting a maximum number of megawatts available for purchase.

Lakeland Electric has a long-term service agreement with Siemens/Westinghouse to provide labor, parts, and materials to cover all planned annual outages for McIntosh Unit 5, a 395 MW combined cycle gas turbine unit. In April 2020, the Lakeland City Commission approved changes to the contract which included a revised payment schedule. During fiscal year 2021 milestone payments of \$7,288,862 were made under the contract. The agreement, which is scheduled to run through 2031, include annual milestone payments and an economic index escalation factor. Future base payments per the schedule, excluding escalation, are as follows:

Fiscal Year	Operating	Capital	Total
2022	\$ 412,600	\$ 7,510,616	\$ 7,923,216
2023	417,964	7,608,254	8,026,218
2024	423,398	7,707,161	8,130,559
2025	428,902	6,702,123	7,131,025
2026-2031	2,693,071	29,676,523	32,369,594
	<u>\$ 4,375,935</u>	<u>\$ 59,204,677</u>	<u>\$ 63,580,612</u>

Lakeland Electric entered into a total of five Solar Energy Participation Agreements (SEPA) with Sun Edison, LLC from 2009 through 2016. As of September 30, 2021, Sun Edison's former ownership interests were assigned as follows:

Location	SEPA Owner	COD	Years	MWs/AC	Rate
Airport I	Longroad Energy Holding, LLC	12/22/2011	25	2.25	\$ 190.00
Airport II	Renewable Holdco I, LLC	9/16/2012	25	2.75	176.50
Airport III	Clearway Energy Group, LLC	12/21/2016	25	3.15	112.52
RP Funding Center	Longroad Energy Holding, LLC	4/4/2010	20	0.25	280.99
West Bella Vista	TerraForm Utility Solar XIX, LLC	7/6/2015	25	6	112.52

Lakeland Electric has no equity interest in and assumes no financial responsibility for the solar generation systems. Four systems are located on properties owned by the City of Lakeland. The West Bella Vista property is owned by the vendor. Solar energy system installations are as follows: the roof of the RP Funding Center, the runway protection zones of the Lakeland Linder International Airport, and 70 acres adjacent to the Sutton Electric Substation. Four of the SEPAs are in effect for twenty-five years and one is at twenty years at a fixed price per MWh with no price escalation clauses. Lakeland Electric's purchases under the SEPAs for the current and previous year were as follows:

	2021	2020
Sales Revenue	\$ 2,809,557	\$ 3,323,872
MegaWatts Sold	21,381	23,939
Average per MW	\$ 131.40	\$ 138.85

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 16 – COMMITMENTS AND CONTINGENCIES (continued)

B. Contractual Commitments (continued)

Lakeland Electric participates in federal and state programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. In the opinion of management, no significant contingent liabilities exist related to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

The City has active construction projects as of September 30, 2021. The projects include infrastructure projects, construction of existing streets, wastewater treatment facilities, and electric plant. The commitments of major construction projects and capital outlay issued by the City which have not been completed as of September 30, 2021, are as follows:

Transportation/street projects	\$ 13,336,161	*
Public Improvement projects	4,216,041	*
Public Safety projects	547,939	*
Airport projects	232,177	*
Wastewater treatment facilities projects	7,314,988	*
Water Distribution projects	4,743,079	*
McIntosh unit 5 renewal and replacement projects	1,128,333	*
McIntosh gas turbine 2 projects	187,879	*
Larsen unit 8 renewal and replacement projects	568,752	*
McIntosh new generation	75,389	*
Other power production plant improvements	60,239	*
Energy delivery capital projects	604,059	*
Building improvement projects	132,861	*
Equipment	47,255	*
	<u>\$ 33,195,152</u>	

*The amounts reported are included in the outstanding encumbrances below.

C. Encumbrances

The City had the following encumbrances outstanding as of September 30, 2021 that were not reported as designations:

Lakeland Linder International Airport Fund	\$ 7,566,461
Electric Utility Fund	6,947,739
Water and Wastewater Utilities	5,243,415
Internal Service Funds	11,485,277
Nonmajor Enterprise Funds	1,081,833
	<u>\$ 32,324,725</u>

The following is a summary of the City's encumbrances for Governmental Funds as of September 30, 2021.

	Public Improvement Fund	All Other Governmental Funds	Total Governmental Funds
Building improvements	\$ 308,880	\$ -	\$ 308,880
Land improvements	1,825,569	-	1,825,569
Equipment	872,952	-	872,952
Infrastructure	-	898,594	898,594
Maintenance and repair	1,756,577	-	1,756,577
Transportation projects	-	13,336,161	13,336,161
Total	<u>\$ 4,763,978</u>	<u>\$ 14,234,755</u>	<u>\$ 18,998,733</u>

In addition to the commitments for capital projects, Lakeland Electric had other outstanding purchase orders in the amount of \$58,419,286 as of September 30, 2021. \$51,950,141 of which represents contracts for the procurement and transportation of fuel and purchased power. It is the opinion of Lakeland Electric's management that Lakeland Electric complies with the requirements of all contractual commitments.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 17 – SUBSEQUENT EVENTS

2021 Water & Wastewater Refunding Bonds

In October 2019, the City of Lakeland entered into a forward delivery agreement with Bank of America, N.A. for the issuance and delivery of the Water and Wastewater Refunding Bond, Series 2021 in the amount of \$28,220,000. The bonds are secured by a pledge of the revenues of the City's water and wastewater systems. The 2021 bonds, which were issued on October 1, 2021, take the form of a fixed rate bank loan with Bank of America, N.A., and refund the outstanding Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2012A maturing on and after October 1, 2022 and pay the issuance costs of the 2021 Bonds. The 2021 bonds pay interest on April 1 and October 1 of each year. The bonds pay principal on October 1 of each year, with a final maturity of October 1, 2032. The 2021 refunding bonds have an all-in true interest cost of 2.20% and generated present value savings of \$3.7 million.

2021 Energy System Revenue Bonds

In December 2021, the City of Lakeland issued Energy System Revenue Bonds, Series 2021 in the amount of \$123,295,000. The bonds are secured by a pledge of the revenues of the City's electric system. The 2021 bonds were sold at a premium, generating \$165 million in proceeds to fund various capital projects for the City's electric system, including 120 MW of new generating capacity. The 2021 bonds pay interest on April 1 and October 1 of each year. The bonds pay principal on October 1 of each year, with a final maturity of October 1, 2048. The 2021 bonds have an all-in true interest cost of 2.09%.

Pension Contribution Change

On February 21, 2022, the City Commission approved a new actuarial valuation report for the Employees' Pension and Retirement System. The report, which was previously approved by the pension board, recognizes the fully-funded status of the pension system as of October 1, 2021, and recalculated required employer and employee contribution rates for FY2022. The new contribution rates, which are effective for non-union employees for the pay period beginning February 27, 2022, represent reductions of 2.36% and 3.57% for employees and the City respectively. Rates for union employees will be reduced in the pay period following union approval. In addition to reducing contribution rates, the new actuarial report reduces the investment return assumption for the retirement system from 7.25% to 6.75%.

NOTE 18 – CURRENT EVENTS

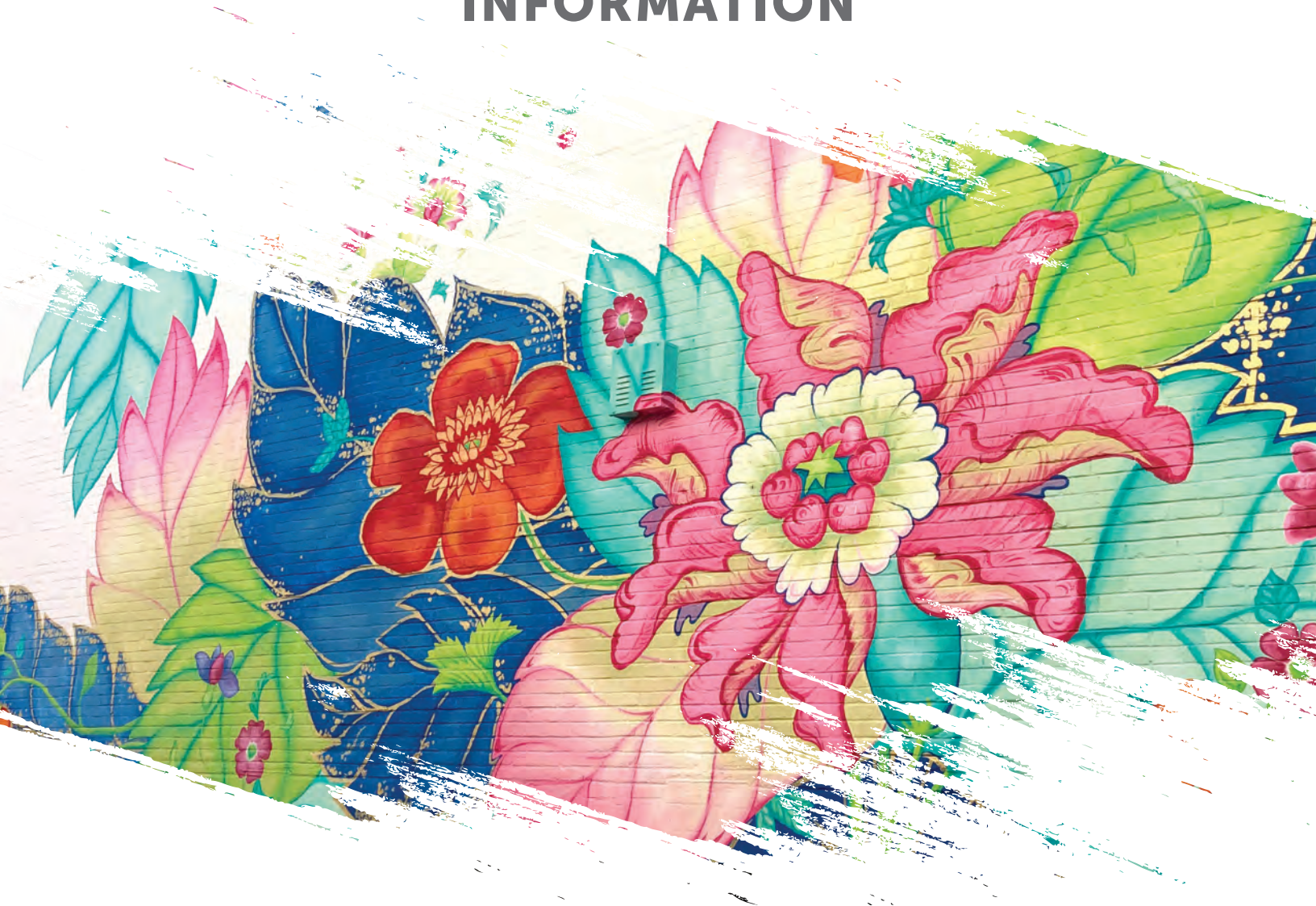
During December 2019, the Novel Coronavirus (COVID-19) was discovered on the continent of Asia. The COVID-19 was subsequently declared a world-wide pandemic by the World Health Organization. On March 13, 2020, the President declared a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak. Although multiple vaccines have been granted authorization for emergency use by the US Food and Drug Administration, the outbreak of COVID-19 has affected travel, commerce and financial markets both domestic and globally, and is widely expected to have a significant impact on economies worldwide.

The City requested and received reimbursement from Polk County for COVID-19 related purchases through September 30, 2020. Charges were tracked through December 31, 2020. At the end of fiscal year 2021, \$222,581 is due from the Federal Government for COVID related expenses.

On February 24, 2022, Russia began an invasion of the nation of Ukraine, which is ongoing at this time. Much of the international community, particularly the United States and most Western European nations, have condemned Russia for its actions, accusing it of breaking international law and violating Ukrainian sovereignty. As a result, many countries have implemented economic sanctions against Russia, Russian individuals, or companies. The ongoing war and the aforementioned economic sanctions have resulted in added volatility in equity and commodity markets, and will likely have significant implications for economic growth and inflation going forward. The full impact of the war is unknown at this time, but could have negative implications for the City's investments, particularly those of the City's pension funds and its Public Improvement Endowment Fund.

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REQUIRED SUPPLEMENTARY INFORMATION



GAINES JEWELERS
(112 S TENNESSEE AVE)

CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Amended Budget	2021 Actual	Variance
REVENUES				
Taxes	\$ 54,734,423	\$ 54,734,423	\$ 55,428,398	\$ 693,975
Licenses and permits	1,946,605	1,946,605	2,176,718	230,113
Intergovernmental	10,726,149	10,816,318	14,019,202	3,202,884
Charges for services	5,344,499	6,385,237	7,105,308	720,071
Fines and forfeitures	2,383,244	2,514,268	2,526,377	12,109
Miscellaneous	3,261,544	3,814,273	4,743,191	928,918
Total revenues	<u>78,396,464</u>	<u>80,211,124</u>	<u>85,999,194</u>	<u>5,788,070</u>
EXPENDITURES				
Current:				
General government:				
Executive	759,146	743,485	313,399	430,086
Legislative	161,531	163,031	124,648	38,383
Financial and administrative	5,799,617	5,582,830	4,263,370	1,319,460
Legal counsel	394,119	570,251	567,942	2,309
Comprehensive planning	3,549,209	3,705,397	2,775,344	930,053
Other general government	5,048,879	5,015,239	4,377,260	637,979
	<u>15,712,501</u>	<u>15,780,233</u>	<u>12,421,963</u>	<u>3,358,270</u>
Public safety:				
Law enforcement	45,403,129	46,600,145	42,911,620	3,688,525
Fire control	21,628,821	21,560,231	21,109,556	450,675
Protective inspections	1,399,599	1,419,711	1,117,130	302,581
	<u>68,431,549</u>	<u>69,580,087</u>	<u>65,138,306</u>	<u>4,441,781</u>
Physical environment:				
Utility services	5,248,220	5,201,220	5,125,630	75,590
Conservation and resource management	17,688	17,688	17,688	-
Other physical environment	1,173,696	1,211,525	1,209,181	2,344
	<u>6,439,604</u>	<u>6,430,433</u>	<u>6,352,499</u>	<u>77,934</u>
Transportation:				
Road and street facilities	7,449,509	7,135,863	5,163,349	1,972,514
Economic environment:				
Other economic environment	4,065,888	5,306,698	3,793,086	1,513,612
Human services:				
Other human services	136,200	181,739	127,474	54,265
Culture/Recreation:				
Libraries	4,114,746	4,616,544	3,714,958	901,586
Parks and recreation	21,735,289	21,755,553	18,789,856	2,965,697
Cultural services	255,000	255,775	243,489	12,286
Special events	67,922	93,252	61,071	32,181
	<u>26,172,957</u>	<u>26,721,124</u>	<u>22,809,374</u>	<u>3,911,750</u>
Capital outlay	115,993	631,286	237,695	393,591
Debt Service				
Principal retirement	175,253	529,275	529,275	-
Interest	9,543	45,007	41,764	3,243
	<u>184,796</u>	<u>574,282</u>	<u>571,039</u>	<u>3,243</u>
Total expenditures	<u>128,708,997</u>	<u>132,341,745</u>	<u>116,614,785</u>	<u>15,726,960</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(50,312,533)</u>	<u>(52,130,621)</u>	<u>(30,615,591)</u>	<u>21,515,030</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	47,078,724	48,277,729	49,329,830	1,052,101
Transfers to other funds	(3,275,715)	(6,977,319)	(6,918,319)	59,000
Total other financing sources (uses)	<u>43,803,009</u>	<u>41,300,410</u>	<u>42,411,511</u>	<u>1,111,101</u>
NET CHANGE IN FUND BALANCE	<u>(6,509,524)</u>	<u>(10,830,211)</u>	<u>11,795,920</u>	<u>22,626,131</u>
FUND BALANCE, beginning of year	7,854,526	(301,405)	30,105,336	30,406,741
FUND BALANCE, end of year	<u>\$ 1,345,002</u>	<u>\$ (11,131,616)</u>	<u>\$ 41,901,256</u>	<u>\$ 53,032,872</u>

CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2021

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

Measurement date:	EMPLOYEE PENSION						
	9/30/2020	09/30/2019	09/30/2018	09/30/2017	09/30/2016	09/30/2015	09/30/2014
Total pension liability:							
Service cost	\$ 11,756,329	\$ 11,588,821	\$ 11,698,378	\$ 12,438,914	\$ 12,454,643	\$ 12,479,291	\$ 12,663,875
Interest and dividends	51,567,067	50,814,102	49,542,535	47,570,311	46,369,839	45,023,294	43,427,938
Changes in benefit terms	-	-	-	-	(1,360,522)	-	-
Differences between expected and actual experience	1,237,889	(4,906,876)	472,973	2,417,270	(189,908)	(2,104,773)	(200,874)
Assumption Changes	-	-	-	7,390,055	-	-	-
Benefit payments, including refunds of member contributions	(47,735,865)	(46,819,788)	(41,311,167)	(42,434,673)	(38,965,501)	(34,634,781)	(32,658,024)
Net change in total pension liability	16,825,420	10,676,259	20,402,719	27,381,877	18,308,551	20,763,031	23,232,915
Total pension liability, beginning	723,381,495	712,705,236	692,302,517	664,920,640	646,612,089	625,849,058	602,616,143
Total pension liability, ending	740,206,915	723,381,495	712,705,236	692,302,517	664,920,640	646,612,089	625,849,058
Plan fiduciary net position:							
Contributions, employer	67,857,723	15,783,779	15,473,351	14,739,830	29,175,783	15,697,557	15,395,603
Contributions, members	7,049,066	7,755,783	7,593,222	7,600,019	7,468,541	7,394,407	7,129,361
Net investment income	51,347,570	14,670,276	50,694,933	67,569,392	33,659,515	6,072,542	39,349,445
Benefit payments, including refunds of member contributions	(47,735,865)	(46,819,788)	(41,311,167)	(42,434,673)	(38,965,501)	(34,634,781)	(32,658,024)
Administrative expenses	(792,308)	(252,466)	(222,991)	(241,172)	(246,010)	(217,810)	(288,901)
Other (adjustment to DROP balance, misc. income)	13,035	67,916	113,957	-	-	-	-
Net change in plan fiduciary net position	77,739,221	(8,794,500)	32,341,305	47,233,396	31,092,328	(5,688,085)	28,927,484
Plan fiduciary net position, beginning	600,641,812	609,436,312	577,095,007	529,861,611	498,769,283	504,457,368	475,529,884
Plan fiduciary net position, ending	678,381,033	600,641,812	609,436,312	577,095,007	529,861,611	498,769,283	504,457,368
City's net pension liability, ending	\$ 61,825,882	\$ 122,739,683	\$ 103,268,924	\$ 115,207,510	\$ 135,059,029	\$ 147,842,806	\$ 121,391,690
Plan fiduciary net position as a % of total pension liability	91.65%	83.03%	85.51%	83.36%	79.69%	77.14%	80.60%
Actual covered payroll as of year-end	\$ 88,716,247	\$ 87,469,893	\$ 84,816,890	\$ 84,102,850	\$ 80,397,748	\$ 79,725,716	\$ 78,211,736
City's net pension liability as a % of covered payroll	69.69%	140.32%	121.76%	136.98%	167.99%	185.44%	155.21%

GASB 68 was implemented in fiscal year 2015. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2021

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	9/30/2020	9/30/2019	9/30/2018	POLICE PENSION 9/30/2017	9/30/2016	9/30/2015	9/30/2014
Measurement date:							
Total pension liability:							
Service cost	\$ 3,144,551	\$ 2,981,852	\$ 2,805,388	\$ 2,795,894	\$ 2,476,007	\$ 2,550,144	\$ 2,467,333
Interest and dividends	12,080,337	11,838,085	11,392,047	11,149,058	10,566,141	10,243,851	9,862,126
Contributions - buy back	490,380	61,436	93,102	162,221	183,211	140,261	70,721
Gain Sharing Reserve	-	-	(425,192)	425,192	-	-	-
Share Plan Allocation	185,109	153,150	114,527	77,471	-	-	-
Change in benefit terms	-	-	-	40	-	-	-
Differences between expected and actual experience	(251,665)	(333,367)	1,397,788	(808,693)	(2,463,567)	(754,860)	-
Changes in assumption	(1,606,578)	-	-	3,019,734	4,080,663	-	-
Benefit payments, including refunds of member contributions	(12,544,600)	(10,723,070)	(9,173,523)	(7,542,647)	(7,725,690)	(8,580,144)	(6,991,965)
Net change in total pension liability	1,497,534	3,978,086	6,204,137	9,278,270	7,116,765	3,599,252	5,408,215
Total pension liability, beginning	163,844,371	159,866,285	153,662,148	144,383,878	137,267,113	133,667,861	128,259,646
Total pension liability, ending	165,341,905	163,844,371	159,866,285	153,662,148	144,383,878	137,267,113	133,667,861
Total pension liability:							
Contributions, employer	20,759,745	3,206,499	3,339,013	2,691,292	2,686,671	2,463,702	2,548,469
Contributions, members	2,364,906	2,595,033	2,419,597	2,024,438	2,029,605	1,931,359	2,017,233
Contributions - buy back	490,380	61,436	93,102	162,221	183,211	140,261	70,775
Contribution - state	1,071,675	1,007,757	930,510	856,398	796,486	744,499	708,648
Projected Earnings on investments	9,938,013	9,401,271	8,479,280	8,465,385	8,100,346	8,387,978	7,693,094
Difference between projected & actual earnings	7,244,501	(4,691,229)	661,130	4,247,590	671,935	(10,027,714)	1,810,017
Benefit payments, including refunds of member contributions	(12,544,600)	(10,723,070)	(9,173,523)	(7,542,647)	(7,725,690)	(8,580,144)	(6,991,965)
Administrative expenses	(192,889)	(190,932)	(195,309)	(198,498)	(162,180)	(167,667)	(141,203)
Other Adjustment	2,154	1,339	7,924	3,202	2,451	598	-
Plan fiduciary net position, beginning	29,133,885	668,104	6,561,724	10,709,381	6,582,835	(5,107,128)	7,715,068
Plan fiduciary net position, ending	126,566,162	125,898,058	119,336,334	108,626,953	102,044,118	107,151,246	99,436,178
City's net pension liability, ending	155,700,047	126,566,162	125,898,058	119,336,334	108,626,953	102,044,118	107,151,246
City's net pension liability as a % of total pension liability	\$ 9,641,858	\$ 37,278,209	\$ 33,968,227	\$ 34,325,814	\$ 35,756,925	\$ 35,222,995	\$ 26,516,615
Plan fiduciary net position as a % of total pension liability	94.17%	77.25%	78.75%	77.66%	75.23%	74.34%	80.16%
Actual covered payroll as of year-end	\$ 15,230,301	\$ 15,323,527	\$ 14,765,970	\$ 14,698,821	\$ 14,554,279	\$ 14,868,655	\$ 13,413,482
City's net pension liability as a % of covered payroll	63.31%	243.27%	230.04%	233.53%	245.68%	236.89%	197.69%

GASB 68 was implemented in fiscal year 2015. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2021

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

Measurement date:	9/30/2020	9/30/2019	9/30/2018	FIRE PENSION 9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability:							
Service cost	\$ 2,698,861	\$ 2,514,114	\$ 2,479,249	\$ 2,181,230	\$ 2,228,737	\$ 2,049,136	\$ 1,946,737
Interest and dividends	8,467,625	7,957,155	7,520,669	7,283,494	6,882,719	6,634,089	6,330,428
Share plan allocation	43,881	23,245	-	-	-	-	-
Contributions - buy back	587,818	63,495	1,979,479	170,424	119,786	16,519	-
Differences between expected and actual experience	885,002	2,181,248	1,979,479	(414,996)	229,162	(643,439)	-
Changes in assumptions	(6,431,100)	(5,804,264)	(6,643,739)	(5,846,514)	1,835,684	-	-
Benefit payments, including refunds of member contributions	6,252,087	6,934,993	5,335,658	3,373,638	(5,682,715)	(4,158,978)	(4,502,540)
Net change in total pension liability	113,305,769	106,370,776	101,035,118	97,661,480	3,897,327	3,897,327	3,774,625
Total pension liability, beginning	119,557,856	113,305,769	106,370,776	101,035,118	92,048,107	88,150,780	84,376,155
Total pension liability, ending					97,661,480	92,048,107	88,150,780
Plan fiduciary net position:							
Contributions, employer	6,201,637	1,833,070	1,575,442	1,410,862	1,558,306	1,533,254	1,705,635
Contributions, members	1,163,231	1,083,921	948,721	697,667	748,173	925,075	1,063,934
Contributions - buy back	-	63,495	-	170,424	119,786	16,519	-
Contribution - state	821,319	780,047	731,610	726,180	776,564	754,489	735,806
Net investment income	10,641,525	3,778,950	7,255,560	9,599,190	6,402,044	(1,125,224)	6,476,571
Benefit payments, including refunds of member contributions	(6,431,100)	(5,804,264)	(6,643,739)	(5,846,514)	(5,682,715)	(4,158,978)	(4,502,540)
Administrative expenses	(177,508)	(117,069)	(125,572)	(110,237)	(119,359)	(95,290)	(77,367)
Other (Adjustment to DROP Balance, misc. income)	-	-	-	100	3,266	100	-
Net change in plan fiduciary net position	12,219,104	1,618,150	3,742,022	6,647,672	3,806,065	(2,150,055)	5,402,039
Plan fiduciary net position, beginning	99,463,934	97,845,784	94,103,762	87,456,090	83,650,025	85,800,080	80,398,041
Plan fiduciary net position, ending	111,683,038	99,463,934	97,845,784	94,103,762	87,456,090	83,650,025	85,800,080
City's net pension liability, ending	\$ 7,874,818	\$ 13,841,835	\$ 8,524,992	\$ 6,931,356	\$ 10,205,390	\$ 8,398,082	\$ 2,350,700
Plan fiduciary net position as a % of total pension liability	93.41%	87.78%	91.99%	93.14%	89.55%	90.88%	97.33%
Actual covered payroll as of year-end	\$ 12,750,808	\$ 12,406,692	\$ 11,735,762	\$ 11,091,670	\$ 10,415,009	\$ 10,942,161	\$ 9,951,374
City's net pension liability as a % of covered payroll	61.76%	111.57%	72.64%	62.49%	97.99%	76.75%	23.62%

GASB 68 was implemented in fiscal year 2015. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2021

SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS

Measurement date:	09/30/2021	09/30/2020	09/30/2019	09/30/2018	9/30/2017
Total OPEB liability:					
Service cost	\$ 9,675,719	\$ 8,424,404	\$ 6,608,098	\$ 7,461,585	\$ 7,162,205
Interest and dividends	6,040,753	5,908,323	8,567,130	8,045,959	8,573,827
Assumption Changes or other inputs	57,491,826	17,841,558	28,389,473	(17,759,019)	(13,961,000)
Differences between expected and actual experience	(77,240,439)	-	(27,686,720)	-	-
Benefit payments	(5,628,006)	(5,497,628)	(6,256,300)	(8,099,526)	(8,100,958)
Net change in total OPEB liability	(9,660,147)	26,676,657	9,621,681	(10,351,001)	(6,325,926)
Total OPEB liability, beginning	222,682,078	196,005,421	186,383,740	196,734,741	203,060,667
Total OPEB liability, ending	213,021,931	222,682,078	196,005,421	186,383,740	196,734,741
Plan fiduciary net position:					
Contributions, employer	5,320,784	5,402,393	6,197,320	8,250,441	8,100,958
Contributions, employee	135,134	157,469	178,448	-	-
Net investment income	2,067,980	687,703	653,377	625,619	989,661
Benefit payments	(5,628,006)	(5,497,628)	(6,256,300)	(8,099,526)	(8,100,958)
Net change in plan fiduciary net position	1,895,892	749,937	772,845	776,534	989,661
Plan fiduciary net position, beginning	9,824,039	9,074,102	8,301,257	7,524,723	6,535,062
Plan fiduciary net position, ending	11,719,931	9,824,039	9,074,102	8,301,257	7,524,723
City's net OPEB liability, ending	\$ 201,302,000	\$ 212,858,039	\$ 186,931,319	\$ 178,082,483	\$ 189,210,018
Plan fiduciary net position as a % of total OPEB liability	5.50%	4.41%	4.63%	4.45%	3.82%
Actual covered payroll as of September 30th	\$ 127,375,719	\$ 133,983,300	\$ 129,452,490	\$ 128,224,000	\$ 123,888,256
City's net OPEB as a % of covered payroll	158.04%	158.87%	144.40%	138.88%	152.73%

GASB 75 was implemented in fiscal year 2018. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2021

SCHEDULE OF OPEB INVESTMENT RETURNS

	<u>9/30/21</u>	<u>9/30/20</u>	<u>9/30/19</u>	<u>9/30/18</u>	<u>9/30/17</u>
Annual money-weighted rate of return, net of investment expense.	21.1%	7.6%	7.9%	8.3%	15.1%

SCHEDULE OF OPEB CONTRIBUTIONS

Year Ended September 30th	Statutorily Determined Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2021	\$ 1,910,636	\$ 5,320,785	\$ (3,410,149)	\$ 127,375,719	4.18%
2020	2,009,745	5,402,393	(3,392,648)	133,983,000	4.03%
2019	1,941,787	6,197,320	(4,255,533)	129,452,490	4.79%
2018	1,923,360	8,250,441	(6,327,081)	128,224,000	6.43%
2017	1,853,329	8,100,958	(6,247,629)	123,888,256	6.54%

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GASB 75 was implemented in fiscal year 2018. Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

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CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2021

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES

Employees' Pension & Retirement System						
Year Ended Sep 30th	Actuarly Determined Contribution *	Annual Actual Contribution **	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll	
2021	\$ 16,299,721	\$ 9,145,617	\$ 7,154,104	\$ 84,323,438	10.85%	
2020	17,086,749	67,857,723	(50,770,974)	88,716,247	76.49%	
2019	17,214,075	15,783,779	1,430,296	87,469,893	18.04%	
2018	16,751,336	15,473,351	1,277,985	84,816,890	18.24%	
2017	16,206,619	14,739,830	1,466,789	84,102,850	17.53%	
2016	15,181,468	29,175,783	(13,994,315)	80,367,748	36.30%	
2015	14,781,148	15,697,556	(916,408)	79,725,716	19.69%	
2014	14,078,112	15,395,603	(1,317,491)	78,211,736	19.68%	

* The actuarially determined contribution is calculated as the actuarially determined contribution percentage multiplied by the actual pensionable payroll for the fiscal year.

** A portion of the Plan's credit balance was applied to meet the remainder of the actuarially determined contribution for the fiscal years ending September 30, 2017, 2018, 2019, 2020 and 2021.

The City contributed \$15 million to the Employee Pension Fund in FY 2016 as an advance payment against the employer's share of the unfunded pension liability. In return for this advance payment, the City (as the employer) will receive an annual credit against its regular payment into the fund. As a result of the \$15,000,000 advance payment, a contribution deficiency will be reflected in future years thru FY 2031 as the credit will be amortized over the next 15 years.

The City contributed \$57.7 million to the Employee Pension Fund in FY 2020 as an advance payment against the employer's and employee's share of the unfunded pension liability. In return for this advance payment, the City (as the employer) and the employees will receive an annual credit against the regular payment.

Police Officers' Defined Benefit Retirement System						
Year Ended Sep 30th	Actuarly Determined Contribution **	Annual Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll (1)	Contributions as a % of Covered Payroll	
2021	\$ 3,346,496	\$ 1,926,208	\$ 1,420,288	\$ 16,308,460	11.81%	
2020	3,170,949	20,759,745	(17,588,796)	15,230,301	136.31%	
2019	3,197,995	3,206,499	(8,504)	15,323,527	20.93%	
2018	3,340,179	3,339,013	1,166	14,765,970	22.61%	
2017	2,775,136	2,691,292	83,844	14,698,821	18.31%	
2016	2,514,511	2,686,671	(172,160)	14,554,279	18.46%	
2015	2,436,649	2,436,649	-	14,868,655	16.39%	
2014	2,502,539	2,502,539	-	13,413,482	18.66%	
2013	2,754,395	2,754,395	-	13,851,580	19.89%	

** The actuarially determined contribution is calculated as the actuarially determined contribution percentage multiplied by the actual pensionable payroll for the fiscal year.

1)The Covered Employee payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

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CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2021

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES (continued)

Firefighters' Retirement System						
Year Ended Sep 30th	Actuarly Determined Contribution **	Annual Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll (1)	Contributions as a % of Covered Payroll	
2021	\$ 2,116,101	\$ 1,912,761	\$ 203,340	\$ 13,087,543	14.62%	
2020	1,968,893	6,201,637	(4,232,744)	12,750,808	48.64%	
2019	2,485,855	1,833,070	652,785	12,406,692	14.77%	
2018	1,923,080	1,575,442	347,638	11,735,762	13.42%	
2017	1,410,862	1,410,862	-	11,091,670	12.72%	
2016	1,558,306	1,558,306	-	10,415,009	14.96%	
2015	1,765,332	1,765,332	-	10,942,161	16.13%	
2014	2,006,793	2,006,793	-	9,951,374	20.17%	
2013	1,387,474	1,387,474	-	9,805,452	14.15%	

** The actuarially determined contribution is calculated as the actuarially determined contribution percentage multiplied by the actual pensionable payroll for the fiscal year.
GASB 68 was implemented in fiscal year 2015. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

1)The Covered Employee payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

	Employee's Pension and Retirement System	Police Officers' Defined Benefit Retirement System	Firefighters' Retirement System
Methods and Assumptions used to determine contribution rates:			
Actuarial cost method	Entry-age normal	Entry-age normal	Frozen Initial Liability
Amortization method	Level % of pay, closed	Level % of Pay, Closed	Level % of Pay, Closed
Remaining amortization period	20 years	30 years	27 years
Asset valuation method	5-year smooth market	4-Year Smooth	4-Year Smooth
Inflation	2.50%	2.50%	2.50%
Salary increases	4.00% to 12.5% depending on service, including inflation	Age based, 5%-15%	Age based, 5%-15%
Investment rate of return	7.25%	7.75%	7.50%
Retirement age	Experienced based table of rates that are specific to the type of eligibility condition.	50 or 10 years of service	50 or 10 years of service
Mortality	The RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for postretirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB.	Active and Retired: RP-2000 Generational, Scale BB, (Female: 100% Annuitant White Collar; Male: 10% Annuitant White Collar/90% Annuitant Blue Collar). Disabled: 60% RP2000 Disabled, 40% Annuitant White Collar with no setback, no projection scale (Female set forward two years; Male setback four years)	Active and Retired: RP-2000 Generational, Scale BB, (Female: 100% Annuitant White Collar; Male: 10% Annuitant White Collar/90% Annuitant Blue Collar). Disabled: 60% RP2000 Disabled, 40% Annuitant White Collar with no setback, no projection scale (Female set forward two years; Male setback four years)

The City issued a Pension Liability Reduction Note and contributed the proceeds, \$57.7 million - Employee Pension Plan, \$18.9 million - Police Officers' Retirement System, and \$4.4 million - Firefighters' Retirement System in FY 2020 as an advanced payment against the employer's and employees' unfunded share of the unfunded pension liability. In return for this advance payment, the City (as the employer) and the employees will receive an annual credit against the regular payment into the fund. As a result of the advance payment, a contribution deficiency will be reflected in future years thru FY 2040 as a credit amortized each year. The actual employer contribution for the Employee, Police, and Fire Plans reflects the proceeds from the Pension Liability Reduction Note deposited into the Plan's assets.

CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2021

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETS

Budgets of the City are adopted on a modified accrual basis of accounting, which is consistent with Generally Accepted Accounting Principles (GAAP). In cases where appropriations and estimated revenues have been revised during the year, budget data represents final authorized amounts. As of September 30, 2021 there were no material violations of budgetary requirements.

GENERAL, POLICE, AND FIRE PENSION PLANS

Within the basic financial statements, the proceeds of the excise tax from the State of Florida in the City of Lakeland Firefighters' Retirement System and the Police Pension Plan are recorded as operating grants and contributions and public safety expenses in the Government-wide Statement of Activities.

Changes in assumptions/inputs:

September 30, 2021

Employee Pension and Retirement System

- There were no revisions in actuarial assumptions or methods since the previous evaluation.

Police Officers' Defined Benefit Retirement System

- As mandated by FS Chapter 2015-157, the assumed rates of mortality were changed to the rates used in Millman's July 1, 2019 FRS valuation report with the appropriate adjustments made based on plan demographics.

Firefighters' Retirement System

- As mandated by FS Chapter 2015-157, the assumed rates of mortality were changed to the rates used in Millman's July 1, 2019 FRS valuation report with the appropriate adjustments made based on plan demographics.
- The investment return assumption was changed from 7.50% per year (gross of expenses) to 7.35% per year (net of investment related expenses).

September 30, 2020:

Employee Pension and Retirement System

- There were no revisions in actuarial assumptions or methods since the previous valuation.

Police Officers' Defined Benefit Retirement System

- There were no revisions in actuarial assumptions or methods since the previous valuation.

Firefighters' Retirement System

- There were no revisions in actuarial assumptions or methods since the previous valuation.

September 30, 2019:

Employee Pension and Retirement System

- There were no revisions in actuarial assumptions or methods since the previous valuation.

Police Officers' Defined Benefit Retirement System

- The payroll growth assumption utilized in amortizing the Unfunded Actuarial Accrued Liability was changed from 2.12% to 1.62% in conjunction with the valuation report. This assumption will be reduced by 0.5% in each future valuation report until it reaches the actual historical 10-year average growth of the non-DROP valuation payroll.

Firefighters' Retirement System

- There were no revisions in actuarial assumptions or methods since the previous valuation.

CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2021

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (continued)

GENERAL, POLICE, AND FIRE PENSION PLANS (continued)

September 30, 2018:

Employee Pension and Retirement System

- Adoption of the RP2000 Generational Mortality Table
- Salary increase assumption was changed to the service based rates
- The assumed inflation rate was lowered from 3.0% to 2.5%
- The payroll growth rate was lowered from 3.5% to 2.5%
- The amortization period for all existing UAAL bases was shortened to 20 years
- The administrative expense assumption was changed from 0.1% of payroll to average of the actual administrative expenses paid in the prior two fiscal years
- The assumed rate of normal retirement, early retirement, and employment termination were changed

Police Officers' Defined Benefit Retirement System

- Adoption of the RP2000 Generational Mortality Table
- The assumed rates of mortality were changed
- The assumed rates of individual salary increases were changed from 6.0% to aged based assumptions
- The assumed rates of termination were increased by 10% at each age
- The payroll growth assumption utilized in amortizing the Unfunded Actuarial Accrued Liability was changed from 2.62% to 2.12% in conjunction with the valuation report. This assumption will be reduced by 0.5% in each future valuation report until it reaches the actual historical 10-year average growth of the non-DROP valuation payroll

September 30, 2017:

Police Officers' Defined Benefit Retirement System

- The payroll growth assumption utilized in amortizing the Unfunded Actuarial Accrued Liability was changed from 3.01% to 2.62% in conjunction with the valuation report. This assumption will be reduced by 0.5% in each future valuation report until it reaches the actual historical 10-year average growth of the non-DROP valuation payroll.

Firefighters' Retirement System

- Assumed interest was changed to 7.50%
- Assumed salary increase was changed to 6.0%

For additional information regarding the pensions please refer to Note 13 in the notes to the Basic Financial Statements.

For more information pertaining to the aforementioned plans refer to the City of Lakeland, Florida stand-alone financial statements for each plan, which can be obtained by contacting the City of Lakeland, Finance Department, City Hall, 228 S. Massachusetts Ave., Lakeland, FL 33801- 5086.

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CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2021

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (continued)

OPEB

For additional information regarding the OPEB Trust Fund please refer to Note 15 in the notes to the Basic Financial Statements.

Changes in assumptions/inputs

The following assumption changes are reflected in the calculation of the actuarially determined contributions:

September 30, 2021

The determination of the September 30, 2021 results relies on the following significant assumptions.

- The discount rate for implicit subsidy benefits was updated from 2.21% at the beginning of the fiscal year to 2.26% at the end of fiscal year.
- The discount rate for explicit subsidy benefits was updated from 7.21% at the beginning of the fiscal year to 7.22% at the end of the fiscal year.
- The plan participation assumption was updated from 62% to 72%.
- The health care cost trend rate was updated from 6.0% to 7.0% for pre-Medicare costs and from 5.0% to 6.0% for post-Medicare costs. The stop-loss trend rate was updated from 6.0% to 7.0% and administrative fees trend was updated from 5.0% to 4.0%.
- The retirement rates for Police and general employees have been updated since 2019, based on the October 1, 2020 pension valuation for each.
- The termination rates for Police, Fire, and General employees have been updated based on the October 1, 2020 pension valuation for each.

September 30, 2020

The determination of the September 30, 2020 results relies on the following significant assumptions.

- Discount rate for the implicit liability was updated from 2.66% to 2.21%.
- The initial year medical trend rate was updated from 6.5% to 6.0% for pre-Medicare costs and from 5.5% to 5.0% for post-Medicare costs.
- Termination Tables - Based on 2018 Lakeland General/Firefighters/Police Retirement System Actuarial Valuations
- Retirement Tables - Based on 2018 Lakeland General/Firefighters/Police Retirement System Actuarial Valuations

September 30, 2019

The discount rate was updated from 4.18% to 2.66% for the implicit liability, and from 6.96% to 7.21% for the explicit liability.

- The termination rates assumption for Police was updated based on the 2018 Lakeland Retirement System Actuarial Valuation.
- The ACA Excise Tax on high-cost employer sponsored healthcare plans is no longer applicable as the bill which repealed it passed on December 20, 2019.
- The mortality assumption was updated from the RP-2014 base mortality with generational scale MP-2016 to the Pub-2010 base table with generational scale MP-2019 to reflect the Society of Actuaries' recent mortality study.
- The initial year medical trend rate was updated from 6.0% to 6.5% for pre-Medicare costs and from 5.0% to 5.5% for post-Medicare costs to reflect the generally low claims experience environment.

September 30, 2018

- The discount rate was changed from 3.63% to 4.18% for the implicit liability.

September 30, 2017

- The mortality table was updated to a generational table.
- The amortization method was changed from the projected unit credit method to the entry age normal method per GASB 75.
- The marriage assumption was updated to reflect the current retiree/spouse mix.

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SUPPLEMENTARY INFORMATION



CATAPULT LAKELAND
(502 E MAIN STREET)

CITY OF LAKELAND, FLORIDA

SUPPLEMENTARY INFORMATION
PUBLIC IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Amended Budget	2021 Actual	Variance
REVENUES				
Intergovernmental	\$ 2,244,561	\$ 3,014,328	\$ 2,623,669	\$ (390,659)
Charges for services	633,939	633,939	615,588	(18,351)
Miscellaneous	17,468,801	15,856,867	19,817,786	3,960,919
Total revenues	<u>20,347,301</u>	<u>19,505,134</u>	<u>23,057,043</u>	<u>3,551,909</u>
EXPENDITURES				
Current:				
General government	1,199,212	2,380,593	721,619	1,658,974
Public safety	25,000	87,543	87,543	-
Physical environment	31,700	51,132	27,722	23,410
Transportation	-	354,497	297,985	56,512
Economic environment	-	1,901,679	233,916	1,667,763
Human services	165,000	151,818	71,515	80,303
Culture recreation	927,500	2,144,644	614,942	1,529,702
Capital outlay	5,265,236	22,729,043	3,923,338	18,805,705
Debt service	10,097,154	10,119,608	9,869,607	250,001
Total expenditures	<u>17,710,802</u>	<u>39,920,557</u>	<u>15,848,187</u>	<u>24,072,370</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,636,499</u>	<u>(20,415,423)</u>	<u>7,208,856</u>	<u>27,624,279</u>
OTHER FINANCING SOURCES (USES)				
Issuance of internal loans	-	3,500,000	3,500,000	-
Transfers from other funds	3,183,923	6,705,869	2,119,625	(4,586,244)
Transfers to other funds	(7,591,337)	(7,591,337)	(7,585,322)	6,015
Total other financing sources (uses)	<u>(4,407,414)</u>	<u>2,614,532</u>	<u>(1,965,697)</u>	<u>(4,580,229)</u>
NET CHANGE IN FUND BALANCE	(1,770,915)	(17,800,891)	5,243,159	23,044,050
FUND BALANCE, beginning of year	14,530,995	30,690,139	30,690,139	-
FUND BALANCE, end of year	<u>\$ 12,760,080</u>	<u>\$ 12,889,248</u>	<u>\$ 35,933,298</u>	<u>\$ 23,044,050</u>



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COMBINING FINANCIAL STATEMENTS



DIXIELAND RELICS
(949 S FLORIDA AVE)

NON-MAJOR FUNDS

OTHER GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

Debt service funds are use to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for proceeds from certain specific revenue sources for purposes other than debt service or capital projects. These funds are recorded separately as directed by legal requirements, regulatory provisions, or administrative action. As with the General Fund, the primary accounting focus is on the sources and uses of available funds and the financial activity is reported using the modified accrual basis accounting.

Community Development Fund – The Federal Department of Housing and Urban Development provides funds for improvement projects and economic development assistance in low to moderate –income areas and down payment assistance to first time home buyers.

State Housing Initiatives Partnership Program – The Florida Housing Finance Corporation through the local housing assistance trust fund provides funds for emergency repairs, new construction, rehabilitation, and other assistance in very low to moderate-income areas.

Neighborhood Stabilization Program – The Federal Department of Housing and Urban Development provides funds for the purchase and rehabilitation of foreclosed homes in low to moderate income areas.

Stormwater Fund – Revenues, received primarily through the collection of residential and commercial fees as well as transfers from the Transportation Fund for drainage and lake projects, are used for projects approved by the City Commission for stormwater capital activities.

Building Inspection Fund - Revenues received from building permit and inspection fees, for the purposes of funding the costs of administering building inspection and permitting municipal services and the enforcement thereof, of the Florida Building Code.

Lakeland Community Redevelopment Agency – Revenues that are received primarily from the tax increment of the special taxing district established for the purpose of revitalizing the downtown Lakeland area.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Transportation Fund – Major sources of revenues for the Transportation Fund include taxes levied on motor fuels and impact fees. These revenues are used for projects approved by the City Commission, such as street improvements.

Impact Fee Fund – The Impact Fee Fund is used to account for impact fees collected for transportation, law enforcement, fire protection, and parks and recreation.

PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Cemetery Perpetual Care Fund – When the corpus of this fund is sufficient, it will be used to account for the accumulation of resources used to maintain all City-owned cemeteries.

Scott Morris Mausoleum Fund – This fund accounts for a contribution to provide maintenance of the Scott Morris Mausoleum.

Webster Book Fund – This fund accounts for a bequest received by the City to purchase nonfiction books and periodicals for the City of Lakeland Public Library.

Baldwin Book Fund – This fund accounts for a bequest received by the City to purchase general science and wholesome fiction books for the City of Lakeland Public Library.

CITY OF LAKELAND, FLORIDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	Capital Projects Funds				Special Revenue Funds			
	Debt Service Fund	Transportation Fund	Impact Fee Fund	Community Development Fund	State Housing Initiative Partnership Program	Neighborhood Stabilization Program	Building Inspection Fund	
ASSETS								
Cash and cash equivalents	\$ 3,976,493	\$ 11,263,910	\$ 28,571,972	\$ 38,084	\$ 476,843	\$ 331,393	\$ 2,984,565	
Investments	-	-	-	-	-	-	-	
Receivables	-	2,287	108,640	105,597	21,363	-	15,473	
Due from other governments	-	1,183,943	-	330,267	-	-	-	
Total assets	\$ 3,976,493	\$ 12,450,140	\$ 28,680,612	\$ 473,948	\$ 498,206	\$ 331,393	\$ 3,000,038	
LIABILITIES								
Accounts payable	\$ -	\$ 3,130,640	\$ -	\$ 88,474	\$ 31,530	\$ -	\$ 60,585	
Accrued liabilities	2,854,372	89,110	-	24,541	3,139	-	111,411	
Deposits payable	-	3,050	-	-	-	-	-	
Due to other funds	-	-	-	111,655	-	-	-	
Unearned revenue	-	1,000,000	-	27,814	443,699	331,393	-	
Total liabilities	2,854,372	4,222,800	-	252,484	478,368	331,393	171,996	
DEFERRED INFLOWS OF RESOURCES								
Deferred revenue	-	2,287	-	105,597	21,363	-	-	
Total deferred inflows of resources	-	2,287	-	105,597	21,363	-	-	
FUND BALANCES								
Nonspendable:								
Cemetery endowment	-	-	-	-	-	-	-	
Permanent fund principal	-	-	-	-	-	-	-	
Restricted for:								
CRA	-	-	-	-	-	-	-	
Impact fee program	-	-	28,680,612	-	-	-	-	
Transportation	-	8,225,053	-	-	-	-	-	
Donations received	-	-	-	-	-	-	-	
Debt service	1,122,121	-	-	115,867	-	-	-	
Grant programs - community development	-	-	-	-	-	-	-	
Building inspection	-	-	-	-	-	-	2,828,042	
	1,122,121	8,225,053	28,680,612	115,867	478,368	-	2,828,042	
Committed to:								
Stormwater	-	-	-	-	-	-	-	
Unassigned	-	-	-	-	(1,525)	-	-	
Total fund balances	1,122,121	8,225,053	28,680,612	115,867	(1,525)	-	2,828,042	
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,976,493	\$ 12,450,140	\$ 28,680,612	\$ 473,948	\$ 498,206	\$ 331,393	\$ 3,000,038	

CITY OF LAKELAND, FLORIDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2021

	Special Revenue Funds				Permanent Funds					Total Nonmajor Governmental Funds
	Stormwater Fund	Lakeland Community Redevelopment Agency	Cemetery Perpetual Care Fund	Scott Morris Mausoleum Fund	Webster Book Fund	Baldwin Book Fund				
ASSETS										
Cash and cash equivalents	\$ 5,980,390	\$ 13,587,905	\$ -	\$ 86,822	\$ 26,671	\$ -			\$ 67,325,048	
Investments	-	-	6,731,847	-	-	-			6,948,846	
Receivables	302,821	918,369	-	-	-	-			1,474,550	
Due from other governments	63,645	-	-	-	-	-			1,577,855	
Total assets	\$ 6,346,856	\$ 14,506,274	\$ 6,731,847	\$ 86,822	\$ 26,671	\$ -			\$ 77,326,299	
LIABILITIES										
Accounts payable	\$ 402,884	\$ 510,106	\$ -	\$ -	\$ -	\$ -			\$ 4,224,219	
Accrued liabilities	148,155	6,904	-	-	-	-			3,237,632	
Deposits payable	241,550	6,765	-	-	-	-			251,365	
Due to other funds	-	-	3	-	-	-			111,658	
Unearned revenue	-	-	-	-	-	-			1,802,906	
Total liabilities	792,589	523,775	3	-	-	-			9,627,780	
DEFERRED INFLOWS OF RESOURCES										
Deferred revenue	-	901,815	-	-	-	-			1,031,062	
Total deferred inflows of resources	-	901,815	-	-	-	-			1,031,062	
FUND BALANCES										
Nonspendable:										
Cemetery endowment	-	-	6,731,844	-	-	-			6,731,844	
Permanent fund principal	-	-	-	4,476	15,000	10,000			29,476	
	-	-	6,731,844	4,476	15,000	10,000			6,761,320	
Restricted for:										
CRA	-	13,080,684	-	-	-	-			13,080,684	
Impact fee program	-	-	-	-	-	-			28,680,612	
Transportation	-	-	-	-	-	-			8,225,053	
Donations received	-	-	-	82,346	11,671	206,999			301,016	
Debt service	-	-	-	-	-	-			1,122,121	
Grant programs - community development	-	-	-	-	-	-			115,867	
Building inspection	-	-	-	-	-	-			2,828,042	
	-	13,080,684	-	82,346	11,671	206,999			54,353,395	
Committed to:										
Stormwater	5,554,267	-	-	-	-	-			5,554,267	
Unassigned	5,554,267	-	-	-	-	-			(1,525)	
Total fund balances	5,554,267	13,080,684	6,731,844	86,822	26,671	216,999			66,667,457	
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,346,856	\$ 14,506,274	\$ 6,731,847	\$ 86,822	\$ 26,671	\$ 216,999			\$ 77,326,299	

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Capital Projects Funds			Special Revenue Funds			
	Debt Service Fund	Transportation Fund	Impact Fee Fund	Community Development Fund	State Housing Initiative Partnership Program	Neighborhood Stabilization Program	Building Inspection Fund
REVENUES							
Taxes	\$ -	\$ 6,112,157	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	3,463,941
Intergovernmental	-	10,005,731	-	1,758,279	667,749	-	-
Charges for services	-	-	10,788,232	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Miscellaneous	772,248	1,409,923	904,002	221,535	5,328	-	298,991
Total revenues	772,248	17,527,811	11,692,234	1,979,814	673,077	-	3,762,932
EXPENDITURES							
Current:							
General government	-	-	-	117,402	-	-	-
Public safety	-	-	-	26,668	-	-	2,862,691
Physical environment	-	-	-	-	-	-	-
Transportation	-	4,937,340	-	2,720	-	-	-
Economic environment	-	-	-	1,631,470	673,077	-	-
Human services	-	-	-	163,729	-	-	-
Culture recreation	-	-	-	37,328	-	-	-
Capital outlay	3,342,119	12,113,246	-	-	-	-	-
Debt service	1,049,022	1,049,022	-	-	-	-	-
Total expenditures	3,342,119	18,099,608	-	1,979,317	673,077	-	2,862,691
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,569,871)	(571,797)	11,692,234	497	-	-	900,241
OTHER FINANCING SOURCES (USES)							
Issuance of internal loans	-	-	-	-	-	-	-
Transfers from other funds	3,342,119	719,882	-	-	-	-	-
Transfers to other funds	-	(166,919)	(2,045,666)	(12,020)	-	-	(43,846)
Total other financing sources (uses)	3,342,119	552,963	(2,045,666)	(12,020)	-	-	(43,846)
Net change in fund balances	772,248	(18,834)	9,646,568	(11,523)	-	-	856,395
FUND BALANCE, beginning of year	349,873	8,243,887	19,034,044	127,390	(1,525)	-	1,971,647
FUND BALANCE, end of year	\$ 1,122,121	\$ 8,225,053	\$ 28,680,612	\$ 115,867	\$ (1,525)	\$ -	\$ 2,828,042

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue Funds			Permanent Funds				Total NonMajor Governmental Funds
	Stormwater Fund	Lakeland Community Redevelopment Agency	Cemetery Perpetual Care Fund	Scott Morris Mausoleum Fund	Webster Book Fund	Baldwin Book Fund	Total NonMajor Governmental Funds	
REVENUES								
Taxes	-	7,287,974	-	-	-	-	-	13,400,131
Licenses and permits	-	-	-	-	-	-	-	3,463,941
Intergovernmental	55,454	-	-	-	-	-	-	12,487,213
Charges for services	7,133,457	-	-	-	-	-	-	17,921,689
Fines and forfeitures	31,531	-	-	-	-	-	-	31,531
Miscellaneous	420,672	1,180,026	1,188,509	6,584	1,998	38,627	-	6,448,443
Total revenues	7,641,114	8,468,000	1,188,509	6,584	1,998	38,627	-	53,752,948
EXPENDITURES								
Current:								
General government	1,581,231	725,489	-	-	-	-	-	2,424,122
Public safety	-	-	-	-	-	-	-	2,889,359
Physical environment	1,777,518	2,800	-	-	-	-	-	1,780,318
Transportation	2,598,184	842,983	-	-	-	-	-	8,381,227
Economic environment	-	2,788,910	-	-	-	-	-	5,093,457
Human services	-	-	-	-	-	-	-	163,729
Culture recreation	-	-	-	-	-	-	-	37,328
Capital outlay	545,356	1,078,915	-	-	-	-	-	13,737,517
Debt service	627,268	400,000	-	-	-	-	-	5,418,409
Total expenditures	7,129,557	5,839,097	-	-	-	-	-	39,925,466
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	511,557	2,628,903	1,188,509	6,584	1,998	38,627	-	13,827,482
OTHER FINANCING SOURCES (USES)								
Issuance of internal loans	171,882	-	-	-	-	-	-	171,882
Transfers from other funds	-	-	60,743	-	-	-	-	4,122,744
Transfers to other funds	(95,751)	(597,190)	(213,989)	(600)	-	-	-	(3,175,981)
Total other financing sources (uses)	76,131	(597,190)	(153,246)	(600)	-	-	-	1,118,645
Net change in fund balances	587,688	2,031,713	1,035,263	5,984	1,998	38,627	-	14,946,127
FUND BALANCE, beginning of year	4,966,579	11,048,971	5,696,581	80,838	24,673	178,372	-	51,721,330
FUND BALANCE, end of year	5,554,267	13,080,684	6,731,844	86,822	26,671	216,999	\$	66,667,457

CITY OF LAKELAND, FLORIDA

BUDGETARY COMPARISON SCHEDULE
BUDGET (GAAP BASIS) AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Transportation Fund		Community Development Fund		State Housing Initiative Partnership Program	
	Budget	Variance	Budget	Variance	Budget	Variance
REVENUES						
Taxes	\$ 5,304,200	\$ 807,957	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	7,502,818	2,502,913	3,853,825	(2,095,546)	1,380,126	(712,377)
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Miscellaneous	166,967	1,242,956	241,522	(19,987)	259,350	(254,022)
Total revenues	12,973,985	4,553,826	4,095,347	(2,115,533)	1,639,476	(966,399)
EXPENDITURES						
Current:						
General government	-	-	146,700	117,402	-	-
Public safety	-	-	56,025	26,668	-	-
Physical environment	-	-	-	-	-	-
Transportation	6,941,744	2,004,404	50,000	2,720	-	-
Economic environment	-	-	3,595,255	1,631,470	1,639,476	966,399
Human services	-	-	318,108	163,729	-	-
Culture recreation	-	-	56,107	37,328	-	-
Capital outlay	31,019,990	18,906,744	-	-	-	-
Debt service	1,049,022	1,049,022	-	-	-	-
Total expenditures	39,010,756	20,911,148	4,222,195	1,979,317	1,639,476	966,399
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(26,036,771)	25,464,974	(126,848)	127,345	-	-
OTHER FINANCING SOURCES (USES)						
Issuance of internal loans	-	-	-	-	-	-
Transfers from other funds	17,430,978	(16,711,096)	-	-	-	-
Transfers to other funds	(462,879)	295,960	(12,020)	(12,020)	-	-
Total other financing sources (uses)	16,968,099	(16,415,136)	(12,020)	(12,020)	-	-
NET CHANGE IN FUND BALANCE	(9,068,672)	9,049,838	(138,868)	127,345	-	-
FUND BALANCE, beginning of year	(6,320,639)	8,243,887	(384,846)	127,390	(24,236)	22,711
FUND BALANCE, end of year	\$ (15,389,311)	\$ 23,614,364	\$ (523,714)	\$ 639,581	\$ (24,236)	\$ 22,711

CITY OF LAKELAND, FLORIDA

BUDGETARY COMPARISON SCHEDULE
 BUDGET (GAAP BASIS) AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Neighborhood Stabilization Program			Building Inspection Fund			Stormwater Fund		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	2,629,838	3,463,941	834,103	-	-	-
Intergovernmental	169,268	-	(169,268)	-	-	-	364,568	55,454	(309,114)
Charges for services	-	-	-	-	-	-	6,794,922	7,133,457	338,535
Fines and forfeitures	-	-	-	-	-	-	-	31,531	31,531
Miscellaneous	162,649	-	(162,649)	100,000	298,991	198,991	214,377	420,672	206,295
Total revenues	331,917	-	(331,917)	2,729,838	3,762,932	1,033,094	7,373,867	7,641,114	267,247
EXPENDITURES									
Current:									
General government	6,085	-	6,085	-	-	-	1,797,676	1,581,231	216,445
Public safety	-	-	-	3,121,920	2,862,691	259,229	-	-	-
Physical environment	-	-	-	-	-	-	3,556,122	1,777,518	1,778,604
Transportation	-	-	-	-	-	-	4,412,509	2,598,184	1,814,325
Economic environment	325,832	-	325,832	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-	-
Culture recreation	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	1,022,456	545,356	477,100
Debt service	-	-	-	-	-	-	627,268	627,268	-
Total expenditures	331,917	-	331,917	3,121,920	2,862,691	259,229	11,416,031	7,129,557	4,286,474
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	(392,082)	900,241	1,292,323	(4,042,164)	511,557	4,553,721
OTHER FINANCING SOURCES (USES)									
Issuance of internal loans	-	-	-	-	-	-	171,882	171,882	-
Transfers from other funds	-	-	-	-	-	-	-	-	-
Transfers to other funds	-	-	-	(43,846)	(43,846)	-	(135,502)	(95,751)	39,751
Total other financing sources (uses)	-	-	-	(43,846)	(43,846)	-	36,380	76,131	39,751
NET CHANGE IN FUND BALANCE	-	-	-	(435,928)	856,395	1,292,323	(4,005,784)	587,688	4,593,472
FUND BALANCE, beginning of year	-	-	-	(1,135,264)	1,971,647	3,106,911	(5,244,069)	4,966,579	10,210,648
FUND BALANCE, end of year	\$ -	\$ -	\$ -	(1,571,192)	\$ 2,828,042	\$ 4,399,234	\$ (9,249,853)	\$ 5,554,267	\$ 14,804,120

CITY OF LAKELAND, FLORIDA

BUDGETARY COMPARISON SCHEDULE
 BUDGET (GAAP BASIS) AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Lakeland Community Redevelopment Agency		
	Budget	Actual	Variance
REVENUES			
Taxes	\$ 7,471,159	\$ 7,287,974	\$ (183,185)
Miscellaneous	219,200	1,180,026	960,826
Total revenues	<u>7,690,359</u>	<u>8,468,000</u>	<u>777,641</u>
EXPENDITURES			
General government	1,015,356	725,489	289,867
Physical environment	18,200	2,800	15,400
Transportation	3,470,954	842,983	2,627,971
Economic environment	6,934,478	2,788,910	4,145,568
Capital outlay	1,966,840	1,078,915	887,925
Debt service	400,000	400,000	-
Total expenditures	<u>13,805,828</u>	<u>5,839,097</u>	<u>7,966,731</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,115,469)</u>	<u>2,628,903</u>	<u>8,744,372</u>
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	(597,190)	(597,190)	-
Total other financing sources (uses)	<u>(597,190)</u>	<u>(597,190)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(6,712,659)	2,031,713	8,744,372
FUND BALANCE, beginning of year	(4,837,634)	11,048,971	15,886,605
FUND BALANCE, end of year	<u>\$ (11,550,293)</u>	<u>\$ 13,080,684</u>	<u>\$ 24,630,977</u>

NON-MAJOR FUNDS

PROPRIETARY FUNDS

PROPRIETARY FUNDS

Proprietary funds are used to account for business-type activities and include both Enterprise funds and Internal Service funds.

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The primary customer of enterprise funds is the general public and the intent is that the costs relating to providing certain goods or services are primarily recovered through user fees and charges.

Parking System Fund – This fund accounts for operating and maintaining parking facilities throughout the City, including three municipal parking garages.

RP Funding Center – This fund accounts for operating and maintaining the RP Funding Center for public shows, civic and cultural events, entertainment and other activities.

Solid Waste Management Fund – This fund accounts for all activities necessary to provide refuse collection, disposal services and recycling to residents of the City.

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Business-type Activities Enterprise Funds			Total Other Proprietary Funds
	Parking System Fund	RP Funding Center	Solid Waste Management Fund	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 279,377	\$ 634,460	\$ 7,189,599	\$ 8,103,436
Receivables	67,591	85,269	653,242	806,102
Less allowance for uncollectibles	(1,570)	(4,939)	(3,520)	(10,029)
Prepaid expenses	-	149,208	-	149,208
Asset apportionments set aside for (including \$1,549,949 in cash and cash equivalents)				
Current portion of bonds payable	-	919,999	-	919,999
Current portion of pension bonds payable	6,355	77,640	82,976	166,971
Accrued interest payable	1,310	153,506	17,101	171,917
Due to other funds	-	8,614	-	8,614
Accrued liabilities	45,416	237,032	-	282,448
Total current assets	<u>398,479</u>	<u>2,260,789</u>	<u>7,939,398</u>	<u>10,598,666</u>
Non-current assets:				
Asset apportionments (including \$1,154,129 in cash and cash equivalents)	38,987	1,115,142	-	1,154,129
Restricted assets (including \$639,317 in cash and cash equivalents)	-	87,100	552,217	639,317
Capital assets:				
Land	1,553,061	2,611,443	934,279	5,098,783
Construction in progress	-	17,383,001	-	17,383,001
Utility plant, facilities & equipment in service	7,835,790	41,868,365	3,489,106	53,193,261
Less accumulated depreciation	(5,335,243)	(29,431,572)	(1,869,082)	(36,635,897)
Total capital assets	<u>4,053,608</u>	<u>32,431,237</u>	<u>2,554,303</u>	<u>39,039,148</u>
Total noncurrent assets	<u>4,092,595</u>	<u>33,633,479</u>	<u>3,106,520</u>	<u>40,832,594</u>
Total assets	<u>4,491,074</u>	<u>35,894,268</u>	<u>11,045,918</u>	<u>51,431,260</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	54,126	533,723	345,257	933,106
Deferred outflows of resources related to OPEB	121,428	1,522,906	1,564,046	3,208,380
Unamortized loss on refunding	-	38,063	-	38,063
Total deferred outflows of resources	<u>175,554</u>	<u>2,094,692</u>	<u>1,909,303</u>	<u>4,179,549</u>

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2021

	Business-type Activities Enterprise Funds			Total Other Proprietary Funds
	Parking System Fund	RP Funding Center	Solid Waste Management Fund	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 13,260	\$ 194,634	\$ 390,966	\$ 598,860
Accrued liabilities	18,202	257,426	249,138	524,766
Accrued interest payable	-	2,446	-	2,446
Capital leases payable	-	125,344	-	125,344
Deposits payable	-	930,892	-	930,892
Unearned revenue	-	19,921	-	19,921
Current portion payable from apportioned assets				
Accrued interest payable	1,310	153,506	17,101	171,917
Bonds payable	-	919,999	-	919,999
Current portion of pension bonds payable	6,355	77,640	82,976	166,971
Accrued liabilities	45,416	237,032	-	282,448
Due to other funds	-	8,614	-	8,614
Total current liabilities	<u>84,543</u>	<u>2,927,454</u>	<u>740,181</u>	<u>3,752,178</u>
Noncurrent liabilities:				
Restricted liabilities	-	-	552,217	552,217
Accrued liabilities, less current portion	5,148	229,669	197,274	432,091
Net pension liability	124,255	1,518,112	1,622,435	3,264,802
Net OPEB liability	248,897	3,390,064	4,042,183	7,681,144
Pension bonds payable, less current portion	101,881	1,244,774	1,330,312	2,676,967
Revenue bonds payable, less current portion	-	10,350,938	-	10,350,938
Total noncurrent liabilities	<u>480,181</u>	<u>16,733,557</u>	<u>7,744,421</u>	<u>24,958,159</u>
Total liabilities	<u>564,724</u>	<u>19,661,011</u>	<u>8,484,602</u>	<u>28,710,337</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	30,413	177,584	325,408	533,405
Deferred inflows of resources related to OPEB	199,313	1,981,540	2,226,678	4,407,531
Total deferred inflows of resources	<u>229,726</u>	<u>2,159,124</u>	<u>2,552,086</u>	<u>4,940,936</u>
NET POSITION				
Net investment in capital assets	4,053,608	21,160,119	2,554,303	27,768,030
Restricted:				
Capital improvement	-	87,100	-	87,100
Unrestricted	(181,430)	(5,078,394)	(635,770)	(5,895,594)
Total net position	<u>\$ 3,872,178</u>	<u>\$ 16,168,825</u>	<u>\$ 1,918,533</u>	<u>\$ 21,959,536</u>

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-type Enterprise Funds			Total Other Proprietary Funds
	Parking System Fund	RP Funding Center	Solid Waste Management Fund	
OPERATING REVENUES				
Charges for services	\$ 765,658	\$ 2,358,538	\$ 17,238,176	\$ 20,362,372
OPERATING EXPENSES				
Personal services	183,387	3,496,603	3,877,919	7,557,909
Other operating expenses	717,623	2,804,673	11,300,021	14,822,317
Depreciation	158,039	958,177	95,863	1,212,079
Total operating expenses	<u>1,059,049</u>	<u>7,259,453</u>	<u>15,273,803</u>	<u>23,592,305</u>
Operating income (loss)	<u>(293,391)</u>	<u>(4,900,915)</u>	<u>1,964,373</u>	<u>(3,229,933)</u>
NONOPERATING REVENUES (EXPENSES)				
Federal, state and local grants	-	2,875	-	2,875
Investment revenue	12,147	80,380	248,993	341,520
Loss on disposal of capital assets	-	-	(43,364)	(43,364)
Net increase (decrease) in the fair value of investments and cash equivalents	22,727	(41,972)	297,090	277,845
Miscellaneous revenue	4,099	142,547	79,373	226,019
Interest expense	(2,620)	(128,649)	(34,202)	(165,471)
Amortization	-	(38,063)	-	(38,063)
Total nonoperating revenues (expenses)	<u>36,353</u>	<u>17,118</u>	<u>547,890</u>	<u>601,361</u>
Income (loss) before contributions, transfers	<u>(257,038)</u>	<u>(4,883,797)</u>	<u>2,512,263</u>	<u>(2,628,572)</u>
Capital grants and contributions	-	536,097	-	536,097
Transfers from other funds	166,919	4,885,322	-	5,052,241
Transfers to other funds	(89,542)	(7,509)	(1,954,491)	(2,051,542)
Total contributions and transfers	<u>77,377</u>	<u>5,413,910</u>	<u>(1,954,491)</u>	<u>3,536,796</u>
Change in net position	(179,661)	530,113	557,772	908,224
NET POSITION, beginning of year	4,051,839	15,638,712	1,360,761	21,051,312
NET POSITION, end of year	<u>\$ 3,872,178</u>	<u>\$ 16,168,825</u>	<u>\$ 1,918,533</u>	<u>\$ 21,959,536</u>

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Business-type Activities Enterprise Funds			Total Other Proprietary Funds
	Parking System Fund	RP Funding Center	Solid Waste Management Fund	
Cash flows from operating activities:				
Receipts from customers	\$ 720,488	\$ 2,944,723	\$ 17,318,621	\$ 20,983,832
Payments for interfund services	(80,937)	(492,249)	(5,529,450)	(6,102,636)
Payments to suppliers	(579,631)	(2,159,243)	(5,716,745)	(8,455,619)
Payments to employees	(199,082)	(3,371,379)	(3,923,606)	(7,494,067)
Cash flows provided by (used in) operating activities	<u>(139,162)</u>	<u>(3,078,148)</u>	<u>2,148,820</u>	<u>(1,068,490)</u>
Cash flows from noncapital financing activities:				
Interest paid on customer deposits	-	-	(22,304)	(22,304)
Proceeds from local grants	-	2,875	-	2,875
Transfers from other funds	-	3,836,922	-	3,836,922
Transfers to other funds	(89,542)	(7,509)	(1,954,491)	(2,051,542)
Payment on and maturities on pension obligation bonds	(7,303)	(89,230)	(95,362)	(191,895)
Interest paid on pension obligation bonds	(2,902)	(35,454)	(37,891)	(76,247)
Cash flows provided by (used in) noncapital financing activities	<u>(99,747)</u>	<u>3,707,604</u>	<u>(2,110,048)</u>	<u>1,497,809</u>
Cash flows from capital financing activities:				
Taxes received for payments on long-term debt	-	536,097	-	536,097
Interest paid on long-term debt issued to finance capital assets	-	(308,223)	-	(308,223)
Payments on interfund loans	-	(156,080)	-	(156,080)
Payments on and maturities of long-term debt	-	(1,020,135)	-	(1,020,135)
Transfers from other funds for capital purposes	166,919	1,048,400	-	1,215,319
Purchase of capital assets	-	(77,251)	(61,290)	(138,541)
Cash flows provided by (used in) capital financing activities	<u>166,919</u>	<u>22,808</u>	<u>(61,290)</u>	<u>128,437</u>
Cash flows from investing activities:				
Investment revenue	12,147	80,380	271,297	363,824
Net increase (decrease) in the fair value of cash equivalents	22,727	(41,972)	297,090	277,845
Cash flows provided by investing activities	<u>34,874</u>	<u>38,408</u>	<u>568,387</u>	<u>641,669</u>
Net increase (decrease) in cash and cash equivalents	(37,116)	690,672	545,869	1,199,425
Cash and cash equivalents, beginning of year	408,561	2,542,821	7,296,024	10,247,406
Cash and cash equivalents, end of year	<u>\$ 371,445</u>	<u>\$ 3,233,493</u>	<u>\$ 7,841,893</u>	<u>\$ 11,446,831</u>
Classified as:				
Current	\$ 279,377	\$ 634,460	\$ 7,189,599	\$ 8,103,436
Apportioned	92,068	2,511,933	100,077	2,704,078
Restricted	-	87,100	552,217	639,317
Total	<u>\$ 371,445</u>	<u>\$ 3,233,493</u>	<u>\$ 7,841,893</u>	<u>\$ 11,446,831</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (293,391)	\$ (4,900,915)	\$ 1,964,373	\$ (3,229,933)
Depreciation	158,039	958,177	95,863	1,212,079
Miscellaneous revenue	4,099	142,547	79,373	226,019
(Increase) decrease in receivables, net	(49,269)	141,277	(24,952)	67,056
(Increase) decrease in prepaid expenses	44	(83,887)	585	(83,258)
Decrease in deferred outflows related to pension	92,037	1,723,552	1,659,524	3,475,113
(Increase) in deferred outflows related to OPEB	(42,556)	(665,167)	(871,856)	(1,579,579)
Increase in accounts payable	57,644	153,181	53,826	264,651
Increase (decrease) in accrued liabilities	(5,729)	23,131	27,802	45,204
(Decrease) in unearned revenue	-	(146,321)	-	(146,321)
(Decrease) in net pension liability	(74,479)	(1,639,140)	(1,747,298)	(3,460,917)
Increase (decrease) in deferred inflows related to pensions	(20,732)	80,131	3,834	63,233
Increase in deferred inflows related to OPEB	105,521	1,190,365	1,096,700	2,392,586
(Decrease) in net OPEB liability	(70,390)	(483,952)	(214,978)	(769,320)
Increase in deposits payable	-	428,873	26,024	454,897
Net cash provided by (used in) operating activities	<u>\$ (139,162)</u>	<u>\$ (3,078,148)</u>	<u>\$ 2,148,820</u>	<u>\$ (1,068,490)</u>



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NON-MAJOR FUNDS

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

Internal service funds account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis.

Purchasing and Stores Fund – This fund accounts for the costs of purchasing and maintaining custody of supplies and materials. Services provided are billed based on an estimate of actual cost, including operating expenses, and overhead.

Fleet Management Fund – This fund accounts for renting and maintaining automotive equipment used by other City departments. User charges are assessed to cover actual costs, including operating expenses, overhead, and depreciation.

Facilities Maintenance Fund – This fund accounts for the cost of maintenance and janitorial services for all City-owned buildings. User charges are assessed to cover actual costs, including operating expenses, and overhead.

Information Technology Fund – This fund accounts for the cost of the information services incurred in providing network services, telephone, radio communications, and general computer services and supplies. User charges are assessed to cover actual costs, including operating expenses, overhead, and depreciation.

Self-Insurance Fund – This fund accounts for the cost of claims and management fees incurred in providing employee health insurance, workers' compensation, general liability, public officials' liability, airport general liability, automobile liability and trustee and fiduciary liability for the City of Lakeland.

Internal Loan Fund – This fund accounts for internal loans that are made to other funds of the City of Lakeland for the purpose of financing operating deficits and capital acquisition costs that the City has determined should not be financed through the traditional tax-free debt market. All loans are interest bearing with defined repayment terms.

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Purchasing And Stores Fund	Fleet Management Fund	Facilities Maintenance Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,151,270	\$ 973,629	\$ 2,204,411
Receivables	-	830	-
Due from other funds	-	-	-
Due from other governments	-	471,114	-
Inventories	566,678	38,436	-
Asset apportionments set aside for (including \$19,950,128 in cash and cash equivalents)			
Current portion of bonds payable	-	-	-
Current portion of pension bonds payable	21,114	44,977	84,766
Accrued interest payable	4,352	9,269	17,470
Due to other funds	-	6,545,020	-
Accrued liabilities	-	754,433	-
Total current assets	1,743,414	8,837,708	2,306,647
Noncurrent assets:			
Assets apportionments (including \$67,261,047 in cash and cash equivalents)			
Other asset apportionments	-	33,644,811	-
Total noncurrent assets	-	33,644,811	-
Restricted assets (including \$6,840,175 in cash and cash equivalents)	-	6,840,175	-
Capital assets:			
Land	-	9,972	-
Construction in progress	-	-	-
Utility plant, facilities & equipment in service	3,598,009	72,710,704	537,990
Less accumulated depreciation	(2,406,667)	(46,655,186)	(378,235)
Total capital assets	1,191,342	26,065,490	159,755
Other noncurrent assets:			
Advances to other funds, less current portion	-	-	-
Total other noncurrent assets	-	-	-
Total noncurrent assets	1,191,342	66,550,476	159,755
Total assets	2,934,756	75,388,184	2,466,402
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	117,344	313,267	620,257
Deferred outflows of resources related to OPEB	405,114	1,022,882	2,023,795
Unamortized loss on refunding	-	-	-
Total deferred outflows of resources	522,458	1,336,149	2,644,052
LIABILITIES			
Current liabilities:			
Accounts payable	24,848	444,392	118,248
Accrued liabilities	68,052	144,950	223,576
Due to other funds	-	29,780	-
Deposits payable	1,750	-	-
Payable from apportioned assets:			
Accrued interest payable	4,352	9,269	17,470
Current portion of bonds payable	-	-	-
Current portion of pension bonds payable	21,114	44,977	84,766
Accrued liabilities	-	754,433	-
Due to other funds	-	6,545,020	-
Total current liabilities	120,116	7,972,821	444,060
Noncurrent liabilities:			
Liabilities payable from apportioned assets			
Other liabilities payable from apportioned assets	-	-	-
Accrued liabilities, less current portion	68,240	138,812	188,026
Advances from other funds, less current portion	-	468,273	-
Net pension liability	412,852	879,435	1,657,436
Net OPEB liability	1,032,479	2,199,172	4,171,808
Pension bonds payable, less current portion	338,519	721,091	1,359,014
Revenue bonds payable, less current portion	-	-	-
Unamortized bond premium	-	-	-
Total noncurrent liabilities	1,852,090	4,406,783	7,376,284
Total liabilities	1,972,206	12,379,604	7,820,344
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	97,149	90,744	93,920
Deferred inflows of resources related to OPEB	537,123	994,877	1,995,303
Total deferred inflows of resources	634,272	1,085,621	2,089,223
NET POSITION			
Net investment in capital assets	1,191,342	26,065,490	159,755
Restricted			
Capital improvement	-	6,840,175	-
Unrestricted	(340,606)	30,353,443	(4,958,868)
Total net position	\$ 850,736	\$ 63,259,108	\$ (4,799,113)

Information Technology Fund	Self- Insurance Fund	Internal Loan Fund	Total Internal Service Funds
\$ 8,727,306	\$ -	\$ 13,135,597	\$ 26,192,213
-	-	-	830
-	-	12,265,743	12,265,743
-	-	-	471,114
-	-	-	605,114
-	-	2,386,366	2,386,366
221,453	-	-	372,310
45,640	-	1,713,113	1,789,844
-	-	-	6,545,020
137,294	7,964,861	-	8,856,588
<u>9,131,693</u>	<u>7,964,861</u>	<u>29,500,819</u>	<u>59,485,142</u>
6,601,979	28,907,992	-	69,154,782
<u>6,601,979</u>	<u>28,907,992</u>	-	<u>69,154,782</u>
-	-	-	6,840,175
-	-	-	9,972
1,371,455	-	-	1,371,455
35,352,130	-	-	112,198,833
<u>(20,620,992)</u>	-	-	<u>(70,061,080)</u>
16,102,593	-	-	43,519,180
-	-	50,397,422	50,397,422
-	-	50,397,422	50,397,422
22,704,572	28,907,992	50,397,422	169,911,559
<u>31,836,265</u>	<u>36,872,853</u>	<u>79,898,241</u>	<u>229,396,701</u>
996,170	-	-	2,047,038
3,990,262	-	-	7,442,053
-	-	328,843	328,843
<u>4,986,432</u>	-	<u>328,843</u>	<u>9,817,934</u>
854,828	-	57,422	1,499,738
605,763	-	-	1,042,341
915,616	-	-	945,396
-	-	-	1,750
45,640	-	1,713,113	1,789,844
-	-	2,386,366	2,386,366
221,453	-	-	372,310
137,294	7,964,861	-	8,856,588
-	-	-	6,545,020
<u>2,780,594</u>	<u>7,964,861</u>	<u>4,156,901</u>	<u>23,439,353</u>
-	16,485,284	-	16,485,284
772,980	-	-	1,168,058
3,086,555	-	-	3,554,828
4,330,105	-	-	7,279,828
10,158,824	-	-	17,562,283
3,550,464	-	-	5,969,088
-	-	52,608,129	52,608,129
-	-	15,438,544	15,438,544
<u>21,898,928</u>	<u>16,485,284</u>	<u>68,046,673</u>	<u>120,066,042</u>
<u>24,679,522</u>	<u>24,450,145</u>	<u>72,203,574</u>	<u>143,505,395</u>
548,362	-	-	830,175
5,556,438	-	-	9,083,741
<u>6,104,800</u>	-	-	<u>9,913,916</u>
16,102,593	-	-	43,519,180
-	-	-	6,840,175
(10,064,218)	12,422,708	8,023,510	35,435,969
<u>\$ 6,038,375</u>	<u>\$ 12,422,708</u>	<u>\$ 8,023,510</u>	<u>\$ 85,795,324</u>

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Purchasing And Stores Fund	Fleet Management Fund	Facilities Maintenance Fund
OPERATING REVENUES			
Charges for services	\$ 3,060,163	\$ 16,420,688	\$ 7,136,171
OPERATING EXPENSES			
Personal services	1,005,986	2,121,983	4,097,208
Other operating expenses	1,798,055	6,968,978	2,409,773
Depreciation	95,015	7,608,764	11,719
Total operating expenses	<u>2,899,056</u>	<u>16,699,725</u>	<u>6,518,700</u>
Operating income (loss)	<u>161,107</u>	<u>(279,037)</u>	<u>617,471</u>
NONOPERATING REVENUES (EXPENSES)			
Federal, state and local grants	-	34,249	-
Investment revenue	36,935	1,434,768	53,128
Loss on disposal of capital assets	-	(341,821)	-
Net increase (decrease) in the fair value of investments and cash equivalents	27,493	1,394,857	(52,804)
Interest income on internal loans	-	-	-
Miscellaneous revenue	22,980	5,465	57,678
Rebate on fuel taxes	-	161,330	-
Interest expense	(8,704)	(19,799)	(34,940)
Amortization	-	-	-
Proceeds from the sale of capital assets	-	1,530,553	-
Total nonoperating revenues	<u>78,704</u>	<u>4,199,602</u>	<u>23,062</u>
Income (loss) before transfers	<u>239,811</u>	<u>3,920,565</u>	<u>640,533</u>
Transfers from other funds	-	458,610	-
Transfers to other funds	(9,905)	(10,063)	(10,161)
Total contributions and transfers	<u>(9,905)</u>	<u>448,547</u>	<u>(10,161)</u>
Change in net position	229,906	4,369,112	630,372
NET POSITION, beginning of year	620,830	58,889,996	(5,429,485)
NET POSITION, end of year	<u>\$ 850,736</u>	<u>\$ 63,259,108</u>	<u>\$ (4,799,113)</u>

Information Technology Fund	Self- Insurance Fund	Internal Loan Fund	Total Internal Service Funds
\$ 21,371,085	\$ 38,020,957	\$ -	\$ 86,009,064
8,238,485	-	-	15,463,662
8,657,797	38,638,792	-	58,473,395
2,842,631	-	-	10,558,129
19,738,913	38,638,792	-	84,495,186
1,632,172	(617,835)	-	1,513,878
-	-	312,726	346,975
545,926	1,261,982	400,604	3,733,343
(8,519)	-	-	(350,340)
562,706	1,439,466	144,999	3,516,717
-	-	2,593,743	2,593,743
26,498	654,908	-	767,529
-	-	-	161,330
(278,054)	-	(3,604,377)	(3,945,874)
-	-	424,425	424,425
-	-	-	1,530,553
848,557	3,356,356	272,120	8,778,401
2,480,729	2,738,521	272,120	10,292,279
1,222,576	-	-	1,681,186
(8,261)	-	-	(38,390)
1,214,315	-	-	1,642,796
3,695,044	2,738,521	272,120	11,935,075
2,343,331	9,684,187	7,751,390	73,860,249
\$ 6,038,375	\$ 12,422,708	\$ 8,023,510	\$ 85,795,324

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Purchasing and Stores Fund	Fleet Management Fund	Facilities Maintenance Fund
Cash flows from operating activities:			
Receipts for interfund services	\$ 3,073,393	\$ 16,004,047	\$ 7,193,849
Payments to suppliers	(1,001,401)	(6,610,739)	(2,016,747)
Payments for interfund services	(893,722)	(241,570)	(346,725)
Payments to employees	(982,681)	(2,063,179)	(3,670,249)
Cash flows provided by (used in) operating activities	<u>195,589</u>	<u>7,088,559</u>	<u>1,160,128</u>
Cash flows from noncapital financing activities:			
Proceeds from operating grants	-	34,249	-
Transfers to other funds	(9,905)	(10,063)	(10,161)
Payments on and maturities on pension obligation bonds	(24,266)	(51,690)	(97,419)
Interest paid on pension obligation bonds	(9,642)	(20,538)	(38,709)
Cash flows provided by (used in) noncapital financing activities	<u>(43,813)</u>	<u>(48,042)</u>	<u>(146,289)</u>
Cash flows from capital financing activities:			
Interest received on internal loans	-	-	-
Repayments on and maturities of interfund loans - governmental funds	-	-	-
Issuance of interfund loans - governmental funds	-	-	-
Proceeds from repayment of interfund loans	-	-	-
Payments on interfund loans	-	(1,947)	-
Issuance of interfund loans	-	-	-
Interest paid on long-term debt issued to finance capital assets	-	(1,261)	-
Proceeds from issuance of interfund loans	-	7,045,020	-
Payments on and maturities of long-term debt	-	-	-
Transfers from other funds for capital purposes	-	458,610	-
Proceeds from rebates received on interest payments	-	-	-
Proceeds from sale of capital assets	-	1,530,723	-
Purchase of capital assets	(33,065)	(8,807,373)	(1,960)
Cash flows provided by (used in) capital financing activities	<u>(33,065)</u>	<u>223,772</u>	<u>(1,960)</u>
Cash flows from investing activities:			
Investment revenue	36,935	1,434,768	53,128
Net Increase (decrease) in the fair value of cash equivalents	27,493	1,394,857	(52,804)
Cash flows (used in) investing activities	<u>64,428</u>	<u>2,829,625</u>	<u>324</u>
Net increase (decrease) in cash and cash equivalents	183,139	10,093,914	1,012,203
Cash and cash equivalents, beginning of year	993,597	38,262,325	1,294,444
Cash and cash equivalents, end of year	<u>\$ 1,176,736</u>	<u>\$ 48,356,239</u>	<u>\$ 2,306,647</u>
Classified as:			
Current	\$ 1,151,270	\$ 973,629	\$ 2,204,411
Apportioned	25,466	40,542,435	102,236
Restricted	-	6,840,175	-
Total	<u>\$ 1,176,736</u>	<u>\$ 48,356,239</u>	<u>\$ 2,306,647</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 161,107	\$ (279,037)	\$ 617,471
Depreciation	95,015	7,608,764	11,719
Rebate on fuel taxes	-	161,330	-
Miscellaneous revenue	22,980	5,465	57,678
(Increase) decrease in receivables, net	-	(456,075)	-
(Increase) in due from other governments	-	(127,361)	-
(Increase) in inventory	(48,712)	(28,031)	-
Decrease in prepaid expenses	142	248	568
Decrease in deferred outflows related to pensions	443,111	790,953	1,916,932
(Increase) in deferred outflows related to OPEB	(220,899)	(526,556)	(755,159)
Increase (decrease) in accounts payable	(48,356)	144,700	46,301
Increase (decrease) in accrued liabilities	3,931	(10,498)	(31,450)
(Decrease) in deposits payable	(9,750)	-	-
(Decrease) in net pension liability	(480,019)	(716,539)	(1,662,852)
(Decrease) in net OPEB liability	(53,097)	(35,838)	(319,497)
(Decrease) in estimated liability for unpaid claims	-	-	-
Increase (decrease) in deferred inflows related to pensions	38,228	(104,387)	(8,514)
Increase in deferred inflows related to OPEB	291,908	661,421	1,286,931
Net cash provided by (used in) operating activities	<u>\$ 195,589</u>	<u>\$ 7,088,559</u>	<u>\$ 1,160,128</u>

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021 (CONTINUED)

Information Technology Fund	Self-Insurance Fund	Internal Loan Fund	Total Internal Service Funds
\$ 21,397,583	\$ 38,678,458	\$ -	\$ 86,347,330
(6,685,458)	(38,852,774)	-	(55,167,119)
(1,852,232)	(226,592)	-	(3,560,841)
(8,309,456)	-	-	(15,025,565)
<u>4,550,437</u>	<u>(400,908)</u>	<u>-</u>	<u>12,593,805</u>
-	-	-	34,249
(8,261)	-	-	(38,390)
(254,510)	-	-	(427,885)
(101,127)	-	-	(170,016)
<u>(363,898)</u>	<u>-</u>	<u>-</u>	<u>(602,042)</u>
-	-	2,593,743	2,593,743
-	-	9,401,091	9,401,091
-	-	(3,671,882)	(3,671,882)
-	-	9,011,114	9,011,114
(1,015,788)	-	(6,545,020)	(7,562,755)
-	-	(56,264,083)	(56,264,083)
(186,774)	-	(3,050,650)	(3,238,685)
-	-	6,545,020	13,590,040
-	-	(15,596,385)	(15,596,385)
1,222,576	-	-	1,681,186
-	-	312,726	312,726
-	-	54,873,894	54,873,894
-	-	-	1,530,723
(4,086,378)	-	-	(12,928,776)
<u>(4,066,364)</u>	<u>-</u>	<u>(2,390,432)</u>	<u>(6,268,049)</u>
545,926	1,261,982	400,604	3,733,343
562,706	1,439,466	144,999	3,516,717
<u>1,108,632</u>	<u>2,701,448</u>	<u>545,603</u>	<u>7,250,060</u>
1,228,807	2,300,540	(1,844,829)	12,973,774
14,504,865	33,134,653	19,079,905	107,269,789
<u>\$ 15,733,672</u>	<u>\$ 35,435,193</u>	<u>\$ 17,235,076</u>	<u>\$ 120,243,563</u>
\$ 8,727,306	\$ -	\$ 13,135,597	\$ 26,192,213
7,006,366	35,435,193	4,099,479	87,211,175
-	-	-	6,840,175
<u>\$ 15,733,672</u>	<u>\$ 35,435,193</u>	<u>\$ 17,235,076</u>	<u>\$ 120,243,563</u>
\$ 1,632,172	\$ (617,835)	\$ -	\$ 1,513,878
2,842,631	-	-	10,558,129
-	-	-	161,330
26,498	654,908	-	767,529
-	2,593	-	(453,482)
-	-	-	(127,361)
-	-	-	(76,743)
710	-	-	1,668
4,407,111	-	-	7,558,107
(2,140,281)	-	-	(3,642,895)
120,107	1,033,483	-	1,296,235
(18,613)	-	-	(56,630)
-	-	-	(9,750)
(4,155,982)	-	-	(7,015,392)
(845,936)	-	-	(1,254,368)
-	(1,474,057)	-	(1,474,057)
(297,742)	-	-	(372,415)
2,979,762	-	-	5,220,022
<u>\$ 4,550,437</u>	<u>\$ (400,908)</u>	<u>\$ -</u>	<u>\$ 12,593,805</u>



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NON-MAJOR FUNDS

FIDUCIARY FUNDS

FIDUCIARY FUNDS

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. Fiduciary funds include both pension trust funds and custodial funds.

Employees' Pension and Retirement System – This fund accounts for the accumulation of resources used for retirement payments for City employees. Resources for retirement benefits are contributed by employees at a rate of 8.5% of their salary and by the City at a rate of 17.44% of the covered employee's salary.

Police Officers' Defined Benefit Retirement System – This fund accounts for the accumulation of resources used for retirement annuity payments to police officers. Resources are contributed by police officers at a rate of 1% of their salary and by the State of Florida from the proceeds of an excise tax imposed by the City on casualty insurance companies.

Firefighters' Supplemental Pension Plan – This fund accounts for the accumulation of resources used for retirement annuity and death benefit payments for firefighters. Resources are contributed by firefighters at a rate of 3% of their salary and by the State of Florida from the proceeds of an excise tax imposed by the City on fire insurance companies. The tax is collected by the State of Florida and remitted to the fund.

Retiree Healthcare Trust Fund – This fund accounts for the accumulation of resources used for health insurance payments for eligible retirees.

Survivor's Benefit Trust Fund – This fund accounts for the accumulation of resources used for payment of premiums for the insurance policy purchased by the City for the payment of death benefit to surviving spouses of certain retired employees.

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
TRUST FUNDS
SEPTEMBER 30, 2021

	Pension and Other Employees Benefit Trust Funds				Private Purpose Trust Fund	
	Employees Pension and Retirement System	Police Officers' Defined Benefit Retirement System	Firefighters' Retirement System	Retiree Healthcare Trust Fund	Survivor's Benefit Trust Fund	Total Trust Funds
ASSETS						
Cash and cash equivalents	\$ 15,029,077	\$ 4,033,380	\$ 732,359	\$ -	\$ -	\$ 19,794,816
Mutual funds	125,878,787	105,549,489	83,122,357	-	-	314,550,633
US government obligations	56,167,889	12,488,141	-	-	-	68,656,030
Corporate notes and bonds	48,399,108	10,009,849	-	-	-	58,408,957
Municipal bonds	-	1,301,649	-	-	-	1,301,649
Corporate stocks	216,380,955	24,500,495	-	-	-	240,881,450
Alternate investments	47,821,176	7,392,130	6,865,128	-	-	62,078,434
Fixed income funds	23,832,076	2,465,657	33,210,208	-	-	59,507,941
Real estate funds	72,603,785	10,241,201	6,385,495	-	-	89,230,481
Private equity funds	200,623,024	5,624,983	2,812,494	-	-	209,060,501
Consolidated fund	-	-	-	11,677,433	410,998	12,088,431
Prepaid expenses	-	564	300	-	-	864
Accrued interest receivable	643,276	97,657	127,880	-	-	868,813
Unsettled investment sales, net	5,027,600	297,633	-	-	-	5,325,233
Contributions	1,216,242	261,468	157,536	69,268	-	1,704,514
Due from other governments	-	-	899,460	-	-	899,460
Total assets	813,622,995	184,264,296	134,313,217	11,746,701	410,998	1,144,358,207
LIABILITIES						
Accounts payable	493,821	126,842	107,306	-	-	727,969
Unsettled investment purchases, net	2,133,198	245,023	-	-	-	2,378,221
Due to other funds	-	-	-	26,770	127,386	154,156
Total liabilities	2,627,019	371,865	107,306	26,770	127,386	3,260,346
NET POSITION						
Restricted for DROP and other accounts	20,693,000	4,571,368	2,006,673	-	-	27,271,041
Restricted for OPEB benefits	-	-	-	11,719,931	-	11,719,931
Net Position Restricted for pension benefits and other purposes	790,302,976	179,321,063	132,199,238	-	283,612	1,102,106,889
Total net position	\$ 810,995,976	\$ 183,892,431	\$ 134,205,911	\$ 11,719,931	\$ 283,612	\$ 1,141,097,861

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Pension and Other Employees Benefit Trust Funds				Private Purpose Trust Fund
	Employees Pension and Retirement System	Police Officers' Defined Benefit Retirement System	Firefighters' Retirement System	Retiree Healthcare Trust Fund	Survivor's Benefit Trust Fund
ADDITIONS					
Contributions:					
Employer	\$ 9,145,617	\$ 1,926,208	\$ 1,912,761	\$ 5,320,784	\$ -
Plan Members	6,575,253	2,613,913	1,224,820	135,134	-
On-behalf payments - State of Florida	-	1,047,223	899,460	-	-
Total contributions	15,720,870	5,587,344	4,037,041	5,455,918	-
Net investment income:					
Interest and dividends	12,456,520	3,303,466	1,547,217	923,713	87,578
Net increase in fair value of investments	159,434,147	32,660,534	24,408,627	1,144,267	(61,209)
Investment advisor fee	(2,190,160)	(337,918)	(141,642)	-	-
Net investment income (loss)	169,700,507	35,626,082	25,814,202	2,067,980	26,369
Miscellaneous income	1,027	12,686	-	-	-
Total additions	185,422,404	41,226,112	29,851,243	7,523,898	26,369
DEDUCTIONS					
Benefits paid	51,473,516	12,183,688	7,052,231	5,628,006	-
Refunds, former employees	1,058,108	675,985	120,573	-	-
Administrative expenses	275,837	174,055	155,566	-	-
Other	-	-	-	-	741,142
Total deductions	52,807,461	13,033,728	7,328,370	5,628,006	741,142
CHANGE IN NET POSITION	132,614,943	28,192,384	22,522,873	1,895,892	(714,773)
RESTRICTED	678,381,033	155,700,047	111,683,038	9,824,039	998,385
NET POSITION, beginning of year	\$ 810,995,976	\$ 183,892,431	\$ 134,205,911	\$ 11,719,931	\$ 283,612
NET POSITION, end of year	\$ 943,610,919	\$ 337,684,872	\$ 246,711,822	\$ 12,915,822	\$ 1,141,097,861



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SCHEDULES



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CITY OF LAKELAND, FLORIDA

SCHEDULE OF LONG-TERM DEBT - ALL FUNDS
SEPTEMBER 30, 2021

	Interest Rate	Date		Original Issue Amount	Outstanding October 1, 2020	Issued During Year	Retired During Year	Outstanding September 30, 2021	Interest Payable in Future Years	Principal and Interest Payable in Future Years
		Issue	Final Maturity							
GOVERNMENTAL FUNDS										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	\$ 43,029,529	\$ 43,029,529	\$ -	\$ 2,719,891	\$ 40,309,638	\$ 7,524,018	\$ 47,833,656
Lease Payable - Leasing2 - Wheel loaders	2.800	09-16-19	03-15-25	458,389	430,322	-	58,610	371,712	27,028	398,740
Lease Payable - Leasing2 - Vector Trucks	2.800	09-16-19	04-16-25	1,079,164	914,982	-	156,441	758,541	83,050	841,591
Lease Payable - Leasing2 - Sweepers	2.800	09-16-19	07-16-24	1,663,523	1,343,359	-	322,012	1,021,347	95,341	1,116,688
Lease Payable - Leasing2 - Gradall Telescope Excavators	5.750	08-03-16	11-15-23	784,107	418,440	-	102,917	315,523	22,470	337,993
Lease Payable - Santander Leasing LLC - Cues Truck	2.680	12-15-16	11-15-21	252,000	62,261	-	53,248	9,013	1,046	10,059
Lease Payable - Konica Minolta Business Solutions	3.269	04-05-17	04-01-20	9,175	232	-	232	-	-	-
Lease Payable - Canon Financial Services	12.947	12-01-16	11-01-20	7,275	384	-	384	-	209	209
Lease Payable - US Bancorp	3.070	02-10-12	02-10-22	1,280,000	237,820	-	116,127	121,693	12,980	134,673
Loan Payable - Key Financial	4.240	03-21-11	03-21-21	975,000	59,126	-	59,126	-	-	-
Lease Payable - PNC	2.850 to 3.577	10-22-14	07-17-22	1,204,179	439,194	-	191,879	247,315	20,841	268,156
Internal Loans	1.500 to 4.000	03-31-05	09-30-36	81,131,757	54,225,692	3,671,882	9,401,092	48,496,482	11,812,490	60,308,972
				131,874,098	101,161,341	3,671,882	13,181,959	91,651,264	19,599,473	111,250,737
DEPARTMENT OF ELECTRIC UTILITIES										
Energy System Revenue and Refunding Bonds, Series 2016	2.500 to 5.000	02-05-16	10-01-36	138,650,000	122,055,000	-	4,770,000	117,285,000	26,529,274	143,814,274
Energy System Refunding Bonds, Series 2017	Variable	08-29-17	10-01-37	97,000,000	95,205,000	-	7,000,000	88,205,000	16,696,266	104,901,266
Energy System Revenue and Refunding Bonds, Series 2010	4.000 to 5.250	10-01-10	10-01-36	199,300,000	103,720,000	-	4,695,000	99,025,000	44,661,688	143,686,688
Energy System Revenue Bonds, Series 2018	3.250 to 5.000	09-27-18	10-01-37	43,945,000	43,945,000	-	2,630,000	41,315,000	14,499,006	55,814,006
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	20,378,522	20,378,522	-	1,288,124	19,090,398	3,563,328	22,653,726
				499,273,522	385,303,522	-	20,383,124	364,920,398	105,949,562	470,869,960
LAKELAND LINDER INTERNATIONAL AIRPORT FUND										
Capital Improvement Revenue Note, Series 2017B	2.440	05-23-17	04-01-26	15,879,855	12,738,000	-	6,292,700	6,445,300	369,030	6,814,330
Internal Loans	4.000	09-30-10	09-30-35	64,258,818	10,227,542	48,227,448	7,832,286	50,622,704	8,422,209	59,044,913
Capital Improvement Revenue Note, Series 2017A	2.440	05-23-17	04-01-32	1,629,431	1,180,337	-	156,910	1,023,427	89,120	1,112,547
City of Lakeland, Florida Revenue Note, Series 2019	1.82891	11-20-19	08-01-21	32,000,000	19,673,597	8,500,000	28,173,597	-	-	-
State Infrastructure Bank (SIB) Loan Agreement	2.850	10-01-18	10-01-35	4,626,400	4,626,400	-	4,626,400	-	-	-
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	599,408	599,408	-	37,889	561,519	104,808	666,327
				118,993,912	49,045,284	56,727,448	47,119,782	58,652,950	8,985,167	67,638,117
RP FUNDING CENTER FUND										
Capital Improvement Revenue Note, Series 2017A	2.440	05-23-17	04-01-32	14,741,138	12,169,461	-	898,524	11,270,937	1,697,844	12,968,781
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	1,411,644	1,411,644	-	89,230	1,322,414	246,837	1,569,251
Lease Payable - US Bancorp	3.070	02-10-12	02-10-22	1,166,640	246,955	-	121,611	125,344	11,430	136,774
Internal Loans	3.500 to 4.000	09-30-10	12-31-21	1,427,000	164,694	-	156,080	8,614	87	8,701
				18,746,422	13,992,754	-	1,265,445	12,727,309	1,956,198	14,683,507
WATER AND WASTEWATER UTILITIES										
Capital Improvement Revenue and Refunding Bonds, Series 2010A	3.000 to 5.000	09-30-10	10-01-23	8,336,615	1,941,615	-	1,461,615	480,000	61,581	541,581
Capital Improvement Revenue and Refunding Bonds, Series 2010C	5.929 to 6.029	09-30-10	10-01-40	5,209,023	5,209,023	-	-	5,209,023	1,620,479	6,829,502
Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2012A	.930 to 5.000	01-12-12	10-01-32	37,325,000	31,925,000	-	1,805,000	30,120,000	8,918,625	39,038,625

(Table Continued on the Next Page)

CITY OF LAKELAND, FLORIDA

**SCHEDULE OF LONG-TERM DEBT - ALL FUNDS (continued)
SEPTEMBER 30, 2021**

	Interest Rate	Date		Original Issue Amount	Outstanding October 1, 2020	Issued During Year	Retired During Year	Outstanding September 30, 2021	Interest Payable in Future Years	Principal and Interest Payable in Future Years
		Issue	Final Maturity							
WATER AND WASTEWATER UTILITIES (continued)										
Water and Wastewater Revenue Note, Series 2015	2.420	11-12-15	10-01-25	\$ 10,600,000	\$ 8,116,622	\$ -	\$ 658,854	\$ 7,457,768	\$ 735,089	\$ 8,192,857
Loan Payable - Wastewater Revolving Loan Program	0.230	07-01-20	11-15-41	19,167,295	3,387,185	13,218,165	-	16,605,350	3,546,950	20,152,300
Loan Payable - Wastewater Revolving Loan Program	0.000 to 0.440	10-24-16	01-15-40	12,284,141	11,708,082	-	359,012	11,349,070	91,556	11,440,626
Loan Payable - Wastewater Revolving Loan Program	2.960	01-31-04	09-30-28	42,734,405	20,421,219	-	2,232,986	18,188,233	1,765,107	19,953,340
Loan Payable - Wastewater Revolving Loan Program	0.000 to 0.060	05-07-18	12-15-42	15,494,263	12,136,208	2,060,630	-	14,196,838	-	14,196,838
Loan Payable - Wastewater Revolving Loan Program	1.960	11-27-18	06-15-40	778,787	795,011	-	21,309	773,702	78,040	851,742
Loan Payable - Wastewater Revolving Loan Program	1.160	03-03-17	08-15-40	1,000,000	795,442	28,525	-	823,967	101,649	925,616
Loan Payable - Wastewater Revolving Loan Program	1.690	02-11-14	04-15-36	1,301,890	857,516	-	125,572	731,944	143,633	875,577
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	7,187,425	7,187,425	-	454,316	6,733,109	1,256,768	7,989,877
Internal Loans	0.091	08-01-21	09-30-23	991,615	-	991,615	5,013	986,602	9,455	996,057
				162,410,459	104,480,348	16,298,935	7,123,677	113,655,606	18,328,932	131,984,538
PARKING FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	115,539	115,539	-	7,303	108,236	20,202	128,438
				115,539	115,539	-	7,303	108,236	20,202	128,438
SOLID WASTE FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	1,508,650	1,508,650	-	95,362	1,413,288	263,799	1,677,087
				1,508,650	1,508,650	-	95,362	1,413,288	263,799	1,677,087
PURCHASING AND STORES FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	383,899	383,899	-	24,266	359,633	67,128	426,761
				383,899	383,899	-	24,266	359,633	67,128	426,761
FACILITIES MAINTENANCE FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	1,541,199	1,541,199	-	97,419	1,443,780	269,494	1,713,274
				1,541,199	1,541,199	-	97,419	1,443,780	269,494	1,713,274
MOTOR POOL FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	817,758	817,758	-	51,690	766,068	142,993	909,061
Internal Loans	1.530	08-01-21	09-30-36	7,045,020	-	7,045,020	1,947	7,043,073	60,467	7,103,540
				7,862,778	817,758	7,045,020	53,637	7,809,141	203,460	8,012,601
INFORMATION TECHNOLOGY FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	4,026,427	4,026,427	-	254,510	3,771,917	704,046	4,475,963
Internal Loans	4.000	09-30-10	09-30-25	14,600,151	5,017,960	-	1,015,788	4,002,172	366,223	4,368,395
				18,626,578	9,044,387	-	1,270,298	7,774,089	1,070,269	8,844,358
INTERNAL LOAN FUND										
Internal Loans	1.142	08-21-21	10-01-21	6,545,020	-	6,545,020	6,545,020	-	-	-
Capital Improvement Revenue and Refunding Bonds, Series 2021A	4.00 to 5.00	07-29-21	10-01-41	26,195,000	-	26,195,000	-	26,195,000	10,054,069	36,249,069
Series 2021B	4.00 to 5.00	07-29-21	10-01-41	15,005,000	-	15,005,000	-	15,005,000	7,917,972	22,922,972
Capital Improvement Revenue and Refunding Bonds, Series 2021C	4.00 to 5.00	07-29-21	10-01-41	4,290,000	-	4,290,000	-	4,290,000	35,307	4,325,307
Taxable Capital Improvement Refunding Revenue Note, Series 2015	5.000	09-29-15	10-01-20	5,000,000	5,000,000	-	5,000,000	-	-	-

(Table Continued on the Next Page)

CITY OF LAKELAND, FLORIDA

SCHEDULE OF LONG-TERM DEBT - ALL FUNDS (continued)
SEPTEMBER 30, 2021

	Date		Original Issue Amount	Outstanding October 1, 2020	Issued During Year	Retired During Year	Outstanding September 30, 2021	Interest Payable in Future Years	Principal and Interest Payable in Future Years
	Issue	Final Maturity							
Capital Improvement Revenue Bonds, Series 2015	05-20-15	10-01-36	\$ 51,465,000	\$ 41,565,000	\$ -	\$ 4,330,000	\$ 37,235,000	\$ 14,075,287	\$ 51,310,287
Capital Improvement Refunding Note, Series 2012A	12-20-12	10-01-22	12,375,000	5,933,000	-	1,943,000	3,990,000	70,139	4,060,139
Capital Improvement Revenue and Refunding Bonds, Series 2010A	09-30-10	10-01-23	40,153,385	4,013,385	-	3,143,385	870,000	85,132	955,132
Capital Improvement Revenue and Refunding Bonds, Series 2010B	09-30-10	10-01-20	10,140,000	1,180,000	-	1,180,000	-	-	-
Capital Improvement Revenue and Refunding Bonds, Series 2010C	09-30-10	10-01-40	15,905,977	15,905,977	-	-	15,905,977	7,472,940	23,378,917
			187,074,382	73,599,382	52,035,020	22,141,405	103,492,998	39,710,846	143,201,823
			\$ 1,148,411,438	\$ 740,994,063	\$ 135,778,305	\$ 112,763,677	\$ 764,008,692	\$ 196,424,530	\$ 960,431,201

TOTAL ALL FUNDS

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CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY
SEPTEMBER 30, 2021

CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS, SERIES 2010A

Fiscal Year	INTERNAL LOAN PORTION			WATER UTILITIES PORTION		
	Principal	Interest	Total	Principal	Interest	Total
2021-22	\$ 870,000	\$ 85,132	\$ 955,132	\$ 480,000	\$ 61,581	\$ 541,581
TOTALS	\$ 870,000	\$ 85,132	\$ 955,132	\$ 480,000	\$ 61,581	\$ 541,581

CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS, SERIES 2010C

Fiscal Year	INTERNAL LOAN PORTION			WATER UTILITIES PORTION		
	Principal	Interest	Total	Principal	Interest	Total
2021-22	\$ -	\$ 619,435	\$ 619,435	\$ -	\$ 201,742	\$ 201,742
2022-23	-	619,435	619,435	-	201,741	201,741
2023-24	-	619,435	619,435	-	201,741	201,741
2024-25	790,000	604,212	1,394,212	460,000	192,878	652,878
2025-26	825,000	573,092	1,398,092	480,000	174,765	654,765
2026-27	805,000	541,683	1,346,683	515,000	155,592	670,592
2027-28	850,000	509,793	1,359,793	520,000	135,648	655,648
2028-29	885,000	476,361	1,361,361	540,000	115,223	655,223
2029-30	910,000	441,772	1,351,772	570,000	93,834	663,834
2030-31	930,000	406,317	1,336,317	595,000	71,385	666,385
2031-32	825,000	372,231	1,197,231	620,000	47,772	667,772
2032-33	855,000	339,313	1,194,313	645,000	22,985	667,985
2033-34	925,977	304,416	1,230,393	264,023	5,173	269,196
2034-35	930,000	268,049	1,198,049	-	-	-
2035-36	965,000	230,918	1,195,918	-	-	-
2036-37	1,000,000	192,416	1,192,416	-	-	-
2037-38	1,040,000	152,443	1,192,443	-	-	-
2038-39	1,080,000	110,903	1,190,903	-	-	-
2039-40	1,120,000	67,796	1,187,796	-	-	-
2040-41	1,170,000	22,920	1,192,920	-	-	-
TOTALS	\$ 15,905,977	\$ 7,472,940	\$ 23,378,917	\$ 5,209,023	\$ 1,620,479	\$ 6,829,502

CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY (CONTINUED)
SEPTEMBER 30, 2021

CAPITAL IMPROVEMENT REFUNDING NOTE, SERIES 2012A

Fiscal Year	INTERNAL LOAN PORTION		
	Principal	Interest	Total
2021-22	\$ 1,977,000	\$ 52,526	\$ 2,029,526
2022-23	2,013,000	17,613	2,030,613
TOTALS	<u>\$ 3,990,000</u>	<u>\$ 70,139</u>	<u>\$ 4,060,139</u>

CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2015

Fiscal Year	INTERNAL LOAN FUND		
	Principal	Interest	Total
2021-22	\$ 1,785,000	\$ 1,666,313	\$ 3,451,313
2022-23	1,870,000	1,574,938	3,444,938
2023-24	1,965,000	1,479,063	3,444,063
2024-25	2,060,000	1,378,438	3,438,438
2025-26	2,035,000	1,276,063	3,311,063
2026-27	2,075,000	1,173,313	3,248,313
2027-28	2,180,000	1,066,938	3,246,938
2028-29	2,215,000	957,063	3,172,063
2029-30	2,325,000	843,563	3,168,563
2030-31	2,445,000	724,313	3,169,313
2031-32	2,570,000	598,938	3,168,938
2032-33	2,685,000	484,344	3,169,344
2033-34	2,800,000	381,500	3,181,500
2034-35	2,895,000	271,100	3,166,100
2035-36	3,010,000	153,000	3,163,000
2036-37	2,320,000	46,400	2,366,400
TOTALS	<u>\$ 37,235,000</u>	<u>\$ 14,075,287</u>	<u>\$ 51,310,287</u>

CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY (CONTINUED)
 SEPTEMBER 30, 2021

TAXABLE PENSION LIABILITY REDUCTION NOTE, SERIES 2020

Fiscal Year	GOVERNMENTAL FUNDS			ENTERPRISE FUNDS		
	Principal	Interest	Total	Principal	Interest	Total
2021-22	\$ 2,366,625	\$ 946,858	\$ 3,313,483	\$ 2,088,375	\$ 835,533	\$ 2,923,908
2022-23	2,464,902	888,396	3,353,298	2,175,098	783,945	2,959,043
2023-24	2,563,179	827,556	3,390,735	2,261,821	730,259	2,992,080
2024-25	2,666,768	764,274	3,431,042	2,353,232	674,416	3,027,648
2025-26	2,770,358	698,485	3,468,843	2,444,642	616,362	3,061,004
2026-27	2,879,259	630,122	3,509,381	2,540,741	556,041	3,096,782
2027-28	2,990,819	559,094	3,549,913	2,639,181	493,364	3,132,545
2028-29	3,105,031	485,336	3,590,367	2,739,969	428,275	3,168,244
2029-30	3,221,903	408,780	3,630,683	2,843,097	360,720	3,203,817
2030-31	3,344,086	329,331	3,673,417	2,950,914	290,613	3,241,527
2031-32	1,830,084	266,724	2,096,808	1,614,916	235,366	1,850,282
2032-33	2,255,065	217,293	2,472,358	1,989,935	191,748	2,181,683
2033-34	1,729,150	169,086	1,898,236	1,525,850	149,205	1,675,055
2034-35	1,920,394	124,927	2,045,321	1,694,606	110,237	1,804,843
2035-36	1,251,042	86,551	1,337,593	1,103,958	76,376	1,180,334
2036-37	1,059,804	58,591	1,118,395	935,196	51,701	986,897
2037-38	772,939	36,416	809,355	682,061	32,131	714,192
2038-39	772,939	17,711	790,650	682,061	15,625	697,686
2039-40	167,337	6,333	173,670	147,663	5,586	153,249
2040-41	177,954	2,154	180,108	157,046	1,900	158,946
TOTALS	\$ 40,309,638	\$ 7,524,018	\$ 47,833,656	\$ 35,570,362	\$ 6,639,403	\$ 42,209,765

CAPITAL IMPROVEMENT REFUNDING NOTE, SERIES 2017A

Fiscal Year	AIRPORT PORTION			RP FUNDING CENTER PORTION		
	Principal	Interest	Total	Principal	Interest	Total
2021-22	\$ 160,660	\$ 24,972	\$ 185,632	\$ 919,999	\$ 273,090	\$ 1,193,089
2022-23	164,500	21,051	185,551	941,986	250,943	1,192,929
2023-24	168,432	17,037	185,469	964,500	228,268	1,192,768
2024-25	172,457	12,928	185,385	987,552	205,050	1,192,602
2025-26	176,579	8,720	185,299	1,011,154	181,278	1,192,432
2026-27	180,799	4,412	185,211	1,035,321	156,937	1,192,258
2027-28	-	-	-	1,031,583	132,014	1,163,597
2028-29	-	-	-	1,056,238	106,844	1,163,082
2029-30	-	-	-	1,081,482	81,072	1,162,554
2030-31	-	-	-	1,107,329	54,683	1,162,012
2031-32	-	-	-	1,133,793	27,665	1,161,458
TOTALS	\$ 1,023,427	\$ 89,120	\$ 1,112,547	\$ 11,270,937	\$ 1,697,844	\$ 12,968,781

CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY (CONTINUED)
SEPTEMBER 30, 2021

CAPITAL IMPROVEMENT REFUNDING NOTE, SERIES 2017B

Fiscal Year	AIRPORT PORTION		
	Principal	Interest	Total
2021-22	\$ 1,929,534	\$ 135,352	\$ 2,064,886
2022-23	1,239,263	94,831	1,334,094
2023-24	1,064,104	68,806	1,132,910
2024-25	1,089,536	46,460	1,135,996
2025-26	1,122,863	23,581	1,146,444
TOTALS	<u>\$ 6,445,300</u>	<u>\$ 369,030</u>	<u>\$ 6,814,330</u>

WATER AND WASTEWATER REVENUE REFUNDING AND
IMPROVEMENT BONDS, SERIES 2012A

Fiscal Year	WATER UTILITIES PORTION		
	Principal	Interest	Total
2021-22	\$ 1,900,000	\$ 1,366,550	\$ 3,266,550
2022-23	1,995,000	1,269,175	3,264,175
2023-24	2,090,000	1,167,050	3,257,050
2024-25	2,195,000	1,059,925	3,254,925
2025-26	2,305,000	947,425	3,252,425
2026-27	2,420,000	829,300	3,249,300
2027-28	2,545,000	705,175	3,250,175
2028-29	2,670,000	574,800	3,244,800
2029-30	2,805,000	437,925	3,242,925
2030-31	2,945,000	308,900	3,253,900
2031-32	3,065,000	188,700	3,253,700
2032-33	3,185,000	63,700	3,248,700
TOTALS	<u>\$ 30,120,000</u>	<u>\$ 8,918,625</u>	<u>\$ 39,038,625</u>

CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2015

Fiscal Year	WATER UTILITIES PORTION			WASTEWATER UTILITIES PORTION		
	Principal	Interest	Total	Principal	Interest	Total
2021-22	\$ 309,799	\$ 134,377	\$ 444,176	\$ 365,000	\$ 46,101	\$ 411,101
2022-23	321,129	126,880	448,009	370,000	37,268	407,268
2023-24	327,854	119,109	446,963	380,000	28,314	408,314
2024-25	334,984	111,174	446,158	390,000	19,118	409,118
2025-26	4,259,002	103,068	4,362,070	400,000	9,680	409,680
TOTALS	<u>\$ 5,552,768</u>	<u>\$ 594,608</u>	<u>\$ 6,147,376</u>	<u>\$ 1,905,000</u>	<u>\$ 140,481</u>	<u>\$ 2,045,481</u>

CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY (CONTINUED)
SEPTEMBER 30, 2021

ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2010

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021-22	\$ 4,925,000	\$ 4,924,644	\$ 9,849,644
2022-23	5,140,000	4,710,762	9,850,762
2023-24	5,355,000	4,481,050	9,836,050
2024-25	5,595,000	4,220,688	9,815,688
2025-26	5,885,000	3,933,688	9,818,688
2026-27	6,180,000	3,624,338	9,804,338
2027-28	5,180,000	3,326,138	8,506,138
2028-29	5,450,000	3,047,100	8,497,100
2029-30	5,745,000	2,753,231	8,498,231
2030-31	6,040,000	2,443,875	8,483,875
2031-32	6,360,000	2,118,375	8,478,375
2032-33	6,695,000	1,775,681	8,470,681
2033-34	7,045,000	1,415,006	8,460,006
2034-35	7,415,000	1,035,431	8,450,431
2035-36	7,800,000	636,038	8,436,038
2036-37	8,215,000	215,643	8,430,643
TOTALS	<u>\$ 99,025,000</u>	<u>\$ 44,661,688</u>	<u>\$ 143,686,688</u>

ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2016

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021-22	\$ 9,620,000	\$ 4,679,669	\$ 14,299,669
2022-23	10,020,000	4,188,669	14,208,669
2023-24	10,480,000	3,676,169	14,156,169
2024-25	10,955,000	3,140,294	14,095,294
2025-26	11,480,000	2,579,419	14,059,419
2026-27	12,005,000	1,992,294	13,997,294
2027-28	12,550,000	1,535,294	14,085,294
2028-29	12,820,000	1,202,144	14,022,144
2029-30	8,820,000	899,081	9,719,081
2030-31	5,965,000	682,819	6,647,819
2031-32	1,875,000	564,047	2,439,047
2032-33	1,935,000	486,375	2,421,375
2033-34	2,030,000	387,250	2,417,250
2034-35	2,135,000	283,125	2,418,125
2035-36	2,240,000	173,750	2,413,750
2036-37	2,355,000	58,875	2,413,875
TOTALS	<u>\$ 117,285,000</u>	<u>\$ 26,529,274</u>	<u>\$ 143,814,274</u>

CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY (CONTINUED)
SEPTEMBER 30, 2021

ENERGY SYSTEM REFUNDING BONDS, SERIES 2017

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021-22	\$ -	\$ 1,197,383	\$ 1,197,383
2022-23	-	1,197,383	1,197,383
2023-24	-	1,197,383	1,197,383
2024-25	-	1,197,383	1,197,383
2025-26	-	1,197,383	1,197,383
2026-27	-	1,197,383	1,197,383
2027-28	-	1,197,383	1,197,383
2028-29	-	1,197,383	1,197,383
2029-30	195,000	1,196,059	1,391,059
2030-31	3,285,000	1,172,439	4,457,439
2031-32	6,895,000	1,103,342	7,998,342
2032-33	7,190,000	1,007,740	8,197,740
2033-34	7,520,000	907,896	8,427,896
2034-35	16,515,000	744,758	17,259,758
2035-36	17,115,000	516,495	17,631,495
2036-37	9,725,000	334,318	10,059,318
2037-38	19,765,000	134,155	19,899,155
TOTALS	\$ 88,205,000	\$ 16,696,266	\$ 104,901,266

ENERGY SYSTEM REFUNDING BONDS, SERIES 2018

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021-22	\$ 3,995,000	\$ 1,720,937	\$ 5,715,937
2022-23	2,930,000	1,547,813	4,477,813
2023-24	1,985,000	1,424,937	3,409,937
2024-25	1,520,000	1,337,313	2,857,313
2025-26	855,000	1,277,937	2,132,937
2026-27	380,000	1,247,063	1,627,063
2027-28	1,345,000	1,203,937	2,548,937
2028-29	1,025,000	1,144,688	2,169,688
2029-30	4,870,000	997,313	5,867,313
2030-31	4,360,000	766,562	5,126,562
2031-32	4,875,000	578,344	5,453,344
2032-33	4,460,000	423,862	4,883,862
2033-34	4,050,000	267,600	4,317,600
2034-35	-	186,600	186,600
2035-36	-	186,600	186,600
2036-37	2,310,000	140,400	2,450,400
2037-38	2,355,000	47,100	2,402,100
TOTALS	\$ 41,315,000	\$ 14,499,006	\$ 55,814,006

CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY (CONTINUED)
SEPTEMBER 30, 2021

CAPITAL IMPROVEMENT REVENUE BONDS

Fiscal Year	SERIES 2021A			SERIES 2021B		
	Principal	Interest	Total	Principal	Interest	Total
2021-22	\$ -	\$ 822,094	\$ 822,094	\$ -	\$ 430,222	\$ 430,222
2022-23	1,870,000	1,185,550	3,055,550	250,000	635,000	885,000
2023-24	1,585,000	1,116,450	2,701,450	260,000	624,800	884,800
2024-25	2,485,000	1,035,050	3,520,050	395,000	611,700	1,006,700
2025-26	2,740,000	930,550	3,670,550	255,000	598,700	853,700
2026-27	4,350,000	767,000	5,117,000	265,000	586,975	851,975
2027-28	1,450,000	622,000	2,072,000	285,000	573,225	858,225
2028-29	1,260,000	554,250	1,814,250	565,000	551,975	1,116,975
2029-30	995,000	497,875	1,492,875	905,000	515,225	1,420,225
2030-31	1,050,000	446,750	1,496,750	955,000	468,725	1,423,725
2031-32	830,000	399,750	1,229,750	1,005,000	419,725	1,424,725
2032-33	875,000	357,125	1,232,125	1,050,000	373,600	1,423,600
2033-34	910,000	312,500	1,222,500	1,095,000	330,700	1,425,700
2034-35	960,000	265,750	1,225,750	1,140,000	286,000	1,426,000
2035-36	1,010,000	216,500	1,226,500	1,185,000	239,500	1,424,500
2036-37	1,055,000	164,875	1,219,875	815,000	199,500	1,014,500
2037-38	500,000	126,000	626,000	845,000	166,300	1,011,300
2038-39	525,000	100,375	625,375	880,000	131,800	1,011,800
2039-40	555,000	73,375	628,375	915,000	95,900	1,010,900
2040-41	580,000	45,000	625,000	950,000	58,600	1,008,600
2041-42	610,000	15,250	625,250	990,000	19,800	1,009,800
TOTALS	\$ 26,195,000	\$ 10,054,069	\$ 36,249,069	\$ 15,005,000	\$ 7,917,972	\$ 22,922,972

SERIES 2021C

Principal	Interest	Total
\$ -	\$ 3,652	\$ 3,652
2,390,000	21,205	2,411,205
1,900,000	10,450	1,910,450
\$ 4,290,000	\$ 35,307	\$ 4,325,307

CITY OF LAKELAND, FLORIDA

ANALYSIS OF SINKING FUND AND RESERVE ACCOUNT REQUIREMENTS
SEPTEMBER 30, 2021

CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS, SERIES 2010

FUNDS REQUIRED, all series	\$ 2,015,424	\$ -	\$ 2,015,424
FUNDS AVAILABLE			
Cash with paying agent	<u>2,015,424</u>	<u>-</u>	<u>2,015,424</u>
Total funds available	<u>2,015,424</u>	<u>-</u>	<u>2,015,424</u>
FUNDING OVER REQUIREMENTS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS, SERIES 2015

FUNDS REQUIRED, all series	\$ 2,640,469	\$ -	\$ 2,640,469
FUNDS AVAILABLE			
Cash with paying agent	<u>2,640,469</u>	<u>-</u>	<u>2,640,469</u>
Total funds available	<u>2,640,469</u>	<u>-</u>	<u>2,640,469</u>
FUNDING OVER REQUIREMENTS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WATER AND WASTEWATER REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2017 A, B

FUNDS REQUIRED, all series	\$ 2,170,356	\$ -	\$ 2,170,356
FUNDS AVAILABLE			
Cash with paying agent	<u>2,170,356</u>	<u>-</u>	<u>2,170,356</u>
Total funds available	<u>2,170,356</u>	<u>-</u>	<u>2,170,356</u>
FUNDING OVER REQUIREMENTS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS, SERIES 2021 A, B, C

FUNDS REQUIRED, all series	\$ 324,493	\$ -	\$ 324,493
FUNDS AVAILABLE			
Cash with paying agent	<u>324,493</u>	<u>-</u>	<u>324,493</u>
Total funds available	<u>324,493</u>	<u>-</u>	<u>324,493</u>
FUNDING OVER REQUIREMENTS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LAKELAND, FLORIDA

SUMMARY OF REQUIRED DEBT PAYMENTS TO MATURITY
ALL OUTSTANDING REVENUE BOND SERIES
2022 TO 2042

ANNUAL PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending Sept 30	Capital Improvement Revenue and Refunding Bonds Series 2010A	Capital Improvement Revenue and Refunding Bonds Series 2010C	Capital Improvement Refunding Note - Internal Loan Fund Portion Series 2012A	Capital Improvement Revenue Bonds Series 2015	Capital Improvement Revenue Note Series 2017A
2022	\$ 1,496,713	\$ 821,177	\$ 2,029,526	\$ 3,451,313	\$ 1,378,721.00
2023	-	821,176	2,030,613	3,444,938	1,378,480.00
2024	-	821,176	-	3,444,063	1,378,237.00
2025	-	2,047,090	-	3,438,438	1,377,987.00
2026	-	2,052,857	-	3,311,063	1,377,731.00
2027	-	2,017,275	-	3,248,313	1,377,469.00
2028	-	2,015,441	-	3,246,938	1,163,597.00
2029	-	2,016,584	-	3,172,063	1,163,082.00
2030	-	2,015,606	-	3,168,563	1,162,554.00
2031	-	2,002,702	-	3,169,313	1,162,012.00
2032	-	1,865,003	-	3,168,938	1,161,458.00
2033	-	1,862,298	-	3,169,344	-
2034	-	1,499,589	-	3,181,500	-
2035	-	1,198,049	-	3,166,100	-
2036	-	1,195,918	-	3,163,000	-
2037	-	1,192,416	-	2,366,400	-
2038	-	1,192,443	-	-	-
2039	-	1,190,903	-	-	-
2040	-	1,187,796	-	-	-
2041	-	1,192,920	-	-	-
2042	-	-	-	-	-
	<u>\$ 1,496,713</u>	<u>\$ 30,208,419</u>	<u>\$ 4,060,139</u>	<u>\$ 51,310,287</u>	<u>\$ 14,081,328</u>

CITY OF LAKELAND, FLORIDA

SUMMARY OF REQUIRED DEBT PAYMENTS TO MATURITY
ALL OUTSTANDING REVENUE BOND SERIES, CONTINUED
2022 TO 2042

ANNUAL PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending Sept 30	Capital Improvement Revenue Note Series 2017B	Water and Wastewater Capital Improvement Revenue Note Series 2015	Water and Wastewater Revenue Refunding and Improvement Bonds Series 2012A	Florida Taxable Pension Liability Reduction Note Series 2020	Capital Improvement Revenue Bonds Series 2021
2022	\$ 2,064,886	\$ 855,277	\$ 3,266,550	\$ 6,237,391	\$ 1,255,968
2023	1,334,094	855,277	3,264,175	6,312,341	6,351,755
2024	1,132,910	855,277	3,257,050	6,382,815	5,496,700
2025	1,135,996	855,276	3,254,925	6,458,690	4,526,750
2026	1,146,444	4,771,750	3,252,425	6,529,847	4,524,250
2027	-	-	3,249,300	6,606,163	5,968,975
2028	-	-	3,250,175	6,682,458	2,930,225
2029	-	-	3,244,800	6,758,611	2,931,225
2030	-	-	3,242,925	6,834,500	2,913,100
2031	-	-	3,253,900	6,914,944	2,920,475
2032	-	-	3,253,700	3,947,090	2,654,475
2033	-	-	3,248,700	4,654,041	2,655,725
2034	-	-	-	3,573,291	2,648,200
2035	-	-	-	3,850,164	2,651,750
2036	-	-	-	2,517,927	2,651,000
2037	-	-	-	2,105,292	2,234,375
2038	-	-	-	1,523,547	1,637,300
2039	-	-	-	1,488,336	1,637,175
2040	-	-	-	326,919	1,639,275
2041	-	-	-	339,054	1,633,600
2042	-	-	-	-	1,635,050
	<u>\$ 6,814,330</u>	<u>\$ 8,192,857</u>	<u>\$ 39,038,625</u>	<u>\$ 90,043,421</u>	<u>\$ 63,497,348</u>

CITY OF LAKELAND, FLORIDA

SUMMARY OF REQUIRED DEBT PAYMENTS TO MATURITY
ALL OUTSTANDING REVENUE BOND SERIES, CONTINUED
2022 TO 2042

ANNUAL PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending Sept 30	Energy System Refunding Revenue Bonds Series 2010	Energy System Refunding Revenue Bonds Series 2016	Energy System Refunding Bonds Series 2017	Energy System Refunding Bonds Series 2018	Total
2022	\$ 9,849,644	\$ 14,299,669	\$ 1,197,383	\$ 5,715,937	\$ 53,920,155
2023	9,850,762	14,208,669	1,197,383	4,477,813	55,527,476
2024	9,836,050	14,156,169	1,197,383	3,409,937	51,367,767
2025	9,815,688	14,095,294	1,197,383	2,857,313	51,060,830
2026	9,818,688	14,059,419	1,197,383	2,132,937	54,174,794
2027	9,804,338	13,997,294	1,197,383	1,627,063	49,093,573
2028	8,506,138	14,085,294	1,197,383	2,548,937	45,626,586
2029	8,497,100	14,022,144	1,197,383	2,169,688	45,172,680
2030	8,498,231	9,719,081	1,391,059	5,867,313	44,812,932
2031	8,483,875	6,647,819	4,457,439	5,126,562	44,139,041
2032	8,478,375	2,439,047	7,998,342	5,453,344	40,419,772
2033	8,470,681	2,421,375	8,197,740	4,883,862	39,563,766
2034	8,460,006	2,417,250	8,427,896	4,317,600	34,525,332
2035	8,450,431	2,418,125	17,259,758	186,600	39,180,977
2036	8,436,038	2,413,750	17,631,495	186,600	38,195,728
2037	8,430,643	2,413,875	10,059,318	2,450,400	31,252,719
2038	-	-	19,899,155	2,402,100	26,654,545
2039	-	-	-	-	4,316,414
2040	-	-	-	-	3,153,990
2041	-	-	-	-	3,165,574
2042	-	-	-	-	1,635,050
	<u>\$ 143,686,688</u>	<u>\$ 143,814,274</u>	<u>\$ 104,901,266</u>	<u>\$ 55,814,006</u>	<u>\$ 756,959,701</u>

CITY OF LAKELAND, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2021

	Contract/Grant Number	AL Number	Current Year Expenditures	Outstanding Loan Balance	Total Expenditures	Transfers To Subrecipients
DEPARTMENT OF AGRICULTURE - FOOD						
Indirect Program:						
Passed through the Florida Department of Health Child and Adult Care Food Program	A-5449	10.558	\$ 4,525	\$ -	\$ 4,525	\$ -
TOTAL DEPARTMENT OF AGRICULTURE - FOOD			<u>4,525</u>	<u>-</u>	<u>4,525</u>	<u>-</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Direct Programs:						
CDBG - Entitlement Grants Cluster						
Community Development Block Grants	B-18-MC-12-0011	14.218	221,381	-	221,381	-
Community Development Block Grants	B-19-MC-12-0011	14.218	206,044	-	206,044	-
Community Development Block Grants	B-20-MC-12-0011	14.218	347,284	-	347,284	123,016
COVID-19 - Community Development Block Grants	B-20-MW-12-0011	14.218	539,957	-	539,957	80,760
Total CDBG - Entitlement Grants Cluster			<u>1,314,666</u>	<u>-</u>	<u>1,314,666</u>	<u>203,776</u>
Home Investment Partnerships Program (HOME)						
Home Investment Partnerships Program	M-17-MC-12-0228	14.239	32,225	-	32,225	32,225
Home Investment Partnerships Program	M-18-MC-12-0228	14.239	288,000	-	288,000	-
Home Investment Partnerships Program	M-19-MC-12-0228	14.239	114,933	-	114,933	55,542
Total HOME Investment Partnership Program			<u>435,158</u>	<u>-</u>	<u>435,158</u>	<u>87,767</u>
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>1,749,824</u>	<u>-</u>	<u>1,749,824</u>	<u>291,543</u>
DEPARTMENT OF JUSTICE						
Direct Program:						
COVID-19 - Coronavirus Emergency Supplemental Funding Program	2020-DJ-BX-0757	16.034	79,772	-	79,772	-
Indirect Programs:						
Passed through the Florida Office of the Attorney General						
FOAG Crime Victim Assistance (VOCA)	Police D-00034	16.575	(23,993)	-	(23,993)	-
FOAG Crime Victim Assistance (VOCA)	Police D-00551	16.575	110,711	-	110,711	-
			<u>86,718</u>	<u>-</u>	<u>86,718</u>	<u>-</u>
Direct Program:						
Edward Byrne Memorial Justice Assistance Grant Program	2020-DJ-BX-0399	16.738	22,221	-	22,221	-
Indirect Programs:						
Passed through the Florida Department of Law Enforcement						
Edward Byrne Memorial JAG Program (PAL)	2020-JAGC-POLK-14-5R-019	16.738	21,235	-	21,235	-
			<u>43,456</u>	<u>-</u>	<u>43,456</u>	<u>-</u>
TOTAL DEPARTMENT OF JUSTICE			<u>209,946</u>	<u>-</u>	<u>209,946</u>	<u>-</u>

See accompanying notes to Schedule of Expenditures of Federal Award and State Financial Assistance.

CITY OF LAKELAND, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2021

	Contract/Grant Number	AL Number	Current Year Expenditures	Outstanding Loan Balance	Total Expenditures	Transfers To Subrecipients
FEDERAL DEPARTMENT OF TRANSPORTATION - FEDERAL AVIATION ADMINISTRATION						
Direct Programs:						
Airport Improvement Program and COVID-19 Airport Programs						
FAA/FDOT Rehab NE Quadrant & FAA - Taxiway A,B,C	3-12-0041-044-2020	20.106	\$ 5,340,698	\$ -	\$ 5,340,698	\$ -
COVID-19 - FAA CARES Act	3-12-0041-045-2020	20.106	38,583	-	38,583	-
COVID-19 - FAA Airport Coronavirus Response Grant Program	3-12-0041-046-2021	20.106	91,162	-	91,162	-
FAA Reconstruction of TWY P	3-12-0041-047-2021	20.106	539,060	-	539,060	-
TWY E; Construct TWY S	3-12-0041-047-2021	20.106	657,435	-	657,435	-
			<u>\$ 6,666,938</u>	<u>-</u>	<u>6,666,938</u>	<u>-</u>
TOTAL FEDERAL DEPARTMENT OF TRANSPORTATION - FEDERAL AVIATION ADMINISTRATION - AIRPORT IMPROVEMENT PROGRAM						
FEDERAL DEPARTMENT OF TRANSPORTATION - FEDERAL HIGHWAY ADMINISTRATION						
Indirect Programs:						
Highway Planning and Construction						
Passed through the Florida Department of Transportation						
FDOT - Main Street Pathways	438267-1-38-01	20.205	5,862	-	5,862	-
FDOT - Main Street Pathways	438267-1-58-01	20.205	605	-	605	-
FDOT - Main Street Pathways	438267-1-68-01	20.205	8,227	-	8,227	-
FDOT - Three Parks Trail E	440277-1-38-01	20.205	2,876	-	2,876	-
FDOT - Three Parks Trail E	440277-1-58-01	20.205	270,982	-	270,982	-
FDOT - Tenoroc Trail - Segment 1	440358-1-28-01	20.205	70,086	-	70,086	-
FDOT - Sidewalk - N Crystal Lake (Willow Point to Longfellow)	441679-1-38-01	20.205	(2,183)	-	(2,183)	-
FDOT - Sidewalk - N Crystal Lake (Willow Point to Longfellow)	441679-1-58-01	20.205	195,070	-	195,070	-
FDOT - Three Parks Trail W	441844-1-38-01	20.205	33,863	-	33,863	-
FDOT - LAP Josephine Sidewalk (Central Ave to Pinewood Ave)	444209-1-38-01	20.205	24,692	-	24,692	-
Fiber Optic - Maintenance/Lease	197620-4-8B-01	20.205	20,278	-	20,278	-
			<u>14,745</u>	<u>-</u>	<u>14,745</u>	<u>-</u>
Recreational Trails Program						
Passed through the Florida Department of Transportation						
FDEP-Se7en Wetlands Phase III Trail	12RECT019/T19005	20.219	14,745	-	14,745	-
			<u>645,103</u>	<u>-</u>	<u>645,103</u>	<u>-</u>
			<u>7,312,041</u>	<u>-</u>	<u>7,312,041</u>	<u>-</u>
TOTAL FEDERAL DEPARTMENT OF TRANSPORTATION - FEDERAL HIGHWAY ADMINISTRATION - HIGHWAY PLANNING AND CONSTRUCTION CLUSTER						
TOTAL FEDERAL DEPARTMENT OF TRANSPORTATION						

See accompanying notes to Schedule of Expenditures of Federal Award and State Financial Assistance

CITY OF LAKELAND, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2021

	Contract/Grant Number	AL Number	Current Year Expenditures	Outstanding Loan Balance	Total Expenditures	Transfers To Subrecipients
FEDERAL DEPARTMENT OF THE TREASURY						
Indirect Program:						
Coronavirus Relief Fund						
Passed through the Florida Housing Finance Company						
COVID-19 - State Housing Initiatives Partnership Program - CRF	122-2020	21.019	\$ 461,350	\$ -	\$ 461,350	\$ -
TOTAL FEDERAL DEPARTMENT OF THE TREASURY			461,350	-	461,350	-
FEDERAL DEPARTMENT OF HOMELAND SECURITY						
Indirect Programs:						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)						
Passed through the Florida Department of Financial Services						
Mutual Aid - Michael Mission - State		97.036	(22,572)	-	(22,572)	-
Mutual Aid - Piney Point Gypsum Stack Release	ESF-4/9 Mission #02-030-18 Executive Order #21-82	97.036	7,530	-	7,530	-
Passed through the Florida Division of Emergency Management						
Public Assistance - Hurricane Irma (DR4337)	Z0647	97.036	956,589	-	956,589	-
COVID-19 - Public Assistance - COVID-19 Emergency Funds	Z1795	97.036	272,597	-	272,597	-
TOTAL FEDERAL DEPARTMENT OF HOMELAND SECURITY			1,214,144	-	1,214,144	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 10,951,830	\$ -	\$ 10,951,830	\$ 291,543
FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION						
Direct Programs:						
Statewide Water Quality Restoration Projects						
Se7en Wetlands Park	LP53064	37.039	\$ 109,345	\$ -	\$ 109,345	-
Drinking Water Facility Construction						
Williams WTP Cleanwell Construction (SRL)	DW 530661	37.076	13,218,165	3,387,185	16,605,350	-
Wastewater Treatment Facility Construction						
English Oaks Phase III - Design	WW 530650	37.077	28,525	795,442	823,967	-
English Oaks Phase III - Construction	WW 530651	37.077	2,060,631	12,136,207	14,196,838	-
TOTAL FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION			15,416,666	16,318,834	31,735,500	-

See accompanying notes to Schedule of Expenditures of Federal Award and State Financial Assistance

CITY OF LAKELAND, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2021

	Contract/Grant Number	AL Number	Current Year Expenditures	Outstanding Loan Balance	Total Expenditures	Transfers To Subrecipients
FLORIDA HOUSING AND FINANCE CORPORATION						
Direct Programs:						
State Housing Initiatives Partnership Program (SHIP) 18	146 PY 18/19	40.901	\$ 60,000	\$ -	\$ 60,000	\$ -
State Housing Initiatives Partnership Program (SHIP) 19	146 PY 19/20	40.901	135,168	-	135,168	-
State Housing Initiatives Partnership Program (SHIP) 21	146 PY 21/22	40.901	11,231	-	11,231	-
			206,399	-	206,399	-
TOTAL FLORIDA HOUSING AND FINANCE CORPORATION						
FLORIDA DEPARTMENT OF TRANSPORTATION						
Direct Programs:						
Aviation Grant Programs						
FAA/FDOT Terminal Apron	440993-1-94-01	55.004	3,217	-	3,217	-
FAA/FDOT Rehab NE Quadrant	441680-1-94-01	55.004	179,269	-	179,269	-
FAA/FDOT Rehab & Strengthening of Runway 9-27	441683-1-94-01	55.004	4,041,061	-	4,041,061	-
ILS Upgrade to CAT III	445718-1-94-01	55.004	2,852,784	-	2,852,784	-
TWY E; Construct TWY S	441648-1-94-01	55.004	38,208	-	38,208	-
			3,083	-	3,083	-
Economic Development Transportation Fund	434531-2-38-01	55.032	168,249	-	168,249	-
FDOT County Line Rd @ US 92	434531-2-58-01	55.032				
Florida Shared-Use Nonmotorized (SUN) Trail Network Program			106,009	-	106,009	-
FDOT-Tenoroc Trail-Segment 1	440358-1-28-01	55.038	7,391,880	-	7,391,880	-
TOTAL FLORIDA DEPARTMENT OF TRANSPORTATION						
FLORIDA DEPARTMENT OF LAW ENFORCEMENT						
Direct Programs:						
Assistance with Investigative Operations			133	-	133	-
FDLE ESST/CHT Task Force	2021-SFA-ESST-53-6H-007	71.010				
			133	-	133	-
TOTAL FLORIDA DEPARTMENT OF LAW ENFORCEMENT						
FLORIDA OFFICE OF TOURISM, TRADE, AND ECONOMIC DEVELOPMENT						
Direct Programs:						
Facilities for New Professional Sports, Retained Professional Sports, or Retained Spring Training Franchise			999,996	-	999,996	-
Publix Field at Joker Marchant Stadium	N/A	73.016				
			999,996	-	999,996	-
TOTAL FLORIDA OFFICE OF TOURISM, TRADE, AND ECONOMIC DEVELOPMENT						
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE						\$ 24,015,074
						\$ 16,318,834
						\$ 40,333,908
						\$ -

See accompanying notes to Schedule of Expenditures of Federal Award and State Financial Assistance.

CITY OF LAKELAND, FLORIDA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

SEPTEMBER 30, 2021

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance include the federal and state activities of the City of Lakeland, Florida. This schedule summarizes the expenditures incurred under all federal programs and state projects by the City of Lakeland, Florida for the fiscal year ended September 30, 2021. For purposes of this schedule, federal programs and state projects include all grants and contracts entered into directly between the City and agencies and departments of the federal and state government with expenditures during the fiscal year ended September 30, 2021. Federal programs and state projects passed through to other government agencies, if any, are also included in the schedule. Grant-related expenditures for the governmental fund types are presented using the modified accrual basis of accounting. Grant-related expenditures for the proprietary fund types are presented using the accrual basis of accounting.

The information in these schedules is presented in accordance with the requirements of 2 CFR 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Section 215.97, *Florida Statutes*, and Chapter 10.550, *Rules of the State of Florida Auditor General*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The City maintains separate grant-related accounts in the general ledger system. Individual grant revenue and expense accounts are assigned at the time the City is awarded a grant and it is approved by the City Commission. All grant revenues and eligible expenses are recorded in the individual accounts. The City's accounting policies relating to encumbrances, receivables, and designations of fund balance, and other financial matters are applied to the grant accounts.

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agency as a result of an audit or any claim for reimbursement to the grantor agencies, the expenditures would become a liability of the City. All grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations. Expenditures are recognized following the cost principles contained in the Uniform Guidance. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

There were no non-cash awards or Federal Insurance maintained in the current year.

NOTE B - LOAN PAYABLE

The City enters into low interest loan agreements with the State of Florida Department of Environmental Protection to finance the cost of specified capital improvements to the water and wastewater systems. These loans carry a fixed interest rate of 0.00% - 1.160% and are to be repaid over a period of 24 years. The loans are secured by a pledge of excess revenues of the water and wastewater systems, and by a pledge of certain amounts, deposited into a loan amortization account and loan amortization reserve established by the City for the purpose of funding future debt service on the loans. Amounts required for deposit are classified as restricted assets.

The proceeds from the loans are disbursed to the City on a reimbursement basis as eligible construction expenditures are incurred. The total amount of the loans outstanding at September 30, 2021 is \$42,975,225.

NOTE C - PRIOR YEAR EXPENDITURES

The amounts reported on the SEFA for Public Assistance - Hurricane Irma (AL 97.036) as current year expenditures includes \$403,798 of expenses incurred in prior fiscal years that were approved by FEMA and obligated by the State in fiscal year 2021.

The amounts reported on the SEFA for Airport Improvement Program (AL 20.106) as current year expenditures includes \$173,421 of expenses incurred in prior fiscal years that were eligible grant expenditures as a result of grant amendments in the current year.

STATISTICAL SECTION



THE YARD ON MASS
(802 N MASSACHUSETTS AVE.)

STATISTICAL SECTION

The Statistical Section of the City of Lakeland's 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 says about the City's overall financial health.

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

REVENUE CAPACITY

These schedules contain information to help the reader assess the City's most significant local governmental revenue source, the property tax.

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

OPERATING INFORMATION

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.

CITY OF LAKELAND, FLORIDA

NET POSITION (UNAUDITED)
LAST TEN FISCAL YEARS
 (accrual basis)

Fiscal Year	Net investment in capital assets		Restricted		Unrestricted		Primary Government		Total Primary Government Net Position	
	Governmental activities	Business-type activities	Governmental activities	Business-type activities	Governmental activities	Business-type activities	Net investment in capital assets	Restricted		Unrestricted
2021	\$ 243,921,500	\$ 805,613,729	\$ 70,539,421	\$ 36,094,361	\$ (45,891,831)	\$ 88,876,140	\$ 1,049,535,229	\$ 106,633,782	\$ 42,984,309	\$ 1,199,153,320
2020	232,860,437	735,396,768	52,383,910	20,803,512	(63,831,755)	113,130,956	968,257,205	73,187,422	49,299,201	1,090,743,828
2019	231,111,874	648,046,011	47,988,773	34,039,825	(55,546,472)	126,164,698	879,157,885	82,028,598	70,618,226	1,031,804,709
2018	240,598,093	582,728,794	40,711,580	48,399,026	(74,555,186)	97,047,111	823,326,887	89,110,606	22,491,925	934,929,418
2017	239,979,947	580,365,594	38,513,166	22,526,785	(4,985,851)	150,877,622	820,345,541	61,039,951	145,891,771	1,027,277,263
2016	219,338,182	562,480,632	46,257,829	21,540,948	(5,069,285)	140,628,243	781,818,814	67,798,777	135,558,958	985,176,549
2015	212,571,955	536,302,359	32,773,860	19,150,752	(6,590,545)	120,992,996	748,874,314	51,924,612	114,402,451	915,201,377
2014	215,879,146	504,477,690	29,000,672	8,804,616	(11,698,052)	124,983,617	720,356,836	37,805,288	113,285,565	871,447,689
2013	214,327,186	460,658,131	23,715,023	9,330,457	68,512,128	210,359,562	674,985,317	33,045,480	278,871,690	986,902,487
2012	208,390,191	419,514,482	24,913,665	14,000,191	65,151,099	235,920,759	627,904,673	38,913,856	301,071,858	967,890,387



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CITY OF LAKELAND, FLORIDA

**CHANGES IN NET POSITION (UNAUDITED)
LAST TEN FISCAL YEARS
(accrual basis)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 14,256,075	\$ 12,617,996	\$ 13,385,621	\$ 14,927,037	\$ 30,451,530	\$ 15,803,840	\$ 17,906,099	\$ 16,319,619	\$ 34,235,593	\$ 16,174,598
Public safety	57,635,369	51,547,172	59,205,104	58,028,791	62,767,315	67,759,386	69,232,703	71,097,550	71,119,985	72,577,164
Physical environment	9,897,909	9,890,479	10,259,789	11,447,894	7,981,243	10,026,332	12,805,678	8,668,344	8,106,601	8,999,820
Transportation	11,561,184	11,792,561	11,098,119	11,952,761	16,541,996	17,587,164	19,656,493	19,778,854	17,265,328	19,012,926
Economic environment	3,205,448	4,074,977	6,878,755	3,913,276	4,665,615	5,379,589	11,142,361	13,763,670	17,889,013	9,989,204
Human services	181,199	152,255	156,787	164,557	162,184	201,972	292,275	373,920	573,643	362,718
Culture/recreation	20,444,431	21,178,989	21,636,313	22,695,304	22,312,077	30,923,273	28,793,914	30,625,340	24,202,293	29,201,982
Interest on long-term debt	2,496,531	2,191,905	2,061,003	1,507,237	1,352,883	2,501,490	2,214,004	2,218,809	2,861,268	3,036,744
Total governmental activities	119,678,146	113,446,334	124,681,491	124,636,857	146,234,843	150,183,046	162,043,527	162,846,106	176,253,724	159,355,156
Business-type activities:										
Electric	272,574,227	274,763,944	278,358,542	272,297,874	252,575,808	273,135,947	272,008,503	265,080,934	243,589,216	262,057,211
Water and Wastewater	39,496,784	40,105,713	40,037,611	43,346,589	42,993,126	47,965,952	47,584,042	48,033,439	48,487,729	49,489,370
Parking	863,953	933,995	788,386	908,654	1,042,575	1,424,789	923,119	887,288	961,975	1,061,669
RP Funding Center	8,419,661	8,526,844	8,526,771	8,982,016	8,842,716	9,924,255	9,876,304	9,932,582	9,171,187	7,425,644
Lakeland Linder International Airport	5,822,414	6,136,321	7,050,444	7,851,437	8,945,961	9,049,549	9,896,981	11,255,395	10,436,999	10,698,350
Solid Waste	12,340,644	13,292,731	12,875,982	12,234,732	12,058,132	13,598,326	13,198,164	14,069,745	14,724,333	14,957,027
Cleveland Heights Golf Course	2,873,847	3,169,630	3,031,751	2,438,137	2,534,521	20,181	-	-	-	-
Total business-type activities	342,391,530	346,929,178	350,669,487	348,057,439	328,992,839	355,118,999	353,487,113	349,259,383	327,371,439	345,689,271
Total primary government	\$ 462,069,676	\$ 460,375,512	\$ 475,350,978	\$ 472,694,296	\$ 475,227,682	\$ 505,302,045	\$ 515,530,640	\$ 512,105,489	\$ 503,625,163	\$ 505,044,427
Program revenues										
Governmental activities:										
Charges for services	\$ 1,593,276	\$ 1,679,049	\$ 1,741,102	\$ 1,810,344	\$ 1,828,094	\$ 1,888,223	\$ 3,095,262	\$ 1,896,455	\$ 1,725,466	\$ 2,133,817
General government	4,434,285	4,526,577	5,744,162	6,201,388	7,495,330	6,778,946	9,977,945	10,443,148	11,853,449	11,093,374
Public safety	-	-	-	-	-	-	288,969	75,237	77,776	86,948
Economic environment	5,108,330	5,185,830	5,276,415	5,277,189	5,178,153	5,869,182	6,777,128	7,126,864	7,561,346	8,105,887
Physical environment	1,239,080	807,028	1,134,660	2,442,139	1,606,156	1,543,805	1,804,320	2,101,731	3,913,636	6,069,310
Transportation	2,231,789	2,307,382	2,165,827	2,563,396	2,970,870	4,190,440	4,678,777	4,473,179	5,084,323	6,351,816
Culture/recreation	8,774,082	7,704,598	8,553,341	7,072,763	9,713,034	5,802,190	5,684,903	8,235,574	11,891,625	7,386,346
Operating grants and contributions	4,764,174	4,793,210	4,380,146	2,255,870	2,153,019	7,542,427	4,224,508	3,690,672	3,751,079	13,185,774
Capital grants and contributions	28,145,016	27,003,674	28,995,653	27,623,089	30,944,656	33,615,213	36,531,812	38,042,860	45,858,700	54,413,272
Total governmental activities										

CITY OF LAKELAND, FLORIDA

**CHANGES IN NET POSITION (UNAUDITED)
LAST TEN FISCAL YEARS, CONTINUED**
(accrual basis)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-type activities:										
Charges for services	\$ 290,336,885	\$ 302,055,713	\$ 306,337,851	\$ 309,502,891	\$ 296,552,463	\$ 303,483,541	\$ 315,042,404	\$ 319,143,719	\$ 298,645,218	\$ 329,713,024
Electric	50,375,714	49,081,049	52,338,409	54,359,528	57,241,393	61,939,546	63,456,824	67,643,347	71,126,878	75,182,288
Water and Wastewater	607,748	617,655	679,107	710,911	784,689	800,453	799,871	825,835	703,034	765,658
Parking	5,130,877	5,043,652	5,038,210	5,293,426	5,423,307	5,097,975	5,339,318	5,285,122	3,358,455	2,358,538
RP Funding Center	3,831,506	3,962,024	4,245,029	4,497,642	4,491,436	5,194,038	6,470,785	6,734,444	7,378,421	9,853,644
Lakeland Linder International Airport	13,283,914	13,281,928	13,814,416	15,108,680	15,417,836	15,940,869	16,197,970	16,709,706	16,701,143	17,238,176
Solid Waste	2,047,094	2,243,941	2,016,163	1,222,406	1,289,155	-	-	-	-	-
Cleveland Heights Golf Course	39,733	41,017	33,599	39,943	55,845	181,127	284,665	410,542	308,847	132,620
Operating grants and contributions	11,446,333	9,294,635	14,571,418	21,077,731	16,039,633	19,343,540	15,016,255	20,204,845	48,728,779	33,030,166
Capital grants and contributions	377,099,804	385,621,614	399,074,202	411,813,158	397,295,757	411,981,089	422,608,092	436,957,560	446,950,775	468,274,112
Total business-type activities	\$ 405,244,820	\$ 412,625,288	\$ 428,069,855	\$ 439,436,247	\$ 428,240,413	\$ 445,596,302	\$ 459,139,904	\$ 475,000,420	\$ 492,809,475	\$ 522,687,384
Total primary government										
Net (expense) revenue	\$ (91,533,130)	\$ (86,442,660)	\$ (95,685,838)	\$ (97,013,768)	\$ (115,290,187)	\$ (116,567,833)	\$ (125,511,715)	\$ (124,803,246)	\$ (130,395,024)	\$ (104,941,884)
Governmental activities	34,708,274	38,692,436	48,404,715	63,755,719	68,302,918	56,862,090	69,120,979	87,698,177	119,579,336	122,584,841
Business-type activities	\$ (56,824,856)	\$ (47,750,224)	\$ (47,281,123)	\$ (33,258,049)	\$ (46,987,269)	\$ (59,705,743)	\$ (56,390,736)	\$ (37,105,069)	\$ (10,815,688)	\$ 17,642,957
Total primary government										
General Revenues	\$ 20,909,045	\$ 21,784,397	\$ 22,577,691	\$ 23,935,374	\$ 30,912,106	\$ 33,362,591	\$ 37,045,511	\$ 40,355,438	\$ 43,066,426	\$ 46,338,892
Governmental activities:										
Property taxes	4,910,650	4,879,101	4,903,358	5,214,687	5,436,168	5,584,212	5,828,014	6,060,873	5,802,331	6,112,157
Gas taxes	14,995,497	14,758,065	14,773,594	14,870,425	15,073,871	14,969,677	15,005,200	15,702,827	16,035,984	16,377,480
Utility taxes	7,186,312	7,482,060	7,955,128	8,456,135	9,093,120	9,387,340	9,791,361	10,363,502	10,112,738	11,925,134
State shared revenues (unrestricted)	12,853,062	12,095,713	12,096,534	12,900,000	28,254,750	13,619,256	13,993,785	14,378,614	14,378,614	14,378,614
Payment from Lakeland	6,364,420	(168,141)	5,206,175	2,028,242	7,330,101	4,757,400	3,755,981	12,057,306	(10,828,784)	13,547,307
Regional Health	3,573,704	5,836,383	5,549,849	2,510,905	6,904,306	9,390,690	5,483,906	5,718,650	11,130,984	4,804,281
Investment earnings	27,643,416	27,874,464	29,229,008	32,671,504	34,057,221	38,477,203	35,494,449	36,965,724	38,555,148	38,614,517
Miscellaneous	98,436,106	94,542,042	102,291,337	102,587,272	137,061,643	129,548,369	126,398,207	141,602,934	128,253,441	152,098,382
Total governmental activities	440,004	238,623	321,258	318,081	319,440	1,379,040	459,655	614,076	-	-
Business-type activities:										
Tourism taxes	13,220,991	(1,126,540)	14,929,721	5,494,383	10,776,341	8,013,419	8,095,653	26,067,869	(21,982,147)	21,264,127
Investment earnings	1,133,499	982,663	7,518,743	1,283,505	2,862,238	1,342,832	3,222,413	2,661,205	2,038,661	2,435,159
Miscellaneous	(27,643,416)	(27,874,464)	(29,229,008)	(32,671,504)	(34,057,221)	(38,477,203)	(35,494,449)	(36,965,724)	(38,555,148)	(46,416,616)
Special item	(12,848,922)	(27,779,718)	(6,459,286)	(25,575,535)	(20,099,202)	(27,741,912)	(23,716,728)	(7,622,574)	(58,498,634)	(61,331,847)
Transfers	85,587,184	66,762,324	95,832,051	77,011,737	116,962,441	101,806,457	102,681,479	133,980,360	69,754,807	90,766,535
Total business-type activities										
Total primary government	\$ 28,762,328	\$ 19,012,100	\$ 48,550,928	\$ 43,763,688	\$ 69,975,172	\$ 42,100,714	\$ 46,290,743	\$ 96,875,291	\$ 58,939,119	\$ 108,409,492
Change in net position	\$ 6,902,976	\$ 8,099,382	\$ 6,605,499	\$ 5,573,504	\$ 21,771,456	\$ 12,980,536	\$ 886,492	\$ 16,799,688	\$ (2,141,583)	\$ 47,156,498
Governmental activities	21,859,352	10,912,718	41,945,429	38,180,184	48,203,716	29,120,178	45,404,251	80,075,603	61,080,702	61,252,994
Business-type activities	\$ 28,762,328	\$ 19,012,100	\$ 48,550,928	\$ 43,763,688	\$ 69,975,172	\$ 42,100,714	\$ 46,290,743	\$ 96,875,291	\$ 58,939,119	\$ 108,409,492
Total primary government										

CITY OF LAKELAND, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ 4,409	\$ 312	\$ 10,078	\$ -	\$ 10,101	\$ 10,966	\$ 14,848	\$ 113,329	\$ 9,599	\$ -
Restricted	2,306,796	2,128,909	1,809,898	1,667,267	1,756,600	1,618,870	1,570,238	4,127,507	2,367,984	2,569,000
Assigned	12,348,664	14,003,810	11,861,510	7,983,980	9,003,579	8,227,224	8,702,544	10,654,807	9,520,703	6,386,744
Unassigned	11,157,295	5,475,418	5,759,634	9,483,062	13,664,847	15,664,488	11,700,633	13,677,130	18,207,050	32,945,512
Total general fund	25,817,164	21,608,449	19,441,120	19,134,309	24,435,127	25,521,548	21,988,263	28,572,773	30,105,336	41,901,256
Other governmental funds										
Nonspendable, reported in										
Permanent funds	3,726,868	4,152,133	4,455,176	4,175,583	4,432,060	4,924,414	5,282,291	5,520,391	5,726,057	6,761,320
Prepays	106	-	151	-	160	66	201	821	204	-
Restricted, reported in										
Special revenue funds	8,753,664	9,112,906	10,032,431	11,987,184	12,423,425	10,681,968	8,077,156	9,143,927	13,147,910	16,024,593
Capital projects funds	9,441,958	7,801,070	11,323,028	50,699,369	26,476,694	20,072,417	24,274,072	27,997,771	29,524,844	42,620,176
Debt service fund	-	-	-	-	-	-	-	-	349,873	1,122,121
Permanent funds	160,032	168,322	183,564	181,365	199,162	217,041	231,321	250,147	254,407	301,016
Committed, reported in										
Special revenue funds	5,300,799	5,818,487	6,017,177	5,468,299	3,954,698	3,696,602	4,707,680	5,861,602	4,966,473	5,554,267
Capital projects funds	-	-	-	-	1,818,335	3,909,623	5,494,483	7,598,489	10,082,903	12,936,598
Assigned, reported in										
Capital projects funds	6,955,600	7,825,692	9,503,454	8,500,313	21,672,921	14,632,775	13,489,767	21,731,698	18,360,323	17,282,189
Unassigned	-	-	-	-	(9,200)	(24,235)	(1,525)	(1,525)	(1,525)	(1,525)
Total other governmental funds	34,339,027	34,878,610	41,514,981	81,012,113	70,968,255	58,110,671	61,555,446	78,103,321	82,411,469	102,600,755
Total governmental funds	\$ 60,156,191	\$ 56,487,059	\$ 60,956,101	\$ 100,146,422	\$ 95,403,382	\$ 83,632,219	\$ 83,543,709	\$ 106,676,094	\$ 112,516,805	\$ 144,502,011

CITY OF LAKELAND, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Taxes	\$ 40,815,192	\$ 41,421,563	\$ 42,254,643	\$ 44,020,486	\$ 51,422,145	\$ 53,916,480	\$ 57,878,725	\$ 62,119,138	\$ 64,904,741	\$ 68,828,529
Licenses and permits	2,809,143	3,146,388	3,563,220	3,962,233	4,289,098	3,886,903	4,843,389	5,040,190	6,031,326	5,640,659
Intergovernmental	15,339,588	15,624,442	15,231,913	14,101,765	15,147,483	18,190,572	16,949,916	19,770,829	23,209,039	29,130,084
Charges for services	10,447,020	10,055,673	10,639,264	12,613,562	12,264,132	13,924,987	17,743,319	18,518,614	21,775,114	25,642,585
Fines and forfeitures	1,350,597	1,303,805	1,859,682	1,718,661	2,525,373	2,458,706	2,454,914	2,557,811	2,409,556	2,557,908
Miscellaneous	20,881,916	19,398,075	21,586,436	16,444,991	52,854,535	29,752,209	23,363,404	28,961,303	18,819,132	31,009,420
Total revenues	91,643,456	90,949,946	95,135,158	92,861,698	138,502,766	122,129,857	123,233,667	136,967,885	137,148,908	162,809,185
EXPENDITURES										
General government	11,311,456	11,346,768	12,332,196	12,580,992	28,769,624	14,148,310	16,046,396	15,494,226	36,210,677	15,567,704
Public safety	52,388,896	53,480,901	54,826,981	56,737,346	58,731,548	61,224,273	64,305,992	66,269,747	89,142,036	68,115,208
Physical environment	5,682,062	5,562,590	5,757,799	6,546,813	6,803,399	8,372,184	11,753,636	7,856,165	7,923,798	8,160,539
Transportation	10,662,829	10,594,039	10,359,390	11,047,810	12,320,329	11,483,530	13,433,261	13,957,845	15,279,588	13,842,561
Economic environment	2,912,890	3,277,658	3,639,445	2,766,183	4,113,926	4,842,624	10,681,175	10,537,611	10,289,452	9,120,459
Human services	181,199	152,255	156,787	164,557	162,184	201,972	292,272	373,920	573,643	362,718
Culture/recreation	16,978,064	17,744,340	18,215,386	18,736,157	19,490,098	23,667,143	23,677,487	24,280,528	23,407,104	23,461,644
Capital outlay	16,015,051	13,857,972	12,584,688	12,119,034	36,598,813	34,608,536	9,997,104	18,854,989	15,799,434	17,898,550
Debt service										
Principal	7,649,604	6,433,383	5,612,655	8,838,625	7,988,031	12,173,785	7,464,339	6,174,731	14,572,296	12,822,311
Interest	2,497,169	2,242,779	2,052,163	2,052,163	1,349,127	2,495,109	2,207,623	2,212,428	2,854,888	3,036,744
Total expenditures	126,279,220	124,692,685	125,537,490	131,589,680	176,327,079	173,217,466	159,859,285	166,012,190	216,052,916	172,388,438
Excess (deficiency) of revenues over (under) expenditures	(34,635,764)	(33,742,739)	(30,402,332)	(38,727,982)	(37,824,313)	(51,087,609)	(36,625,618)	(29,044,305)	(78,904,008)	(9,579,253)
OTHER FINANCING SOURCES (USES)										
Proceeds from issuance of long-term debt	2,271,279	3,329,339	6,540,041	46,824,935	7,470	3,302,556	1,901,613	16,181,890	47,029,530	3,671,882
Transfers from other funds	40,173,420	40,899,461	42,944,955	44,604,939	45,284,417	49,407,313	47,161,790	51,221,411	63,120,070	55,572,199
Transfers to other funds	(13,193,130)	(14,155,193)	(14,613,622)	(13,511,571)	(12,210,614)	(13,393,423)	(12,526,295)	(15,226,611)	(25,404,881)	(17,679,622)
Total other financing sources and (uses)	29,251,569	30,073,607	34,871,374	77,918,303	33,081,273	39,316,446	36,537,108	52,176,690	84,744,719	41,564,459
Net change in fund balances	\$ (5,384,195)	\$ (3,669,132)	\$ 4,469,042	\$ 39,190,321	\$ (4,743,040)	\$ (11,771,163)	\$ (88,510)	\$ 23,132,385	\$ 5,840,711	\$ 31,985,206
Debt Service as a percentage of noncapital expenditures	9%	8%	7%	9%	7%	11%	6%	6%	9%	10%

CITY OF LAKELAND, FLORIDA

GENERAL FUND PROPERTY TAX LEVIES, TAX COLLECTIONS,
 ASSESSED VALUATIONS AND PROPERTY TAX RATES (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year Ending September 30	Total Taxable (1)				Less: Tax Exempt Real Property	Total Taxable Assessed Value
	Real Property	Tangible Property	Railroad Property	Adjustments		
2021	\$ 10,752,512,282	\$ 961,955,290	\$ 11,794,459	\$ (24,111,032)	\$ 4,279,019,642	\$ 7,423,131,357
2020	9,724,231,389	926,883,021	10,377,204	(12,286,308)	3,747,238,448	6,901,966,858
2019	9,083,228,824	880,100,017	10,605,009	9,776,898	3,512,224,128	6,471,486,620
2018	8,275,942,113	845,944,658	9,819,966	(12,758,422)	3,158,285,650	5,960,662,665
2017	7,470,286,970	855,102,507	9,518,567	(8,299,667)	2,869,022,296	5,457,586,081
2016	6,978,652,027	849,218,740	8,893,616	(8,883,088)	2,742,795,786	5,085,085,509
2015	6,450,121,917	766,023,882	9,491,549	12,180,119	2,529,644,082	4,708,173,385
2014	6,029,544,930	694,944,816	9,322,964	2,218,998	2,318,246,201	4,417,785,507
2013	5,717,402,332	678,256,876	4,170,924	(2,317,304)	2,135,322,232	4,262,190,596
2012	6,011,568,956	704,558,301	4,037,506	(4,714,474)	2,235,629,322	4,479,820,967

(1) The State of Florida, by statute, requires property appraisers to assess all property within the State at 100% of market value. Therefore, the assessed valuation and estimated actual value is the same.

(2) Total property tax levy minus any discounts given to taxpayers . Therefore, the realized tax rate may be less than the tax rate used to assess property taxes.

Source: Polk County Property Appraiser

Total Direct Tax Rate	Total Tax Levy (2)	Collected Within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Tax Collections
		Amount	Percent of Levy		
7.895	\$ 39,075,565	\$ 38,959,663	99.70	\$ 41,772	\$ 39,001,435
7.895	37,715,108	36,212,165	96.02	79,405	36,291,570
7.964	35,362,791	33,996,760	96.14	90,411	34,087,171
8.064	31,962,315	31,888,967	99.77	133,363	32,022,330
8.064	29,269,819	29,137,412	99.55	85,883	29,223,295
8.064	27,282,157	27,165,521	99.57	126,554	27,292,075
7.164	21,174,556	21,081,639	99.56	63,577	21,145,216
7.164	19,882,769	19,844,964	99.81	49,587	19,894,551
7.164	19,186,053	19,079,925	99.45	50,459	19,130,384
6.659	18,006,725	17,905,063	99.44	53,239	17,958,302

CITY OF LAKELAND, FLORIDA

SCHEDULE OF PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year Ending September 30	MILLS (\$1 PER \$1,000 VALUATION)									
	Municipal	Lakeland Area Mass Transit District	Lakeland Downtown Development District	Total	County	Southwest Florida Water Management District	Polk County School Board	Total Direct & Overlapping Rates		
2021	\$ 5.4644	\$ 0.500	\$ 1.8439	\$ 7.808	\$ 6.8990	\$ 0.2669	\$ 5.935	\$ 20.909		
2020	5.4644	0.500	1.9304	7.895	7.1565	0.2801	6.086	21.417		
2019	5.4644	0.500	2.0000	7.964	7.1570	0.2960	6.251	21.668		
2018	5.5644	0.500	2.0000	8.064	6.7820	0.3130	6.514	21.673		
2017	5.5644	0.500	2.0000	8.064	6.7820	0.3320	6.780	21.958		
2016	5.5644	0.500	2.0000	8.064	6.7820	0.3490	7.149	22.344		
2015	4.6644	0.500	2.0000	7.164	6.8670	0.3660	7.208	21.605		
2014	4.6644	0.500	2.0000	7.164	6.8670	0.3820	7.547	21.960		
2013	4.6644	0.500	1.9950	7.159	6.8670	0.3930	7.492	21.911		
2012	4.1644	0.500	2.0000	6.664	6.8670	0.3930	7.670	21.594		

Source: Polk County Property Appraiser

CITY OF LAKELAND, FLORIDA

TEN PRINCIPAL TAXPAYERS (UNAUDITED)
 SEPTEMBER 30, 2021 for the Current Year and Nine Years Prior

Taxpayer Name	Type of Business	2021			2012		
		Assessed Value of Real and Personal Property	Rank	Percentage of Total Assessed Value of Real and Personal Property	Assessed Value of Real and Personal Property	Rank	Percentage of Total Assessed Value of Real and Personal Property
Publix Supermarkets, Inc.	Retail/Distribution-Grocery	\$ 422,002,843	1	5.68%	\$ 219,435,318	1	3.96%
Amazon	Retail/Distribution-Furniture	207,708,078	2	2.80%			
RTG Furniture Corp	Retail/Distribution	116,123,773	3	1.56%	33,927,099	5	0.61%
Watson Clinic	Medical Facility	60,855,508	4	0.82%	48,451,815	3	0.87%
Pepperidge Farm	Real Estate	54,794,423	5	0.74%	20,618,296	10	0.37%
Lakeland Property Partners	Real Estate-Apartment Complex	50,550,176	6	0.68%			
CPT University Park at Bridgewater LLC	Retail/Distribution-Bakery	45,609,005	7	0.61%	45,282,913	4	0.82%
Casto Oakbridge Venture LTD	Real Estate-Apartment Complex	45,453,836	8	0.61%			
Victoria Landing Property Holdings LLC	Real Estate	44,552,447	9	0.60%			
Walmart	Retail/General Merchandise	44,343,123	10	0.60%	20,941,321	9	0.38%
Verizon	Telecommunications				49,193,078	2	0.89%
H-D Lakeland Mall Joint Venture	Retail/General Merchandise				30,946,056	6	0.56%
Carlton Arms of North Lakeland	Real Estate-Apartment Complex				25,030,951	7	0.45%
Butterkrust Bakeries Inc.	Retail/Distribution-Bakery				23,020,206	8	0.41%
		\$ 1,091,993,212		14.70%	\$ 516,847,053		9.32%

Source: Polk County Property Appraiser

CITY OF LAKELAND, FLORIDA

LAKELAND ELECTRIC UTILITY FUND (UNAUDITED)
CHARGES FOR SERVICES AND AVERAGE RATES
LAST TEN FISCAL YEARS

Fiscal Year Ending September 30	Charges for Services										Rates*			
	Residential Sales	Commercial and Industrial Sales	Public Street and Highway Lighting	Public Authority Sales Intra City	Sales for Resale	Fuel Charges	Other Operating Revenue	Total Charges for Services	Residential	General Service	General Service Demand	General Service Large Demand		
2021	\$ 120,794,089	\$ 68,251,370	\$ 5,189,422	\$ 3,383,808	\$ 5,745,751	\$ 120,804,200	\$ 5,544,384	\$ 329,713,024	\$ 0.07039	\$ 0.05940	\$ 0.04788	\$ 0.03839		
2020	118,892,028	64,258,553	5,391,779	3,544,986	4,866,507	96,182,030	5,509,335	298,645,218	0.07032	0.05920	0.04839	0.03877		
2019	115,869,121	64,845,169	5,515,676	3,673,175	7,167,768	112,751,785	9,321,025	319,143,719	0.06964	0.05841	0.04748	0.03840		
2018	108,822,625	62,817,789	5,467,882	3,516,727	7,952,236	119,043,795	7,421,350	315,042,404	0.06796	0.05636	0.04644	0.03734		
2017	105,596,437	62,532,243	5,474,740	3,367,713	4,642,718	114,583,411	7,286,279	303,483,541	0.06850	0.05725	0.04708	0.03773		
2016	110,895,061	60,749,309	5,423,535	3,446,418	5,788,651	102,787,515	7,461,974	296,552,463	0.06825	0.05723	0.04692	0.03806		
2015	105,088,149	63,000,051	5,404,581	3,404,024	5,521,230	120,058,077	7,026,779	309,502,891	0.06855	0.05758	0.04726	0.03810		
2014	96,895,133	60,064,894	5,487,187	3,082,790	3,839,947	130,097,472	6,870,428	306,337,851	0.06434	0.06367	0.04587	0.03578		
2013	94,055,789	58,123,028	4,739,732	3,056,517	13,372,122	121,822,652	6,885,873	302,055,713	0.06434	0.06367	0.04587	0.03562		
2012	93,739,868	57,794,362	4,695,180	3,113,445	13,605,585	110,868,151	6,520,294	290,336,885	0.06452	0.06405	0.04681	0.03543		

* Average revenue billed per kwh (\$/kwh) excluding fuel inside the City.

Source: Lakeland Electric

CITY OF LAKELAND, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	% of Personal Income	Per Capita
	Loans Payable	Capital Leases	Notes	Bonds	Loans Payable	Bonds and Notes Payable	Capital Leases				
2021	\$ -	\$ 2,845,144	\$ 40,584,119	\$ 48,222,001	\$ 42,975,225	\$ 518,095,191	\$ 125,344	\$ 652,847,024	\$ 5,608	*	
2020	59,126	3,846,994	48,332,033	48,923,188	33,448,329	536,499,532	246,955	671,356,157	6,146	15%	
2019	173,701	4,812,212	5,582,762	55,415,542	42,959,695	485,983,241	364,943	595,292,096	5,535	15%	
2018	1,921,466	-	1,368,107	52,687,486	37,995,293	528,160,108	-	622,132,460	5,892	17%	
2017	2,185,781	-	2,616,803	56,889,791	30,927,443	514,756,073	139,046	607,514,937	5,831	17%	
2016	1,192,854	-	4,817,594	63,979,671	30,155,243	509,520,735	1,617,931	611,284,028	5,963	17%	
2015	1,416,818	-	7,094,564	69,459,298	32,493,561	512,530,138	2,204,057	625,198,436	6,159	18%	
2014	1,633,392	-	10,892,464	28,009,822	33,518,432	522,943,217	2,231,412	599,228,739	5,949	18%	
2013	1,841,515	-	11,023,543	26,743,234	36,132,683	556,304,921	2,839,164	634,885,060	6,430	19%	
2012	2,212,164	-	10,638,779	30,206,393	38,985,249	591,634,793	1,721,004	675,398,382	6,878	19%	

* Information not available.
Source: City of Lakeland Annual Report

CITY OF LAKELAND, FLORIDA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE (UNAUDITED)
LAST TEN FISCAL YEARS

(accrual basis)

Fiscal Year	State Shared Revenues										Total
	Property Tax	Utility & Communication Service Tax	Motor Fuel Tax	Franchise Tax	Half Cent Sales Tax	State Revenue Sharing	Mobile Home License Fees	Alcoholic Beverage Tax	Firefighters' Compensation Tax		
2021	\$ 46,338,892	\$ 16,080,526	\$ 6,112,157	\$ 296,954	\$ 8,110,355	\$ 3,358,557	\$ 273,521	\$ 117,189	\$ 65,512	\$ 80,753,663	
2020	43,066,426	15,814,492	5,802,331	221,492	6,894,873	2,764,644	267,367	111,735	74,119	75,017,479	
2019	40,355,438	15,436,866	6,060,873	265,961	6,997,382	2,943,228	260,395	92,373	70,124	72,482,640	
2018	37,045,511	14,758,072	5,828,014	247,128	6,586,865	2,805,371	246,617	88,162	64,346	67,670,086	
2017	33,362,591	14,735,018	5,584,212	234,659	6,292,201	2,699,611	232,445	93,563	69,520	63,303,820	
2016	30,912,106	14,831,215	5,436,168	242,656	6,202,015	2,550,919	217,330	86,116	36,740	60,515,265	
2015	23,935,374	14,644,431	5,214,687	225,994	5,656,163	2,443,691	208,150	89,776	58,355	52,476,621	
2014	22,577,691	14,534,094	4,903,358	239,500	5,395,592	2,248,500	197,654	80,487	32,895	50,209,771	
2013	21,784,397	14,523,106	4,879,101	234,959	5,098,715	2,078,795	188,449	76,919	39,182	48,903,623	
2012	20,909,045	14,761,856	4,910,650	233,641	4,817,062	2,060,351	184,560	79,897	44,441	48,001,503	

Source: City of Lakeland Annual Report

CITY OF LAKELAND, FLORIDA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING (UNAUDITED)
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Bonded Debt</u>	<u>Less: Amounts Accumulated and Available in Debt Service and Other Funds</u>	<u>Total</u>	<u>Legally Available & Pledged Revenues</u>	<u>Ratio of Debt to Pledged Revenues</u>	<u>Per Capita¹</u>
2021	\$ 88,806,120	\$ 5,929,560	\$ 82,876,560	\$ 107,477,852	0.77	712
2020	97,255,221	5,937,425	91,317,796	93,900,628	0.97	836
2019	60,998,304	1,889,942	59,108,362	103,174,582	0.57	550
2018	54,055,593	1,863,692	52,191,901	98,476,561	0.53	494
2017	59,506,594	-	59,506,594	101,710,315	0.59	571
2016	68,797,265	-	68,797,265	121,948,740	0.56	671
2015	76,553,862	-	76,553,862	85,146,610	0.90	754
2014	38,902,286	-	38,902,286	82,759,830	0.47	386
2013	37,766,777	-	37,766,777	78,444,252	0.48	385
2012	40,845,172	345,000	40,500,172	86,949,250	0.47	415

Source: City of Lakeland Annual Report

¹City of Lakeland, Community Development

CITY OF LAKELAND, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)
SEPTEMBER 30, 2021

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated % Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Tax Supported Ad Valorem Debt:			
District School Board of Polk County Bonds Payable	\$ 337,359,000	17.22%	\$ 58,093,220
City Direct Debt - Governmental Activities			<u>91,644,883</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 149,738,103</u>

¹The 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 value.

Source: Polk County School Board
Polk Country Property Appraiser

CITY OF LAKELAND, FLORIDA

SCHEDULE OF REVENUE BONDS COVERAGE (UNAUDITED)
LAST TEN FISCAL YEARS

ENERGY SYSTEM REVENUE BONDS

Fiscal Year	Gross Revenues ¹	Operating Expenses ²	Net Operating Revenues Available for Debt Service	Principal	Interest	Total	Coverage
2021	\$ 342,591,566	\$ 210,460,565	\$ 132,131,001	\$ 18,540,000	\$ 15,584,792	\$ 34,124,792	3.87
2020	290,120,982	186,054,367	104,066,615	19,095,000	16,304,194	35,399,194	2.94
2019	333,291,588	209,373,188	123,918,400	20,195,000	17,415,419	37,610,419	3.29
2018	320,463,612	220,910,023	99,553,589	22,300,000	15,806,087	38,106,087	2.61
2017	309,315,618	219,734,277	89,581,341	21,250,000	17,299,223	38,549,223	2.32
2016	303,347,574	192,829,916	110,517,658	20,875,000	17,567,094	38,442,094	2.87
2015	313,729,994	215,211,535	98,518,459	16,530,000	18,575,791	35,105,791	2.81
2014	321,886,606	216,676,686	105,209,920	20,775,503	25,469,790	46,245,293	2.28
2013	302,803,530	212,530,976	90,272,554	20,313,195	26,313,189	46,626,384	1.94
2012	298,933,627	201,280,148	97,653,479	24,456,267	25,040,946	49,497,213	1.97

WATER AND WASTEWATER SYSTEM REVENUE BONDS

Fiscal Year	Gross Revenues	Operating Expenses ²	Net Revenues Available for Debt Service	Principal	Interest	Total	Coverage
2021	\$ 81,553,221	\$ 38,990,703	\$ 42,562,518	\$ 6,806,602	\$ 2,728,474	\$ 9,535,076	4.46
2020	66,279,602	38,290,093	27,989,509	2,933,854	2,098,775	5,032,629	5.56
2019	72,238,364	37,469,971	34,768,393	3,773,287	2,262,193	6,035,480	5.76
2018	65,078,959	36,912,551	28,166,408	3,643,087	2,289,362	5,932,449	4.75
2017	63,720,012	34,707,999	29,012,013	3,488,247	2,368,078	5,856,325	4.95
2016	60,567,604	31,598,007	28,969,597	3,373,757	2,490,070	5,863,827	4.94
2015	55,530,104	31,237,468	24,292,636	2,690,000	2,377,209	5,067,209	4.79
2014	54,769,116	27,976,557	26,792,559	1,510,000	1,813,722	3,323,722	8.06
2013	48,878,811	28,161,365	20,717,446	1,490,000	1,823,257	3,313,257	6.25
2012	52,702,160	26,117,153	26,585,007	4,390,000	1,485,113	5,875,113	4.53

¹Contractual net revenues available for debt service per the bond covenant includes net revenues from operations plus 20% of fund balance.

²Excludes depreciation expense.

Source: City of Lakeland Annual Report

CITY OF LAKELAND, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population¹</u>	<u>Personal Income</u>	<u>Per Capita Personal Income²</u>	<u>Median Age³</u>	<u>School Enrollment⁴</u>	<u>Unemployment Rate¹</u>
2021	116,421	\$ *	\$ *	41.00	41,231	7.90%
2020	109,238	4,343,302,880	39,760	41.00	41,330	7.40%
2019	107,552	3,941,673,248	36,649	41.00	39,704	3.80%
2018	105,586	3,744,396,318	35,463	41.30	38,684	4.00%
2017	104,185	3,564,481,405	34,213	40.55	37,536	4.80%
2016	102,507	3,505,636,893	34,199	39.60	38,207	5.20%
2015	101,517	3,423,457,791	33,723	40.00	37,212	5.70%
2014	100,728	3,288,970,656	32,652	40.10	37,987	6.20%
2013	98,733	3,395,724,069	34,393	39.40	36,601	7.40%
2012	98,200	3,510,257,200	35,746	38.33	35,613	9.10%

¹City of Lakeland, Community Development

² US Bureau of Economic Analysis

³Lakeland Economic Development Council Demographics

⁴Polk County School Board

* Information not available

CITY OF LAKELAND, FLORIDA

PRINCIPAL EMPLOYERS (UNAUDITED)
 SEPTEMBER 30, 2021 for the Current Year and Nine Years Prior

Employer	Type of Business	2021			2012		
		Employees	Rank	% of Total	Employees	Rank	% of Total
Publix Supermarkets, Inc.	Retail/Distribution-Grocery	8,008	1	29.31%	8,063	1	35.70%
Lakeland Regional Health	Hospital	5,500	2	20.13%	4,540	2	20.10%
Government Employees Insurance Co. (GEICO)	Insurance	3,700	3	13.54%	2,005	4	8.88%
City of Lakeland	Government	2,733	4	10.00%	2,600	3	11.51%
Amazon	Government	2,000	5	7.32%			
Watson Clinic	Medical Clinic	1,857	6	6.80%	1,600	5	7.08%
Southeastern University	Education	1,072	7	3.92%			
Saddle Creek Logistics	Trucking & Logistics	1,042	8	3.81%	625	9	2.77%
Rooms To Go	Telemarketing	800	9	2.93%	900	7	3.98%
Advanced Auto Parts	Retail/Distribution	615	10	2.24%			
GC Services	Telemarketing				1,000	6	4.43%
Summit Consulting	Insurance				654	8	2.90%
Stryker	Healthcare				600	10	2.66%
Total		27,327		100.00%	22,587		100.00%

Source: Lakeland Economic Development Council

CITY OF LAKELAND, FLORIDA

FTE EMPLOYEES BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS

Function:	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	273	274	277	270	238	278	282	285	282	266
Public safety										
Law enforcement										
Officers	215	205	217	209	234	239	237	240	240	236
Civilians	112	114	111	117	103	118	111	100	106	113
Fire control										
Firefighters and officers	123	132	142	150	145	165	168	171	168	168
Civilians	23	19	13	14	13	5	6	6	7	6
Physical environment	3	5	5	6	7	7	8	8	10	10
Transportation	99	100	97	97	98	105	104	115	106	104
Economic environment	53	51	50	58	57	60	61	67	62	62
Culture/recreation	245	243	227	224	231	248	243	245	228	226
Electric	549	549	544	543	530	507	501	484	465	383
Water and Wastewater	196	193	194	200	197	203	201	209	205	211
Parking	5	5	5	5	4	5	5	4	5	4
RP Funding Center	38	37	36	42	50	50	48	50	42	40
Lakeland Linder International Airport	14	15	15	14	14	15	15	15	17	18
Solid Waste	62	63	62	63	62	62	61	63	59	61
Cleveland Heights Golf Course	16	21	14	14	12	-	-	-	-	-

Source: City of Lakeland Payroll

CITY OF LAKELAND, FLORIDA

OPERATING INDICATORS BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety										
Law enforcement										
Arrests	5,490	4,858	6,845	5,638	4,646	5,654	5,100	6,306	3,822	3,879
Traffic citations	15,633	12,542	8,177	11,119	10,649	9,585	9,484	11,409	7,115	8,599
Fire control										
Calls for service	18,319	20,390	21,637	22,515	24,262	24,940	25,314	25,736	26,245	26,640
Inspections	3,753	2,531	2,088	6,705	4,604	3,802	3,204	3,685	3,160	2,870
Physical environment										
Cemetery										
Burials	400	409	410	412	407	392	421	434	421	520
Spaces sold	336	375	367	412	312	368	408	426	462	623
Transportation										
Street resurfacing (miles)	26	32	38.7	26.1	23.8	21.7	32.0	11.2	30.0	34.9
Culture/recreation										
Parks										
Field rentals	8,179	8,299	8,491	8,400	7,103	6,484	6,150	6,785	4,821	6,963
Swimming Pools										
Attendance/use	248,839	243,805	433,466	154,134	93,822	84,359	95,611	95,572	54,311	105,823
Aquatic programs/events	10	10	11	7	33	29	30	33	-	-
Community centers										
Attendance/use	377,267	352,688	728,912	380,121	459,808	388,109	350,554	385,755	165,981	172,340
Facility rentals	1,228	1,219	1,195	1,799	1,759	2,000	1,111	896	510	291
Economic environment										
Building permits issued	7,521	7,899	5,770	6,301	6,776	7,203	9,235	8,427	9,027	9,482
Electric										
New connections ¹	(606)	1,689	1,157	1,348	1,810	1,949	1,648	1,610	2,568	2,934
Number of customers	120,771	122,460	123,617	124,965	126,775	128,535	130,183	131,793	134,361	137,295
Energy sales (gWh)	3,273	3,199	3,004	2,991	3,066	3,004	3,064	3,131	3,166	3,359
Water and Wastewater										
New connections	295	337	340	351	533	612	472	570	685	1,392
Number of customers	52,770	52,983	53,400	54,322	55,712	56,750	57,222	57,533	58,285	59,187
Peak month peak day pumping ²	25	27	28	29	27	33	29	32	29	35
Average daily sewage treatment ²	12	11.77	12.32	13.01	12.84	12.95	14.75	11.84	11.66	11.47
Parking										
Parking violations	6,404	6,102	5,596	5,735	6,538	5,556	7,534	4,733	4,202	5,180
RP Funding Center										
Number of events	537	492	454	458	450	414	371	277	185	219
Lakeland Linder International Airport										
Daily average traffic count	246	250	281	322	333	338	383	344	309	360
Solid Waste										
Refuse collected (tons/day)	318	319	247	223	196	284	261	221	221	327
Recyclables collected (tons/day)	15	19	27	21	22	31	22	21	19	27
Number of customers										
Commercial	5,303	4,711	4,909	5,082	5,224	5,314	5,436	5,535	5,621	5,724
Residential	43,472	37,436	38,956	43,455	46,531	48,657	50,095	51,277	52,679	54,252
Cleveland Heights Golf Course										
Number of memberships	144	104	115	103	93	75	66	58	52	45
Number of tournaments/outings	35	28	37	35	38	47	39	30	19	33
Rounds of golf played	61,212	57,528	61,076	60,292	63,829	67,860	64,460	57,396	65,271	74,631

¹Net of new connections and disconnections of service.
²Measured in millions of gallons per day.
 - Information not available.
 Note: Indicators are not available for the general government function.
 Source: City of Lakeland Departments.

CAPITAL ASSET STATISTICS BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety										
Law enforcement										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	151	151	151	155	155	159	154	160	176	171
Fire control										
Fire stations	7	7	7	7	7	7	7	7	7	7
Transportation										
Streets (miles)	389	389	390	389	399	400	400	401	404	418
Traffic signals	175	177	176	174	174	174	174	174	174	174
Culture/recreation										
Parks acreage	743	736	736	769	769	769	736	741	1,857	1,958
Parks	57	58	58	60	60	60	56	56	57	58
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	37	37	37	37	37	37	37	37	37	37
Community centers	2	2	2	2	3	3	3	3	4	4
Special recreational facilities	5	5	5	5	5	5	5	5	5	5
Electric										
Power plants	3	3	3	3	3	3	3	3	3	3
Distribution stations	23	25	25	25	25	25	25	25	25	25
Miles of service lines	2,056	2,059	2,065	2,074	2,084	2,100	2,111	2,131	2,160	2,180
Water and Wastewater										
Miles of service lines	994	994	996	996	998	998	1,002	1,012	1,026	1,035
Fire hydrants	4,122	4,172	4,191	4,219	4,266	4,261	4,281	4,363	4,421	4,497
Maximum daily capacity ¹	59	59	59	59	59	59	59	59	59	59
Maximum daily treatment ¹	36	36	36	36	35	35	35	35	35	35
Parking										
Parking Garages	3	3	3	3	3	3	3	3	3.5	3.5
Surface lots	13	13	13	13	13	11	10	10	10	10
RP Funding Center										
Sports arenas	1	1	1	1	1	1	1	1	1	1
Theatres	1	1	1	1	1	1	1	1	1	1
Other rental facilities	9	9	9	9	9	9	8	10	10	10
Lakeland Linder International Airport										
Terminals	1	1	1	1	1	1	1	1	1	1
Hangers	99	99	99	100	100	100	100	110	110	112
Runways	2	2	2	2	2	2	2	2	2	3
Solid Waste										
Refuse Trucks	49	55	53	51	47	54	54	57	59	60
Cleveland Heights Golf Course										
Acreage	286	286	286	286	286	286	286	286	286	286
Clubhouse facilities	1	1	1	1	1	1	1	1	1	1

¹Measured in millions of gallons per day
Note: No capital asset indicators are available for the general government, economic environment, or physical environment functions.

Source: City of Lakeland Departments

**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***

Honorable Mayor, City Commissioners
and City Manager
City of Lakeland, 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 Lakeland, Florida (the "City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 24, 2022. Our report includes a reference to other auditors who audited the financial statements of the Police Officers' Defined Benefit Retirement System of the City of Lakeland, Florida (a pension trust fund included in aggregate remaining fund information) and the City of Lakeland Firefighters' Retirement System (a pension trust fund included in aggregate remaining fund information), as described in our report on the City's financial statements. The financial statements of the Police Officers' Defined Benefit Retirement System of the City of Lakeland, Florida and the City of Lakeland Firefighters' Retirement System were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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.



Crowe LLP

Tampa, Florida
March 24, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND STATE FINANCIAL ASSISTANCE PROJECT; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE PROJECT REQUIRED BY THE UNIFORM GUIDANCE AND
CHAPTER 10.550 RULES OF THE AUDITOR GENERAL**

Honorable Mayor, City Commissioners
and City Manager
City of Lakeland, Florida

Report on Compliance for Each Major Federal Program and State Financial Assistance Project

We have audited the City of Lakeland, Florida's (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs or state financial assistance projects for the year ended September 30, 2021. The City's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state financial assistance projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state financial assistance projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Financial Assistance Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state financial assistance project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state financial assistance project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 24, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General* 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 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 expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



Crowe LLP

Tampa, Florida
March 24, 2022

CITY OF LAKELAND, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED SEPTEMBER 30, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiency identified not considered to be material weakness	None reported
Noncompliance material to financial statements noted	No

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Internal control over major programs:	
Material weakness identified	No
Significant deficiency identified not considered to be material weakness	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a), and Chapter 10.550, <i>Rules of the Auditor General</i>	No

Identification of major programs:

<u>Assistance Listing/CSFA Number</u>	<u>Name of Program</u>
<u>Federal:</u>	
20.106	COVID-19 - Federal Aviation Administration – Airport Improvement Program
<u>State:</u>	
37.076	Drinking Water Facility Construction
55.004	Aviation Grant Programs

Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$750,000
State	\$1,210,017
Auditee qualified as low risk	Yes

CITY OF LAKELAND, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)

YEAR ENDED SEPTEMBER 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

No items noted.

SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS

No items noted.

SECTION IV - FINDINGS AND QUESTIONED COSTS – MAJOR STATE FINANCIAL ASSISTANCE PROJECTS

No items noted.

Honorable Mayor, City Commissioners
and City Manager
City of Lakeland, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Lakeland, Florida (the City) as of and for the fiscal year ended September 30, 2021 and have issued our report thereon dated March 24, 2022. Our report includes a reference to other auditors who audited the financial statements of the Police Officers' Defined Benefit Retirement System of the City of Lakeland, Florida (a pension trust fund included in aggregate remaining fund information) and the City of Lakeland Firefighters' Retirement System (a pension trust fund included in aggregate remaining fund information), as described in our report on the City's financial statements. This report does not include our consideration of the results of the other auditors' testing that are reported on separately by those other auditors.

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; Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Financial Assistance Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, 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 March 24, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such 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 is a political subdivision of the State of Florida incorporated under the authority of the laws of Florida Chapter 4096 adopted in 1891. The City of Lakeland, Florida's financial statements included the following component unit: The Lakeland Community Redevelopment Agency. The Lakeland Community Redevelopment Agency was established under the provisions of Section 163.330, Florida Statutes.

Financial Condition

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

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

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Lakeland Community Redevelopment Agency reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 6 FTE.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as zero.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$500,188.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as zero.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as follows:

<u>Project</u>	<u>Expenditures</u>	<u>Project</u>	<u>Expenditures</u>
Bay Street Screenwall	\$ 399,000	114 E. Parker Construction	\$ 1,300,000
Five Points Roundabout	750,000	S. Florida Ave. Enhancements	1,255,000
TRH Hillsborough	150,000	Affordable Housing	1,000,000
Providence Road	900,000	Gore Renovations	448,000
Olive Street Sidewalk	125,000	Vanguard Room	190,000
N. Scott Avenue Sidewalk	198,000	Mary's Bagels	270,000
Central Avenue Pedestrian Improvements	102,000		

f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as zero.

The information above (a. through f.) has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Matters

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

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

Purpose of this Letter

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



Crowe LLP

Tampa, Florida
March 24, 2022

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
SECTION 218.415, FLORIDA STATUTES**

Honorable Mayor, City Commissioners
and City Manager
City of Lakeland, Florida

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 judgment, 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.

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 requirements contained in Section 218.415, Florida Statutes during the year ended September 30, 2021.

The purpose of this report is solely to comply with Chapter 10.550, Rules of the Florida Auditor General. Accordingly, this report is not suitable for any other purpose.



Crowe LLP

Tampa, Florida
March 24, 2022