

ANNUAL COMPREHENSIVE FINANCIAL REPORT

THE CITY OF LAKELAND, FLORIDA

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022



FEATURING:

CITY OF LAKELAND
Arboretum
EST. 2020


CITY OF
Lakeland
www.lakelandgov.net

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

CITY OF LAKELAND, FLORIDA

for the

FISCAL YEAR ENDED SEPTEMBER 30, 2022



Prepared by the
FINANCE DEPARTMENT

MICHAEL C. BROSSART, CPA
Finance Director

DEIDRA M. JOSEPH
Assistant Finance Director



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INTRODUCTORY SECTION



PRIDE OF BOLIVIA
TIPUANA TIPU
FABACEAE
BOLIVIA, ARGENTINA & BRAZIL

*LAKE MORTON
FLOWERING TREE COLLECTION*



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March 24, 2023

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

It is our pleasure to submit this Annual Comprehensive Financial Report for the City of Lakeland, Florida for the fiscal year ended September 30, 2022. 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, 2022. 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. Per the University of Florida's Bureau of Economic & Business Research (BEBR), incorporated Lakeland's 2022 population is 120,279. 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 \$48.3 billion in retail sales in 2021. The total taxable value of real property owned by Publix within the Lakeland city limits is approximately \$461 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. Lakeland Regional Systems recently completed construction on an 80,000-square foot \$50 million freestanding Center for Behavior Health and Wellness on a 9.3-acre property that is adjacent to the current campus.

Residential construction activity in Lakeland continues to be active. Lakeland issued 402 new single-family permits and 458 multi-family permits in 2022. This marked a year-over-year decrease from 2021 for single-family permits and a slight increase for multi-family permits. Single-family permitting in Lakeland has averaged over 500 new permits annually per year for the past 5-years and multi-family has averaged approximately 400 annually during the same period. 2022 was an active year for residential construction with totals for single family and multi-family far outpacing Lakeland's long-term annual average for each. 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 a continued expanding pattern for residential development. The right mix of a growing population, new buyers and shifting demographics have Lakeland positioned well. Rising interest rates and supply chain delays have temporarily pushed some buyers away from the single-family market. With that, demand for more affordable multi-family units in lower density areas has increased in an attempt to 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 2023 will be tied the stabilization of interest rates, an under abundance of qualified labor, the rising 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. Post COVID, Lakeland has seen a stabilization of low unemployment rates. In 2022, Lakeland's, monthly unemployment rates began the year at a high of 4.2% in January, before decreasing monthly to a low of 2.6% in December. The relative consistency seen in local unemployment figures also mirrors the state and national economy as it is tied to a strong labor market. Closing out 2022, Lakeland's unemployment rate achieved month-over-month decreases for 10 of the 12 months during the year, ending 2022 with a 12-month average of 3.3%. This annual rate marked a 2.0% year-over-year drop from 2021, signaling a message of employment stabilization and demand. Complimenting Lakeland's expanding population, the City's month-over-month labor force for 2022 experienced a noticeable expansion. Starting the year with 50,772 individuals in the labor force, Lakeland's workforce grew by 1,198 individuals ending 2022 with 51,970. This is better illustrated by tracking the actual number of unemployed persons within the workforce. In 2022, Lakeland began the year with a monthly unemployment rate of 4.2% equating to 2,526 individuals within the local workforce seeking work. The year closed with a monthly December unemployment rate of 2.6% and just 1,348 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 2023, Lakeland's unemployment will remain stable with a consistent economic performance that should keep 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 steady in 2022. 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. With new inventory starting to slow, vacancy rates are dropping. In the final quarter of 2022, the Lakeland/Polk County industrial market recorded a 3.5% vacancy rate, which is significantly less than the 9.0% rate recorded just two years ago. This rapid decrease was a result of new industrial buildings being leased prior to completion, thus leaving a need for available space. Analysts believe that Lakeland's industrial market is positioned well, demonstrating strengths in both relative affordability and absorption. Inventories will expand in 2023 as several new buildings will be hitting the market without pre-leased tenants. Last year, Lakeland completed 2,326,924 square feet of industrial, office and retail space. During that same period, the City permitted 728,892 square feet of new industrial space, 12,673 square feet of commercial office space and 6,332 square feet of retail space. Lakeland has new industrial projects under construction and planned throughout 2023. 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 2022 totaled more than \$250 million and committed to the creation of approximately 350 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 2022 developers completed the construction of more than 1.8 million square feet of new industrial space and permitted an additional 728,892 square feet to be constructed in Lakeland to support this active market.

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 development's first 700,000 square foot building is nearly complete and plans for building #2 are under review.

In addition to the larger inventory buildings, developers continue to add new smaller speculative industrial projects sized at 98,000 square feet, 109,000 square feet and 197,000 square feet which were all completed in 2022.

Along with industrial uses, Lakeland benefited by other notable expansions and new projects in and around the downtown that will further diversify the local economy.

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

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

Publix Supermarkets purchased the former FedEx Building downtown located at 333 Lemon Street in early 2023. This 142,000 existing building will be renovated to accommodate 100 new high wage jobs paying more than 200% of the county average wage, \$93,526. The building will serve as an IT headquarters for Publix where they can consolidate some downtown IT employees into a single location. This project will be a \$40 million capital investment.

Co-Hatch purchased and rehabbed 211 E Main Street as an innovative shared workspace which opened in December of 2022 in downtown. Co-Hatch is a membership based co-working with private office, meeting rooms, event spaces and member perks. Co-Hatch was founded in 2016, they currently 30 locations open or under construction and anticipate 300 nationwide by 2026.

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

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. Mirrorton is 100% leased, demonstrating the demand for multi-family in downtown Lakeland.

The ONICX Group will purchase and begin construction on a 205-unit apartment building which will be built on top of a new 424-space parking garage located on the Oak Street parking. This long-awaited project will align with the approved Development Agreement for the planned multi-family apartment and parking garage. Construction should begin in the summer of 2023.

The former Florida Tile Site is being developed to accommodate 500+ apartments. Carter USA out of Atlanta purchased the 21-acre site for \$10 million after an extensive cleanup. The mixed-use project will contain two phases. Phase I, which is now under construction, will consist of approximately 300 apartment units in 4 residential buildings, along with approximately 15,000 SF of single-story retail. Phase 2 will have another 200+ apartments.

In the Garden District, east 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 the units constructed were 100% leased and occupied.

Also in the Garden District, two new projects are under construction and will completed in early 2024. Cumulatively, the projects will add a total of 80 new units. 725 E. Orange Street, located across the street from Barnett Family Park will consist of 32 units containing multiple 4-story buildings with 1- & 2-bedroom apartments. 625 Lime Street will also consist of a mixture of 1- & 2-bedroom units in a block of 4-story buildings. The Lime Street project will contain 48 units.

Profile of the City of Lakeland (continued)

Local Economy (continued)

With regards to higher education in Lakeland, in 2022 Florida Southern College completed the renovation of the previous St. Joseph's Academy to accommodate the School of Nursing which will house their graduate programs for Nursing and Health Science. Florida Polytechnic University completed their 85,000-square foot \$45 million Applied Research Center (ARC Building which hosts 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 prepayment 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 28% 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, 2021. 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.

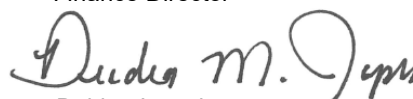
We would like to especially thank Barbara Henry, Chief Accountant, Willem Strauss, Electric Utility Controller, and Brent McLain, Chief Accountant for their efforts in assisting the external auditors in completing the audit, and for preparation of the Annual Report. Their respective roles in coordinating 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.

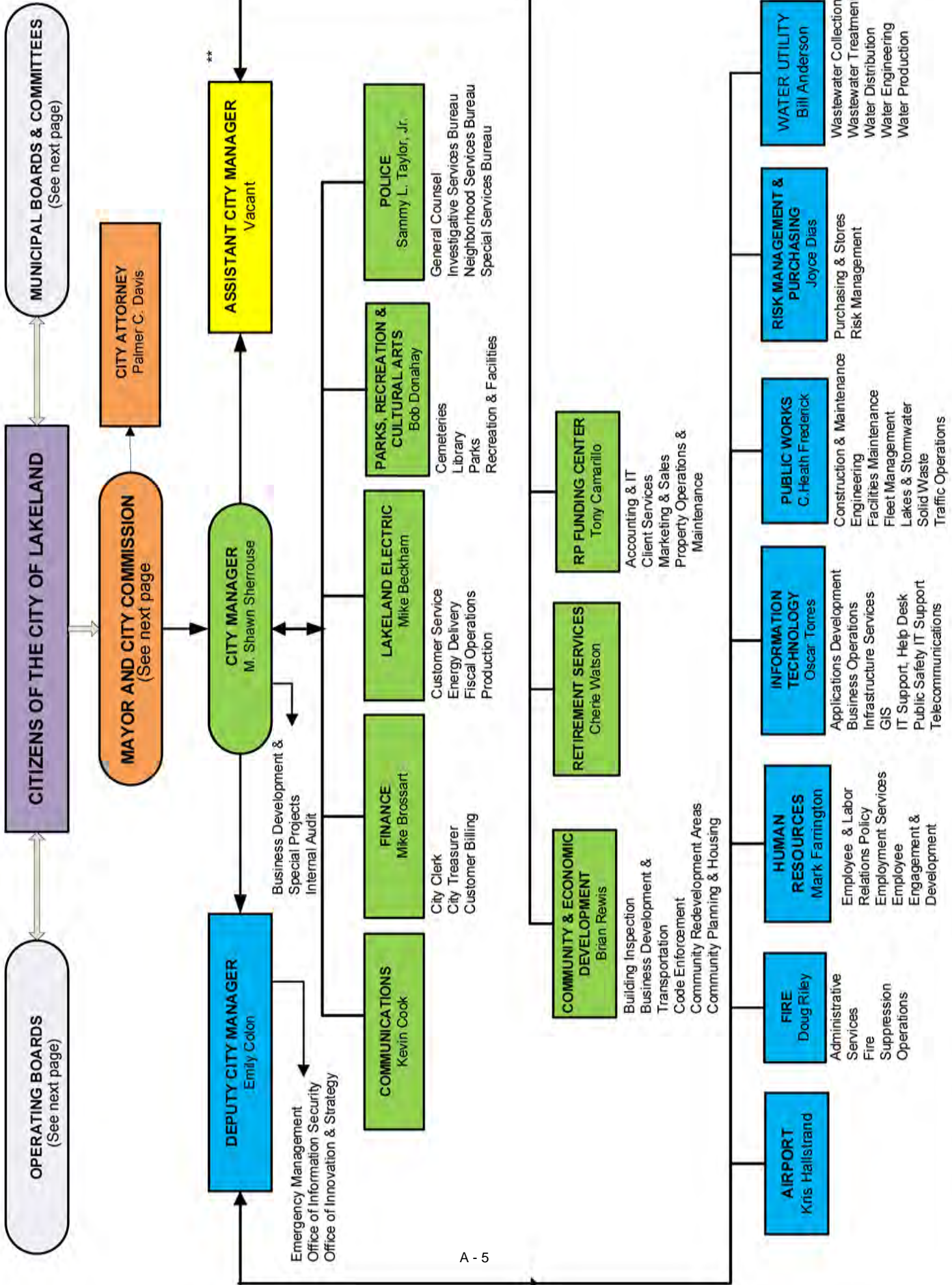
Respectfully submitted,



Michael C. Brossart, CPA, CGFO
Finance Director



Deidra Joseph
Assistant Finance Director



** - Vacant Assistant City Manager Position - Reporting Responsibilities for day-to-day operations reports to the City Manager's Office.

Organizational Chart

CITIZENS OF THE CITY OF LAKELAND

MAYOR AND CITY COMMISSIONERS

H. William "Bill" Mutz, Mayor
Stephanie R. Madden
William "Bill" W. Read
Phillip E. Walker (Sam Simmons-11/07/22)

Michael L. Musick
Sara Roberts McCarley
Chad E. McLeod

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

September 30, 2022

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 (Sam Simmons
Appointed Effective
November 7, 2022)

CITY MANAGER

M. Shawn Sherrouse

FINANCE DIRECTOR

Michael C. Brossart, CPA

CITY ATTORNEY

Palmer C. 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, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



ANTEDESMA (MAO LUONG)
ANTIDESMA PUNCTICULATUM
PHYLLANTHACEAE
SOUTH ASIA

HOLLIS GARDEN
FRUIT TREE COLLECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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 of Lakeland, Florida (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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	16.40%	16.42%	15.32%
City of Lakeland Firefighters' Retirement System	11.71%	11.71%	14.03%
	<u>28.11%</u>	<u>28.13%</u>	<u>29.35%</u>

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates 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, are based solely on the reports of the other auditors

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended September 30, 2022, the City adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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-2 through F-10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 budgetary comparison schedule – major capital projects fund, combining fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule – major capital projects fund, combining fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Crowe LLP

Tampa, Florida
March 24, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS



CHINESE CINNAMON
CINNAMOMUM AROMATICUM
LAURACEAE
CHINA

*LAKE MORTON
FLOWERING TREE COLLECTION*



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, 2022. 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	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current assets	\$ 134,908	\$ 135,581	\$ 254,546	\$ 245,434	\$ 389,454	\$ 381,015
Asset Apportionments	184,626	234,112	231,175	203,652	415,801	437,764
Restricted assets	64,103	70,781	153,121	62,328	217,224	133,109
Capital assets	339,461	295,257	1,340,261	1,322,866	1,679,722	1,618,123
Other noncurrent assets	55,958	-	76,223	870	132,181	870
Total assets	<u>779,056</u>	<u>735,731</u>	<u>2,055,326</u>	<u>1,835,150</u>	<u>2,834,382</u>	<u>2,570,881</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources related to pensions	19,729	17,452	5,593	10,433	25,322	27,885
Deferred outflows of resources related to OPEB	42,883	44,642	34,987	41,091	77,870	85,733
Deferred outflows of resources related to ARO	-	-	3,175	3,130	3,175	3,130
Decrease in fair value of interest rate swaps	-	-	11,760	30,410	11,760	30,410
Unamortized loss on hedges	-	-	27,762	33,613	27,762	33,613
Unamortized loss on refunding	-	7	15,709	20,241	15,709	20,248
Total deferred outflows of resources	<u>62,612</u>	<u>62,101</u>	<u>98,986</u>	<u>138,918</u>	<u>161,598</u>	<u>201,019</u>
LIABILITIES						
Current liabilities	27,269	24,233	135,357	125,957	162,626	150,190
Apported Asset liabilities	-	215,000	16,293	16,485	16,293	231,485
Restricted liabilities	5,504	241	35,082	26,233	40,586	26,474
Deferred credits	-	-	16,194	37,645	16,194	37,645
Accrued liabilities						
less current portion	90,543	146,301	81,620	149,964	172,163	296,265
Long term debt payable						
less current portion	84,311	86,004	693,193	567,588	777,504	653,592
Total liabilities	<u>207,627</u>	<u>471,779</u>	<u>977,739</u>	<u>923,872</u>	<u>1,185,366</u>	<u>1,395,651</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources related to pensions	77,674	8,899	67,507	4,156	145,181	13,055
Deferred inflows of resources related to OPEB	67,990	48,585	66,714	52,560	134,704	101,145
Over-recovery of fuel	-	-	9,952	18,793	9,952	18,793
Deferred inflows of resources related to CIAC	-	-	624	225	624	225
Deferred inflows of resources related to leases	215,258	-	29,843	-	245,101	-
Contributions in aid of construction	-	-	42,760	43,863	42,760	43,863
Total deferred inflows of resources	<u>360,922</u>	<u>57,484</u>	<u>217,400</u>	<u>119,597</u>	<u>578,322</u>	<u>177,081</u>
NET POSITION						
Net investment in capital assets	287,967	243,922	774,955	805,629	1,062,922	1,049,551
Restricted	58,679	70,539	118,039	36,094	176,718	106,633
Unrestricted	(73,527)	(45,892)	66,179	88,876	(7,348)	42,984
Total net position	<u>\$ 273,119</u>	<u>\$ 268,569</u>	<u>\$ 959,173</u>	<u>\$ 930,599</u>	<u>\$ 1,232,292</u>	<u>\$ 1,199,168</u>

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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 \$59.4 million of cash and investments, \$25 million of receivables, \$30.9 million of assets held within internal balances of the City; and \$5.3 million in assets to liquidate current apportioned and restricted liabilities. In the aggregate, this represents a decrease of \$0.7 million in the value of current assets during 2022.

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 \$6.5 million in assets related to Stormwater Utilities Fund, \$317.8 thousand set aside to fund contributions to cultural and community agencies, \$177.4 million set aside to pay for future capital expansion, and \$324.4 thousand in cash designated for maintaining recreation facilities.

Restricted Assets are legally restricted for expenses for certain purposes. These consist predominately of \$14.9 million in assets held within Community Redevelopment Districts, \$0.5 million and in assets held for community development, \$2.3 million in assets held in trust for law enforcement; \$19.7 million of unspent impact fees, \$2.3 million in assets held from building inspection revenues, \$8.4 million in assets held from transportation, and approximately \$5.5 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 \$6.7 million decrease in the change in the value of these restricted assets from 2021 to 2022.

Current Liabilities represent obligations payable from Current Assets that are likely to be settled within the next year. These consist of primarily \$4.4 million in amounts owed to vendors, \$5.9 million in undistributed payroll obligations accrued during the last pay period of the fiscal year, \$5.2 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 \$5.9 million in unpaid sick and vacation time and approximately \$84.6 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 increased by approximately \$1.0 million from 2021 to 2022 due to the addition of long-term leases per GASB 87. The dollar value of those outstanding loans, notes, and bonds was approximately \$89.5 million as of the end of 2022. 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 \$35.0 million of these loans within the course of the next five years.

Business-type activities:

Current Assets consist predominantly of \$114.9 million of cash and investments, \$77.1 million of receivables, \$2.0 million of leases receivables, and \$31.0 million of inventories; less approximately \$30.9 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 increased \$9.1 million during 2022. There was an increase of \$7.5 million within Electric Utilities system – as a result of an increase in liquidity from operations; there was a \$7.9 million increase within the Internal Loan Fund – as a result of the net repayment/issuance of loans during the year; and there was a \$1.5 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 \$163.4 million committed to financing the cost of capital improvements, \$37.3 million in assets held for vehicle replacements, and \$28.2 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 \$16.5 million in customer deposits collected by utility operations, \$138.3 million of unspent water and wastewater impact fees. This class of assets increased approximately \$90.8 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 \$46.7 million in amounts owed to vendors, \$12.2 million in obligations accrued during the last pay period of the fiscal year, \$49.1 million in bonded debt, loans principal, leases payable, and interest payable on October 1, 2022, \$8.0 million in current obligations of the city's self-insurance program, and approximately \$0.2 million in tenant deposits held by the Lakeland Linder International Airport.

Restricted and Apportioned Liabilities represent obligations payable from Restricted and Apportioned Assets. These consist of approximately \$16.3 million in obligations of the city's self-insurance program, and \$16.5 million in customer deposits.

Accrued Liabilities represents obligations that are not likely to be settled within the next year. This includes approximately \$5.8 million in unpaid sick and vacation time, \$4.4 million in profits earned on settlement of a natural gas purchase agreement, approximately \$3.9 million representing the actuarially accrued liability for asset retirement obligations, and approximately \$35.0 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	\$ 339,460,768	\$ 712,485,256	\$ 388,925,307	\$ 190,583,275	\$ 48,267,173
Related long term debt	(51,493,499)	(449,501,197)	(109,750,482)	(5,853,138)	(201,552)
Net investments in capital assets	<u>\$ 287,967,269</u>	<u>\$ 262,984,059</u>	<u>\$ 279,174,825</u>	<u>\$ 184,730,137</u>	<u>\$ 48,065,621</u>
FY 2022 Ratio	6.59	1.59	3.54	32.56	239.48
FY 2021 Ratio	5.75	1.72	3.56	25.11	7.32

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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, 2022, was \$1,679,721,779 which represents a net increase of \$61,614,317 for the year.

Gross capital spending for the year exceeded \$140.2 million. Major capital asset additions during the current fiscal year included the following:

- \$11.0 million in land, right of way, and construction for roadway projects
- \$9.45 million in parks and recreation facility improvements
- \$1.9 million in public facility improvements
- \$.520 million in public safety facility improvements
- \$0.05 million in Stormwater system improvements
- \$8.5 million for new vehicles
- \$.5 million for computers and software; system upgrades
- \$10.6 million for improvements at the city-owned airport
- \$17.1 million in water and wastewater system improvements
- \$54 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, 2022, the City of Lakeland's total bonded and notes outstanding was \$741.6 million. This represents a net decrease of \$91.7 million compared to 2021. During the year, the City made scheduled retirements of debt of approximately \$65.0 million and had debt issuance of \$156.7 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	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	\$ 33,774	\$ 33,841	\$ 495,044	\$ 435,112	\$ 528,818	\$ 468,953
Operating grants and contributions	6,038	7,386	148	133	6,186	7,519
Capital grants and contributions	8,633	13,186	16,797	33,030	25,430	46,216
General Revenues						
Property taxes	43,213	46,339	-	-	43,213	46,339
Utility, fuel, local business, and franchise taxes	24,693	22,490	-	-	24,693	22,490
State and local shared revenues	21,880	11,925	-	-	21,880	11,925
Rents and royalties	10,750	14,379	-	-	10,750	14,379
Investment earnings	(57,715)	13,547	(43,030)	21,264	(100,745)	34,811
Miscellaneous	7,401	4,804	2,211	2,435	9,612	7,239
Total revenues	98,667	167,897	471,170	491,974	569,837	659,871
Program expenses						
General government	19,381	16,174	-	-	19,381	16,174
Public safety	64,455	72,577	-	-	64,455	72,577
Physical environment	7,397	9,000	-	-	7,397	9,000
Transportation	15,182	19,013	-	-	15,182	19,013
Economic environment	10,783	9,989	-	-	10,783	9,989
Human services	483	363	-	-	483	363
Culture/recreation	35,472	29,202	-	-	35,472	29,202
Interest on long-term debt	2,955	3,037	-	-	2,955	3,037
Electric	-	-	302,539	262,042	302,539	262,042
Waste and wastewater	-	-	48,353	49,489	48,353	49,489
Parking	-	-	1,075	1,062	1,075	1,062
RP Funding Center	-	-	(5)	7,426	(5)	7,426
Lakeland Linder International Airport	-	-	14,062	10,698	14,062	10,698
Solid Waste	-	-	14,581	14,957	14,581	14,957
Total expenses	156,108	159,355	380,605	345,674	536,713	505,029
Excess before transfers	(57,441)	8,542	90,565	146,300	33,124	154,842
Transfers	61,991	38,615	(61,991)	(38,615)	-	-
Special item	-	-	-	(46,417)	-	(46,417)
Increase in net position	4,550	47,157	28,574	61,268	33,124	108,425
Net position, beginning of year	268,569	221,412	930,599	869,331	1,199,168	1,090,743
Net position, end of year	\$ 273,119	\$ 268,569	\$ 959,173	\$ 930,599	\$ 1,232,292	\$ 1,199,168

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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 0.08% compared to the prior year due to higher than expected tax revenue collections and increased property values. Total spending on governmental activities was down 2.4% due to a slight decrease in operating expenses. Overall, the City's reliance on taxes as a source of revenue decreased slightly from 50.7% in 2021 to 48.7% in 2022 due to decreased tax revenues. For 2022, the City's property tax millage rate was 5.4323 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 2022 were down 42.7 % compared to 2021 because large decrease in the fair value of investments. Property tax revenues increased as a result of the increased property values and operating grants and contributions decreased as a result of decreased grant funded transportation projects.

Total governmental expenses for 2022 were 2.4 % lower compared to 2021. Direct payroll costs increased slightly during 2022 compared to 2021, as a result of cost of living adjustment and merit increases for FY 22.

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 2022, these transfers amounted to a net \$62.0 million. This represents approximately 39.9% 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 decreased 0.49% during the year – predominantly the result of the decrease in capital grants and contributions for airport operations.

Overall profitability of these business-type activities decreased from \$146 million (before transfers) in fiscal 2021 to \$91 million for 2022 primarily due to the \$64.3 decrease in interest income.

Of these profits, \$62.0 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 12.5% 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 include approximately \$156.5 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 \$2.3 million of cost associated with increases in the unfunded portion of those OPEB costs. This cost and increase in liabilities are 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.

CITY OF LAKELAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)

Pension Costs

Also included in the Statement of Net Position of both the governmental and business-type operations are approximately \$92.4 million in assets associated with retirement benefits payable to city employees. Also, included in both governmental and business-type expenses is approximately \$24.5 million in pension gain.

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 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 most 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, 2022**

	Original Budget	Final Amended Budget	2022 Actual	Variance
REVENUES				
Taxes	\$ 60,476,998	\$ 60,476,998	\$ 61,505,337	\$ 1,028,339
Licenses and permits	741,148	741,148	832,698	91,550
Intergovernmental	11,620,837	11,807,866	16,068,342	4,260,476
Charges for services	10,836,805	12,206,573	12,919,321	712,748
Fines and forfeits	1,922,100	2,072,132	2,555,064	482,932
Miscellaneous	3,658,987	4,109,194	(3,014,285)	(7,123,479)
Total revenues	<u>89,256,875</u>	<u>91,413,911</u>	<u>90,866,477</u>	<u>(547,434)</u>
EXPENDITURES				
General government	20,054,581	19,350,922	17,882,705	1,468,217
Public safety	71,209,083	73,176,473	69,427,933	3,748,540
Physical environment:	1,220,543	1,253,324	1,156,474	96,850
Transportation	7,128,104	7,399,089	5,460,549	1,938,540
Economic environment	4,718,063	6,704,093	4,488,087	2,216,006
Human services	191,440	242,679	194,743	47,936
Culture/Recreation	34,634,398	36,255,512	30,421,057	5,834,455
Capital outlay	1,357,291	1,397,643	867,081	530,562
Debt Service	253,920	787,127	709,270	77,857
Total expenditures	<u>140,767,423</u>	<u>146,566,862</u>	<u>130,607,899</u>	<u>15,958,963</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(51,510,548)</u>	<u>(55,152,951)</u>	<u>(39,741,422)</u>	<u>15,411,529</u>
OTHER FINANCING SOURCES AND USES	<u>48,349,931</u>	<u>45,574,989</u>	<u>48,258,968</u>	<u>2,683,979</u>
NET CHANGE IN FUND BALANCE	<u>\$ (3,160,617)</u>	<u>\$ (9,577,962)</u>	<u>\$ 8,517,546</u>	<u>\$ 18,095,508</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 0.6% less than the final budget, with significant variances within the intergovernmental and miscellaneous categories. Intergovernmental revenue, which includes grants and state shared revenue, were \$4.3 million greater than budget - \$4.2 million in state shared revenues were collected over the amount budgeted. Estimated amounts for state shared revenues were reduced in FY 22 due to the slower economic recovery anticipated.

Miscellaneous revenues were \$7.1 million less than the budget, primarily as a result of \$6.3 million decrease in the market value of the City's cash investment pool at year end.

Spending was significantly below budget; however, spending was 12.0% lower than fiscal year 2021. 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 2022 as compared to 2021 were lower. Controllable cost expenditures were limited to 1.50% of the previous year's original budget.

For the year ended September 30, 2022, the City realized an increase in the fund balance within the General Fund of \$8.5 million compared to \$11.8 million in FY 2021. Property tax revenues increased \$1.9 million as property values experienced an increase of over 8%. Total revenues were up \$4.9 million primarily due to the increase in state shared revenues and property taxes. Total unrestricted reserves at the end of the year were \$47.0 million, of which \$14.9 million is appropriated to balance the 2023 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, 2022**

	Original Budget	Final Amended Budget	2022 Actual	Variance
REVENUES				
Intergovernmental	\$ 2,850,401	\$ 3,842,011	\$ 3,108,333	\$ (733,678)
Charges for services	604,559	604,559	301,311	(303,248)
Miscellaneous	596,667	1,425,789	(30,410,553)	(31,836,342)
Total revenues	<u>4,051,627</u>	<u>5,872,359</u>	<u>(27,000,909)</u>	<u>(32,873,268)</u>
EXPENDITURES				
General government:	1,101,946	2,549,629	1,377,589	1,172,040
Public safety	-	49,114	37,571	11,543
Physical environment:	133,870	260,563	182,883	77,680
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	185,000	271,851	89,514	182,337
Culture/Recreation:	1,226,423	2,484,872	1,564,987	919,885
Capital outlay	8,890,214	27,475,001	14,100,100	13,374,901
Debt service	8,498,984	8,498,984	8,487,759	11,225
Total expenditures	<u>20,036,437</u>	<u>41,590,014</u>	<u>25,840,403</u>	<u>15,749,611</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(15,984,810)</u>	<u>(35,717,655)</u>	<u>(52,841,312)</u>	<u>(17,123,657)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>544,897</u>	<u>5,156,845</u>	<u>1,205,677</u>	<u>(3,951,168)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (15,439,913)</u>	<u>\$ (30,560,810)</u>	<u>\$ (51,635,635)</u>	<u>\$ (21,074,825)</u>

For the year ended September 30, 2022, the Public Improvement Fund realized a decrease of \$51.6 million in fund balance due the \$50.1 million decrease in the market value of the City's pooled investments at year end from the previous year. 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 \$8.7 million, of which \$6.1 million was appropriated to balance the 2023 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 incorporated City limits and the surrounding area. The utility serves approximately 139,605 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, 2022, 2021, AND 2020 (in thousands)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
OPERATING REVENUES			
Sales of energy - retail	\$ 378,008	\$ 318,423	\$ 288,268
Sales of energy and capacity sales - wholesale	3,214	5,746	4,867
All other operating revenue	6,040	5,574	5,510
	<u>387,262</u>	<u>329,743</u>	<u>298,645</u>
OPERATING EXPENSES			
Fuel and purchased power	178,648	125,551	101,536
Energy supply	25,297	27,332	29,658
Energy delivery	30,909	27,540	21,151
Customer service and accounting	8,407	8,136	8,894
State tax on electric sales	8,399	7,854	7,028
Administrative and general	4,134	13,732	17,787
Depreciation	33,017	39,172	44,762
	<u>288,811</u>	<u>249,317</u>	<u>230,816</u>
OPERATING INCOME	98,451	80,426	67,829
NON-OPERATING ACTIVITY:			
Investment and other income	(27,318)	12,886	(8,524)
Interest on debt	(13,581)	(13,929)	(13,980)
Transfers to other funds	(33,151)	(32,884)	(32,557)
Special item	-	(46,417)	-
	<u>(74,050)</u>	<u>(80,344)</u>	<u>(55,061)</u>
CHANGE IN NET POSITION	<u>\$ 24,401</u>	<u>\$ 82</u>	<u>\$ 12,768</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 \$24.4 million during fiscal year 2022, compared to a \$0.1 million increase in fiscal year 2021, primarily reflecting the impact from the retirement of Lakeland Electric's coal-fired generating unit during 2021. Operating income was \$98.5 million in fiscal year 2022, compared to \$80.4 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 and reduced non-fuel operating expenses.

Financial Highlights

Lakeland Electric's 2022 non-fuel retail revenue was up \$3.4 million from the previous fiscal year, reflecting load growth of 1.4%. Residential load grew at 0.5% while commercial and industrial load grew 2.3% as the business sector recovered from the pandemic lock down. Total year-over-year customer growth was 1.3%.

Non-operating revenue decreased by \$39.9 million from the previous fiscal year. Investment revenue decreased by \$1.3 million. Additionally, a \$33.0 million unfavorable fair value adjustment on Lakeland Electric's share of the City's pooled investments was recognized in fiscal year 2022, compared to a favorable adjustment of \$5.5 million 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 \$8.0 million or 10.4% from \$76.7 million in fiscal year 2021 to \$68.7 million in 2022. The favorable variance is primarily attributable to lower production and pension expenses as a result of more vacant positions during fiscal year 2022 compared to 2021. Total operating expenses, excluding fuel and depreciation, average \$20.86 per retail MWh in fiscal year 2022, compared to \$23.60 in 2021.

Administrative and general expenses were \$9.6 million below that of the previous fiscal year, largely due to reduced pension costs and more vacant positions during fiscal year 2022 compared to the previous fiscal year.

Fuel and purchased power expenses were up \$53.1 million in fiscal year 2022, 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, 2022, the retail fuel charge was \$75.00 per MWh, compared to \$40.00 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 fiscal 2021 with a cumulative over-recovered fuel position of \$22.7 million and ended the year at \$10.0 million. The fuel reserve was not over-funded as of September 30, 2022, and there was no need for a regulatory liability to be recognized. See Note 1.D.16.

Lakeland Electric recovers environmental compliance costs from retail customers in the form of an environmental compliance charge which is set annually, with the objective of achieving a zero cumulative recovery balance at the end of the subsequent budget year. An environmental compliance rate of \$2.8758 per MWh was in effect during fiscal year 2021 and 2022. As of September 30, 2022, Lakeland Electric had a cumulative over-recovered environmental cost balance of \$3.6 million which was classified as a regulatory liability. Based on sales and environmental compliance expense projections, a rate of \$2.4097 per MWh was recommended for fiscal year 2023. See Note 1.D.16.

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 under-recovered energy conservation charge balance of \$34 thousand, classified as a regulatory asset, as of September 30, 2022. See Note 1.D.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 fiscal year 2022 was \$32.8 million, compared to \$32.4 million in 2021.

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 some of the capital spending during the year.

Capital spending (net of contribution in aid of construction) totaled \$59.9 million in fiscal year 2022 compared to \$49.0 million in 2021. The increase in the capital spending during fiscal year 2022 compared to fiscal year 2021 is mainly attributable to the construction of new generation at the McIntosh plant.

Depreciation expense, net of amortization of contributions in aid of construction, was \$33.0 million in 2022 compared to \$38.8 million in 2021 reflecting the retirement of the utility's coal-fired generating unit.

Lakeland Electric recorded contributions in aid of construction from outside the Department in the amount of \$2.7 million during fiscal year 2022, compared to \$1.9 million in 2021. 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 715 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 the six new 20 megawatt each (120 MW total), reciprocating internal combustion engine (RICE) generators are constructed and comes online, anticipated by the third quarter 2024, a portion of the 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, intermediate and peaking units, Lakeland Electric shares a power pool with Florida Municipal Power Agency (FMPA) and OUC, which provides access to relatively low-cost power to supply peak demand. Lakeland Electric has sufficient resources and transmission capacity to cover its projected load requirements for at least the next four years.

Long-term Debt

As of September 30, 2022, Lakeland Electric had \$430.7 million in net long-term bond debt outstanding compared to \$327.3 million at the end of 2021. The current portion of the long-term debt (\$19.9 million) 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 2022 was 3.50 times the annual debt service requirement for the fiscal year ended 2022. 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 2023.

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 \$20.4 million at the time. As of September 30, 2022, the balance of the Pension Liability Bond is \$18 million with a current portion payable of \$1.2 million (See Note 6 - *Florida Taxable Pension Liability Reduction Note, Series 2020*). 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 2022 was 384 MW. The peak demand during the winter was 662 MW on January 24, 2022, and a summer peak demand of 699 MW was reached on June 15, 2022. Lakeland Electric expects to see a growth of approximately 0.9% in the retail customer base during fiscal year 2023. 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 Ratings™, Moody's™, and Standard & Poors™ 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 for September 2022 were in the bottom half 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 fiscal year 2022, Lakeland Electric had 210 days of cash compared to 245 in the previous fiscal year. The decrease in the days of cash is mainly attributable to a \$33.0 million unfavorable fair value adjustment on Lakeland Electric's share of the City's pooled investments.

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, 2022 AND 2021**

	2022			2021
	Water	Wastewater	Total	Total
Operating revenues:				
Charges for services	\$ 39,354,981	\$ 39,065,280	\$ 78,420,261	\$ 75,182,288
Operating expenses:				
Personal services	4,244,234	5,602,113	9,846,347	13,736,641
Other operating expenses	11,620,086	14,959,993	26,580,079	25,254,062
Depreciation	5,148,441	5,093,933	10,242,374	9,531,198
Total operating expenses	<u>21,012,761</u>	<u>25,656,039</u>	<u>46,668,800</u>	<u>48,521,901</u>
Operating income (loss)	18,342,220	13,409,241	31,751,461	26,660,387
Nonoperating revenues (expenses)				
Investment revenue	(4,408,067)	(6,754,884)	(11,162,951)	5,967,834
Miscellaneous revenue	530,490	246,933	777,423	403,099
Interest expense	(1,311,489)	(547,573)	(1,859,062)	(1,218,986)
Amortization	(2,118)	9,675	7,557	(88,018)
Loss on disposal of capital assets	(4,513)	(6,920)	(11,433)	(241,790)
Capital grants and contributions	4,124,728	4,072,513	8,197,241	18,841,911
	<u>(1,070,969)</u>	<u>(2,980,256)</u>	<u>(4,051,225)</u>	<u>23,664,050</u>
Income before transfers	17,271,251	10,428,985	27,700,236	50,412,455
Net transfers	<u>(5,050,839)</u>	<u>(5,066,147)</u>	<u>(10,116,986)</u>	<u>(9,489,470)</u>
Change in net position	<u>\$ 12,220,412</u>	<u>\$ 5,362,838</u>	<u>\$ 17,583,250</u>	<u>\$ 40,922,985</u>

Net Position of the Water and Wastewater Utility

The net position of the Water and Wastewater Utility increased by \$17.6 million during FY 2022 compared to a \$40.9 million increase in 2021. Operating income was \$31.8 in 2022 compared to \$26.7 million in FY 2021. The increase in operating income was primarily due to the 2% rate increase implemented in both the water and wastewater rates for FY 2022 and the addition of 1,210 customers to the system. The Water Utility System served 61,635 customers: 54,951 residential and 6,684 commercial customers for fiscal year 2022.

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 due to the slowdown in the economy. Total gallons of water sold in FY 22 were 7.8 billion, up by 1.3% from FY 21.

For Wastewater operating revenues, the gallons of water sold, upon which the majority of wastewater operating revenues are based, were 3.7 billion gallons. Residential wastewater revenues are capped at 12,000 gallons per customer/per month.

In the aggregate, operating revenues increased 4.3% due to the 2% rate increase and an additional 1,210 customers. Wastewater Pretreatment revenues from high strength commercial waste increased by 4.7% in FY 2022 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 decreased by \$17.2 million. Investment revenue decreased by \$17.1 million due to the \$16.2 decrease in the fair value adjustment of Water and Wastewater Utility's share of the City's pooled investments recognized on September 30, 2022.

Operating expenses excluding depreciation were down slightly by 2.6% primarily due to the slight decrease in routine repairs and maintenance.

Unrestricted net current assets decreased slightly by \$3.0 million over the course of the year, now totaling \$50.7 million. Excluding non-cash items such as depreciation, amortization, and OPEB expenses, the system earned an operating profit of approximately \$56.9. Of this amount, \$7.2 million was transferred to sinking funds to finance debt service obligations, and \$9.6 million was transferred to the General Fund as a dividend payment. The utility transferred \$22.1 million from revenues to finance capital improvements for the year.

Unrestricted cash liquidity is \$90.6 million - up from \$86.8 million in FY 2021. 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.

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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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Charges for services	\$ 10,450,864	\$ 9,853,642
Operating expenses:		
Personal services	1,330,106	1,857,226
Other operating expenses	3,700,270	3,278,440
Depreciation	<u>7,567,563</u>	<u>4,876,110</u>
Total operating expenses	<u>12,597,939</u>	<u>10,011,776</u>
Operating income (loss)	(2,147,075)	(158,134)
Nonoperating revenues (expenses)		
Federal, state, and local grants	148,000	129,745
Investment revenue	1,111,471	(282,299)
Miscellaneous revenue	70,904	184,184
Interest expense	(1,130,476)	(553,983)
Capital grants and contributions	<u>8,599,560</u>	<u>13,652,158</u>
	<u>8,799,459</u>	<u>13,129,805</u>
Income before transfers	6,652,384	12,971,671
Net transfers	<u>(513,186)</u>	<u>(162,286)</u>
Change in net position	<u>\$ 6,139,198</u>	<u>\$ 12,809,385</u>

Net Position of the Lakeland Linder International Airport Fund

The net position of the Lakeland Linder International Airport increased by \$6.1 million during FY 2022 compared to a \$12.8 million increase in FY 2021. Operating income, excluding depreciation, was \$5.4 million compared to \$4.7 million in FY 2021. 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 \$0.6 million (6.1%) 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 2022, the Airport received \$8.6 million in funding from these sources.

CITY OF LAKELAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENTS (continued)

Lakeland Linder International Airport (continued)

Non-operating revenues increased by \$1.3 million. Investment revenue increased by \$1.4 million due to the increase in interest related to leases and the fair value adjustment of Airport's share of the City's pooled investments recognized on September 30, 2022.

Unrestricted net current assets for the year were \$8.0, a decrease of \$3.8 million over FY 2021. The decrease was due to the decrease in current assets set aside to pay \$0.5 million in current accrued liabilities related to capital projects.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The FY 2023 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 2023 Budget includes funding for City Commission initiatives linked to strategic objectives established in the 2021-2025 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 2023 is \$730 million or 4.36% lower than the FY 2022 adopted budget of \$763 million. This decrease is primarily due to the large non-reoccurring capital projects budgeted in FY 2022. The FY 2023 Budgeted included an across the board increases of 5.0% for all non-CBA employees, and 2.5% merit increases for eligible employees. The General Fund Budget for FY 2023 is \$152 million or 13.4% higher than the 2022 adopted budget of \$134 million due to the additional public safety expenditures added in FY 2023.

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



ABIU
POUTERIA CAIMITO
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SOUTH AMERICA

*HOLLIS GARDEN
FRUIT TREE COLLECTION*





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CITY OF LAKELAND, FLORIDA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 59,438,484	\$ 114,930,091	\$ 174,368,575
Receivables			
Accounts receivable, net	23,213,753	77,139,592	100,353,345
Taxes receivable	765,423	-	765,423
Assessments receivable	780,015	-	780,015
Internal balances	30,926,722	(30,926,722)	-
Due from fiduciary fund	1,058,446	-	1,058,446
Interest and dividends receivable	17,171	38,328	55,499
Due from other government units	1,631,769	115,438	1,747,207
Inventories	-	31,042,808	31,042,808
Prepaid expenses	1,088,275	483,322	1,571,597
Leases receivable	439,116	2,000,617	2,439,733
Leases receivable - restricted	80,625	-	80,625
Asset apportionments set aside for (including \$64,995,014 in cash and cash equivalents):			
Current portion of bonds payable	2,080,728	26,533,685	28,614,413
Current portion of pension bonds payable	2,545,767	2,094,233	4,640,000
Current portion of notes payable	941,986	4,107,892	5,049,878
Accrued interest payable	600,454	11,822,608	12,423,062
Accrued liabilities	91,332	8,391,552	8,482,884
Accounts payable	650,883	5,133,894	5,784,777
Restricted assets set aside for (including \$10,195,696 in cash and cash equivalents):			
Accrued liabilities	1,120,717	18,626	1,139,343
Accounts payable	4,828	1,620,107	1,624,935
Unearned revenue	7,190,446	-	7,190,446
Deposits payable	240,972	-	240,972
Total current assets	<u>134,907,912</u>	<u>254,546,071</u>	<u>389,453,983</u>
Noncurrent assets:			
Asset apportionments (including \$240,280,736 in cash and cash equivalents and \$175,954,895 in investments)	184,625,684	231,174,963	415,800,647
Restricted assets:			
Restricted assets (including \$198,370,792 in cash and cash equivalents and \$5,630,932 in investments)	63,706,070	153,120,868	216,826,938
Leases receivable, less current portion - restricted	396,846	-	396,846
Capital assets:			
Land	57,121,735	45,635,311	102,757,046
Construction in progress	50,487,746	138,498,980	188,986,726
Utility plant, facilities & equipment in service	526,189,395	2,123,107,630	2,649,297,025
Less accumulated depreciation	(297,323,204)	(970,343,049)	(1,267,666,253)
Right-to-use assets	3,165,317	4,097,257	7,262,574
Less accumulated amortization - leased assets	(180,221)	(735,118)	(915,339)
Total capital assets	<u>339,460,768</u>	<u>1,340,261,011</u>	<u>1,679,721,779</u>
Other noncurrent assets			
Leases receivable	10,064,938	28,169,626	38,234,564
Regulatory assets	-	1,568,253	1,568,253
Net pension asset	45,893,528	46,484,952	92,378,480
	<u>55,958,466</u>	<u>76,222,831</u>	<u>132,181,297</u>
Total noncurrent assets	<u>644,147,834</u>	<u>1,800,779,673</u>	<u>2,444,927,507</u>
Total assets	<u>779,055,746</u>	<u>2,055,325,744</u>	<u>2,834,381,490</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	19,728,642	5,592,839	25,321,481
Deferred outflows of resources related to OPEB	42,883,376	34,987,049	77,870,425
Deferred outflows of resources related to ARO	-	3,175,343	3,175,343
Hedge derivative outflows	-	11,759,486	11,759,486
Unrealized loss on hedges	-	27,762,044	27,762,044
Unamortized loss on refunding	-	15,709,425	15,709,425
Total deferred outflows of resources	<u>62,612,018</u>	<u>98,986,186</u>	<u>161,598,204</u>

CITY OF LAKELAND, FLORIDA

STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,533,325	\$ 39,982,845	\$ 42,516,170
Accrued liabilities	5,891,734	3,831,023	9,722,757
Deposits payable	2,554,568	150,818	2,705,386
Accrued interest payable	1,679	83	1,762
Lease financings payable	676,349	-	676,349
Fuel hedges	-	27,108,009	27,108,009
Loans payable	-	1,021,595	1,021,595
Notes payable	-	3,109,040	3,109,040
Leases payable	125,775	431,363	557,138
Unearned revenue	17,137	-	17,137
Payable from apportioned assets	6,911,150	58,083,864	64,995,014
Payable from restricted assets	8,556,963	1,638,733	10,195,696
Total current liabilities	<u>27,268,680</u>	<u>135,357,373</u>	<u>162,626,053</u>
Noncurrent liabilities:			
Liabilities payable from apportioned assets	-	16,293,340	16,293,340
Restricted liabilities, less current portion	5,504,242	35,081,940	40,586,182
Interest rate swaps	-	11,759,486	11,759,486
Regulatory liabilities	-	4,434,322	4,434,322
Accrued liabilities, less current portion	5,936,383	5,801,194	11,737,577
Net OPEB liability	84,606,753	71,899,463	156,506,216
Asset retirement obligation (ARO)	-	3,919,983	3,919,983
Lease financings payable, less current portion	1,132,861	-	1,132,861
Lease liabilities, less current portion	391,471	2,972,807	3,364,278
Loans payable, less current portion	-	34,954,506	34,954,506
Notes payable, less current portion	9,408,952	123,928,887	133,337,839
Pension notes payable, less current portion	36,642,020	30,142,980	66,785,000
Revenue bonds payable, less current portion	36,735,377	427,305,211	464,040,588
Unamortized bond premium	-	73,888,761	73,888,761
Revenue bonds payable, plus unamortized bond premium	<u>36,735,377</u>	<u>501,193,972</u>	<u>537,929,349</u>
Total noncurrent liabilities	<u>180,358,059</u>	<u>842,382,880</u>	<u>1,022,740,939</u>
Total liabilities	<u>207,626,739</u>	<u>977,740,253</u>	<u>1,185,366,992</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	77,673,567	67,506,832	145,180,399
Deferred inflows of resources related to OPEB	67,990,089	66,714,555	134,704,644
Deferred inflows of resources related to CIAC	-	623,555	623,555
Deferred inflows of resources related to leases	215,258,237	29,842,589	245,100,826
Fuel reserve	-	9,952,397	9,952,397
Contributions in aid of construction	-	42,759,612	42,759,612
Total deferred inflows of resources	<u>360,921,893</u>	<u>217,399,540</u>	<u>578,321,433</u>
NET ASSETS			
Net investment in capital assets	<u>287,967,269</u>	<u>774,954,642</u>	<u>1,062,921,911</u>
Restricted for:			
Expendable:			
Debt service	3,946,837	-	3,946,837
Capital improvement	381,595	118,038,928	118,420,523
Transportation	8,424,965	-	8,424,965
Law enforcement	1,664,408	-	1,664,408
Community development	473,826	-	473,826
Grant programs - public safety	35,785	-	35,785
CRA	15,339,572	-	15,339,572
Building inspection	2,319,157	-	2,319,157
Impact fee programs	19,714,333	-	19,714,333
Donations received	896,866	-	896,866
Nonexpendable:			
Endowments	<u>5,481,955</u>	<u>-</u>	<u>5,481,955</u>
	<u>58,679,299</u>	<u>118,038,928</u>	<u>176,718,227</u>
Unrestricted	<u>(73,527,436)</u>	<u>66,178,567</u>	<u>(7,348,869)</u>
Total net position	<u>\$ 273,119,132</u>	<u>\$ 959,172,137</u>	<u>\$ 1,232,291,269</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, 2022

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	\$ 18,803,359	\$ 519,564	\$ 134,419	\$ -	\$ (18,149,376)	\$ -	\$ (18,149,376)
Public safety	64,455,365	10,304,463	2,511,455	-	(51,639,447)	-	(51,639,447)
Physical environment	7,396,796	8,736,647	44,546	9,538	1,393,935	-	1,393,935
Transportation	15,181,750	3,663,133	438,118	4,387,694	(6,692,805)	-	(6,692,805)
Economic environment	10,783,421	93,007	1,552,160	527,074	(8,611,180)	-	(8,611,180)
Human services	483,390	-	-	-	(483,390)	-	(483,390)
Culture recreation	35,472,224	10,456,899	1,357,019	3,708,418	(19,949,888)	-	(19,949,888)
Interest on long-term debt	2,954,895	-	-	-	(2,954,895)	-	(2,954,895)
Total governmental activities	155,531,200	33,773,713	6,037,717	8,632,724	(107,087,046)	-	(107,087,046)
Business-Type Activities							
Electric	302,539,018	387,261,749	-	-	-	84,722,731	84,722,731
Water and Wastewater	48,352,682	78,420,261	-	8,197,241	-	38,264,820	38,264,820
Parking	1,074,777	686,156	-	-	-	(388,621)	(388,621)
RP Funding Center	(4,939)	-	-	-	-	4,939	4,939
Lakeland Linder International	-	-	-	-	-	-	-
Airport	14,062,194	10,450,864	148,000	8,599,560	-	5,136,230	5,136,230
Solid Waste	14,580,836	18,223,927	-	-	-	3,643,091	3,643,091
Total Business-Type Activities	380,604,568	495,042,957	148,000	16,796,801	-	131,383,190	131,383,190
Total Primary Government	\$ 536,135,768	\$ 528,816,670	\$ 6,185,717	\$ 25,429,525	(107,087,046)	131,383,190	24,296,144
General revenues:							
Taxes:							
Property taxes					43,213,083	-	43,213,083
Motor fuel taxes					6,400,414	-	6,400,414
Utility taxes					12,107,088	-	12,107,088
Local communication services taxes					4,472,828	-	4,472,828
Local business taxes					1,712,338	-	1,712,338
State shared revenues (unrestricted)					13,951,744	-	13,951,744
Tax increment revenues					7,928,438	-	7,928,438
Payments from Lakeland Regional Health					10,750,000	-	10,750,000
Investment earnings					(57,714,908)	(43,030,232)	(100,745,140)
Miscellaneous					7,401,185	2,211,311	9,612,496
Transfer to fiduciary fund					(575,757)	-	(575,757)
Transfers (to) from other funds					61,990,635	(61,990,635)	-
Total general revenues and transfers					111,637,088	(102,809,556)	8,827,532
Change in Net Assets					4,550,042	28,573,634	33,123,676
Net position - beginning					268,569,090	930,598,503	1,199,167,593
Net position - ending					\$ 273,119,132	\$ 959,172,137	\$ 1,232,291,269

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, 2022

	General Fund	Public Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 61,139,516	\$ 12,955,036	\$ 63,826,692	\$ 137,921,244
Investments	2,694	175,954,895	5,628,238	181,585,827
Receivables				
Taxes receivable	765,423	-	-	765,423
Accounts receivable	23,205,020	8,740	374,158	23,587,918
Investment sales receivable, net	-	263,589	-	263,589
Assessments receivable	780,015	-	-	780,015
Interest and dividends receivable	16,650	145,413	450	162,513
Notes receivable	-	-	1,009,682	1,009,682
Leases receivable	10,204,461	299,593	477,471	10,981,525
Due from other funds	373,528	-	-	373,528
Due from fiduciary funds	1,058,446	-	-	1,058,446
Due from other government units	1,501,034	130,735	1,938,502	3,570,271
Prepaid expenses	1,088,275	-	-	1,088,275
Total assets	<u>\$ 100,135,062</u>	<u>\$ 189,758,001</u>	<u>\$ 73,255,193</u>	<u>\$ 363,148,256</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,308,631	\$ 372,875	\$ 6,601,338	\$ 9,282,844
Unsettled investment purchases, net	-	392,082	-	392,082
Accrued liabilities	5,892,580	127,114	3,250,341	9,270,035
Deposits payable	2,549,568	5,000	240,972	2,795,540
Due to other funds	-	-	373,528	373,528
Unearned revenues	5,111,886	6,913	2,088,784	7,207,583
Total liabilities	<u>15,862,665</u>	<u>903,984</u>	<u>12,554,963</u>	<u>29,321,612</u>
Deferred inflows of resources:				
Deferred revenue	23,716,717	9,296	1,050,124	24,776,137
Deferred inflows of resources related to leases	10,136,878	204,547,058	574,301	215,258,237
Total deferred inflows of resources	<u>33,853,595</u>	<u>204,556,354</u>	<u>1,624,425</u>	<u>240,034,374</u>
Fund Balances:				
Nonspendable:				
Prepays	1,088,275	-	-	1,088,275
Cemetery endowment	-	-	5,326,182	5,326,182
Permanent fund principal	-	-	29,476	29,476
Total nonspendable	<u>1,088,275</u>	<u>-</u>	<u>5,355,658</u>	<u>6,443,933</u>
Restricted for:				
CRA	-	-	14,411,889	14,411,889
Law enforcement	1,664,408	-	-	1,664,408
Impact fee programs	-	-	19,714,333	19,714,333
Transportation	-	-	8,423,391	8,423,391
Capital improvement	-	381,595	-	381,595
Donations received	644,633	-	252,233	896,866
Debt service	-	1,989,817	1,957,020	3,946,837
Grant programs - community development	-	-	107,253	107,253
Grant programs - law enforcement	35,785	-	-	35,785
Building inspection	-	-	2,319,157	2,319,157
Total restricted	<u>2,344,826</u>	<u>2,371,412</u>	<u>47,185,276</u>	<u>51,901,514</u>
Committed to:				
Stormwater	-	-	6,536,396	6,536,396
Total committed	<u>-</u>	<u>-</u>	<u>6,536,396</u>	<u>6,536,396</u>
Assigned to:				
Subsequent year's expenditures	14,918,142	-	-	14,918,142
Cultural activities	317,180	-	-	317,180
Recreational facilities	728,770	-	-	728,770
Total assigned	<u>15,964,092</u>	<u>-</u>	<u>-</u>	<u>15,964,092</u>
Unassigned	31,021,609	(18,073,749)	(1,525)	12,946,335
Total fund balances	<u>50,418,802</u>	<u>(15,702,337)</u>	<u>59,075,805</u>	<u>93,792,270</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 100,135,062</u>	<u>\$ 189,758,001</u>	<u>\$ 73,255,193</u>	<u>\$ 363,148,256</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, 2022

Total Fund Balances - Total Governmental Funds \$ 93,792,270

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	\$ 636,964,193	
Less accumulated depreciation/amortization	<u>(297,503,425)</u>	339,460,768

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		24,776,137
Deferred outflows of resources related to pensions		19,728,642
Deferred outflows of resources related to OPEB		42,883,376
Net pension asset attributable to employee salaries financed from government fund types		45,893,528

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		(5,936,383)
Deferred inflows of resources related to pensions		(77,673,567)
Net OPEB liability attributable to retiree benefits financed from governmental fund types		(84,606,753)
Deferred inflows of resources related to OPEB		(67,990,089)
Bonds, loans, notes payable, lease liabilities, and lease financings		(88,135,519)

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.

30,926,722

Net Position of Governmental Activities \$ 273,119,132

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, 2022

	General Fund	Public Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
General government taxes:				
Ad-valorem taxes	\$ 43,213,083	\$ -	\$ -	\$ 43,213,083
Local option fuel taxes	-	-	6,400,414	6,400,414
Utility services taxes	12,107,088	-	-	12,107,088
Local communication services taxes	4,472,828	-	-	4,472,828
Local business taxes	1,712,338	-	-	1,712,338
Permits, fees, and special assessments:				
Building permits	-	-	2,538,051	2,538,051
Other permits	93,069	-	-	93,069
Franchise fees - gas	344,429	-	-	344,429
Impact fees	-	-	6,552,595	6,552,595
Special assessments - charges for public service	17,341	-	-	17,341
Inspection fees	370,939	-	289,888	660,827
Stormwater fees	-	-	7,751,606	7,751,606
Other permits, fees, and special assessments	6,920	-	19,294	26,214
Intergovernmental revenues:				
Federal grants	30,713	-	2,264,749	2,295,462
Federal financial assistance	148,340	-	360,338	508,678
State grants	584,271	1,021,386	2,244,838	3,850,495
Grants from other local units	1,313,446	2,086,947	97,602	3,497,995
State revenue sharing:				
Municipal revenue sharing	4,275,929	-	-	4,275,929
Mobile home license tax	295,898	-	-	295,898
Alcoholic beverage license tax	106,153	-	-	106,153
Sales tax	9,136,337	-	-	9,136,337
Firefighter supplemental compensation	75,427	-	-	75,427
State housing initiatives partnership (SHIP)	-	-	62,000	62,000
Local revenue sharing:				
Tax increment revenue	-	-	7,928,438	7,928,438
County occupational tax	101,828	-	-	101,828
Charges for services:				
Other general government	150,812	-	-	150,812
Public safety:				
Law enforcement services	2,764,483	-	-	2,764,483
Fire protection	286,842	301,249	-	588,091
Protective inspection fees	361,095	-	-	361,095
Physical environment:				
Cemetery	951,839	-	-	951,839
Economic environment:				
Other economic environment charges	93,007	-	-	93,007
Culture and recreation:				
Libraries	100	-	-	100
Parks and recreation	3,381,639	-	-	3,381,639
Special recreation facilities	4,929,504	-	-	4,929,504
Judgements, fines, and forfeits:				
Library fines	16,890	-	-	16,890
Local ordinance violations	2,502,337	62	13,885	2,516,284
Sale of contraband property	35,837	-	-	35,837
Miscellaneous revenues:				
Interest revenue	1,450,891	1,207,743	2,050,774	4,709,408
Interest revenue - leases	206,167	5,608	5,769	217,544
Net increase (decrease) in the fair value of investments	(6,337,104)	(45,635,305)	(6,865,490)	(58,837,899)
Rents and royalties	58,135	193,042	38,578	289,755
Lease revenue	513,179	10,763,150	102,149	11,378,478
Settlements	100,067	-	-	100,067
Sale of fixed assets	1,755	146,335	-	148,090
Sale of surplus material and scrap	4,791	-	-	4,791
Contributions and donations from private sources	115,333	607,585	1,026,411	1,749,329
Other miscellaneous revenues	872,501	2,301,289	3,056,214	6,230,004
Total revenues	<u>90,866,477</u>	<u>(27,000,909)</u>	<u>35,938,103</u>	<u>99,803,671</u>

CITY OF LAKELAND, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund	Public Improvement Fund	Other Governmental Funds	Total Governmental Funds
EXPENDITURES				
General government:				
Legislative	\$ 129,426	\$ -	\$ -	\$ 129,426
Executive	530,532	-	-	530,532
Financial and administrative	4,560,601	-	-	4,560,601
Investment advisor fee	-	195,870	-	195,870
Legal counsel	750,632	-	-	750,632
Comprehensive planning	2,233,874	-	-	2,233,874
Other general governmental services	9,677,640	1,181,719	-	10,859,359
Public safety:				
Law enforcement	44,518,282	23,030	-	44,541,312
Fire control	22,015,616	14,541	-	22,030,157
Protective inspections	1,102,700	-	3,255,224	4,357,924
Emergency and disaster relief services	1,791,335	-	-	1,791,335
Physical environment:				
Stormwater management	-	2,800	5,666,512	5,669,312
Conservation and resource management	22,841	-	-	22,841
Other physical environment - cemetery	1,133,633	108,069	-	1,241,702
Transportation:				
Road and street facilities	5,460,549	-	6,242,554	11,703,103
Parking facilities	-	72,014	-	72,014
Economic environment:				
Industry development	4,488,040	-	-	4,488,040
Housing and urban development	47	-	1,589,594	1,589,641
Community redevelopment	-	-	3,881,034	3,881,034
Cultural arts, parks, and recreation:				
Parks and recreation	18,925,643	1,228,585	-	20,154,228
Cultural services	231,441	-	-	231,441
Libraries	3,767,596	192,229	-	3,959,825
Special events	263,594	-	-	263,594
Special recreation facilities	7,232,783	144,173	-	7,376,956
Human services:				
Public assistance services	174,743	89,514	199,133	463,390
Other human service	20,000	-	-	20,000
Capital outlay	201,764	11,860,590	11,798,573	23,860,927
Capital outlay - lease acquisitions	665,317	2,239,510	260,490	3,165,317
Debt service:				
Interest and other	22,993	1,801,747	1,072,128	2,896,868
Interest - leases	13,583	-	-	13,583
Principal payments	524,623	6,686,012	6,969,610	14,180,245
Principal payments - leases	148,071	-	-	148,071
Total expenditures	<u>130,607,899</u>	<u>25,840,403</u>	<u>40,934,852</u>	<u>197,383,154</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(39,741,422)</u>	<u>(52,841,312)</u>	<u>(4,996,749)</u>	<u>(97,579,483)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds - leases	665,317	-	-	665,317
Dividends from enterprise operations	43,936,627	-	-	43,936,627
Transfers from other funds	8,621,594	6,605,677	13,424,686	28,651,957
Transfers to other funds	(4,388,813)	(5,400,000)	(16,019,589)	(25,808,402)
Transfer to fiduciary fund	(575,757)	-	-	(575,757)
Total other financing sources (uses)	<u>48,258,968</u>	<u>1,205,677</u>	<u>(2,594,903)</u>	<u>46,869,742</u>
Net change in fund balances	8,517,546	(51,635,635)	(7,591,652)	(50,709,741)
FUND BALANCE, beginning of year	41,901,256	35,933,298	66,667,457	144,502,011
FUND BALANCE, end of year	<u>\$ 50,418,802</u>	<u>\$ (15,702,337)</u>	<u>\$ 59,075,805</u>	<u>\$ 93,792,270</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, 2022

Net change in fund balances - total governmental funds \$ (50,709,741)

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	\$ 27,026,244	
Depreciation expense	<u>(14,784,728)</u>	12,241,516

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. (946,028)

Capital assets		
CWIP		(49,776)

The book value of donated assets during the year are not reported as a revenue in the governmental funds, however it is recognized as revenue in the statement of activities. 527,074

Net asset transfers from proprietary funds are not reported as a revenue in the governmental funds, however it is recognized as a transfer in the statement of activities. 14,579,290

Recognition of lease liabilities in 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. (665,317)

Repayment of principal on bonds and notes is recorded as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 13,154,757

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. (44,444)

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. 1,173,559

Early terminations of long-term debt do not use current financial resources and are not recorded as expenditures in the governmental funds. however they result in a decrease in long-term liabilities in the statement of activities. 135,791

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. 19,065,595

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. 220,800

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. (785,336)

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. (56,898)

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. (3,290,800)

Change in net position of governmental activities \$ 4,550,042

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



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CITY OF LAKELAND, FLORIDA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2022

	Business-type Activities						Internal Service Funds
	Enterprise Funds			Other Enterprise Funds		Total	
	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Linder International Airport Fund				
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 41,210,525	\$ 35,725,886	\$ 471,907	\$ 5,770,566	\$ 83,178,884	\$ 31,751,207	
Accounts Receivable	72,836,790	3,894,113	928,262	719,982	78,379,147	4,491	
Allowance for uncollectibles	(1,078,833)	(109,071)	(51,256)	(4,885)	(1,244,045)	-	
Due from other funds	-	-	-	-	-	4,534,896	
Due from other government units	-	-	-	-	-	115,438	
Interest and dividends receivable	-	-	-	-	-	-	
Inventories	26,535,993	3,743,230	28,339	9,989	38,328	-	
Prepaid expenses	314,137	-	169,185	-	483,322	763,585	
Leases receivable	249,008	-	1,611,176	140,433	2,000,617	-	
Asset appropriations set aside for (including \$58,083,864 in cash and cash equivalents)	-	-	-	-	-	-	
Current portion of bonds payable	19,925,000	2,309,413	-	-	22,234,413	4,299,272	
Current portion of pension bonds payable	1,167,362	411,724	34,336	93,040	1,706,462	387,771	
Current portion of notes payable	-	691,129	1,403,763	-	2,094,892	2,013,000	
Accrued interest payable	8,636,716	784,977	64,336	17,330	9,503,359	2,319,249	
Accrued liabilities	522,658	14,903	-	-	537,561	7,853,991	
Accounts payable	1,256,228	3,261,429	484,078	15,401	5,017,136	116,758	
Due to other funds	-	-	2,372,902	-	2,372,902	-	
Restricted assets, set aside for (including \$1,638,733 in cash and cash equivalents)	-	-	-	-	-	-	
Accrued liabilities	18,311	315	-	-	18,626	-	
Accounts payable	601,230	410,967	449,573	-	1,461,770	158,337	
Total current assets	172,195,125	51,139,015	7,966,601	6,761,856	238,062,597	54,317,995	
Noncurrent assets:							
Asset appropriations (including \$224,959,452 in cash and cash equivalents)	108,353,503	47,427,954	421,200	37,448	156,240,105	72,561,956	
Restricted assets (including \$150,677,429 in cash and cash equivalents)	100,484,480	47,034,444	2,457,510	558,810	150,535,244	2,585,624	
Capital assets:							
Land	16,095,297	13,013,582	14,029,120	2,487,340	45,625,339	9,972	
Construction in progress	79,324,373	29,618,289	27,234,917	-	136,177,579	2,321,401	
Utility plant, facilities & equipment in service	1,203,821,567	570,179,394	226,160,435	11,513,364	2,011,674,760	111,432,870	
Less accumulated depreciation	(590,051,204)	(223,885,958)	(76,865,839)	(7,434,232)	(898,237,233)	(72,105,816)	
Right-to-use assets	3,997,609	-	51,572	46,371	4,095,552	1,705	
Less accumulated amortization - leased equipment	(702,386)	-	(26,930)	(4,912)	(734,228)	(890)	
Total capital assets	712,485,256	388,925,307	190,583,275	6,607,931	1,298,601,769	41,659,242	
Other noncurrent assets:							
Leases receivable, less current portion	1,577,597	-	20,472,785	6,119,244	28,169,626	-	
Advances to other funds	-	-	-	-	-	45,862,525	
Regulatory assets	1,568,253	-	-	-	1,568,253	-	
Net pension asset	25,184,866	9,554,652	902,584	2,083,758	37,725,860	8,759,092	
Total other noncurrent assets	28,330,716	9,554,652	21,375,369	8,203,002	67,463,739	54,621,617	
Total noncurrent assets	949,653,955	492,942,357	214,837,354	15,407,191	1,672,840,857	171,428,439	
Total assets	1,121,849,080	544,081,372	222,803,955	22,169,047	1,910,903,454	225,746,434	
Deferred outflows of resources related to pensions	2,310,888	1,586,436	320,643	249,853	4,467,820	1,125,018	
Deferred outflows of resources related to OPEB	17,040,510	8,996,552	970,890	1,759,055	28,767,007	6,220,042	
Deferred outflows of resources related to ARO	1,552,692	1,622,651	-	-	3,175,343	-	
Unrealized loss on hedges	27,762,044	-	-	-	27,762,044	-	
Unamortized loss on refunding	16,124,192	(666,371)	-	-	15,457,821	251,604	
Hedge derivative outflows	11,759,486	-	-	-	11,759,486	-	
Total deferred outflows of resources	76,549,812	11,539,268	1,291,533	2,008,908	91,389,521	7,596,664	

CITY OF LAKELAND, FLORIDA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS (CONTINUED)
 SEPTEMBER 30, 2022

	Business-type Activities							Internal Service Funds
	Enterprise Funds		Lakeland Linder International Airport Fund	Other Enterprise Funds		Total		
	Department of Electric Utilities	Water and Wastewater Utilities						
\$	34,518,544	\$ 1,395,455	\$ 146,159	\$ 283,740	\$ 36,343,898	\$ 3,638,947		
Accounts payable	2,296,686	756,015	95,138	117,475	3,265,314	565,709		
Fuel hedges	27,108,009	-	-	-	27,108,009	-		
Due to other funds	-	427,612	751,484	-	1,179,096	982,898		
Accrued interest payable	-	-	11	72	83	-		
Loans payable	-	1,021,595	-	-	1,021,595	-		
Notes payable	-	3,109,040	-	-	3,109,040	-		
Leases payable	408,469	-	11,474	10,566	430,509	854		
Deposits payable	-	-	149,068	-	149,068	1,750		
Payable from apportioned assets:								
Bonds payable	19,925,000	2,309,413	-	-	22,234,413	4,299,272		
Pension notes payable	1,167,362	411,724	34,336	93,040	1,706,462	387,771		
Notes payable	-	691,129	1,403,763	-	2,094,892	2,013,000		
Accrued interest payable	8,636,716	784,977	64,336	17,330	9,503,359	2,319,249		
Accrued liabilities	522,658	14,903	-	-	537,561	7,853,991		
Accounts payable	1,256,228	3,261,429	484,078	15,401	5,017,136	116,758		
Due to other funds	-	-	2,372,902	-	2,372,902	-		
Payable from restricted assets:								
Accounts payable	601,230	410,967	449,573	-	1,461,770	158,337		
Accrued liabilities	18,311	315	-	-	18,626	-		
Total current liabilities	96,459,213	14,594,574	5,962,322	537,624	117,553,733	22,338,536		
Noncurrent liabilities:								
Liabilities payable from apportioned assets:								
Accrued liabilities, less current portion	-	-	-	-	-	16,293,340		
Advances from other funds, less current portion	-	-	36,047,136	-	36,047,136	-		
Restricted liabilities, less current portion	13,767,143	20,755,987	-	558,810	35,081,940	-		
Accrued liabilities, less current portion	3,260,140	1,068,604	99,938	184,372	4,613,054	1,188,140		
Advances from other funds, less current portion	-	-	7,243,459	-	7,243,459	2,571,930		
Interest rate swaps	11,759,486	-	-	-	11,759,486	-		
Net OPEB liability	36,913,673	16,372,745	1,452,620	3,533,478	58,272,516	13,626,947		
Asset retirement obligation (ARO)	1,803,883	2,116,100	-	-	3,919,983	-		
Regulatory liabilities	4,434,322	-	-	-	4,434,322	-		
Lease liability, less current portion	2,927,453	-	13,559	31,795	2,972,807	-		
Loans payable, less current portion	-	34,954,506	-	-	34,954,506	-		
Pension notes payable, less current portion	16,802,217	5,926,077	494,216	1,339,153	24,561,663	5,581,317		
Notes payable, less current portion	88,205,000	31,749,118	3,974,769	-	123,928,887	-		
Revenue bonds payable, less current portion	342,455,000	31,119,610	-	-	373,574,610	53,730,601		
Unamortized bond premium	58,914,222	442,086	-	-	59,356,308	14,532,453		
Revenue bonds payable, plus unamortized bond premium	58,914,222	442,086	-	-	59,356,308	14,532,453		
Total noncurrent liabilities	581,242,539	144,504,833	49,325,697	5,647,608	780,720,677	107,524,728		
Total liabilities	677,701,752	159,099,407	55,288,019	6,185,232	898,274,410	129,863,264		
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows of resources related to pensions	36,774,761	13,615,184	1,304,662	3,128,314	54,822,921	12,683,911		
Deferred inflows of resources related to OPEB	38,159,661	12,861,822	1,170,543	3,122,096	55,314,122	11,400,433		
Deferred inflows of resources related to CIAC	623,555	-	-	-	623,555	-		
Deferred inflows of resources related to leases	1,806,705	-	21,812,161	6,223,723	29,842,589	-		
Unamortized contributions in aid of construction	42,759,612	-	-	-	42,759,612	-		
Fuel reserve	9,952,397	-	-	-	9,952,397	-		
Total deferred inflows of resources	130,076,691	26,477,006	24,287,366	12,474,133	193,315,196	24,084,344		

CITY OF LAKELAND, FLORIDA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS (CONTINUED)
 SEPTEMBER 30, 2022

	Business-type Activities						Internal Service Funds
	Department of Electric Utilities	Water and Wastewater Utilities	Enterprise Funds			Total	
			Lakeland Linder International Airport Fund	Other Enterprise Funds			
NET ASSETS							
Net investment in capital assets	\$ 262,984,059	\$ 279,174,825	\$ 184,730,137	\$ 6,565,570	\$ 733,454,591	\$ 41,500,051	
Restricted	86,717,337	26,278,457	2,457,510	-	115,453,304	2,585,624	
Capital improvement	40,919,053	64,590,945	(42,667,544)	(1,046,980)	61,795,474	35,309,815	
Unrestricted	390,620,449	370,044,227	144,520,103	5,518,590	910,703,369	79,395,490	
Total net position							

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, 2022

Net position - business-type activities:

Enterprise Funds	\$ 910,703,369
Internal Service Funds	79,395,490
	<u>990,098,859</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.	<u>(30,926,722)</u>
Net Position of Business-type Activities	<u>\$ 959,172,137</u>

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, 2022

	Business-type Activities						Total	Internal Service Funds
	Enterprise Funds			Other Enterprise Funds				
	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Linder International Airport Fund					
OPERATING REVENUES								
Charges for services	\$ 386,970,732	\$ 78,420,261	\$ 8,613,911	\$ 17,847,486	\$ 491,852,390	\$ 85,171,337		
Lease revenue	291,017	-	1,836,953	185,899	2,313,869	-		
Franchise fees - solid waste	-	-	-	876,698	876,698	-		
Total operating revenues	387,261,749	78,420,261	10,450,864	18,910,083	495,042,957	85,171,337		
OPERATING EXPENSES								
Personal services	23,108,993	9,846,347	1,330,106	3,165,631	37,451,077	11,508,730		
Other operating expenses	232,685,639	26,580,079	3,700,270	12,964,112	275,930,100	64,981,713		
Depreciation/amortization	33,016,622	10,242,374	7,567,563	249,759	51,076,318	10,663,448		
Total operating expenses	288,811,254	46,668,800	12,597,939	16,379,502	364,457,495	87,153,891		
Operating income (loss)	98,450,495	31,751,461	(2,147,075)	2,530,581	130,585,462	(1,982,554)		
NONOPERATING REVENUES (EXPENSES)								
Federal financial assistance	-	-	148,000	-	148,000	-		
Fuel tax refunds and credits	-	-	-	-	-	32,433		
Interest revenue	4,453,448	2,894,628	304,154	171,761	7,823,991	2,728,151		
Interest revenue - leases	19,404	-	365,215	123,099	507,718	-		
Net increase (decrease) in the fair value of investments	(32,959,932)	(14,057,579)	442,102	(448,816)	(47,024,225)	(10,690,692)		
Interest income on internal loans	-	-	-	-	-	2,756,440		
Gain (loss) on disposition of capital assets	-	(11,433)	-	(2,067)	(13,500)	(265,426)		
Sale of surplus material and scrap	-	27,189	-	188,701	215,890	46,446		
Other miscellaneous revenues	1,169,454	750,234	70,904	18,329	2,008,921	1,615,420		
Sale of general capital assets	(15,614,396)	(1,859,062)	(1,130,308)	(34,660)	(18,638,426)	1,612,830		
Interest expense - leases	(14,754)	-	(168)	(426)	(15,348)	(4,803,464)		
Amortization	2,048,306	7,557	-	-	2,055,863	828,853		
Total nonoperating revenues (expenses)	(40,898,470)	(12,248,466)	199,899	15,921	(52,931,116)	(6,139,013)		
Income (loss) before contributions and transfers	57,552,025	19,502,995	(1,947,176)	2,546,502	77,654,346	(8,121,567)		
Capital grants and contributions								
Federal grants and donations	-	136,549	4,865,103	-	5,001,652	312,726		
State grants and donations	-	-	3,734,457	-	3,734,457	-		
Private sources	-	5,155,704	-	-	5,155,704	-		
Other non-operating sources	-	2,904,988	-	-	2,904,988	-		
Transfers from other funds	-	-	-	192,510	192,510	4,505,497		
Transfers to other funds	(450,660)	(512,558)	(513,186)	(17,547,958)	(19,024,362)	(3,096,490)		
Dividend to General Fund	(32,700,199)	(9,604,428)	-	(1,632,000)	(43,936,627)	-		
Total contributions and transfers	(33,150,859)	(1,919,745)	8,086,374	(18,987,448)	(45,971,678)	1,721,733		
Change in net position	24,401,166	17,583,250	6,139,198	(16,440,946)	31,682,668	(6,399,834)		
NET POSITION, beginning of year	366,219,283	352,460,977	138,380,905	21,959,536	879,020,701	85,795,324		
NET POSITION, end of year	\$ 390,620,449	\$ 370,044,227	\$ 144,520,103	\$ 5,518,590	\$ 910,703,369	\$ 79,395,490		

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, 2022

Change in net position - business-type activities:

Enterprise Funds	\$ 31,682,668
Internal Service Funds	(6,399,834)
	<u>25,282,834</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.

3,290,800

Change in net position of business-type activities

\$ 28,573,634

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, 2022

	Business-type Activities						
	Enterprise Funds						
	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Linder Airport Fund	Other Enterprise Funds	Total	Internal Service Funds	
Cash flows from operating activities:							
Receipts from customers	\$ 363,177,972	\$ 79,005,117	\$ 10,258,081	\$ 19,088,165	\$ 471,529,335	\$ -	
Receipts for interfund services	-	-	-	-	-	88,458,199	
Payments for interfund services	(12,274,376)	(5,496,988)	(444,402)	(6,669,942)	(24,885,708)	(3,569,619)	
Payments to suppliers	(212,212,852)	(21,281,857)	(3,281,584)	(6,419,593)	(243,195,886)	(61,604,878)	
Payments to employees	(41,504,961)	(13,263,262)	(1,547,948)	(4,376,818)	(60,692,989)	(15,625,078)	
Cash flows provided by (used in) operating activities	97,185,783	38,963,010	4,984,147	1,621,812	142,754,752	7,658,624	
Cash flows from noncapital financing activities:							
Proceeds from operating grants	-	-	148,000	-	148,000	-	
Interest paid on customer deposits	(493,861)	(65,659)	-	(19,193)	(578,713)	-	
Transfers from other funds	-	-	-	-	-	-	
Transfers to other funds	(33,150,859)	(10,116,986)	(513,186)	(6,146,046)	(49,927,077)	(3,096,490)	
Payments and maturities on pension obligation bonds	(1,120,819)	(395,308)	(32,967)	(89,331)	(1,638,425)	(372,310)	
Interest paid on pension obligation bonds	(448,426)	(158,157)	(13,188)	(35,741)	(655,512)	(148,957)	
Cash flows provided by (used in) noncapital financing activities	(35,213,965)	(10,736,110)	(411,341)	(6,290,311)	(52,651,727)	(3,617,757)	
Cash flows from capital and related financing activities:							
Interest received on internal loans	-	-	-	-	-	2,756,440	
Interest received on leases	19,404	-	336,876	-	-	-	
Proceeds from repayment of interfund loans	-	-	-	-	-	12,257,129	
Payments on interfund loans	-	(558,991)	(4,207,723)	-	(4,766,714)	(7,490,415)	
Taxes received for payments on long-term debt	-	104,242	-	-	104,242	-	
Interest paid on long-term debt issued to finance capital assets	(15,036,255)	(1,988,323)	(1,082,137)	(354)	(18,107,069)	(4,150,987)	
Proceeds from the issuance of long-term debt	123,295,000	33,077,014	-	-	156,372,014	-	
Repayments on & maturities of long-term debt - governmental funds	(18,540,000)	-	-	-	(18,540,000)	9,688,993	
Proceeds from rebates received on interest payments	-	-	-	-	-	312,726	
Debt issue costs	37,763,646	(58,165)	-	-	37,705,481	-	
Payments on and maturities of long-term debt	-	(34,375,395)	(2,116,734)	(4,010)	(36,496,139)	(2,619,854)	
Transfers from other funds for capital purposes	-	-	-	98,869	98,869	4,505,497	
Proceeds from capital grant programs	-	8,900,000	6,641,511	-	15,541,511	-	
Capital contributions from others	-	5,398,320	-	-	5,398,320	-	
Proceeds from sale of capital assets	-	27,189	-	-	27,189	1,612,830	
Purchase of capital assets	(70,507,506)	(15,800,278)	(14,047,753)	(235,490)	(100,591,027)	(9,800,620)	
Cash flows provided by (used in) capital financing activities	56,994,289	(5,274,387)	(14,475,960)	(140,985)	36,746,677	7,071,739	

CITY OF LAKELAND, FLORIDA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	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	\$ 6,617,560	\$ 2,919,157	\$ 304,154	\$ 190,954	\$ 10,031,825	\$ 2,728,151
Net increase (decrease) in the fair value of cash equivalents	(32,959,932)	(14,057,579)	442,102	(448,816)	(47,024,225)	(10,690,692)
Cash flows provided by (used in) investing activities	(26,342,372)	(11,138,422)	746,256	(257,862)	(36,992,400)	(7,962,541)
Net increase (decrease) in cash and cash equivalents	92,623,735	11,814,091	(9,156,898)	(4,954,236)	90,326,692	3,150,065
Cash and cash equivalents, beginning of year	187,121,368	123,955,312	14,045,738	11,446,831	336,569,249	120,243,563
Cash and cash equivalents, end of year	\$ 279,745,103	\$ 135,769,403	\$ 4,888,840	\$ 6,492,595	\$ 426,895,941	\$ 123,393,628
Classified as:						
Current	\$ 41,210,525	\$ 35,725,886	\$ 471,907	\$ 5,770,566	\$ 83,178,884	\$ 31,751,207
Apporportioned	137,617,308	54,854,479	1,509,850	163,219	194,144,856	88,898,460
Restricted	100,917,270	45,189,038	2,907,083	558,810	149,572,201	2,743,961
Total	\$ 279,745,103	\$ 135,769,403	\$ 4,888,840	\$ 6,492,595	\$ 426,895,941	\$ 123,393,628
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 98,450,495	\$ 31,751,461	\$ (2,147,075)	\$ 2,530,581	\$ 130,585,462	\$ (1,982,554)
Depreciation/amortization	33,016,622	10,242,374	7,567,563	249,759	51,076,318	10,663,448
Rebate on fuel taxes	-	-	-	-	-	32,433
Miscellaneous revenue	1,169,454	750,234	70,904	207,030	2,197,622	1,661,866
(Increase) decrease in receivables, net	(22,408,630)	(151,507)	(22,083,658)	(6,263,970)	(50,907,765)	1,236,538
(Increase) decrease in due from other governments	-	-	-	-	-	355,676
(Increase) decrease in regulatory asset	(449,349)	-	-	-	(449,349)	(158,472)
(Increase) decrease in inventory	(1,921,293)	(1,069,662)	-	-	(2,990,955)	-
(Increase) decrease in prepaid expenses	75,371	21,890	(106,352)	-	(9,091)	-
(Increase) decrease in deferred outflows related to pensions	4,717,339	978,724	54,969	149,529	5,900,561	922,020
(Increase) decrease in deferred outflows related to OPEB	3,369,150	(196,144)	259,694	(73,581)	3,359,119	1,222,011
(Increase) decrease in fair value of derivative	(163,885)	-	-	-	(163,885)	-
(Increase) decrease in accounts payable	14,173,797	849,007	80,636	(120,485)	14,982,955	140,577
(Increase) decrease in accrued liabilities	(2,296,875)	(569,579)	(48,022)	(167,915)	(3,082,391)	(439,147)
(Increase) decrease in deferred regulatory liability	(11,640,881)	-	-	-	(11,640,881)	-
(Increase) decrease in deposits payable	(43,957)	(13,870)	7,810	6,593	(43,424)	-
(Increase) decrease in unearned revenue	-	-	-	-	-	-
(Increase) decrease in net pension liability	(47,100,360)	(17,284,162)	(1,547,206)	(3,830,448)	(69,762,176)	(16,038,920)
(Increase) decrease in deferred inflows related to pensions	34,413,739	13,249,578	1,238,529	2,772,493	51,674,339	10,722,856
(Increase) decrease in deferred inflows related to OPEB	8,987,226	3,824,142	311,704	696,105	13,819,177	1,345,561
(Increase) decrease in deferred inflows related to CIAC	398,604	-	-	-	398,604	-
(Increase) decrease in deferred inflows related to leases	(291,016)	-	21,812,161	6,223,723	27,744,868	-
(Increase) decrease in net OPEB liability	(15,269,768)	(3,419,476)	(487,510)	(757,602)	(19,934,356)	(1,833,325)
(Increase) decrease in estimated liability for unpaid claims	-	-	-	-	-	(191,944)
Net cash provided by (used in) operating activities	\$ 97,185,783	\$ 38,963,010	\$ 4,984,147	\$ 1,621,812	\$ 142,754,752	\$ 7,658,624
Noncash investing, capital, or financing transactions:						
Capital grants and contributions not received	\$ -	\$ 2,222,688	\$ 3,270,765	\$ -	\$ 5,493,453	\$ -
Net asset transfer to other funds, a non-cash capital activity	-	-	-	12,940,271	12,940,271	-
Developer contributed assets	-	3,532,332	-	-	3,532,332	-
Capitalized interest	6,558,869	-	-	-	6,558,869	-
	\$ 6,558,869	\$ 5,755,020	\$ 3,270,765	\$ 12,940,271	\$ 28,524,925	\$ -

CITY OF LAKELAND, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2022

	Pension and Other Employees Benefit Trust Funds	Private Purpose Trust Fund	Custodial Fund
ASSETS			
Cash and cash equivalents	\$ 13,694,254	\$ 575,757	\$ 234,515
Mutual funds	220,632,852	-	-
US government obligations	90,092,875	-	-
Real estate funds	92,698,929	-	-
Corporate notes and bonds	49,260,973	-	-
Corporate stocks	149,150,629	-	-
Alternate investments	75,883,751	-	-
Fixed income funds	68,941,960	-	-
Private equity funds	168,143,618	-	-
Consolidated fund	9,458,171	332,889	-
Prepaid expenses	43,743	-	-
Interest and dividends receivable	1,099,117	-	-
Investment sales receivable, net	1,977,329	-	-
Contributions receivable	727,350	-	-
Total assets	<u>941,805,551</u>	<u>908,646</u>	<u>234,515</u>
LIABILITIES			
Accounts payable	539,737	-	-
Benefits payable	238,409	-	-
Unsettled investment purchases, net	1,086,230	-	-
Due to other governmental units	-	-	234,515
Due to other funds	149,800	908,646	-
Total liabilities	<u>2,014,176</u>	<u>908,646</u>	<u>234,515</u>
NET POSITION			
Restricted for DROP and other accounts	26,652,936	-	-
Restricted for OPEB benefits	9,311,389	-	-
Restricted for pension benefits and other purposes	903,827,050	-	-
Total net position	<u>\$ 939,791,375</u>	<u>\$ -</u>	<u>\$ -</u>

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

CITY OF LAKELAND, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Pension and Other Employees Benefit Trust Funds</u>	<u>Private Purpose Trust Fund</u>	<u>Custodial Fund</u>
ADDITIONS			
Contributions:			
Employer	\$ 16,113,081	\$ 575,757	\$ -
Plan members	8,617,892	-	-
Impact fees	-	-	7,245,467
Local option insurance premium taxes	2,139,580	-	-
Total contributions	<u>26,870,553</u>	<u>575,757</u>	<u>7,245,467</u>
Net investment income:			
Interest revenue	16,103,888	23,531	269
Dividends	6,316,218	-	-
Net increase (decrease) in the fair value of investments	(166,242,679)	(105,970)	44,198
Investment advisor fee	(2,671,319)	-	-
Net investment income (loss)	<u>(146,493,892)</u>	<u>(82,439)</u>	<u>44,467</u>
Miscellaneous income:			
Other miscellaneous revenues	195,071	-	-
Total additions, net	<u>(119,428,268)</u>	<u>493,318</u>	<u>7,289,934</u>
DEDUCTIONS			
Benefits paid	79,063,256	-	-
Refunds, former plan members	1,909,846	-	-
Impact fee remittances to the County	-	-	7,245,845
Joint City/County transportation projects	-	-	43,518
Administrative expenses	621,504	-	571
Other	-	776,930	-
Total deductions	<u>81,594,606</u>	<u>776,930</u>	<u>7,289,934</u>
Net increase (decrease) in restricted net position	<u>(201,022,874)</u>	<u>(283,612)</u>	<u>-</u>
NET POSITION, beginning of year	1,140,814,249	283,612	-
NET POSITION, end of year	<u>\$ 939,791,375</u>	<u>\$ -</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, 2022

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, 2022

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, and airport 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 Public Improvement Endowment Fund comprised of prepaid 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, 2022

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, 2022

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, the Building Inspection Fund, and the Lakeland Community Redevelopment Agency Fund). These budgets are prepared on the modified accrual basis of accounting. As of September 30, 2022, 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, 2022

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	\$ 765,423	\$ -
Customers	23,993,768	77,139,592
Tenants	10,504,054	-
Investment managers	17,171	-
	<u>35,280,416</u>	<u>107,309,835</u>
Apportioned:		
Due from:		
Customers	315,522	2,214,158
Investment managers	408,481	-
Restricted:		
Due from:		
Tenants	477,471	-
Customers	1,068,775	196,470
	<u>\$ 37,550,665</u>	<u>\$ 109,720,463</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, 2022

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	\$ 9,451,079	\$ -
Capital improvements	381,595	138,300,859
Transportation	9,080,168	-
Customer deposits	231,157	16,458,742
Law enforcement	1,664,408	-
LCRA	15,575,461	-
Building inspection	2,446,345	-
Grant Programs	7,817,137	-
Endowments - nonspendable	5,452,479	-
Donations received	926,342	-
Impact fees	19,714,333	-
	<u>\$ 72,740,504</u>	<u>\$ 154,759,601</u>

8. Capital Assets

Capital equipment purchased with an original value of \$5,000 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, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. Capital Assets (continued)

Intangible Assets:

In accordance with GASB, intangible assets (including right-to-use leased assets) are classified as Fixed Assets. Right-to-use leased assets are representative of the City's right to use an asset over the life of a lease in which it is the lessee. The asset value is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received. Intangible assets are amortized according to the City's capitalization policy while right-to-use leased assets are amortized over the shorter of the asset's useful life or the term of the lease. The capitalization levels of the City's right-to-use leased asset classes are as follows:

Leased office space	\$100,000
Leased office equipment	\$100,000

Leases as a Lessee:

The City is a lessee for noncancellable leases of land, building and equipment. The City recognizes a lease liability and an intangible right-to-use leased asset for these leases in the financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of lease payments expected to be made during the lease term. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The right-to-use leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the term of the lease.

Key estimates and judgments related to leases include how the City determines the discount rate it uses to discount the expected lease payments to present value, the lease term, and the lease payments.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided or available, the City uses the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be determined, the City generally uses its own estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are comprised of fixed payments to be made under the lease. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if it is reasonably certain that the lease will be extended.

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

Leases as a Lessor:

The City is a lessor for noncancellable leases of parking spaces, land, buildings and equipment. The City recognizes a lease receivable and a deferred inflow of resources for these leases in the financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Lease payments to be received under reasonably certain extension options are also included in the measurement of the lease receivable. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as lease revenue over the term of the lease.

Key estimates and judgments related to leases include how the City determines the discount rate it uses to discount the expected lease receipts to present value, the lease term, and the lease receipts.

The City uses its own estimated incremental borrowing rate as the discount rate for leases in which it is the lessor.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. Capital Assets (continued)

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are comprised of fixed payments to be received under the lease. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

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

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	\$ 17,137	\$ -
Restricted	7,190,446	-
	<u>\$ 7,207,583</u>	<u>-</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. Interfund Activity

Interfund activity is reported as loans, provided services, reimbursements, or transfers. Loans are reported as interfund 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 interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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, asset retirement obligations, 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, 2022 are as follows:

Deferred outflows of resources:	
Unamortized loss on refunding of debt, beginning balance	\$ 20,247,174
Amortization	<u>(4,537,749)</u>
Unamortized loss on refunding of debt, ending balance	15,709,425
Decrease in fair value of interest rate swaps	11,759,486
Unrealized loss on hedges	27,762,044
Deferred outflows of resources related to pensions	25,321,481
Deferred outflows of resources related to OPEB	77,870,425
Deferred outflows of resources related to ARO	3,175,343
Total deferred outflows of resources	<u>\$ 161,598,204</u>
Deferred inflows of resources:	
Deferred inflows of resources related to OPEB	\$ 134,704,644
Contributions in aid of construction	42,759,612
Deferred inflows of resources related to CIAC	623,555
Fuel reserve balance	9,952,397
Deferred inflows of resources related to leases	245,100,826
Deferred inflows of resources related to pensions	145,180,399
Total deferred inflows of resources	<u>\$ 578,321,433</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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

Derivatives have a market 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.

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 \$2,657,895 to the cost of fuel during the fiscal year ended September 30, 2022.

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 \$27,762,044 includes mark-to-market of the swaps and both intrinsic and extrinsic mark-to-market of the options.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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)

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, 2022, 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>
2023	\$ 1,360,000	\$ 15,380,000	\$ (18,657,327)
2024	-	4,250,000	(7,702,173)
2025	-	1,100,000	(1,402,544)
	<u>\$ 1,360,000</u>	<u>\$ 20,730,000</u>	<u>\$ (27,762,044)</u>

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 end 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 market values of the derivatives are recorded as offsetting items on the Statements of Net Position, and therefore the recognition of changes in fair market 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-market value as of the close of the final business day of the fiscal year ending September 30, 2022:

<u>Description</u>	<u>Maturity</u>	<u>Net Value</u>
\$24.772M 67% of LIBOR swap	10/1/2035	\$ (3,288,080)
\$14.053M 67% of LIBOR swap	10/1/2035	(1,805,032)
\$1.520M 67% of LIBOR swap	10/1/2035	(86,279)
\$47.86M 67% of LIBOR swap	10/1/2037	(6,580,095)
		<u>\$ (11,759,486)</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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 (continued)

Note 6.G, Long-term Liabilities, refers to the fair value of interest swap derivatives, which are evaluated for effectiveness using the same criteria required for fuel hedge derivatives under GASB Statement No. 53. 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 Lakeland Electric's derivatives as of September 30, 2022 was as follows:

Interest rate swaps	\$ (11,759,486)
Prepaid fuel	654,035
Fuel hedge	(27,762,044)
	<u>\$ (38,867,495)</u>

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, 2022 are as follows:

Regulatory assets:	
Unamortized debt issuance costs	\$ 1,568,253
	<u>\$ 1,568,253</u>
Regulatory liabilities:	
Environmental compliance charges	\$ (3,577,502)
Energy conservation charges	33,750
Economic development charges	(890,570)
	<u>\$ (4,434,322)</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,
	2022
Beginning balance	\$ 869,896
Additions	823,011
Less	
Amortization	124,654
Ending balance	<u>\$ 1,568,253</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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)

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, 2022
Environmental compliance charge recovery:	
(Liability) balance, beginning of year	\$ (2,365,427)
Charges recovered through rates	(9,504,321)
Less environmental compliance expense	8,292,246
Ending balance	<u>\$ (3,577,502)</u>
Energy conservation charge recovery:	
(Liability) asset balance, beginning of year	\$ (299,203)
Charges recovered through rates	(782,193)
Less future conservation charges	1,115,146
Ending balance	<u>\$ 33,750</u>
Economic development charge recovery:	
(Liability) asset balance, beginning of year	\$ (670,384)
Charges recovered through rates	(250,000)
Less economic development costs	29,814
Ending balance	<u>\$ (890,570)</u>

Fuel charges

As of September 30, 2022, 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 is classified as a regulatory liability, calculated as follows:

	September 30, 2022
Fuel reserve:	
Fuel reserve balance	\$ 9,952,397
Less cumulative over-recovery of fuel charges	(9,952,397)
Ending balance	<u>\$ -</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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

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, 2022

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)

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

Asset	Deferred outflow amortization period	ARO cost estimate
Water wells	17 years	\$ 1,720,685
Septic tanks	17 years	34,543
Natural gas pipeline	17 years	448,955
Asbestos cement piping	25 years	855,800
Total		<u>\$ 3,059,983</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	\$ 25,896	\$ 181,272
3	McIntosh plant/24-inch drinking water wells	732	78,724	236,172
42	McIntosh plant/2-inch extracting/monitoring wells	22	512	21,504
18	McIntosh plant/4-inch monitoring wells	43	1,473	26,514
8	Larsen plant/2-inch extraction wells	12	512	4,096
2	Larssen plant/4-inch extraction wells	9	461	922
13	Northwest wellfield/drinking wells	747	65,492	851,396
5	Northeast wellfield/drinking wells	751	30,291	151,455
1	Combee wellfield/drinking well	716	52,741	52,741
57	Monitoring wells	103	3,331	189,867
	Misc. costs			4,746
	Total			<u>\$ 1,720,685</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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	\$ 3,456	\$ 20,736
1	10,300	10,300
Misc. costs		3,507
		<u>\$ 34,543</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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)

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 that 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 each open end of the pipeline by welded cap will be sealed. Lakeland Electric will also fill the two segments located under road crossings with grout.

Lakeland Electric will also fill the two segments located under road crossings with grout. Lakeland Electric engineers prepared the cost estimate of \$448,955 to perform the necessary work.

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

Description	Cost Estimate
Labor	\$ 184,299
Equipment rental	42,850
Materials	57,674
Pipeline purging	161,163
Misc. costs	2,969
Total	<u>\$ 448,955</u>

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.

Description	Length (ft)	Unit Cost (per ft)	Cost Estimate
6 inch piping	16,000	\$ 11.54	\$ 184,640
8 inch piping	22,000	11.54	253,880
10 inch piping	14,000	11.89	166,460
12 inch piping	21,000	11.89	249,690
Misc. costs			1,130
			<u>\$ 855,800</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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)

McIntosh Plant Unit 3

Lakeland Electric was given Utility Committee approval to decommission Unit 3 in March of 2021 (a deconstructing and demolishing timeframe is currently unknown), Lakeland Electric is contractually obligated to acquire OUC's 40% ownership share of land 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*.

The cost to repurchase OUC's 40% share of land 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.

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, 2022

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, 2022 was 5.4323 mills. Current tax collections for the City were approximately 97.80% 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, 2022 is as follows:

Lien date	January 1, 2021
Levy date	January 1, 2021
Certificate of Taxable Value (DR-420)	July 1, 2021
Final public hearing to adopted proposed millage rate	September 23, 2021
Certificate of Final Taxable Value (DR-422)	September 28, 2021
Beginning of fiscal year for tax assessment	October 1, 2021
Due Dates	November 1, 2021 through March 31, 2022
Delinquent date	April 1, 2022
Tax certificate sale	On or before June 1, 2022

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:

	Governmental Activities	Business-type Activities	Total
Misc. revenues:			
Rents and royalties	\$ 289,755	\$ -	\$ 289,755
Lease revenues	628,478	-	628,478
Settlements	100,067	-	100,067
Sales of fixed assets	148,090	-	148,090
Sale of surplus materials and scrap	4,791	202,390	207,181
Other miscellaneous revenues	6,230,004	2,008,921	8,238,925
	<u>\$ 7,401,185</u>	<u>\$ 2,211,311</u>	<u>\$ 9,612,496</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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. Negative Fund Balances

At September 30, 2022, the following governmental funds reported negative fund balances:

Public Improvement Fund - Unassigned Fund Balance - (\$18,073,749) - The negative fund balance is a result of the amount the deferred inflows of resources related to leases that exceeded the value of the investments held from the \$215 million lease prepayment due to the \$26 million decline in the fair value of investments held at year end.

State Housing Initiatives Partnership Program - Unassigned Fund Balance - (\$1,525) - The negative fund balance is a result of prior years grant ineligible expenditures.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 2 – ACCOUNTING AND REPORTING CHANGES

New Accounting Pronouncements

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. This GASB statement was implemented and additional notes provided in Note 8 for the fiscal period ending September 30, 2022. A restatement of the beginning net position was not required due to this change.

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. The City does not recognize capital interest other than the Electric regulated operations. Electric will continue to follow GASB 62, paragraph 485 criteria for regulated operations regarding capitalization of qualifying interest cost as a regulatory asset which should remain applicable.

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.

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.

This GASB statement was implemented for the fiscal period ending September 30, 2022 resulting in a restatement of the beginning leases receivable and deferred inflows of resources related to leases balances to reflect the implementation of this standard as noted in Note 8. A restatement of beginning net position due to the change in accounting principle was not required.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 2 – ACCOUNTING AND REPORTING CHANGES (continued)

New Accounting Pronouncements (continued)

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. The City currently has outstanding four interest rate swap agreements totaling \$88,205,000, which are based on the LIBOR index. Based on fallback provisions adopted by the International Swap Dealers Association, those agreements will convert to using the SOFR Index in February, 2023. This change is not expected to have any significant economic impact on the City.

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 an 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.

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.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 2 – ACCOUNTING AND REPORTING CHANGES (continued)

New Accounting Pronouncements (continued)

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 OPEB and all other requirements are effective for fiscal years beginning after June 15, 2021. Implementation of GASB 97 had no effect on the financial statements of the City.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Management has not determined what impact, if any, this GASB statement might have on its financial statements ending September 30, 2023.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections an amendment of GASB Statement No. 62*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decision or assessing accountability. Statement 100 defines a government should disclose Changes in accounting principles, Changes in accounting estimates, Changes to or within the financial reporting entity, and Corrections of errors in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in the fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Management has not determined what impact, if any, this GASB statement might have on its financial statements ending September 30, 2024.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. Management has not determined what impact, if any, this GASB statement might have on its financial statements ending September 30, 2025.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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, 2022 is as follows:

	<u>Primary Government</u>
Demand Deposits	\$ 5,650,741
Cash with Paying Agents	48,212,529
Cash on Hand	120,115
Total Deposits	<u>\$ 53,983,385</u>
Balance per bank	<u>\$ 9,161,207</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, 2022, \$9,161,207 and \$48,212,529 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	\$ 795,471
Collateralized:	
Collateral held by the pledging financial institutions not in the City's name:	
Banking institutions	8,365,736
Cash with paying agents	48,212,529
Total Deposits	<u>\$ 57,373,736</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, 2022

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	\$ 261,031,507	\$ 65,979,229	\$ 195,052,278	\$ -
Corporate Bonds	442,158,795	12,405,920	406,235,405	23,517,470
Foreign Corporate Bonds	11,354,170	-	11,354,170	-
Municipal Bonds	16,477,069	964,352	15,512,717	-
Corporate Stocks	198,232,279	198,130,746	101,533	-
Foreign Corporate Stocks	18,622,105	4,217,883	14,404,222	-
Accrued Interest Receivable	4,246,426	4,246,426	-	-
State Board of Admin LGIP	9	-	9	-
Money Market Accounts	54,548,917	54,548,897	20	-
Equity Mutual Funds	171,175,803	122,139,046	49,036,757	-
Foreign Equity Mutual Funds	36,714,422	36,714,422	-	-
Fixed Income Mutual Funds	26,097,350	26,097,350	-	-
Total Investments by fair value level	<u>1,240,658,852</u>	<u>\$ 525,444,271</u>	<u>\$ 691,697,111</u>	<u>\$ 23,517,470</u>

Investments measured at the net asset value (NAV)	Total	Unfunded Commitments	Redemption Frequency if Currently Eligible	Redemption Notice Period
Fixed Income Strategies ¹	62,741,553	\$ 35,087,507	n/a or quarterly*	100 days written*
Foreign Fixed Income Mutual Funds	1,627,302	-		
Real Estate Strategies ²	100,666,580	24,066,893	n/a or quarterly*	30 days, subjective*
Private Equity Strategies ³	295,599,710	40,863,050	n/a, daily or quarterly*	n/a or 5-10 days*
Alternative Investments ⁴	53,504,797	10,251,626	n/a*	n/a*
Total investments measure at NAV	<u>514,139,942</u>			
Total investments	<u>\$ 1,754,798,794</u>	<u>\$ 110,269,076</u>		

¹*Fixed income strategies* - This type includes sixteen 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 thirteen 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 sixteen 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 seven 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, 2022

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, 2022, 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, 2022, 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, 2022, the City of Lakeland held \$54,548,917 in Money Market Funds and \$235,614,877 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, 2022

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	\$ 261,031,507	\$ -	\$ 74,635,786	\$ 45,856,888
Corporate Bonds	442,158,795	2,637,685	57,406,272	145,628,182	236,486,656
Foreign Corporate Bonds	11,354,170	5,075,024	1,124,806	35,430	5,118,910
Municipal Bonds	16,477,069	1,857,684	7,953,864	6,198,497	467,024
Corporate Stocks	198,232,279	198,232,279	-	-	-
Foreign Corporate Stocks	18,622,105	18,622,105	-	-	-
Sub-total	<u>947,875,925</u>	<u>226,424,777</u>	<u>141,120,728</u>	<u>197,718,997</u>	<u>382,611,423</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, 2022, 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	4,246,426	4,246,426	-	-
State Board of Admin. LGIP ²	9	9	-	-	-
Money Market Account ²	54,548,917	54,548,917	-	-	-
Equity Mutual Funds ²	171,175,803	171,175,803	-	-	-
Foreign Equity Mutual Funds ²	36,714,422	36,714,422	-	-	-
Fixed Income Mutual Funds ²	26,097,350	26,097,350	-	-	-
Foreign Fixed Income Mutual Funds ²	1,627,302	1,627,302	-	-	-
Fixed Income Strategies ³	62,741,553	2,726,723	2,616,401	44,857,411	12,541,018
Real Estate Strategies ³	100,666,580	62,566,388	30,621,335	7,478,857	-
Private Equity Strategies ³	295,599,710	198,194,178	-	84,327,777	13,077,755
Alternative Investments ³	53,504,797	27,828,696	25,676,101	-	-
Sub-total	<u>806,922,869</u>	<u>585,726,214</u>	<u>58,913,837</u>	<u>136,664,045</u>	<u>25,618,773</u>
Total Investments:	<u>\$ 1,754,798,794</u>	<u>\$ 812,150,991</u>	<u>\$ 200,034,565</u>	<u>\$ 334,383,042</u>	<u>\$ 408,230,196</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, 2022

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 value 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, 2022, except for the aforementioned funds, are as follows:

Investment Security Maturity Limitations	Maximum Investment Maturity % of Total	Actual Investment Maturity % of Total
0-1 years	100%	46.2%
1-5 years	75%	11.4%
5-10 years	50%	19.1%
10+ years	0%*	23.3%

* 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 \$11,256,056 (1.8%) 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, 2022, the fund's foreign investment holdings were as follows:

Foreign Investments:	Fair Value	\$ Denomination	Maturity
Corporate Bonds:			
Equinor Asa 7.875%	\$ 5,016,800	USD	12/9/2022
Odebrecht Offshore 6.720%	48,274	USD	12/1/2022
Odebrecht Offshore 7.720%	749,443	USD	12/1/2026
Odebrecht Oil & Gas 1.000%	685	USD	3/1/2168
QBE Insurance Group Ltd 144A Priv Plcmt	497,825	USD	11/24/2043
Vr Transcanada Trust 5.875%	4,602,460	USD	8/15/2076
Total Corporate Bonds:	<u>10,915,487</u>		
Corporate Stocks:			
Valaris Ltd	340,569	USD	N/A
Total Corporate Stocks:	<u>340,569</u>		
Total Foreign Investments	<u>\$ 11,256,056</u>		

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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 \$146,300 (0.9%) 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, 2022, the fund holdings were as follows:

Foreign Investments:			
Corporate Stocks:			
	<u>Fair Value</u>	<u>Denomination</u>	<u>Maturity</u>
Accenture PLC	\$ 48,372	USD	N/A
Autohome Inc ADR 4 Cl A	24,216	USD	N/A
Linde PLC	12,671	USD	N/A
Medtronic PLC	12,597	USD	N/A
Rightmove PLC ADR	48,444	USD	N/A
Total Corporate Stocks:	<u>146,300</u>		
Total Foreign Investments	<u>\$ 146,300</u>		

The Public Improvement Endowment Fund held \$70,162,833 (39.5%) in equity investments of foreign issuers or non-US companies as follows as of September 30, 2022.

Foreign Investments:			
Corporate Stocks:			
	<u>Fair Value</u>	<u>Denomination</u>	<u>Maturity</u>
Accenture PLC	\$ 621,894	USD	N/A
Aercap Holdings Inv	282,934	USD	N/A
Aon PLC	635,388	USD	N/A
Evolution AB	79,073	USD	N/A
Lyondellbasell Industries NV	226,894	USD	N/A
Naspers Limited	75,169	USD	N/A
Prosus NV	297,537	USD	N/A
Royal Dutch Shell PLC ADR	358,769	USD	N/A
Safran SA	337,909	USD	N/A
ServiceNow Inc	794,491	USD	N/A
Total Corporate Stocks:	<u>3,710,058</u>		
Private Equity:			
ABS Emerging Markets Strategic Portfolio LP	13,233,234	USD	N/A
Thompson, Siegel & Walmsley LLC	23,522,055	USD	N/A
WCM Focused International Growth	29,697,486	USD	N/A
Total Private Equity:	<u>66,452,775</u>		
Total Foreign Investments:	<u>\$ 70,162,833</u>		

The City of Lakeland Firefighters’ Retirement System held \$13,902,386 (12.6%) 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:			
	<u>Fair Value</u>	<u>Denomination</u>	<u>Maturity</u>
American Europacific Growth Fund	\$ 7,242,527	USD	N/A
Harris Associated	6,659,859	USD	N/A
Total Equity Mutual Funds:	<u>13,902,386</u>		
Total Foreign Investments:	<u>\$ 13,902,386</u>		

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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

C. Cash Equivalents and Investments (continued)

The Employee Pension Fund held \$100,475,826 (15.1%) 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, 2022, the Employee Pension Fund holdings were as follows:

Foreign Investments:			
Private Equity:	Fair Value	Denomination	Maturity
Emerging Markets Equity Series of GAM Strategies	\$ 10,373,498	USD	N/A
TS&W International Large Cap Equity Trust	31,025,400	USD	N/A
WCM Focused International Growth Fund LP	26,475,616	USD	N/A
TWC CTF Emerging Markets Research Equity Portfolio	<u>20,199,852</u>	USD	N/A
Total Private Equity	<u>88,074,366</u>		
Corporate Stocks:			
Accenture Plc	1,394,309	USD	N/A
Aercap Holdings Nv	655,776	USD	N/A
Aon Plc	1,473,553	USD	N/A
Aon Plc	557,437	USD	N/A
Argo Group Intl Hldgs Ltd	158,972	USD	N/A
Asml Holding Nv-Ny Reg Shs Adr	305,698	USD	N/A
Atlassian Corp Plc-Class A	117,930	USD	N/A
Bunge Limited	157,213	USD	N/A
Canadian Pac Ry Ltd	319,389	USD	N/A
Constellium Se	178,606	USD	N/A
Cyber-Ark Software Ltd/Israel	180,528	USD	N/A
Establishment Labs Holdings Inc.	137,672	USD	N/A
Evolution Ab-Adr	190,170	USD	N/A
First Bancorp	294,722	USD	N/A
Gates Industrial Corporation	169,385	USD	N/A
Helen Of Troy Limited	158,740	USD	N/A
Himax Technologies, Inc.	30,918	USD	N/A
Ichor Holdings Ltd	121,704	USD	N/A
Icon Plc	289,454	USD	N/A
James River Group Holdings Ltd.	49,019	USD	N/A
Johnson Controls Internation	198,750	USD	N/A
Livanova Plc	138,297	USD	N/A
Lululemon Athletica Inc	175,005	USD	N/A
Lvmh Moet Hennessy Unsp Adr - Adr	77,433	USD	N/A
Lyondellbasell Indu-CI A	525,530	USD	N/A
Magnachip Semiconductor Corp	115,906	USD	N/A
Naspers Ltd-N Shs Spon Adr	180,321	USD	N/A
Orion Engineered Carbons S.A.	75,681	USD	N/A
Popular Inc	273,540	USD	N/A
Prosus Nv -Spon Adr	689,871	USD	N/A
Royal Dutch Shell Plc Adr	832,783	USD	N/A
Safran Sa-Unspon Adr	783,730	USD	N/A
Sensata Technologies Holding Plc	171,525	USD	N/A
Shopify Inc - A W/I	15,625	USD	N/A
Sierra Wireless Inc Com	73,360	USD	N/A
Silicon Motion Technology Corporation	271,712	USD	N/A
Smart Global Holdings Inc	179,632	USD	N/A
Steris Plc	154,142	USD	N/A
Tronox Holdings Plc	219,189	USD	N/A
Versabank	34,642	USD	N/A
Wns Holdings Ltd Spons Adr Ea Repr 1 Ord Shs	<u>273,591</u>	USD	N/A
Total Corporate Stocks:	<u>12,401,460</u>		
Total Foreign Investments:	<u>\$ 100,475,826</u>		

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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

C. Cash Equivalents and Investments (continued)

The Municipal Police Officers' Pension Plan held \$26,901,739 (17.4%) 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, 2022, the fund held the following foreign investments:

Foreign Investments:

Equity Mutual Funds:

	Fair Value	Denomination	Maturity
American Funds Europacific Growth Fd CI R6	\$ 10,769,367	USD	N/A
Fidelity Total Intl Index Fd	12,042,669	USD	N/A
Total Equity Mutual Funds	22,812,036		

Fixed Income Mutual Funds:

PIMCO Diversified Inc Instl	1,627,302	USD	N/A
Total Fixed Income Mutual Funds	1,627,302		

Corporate Stocks:

Aercap Holdings Nv Com	249,027	USD	N/A
Aon Plc Shs CI A	557,973	USD	N/A
Evolution Gaming Grp Ab	77,579	USD	N/A
Lyondellbasell Industries Nv Shs Class A	199,040	USD	N/A
Naspers Ltd Sponsored Adr	66,315	USD	N/A
Prosus N V Sponsored Adr	261,251	USD	N/A
Royal Dutch Shell Plc Spon Ads	315,130	USD	N/A
Safran S A Spon Adr	297,403	USD	N/A
Total Corporate Stocks	2,023,718		

Corporate Bonds:

Bank Of Montreal	17,107	USD	9/15/2026
Bank Of Montreal	17,842	USD	2/3/2025
Bank Of Montreal Fr	9,654	USD	2/10/2024
Bank Nova Scotia B C	27,151	USD	1/15/2023
Canadian Natural Resources Ltd	9,950	USD	6/1/2027
Canadian Natural Resources Ltd Nt	18,432	USD	1/15/2022
Canadian Pac Ry Co	17,520	USD	5/15/2025
Honda Motor Co Ltd	37,610	USD	7/26/2023
Honda Motor Co Ltd	36,173	USD	5/13/2030
Ingersol Rand Luxembourg Fin	17,958	USD	12/15/2025
Nxp B V / Nxp Fdg Llc / Nxp Us	17,941	USD	1/15/2033
Nutrien Ltd Com	8,355	USD	5/13/2030
Rogers Communications Inc Sr Nt	37,568	USD	12/15/2025
Royal Bk Cda	26,326	USD	10/5/2023
Royal Bk Cda	37,160	USD	9/17/2025
Royal Bk Cda Sr Glbl	9,544	USD	5/11/2025
Toronto-Dominion Bank	54,106	USD	9/11/2025
Toronto Dominion Bank	9,116	USD	3/11/2024
Toronto Dominion Bank	9,661	USD	8/1/2024
Vodafone Group Plc	19,509	USD	5/30/2025
Total Corporate Bonds	438,683		

Total Foreign Investments **\$ 26,901,739**

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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, 2022, 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, 2022

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%	\$ 13,321,197	3.5%	\$ (1,138,765)	-2.9%	\$	0.0%	-	0.0%	\$ 12,182,432	2.0%
AA+ to AA-	161,344,886	94.6%	5,194,797	1.4%	-	0.0%	5,016,800	46.0%	3,377,441	21.8%	174,933,924	28.3%
A+ to A-	-	0.0%	7,879,195	2.0%	40,189,457	102.9%	-	0.0%	317,218	2.0%	48,385,870	7.8%
BBB+ to BBB-	-	0.0%	42,533,074	11.1%	-	0.0%	4,602,460	42.2%	1,799,388	11.6%	48,934,922	7.9%
BB+ to BB-	-	0.0%	2,669,967	0.7%	-	0.0%	-	0.0%	1,337,953	8.6%	4,007,920	0.6%
Below BB-	-	0.0%	16,488,474	4.3%	-	0.0%	48,274	0.4%	-	0.0%	16,536,748	2.7%
NR	9,246,250	5.4%	294,302,313	77.0%	-	0.0%	1,247,953	11.4%	8,680,717	56.0%	313,477,233	50.7%
	170,591,136	100.0%	382,389,017	100.0%	39,050,692	100.0%	10,915,487	100.0%	15,512,717	100.0%	618,459,049	100.0%
Consolidated Investment Fund												
AAA	-	0.0%	-	0.0%	166,366	100.0%	-	0.0%	-	0.0%	166,366	17.2%
AA+ to AA-	546,267	100.0%	71,654	27.9%	-	0.0%	-	0.0%	-	0.0%	617,921	63.8%
A+ to A-	-	0.0%	110,419	43.1%	-	0.0%	-	0.0%	-	0.0%	110,419	11.4%
BBB+ to BBB-	-	0.0%	74,340	29.0%	-	0.0%	-	0.0%	-	0.0%	74,340	7.6%
	546,267	100.0%	256,413	100.0%	166,366	100.0%	-	0.0%	-	0.0%	969,046	100.0%
Public Improvement Endowment Fund												
AAA	-	0.0%	-	0.0%	1,637,713	100.0%	-	0.0%	-	0.0%	1,637,713	6.9%
AA+ to AA-	17,744,489	100.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	17,744,489	74.7%
A+ to A-	-	0.0%	3,184,812	72.7%	-	0.0%	-	0.0%	-	0.0%	3,184,812	13.4%
BBB+ to BBB-	-	0.0%	1,193,751	27.3%	-	0.0%	-	0.0%	-	0.0%	1,193,751	5.0%
	17,744,489	100.0%	4,378,563	100.0%	1,637,713	100.0%	-	0.0%	-	0.0%	23,760,765	100.0%
Employee Pension Fund												
AAA	-	0.0%	-	0.0%	9,969,395	100.0%	-	0.0%	-	0.0%	9,969,395	8.2%
AA+ to AA-	62,199,194	100.0%	4,519,958	9.2%	-	0.0%	-	0.0%	-	0.0%	66,719,152	55.0%
A+ to A-	-	0.0%	18,603,940	37.8%	-	0.0%	-	0.0%	-	0.0%	18,603,940	15.3%
BBB+ to BBB-	-	0.0%	26,137,075	53.0%	-	0.0%	-	0.0%	-	0.0%	26,137,075	21.5%
NR	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
	62,199,194	100.0%	49,260,973	100.0%	9,969,395	100.0%	-	0.0%	-	0.0%	121,429,562	100.0%
Firefighters' Retirement System												
AAA	-	0.0%	-	0.0%	734,749	100.0%	-	0.0%	-	0.0%	734,749	100.0%
	-	0.0%	-	0.0%	734,749	100.0%	-	0.0%	-	0.0%	734,749	100.0%
Municipal Police Officers' Pension Fund												
AAA	735,469	7.4%	20,003	0.3%	2,990,002	100.0%	-	0.0%	210,994	21.9%	3,956,468	19.5%
AA+ to AA-	7,368,897	74.1%	683,837	11.6%	-	0.0%	-	0.0%	458,422	47.5%	8,511,156	42.2%
A+ to A-	-	0.0%	2,110,062	35.9%	-	0.0%	291,450	66.4%	47,818	5.0%	2,449,330	12.1%
BBB+ to BBB-	-	0.0%	2,440,225	41.6%	-	0.0%	147,233	33.6%	-	0.0%	2,587,458	12.8%
NR	1,846,055	18.5%	619,702	10.6%	-	0.0%	-	0.0%	247,118	25.6%	2,712,875	13.4%
	9,950,421	100.0%	5,873,829	100.0%	2,990,002	100.0%	438,683	100.0%	964,352	100.0%	20,217,287	100.0%
Total:	\$ 261,031,507		\$ 442,158,795		\$ 54,548,917		\$ 11,354,170		\$ 16,477,069		\$ 785,570,458	

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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	\$ 161,344,886	94.6%	\$ 5,392,117	1.4%	\$ (1,138,766)	-2.9%	\$ -	0.0%	\$ 2,193,120	14.1%	\$ 167,791,357	27.1%
Aa1 to Aa3	-	0.0%	7,850,278	2.1%	40,189,457	102.9%	-	0.0%	-	0.0%	48,039,735	7.8%
A1 to A3	-	0.0%	15,424,584	4.0%	-	0.0%	-	0.0%	1,830,292	11.8%	17,254,876	2.8%
Baa1 to Baa3	-	0.0%	48,541,728	12.7%	-	0.0%	5,100,285	46.7%	2,513,825	16.2%	56,155,838	9.1%
Ba1 to Ba3	-	0.0%	8,293,851	2.2%	-	0.0%	-	0.0%	1,635,886	10.6%	9,929,737	1.6%
Below Ba3	-	0.0%	19,947,972	5.2%	-	0.0%	-	0.0%	-	0.0%	19,947,972	3.2%
NR	9,246,250	5.4%	276,938,487	72.4%	-	0.0%	5,815,202	53.3%	7,339,594	47.3%	299,339,533	48.4%
	170,591,136	100.0%	382,389,017	100.0%	39,050,691	100.0%	10,915,487	100.0%	15,512,717	100.0%	618,459,048	100.0%
Consolidated Investment Fund												
Aaa	546,267	100.0%	-	0.0%	166,366	100.0%	-	0.0%	-	0.0%	712,633	73.6%
Aa1 to Aa3	-	0.0%	34,226	13.3%	-	0.0%	-	0.0%	-	0.0%	34,226	3.5%
A1 to A3	-	0.0%	222,187	86.7%	-	0.0%	-	0.0%	-	0.0%	222,187	22.9%
	546,267	100.0%	256,413	100.0%	166,366	100.0%	-	0.0%	-	0.0%	969,046	100.0%
Public Improvement Endowment Fund												
Aaa	17,744,489	100.0%	-	0.0%	1,637,714	100.0%	-	0.0%	-	0.0%	19,382,203	81.6%
Aa1 to Aa3	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	-
A1 to A3	-	0.0%	4,378,563	100.0%	-	0.0%	-	0.0%	-	0.0%	4,378,563	18.4%
	17,744,489	100.0%	4,378,563	100.0%	1,637,714	100.0%	-	0.0%	-	0.0%	23,760,766	100.0%
Employee Pension Fund												
Aaa	62,199,194	100.0%	1,050,093	2.1%	9,969,395	100.0%	-	0.0%	-	0.0%	73,218,682	60.3%
Aa1 to Aa3	-	0.0%	1,050,170	2.1%	-	0.0%	-	0.0%	-	0.0%	1,050,170	0.9%
A1 to A3	-	0.0%	27,922,115	56.7%	-	0.0%	-	0.0%	-	0.0%	27,922,115	23.0%
Baa1 to Baa3	-	0.0%	19,238,595	39.1%	-	0.0%	-	0.0%	-	0.0%	19,238,595	15.8%
	62,199,194	100.0%	49,260,973	100.0%	9,969,395	100.0%	-	0.0%	-	0.0%	121,429,562	100.0%
Firefighters' Retirement System												
Aaa	-	0.0%	-	0.0%	734,749	100.0%	-	0.0%	-	0.0%	734,749	100.0%
	-	0.0%	-	0.0%	734,749	100.0%	-	0.0%	-	0.0%	734,749	100.0%
Municipal Police Officers' Pension Fund												
Aaa	8,383,497	84.2%	479,203	8.1%	2,990,002	100.0%	-	0.0%	191,276	19.8%	12,043,978	59.6%
Aa1 to Aa3	15,483	0.2%	335,505	5.7%	-	0.0%	-	0.0%	527,728	54.7%	878,716	4.3%
A1 to A3	-	0.0%	2,171,107	37.0%	-	0.0%	291,450	66.4%	14,352	1.5%	2,476,909	12.3%
Baa1 to Baa3	-	0.0%	2,223,649	37.9%	-	0.0%	147,233	33.6%	-	0.0%	2,370,882	11.7%
NR	1,551,441	15.6%	664,365	11.3%	-	0.0%	-	0.0%	230,996	24.0%	2,446,802	12.1%
	9,950,421	100.0%	5,873,829	100.0%	2,990,002	100.0%	438,683	100.0%	964,352	100.0%	20,217,287	100.0%
Total:	\$ 261,031,507		\$ 442,158,795		\$ 54,548,917		\$ 11,354,170		\$ 16,477,069		\$ 785,570,458	

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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, 2022, 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, 2022 these funds held investments in the following percentages:

Asset Class (Market)	Minimum %	Maximum %	Actual %
Consolidated Investment Fund			
Domestic Equity:			
Large Cap Equity	30%	50%	39.1%
Small/Mid Cap Equity	10%	20%	21.5%
International Equity	10%	25%	11.0%
Total Equity	50%	75%	71.6%
Total Alternate Investments	0%	10%	2.6%
Total Fixed Income (Incl. Cash)	15%	35%	25.8%
Public Improvement Endowment Fund			
Domestic Equity	25%	60%	48.4%
International Equity	15%	45%	34.3%
Private Equity	0%	35%	4.2%
Fixed Income	0%	20%	13.1%
Opportunistic Composit	0%	10%	0.0%
Real Estate	0%	20%	0.0%
Infrastructure	0%	20%	0.0%

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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, 2022 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, 2022 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%	34.4%
International Equity	10.0%	25.0%	13.4%
Private Equity	0.0%	20.0%	12.0%
Domestic Fixed Income	10.0%	40.0%	17.4%
Private Fixed Income	0.0%	15.0%	6.5%
Core Real Estate	0.0%	10.0%	3.5%
Non-Core Real Estate	0.0%	10.0%	5.7%
Private Multi-Asset	0.0%	10.0%	3.9%
Private Infrastructure	0.0%	5.0%	3.2%
Firefighters' Retirement System			
Domestic Equity	40.0%	50.0%	41.4%
International Equity	10.0%	20.0%	12.6%
Private Equity	0.0%	10.0%	3.9%
Domestic Fixed Income	15.0%	25.0%	23.7%
Private Fixed Income	0.0%	10.0%	1.8%
Real Estate	0.0%	10.0%	6.8%
Infrastructure	0.0%	10.0%	6.0%
Real Return	0.0%	10.0%	3.1%
Cash	0.0%	10.0%	0.7%
Municipal Police Officers' Retirement Fund			
Domestic Equity Index	35.0%	50.0%	39.5%
International Equity	12.5%	22.5%	14.8%
Private Equity	0.0%	15.0%	5.7%
Domestic Fixed Income	7.5%	17.5%	11.2%
Global Fixed Income	0.0%	10.0%	1.1%
Private Fixed Income	0.0%	10.0%	4.0%
Real Estate	5.0%	15.0%	15.2%
Infrastructure	0.0%	10.0%	5.2%
Real Return Alternative	0.0%	10.0%	1.7%
Total Cash Composite	0.0%	0.0%	1.6%

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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 Benefits/Private Purpose Trust Funds</u>	<u>Custodial Funds</u>	<u>Total</u>
<u>Current:</u>					
Unrestricted					
Cash and cash equivalents	\$ 59,438,484	\$ 114,930,091	\$ -	\$ -	\$ 174,368,575
Asset Apportionments					
Cash and cash equivalents	1,684,201	15,098,284	-	-	16,782,485
Cash with paying agent	5,226,949	42,985,580	-	-	48,212,529
Restricted assets					
Cash and cash equivalents	8,556,963	1,638,733	-	-	10,195,696
<u>Non-current:</u>					
Asset Apportionments					
Cash and cash equivalents	15,321,284	224,959,452	-	-	240,280,736
Investments	175,954,895	-	-	-	175,954,895
Restricted assets					
Cash and cash equivalents	47,693,363	150,677,429	14,270,011	234,515	212,875,318
Investments	5,630,932	-	924,596,647	-	930,227,579
	<u>\$ 319,507,071</u>	<u>\$ 550,289,569</u>	<u>\$ 938,866,658</u>	<u>\$ 234,515</u>	<u>\$ 1,808,897,813</u>
<u>Totals - all classifications</u>					
Cash and cash equivalents	\$ 132,694,295	\$ 507,303,989	\$ 14,270,011	\$ 234,515	\$ 654,502,810
Cash with paying agents	5,226,949	42,985,580	-	-	48,212,529
Investments	181,585,827	-	924,596,647	-	1,106,182,474
	<u>\$ 319,507,071</u>	<u>\$ 550,289,569</u>	<u>\$ 938,866,658</u>	<u>\$ 234,515</u>	<u>\$ 1,808,897,813</u>
<u>Totals - note disclosures</u>					
Total investments					\$ 1,754,798,794
Investments in transit - Pooled Investments					115,634
Total deposits					53,983,385
					<u>\$ 1,808,897,813</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 4 – CAPITAL ASSETS

A. Capital Activity

Capital assets of the City as of September 30, 2022, consisted of the following:

	*Balance October 1, 2021 (restated)	Additions	Deletions	Balance September 30, 2022
Governmental Activities				
Non-depreciable assets:				
Land	\$ 50,161,823	\$ 7,854,241	\$ 894,329	\$ 57,121,735
Construction in progress	46,070,638	14,392,227	9,975,119	50,487,746
Depreciable assets:				
Buildings	230,018,881	6,905,085	-	236,923,966
Improvements, other than buildings	82,301,296	1,746,378	-	84,047,674
Infrastructure	156,947,070	3,052,560	-	159,999,630
Equipment	46,956,675	362,853	2,101,403	45,218,125
Amortizable assets:				
Right-to-use buildings	240,575	2,500,000	-	2,740,575
Right-to-use equipment	14,912	409,830	-	424,742
	<u>612,711,870</u>	<u>37,223,174</u>	<u>12,970,851</u>	<u>636,964,193</u>
Less accumulated depreciation:				
Buildings	121,171,835	5,303,398	-	126,475,233
Improvements, other than buildings	46,678,304	2,539,574	-	49,217,878
Infrastructure	78,396,496	4,536,130	-	82,932,626
Equipment	38,521,765	2,225,405	2,049,703	38,697,467
Less accumulated amortization:				
Right-to-use buildings	-	78,803	-	78,803
Right-to-use equipment	-	101,418	-	101,418
	<u>284,768,400</u>	<u>14,784,728</u>	<u>2,049,703</u>	<u>297,323,204</u>
Net capital assets	<u>\$ 327,943,470</u>	<u>\$ 22,438,446</u>	<u>\$ 10,921,148</u>	<u>\$ 339,460,768</u>
Business-type Activities				
Non-depreciable assets:				
Land	\$ 45,565,356	\$ 69,955	\$ -	\$ 45,635,311
Construction in process	159,759,272	86,707,583	107,967,875	138,498,980
Depreciable assets:				
Buildings	146,171,991	9,479,603	-	155,651,594
Improvements	150,234,279	-	-	150,234,279
Machinery and equipment	138,106,779	8,750,557	12,872,025	133,985,311
Electric transmission and distribution	601,989,796	25,741,775	30,433	627,701,138
Water transmission and distribution	183,614,657	4,450,929	13,461	188,052,125
Pumping stations	40,159,284	446,360	-	40,605,644
Sewer lines	107,101,065	15,927,986	-	123,029,051
Sewer plants	83,888,364	12,669,088	-	96,557,452
Electric and water plant in service	551,649,185	55,641,851	-	607,291,036
Amortizable assets:				
Right-to-use buildings	2,994,556	831,209	-	3,825,765
Right-to-use equipment	53,277	218,215	-	271,492
	<u>2,211,287,861</u>	<u>220,935,111</u>	<u>120,883,794</u>	<u>2,311,339,178</u>
Less accumulated depreciation:				
Buildings	73,569,061	4,559,358	15,876	78,112,543
Improvements	46,846,439	4,877,099	-	51,723,538
Machinery and equipment	88,816,360	11,823,800	12,123,522	88,516,638
Electric transmission and distribution	270,558,843	16,658,102	462,159	286,754,786
Water transmission and distribution	63,439,594	3,480,348	8,948	66,910,994
Pumping stations	13,495,214	942,020	-	14,437,234
Sewer lines	42,986,182	2,326,864	-	45,313,046
Sewer plants	47,964,012	1,110,012	-	49,074,024
Electric and water plant in service	270,144,845	19,355,401	-	289,500,246
Less accumulated amortization:				
Right-to-use buildings	323,736	327,828	-	651,564
Right-to-use equipment	-	83,554	-	83,554
	<u>918,144,286</u>	<u>65,544,386</u>	<u>12,610,505</u>	<u>971,078,167</u>
Net capital assets	<u>\$ 1,293,143,575</u>	<u>\$ 155,390,725</u>	<u>\$ 108,273,289</u>	<u>\$ 1,340,261,011</u>

*Beginning capital asset balances represent \$61,862,809 and \$(29,431,571) in assets and accumulated depreciation respectively transferred from the RP Funding Center to the General Fund.

*Beginning right-to-use assets balances represent right-to-use assets (\$3,303,320) and accumulated amortization (\$323,736) added per GASB 87.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 4 – CAPITAL ASSETS (continued)

B. Depreciation/Amortization Expense

Included in the government-wide Statement of Activities is depreciation/amortization expense for the year ended September 30, 2022, distributed to governmental and business-type functions as follows:

Governmental activities:	
General government	\$ 871,407
Public safety	1,422,212
Physical environment	584,423
Transportation, including depreciation of general infrastructure assets	4,886,458
Economic environment	463,084
Culture/recreation	6,557,144
Total depreciation expense - governmental activities	<u>\$ 14,784,728</u>
Business-type activities:	
Electric	\$ 36,821,242
Water and Wastewater	10,242,374
Parking	148,097
Lakeland Linder International Airport	7,567,563
Solid Waste	101,662
Internal Service Funds	10,663,448
	<u>65,544,386</u>
Contributions in aid of construction - Lakeland Electric Utilities	(3,804,620)
Total depreciation expense - business-type activities	<u>\$ 61,739,766</u>

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

A. Interfund Receivables and Payables

Individual fund interfund receivables and payables at September 30, 2022 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	\$ -	\$ 46,414,981	\$ 46,414,981
Water and Wastewater Utilities Fund	-	427,612	427,612
Internal Service Funds	-	3,554,828	3,554,828
Nonmajor Governmental Funds	373,528	-	373,528
Fiduciary Funds	1,058,446	-	1,058,446
Totals	<u>\$ 1,431,974</u>	<u>\$ 50,397,421</u>	<u>\$ 51,829,395</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, \$45,862,525 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, 2022

NOTE 5 - INTERFUND BALANCES AND TRANSFERS (continued)

B. Interfund Transfers

Interfund transfers for the year ending September 30, 2022 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	\$ -	\$ 334,167	\$ 3,450,162	\$ -	\$ 604,484	\$ 4,388,813
Public Improvement Fund	5,400,000	-	-	-	-	5,400,000
Nonmajor Governmental Funds	770,946	5,060,654	9,949,524	192,510	45,955	16,019,589
Department of Electric Utilities	32,757,109	-	-	-	393,750	33,150,859
Water & Wastewater Utilities Fund	9,880,784	-	-	-	236,202	10,116,986
Lakeland Linder International Airport Fund	502,142	-	-	-	11,044	513,186
Nonmajor Enterprise Funds	3,227,964	1,210,856	25,000	-	136,848	4,600,668
Internal Service Funds	19,276	-	-	-	3,077,214	3,096,490
Total	<u>\$ 52,558,221</u>	<u>\$ 6,605,677</u>	<u>\$ 13,424,686</u>	<u>\$ 192,510</u>	<u>\$ 4,505,497</u>	<u>\$ 77,286,591</u>

The transfers to the General Fund are made for the purpose of subsidizing recurring operating losses incurred within the fund for those programs and activities do not generate sufficient dedicated revenues to finance those costs in their entirety. Transfers to the Internal Service Funds, Public Improvement Fund, and Non-major Governmental Funds are intended to finance capital acquisitions accounted for in those funds.

In addition to the transfers above, \$14,587,905 in net assets and (\$8,615) in liabilities were transfers from the RP Funding Center (a non-major enterprise fund) to the General and the Public Improvement funds respectively. 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, 2022. Additional details are provided on subsequent pages.

	Balance October 1, 2021	Incurred/ Transferred	Satisfied	Balance September 30, 2022	Amount Due within One Year
Governmental Activities:					
Notes payable from direct borrowings	\$ 53,186,084	\$ -	\$ 3,647,359	\$ 49,538,725	\$ 3,487,753
Revenue bonds payable	48,222,002	-	9,405,897	38,816,105	2,080,728
Net pension liability (asset)	40,026,414	16,081,048	102,000,990	(45,893,528)	-
Net OPEB liability	105,532,845	12,158,408	33,088,190	84,606,753	-
Compensated absences	7,108,142	358,656	171,324	7,295,474	1,359,090
Total Governmental Activities:	<u>254,075,487</u>	<u>28,598,112</u>	<u>148,313,760</u>	<u>134,363,529</u>	<u>6,927,571</u>
Business-type Activities:					
Notes payable from direct borrowings	172,953,264	-	9,570,232	163,383,032	9,311,165
Revenue bonds payable	344,712,998	151,515,000	42,389,103	453,838,895	26,533,685
Loans payable	30,802,188	5,173,913	-	35,976,101	1,021,595
Net pension liability (asset)	39,316,144	6,794,148	92,595,244	(46,484,952)	-
Net OPEB liability	95,769,155	8,903,443	32,773,135	71,899,463	-
Compensated absences	7,134,395	47,665	522,197	6,659,863	858,670
Total Business-type Activities:	<u>690,688,144</u>	<u>172,434,169</u>	<u>177,849,911</u>	<u>685,272,402</u>	<u>37,725,115</u>
	<u>\$ 944,763,631</u>	<u>\$ 201,032,281</u>	<u>\$ 326,163,671</u>	<u>\$ 819,635,931</u>	<u>\$ 44,652,686</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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>
Loans payable	\$ -	\$ 1,021,595	\$ 1,021,595
Notes payable	-	3,109,040	3,109,040
Payable from apportioned assets:			
Current portion of revenue bonds payable	2,080,728	26,533,685	28,614,413
Current portion of pension notes payable	2,545,767	2,094,233	4,640,000
Current portion of notes payable	941,986	4,107,892	5,049,878
Accrued Liabilities:			
Compensated absences	1,359,090	858,670	2,217,760
 Non-current			
Loans payable	-	34,954,506	34,954,506
Revenue bonds payable	36,735,377	427,305,211	464,040,588
Pension notes payable	36,642,020	30,142,980	66,785,000
Notes payable	9,408,952	123,928,887	133,337,839
Accrued liabilities:			
Compensated absences	5,936,383	5,801,194	11,737,577
Net pension liability (asset)	(45,893,528)	(46,484,952)	(92,378,480)
Net OPEB liability	84,606,753	71,899,463	156,506,216
	<u>\$ 134,363,528</u>	<u>\$ 685,272,404</u>	<u>\$ 819,635,932</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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 \$49,538,725 and outstanding bonds of \$38,816,105 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 \$163,383,032, loans payable of \$35,976,101 and outstanding bonds of \$453,838,895 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 cancellations 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 \$2.2 million.

Revenue bonds, notes, and loans issued and outstanding as of September 30, 2022 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	\$ 44,441,173	10/01/40	2.4200	\$ 39,187,787
Capital Improvement Refunding Note, Series 2017A	Refunding	14,741,138	04/01/32	2.4400	10,350,938
Total Direct Borrowings		<u>59,182,311</u>			<u>49,538,725</u>
Bonds					
Capital Improvement Revenue and Refunding Bond, Series 2010C	Refunding	13,376,970	10/01/28	5.929 to 6.029	5,532,830
Capital Improvement Revenue Bonds, Series 2015	Capital Improvements	49,519,352	10/01/36	2.000 to 5.000	30,005,364
Capital Improvemnet Revenue and Refunding Bonds, Series 2021A	Capital Improvements, Refunding	3,500,000	10/01/41	4.000 to 5.000	3,277,911
Total Bonds		<u>66,396,322</u>			<u>38,816,105</u>
Total Governmental Activities		<u>125,578,633</u>			<u>88,354,830</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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	\$ 12,375,000	10/01/22	0.0175	\$ 2,013,000
Water and Wastewater Capital Improvement Note, Series 2015	Capital Improvements	10,600,000	10/01/26	2.420	6,782,969
Wastewater Revolving Loan Program	Capital Improvements	42,734,405	09/30/28	2.960	15,902,721
Wastewater Revolving Loan Program	Capital Improvements	1,301,890	04/15/36	1.690	606,252
Wastewater Revolving Loan Program	Capital Improvements	1,000,000	08/15/40	1.160	802,423
Wastewater Revolving Loan Program	Capital Improvements	12,284,141	01/15/40	0.000 to 0.440	10,756,078
Water Revolving Loan Program	Capital Improvements	778,787	10/15/30	1.960	698,844
Capital Improvement Revenue Note, Series 2017A	Capital Improvements	16,370,569	04/01/32	2.440	862,766
Capital Improvement Revenue Note, Series 2017B	Improvements	15,879,855	04/01/26	2.440	4,515,766
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	2.420	32,237,213
Total Direct Borrowings		<u>248,295,118</u>			<u>163,383,032</u>
Loans Payable					
Water Revolving Loan Program	Capital Improvements	19,167,295	11/15/41	0.230	18,526,507
Wastewater Revolving Loan Program	Capital Improvements	15,494,263	12/15/42	0.000 to 0.600	14,645,599
Wastewater Revolving Loan Program	Capital Improvements	2,443,459	08/15/44	0.000	2,080,928
Wastewater Revolving Loan Program	Capital Improvements	1,106,541	10/15/42	0.000	723,067
Total Loans Payable		<u>38,211,558</u>			<u>35,976,101</u>
Bonds					
Capital Improvement Revenue and Refunding Bond, Series 2010C	Refunding	7,738,030	10/01/40	5.929 to 6.029	15,582,170
Energy System Revenue and Refunding Bonds, Series 2010	Refunding	199,300,000	10/01/36	4.000 to 5.250	94,100,000
Capital Improvement Revenue Bonds, Series 2015	Capital Improvements	1,945,648	10/01/36	2.000 to 5.000	5,444,636
Energy System Revenue and Refunding Bonds, Series 2016	Refunding	138,650,000	10/01/36	2.500 to 5.000	107,665,000
Energy System Revenues Bonds, Series 2018	Refunding	43,945,000	10/01/37	3.250 to 5.000	37,320,000
Energy System Revenue Bonds, Series 2021	Capital Improvements	123,295,000	10/01/48	4.000 to 5.000	123,295,000
Water and Wastewater System Revenue Refunding Bonds, Series 2021	Refunding	28,220,000	10/01/32	2.140	28,220,000
Capital Improvemnet Revenue and Refunding Bonds, Series 2021A	Refunding	22,695,000	10/01/36	2.500 to 5.000	22,917,089
Capital Improvemnet Revenue and Refunding Bonds, Series 2021B	Refunding	15,005,000	10/01/36	2.500 to 5.000	15,005,000
Capital Improvemnet Revenue and Refunding Bonds, Series 2021C	Refunding	4,290,000	10/01/37	3.250 to 5.000	4,290,000
Total Bonds		<u>585,083,678</u>			<u>453,838,895</u>
Total Business-Type Activities		<u>871,590,354</u>			<u>653,198,028</u>
TOTAL PRIMARY GOVERNMENT		<u>\$ 997,168,987</u>			<u>\$ 741,552,858</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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, 2022 are as follows:

	Direct Borrowings																				
	Governmental activities					Business-type activities															
	CAP Revenue Note, Series 2017A	CAP Refunding Note, Series 2012A	Water Wastewater CAP, Series 2015	CAP Revenue 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																
Failure to make required sinking/reserve fund deposits		X	X	X																	
Bankruptcy filings, not discharged	X	X	X	X																	
Proceedings affecting the composition of debts or claims to pledged revenues	X	X	X	X																	
Final judgement that would materially affect the ability to meet obligations		X																			
Non-performance of or compliance with any term, provision, or covenant not cured	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																					
Payment of or security for the bonds materially adversely affected not remedied																					

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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, 2022 are as follows:

	Bonds			
	Governmental activities		CAP	
	CAP Revenue and Refunding Bond, Series 2010C	CAP Revenue Bonds, Series 2015	Revenue and Refunding Bonds, Series 2021A	
Events of Default with finance-related consequences:				
Non-payment of principal and/or interest when due	X	X	X	X
Failure to make required sinking/reserve fund deposits	X	X	X	X
Bankruptcy filings, not discharged				
Proceedings affecting the composition of debts or claims to pledged revenues	X	X		
Final judgement that would materially affect the ability to meet obligations				
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				
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				
Failure to complete the project for which the bonds are issued in a reasonable time		X		X
Payment of or security for the bonds materially adversely affected not remedied				
Charges for any violations of criminal law involving the use of proceeds not withdrawn or dismissed		X		X
Issuer shall file petition seeking reorganization not remedied				

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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, 2022 are as follows:

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

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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 \$29,387,242.

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 \$2,317,890 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 \$2,030,613.

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 \$47,858,974.

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 \$17,452,050.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 6 – LONG-TERM LIABILITIES (continued)

C. Revenue Bonds, Notes Outstanding (continued)

Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2021

The Series 2021 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 2012 Bonds that are subject to optional and mandatory redemption payable on October of each year, all of which were refunded in connection with the issuance of the Series 2021 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 \$603,908 and \$42,562,518 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 refunded the outstanding Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2012A maturing on and after October 1, 2021 and pay the issuance costs of the 2021 Bonds. The bonds were issued on October 1, 2021. 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 2021 Bonds is payable on October 1 and April 1 of each year. The total remaining principal and interest requirement for these bonds aggregate \$31,667,542.

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 \$7,337,580.

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 \$133,837,044.

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 \$129,514,605. See Footnote 6.G regarding the interest rate swaps associated with the refunding.

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 \$103,703,883.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 6 – LONG-TERM LIABILITIES (continued)

C. Revenue Bonds, Notes Outstanding (continued)

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 \$50,098,069.

Energy System Revenue Bonds, Series 2021

In December 2021, the City issued the Energy System Revenue Bonds, Series 2021 in the amount of \$123,295,000. Proceeds of the bonds were used to finance the acquisition and installment of new electric generation units and the acquisition, construction and equipping of certain other capital improvements to the electric power system of the City and paying certain costs and expenses related to the issuance of the Bonds. The 2021 Bonds mature in serial installments on October 1, 2022 through October 1, 2048. The Bonds bear interest rates between 4.00% and 5.00%, with interest payable on April 1 and October 1 of each year. The remaining payments for these bonds aggregate to \$210,985,775.

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 \$628,139,376. Principal and interest paid for the current year and total net customer revenues were \$39,223,822 and \$126,652,539 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 \$83,806,023.

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 \$62,241,380. The current refundings resulted in a net positive cash difference of \$606,066 and an economic gain of \$524,445.

As of September 30, 2022, 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, 2022

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, 2022, the City had total loans outstanding of \$64,742,419 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, 2022, the City is in compliance with all covenants of these loan agreements.

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 \$224,060,000 as of September 30, 2022.

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, 2022

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, 2022 are summarized in the following tables.

Governmental Activities								
Year	Direct Borrowings		Bonds Payable		Other Loans Payable		Total Government Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 3,487,753	\$ 1,168,484	\$ 2,080,728	\$ 1,220,472	\$ -	\$ -	\$ 5,568,481	\$ 2,388,956
2024	3,611,768	1,082,972	2,629,852	1,128,517	-	-	6,241,620	2,211,489
2025	3,741,807	994,397	4,248,994	1,585,082	-	-	7,990,801	2,579,479
2026	3,872,397	902,677	4,901,234	1,019,578	-	-	8,773,631	1,922,255
2027	4,009,038	807,732	2,401,520	904,657	-	-	6,410,558	1,712,389
2028-2032	20,377,775	2,518,769	11,611,113	3,243,284	-	-	31,988,888	5,762,053
2033-2037	8,484,974	677,981	10,942,664	899,811	-	-	19,427,638	1,577,792
2038-2042	1,953,213	64,669	-	-	-	-	1,953,213	64,669
	<u>\$ 49,538,725</u>	<u>\$ 8,217,681</u>	<u>\$ 38,816,105</u>	<u>\$ 10,001,401</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,354,830</u>	<u>\$ 18,219,082</u>

Business-Type Activities								
Year	Direct Borrowings		Bonds Payable		Other Loans Payable		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 9,311,165	\$ 2,656,559	\$ 26,533,685	\$ 19,956,313	\$ 1,021,595	\$ 370,796	\$ 36,866,445	\$ 22,983,668
2024	7,285,524	2,482,133	25,003,308	18,857,736	1,416,234	366,331	33,705,066	21,706,200
2025	7,478,436	2,326,470	24,859,083	17,131,882	1,536,724	349,888	33,874,243	19,808,240
2026	11,597,278	2,166,583	25,427,557	16,324,934	1,553,474	333,138	38,578,309	18,824,655
2027	5,974,973	1,905,056	30,723,551	14,946,714	1,570,541	316,071	38,269,065	17,167,841
2028-2032	30,116,670	7,842,539	143,183,647	56,064,204	8,120,153	1,312,908	181,420,470	65,219,651
2033-2037	68,259,484	4,101,043	104,503,064	29,517,485	8,597,716	835,345	181,360,264	34,453,873
2038-2042	23,359,502	194,736	34,755,000	12,959,462	11,561,699	310,901	69,676,201	13,465,099
2043-2047	-	-	26,370,000	6,544,000	597,965	302	26,967,965	6,544,302
2048-2052	-	-	12,480,000	631,500	-	-	12,480,000	631,500
	<u>\$ 163,383,032</u>	<u>\$ 23,675,119</u>	<u>\$ 453,838,895</u>	<u>\$ 192,934,230</u>	<u>\$ 35,976,101</u>	<u>\$ 4,195,680</u>	<u>\$ 653,198,028</u>	<u>\$ 220,805,029</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, 2022 was \$(11,759,486).

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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 9/30/2022	Counterparty	Start Date	Maturity Date	City Receives	City Pays	Fair Market Value 9/30/2022*
24,772,000	Goldman Sachs Mitsui Marine Derivative Products, LP	10/2/2017**	10/1/2035	67% of 1 mo. LIBOR	3.920%	\$ (3,288,080)
14,053,000	Citigroup Global Markets Holdings, Inc.	8/29/2017**	10/1/2035	67% of 1 mo. LIBOR	3.917%	(1,805,032)
47,860,000	Citigroup Global Markets Holdings, Inc.	11/29/2021****	10/1/2037	67% of 1 mo. LIBOR	3.655%	(6,580,095)
1,520,000	Goldman Sachs Mitsui Marine Derivative Products, LP	10/2/2017***	10/1/2035	67% of 1 mo. LIBOR	3.163%	(86,279)
						<u>\$ (11,759,486)</u>

* Modelled on Bloomberg by COL

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

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

**** Latest modification; original start date 1/22/2003

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, 2022, 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).

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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 expense and the total amount capitalized for the year ended September 30, 2022 is as follows:

	Governmental Activities	Business-type Activities
Amount charged to expense:		
Long-term debt	\$ 2,941,312	\$ 23,441,890
Leases	13,583	15,352
Add: interest expense capitalized	-	6,558,869
Total	\$ 2,954,895	\$ 30,016,111

NOTE 8 – LEASES

A. Lease Financings

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 Vector Trucks and a Cues truck for Stormwater maintenance, and various HVAC Equipment purchases and installations at the RP Funding Center. Information about these leases are as follows:

	Governmental Activities	Business-type Activities	Total
Assets acquired under capital lease program:			
Machinery and equipment:			
Original cost	\$ 7,542,718	\$ -	\$ 7,542,718
Carrying value	2,753,752	-	2,753,752
Current depreciation expense	920,399	-	920,399
Lease obligations remaining to be paid:	Governmental	Business-type	Total
Current	\$ 676,349	\$ -	\$ 676,349
Long-Term	1,132,861	-	1,132,861
	\$ 1,809,210	\$ -	\$ 1,809,210
Future minimum lease payments:	Total	Interest	Net
2024	\$ 724,758	\$ 48,409	\$ 676,349
2025	713,221	28,522	684,699
2026	457,921	9,759	448,162
	\$ 1,895,900	\$ 86,690	\$ 1,809,210

The following is a summary of the lease financing liability transactions of the City for the year ended September 30, 2022.

	Governmental Activities	Business-type Activities	Total
Capital leases payable:			
Beginning balance	\$ 2,970,489	\$ -	\$ 2,970,489
Satisfied	1,161,279	-	1,161,279
Ending Balance	\$ 1,809,210	\$ -	\$ 1,809,210

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 8 – LEASES (continued)

B. Lessee Leases

The City is a lessee in many non-cancellable leases in the form of equipment, vehicles, parking spaces, and buildings ranging from over one year to thirty years. An initial lease liability of \$3,027,470 was recorded on October 1, 2021 upon implementation of GASB 87 with net additions of \$ 1,391,563 and net reductions of \$482,717 during the year. Total payments made for the fiscal year ended September 30, 2022 amounted to \$525,395 inclusive of interest of \$28,935 at rates ranging from 0.2900% to 2.9507%. As of September 30, 2022, the values of the right-to-use assets and its accumulated amortization were \$7,262,574 and \$915,339 respectively. The difference between the lease liability and right-to-use assets is due to prepayment of \$2.5M lease consideration for Summit Consulting at the commencement of parking/building lease. Also, the lease liability payable had a balance of \$3,921,416 as of September 30, 2022. The expected principal and interest payments to maturity is summarized in the tables below.

Principal and Interest Requirements to Maturity

Fiscal Year	Business-Type Activities		Total Payments
	Principal Payments	Interest Payments	
2023	\$ 431,363	\$ 23,783	\$ 455,146
2024	349,431	21,479	370,910
2025	362,922	19,192	382,114
2026	368,903	16,886	385,789
2027	380,016	14,550	394,566
2028-2032	1,005,265	44,447	1,049,712
2033-2037	217,945	26,592	244,537
2038-2042	273,208	10,276	283,484
2043-2047	15,117	17	15,134
TOTAL	\$ 3,404,170	\$ 177,222	\$ 3,581,392

Fiscal Year	Governmental Activities		Total Payments
	Principal Payments	Interest Payments	
2023	\$ 125,775	\$ 11,283	\$ 137,058
2024	88,650	8,828	97,478
2025	89,293	6,351	95,644
2026	114,927	2,277	117,204
2027	8,402	1,621	10,023
2028-2032	42,029	5,971	48,000
2033-2037	45,778	2,222	48,000
2038	2,392	7	2,399
TOTAL	\$ 517,246	\$ 38,560	\$ 555,806

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 8 – LEASES (continued)

C. Lessor Leases

The City is a lessor in many noncancellable leases of parking spaces, land space and land improvements, office spaces, cell tower spaces, fiber infrastructure, hangers, event spaces and buildings for term ranging from over one (1) year to seventy-five (75) years . An initial lease receivable of \$42,614,716 was recorded on October 1,2021, upon implementation of GASB 87 with additions of \$1,049,585 and reductions of \$2,512,533 during the year. Total payments received for fiscal year end September 30, 2022 amounted to \$13,692,347 inclusive of interest of \$669,313 at rates ranging from 0.2900% to 2.5382%. The City recognized lease revenue of \$13,692,347. As of September 30, 2022, the value of the lease receivables and deferred inflow of resources are \$41,151,768 and \$245,100,826 respectively. The large difference between the lease receivable and deferred inflow of resources is due to prepayment of \$215 million lease consideration paid by Lakeland Regional Health and \$200,000 lease consideration paid by Joe G. Tedder Tax collector for Parking spaces.

Principal and Interest Expected to Maturity

Fiscal Year	Business-Type Activities		Total Payments
	Principal Payments	Interest Payments	
2023	\$ 2,000,617	\$ 484,737	\$ 2,485,354
2024	2,016,916	457,709	2,474,625
2025	2,035,712	430,133	2,465,845
2026	1,991,662	402,168	2,393,830
2027	2,030,186	374,016	2,404,202
2028 - 2032	7,613,488	1,475,993	9,089,481
2033 - 2037	4,176,451	1,029,637	5,206,088
2038 - 2042	918,921	794,203	1,713,124
2043 - 2047	832,386	712,728	1,545,114
2048 - 2052	921,736	623,377	1,545,113
2053 - 2057	1,020,678	524,435	1,545,113
2058 - 2062	1,012,275	416,171	1,428,446
2063 - 2067	631,360	333,043	964,403
2068 - 2072	416,901	282,313	699,214
2073 - 2077	461,652	237,562	699,214
2078 - 2082	511,207	188,007	699,214
2083 - 2087	566,081	133,132	699,213
2088 - 2092	626,846	72,368	699,214
2093 - 2095	385,168	11,597	396,765
TOTAL	\$ 30,170,243	\$ 8,983,329	\$ 39,153,572

Fiscal Year	Governmental Activities		Total Payments
	Principal Payments	Interest Payments	
2023	\$ 519,741	\$ 210,916	\$ 730,657
2024	490,321	202,993	693,314
2025	433,072	195,123	628,195
2026	411,588	187,307	598,895
2027	412,425	179,481	591,906
2028 - 2032	2,069,779	778,689	2,848,468
2033 - 2037	2,118,446	576,554	2,695,000
2038 - 2042	2,336,973	358,027	2,695,000
2043 - 2047	2,048,042	116,958	2,165,000
2048 - 2052	32,184	12,816	45,000
2053 - 2057	35,639	9,361	45,000
2058 - 2062	39,464	5,536	45,000
2063 - 2067	33,851	1,400	35,251
TOTAL	\$ 10,981,525	\$ 2,835,161	\$ 13,816,686

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 8 – LEASES (continued)

D. Variable Lease

City has some leases which were excluded from GASB 87 as the receipts from lease depended on future performance of gross sales or receipts. Those leases are considered as variable leases and are excluded from the measurement of lease receivables and deferred inflow of resources. The amount of variable rent recognized in fiscal year ending September 30, 2022, is \$83,698.

E. Regulated Leases

City has many regulated leases belonging to Lakeland Linder Airport which were determined per GASB 87. Based on GASB 87, all leases that are aeronautical leases are considered to be regulated leases due to the regulatory obligations of the FAA and FDOT airport leases. An aeronautical use of an airport is any activity that involves, makes possible, or is required for the safety of or is otherwise directly related to the operation of an aircraft. This would include services provided by airlines related to movement of passengers, baggage, and cargo. In addition to commercial operations, private hangars or storage of aircraft would be excluded from GASB 87.

The following activities, commonly conducted on airports are aeronautical activities within this definition:

- Aircraft sales and services.
- Airframe, powerplant and accessory maintenance and repair services.
- Aircraft rental services.
- Flight training services.
- Aircraft charter and air taxi services.
- Avionics, instrument maintenance and repair services.
- Aerial applications (crop dusting, firefighting, etc.)
- Aviation fuels and petroleum products sales.
- Sale of aircraft parts.
- Sale, rental or sublease of aircraft hangar, parking, and tie-down space.
- Air carrier operations.
- Air freight or cargo operations.
- Banner towing and aerial advertising.
- Aircraft storage, hangar, tiedown, parking.
- Office and shop rental/subleasing.
- Ground servicing of air carrier aircraft.
 - Aerial photography or survey.
- Aircraft washing and cleaning services (interior and exterior).
- Any other activities which because of their direct relationship to the operation or repair of aircraft can be appropriately regarded as aeronautical activities.

One of the Regulated leases-Hanger Lease leased to Foster's Aircraft Refinishing Inc for both fixed monthly payment and variable based on 13%-15% of gross sales as mentioned in lease agreement. Fixed monthly lease revenue will increase annually based on CPI which was included in revenue recognized in amount above. The variable portion of lease revenue recognized during FY 22 is \$35,024.

Total revenue recognized for regulated leases for fiscal year end September 30,2022 amounted to \$6,064,470. The Future Minimum Expected Receipts until Maturity are presented in the table below:

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 8 – LEASES (continued)

E. Lease Regulated (continued)

Future Minimum Expected Receipts until
Maturity

Fiscal Year	Business-Type Activities
2023	\$ 5,610,863
2024	5,328,772
2025	5,270,816
2026	5,037,228
2027	4,966,085
2028 - 2032	24,333,313
2033 - 2037	22,646,781
2038 - 2042	17,641,469
2043 - 2047	9,893,591
2048 - 2052	6,048,034
2053 - 2057	2,041,081
2058 - 2062	768,460
2063 - 2067	733,975
2068 - 2071	347,015
	\$ 110,667,483

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 \$5,734,188 and total nonspendable fund balances were \$5,355,658 and total restricted fund balances were \$252,233 as of September 30, 2022. The dollar value of these assets experienced a net decrease of \$1,454,445 for the year ended September 30, 2022.

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.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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, 2020-2021 nor 2021-2022.

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, 2022, the current claims due within one year for the self-insurance reserve portion are \$5,907,633. 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, 2022, the claims due within one year for the health insurance reserve portion are \$2,063,116. 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, 2022, the City paid \$977,023 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, 2022 is as follows:

	<u>2022</u>	<u>2021</u>
Claims liability at beginning of year	\$ 24,450,145	\$ 24,890,719
Claims incurred during the year	(36,527,423)	(35,078,763)
Changes in the estimate for claims	181,126	81,906
Claims payments	36,160,241	34,556,283
Claims liability at end of year	<u>\$ 24,264,089</u>	<u>\$ 24,450,145</u>
Amount due within one year		
Self insurance reserve	\$ 5,907,633	\$ 5,616,990
Health insurance reserve	2,063,116	2,347,871
Total amount due within one year	<u>\$ 7,970,749</u>	<u>\$ 7,964,861</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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, 2022 were as follows:

	<u>City Share</u>	<u>OUC Share</u>	<u>Total</u>
Operating Costs:			
McIntosh unit #3 fuel expense	\$ 4,062	\$ 2,708	\$ 6,770
McIntosh unit #3 direct operating & maintenance expenses	1,763,922	1,175,948	2,939,870
Other shared operating & administrative expenses	76,894	51,263	128,157
	<u>\$ 1,844,878</u>	<u>\$ 1,229,919</u>	<u>\$ 3,074,797</u>
Capital Costs:			
McIntosh unit #3	<u>\$ 84,617</u>	<u>\$ 56,411</u>	<u>\$ 141,028</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.

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, 2022

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, 2022 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, 2022 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 Grant Programs - Law Enforcement - this represents unexpended net position derived from federal and state grant revenues used to finance law enforcement 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, 2022

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, 2022 is as follows:

	General Fund	Public Improvement Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Cemetery endowment	\$ -	\$ -	\$ 5,326,182	\$ 5,326,182
Permanent fund principal	-	-	29,476	29,476
Prepays	1,088,275	-	-	1,088,275
Restricted for:				
CRA	-	-	14,411,889	14,411,889
Law enforcement	1,664,408	-	-	1,664,408
Impact fee programs	-	-	19,714,333	19,714,333
Transportation	-	-	8,423,391	8,423,391
Capital improvement	-	381,595	-	381,595
Donations received	644,633	-	252,233	896,866
Grant Programs:				
Community development	-	-	107,253	107,253
Law enforcement	35,785	-	-	35,785
Debt service	-	1,989,817	1,957,020	3,946,837
Building inspection	-	-	2,319,157	2,319,157
Committed to:				
Stormwater	-	-	6,536,396	6,536,396
Assigned to:				
Subsequent year's expenditures	14,918,142	-	-	14,918,142
Cultural activities	317,180	-	-	317,180
Recreational facilities	728,770	-	-	728,770
Unassigned	31,021,609	(18,073,749)	(1,525)	12,946,335
Total fund balance	\$ 50,418,802	\$ (15,702,337)	\$ 59,075,805	\$ 93,792,270

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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 FY22 were based off the actuarial report with an effective date of October 1, 2020.

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 \$964,435 and \$1,175,145 respectively in the Government-wide Statement of Activities.

For the fiscal year ended September 30, 2022, the City recognized an aggregate pension expense of \$(24,484,213).

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, 2022

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, 2020 is shown in the following table.

Active plan members	1,390
Retirees and beneficiaries	1,232
DROP Participants	181
Terminated vested plan members	119
Transferred Members	10
	<u>2,932</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, 2020, there were 181 DROP participants.

Cost of Living Adjustment

No cost of living increase was awarded for fiscal year 2022.

Funding Policy, Contributions Required, and Contributions Made

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 per Resolution No. 5242 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 of \$1,546,989 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.

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 FY22 was calculated as follows:

Contribution rate last year	19.33%
Change in cost sharing	(0.27)%
Change in actuarial assumptions	(0.89)%
Change in normal cost rate	(0.09)%
Amortization payment on UAAL	0.45%
Actuarial experience	0.26%
Actuarial experience from DROP variable interest rate option	(0.11)%
Contribution rate this year	<u>18.68%</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

A. Employees' Pension and Retirement System (continued)

Funding Policy, Contributions Required, and Contributions Made (continued)

In a revised actuarial report completed for the Employees' Retirement System in March 2022, system asset values were reset to their full market values as of 9/30/2021. Including the full recognition of the proceeds from the pension notes that were deposited into the fund. Pursuant to Resolution No. 5745, the remaining credit balance of \$50,661,662 was added to the asset value as of September 30, 2021. The credit balance related to the pension notes was eliminated for FY2022 and thereafter. Contribution rates (for FY2022 and FY2023) for both the employer and employees were recalculated, resulting in net savings for both parties.

The expected and blended contribution rates per Resolution No. 5745 for the fiscal year ending September 30, 2022 are presented in the table below.

	Expected Actual Contribution Rates		
	10/1/2021 to 2/26/2022	2/27/2022 to 9/30/2022	Blended Rates for the Fiscal Year
Employer Contribution Rate	10.88%	7.31%	8.80%
Employee Contribution Rates:			
Plan A/B	10.19%	7.83%	8.81%
Plan C	5.44%	3.08%	4.06%

A similar process and result was employed by the Police Officers Pension System. The Firefighters' Pension System did not make the aforementioned change.

The contributions developed are calculated based on payments to the Plan at the end of each biweekly pay period. For the fiscal year ending September 30, 2022, the amount contributed by the City plus \$1,546,989 for the application of the credit balance must equal at least 8.04% of covered payroll. For the year ended September 30, 2021, the City contributed \$6,393,795 and the employees contributed \$4,894,277, including buybacks.

Net Pension Liability

The City's actuarial valuation date is October 1, 2020 rolled forward to September 30, 2021 and net pension liability was measured as of September 30, 2021.

Actuarial assumptions. The total pension liability in the October 1, 2020 actuarial evaluation rolled-forward to September 30, 2021 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	PUB-2010 Headcount Weighted General Below Median Employee Table (for pre-retirement mortality) and the PUB-2010 Headcount Weighted General Below Median Table (post-retirement mortality), with mortality improvements projected to all future years using scale MP-2018. (2)

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

(2) The mortality table and improvement scales were 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, 2020, as mandated by Chapter 112.63, Florida Statutes.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

A. Employees' Pension and Retirement System (continued)

Net Pension Liability (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 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 6.025%. 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, 2022 (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	47.50%	7.50%	3.563%
International Equity	15.00%	8.50%	1.275%
Domestic Bonds	25.00%	2.50%	0.625%
Real Estate	12.50%	4.50%	0.563%
Total Investments	100.00%		6.025%

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.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		Net Pension Liability (Asset) (a) - (b)
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	
Beginning balances	\$ 740,206,915	\$ 678,381,033	\$ 61,825,882
Changes for the year:			
Service cost	11,509,354	-	11,509,354
Interest	52,595,158	-	52,595,158
Difference between actual & expected experience	(467,936)	-	(467,936)
Assumption changes	(13,992,987)	-	(13,992,987)
Contribution - employer	-	9,145,617	(9,145,617)
Contribution - employee	-	6,575,253	(6,575,253)
Net investment income	-	169,700,507	(169,700,507)
Other (adjustment to DROP balance, misc. income)	-	1,027	(1,027)
Benefit payments	(51,473,516)	(51,473,516)	-
Refunds	(1,058,108)	(1,058,108)	-
Administrative Expense	-	(275,837)	275,837
Net Changes	(2,888,035)	132,614,943	(135,502,978)
Ending Balances	\$ 737,318,880	\$ 810,995,976	\$ (73,677,096)

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

A. Employees' Pension and Retirement System (continued)

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.

	<u>1.00% Decrease Rate (6.25%)</u>		<u>Current Discount Rate (7.25%)</u>		<u>1% Increase Rate (8.25%)</u>
City's net pension liability (asset) \$	2,354,717	\$	(73,677,096)	\$	(137,811,533)

Changes in Assumptions

There was a change made to the mortality assumption. Florida Statutes Chapter 112.63(1)(f) mandates the use of the same mortality tables used by the Florida Retirement System (FRS) in either of its two most recently published actuarial valuation reports.

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.

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

For the fiscal year ended September 30, 2022, the City recognized pension expenses of \$(20,874,523). At September 30, 2022, 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	\$ 705,124	\$	1,839,998
Net Difference between projected and actual earnings	-		92,095,986
Changes of Assumptions	-		10,661,323
Cost Share Change	2,034,313		2,034,312
Contributions Subsequent to the Measurement Date	6,393,795		-
Total	<u>\$ 9,133,232</u>	\$	<u>106,631,619</u>

\$6,393,795 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	\$ (26,206,775)
2023	(23,523,190)
2024	(29,100,941)
2025	(25,061,276)
	<u>\$ (103,892,182)</u>

Payable to the Pension Plan

At September 30, 2022, the City reported a payable of \$456,240 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2022.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

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.

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 market 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 an orderly transaction between market participants at the measurement date. 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).

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

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

Plan Description (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, 2020 is shown in the following table.

Active plan members	218
Retirees and beneficiaries	229
DROP Participants	18
Terminated vested plan members	<u>24</u>
	<u>489</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, 2020, there were 18 DROP participants.

Post Retirement Investment Account (PRIA)

During fiscal year ended September 30, 2017, the PRIA was established. In lieu of receiving a payment from the DROP Plan, a retiree terminating his employment as a police officer may elect to defer receipt of DROP Plan payments and elect to participate in the PRIA. A retiree who elects to participate in the PRIA may participate in the PRIA for sixty months after separation from service or the end of the quarter in which the retiree reaches age sixty-five.

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 2022.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

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

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 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.

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, 2022 was 14.95%.

For the year ended September 30, 2022, the City contributed \$2,240,500 and the employees contributed \$2,398,739.

Net Pension Liability (Asset)

The City’s actuarial valuation date is October 1, 2020 rolled forward to September 30, 2021 and net pension liability was measured as of September 30, 2021.

Actuarial assumptions. The total pension liability in the October 1, 2020 actuarial evaluation rolled-forward to September 30, 2021 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.35%
Salary increases	Service based
Inflation rate	2.50%
Mortality table	
Active employees	Female: PubS.H-2010 for Employees, set forward one year. Scale MP-2018. Male: PubS.H-2010 for Employees, set forward one year. Scale MP-2018.
Retired pensioners	Female: PubS.H-2010 for Healthy Retirees, set forward one year. Scale MP-2018. Male: PubS.H-2010 for Healthy Retirees, set forward one year. Scale MP-2018.
Beneficiaries	Female: PubG.H-2010 for Healthy Retirees. Scale MP-2018. Male: PubG.H-2010 for Healthy Retirees, set back one year. Scale MP-2018.
Disabled pensioners	Female: 80% PubG.H-2010, Scale MP-2018. Male: 20% PubS.H-2010, Scale MP-2018.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

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

Net Pension Liability (Asset) (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 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, 2021 are summarized in the following table:

Asset Class (Fair Value)	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	40.00%	7.50%
International equity	17.50%	8.50%
Broad market fixed income	12.50%	2.50%
Real estate	10.00%	4.50%
Private equity	10.00%	8.50%
Alternative	10.00%	6.78%
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 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 (7.35%) was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Changes for the year:			
Service cost	\$ 3,143,936	\$ -	\$ 3,143,936
Interest	12,180,790	-	12,180,790
Gain share reserve	-	-	-
Share plan allocation	172,883	-	172,883
Contribution - employer	-	1,926,208	(1,926,208)
Contribution - employee	-	2,421,184	(2,421,184)
Contribution - state	-	1,047,223	(1,047,223)
Projected Earnings on investments	-	11,463,557	(11,463,557)
Difference between actual & expected experience	(426,607)	-	(426,607)
Difference between projected & actual earnings	-	24,162,525	(24,162,525)
Benefit payments	(12,859,673)	(12,859,673)	-
Contributions - buy back	192,729	192,729	-
Changes in assumptions	2,461,481	-	2,461,481
Administrative Expense	-	(174,055)	174,055
Other (Misc. income)	-	12,686	(12,686)
Net Change	4,865,539	28,192,384	(23,326,845)
Total - Beginning	165,341,905	155,700,047	9,641,858
Total - Ending	\$ 170,207,444	\$ 183,892,431	\$ (13,684,987)

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

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

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.

	<u>Decrease Rate (6.35%)</u>	<u>Discount Rate (7.35%)</u>	<u>Increase Rate (8.35%)</u>
City's net pension liability (asset) \$	4,910,559	\$ (13,684,987)	\$ (28,577,627)

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 09/30/2021, amounts reported as changes of assumptions resulted from lowering the interest rate from 7.50% to 7.35% per year compounded annually, net of investment related expenses.

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

For the fiscal year ended September 30, 2022, the City recognized pension expenses of \$(3,860,249). At September 30, 2022, 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	\$ 3,415,645	\$ -
Difference between actual and expected experience	279,557	625,630
Changes of assumptions	1,969,185	963,946
Net difference between projected and actual earnings	-	21,932,455
Total	<u>\$ 5,664,387</u>	<u>\$ 23,522,031</u>

\$3,415,645 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:	
2023	\$ (5,227,175)
2024	(5,374,508)
2025	(6,246,078)
2026	(4,425,528)
	<u>\$ (21,273,289)</u>

Payable to the Pension Plan

At September 30, 2022, the City reported a payable of \$157,535 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2022.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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.

On November 19, 2012 the Lakeland City Commission adopted ordinance 5341 - which removed all active and retired firefighters from the City of Lakeland Employee Pension Plan (the General Plan) and transferred those individuals to an amended version of the Firefighters' Supplemental Pension Plan (the Supplemental Plan) - which had the effect of creating an entirely new replacement plan called the Firefighters' Retirement System (the Fire Plan).

Under the terms of this change, all retired firefighters 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 Fire Plan. All future retired firefighters and/or their beneficiaries will receive their retirement benefits exclusively from the Fire 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.

In conjunction with the change, certain assets and liabilities of the General Plan were transferred to the Fire Plan. The value of the assets transferred was based on the relative percentage of the actuarial accrued liability (EAN method) payable from the General Plan that was determined to be attributable to both active and retired firefighters as of September 30, 2012.

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.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 13 - DEFERRED BENEFIT PENSION PLANS (continued)

C. Firefighters' Retirement System

Plan Description (continued)

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.

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 the actuary report dated October 1, 2020 is shown in the following table.

Active plan members	159
Retirees and beneficiaries	118
DROP participants	10
Terminated vested plan members	11
	<u>298</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.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 13 - DEFERRED BENEFIT PENSION PLANS (continued)

C. Firefighters' Retirement System

Plan Description (continued)

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.

Cost of Living Adjustment

No cost of living increase was awarded for fiscal year 2022.

Funding Policy, Contributions Required, and Contributions Made

As of September 30, 2022 participants were required to contribute 9.41% of their annual earnings to the Plan. The exception is for members that were already participating in the Employees Plan DROP Plan.

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 30, 2022 was 20.35%. For the year ended September 30, 2022, the City contributed \$1,774,003 and the employees contributed \$1,207,662.

Net Pension Liability (Asset)

The City's net pension liability was measured as of September 30, 2021, 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, 2020 actuarial evaluation updated to September 30, 2021 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.00%
Salary increases	Age based
Inflation rate	2.50%
Mortality table	
Active employees	Female: PubS.H-2010 for employees, set forward one year. Scale MP-2018. Male: PubS.H-2010 for employees, set forward one year. Scale MP-2018.
Retired pensioners	Female: PubS.H-2010 for Healthy Retirees, set forward one year. Scale MP-2018. Male: PubS.H-2010 for Healthy Retirees, set forward one year. Scale MP-2018.
Beneficiaries	Female: PubG.H-2010 for Healthy Retirees. Scale MP-2018. Male: PubG.H-2010 for Healthy Retirees, set back one year. Scale MP-2018.
Disabled pensioners	80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disable Retirees. Scale MP-2018.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

C. Firefighters’ Retirement System (continued)

Net Pension Liability (Asset) (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, 2021 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%
Broad market fixed income	20.00%	2.50%
Private equity	5.00%	8.50%
Real Estate	5.00%	4.50%
Alternative	10.00%	6.42%
TOTAL	100.00%	

The discount rate used to measure the total pension liability was 7.00%. 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 (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Changes for the year:			
Service cost	\$ 2,897,022	\$ -	\$ 2,897,022
Interest	8,745,108	-	8,745,108
Share plan allocation	82,952	-	82,952
Contribution - employer	-	1,912,761	(1,912,761)
Contribution - employee	-	1,213,041	(1,213,041)
Contribution - state	-	899,460	(899,460)
Contribution buy-back	11,779	11,779	-
Projected Earnings on investments	-	7,949,490	(7,949,490)
Difference between actual & expected experience	373,602	-	373,602
Changes of assumptions	4,693,999	-	4,693,999
Difference between projected & actual earnings	-	17,864,712	(17,864,712)
Benefit payments	(7,172,804)	(7,172,804)	-
Administrative Expense	-	(155,566)	155,566
Net Change	9,631,658	22,522,873	(12,891,215)
Total - Beginning	119,557,856	111,683,038	7,874,818
Total - Ending	\$ 129,189,514	\$ 134,205,911	\$ (5,016,397)

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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

	Decrease Rate (6.00%)	Discount Rate (7.00%)	Increase Rate (8.00%)
City’s net pension liability (asset) \$	10,124,250	\$ (5,016,397)	\$ (17,746,553)

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

C. Firefighters' Retirement System (continued)

Changes in Assumptions

For measurement date 09/30/2021, amounts reported as changes of assumptions resulted from lowering the investment return from 7.35% to 7.00% per year (net of investment related expenses).

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, 2022, the City recognized pension expenses of \$250,559. At September 30, 2022, 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	\$ 2,738,438	\$ -
Difference between actual and expected experience	2,867,614	118,571
Changes if assumptions	4,917,810	-
Net difference between projected and actual earnings	-	14,908,178
Total	<u>\$ 10,523,862</u>	<u>\$ 15,026,749</u>

\$2,738,438 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, 2023. 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:	
2023	\$ (1,845,960)
2024	(2,064,462)
2025	(2,662,201)
2026	(2,326,990)
2027	934,345
Thereafter	723,943
	<u>\$ (7,241,325)</u>

Payable to the Pension Plan

At September 30, 2022, the City reported a payable of \$110,557 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2022.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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, 2022 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	\$ 9,133,232	\$ 5,664,387	\$ 10,523,862	\$ 25,321,481
Net pension liability (asset)	(73,677,096)	(13,684,987)	(5,016,397)	(92,378,480)
Deferred inflows of resources related to pensions	106,631,619	23,522,031	15,026,749	145,180,399
Pension expense	(20,874,523)	(3,860,249)	250,559	(24,484,213)

Condensed financial data for the City's Defined Benefit Pension Plans for the year ended September 30, 2022 is presented below.

Condensed Statement of Net Position

	Employees' Pension and Retirement System	Police Officers' Defined Benefit Retirement System	Firefighters' Retirement System
Assets	\$ 667,308,276	\$ 154,608,039	\$ 110,428,047
Liabilities	1,257,217	263,263	343,896
Net Position			
Restricted for DROP benefits	19,021,275	6,305,429	1,326,232
Restricted for pension benefits	647,029,784	148,039,347	108,757,919
	\$ 666,051,059	\$ 154,344,776	\$ 110,084,151

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

D. Condensed Financial Information (continued)

	<u>Condensed Statement of Changes in Plan Net Position</u>		
	<u>Employees' Pension and Retirement System</u>	<u>Police Officers' Defined Benefit Retirement System</u>	<u>Firefighters' Retirement System</u>
Additions			
Contributions	\$ 11,288,072	\$ 5,814,384	\$ 3,946,100
Investment income	(99,415,519)	(24,036,359)	(20,821,834)
All other	5,453	-	189,618
Total additions	<u>(88,121,994)</u>	<u>(18,221,975)</u>	<u>(16,686,116)</u>
Deductions			
Benefits paid	54,999,119	10,858,247	7,199,221
Refunds, former employees	1,564,007	267,041	75,108
All other	259,797	200,392	161,315
Total deductions	<u>56,822,923</u>	<u>11,325,680</u>	<u>7,435,644</u>
Change in net position	(144,944,917)	(29,547,655)	(24,121,760)
Net position, beginning of year	810,995,976	183,892,431	134,205,911
Net position, end of year	<u>\$ 666,051,059</u>	<u>\$ 154,344,776</u>	<u>\$ 110,084,151</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, 2022

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 \$84,606,753 and \$71,899,463, and related expenses of \$2,861,430 and \$(530,140) 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
	<u>Normal Retirement</u>	<u>Early Retirement</u>
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, 2022

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, 2022. The following actuarial assumptions were applied.

Actuarial cost method	Entry age normal based on level percentage of projected salary
Valuation Date	October 1, 2021
Measurement Date	September 30, 2022
Discount rate:	
Implicit	4.02%
Explicit	6.84%
Health care cost trend rate:	
Pre-medicare medical & Rx benefits	
Select	6.75%
Ultimate	4.00%
Medical benefits	
Select	5.75%
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, projected forward using SOA Scale MP-2019
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, 2021, 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 - 4.02%) 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 6.84% for the explicit subsidy. The discount rate increased from 2.26%. 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 -18.9%.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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, 2022 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%	\$ 9,458,171	100%
Money market funds	0.00%	0.49%	-	0%
Accounts receivable	0.59%	0.00%	3,018	0%
Total	<u>100.00%</u>		<u>\$ 9,461,189</u>	<u>100%</u>

Rate of Return

For the year ended September 30, 2022, the annual rate of return (with inflation) was 6.84%.

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, 2022 were as follows:

Total OPEB Liability	\$ 171,824,274
Fiduciary Net Position	15,318,058
Net OPEB Liability	<u>\$ 156,506,216</u>
Fiduciary Net Position as a percentage of the total OPEB liability	8.91%

Changes in Net OPEB Liability

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Beginning balances.	\$ 213,021,931	\$ 11,719,931	\$ 201,302,000
Changes for the year:			
Service cost	8,019,991	-	8,019,991
Interest cost	5,743,174	-	5,743,174
Benefit payments	(3,690)	(3,690)	-
Changes in assumptions	(54,957,132)	-	(54,957,132)
Difference between expected and actual experience	-	-	-
Contributions - employers	-	5,704,783	(5,704,783)
Contributions - employees	-	117,214	(117,214)
Investment income	-	(2,220,180)	2,220,180
Net changes	<u>(41,197,657)</u>	<u>3,598,127</u>	<u>(44,795,784)</u>
Ending balances	<u>\$ 171,824,274</u>	<u>\$ 15,318,058</u>	<u>\$ 156,506,216</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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% (7.22%) higher and 1% lower (5.22%) than the discount rate of 6.22% is as follows:

Discount Rate	Net OPEB Liability	% Difference
7.22%	\$ 128,700,000	(18)%
6.22%	156,506,216	N/A
5.22%	194,082,000	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:

Trend	Net OPEB Liability	% Difference
1% decrease	\$ 125,769,000	(20)%
Current trend	156,506,216	N/A
1% increase	197,162,000	26%

Changes in Assumptions

The following assumption changes were since the prior evaluation:

- The discount rate for the implicit subsidy was increased from 2.26% to 4.02% from the prior measurement date.
- The discount rate for explicit subsidy was decreased 7.22% to 6.84% from the prior measurement date.
- The plan participation assumption was updated from 62% to 72%.
- The initial year medical trend rate was updated from 7.0% to 6.75% for pre-Medicare costs and from 6.0% to 5.75% for post-Medicare costs to reflect the generally low claims experience environment.

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, 2022, the City recognized OPEB expenses of \$2,331,290. At September 30, 2022, the City reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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	\$ 77,870,425	\$ 134,704,644

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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:		
2023	\$	(8,643,834)
2024		(5,843,848)
2025		(5,719,327)
2026		(8,201,146)
2027		(8,791,145)
Thereafter		(19,634,919)
	\$	<u>(56,834,219)</u>

Financial Statements

STATEMENT OF PLAN NET POSITION
RETIREE HEALTH CARE TRUST FUND
September 30, 2022

ASSETS		
Consolidated Fund	\$	9,458,171
Contributions		3,018
Total assets		<u>9,461,189</u>
LIABILITIES		
Due to primary government		149,800
Total liabilities		<u>149,800</u>
NET POSITION		
Restricted for other post employment benefits		9,311,389
	\$	<u>9,311,389</u>

STATEMENT OF CHANGES IN PLAN NET POSITION
RETIREE HEALTH CARE TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

ADDITIONS		
Contributions:		
Employer	\$	5,704,783
Plan members		117,214
Total contributions		<u>5,821,997</u>
Net investment income:		
Net increase in the fair value of investments		(3,010,870)
Interest and dividends		790,690
Net investment income		<u>(2,220,180)</u>
Total additions, net		<u>3,601,817</u>
DEDUCTIONS		
Benefits paid		6,010,359
Total deductions		<u>6,010,359</u>
Change in net position		(2,408,542)
NET POSITION, beginning of year		11,719,931
NET POSITION, end of year	\$	<u>9,311,389</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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 \$776,930 in insurance premiums for fiscal year 2022.

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, 2022, the City's Fleet Management Operations had \$5,755,008 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 2022 milestone payments of \$7,665,253 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
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	434,478	2,181,285	2,615,763
2027-2031	2,258,593	27,495,238	29,753,831
	<u>\$ 3,963,335</u>	<u>\$ 51,694,061</u>	<u>\$ 55,657,396</u>

Lakeland Electric entered into a total of five Solar Energy Participation Agreements (SEPAs) with Sun Edison, LLC from 2009 through 2016. As of September 30, 2022, 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	Brookfield Renewable	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:

	2022	2021
Sales Revenue	\$ 2,386,463	\$ 2,809,557
MegaWatts Sold	17,916	21,381
Average per MW	\$ 133.20	\$ 131.40

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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, 2022. 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, 2022, are as follows:

Transportation/street projects	\$ 7,023,124	*
Public Improvement projects	9,040,652	*
Public Safety projects	2,550,488	*
Airport projects	6,884,927	*
Wastewater treatment facilities projects	17,191,227	*
Water Distribution projects	18,152,327	*
McIntosh unit 5 renewal and replacement projects	167,976	*
McIntosh gas turbine 2 projects	2,585	*
Larsen unit 8 renewal and replacement projects	349,520	*
McIntosh new generation	30,549,140	*
Other power production plant improvements	926,111	*
Energy delivery capital projects	1,861,124	*
Building improvement projects	789,611	*
Equipment	126,491	*
	<u>\$ 95,615,303</u>	

*The amounts reported are included in the outstanding encumbrances below.

C. Encumbrances

The City had the following encumbrances outstanding as of September 30, 2022 that were not reported as designations:

Lakeland Linder International Airport Fund	\$ 6,273,363
Electric Utility Fund	3,141,943
Water and Wastewater Utilities	6,153,209
Internal Service Funds	6,634,065
Nonmajor Enterprise Funds	378,309
	<u>\$ 22,580,889</u>

The following is a summary of the City's encumbrances for Governmental Funds as of September 30, 2022.

	Public Improvement Fund	All Other Governmental Funds	Total Governmental Funds
Building improvements	\$ 183,035	\$ -	\$ 183,035
Land improvements	62,824	-	62,824
Equipment	622,388	-	622,388
Infrastructure	-	1,041,507	1,041,507
Maintenance and repair	796,040	-	796,040
Transportation projects	-	2,561,443	2,561,443
Total	<u>\$ 1,664,287</u>	<u>\$ 3,602,950</u>	<u>\$ 5,267,237</u>

In addition to the commitments for capital projects, Lakeland Electric had other outstanding purchase orders in the amount of \$164,558,551 as of September 30, 2022. \$151,989,054 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, 2022

NOTE 17 – SUBSEQUENT EVENTS

Variable Rate Energy System Refunding Bond, Series 2022

On October 1, 2022, the City issued the Variable Rate Energy System Refunding Bond, Series 2022 in the amount of \$88,205,000 to pay the City's outstanding Variable Rate Energy System Refunding Bond, Series 2017, which matured on the same day in the same amount. There was no gain or loss on the refunding of the prior debt. The Series 2022 bond matures on October 1, 2027 and is secured by a pledge of the operating revenues of the City's electric utility. The Series 2022 bond bears a variable rate of interest equal to 79% times the sum of the SOFR index plus 0.30%. Interest is payable on the first business day of each month. Although the Series 2022 bond bears a variable rate of interest, it has been effectively converted to a fixed rate as a result of pre-existing interest rate swap agreements.

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 2022, \$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



MONTEZUMA BALD CYPRESS
TAXODIUM MUCRONATUM
CUPRESSACEAE
SOUTH TEXAS TO COSTA RICA

*LAKE MORTON
FLOWERING TREE COLLECTION*





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CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Original Budget	Final Amended Budget	2022 Actual	Variance
REVENUES				
General government taxes:				
Ad-valorem taxes	\$ 42,663,455	\$ 42,663,455	\$ 43,213,083	\$ 549,628
Utility services taxes	11,836,825	11,836,825	12,107,088	270,263
Local communication services tax	4,337,504	4,337,504	4,472,828	135,324
Occupational license tax	1,639,214	1,639,214	1,712,338	73,124
Permits, fees, and special assessments:				
Other permits	147,000	147,000	93,069	(53,931)
Franchise fees - gas	271,748	271,748	344,429	72,681
Charges for public service	-	-	17,341	17,341
Inspection fees	320,100	320,100	370,939	50,839
Other permits, fee, and special assessments	2,300	2,300	6,920	4,620
Intergovernmental revenues:				
Federal grants	39,579	39,579	30,713	(8,866)
Federal financial assistance	-	165,460	148,340	(17,120)
State grants	581,665	581,665	584,271	2,606
Grants from other local units	1,230,974	1,252,543	1,313,446	60,903
State revenue sharing:				
Municipal revenue sharing	2,687,198	2,687,198	4,275,929	1,588,731
Mobile home license tax	271,185	271,185	295,898	24,713
Alcoholic beverage license	103,619	103,619	106,153	2,534
Sales tax	6,554,917	6,554,917	9,136,337	2,581,420
Firefighter supplemental	74,200	74,200	75,427	1,227
Local revenue sharing:				
County occupational tax	77,500	77,500	101,828	24,328
Charges for services:				
General government:				
Other general government	112,036	116,012	150,812	34,800
Public safety:				
Law enforcement services	1,607,408	2,726,894	2,764,483	37,589
Fire protection	250,650	250,650	286,842	36,192
Protective inspection fee	223,500	223,500	361,095	137,595
Physical environment:				
Cemetery	749,777	749,777	951,839	202,062
Economic environment:				
Other economic environment charges	71,555	71,555	93,007	21,452
Culture and recreation:				
Libraries	-	-	100	100
Parks and recreation	2,535,579	2,813,085	3,381,639	568,554
Special recreation facilities	5,286,300	5,255,100	4,929,504	(325,596)
Judgements, fines, and forfeits:				
Library fines	21,650	21,650	16,890	(4,760)
Local ordinance violations	1,900,450	2,014,645	2,502,337	487,692
Sale of contraband property	-	35,837	35,837	-
Miscellaneous revenue:				
Interest revenue	2,085,675	2,125,342	1,450,891	(674,451)
Interest revenue - leases	-	-	206,167	206,167
Net increase (decrease) in the fair value of investments	-	-	(6,337,104)	(6,337,104)
Rents and royalties	992,923	992,923	58,135	(934,788)
Lease revenue	-	-	513,179	513,179
Settlements	92,800	92,800	100,067	7,267
Sale of fixed assets	15,000	15,000	1,755	(13,245)
Sale of surplus material and scrap	1,800	1,800	4,791	2,991
Contributions and donations from private sources	24,450	115,991	115,333	(658)
Other miscellaneous revenues	446,339	765,338	872,501	107,163
Total revenues	89,256,875	91,413,911	90,866,477	(547,434)

CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Original Budget	Final Amended Budget	2022 Actual	Variance
EXPENDITURES				
General government:				
Legislative	\$ 147,339	\$ 195,634	\$ 129,426	\$ 66,208
Executive	712,339	819,042	530,532	288,510
Financial and administrative	5,888,171	4,810,216	4,560,601	249,615
Legal counsel	379,917	771,567	750,632	20,935
Comprehensive planning	2,496,439	3,001,721	2,233,874	767,847
Other general governmental services	10,430,376	9,752,742	9,677,640	75,102
Public safety:				
Law enforcement	47,374,426	47,577,455	44,518,282	3,059,173
Fire control	22,517,791	22,456,058	22,015,616	440,442
Protective inspections	1,316,866	1,351,625	1,102,700	248,925
Emergency and disaster relief services	-	1,791,335	1,791,335	-
Physical environment:				
Conservation and resource management	17,688	39,763	22,841	16,922
Cemetery	1,202,855	1,213,561	1,133,633	79,928
Transportation:				
Road and street facilities	7,128,104	7,399,089	5,460,549	1,938,540
Economic environment:				
Industry development	4,468,063	6,199,317	4,488,040	1,711,277
Housing and urban development	250,000	504,776	47	504,729
Culture/Recreation:				
Parks and recreation	22,022,560	22,967,354	18,925,643	4,041,711
Cultural services	288,595	287,235	231,441	55,794
Libraries	4,259,267	4,827,583	3,767,596	1,059,987
Special events	374,747	634,103	263,594	370,509
Special recreation facilities	7,689,229	7,539,237	7,232,783	306,454
Human services:				
Public assistance services	165,440	216,679	174,743	41,936
Other human service	26,000	26,000	20,000	6,000
Capital outlay				
Capital outlay - lease acquisitions	1,357,291	732,326	201,764	530,562
Debt Service				
Interest and other	8,227	33,596	22,993	10,603
Interest - leases	-	13,583	13,583	-
Principal payments	245,693	591,877	524,623	67,254
Principal payments - leases	-	148,071	148,071	-
Total expenditures	<u>140,767,423</u>	<u>146,566,862</u>	<u>130,607,899</u>	<u>15,958,963</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(51,510,548)</u>	<u>(55,152,951)</u>	<u>(39,741,422)</u>	<u>15,411,529</u>
OTHER FINANCING SOURCES (USES)				
Proceeds - leases	-	-	665,317	665,317
Contributions from enterprise operations	42,604,512	42,604,512	43,936,627	1,332,115
Interfund transfers in	7,019,621	8,415,871	8,621,594	205,723
Interfund transfers out	(1,274,202)	(4,869,637)	(4,388,813)	480,824
Transfer to fiduciary fund	-	(575,757)	(575,757)	-
Total other financing sources (uses)	<u>48,349,931</u>	<u>45,574,989</u>	<u>48,258,968</u>	<u>2,683,979</u>
Net change in fund balances	<u>(3,160,617)</u>	<u>(9,577,962)</u>	<u>8,517,546</u>	<u>18,095,508</u>
FUND BALANCE, beginning of year	1,345,002	(11,131,616)	41,901,256	53,032,872
FUND BALANCE, end of year	<u>\$ (1,815,615)</u>	<u>\$ (20,709,578)</u>	<u>\$ 50,418,802</u>	<u>\$ 71,128,380</u>

CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2022

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	EMPLOYEE PENSION							
	09/30/2021	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	\$ 11,509,354	\$ 11,756,329	\$ 11,588,821	\$ 11,698,378	\$ 12,438,914	\$ 12,454,643	\$ 12,479,291	\$ 12,663,875
Interest and dividends	52,595,158	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	(467,936)	1,237,889	(4,906,876)	472,973	2,417,270	(189,908)	(2,104,773)	(200,874)
Assumption Changes	(13,992,987)	-	-	-	7,390,055	-	-	-
Benefit payments, including refunds of member contributions	(52,531,624)	(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	(2,888,035)	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	740,206,915	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	737,318,880	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	9,145,617	67,857,723	15,783,779	15,473,351	14,739,830	29,175,783	15,697,557	15,395,603
Contributions, members	6,575,253	7,049,066	7,755,783	7,593,222	7,600,019	7,468,541	7,394,407	7,129,361
Net investment income	169,700,507	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	(52,531,624)	(47,735,865)	(46,819,788)	(41,311,167)	(42,434,673)	(38,965,501)	(34,634,781)	(32,658,024)
Administrative expenses	(275,837)	(792,308)	(252,466)	(222,991)	(241,172)	(246,010)	(217,810)	(288,901)
Other (adjustment to DROP balance, misc. income)	1,027	13,035	67,916	113,957	-	-	-	-
Net change in plan fiduciary net position	132,614,943	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	678,381,033	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	810,995,976	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 (asset), ending	\$ (73,677,096)	\$ 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 (asset)	109.99%	91.65%	83.03%	85.51%	83.36%	79.69%	77.14%	80.60%
Actual covered payroll as of year-end	\$ 84,323,438	\$ 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 (asset) as a % of covered payroll	(87.37)%	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.

CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2022

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)

Measurement date:	POLICE PENSION							
	09/30/2021	09/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability:								
Service cost	\$ 3,143,936	\$ 3,144,551	\$ 2,981,852	\$ 2,805,388	\$ 2,795,894	\$ 2,476,007	\$ 2,550,144	\$ 2,467,333
Interest and dividends	12,180,790	12,080,337	11,838,085	11,392,047	11,149,058	10,566,141	10,243,851	9,862,126
Contributions - buy back	192,729	490,380	61,436	93,102	162,221	183,211	140,261	70,721
Gain Sharing Reserve	-	-	-	(425,192)	425,192	-	-	-
Share Plan Allocation	172,883	185,109	153,150	114,527	77,471	-	-	-
Change in benefit terms	-	-	-	-	40	-	-	-
Differences between expected and actual experience	(426,607)	(251,665)	(333,367)	1,397,788	(808,693)	(2,463,567)	(754,860)	-
Changes in assumption	2,461,481	(1,606,578)	-	-	3,019,734	4,080,663	-	-
Benefit payments, including refunds of member contributions	(12,859,673)	(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	4,865,539	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	165,341,905	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	170,207,444	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	1,926,208	20,759,745	3,206,499	3,339,013	2,691,292	2,686,671	2,463,702	2,548,469
Contributions, members	2,421,184	2,364,906	2,595,033	2,419,597	2,024,438	2,029,605	1,931,359	2,017,233
Contributions - buy back	192,729	490,380	61,436	93,102	162,221	183,211	140,261	70,775
Contribution - state	1,047,223	1,071,675	1,007,757	930,510	856,398	796,486	744,499	708,648
Projected Earnings on investments	11,463,557	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	24,162,525	7,244,501	(4,691,229)	661,130	4,247,590	171,935	(10,027,714)	1,810,017
Benefit payments, including refunds of member contributions	(12,859,673)	(12,544,600)	(10,723,070)	(9,173,523)	(7,542,647)	(7,725,690)	(8,580,144)	(6,991,965)
Administrative expenses	(174,055)	(192,889)	(190,932)	(195,309)	(198,498)	(162,180)	(167,667)	(141,203)
Other Adjustment	12,686	2,154	1,339	7,924	3,202	2,451	598	-
Plan fiduciary net position, beginning	28,192,384	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	155,700,047	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 (asset), ending	\$ (13,684,987)	\$ 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 (asset)	108.04%	94.17%	77.25%	78.75%	77.66%	75.23%	74.34%	80.16%
Actual covered payroll as of year-end	\$ 16,308,460	\$ 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 (asset) as a % of covered payroll	(83.91)%	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, 2022

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)

Measurement date:	FIRE PENSION							
	09/30/2021	09/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability:								
Service cost	\$ 2,897,022	\$ 2,698,861	\$ 2,514,114	\$ 2,479,249	\$ 2,181,230	\$ 2,228,737	\$ 2,049,136	\$ 1,946,737
Interest and dividends	8,745,108	8,467,625	7,957,155	7,520,669	7,283,494	6,882,719	6,634,089	6,330,428
Share plan allocation	82,952	43,881	23,245	-	-	-	-	-
Contributions - buy back	11,779	-	63,495	-	170,424	119,786	16,519	-
Differences between expected and actual experience	373,602	587,818	2,181,248	1,979,479	(414,996)	229,162	(643,439)	-
Changes in assumptions	4,693,999	885,002	-	-	-	1,835,684	-	-
Benefit payments, including refunds of member contributions	(7,172,804)	(6,431,100)	(5,804,264)	(6,643,739)	(5,846,514)	(5,682,715)	(4,158,978)	(4,502,540)
Net change in total pension liability	9,631,658	6,252,087	6,934,993	5,335,658	3,373,638	5,613,373	3,897,327	3,774,625
Total pension liability, beginning	119,557,856	113,305,769	106,370,776	101,035,118	97,661,480	92,048,107	88,150,780	84,376,155
Total pension liability, ending	129,189,514	119,557,856	113,305,769	106,370,776	101,035,118	97,661,480	92,048,107	88,150,780
Plan fiduciary net position:								
Contributions, employer	1,912,761	6,201,637	1,833,070	1,575,442	1,410,862	1,558,306	1,533,254	1,705,635
Contributions, members	1,213,041	1,163,231	1,083,921	948,721	697,667	748,173	925,075	1,063,934
Contributions - buy back	11,779	-	63,495	-	170,424	119,786	16,519	-
Contribution - state	899,460	821,319	780,047	731,610	726,180	776,564	754,489	735,806
Net investment income	25,814,202	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	(7,172,804)	(6,431,100)	(5,804,264)	(6,643,739)	(5,846,514)	(5,682,715)	(4,158,978)	(4,502,540)
Administrative expenses	(155,566)	(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	22,522,873	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	111,683,038	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	134,205,911	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 (asset), ending	\$ (5,016,397)	\$ 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 (asset)	103.88%	93.41%	87.78%	91.99%	93.14%	89.55%	90.88%	97.33%
Actual covered payroll as of year-end	\$ 13,087,543	\$ 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 (asset) as a % of covered payroll	(38.33)%	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, 2022

SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS

Measurement date:	OPEB					
	09/30/2022	09/30/2021	09/30/2020	09/30/2019	09/30/2018	9/30/2017
Total OPEB liability:						
Service cost	\$ 8,019,991	\$ 9,675,719	\$ 8,424,404	\$ 6,608,098	\$ 7,461,585	\$ 7,162,205
Interest and dividends	5,743,174	6,040,753	5,908,323	8,567,130	8,045,959	8,573,827
Assumption Changes or other inputs	(54,957,132)	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	(6,010,359)	(5,628,006)	(5,497,628)	(6,256,300)	(8,099,526)	(8,100,958)
Net change in total OPEB liability	(47,204,326)	(9,660,147)	26,676,657	9,621,681	(10,351,001)	(6,325,926)
Total OPEB liability, beginning	213,021,931	222,682,078	196,005,421	186,383,740	196,734,741	203,060,667
Total OPEB liability, ending	165,817,605	213,021,931	222,682,078	196,005,421	186,383,740	196,734,741
Plan fiduciary net position:						
Contributions, employer	5,704,783	5,320,784	5,402,393	6,197,320	8,250,441	8,100,958
Contributions, employee	117,214	135,134	157,469	178,448	-	-
Net investment income	(2,220,180)	2,067,980	687,703	653,377	625,619	989,661
Benefit payments	(6,010,359)	(5,628,006)	(5,497,628)	(6,256,300)	(8,099,526)	(8,100,958)
Net change in plan fiduciary net position	(2,408,542)	1,895,892	749,937	772,845	776,534	989,661
Plan fiduciary net position, beginning	11,719,931	9,824,039	9,074,102	8,301,257	7,524,723	6,535,062
Plan fiduciary net position, ending	9,311,389	11,719,931	9,824,039	9,074,102	8,301,257	7,524,723
City's net OPEB liability, ending	\$ 156,506,216	\$ 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	5.62%	5.50%	4.41%	4.63%	4.45%	3.82%
Actual covered payroll as of September 30th	\$ 131,197,000	\$ 127,375,719	\$ 133,983,300	\$ 129,452,490	\$ 128,224,000	\$ 123,888,256
City's net OPEB as a % of covered payroll	119.29%	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, 2022

SCHEDULE OF OPEB INVESTMENT RETURNS

	<u>9/30/22</u>	<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.	-18.9%	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
2022	\$ 1,967,955	\$ 5,704,783	\$ (3,736,828)	\$ 131,197,000	4.35%
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%

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, 2022

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES

Employees' Pension & Retirement System						
Year Ended Sep 30th	Actuarially Determined Contribution *	Annual Actual Contribution **	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll	
2022	\$ 6,588,642	\$ 6,393,795	\$ 194,847	\$ 81,948,283	7.80%	
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, 2021 and 2022.

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	Actuarially Determined Contribution **	Annual Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll (1)	Contributions as a % of Covered Payroll	
2022	\$ 2,611,977	\$ 2,240,500	\$ 371,477	\$ 17,471,418	12.82%	
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, 2022

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	
2022	\$ 2,126,667	\$ 1,774,003	\$ 352,664	\$ 13,385,155	13.25%	
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 Headcount Weighted General Below Median Employee Table (for pre-retirement mortality) and the PUB-2010 Headcount Weighted General Below Median Healthy/Median Retiree (for postretirement mortality), with mortality improvements projected to all future years after 2010 using scale MP 2018.	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, 2022

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, 2022 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, 2022

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, 2021

Employee Pension and Retirement System

- There were no revisions in actuarial assumptions or methods since the previous valuation.

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, 2022

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, 2022

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, 2022

The determination of the September 30, 2021 results relies on the following significant assumptions.

- The discount rate for the implicit subsidy was increased from 2.26% to 4.02% from the prior measurement date.
- The discount rate for explicit subsidy was decreased 7.22% to 6.84% from the prior measurement date.
- The plan participation assumption was updated from 62% to 72%.
- The initial year medical trend rate was updated from 7.0% to 6.75% for pre-Medicare costs and from 6.0% to 5.75% for post-Medicare costs to reflect the generally low claims experience environment.

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



SCREWPINE
PANDANUS UTILIS
PANDANACEAE
MADAGASCAR

*HOLLIS GARDEN
FRUIT TREE COLLECTION*



CITY OF LAKELAND, FLORIDA

SUPPLEMENTARY INFORMATION
PUBLIC IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Original Budget	Final Amended Budget	2022 Actual	Variance
REVENUES				
Intergovernmental:				
Federal grants	\$ -	\$ 200,000	\$ -	\$ (200,000)
State grants	1,000,000	1,550,000	1,021,386	(528,614)
Grants from other local units	1,850,401	2,092,011	2,086,947	(5,064)
Charges for services:				
Public safety - fire protection	604,559	604,559	301,249	(303,310)
Judgements, fines, and forfeits:				
Local ordinance violations	-	-	62	62
Miscellaneous revenue:				
Interest revenue	-	21,738	1,207,743	1,186,005
Interest revenue - leases	-	-	5,608	5,608
Net increase (decrease) in the fair value of investments	-	-	(45,635,305)	(45,635,305)
Rents and royalties	80,000	84,753	193,042	108,289
Lease revenue	-	-	10,763,150	10,763,150
Sale of fixed assets	-	100,000	146,335	46,335
Contributions and donations from private sources	516,667	1,166,752	607,585	(559,167)
Other miscellaneous revenues	-	52,546	2,301,289	2,248,743
Total revenues	<u>4,051,627</u>	<u>5,872,359</u>	<u>(27,000,909)</u>	<u>(32,873,268)</u>
EXPENDITURES				
Current:				
General government:				
Financial and administrative - investment advisor fee	-	195,870	195,870	-
Comprehensive planning	-	130,000	-	130,000
Other general governmental services	1,101,946	2,223,759	1,181,719	1,042,040
Public safety:				
Law enforcement	-	34,573	23,030	11,543
Fire control	-	14,541	14,541	-
Physical environment:				
Stormwater management	-	14,700	2,800	11,900
Cemetery	53,870	163,463	108,069	55,394
Transportation:				
Road and street facilities	-	2,400	-	2,400
Parking facilities	80,000	80,000	72,014	7,986
Culture and recreation:				
Parks and recreation	1,066,423	1,716,769	1,228,585	488,184
Libraries	135,000	623,864	192,229	431,635
Special recreational facilities	25,000	144,239	144,173	66
Human services:				
Public assistance services	185,000	271,851	89,514	182,337
Capital outlay	8,890,214	25,235,491	11,860,590	13,374,901
Capital outlay - lease acquisitions	-	2,239,510	2,239,510	-
Interest and other	1,812,970	1,812,970	1,801,747	11,223
Principal payments	6,686,014	6,686,014	6,686,012	2
Total expenditures	<u>20,036,437</u>	<u>41,590,014</u>	<u>25,840,403</u>	<u>15,749,611</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(15,984,810)</u>	<u>(35,717,655)</u>	<u>(52,841,312)</u>	<u>(17,123,657)</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	6,444,897	11,056,845	6,605,677	(4,451,168)
Interfund transfers out	<u>(5,900,000)</u>	<u>(5,900,000)</u>	<u>(5,400,000)</u>	<u>500,000</u>
Total other financing sources (uses)	<u>544,897</u>	<u>5,156,845</u>	<u>1,205,677</u>	<u>(3,951,168)</u>
NET CHANGE IN FUND BALANCE	<u>(15,439,913)</u>	<u>(30,560,810)</u>	<u>(51,635,635)</u>	<u>(21,074,825)</u>
FUND BALANCE, beginning of year	13,156,340	12,897,099	35,933,298	23,036,199
FUND BALANCE, end of year	<u>\$ (2,283,573)</u>	<u>\$ (17,663,711)</u>	<u>\$ (15,702,337)</u>	<u>\$ 1,961,374</u>



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COMBINING FUND FINANCIAL STATEMENTS



DWARF SOUTHERN MAGNOLIA
MAGNOLIA GRANDIFLORA 'LITTLE GEM'
MAGNOLIACEAE

*LAKE MORTON
FLOWERING TREE COLLECTION*



NON-MAJOR FUNDS

OTHER GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

Debt service funds are used 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, 2022

	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	\$ 10,481,202	\$ 7,824,412	\$ 19,714,333	\$ -	\$ 1,596,773	\$ 347,495	\$ 2,446,083
Investments	-	-	-	-	-	-	-
Accounts receivable	-	1,574	-	5,000	12,000	-	262
Interest and dividends receivable	-	-	-	-	-	-	-
Notes receivable	-	-	-	102,143	18,724	-	-
Leases receivable	-	-	-	-	-	-	-
Due from other government units	-	1,254,182	-	597,555	-	-	-
Total assets	\$ 10,481,202	\$ 9,080,168	\$ 19,714,333	\$ 704,698	\$ 1,627,497	\$ 347,495	\$ 2,446,345
LIABILITIES							
Accounts payable	\$ 5,504,242	\$ 648,036	\$ -	\$ 95,334	\$ 11,700	\$ -	\$ 4,828
Accrued liabilities	3,019,940	4,117	-	10,046	-	-	122,360
Deposits payable	-	3,050	-	-	-	-	-
Due to other funds	-	-	-	247,231	-	-	-
Unearned revenues	-	-	-	142,691	1,598,598	347,495	-
Total liabilities	\$ 8,524,182	\$ 655,203	\$ -	\$ 495,302	\$ 1,610,298	\$ 347,495	\$ 127,188
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	1,574	-	102,143	18,724	-	-
Deferred inflows of resources related to leases	-	-	-	-	-	-	-
Total deferred inflows of resources	-	1,574	-	102,143	18,724	-	-
FUND BALANCES							
Nonspendable:							
Cemetery endowment	-	-	-	-	-	-	-
Permanent fund principal	-	-	-	-	-	-	-
Restricted for:							
GRA	-	-	-	-	-	-	-
Impact fee programs	-	-	19,714,333	-	-	-	-
Transportation	-	8,423,391	-	-	-	-	-
Donations received	-	-	-	-	-	-	-
Debt service	1,957,020	-	-	-	-	-	-
Community development	-	-	-	107,253	-	-	-
Building inspection	1,957,020	8,423,391	19,714,333	107,253	-	-	2,319,157
Committed to:							
Stormwater	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(1,525)	-	-
Total fund balances	1,957,020	8,423,391	19,714,333	107,253	(1,525)	-	2,319,157
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,481,202	\$ 9,080,168	\$ 19,714,333	\$ 704,698	\$ 1,627,497	\$ 347,495	\$ 2,446,345

CITY OF LAKELAND, FLORIDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2022

	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		
ASSETS									
Cash and cash equivalents	\$ 6,567,225	\$ 14,743,219	\$ -	\$ 80,931	\$ 25,019	\$ -	\$ 63,826,692		
Investments	-	-	5,452,479	-	-	175,759	5,628,238		
Accounts receivable	315,515	39,807	-	-	-	-	374,158		
Interest and dividends receivable	-	450	-	-	-	-	450		
Notes receivable	-	888,815	-	-	-	-	1,009,682		
Leases receivable	-	477,471	-	-	-	-	477,471		
Due from other government units	86,765	-	-	-	-	-	1,938,502		
Total assets	\$ 6,969,505	\$ 16,149,762	\$ 5,452,479	\$ 80,931	\$ 25,019	\$ 175,759	\$ 73,255,193		
LIABILITIES									
Accounts payable	\$ 110,620	\$ 226,578	\$ -	\$ -	\$ -	\$ -	\$ 6,601,338		
Accrued liabilities	91,332	2,546	-	-	-	-	3,250,341		
Deposits payable	231,157	6,765	-	-	-	-	240,972		
Due to other funds	-	-	126,297	-	-	-	373,528		
Unearned revenues	-	-	-	-	-	-	2,088,784		
Total liabilities	\$ 433,109	\$ 235,889	\$ 126,297	\$ -	\$ -	\$ -	\$ 12,554,963		
DEFERRED INFLOWS OF RESOURCES									
Deferred revenue	-	927,683	-	-	-	-	1,050,124		
Deferred inflows of resources related to leases	-	574,301	-	-	-	-	574,301		
Total deferred inflows of resources	-	1,501,984	-	-	-	-	1,624,425		
FUND BALANCES									
Nonspendable:									
Cemetery endowment	-	-	5,326,182	-	-	-	5,326,182		
Permanent fund principal	-	-	-	4,476	15,000	10,000	29,476		
	-	-	5,326,182	4,476	15,000	10,000	5,355,658		
Restricted for:									
CRA	-	14,411,889	-	-	-	-	14,411,889		
Impact fee programs	-	-	-	-	-	-	19,714,333		
Transportation	-	-	-	-	-	-	8,423,391		
Donations received	-	-	-	76,455	10,019	165,759	252,233		
Debt service	-	-	-	-	-	-	1,957,020		
Community development	-	-	-	-	-	-	107,253		
Building inspection	-	-	-	-	-	-	2,319,157		
	-	14,411,889	-	76,455	10,019	165,759	47,185,276		
Committed to:									
Stormwater	6,536,396	-	-	-	-	-	6,536,396		
	6,536,396	-	-	-	-	-	6,536,396		
Unassigned	-	-	-	-	-	-	(1,525)		
Total fund balances	6,536,396	14,411,889	5,326,182	80,931	25,019	175,759	59,075,805		
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,969,505	\$ 16,149,762	\$ 5,452,479	\$ 80,931	\$ 25,019	\$ 175,759	\$ 73,255,193		

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Debt Service Fund		Capital Projects Funds		Special Revenue Funds			
	Florida Taxable Pension Liability Reduction, Series 2021		Transportation Fund	Impact Fee Fund	Community Development Fund	State Housing Initiative Partnership Program	Neighborhood Stabilization Program	Building Inspection Fund
REVENUES								
General government taxes:								
Local option fuel taxes								
Permits, fees, and special assessments:								
Building permits								
Impact fees								
Inspection fees								
Stormwater fees								
Other permits, fees, and special assessments								
Intergovernmental revenues:								
Federal grants								
Federal financial assistance								
State grants								
Grants from other local units								
State revenue sharing:								
State housing initiatives partnership (SHIP)								
Tax increment revenues								
Judgements, fines, and forfeits:								
Local ordinance violations								
Miscellaneous revenues								
Interest revenue								
Interest revenue - leases								
Net increase (decrease) in the fair value of investments								
Rents and royalties								
Lease revenue								
Contributions and donations from private sources								
Other miscellaneous revenues								
Total revenues								
EXPENDITURES								
Current:								
Public safety:								
Protective inspections								
Physical environment:								
Stormwater management								
Transportation:								
Road and street facilities								
Economic environment:								
Housing and urban development								
Community redevelopment								
Human services:								
Public assistance services								
Capital outlay								
Capital outlay - lease acquisitions								
Debt service:								
Interest and other								
Principal payments								
Total expenditures								
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES								
OTHER FINANCING SOURCES (USES)								
Interfund transfers in								
Interfund transfers out								
Total other financing sources (uses)								
Net change in fund balances								
FUND BALANCE, beginning of year								
FUND BALANCE, end of year								

CITY OF LAKELAND, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	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		
REVENUES								
General government taxes:								
Local option fuel taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6,400,414
Permits, fees, and special assessments:								
Building permits	-	-	-	-	-	-	-	2,538,051
Impact fees	-	-	-	-	-	-	-	6,562,595
Inspection fees	-	-	-	-	-	-	-	289,888
Stormwater fees	7,751,606	-	-	-	-	-	-	7,751,606
Other permits, fees, and special assessments	19,294	-	-	-	-	-	-	19,294
Intergovernmental revenues:								
Federal grants	-	-	-	-	-	-	-	2,264,749
Federal financial assistance	-	-	-	-	-	-	-	360,338
State grants	-	-	-	-	-	-	-	2,244,838
Grants from other local units	54,084	-	-	-	-	-	-	97,602
State revenue sharing:								
State housing initiatives partnership (SHIP)	-	-	-	-	-	-	-	62,000
Tax increment revenues	-	7,928,438	-	-	-	-	-	7,928,438
Judgements, fines, and forfeits:								
Local ordinance violations	13,908	-	-	-	-	-	-	13,885
Miscellaneous revenues								
Interest revenue	154,853	403,653	455,606	2,116	654	14,710	-	2,050,774
Interest revenue - leases	-	5,769	-	-	-	-	-	5,769
Net increase (decrease) in the fair value of investments	(700,997)	(1,564,205)	(1,735,717)	(7,407)	(2,306)	(55,950)	-	(6,865,490)
Rents and royalties	-	38,578	-	-	-	-	-	38,578
Lease revenue	-	102,149	-	-	-	-	-	102,149
Contributions and donations from private sources	-	-	-	-	-	-	-	1,026,411
Other miscellaneous revenues	2,109	34,165	-	-	-	-	-	3,056,214
Total revenues	7,294,857	6,948,547	(1,280,111)	(5,291)	(1,652)	(41,240)	-	35,938,103
EXPENDITURES								
Current:								
Public safety:								
Protective inspections	-	-	-	-	-	-	-	3,255,224
Physical environment:								
Stormwater management	5,666,512	-	-	-	-	-	-	5,666,512
Transportation:								
Road and street facilities	-	-	-	-	-	-	-	6,242,554
Economic environment:								
Housing and urban development	-	3,881,034	-	-	-	-	-	1,589,594
Community redevelopment	-	-	-	-	-	-	-	3,881,034
Human services:								
Public assistance services	-	-	-	-	-	-	-	199,133
Capital outlay	45,754	759,884	-	-	-	-	-	11,798,573
Capital outlay - lease acquisitions	-	260,490	-	-	-	-	-	260,490
Debt service:								
Interest and other	52,096	46,433	-	-	-	-	-	1,072,128
Principal payments	515,574	353,567	-	-	-	-	-	6,969,610
Total expenditures	6,279,936	5,301,408	-	-	-	-	-	40,934,852
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,014,921	1,647,139	(1,280,111)	(5,291)	(1,652)	(41,240)	-	(4,996,749)
OTHER FINANCING SOURCES (USES)								
Interfund transfers in	-	-	61,304	-	-	-	-	13,424,686
Interfund transfers out	(32,792)	(315,934)	(186,855)	(600)	-	-	-	(16,019,589)
Total other financing sources (uses)	(32,792)	(315,934)	(125,551)	(600)	-	-	-	(2,594,903)
Net change in fund balances	982,129	1,331,205	(1,405,662)	(5,891)	(1,652)	(41,240)	-	(7,591,652)
FUND BALANCE, beginning of year	5,554,267	13,080,684	6,731,844	86,822	28,671	216,999	-	66,667,457
FUND BALANCE, end of year	6,536,396	14,411,889	5,326,182	80,931	25,019	175,759	-	59,075,805

CITY OF LAKELAND, FLORIDA

BUDGETARY COMPARISON SCHEDULE
BUDGET (GAAP BASIS) AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Transportation Fund			Community Development Fund			State Housing Initiative Partnership Program		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Local option fuel taxes	\$ 5,883,000	\$ 6,400,414	\$ 517,414	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other permits, fee, and special assessments	5,000	-	(5,000)	-	-	-	-	-	-
Federal grants	1,054,297	1,072,927	18,630	2,768,934	1,191,822	(1,577,112)	-	-	-
Federal financial assistance	-	-	-	758,749	360,338	(398,411)	-	-	-
State grants	2,882,311	2,244,838	(637,473)	-	-	-	-	-	-
Grants from other local units	-	43,518	43,518	-	-	-	-	-	-
SHIP	-	-	-	-	-	-	1,852,061	62,000	(1,790,061)
Local ordinance violations	-	(23)	(23)	-	-	-	-	-	-
Interest revenue	60,120	97,901	37,781	4,244	6,644	2,400	8,056	8,058	2
Net increase (decrease) in the fair value of investments	-	(440,636)	(440,636)	-	(10,140)	(10,140)	-	-	-
Contributions and donations from private sources	57,324	1,026,411	969,087	-	-	-	-	-	-
Other miscellaneous revenues	632,429	798,032	165,603	201,823	56,732	(145,091)	350,075	116,826	(233,249)
Total revenues	10,574,481	11,243,382	668,901	3,733,750	1,605,396	(2,128,354)	2,210,192	186,884	(2,023,308)
EXPENDITURES									
Current:									
Road and street facilities	7,733,901	6,242,554	1,491,347	-	-	-	-	-	-
Housing and urban development	-	-	-	3,546,713	1,402,710	2,144,003	2,210,194	186,884	2,023,310
Public assistance services	-	-	-	294,387	199,133	95,254	-	-	-
Capital outlay	21,195,809	10,992,935	10,202,874	-	-	-	-	-	-
Interest and other	25,254	25,254	-	-	-	-	-	-	-
Principal payments	3,554,703	3,554,702	1	-	-	-	-	-	-
Total expenditures	32,509,667	20,815,445	11,694,222	3,841,100	1,601,843	2,239,257	2,210,194	186,884	2,023,310
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(21,935,186)	(9,572,063)	12,363,123	(107,350)	3,553	110,903	(2)	-	2
OTHER FINANCING SOURCES (USES)									
Interfund transfers in	14,105,944	9,869,270	(4,236,674)	-	-	-	-	-	-
Interfund transfers out	(329,656)	(98,869)	230,787	(12,167)	(12,167)	-	-	-	-
Total other financing sources (uses)	13,776,288	9,770,401	(4,005,887)	(12,167)	(12,167)	-	-	-	-
NET CHANGE IN FUND BALANCE	(8,158,898)	198,338	8,357,236	(119,517)	(8,614)	110,903	(2)	-	2
FUND BALANCE, beginning of year	(15,389,311)	8,225,053	23,614,364	(523,714)	115,867	639,581	(24,236)	(1,525)	22,711
FUND BALANCE, end of year	\$ (23,548,209)	\$ 8,423,391	\$ 31,971,600	\$ (643,231)	\$ 107,253	\$ 750,484	\$ (24,238)	\$ (1,525)	\$ 22,713

CITY OF LAKELAND, FLORIDA

BUDGETARY COMPARISON SCHEDULE
 BUDGET (GAAP BASIS) AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Neighborhood Stabilization Program			Building Inspection Fund			Stormwater Fund		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Building permits	\$ -	\$ -	\$ -	\$ 2,885,295	\$ 2,538,051	\$ (347,244)	\$ -	\$ -	\$ -
Inspection fees	-	-	-	334,876	289,888	(44,988)	-	-	-
Stormwater fees	-	-	-	-	-	-	7,400,552	7,751,606	351,054
Other permits, fee, and special assessments	-	-	-	-	-	-	-	19,294	19,294
Federal grants	169,268	-	(169,268)	-	-	-	-	-	-
State grants	-	-	-	-	-	-	42,900,000	-	(42,900,000)
Grants from other local units	-	-	-	-	-	-	75,000	54,084	(20,916)
Local ordinance violations	-	-	-	-	-	-	-	13,908	13,908
Interest revenue	-	-	-	-	-	-	-	154,853	(29,147)
Net increase (decrease) in the fair value of investments	162,649	(16,102)	(178,751)	-	70,957	70,957	184,000	-	(700,997)
Other miscellaneous revenues	16,102	16,102	-	180,489	(186,697)	(186,697)	-	(700,997)	(700,997)
Total revenues	348,019	-	(348,019)	3,400,660	2,834,426	(566,234)	50,559,552	7,294,857	(43,264,695)
EXPENDITURES									
Current:									
Protective inspections	-	-	-	3,646,915	3,255,224	391,691	-	-	-
Stormwater management	-	-	-	-	-	-	10,168,119	5,666,512	4,501,607
Housing and urban development	348,019	-	348,019	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	42,813,364	45,754	42,767,610
Interest and other	-	-	-	-	-	-	52,096	52,096	-
Principal payments	-	-	-	-	-	-	515,574	515,574	-
Total expenditures	348,019	-	348,019	3,646,915	3,255,224	391,691	53,549,153	6,279,936	47,269,217
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	(246,255)	(420,798)	(174,543)	(2,989,601)	1,014,921	4,004,522
OTHER FINANCING SOURCES (USES)									
Interfund transfers out	-	-	-	(88,087)	(88,087)	-	(795,352)	(32,792)	762,560
Total other financing sources (uses)	-	-	-	(88,087)	(88,087)	-	(795,352)	(32,792)	762,560
NET CHANGE IN FUND BALANCE									
FUND BALANCE, beginning of year	-	-	-	(334,342)	(508,885)	(174,543)	(3,784,953)	982,129	4,767,082
FUND BALANCE, end of year	-	-	-	(1,571,192)	2,828,042	4,399,234	(9,249,853)	5,554,267	14,804,120
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ (1,905,534)	\$ 2,319,157	\$ 4,224,691	\$ (13,034,806)	\$ 6,536,396	\$ 19,571,202

CITY OF LAKELAND, FLORIDA

BUDGETARY COMPARISON SCHEDULE
 BUDGET (GAAP BASIS) AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Lakeland Community Redevelopment Agency		
	Budget	Actual	Variance
REVENUES			
Shared revenues from other local units - tax increment revenues	\$ 8,293,111	\$ 7,928,438	\$ (364,673)
Interest revenue	272,800	403,653	130,853
Interest revenue - leases	-	5,769	5,769
Net increase (decrease) in the fair value of investments	-	(1,564,205)	(1,564,205)
Rents and royalties	147,580	38,578	(109,002)
Lease revenue	-	102,149	102,149
Other miscellaneous revenues	-	34,165	34,165
Total revenues	<u>8,713,491</u>	<u>6,948,547</u>	<u>(1,764,944)</u>
EXPENDITURES			
Community redevelopment	11,986,292	3,881,034	8,105,258
Capital outlay	2,001,504	759,884	1,241,620
Capital outlay - lease acquisitions	700,000	260,490	439,510
Interest and other	52,166	46,433	5,733
Principal payments	366,915	353,567	13,348
Total expenditures	<u>15,106,877</u>	<u>5,301,408</u>	<u>9,805,469</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,393,386)</u>	<u>1,647,139</u>	<u>8,040,525</u>
OTHER FINANCING SOURCES (USES)			
Interfund transfers out	(296,853)	(315,934)	(19,081)
Total other financing sources (uses)	<u>(296,853)</u>	<u>(315,934)</u>	<u>(19,081)</u>
NET CHANGE IN FUND BALANCE	(6,690,239)	1,331,205	8,021,444
FUND BALANCE, beginning of year	(11,550,293)	13,080,684	24,630,977
FUND BALANCE, end of year	<u>\$ (18,240,532)</u>	<u>\$ 14,411,889</u>	<u>\$ 32,652,421</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, 2022

	Business-type Activities Enterprise Funds		
	Parking System Fund	Solid Waste Management Fund	Total Other Proprietary Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 50,949	\$ 5,719,617	\$ 5,770,566
Accounts receivable	63,569	656,413	719,982
Allowance for uncollectibles	(1,369)	(3,516)	(4,885)
Interest and dividends receivable	9,989	-	9,989
Leases receivable	140,433	-	140,433
Asset apportionments set aside for (including \$125,771 in cash and cash equivalents)			
Current portion of pension bonds payable	6,619	86,421	93,040
Accrued interest payable	1,233	16,097	17,330
Accounts payable	15,401	-	15,401
Total current assets	286,824	6,475,032	6,761,856
Non-current assets:			
Assets apportionments (including \$37,448 in cash and cash equivalents)	37,448	-	37,448
Restricted assets (including \$558,810 in cash and cash equivalents)	-	558,810	558,810
Capital assets:			
Land	1,553,061	934,279	2,487,340
Utility plant, facilities & equipment in service	7,824,759	3,688,605	11,513,364
Less accumulated depreciation	(5,472,309)	(1,961,923)	(7,434,232)
Right-to-use asset	-	46,371	46,371
Less accumulated amortization - leased equipment	-	(4,912)	(4,912)
Total capital assets	3,905,511	2,702,420	6,607,931
Other noncurrent assets:			
Leases receivable, less current portion	6,119,244	-	6,119,244
Net pension asset	124,690	1,959,068	2,083,758
Total other noncurrent assets	6,243,934	1,959,068	8,203,002
Total noncurrent assets	10,186,893	5,220,298	15,407,191
Total assets	10,473,717	11,695,330	22,169,047
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	37,256	212,597	249,853
Deferred outflows of resources related to OPEB	128,221	1,630,834	1,759,055
Total deferred outflows of resources	165,477	1,843,431	2,008,908

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2022

	Business-type Activities Enterprise Funds		
	Parking System Fund	Solid Waste Management Fund	Total Other Proprietary Funds
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 49	\$ 283,691	\$ 283,740
Accrued liabilities	8,867	108,608	117,475
Accrued interest payable	-	72	72
Leases payable	-	10,566	10,566
Current portion payable from apportioned assets			
Pension notes payable	6,619	86,421	93,040
Accrued interest payable	1,233	16,097	17,330
Accounts payable	15,401	-	15,401
Total current liabilities	<u>32,169</u>	<u>505,455</u>	<u>537,624</u>
Noncurrent liabilities:			
Restricted liabilities, less current portion	-	558,810	558,810
Accrued liabilities, less current portion	3,674	180,698	184,372
Net OPEB liability	211,198	3,322,280	3,533,478
Lease liability, less current portion	-	31,795	31,795
Pension notes payable, less current portion	95,262	1,243,891	1,339,153
Total noncurrent liabilities	<u>310,134</u>	<u>5,337,474</u>	<u>5,647,608</u>
Total liabilities	<u>342,303</u>	<u>5,842,929</u>	<u>6,185,232</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	203,656	2,924,658	3,128,314
Deferred inflows of resources related to OPEB	229,602	2,892,494	3,122,096
Deferred inflows of resources related to leases	6,223,723	-	6,223,723
Total deferred inflows of resources	<u>6,656,981</u>	<u>5,817,152</u>	<u>12,474,133</u>
NET ASSETS			
Net investment in capital assets	3,905,511	2,660,059	6,565,570
Unrestricted	(265,601)	(781,379)	(1,046,980)
Total net position	<u>\$ 3,639,910</u>	<u>\$ 1,878,680</u>	<u>\$ 5,518,590</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, 2022

	Business-type Enterprise Funds			
	Parking System Fund	RP Funding Center	Solid Waste Management Fund	Total Other Proprietary Funds
OPERATING REVENUES				
Charges for services	\$ 500,257	\$ -	\$ 17,347,229	\$ 17,847,486
Lease revenue	185,899	-	-	185,899
Franchise fees - solid waste	-	-	876,698	876,698
Total operating revenues	<u>686,156</u>	<u>-</u>	<u>18,223,927</u>	<u>18,910,083</u>
OPERATING EXPENSES				
Personal services	170,122	-	2,995,509	3,165,631
Other operating expenses	754,092	(4,939)	12,214,959	12,964,112
Depreciation/amortization	148,097	-	101,662	249,759
Total operating expenses	<u>1,072,311</u>	<u>(4,939)</u>	<u>15,312,130</u>	<u>16,379,502</u>
Operating income (loss)	<u>(386,155)</u>	<u>4,939</u>	<u>2,911,797</u>	<u>2,530,581</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	5,032	-	166,729	171,761
Interest revenue - leases	123,099	-	-	123,099
Net increase (decrease) in the fair value of investments	15,668	-	(464,484)	(448,816)
Gain (loss) on disposition of capital assets	-	-	(2,067)	(2,067)
Sale of surplus material and scrap	-	-	188,701	188,701
Other miscellaneous revenues	5,057	-	13,272	18,329
Interest expense	(2,466)	-	(32,194)	(34,660)
Interest expense - leases	-	-	(426)	(426)
Total nonoperating revenues (expenses)	<u>146,390</u>	<u>-</u>	<u>(130,469)</u>	<u>15,921</u>
Income (loss) before transfers	<u>(239,765)</u>	<u>4,939</u>	<u>2,781,328</u>	<u>2,546,502</u>
Interfund transfers in	98,869	93,641	-	192,510
Interfund transfers out	(91,372)	(16,267,405)	(1,189,181)	(17,547,958)
Dividend to General Fund	-	-	(1,632,000)	(1,632,000)
Total transfers	<u>7,497</u>	<u>(16,173,764)</u>	<u>(2,821,181)</u>	<u>(18,987,448)</u>
Change in net position	<u>(232,268)</u>	<u>(16,168,825)</u>	<u>(39,853)</u>	<u>(16,440,946)</u>
NET POSITION, beginning of year	<u>3,872,178</u>	<u>16,168,825</u>	<u>1,918,533</u>	<u>21,959,536</u>
NET POSITION, end of year	<u>\$ 3,639,910</u>	<u>\$ -</u>	<u>\$ 1,878,680</u>	<u>\$ 5,518,590</u>

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Business-type Activities			Total Other Proprietary Funds
	Enterprise Funds			
	Parking System Fund	RP Funding Center	Solid Waste Management Fund	
Cash flows from operating activities:				
Receipts from customers	\$ 658,848	\$ -	\$ 18,429,317	\$ 19,088,165
Payments for interfund services	(76,725)	-	(6,593,217)	(6,669,942)
Payments to suppliers	(690,578)	-	(5,729,015)	(6,419,593)
Payments to employees	(253,734)	-	(4,123,084)	(4,376,818)
Cash flows provided by (used in) operating activities	<u>(362,189)</u>	<u>-</u>	<u>1,984,001</u>	<u>1,621,812</u>
Cash flows from noncapital financing activities:				
Interest paid on customer deposits	-	-	(19,193)	(19,193)
Transfers to other funds	(91,372)	(3,233,493)	(2,821,181)	(6,146,046)
Payment on and maturities on pension obligation bonds	(6,355)	-	(82,976)	(89,331)
Interest paid on pension obligation bonds	(2,543)	-	(33,198)	(35,741)
Cash flows (used in) noncapital financing activities	<u>(100,270)</u>	<u>(3,233,493)</u>	<u>(2,956,548)</u>	<u>(6,290,311)</u>
Cash flows from capital financing activities:				
Interest received on leases	113,110	-	-	113,110
Transfers from other funds for capital purposes	98,869	-	-	98,869
Payments on and maturities of long-term debt	-	-	(4,010)	(4,010)
Interest paid on long-term debt issued to finance capital assets	-	-	(354)	(354)
Purchase of capital assets	(30,015)	-	(205,475)	(235,490)
Cash flows provided by (used in) capital financing activities	<u>181,964</u>	<u>-</u>	<u>(209,839)</u>	<u>(140,985)</u>
Cash flows from investing activities:				
Investment revenue	5,032	-	185,922	190,954
Net increase (decrease) in the fair value of cash equivalents	15,668	-	(464,484)	(448,816)
Cash flows provided by (used in) investing activities	<u>20,700</u>	<u>-</u>	<u>(278,562)</u>	<u>(257,862)</u>
Net (decrease) in cash and cash equivalents	(259,795)	(3,233,493)	(1,460,948)	(4,954,236)
Cash and cash equivalents, beginning of year	371,445	3,233,493	7,841,893	11,446,831
Cash and cash equivalents, end of year	<u>\$ 111,650</u>	<u>\$ -</u>	<u>\$ 6,380,945</u>	<u>\$ 6,492,595</u>
Classified as:				
Current	\$ 50,949	\$ -	\$ 5,719,617	\$ 5,770,566
Apportioned	60,701	-	102,518	163,219
Restricted	-	-	558,810	558,810
Total	<u>\$ 111,650</u>	<u>\$ -</u>	<u>\$ 6,380,945</u>	<u>\$ 6,492,595</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (386,155)	\$ 4,939	\$ 2,911,797	\$ 2,530,581
Depreciation/amortization	148,097	-	101,662	249,759
Miscellaneous revenue	5,057	-	201,973	207,030
(Increase) decrease in receivables, net	(6,255,856)	(4,939)	(3,175)	(6,263,970)
(Increase) decrease in deferred outflows related to pension	16,870	-	132,659	149,529
(Increase) decrease in deferred outflows related to OPEB	(6,793)	-	(66,788)	(73,581)
(Decrease) in accounts payable	(13,211)	-	(107,274)	(120,485)
(Decrease) in accrued liabilities	(10,809)	-	(157,106)	(167,915)
Increase (decrease) in net pension liability	(248,945)	-	(3,581,503)	(3,830,448)
Increase (decrease) in deferred inflows related to pensions	173,243	-	2,599,250	2,772,493
Increase (decrease) in deferred inflows related to OPEB	30,289	-	665,816	696,105
Increase (decrease) in deferred inflows related to leases	6,223,723	-	-	6,223,723
Increase (decrease) in net OPEB liability	(37,699)	-	(719,903)	(757,602)
Increase in deposits payable	-	-	6,593	6,593
Net cash provided by (used in) operating activities	<u>\$ (362,189)</u>	<u>\$ -</u>	<u>\$ 1,984,001</u>	<u>\$ 1,621,812</u>
Noncash investing, capital, or financing transactions:				
Net asset transfer to other funds, a noncash capital activity	\$ -	\$ 12,940,271	\$ -	\$ 12,940,271
Net noncash investing, capital, or financing transactions	<u>\$ -</u>	<u>\$ 12,940,271</u>	<u>\$ -</u>	<u>\$ 12,940,271</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, 2022

	Purchasing And Stores Fund	Fleet Management Fund	Facilities Maintenance Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,070,912	\$ 1,569,405	\$ 1,740,818
Accounts receivable	-	4,141	350
Due from other funds	-	-	-
Due from other government units	-	115,438	-
Inventories	654,540	109,045	-
Asset apportionments set aside for (including \$16,990,441 in cash and cash equivalents)			
Current portion of bonds payable	-	-	-
Current portion of pension bonds payable	21,991	46,844	88,286
Current portion of notes payable	-	-	-
Accrued interest payable	4,096	8,725	16,444
Accrued liabilities	-	-	-
Accounts payable	-	-	-
Restricted assets, set aside for (including \$158,337 in cash and cash equivalents)			
Accounts payable	-	158,337	-
Total current assets	1,751,539	2,011,935	1,845,898
Noncurrent assets:			
Asset apportionments (including \$71,908,419 in cash and cash equivalents)	-	37,256,005	-
Restricted assets (including \$2,585,624 in cash and cash equivalents)	-	2,585,624	-
Capital assets:			
Land	-	9,972	-
Construction in progress	-	616,530	-
Utility plant, facilities & equipment in service	3,584,390	76,430,339	579,910
Less accumulated depreciation	(2,460,830)	(50,101,305)	(393,610)
Right-to-use asset	1,705	-	-
Less accumulated amortization - leased equipment	(890)	-	-
Total capital assets	1,124,375	26,955,536	186,300
Other noncurrent assets:			
Advances to other funds	-	-	-
Net pension asset	518,057	1,121,129	1,967,083
Total other noncurrent assets	518,057	1,121,129	1,967,083
Total noncurrent assets	1,642,432	67,918,294	2,153,383
Total assets	3,393,971	69,930,229	3,999,281
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	75,278	232,923	264,662
Deferred outflows of resources related to OPEB	442,005	832,663	1,643,746
Unamortized loss on refunding	-	-	-
Total deferred outflows of resources	517,283	1,065,586	1,908,408
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 49,631	\$ 1,082,238	\$ 33,314
Accrued liabilities	40,454	60,442	116,925
Due to other funds	-	30,104	-
Leases payable	854	-	-
Deposits payable	1,750	-	-
Payable from apportioned assets:			
Bonds payable	-	-	-
Pension notes payable	21,991	46,844	88,286
Notes payable	-	-	-
Accrued interest payable	4,096	8,725	16,444
Accrued liabilities	-	-	-
Accounts payable	-	-	-
Payable from restricted assets:			
Current liabilities - 200003 - restricted liabilities - accounts payable	-	158,337	-
Total current liabilities	118,776	1,386,690	254,969
Noncurrent liabilities:			
Liabilities payable from apportioned assets			
Accrued liabilities, less current portion	-	-	-
Accrued liabilities, less current portion	67,364	151,072	201,906
Advances from other funds, less current portion	-	438,169	-
Net OPEB liability	861,131	1,614,299	3,257,378
Pension notes payable, less current portion	316,528	674,247	1,270,728
Revenue bonds payable, less current portion	-	-	-
Unamortized bond premium	-	-	-
Total noncurrent liabilities	1,245,023	2,877,787	4,730,012
Total liabilities	1,363,799	4,264,477	4,984,981
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	784,351	1,607,882	2,809,008
Deferred inflows of resources related to OPEB	732,230	1,381,135	2,574,909
Total deferred inflows of resources	1,516,581	2,989,017	5,383,917
NET ASSETS			
Net investment in capital assets	1,123,521	26,797,199	186,300
Restricted			
Capital improvement	-	2,585,624	-
Unrestricted	(92,647)	34,359,498	(4,647,509)
Total net position	\$ 1,030,874	\$ 63,742,321	\$ (4,461,209)

Information Technology Fund	Self- Insurance Fund	Internal Loan Fund	Total Internal Service Funds
\$ 3,039,700	\$ -	\$ 24,330,372	\$ 31,751,207
-	-	-	4,491
-	-	4,534,896	4,534,896
-	-	-	115,438
-	-	-	763,585
-	-	4,299,272	4,299,272
230,650	-	-	387,771
-	-	2,013,000	2,013,000
42,961	-	2,247,023	2,319,249
-	7,853,991	-	7,853,991
-	116,758	-	116,758
-	-	-	158,337
<u>3,313,311</u>	<u>7,970,749</u>	<u>37,424,563</u>	<u>54,317,995</u>
7,114,365	28,191,586	-	72,561,956
-	-	-	2,585,624
-	-	-	9,972
1,704,871	-	-	2,321,401
30,838,231	-	-	111,432,870
(19,150,071)	-	-	(72,105,816)
-	-	-	1,705
-	-	-	(890)
<u>13,393,031</u>	<u>-</u>	<u>-</u>	<u>41,659,242</u>
-	-	45,862,525	45,862,525
5,152,823	-	-	8,759,092
<u>5,152,823</u>	<u>-</u>	<u>45,862,525</u>	<u>54,621,617</u>
25,660,219	28,191,586	45,862,525	171,428,439
<u>28,973,530</u>	<u>36,162,335</u>	<u>83,287,088</u>	<u>225,746,434</u>
552,155	-	-	1,125,018
3,301,628	-	-	6,220,042
-	-	251,604	251,604
<u>3,853,783</u>	<u>-</u>	<u>251,604</u>	<u>7,596,664</u>
\$ 429,228	\$ -	\$ 2,044,536	\$ 3,638,947
347,888	-	-	565,709
952,794	-	-	982,898
-	-	-	854
-	-	-	1,750
-	-	4,299,272	4,299,272
230,650	-	-	387,771
-	-	2,013,000	2,013,000
42,961	-	2,247,023	2,319,249
-	7,853,991	-	7,853,991
-	116,758	-	116,758
-	-	-	158,337
<u>2,003,521</u>	<u>7,970,749</u>	<u>10,603,831</u>	<u>22,338,536</u>
-	16,293,340	-	16,293,340
767,798	-	-	1,188,140
2,133,761	-	-	2,571,930
7,894,139	-	-	13,626,947
3,319,814	-	-	5,581,317
-	-	53,730,601	53,730,601
-	-	14,532,453	14,532,453
<u>14,115,512</u>	<u>16,293,340</u>	<u>68,263,054</u>	<u>107,524,728</u>
<u>16,119,033</u>	<u>24,264,089</u>	<u>78,866,885</u>	<u>129,863,264</u>
7,482,670	-	-	12,683,911
6,712,159	-	-	11,400,433
<u>14,194,829</u>	<u>-</u>	<u>-</u>	<u>24,084,344</u>
13,393,031	-	-	41,500,051
-	-	-	2,585,624
(10,879,580)	11,898,246	4,671,807	35,309,815
<u>\$ 2,513,451</u>	<u>\$ 11,898,246</u>	<u>\$ 4,671,807</u>	<u>\$ 79,395,490</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, 2022

	Purchasing And Stores Fund	Fleet Management Fund	Facilities Maintenance Fund
OPERATING REVENUES			
Charges for services	\$ 2,884,998	\$ 19,133,177	\$ 6,304,639
OPERATING EXPENSES			
Personal services	836,734	1,489,553	3,059,172
Other operating expenses	1,680,869	9,223,683	2,796,648
Depreciation/amortization	68,672	7,466,615	17,402
Total operating expenses	<u>2,586,275</u>	<u>18,179,851</u>	<u>5,873,222</u>
Operating income (loss)	<u>298,723</u>	<u>953,326</u>	<u>431,417</u>
NONOPERATING REVENUES (EXPENSES)			
Fuel tax refunds and credits	-	32,433	-
Interest revenue	28,247	977,282	60,013
Net increase (decrease) in the fair value of investments	(94,296)	(3,340,009)	(113,217)
Interest income on internal loans	-	-	-
Gain (loss) on disposition of capital assets	-	(176,469)	-
Sale of surplus material and scrap	24,999	3,497	-
Other miscellaneous revenues	-	4,139	2,073
Sale of general capital assets	-	1,612,830	-
Interest expense	(8,192)	(24,917)	(32,888)
Interest expense - leases	(4)	-	-
Amortization	-	-	-
Total nonoperating revenues (expenses)	<u>(49,246)</u>	<u>(911,214)</u>	<u>(84,019)</u>
Income (loss) before transfers	<u>249,477</u>	<u>42,112</u>	<u>347,398</u>
Capital grants and contributions:			
Federal grants and donations	-	-	-
Transfers from other funds	-	450,497	-
Transfers to other funds	(69,339)	(9,396)	(9,494)
Total contributions and transfers	<u>(69,339)</u>	<u>441,101</u>	<u>(9,494)</u>
Change in net position	180,138	483,213	337,904
NET POSITION, beginning of year	850,736	63,259,108	(4,799,113)
NET POSITION, end of year	<u>\$ 1,030,874</u>	<u>\$ 63,742,321</u>	<u>\$ (4,461,209)</u>

Information Technology Fund	Self- Insurance Fund	Internal Loan Fund	Total Internal Service Funds
\$ 19,653,316	\$ 37,195,207	\$ -	\$ 85,171,337
6,123,271	-	-	11,508,730
11,528,232	39,752,281	-	64,981,713
3,110,759	-	-	10,663,448
20,762,262	39,752,281	-	87,153,891
(1,108,946)	(2,557,074)	-	(1,982,554)
-	-	-	32,433
278,142	902,252	482,215	2,728,151
(454,361)	(3,461,951)	(3,226,858)	(10,690,692)
-	-	2,756,440	2,756,440
(88,957)	-	-	(265,426)
17,950	-	-	46,446
16,897	1,592,311	-	1,615,420
-	-	-	1,612,830
(232,388)	-	(4,505,079)	(4,803,464)
-	-	-	(4)
-	-	828,853	828,853
(462,717)	(967,388)	(3,664,429)	(6,139,013)
(1,571,663)	(3,524,462)	(3,664,429)	(8,121,567)
-	-	312,726	312,726
1,055,000	3,000,000	-	4,505,497
(3,008,261)	-	-	(3,096,490)
(1,953,261)	3,000,000	312,726	1,721,733
(3,524,924)	(524,462)	(3,351,703)	(6,399,834)
6,038,375	12,422,708	8,023,510	85,795,324
\$ 2,513,451	\$ 11,898,246	\$ 4,671,807	\$ 79,395,490

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Purchasing and Stores Fund	Fleet Management Fund	Facilities Maintenance Fund
Cash flows from operating activities:			
Receipts for interfund services	\$ 2,909,997	\$ 19,981,687	\$ 6,306,712
Payments to suppliers	(951,743)	(8,419,483)	(2,515,737)
Payments for interfund services	(792,206)	(236,964)	(366,195)
Payments to employees	(1,079,981)	(1,973,280)	(3,660,554)
Cash flows provided by (used in) operating activities	<u>86,067</u>	<u>9,351,960</u>	<u>(235,774)</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	(69,339)	(9,396)	(9,494)
Payments on and maturities on pension obligation bonds	(21,114)	(44,977)	(84,766)
Interest paid on pension obligation bonds	(8,448)	(17,994)	(33,914)
Cash flows (used in) noncapital financing activities	<u>(98,901)</u>	<u>(72,367)</u>	<u>(128,174)</u>
Cash flows from capital financing activities:			
Interest received on internal loans	-	-	-
Repayments on and maturities of interfund loans - governmental funds	-	-	-
Proceeds from repayment of interfund loans	-	-	-
Payments on interfund loans	-	(6,574,800)	-
Interest paid on long-term debt issued to finance capital assets	-	(7,467)	-
Payments on and maturities of long-term debt	(854)	-	-
Transfers from other funds for capital purposes	-	450,497	-
Proceeds from rebates received on interest payments	-	-	-
Proceeds from sale of capital assets	-	1,612,830	-
Purchase of capital assets	-	(9,129,225)	(43,947)
Cash flows provided by (used in) capital financing activities	<u>(854)</u>	<u>(13,648,165)</u>	<u>(43,947)</u>
Cash flows from investing activities:			
Investment revenue	28,247	977,282	60,013
Net Increase (decrease) in the fair value of cash equivalents	(94,296)	(3,340,009)	(113,217)
Cash flows (used in) investing activities	<u>(66,049)</u>	<u>(2,362,727)</u>	<u>(53,204)</u>
Net increase (decrease) in cash and cash equivalents	(79,737)	(6,731,299)	(461,099)
Cash and cash equivalents, beginning of year	1,176,736	48,356,239	2,306,647
Cash and cash equivalents, end of year	<u>\$ 1,096,999</u>	<u>\$ 41,624,940</u>	<u>\$ 1,845,548</u>
Classified as:			
Current	\$ 1,070,912	\$ 1,569,405	\$ 1,740,818
Apportioned	26,087	37,311,574	104,730
Restricted	-	2,743,961	-
Total	<u>\$ 1,096,999</u>	<u>\$ 41,624,940</u>	<u>\$ 1,845,548</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 298,723	\$ 953,326	\$ 431,417
Depreciation/amortization	68,672	7,466,615	17,402
Rebate on fuel taxes	-	32,433	-
Miscellaneous revenue	24,999	7,636	2,073
(Increase) decrease in receivables, net	-	452,765	(350)
Decrease in due from other governments	-	355,676	-
(Increase) in inventory	(87,863)	(70,609)	-
(Increase) decrease in deferred outflows related to pensions	42,067	80,343	355,595
(Increase) decrease in deferred outflows related to OPEB	(36,891)	190,219	380,049
Increase (decrease) in accounts payable	24,782	637,845	(84,934)
Increase (decrease) in accrued liabilities	(28,474)	(72,248)	(92,771)
Increase (decrease) in net pension liability	(930,909)	(2,000,564)	(3,624,519)
Increase (decrease) in net OPEB liability	(171,348)	1,517,138	(914,430)
Increase (decrease) in estimated liability for unpaid claims	-	-	-
Increase (decrease) in deferred inflows related to pensions	687,202	386,258	2,715,088
Increase (decrease) in deferred inflows related to OPEB	195,107	(584,873)	579,606
Net cash provided by (used in) operating activities	<u>\$ 86,067</u>	<u>\$ 9,351,960</u>	<u>\$ (235,774)</u>

CITY OF LAKE LAND, FLORIDA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022 (CONTINUED)

Information Technology Fund	Self-Insurance Fund	Internal Loan Fund	Total Internal Service Funds
\$ 19,688,163	\$ 39,571,640	\$ -	\$ 88,458,199
(9,978,991)	(39,738,924)	-	(61,604,878)
(1,974,842)	(199,412)	-	(3,569,619)
(8,911,263)	-	-	(15,625,078)
<u>(1,176,933)</u>	<u>(366,696)</u>	<u>-</u>	<u>7,658,624</u>
(3,008,261)	-	-	(3,096,490)
(221,453)	-	-	(372,310)
(88,601)	-	-	(148,957)
<u>(3,318,315)</u>	<u>-</u>	<u>-</u>	<u>(3,617,757)</u>
-	-	2,756,440	2,756,440
-	-	9,688,993	9,688,993
-	-	12,257,129	12,257,129
(915,615)	-	-	(7,490,415)
(146,466)	-	(3,997,054)	(4,150,987)
-	-	(2,619,000)	(2,619,854)
1,055,000	3,000,000	-	4,505,497
-	-	312,726	312,726
-	-	-	1,612,830
(627,448)	-	-	(9,800,620)
<u>(634,529)</u>	<u>3,000,000</u>	<u>18,399,234</u>	<u>7,071,739</u>
278,142	902,252	482,215	2,728,151
(454,361)	(3,461,951)	(3,226,858)	(10,690,692)
<u>(176,219)</u>	<u>(2,559,699)</u>	<u>(2,744,643)</u>	<u>(7,962,541)</u>
(5,305,996)	73,605	15,654,591	3,150,065
15,733,672	35,435,193	17,235,076	120,243,563
<u>\$ 10,427,676</u>	<u>\$ 35,508,798</u>	<u>\$ 32,889,667</u>	<u>\$ 123,393,628</u>
\$ 3,039,700	\$ -	\$ 24,330,372	\$ 31,751,207
7,387,976	35,508,798	8,559,295	88,898,460
-	-	-	2,743,961
<u>\$ 10,427,676</u>	<u>\$ 35,508,798</u>	<u>\$ 32,889,667</u>	<u>\$ 123,393,628</u>
\$ (1,108,946)	\$ (2,557,074)	\$ -	\$ (1,982,554)
3,110,759	-	-	10,663,448
-	-	-	32,433
34,847	1,592,311	-	1,661,866
-	784,123	-	1,236,538
-	-	-	355,676
-	-	-	(158,472)
444,015	-	-	922,020
688,634	-	-	1,222,011
(425,601)	(11,515)	-	140,577
(263,057)	17,403	-	(439,147)
(9,482,928)	-	-	(16,038,920)
(2,264,685)	-	-	(1,833,325)
-	(191,944)	-	(191,944)
6,934,308	-	-	10,722,856
1,155,721	-	-	1,345,561
<u>\$ (1,176,933)</u>	<u>\$ (366,696)</u>	<u>\$ -</u>	<u>\$ 7,658,624</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, 2022

	Police Officers'				Private Purpose		Total Trust Funds
	Pension and Other Employees Benefit Trust Funds		Trust Fund		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		
ASSETS							
Cash and cash equivalents	\$ 9,969,503	\$ 2,990,002	\$ 734,749	\$ -	\$ 575,757	\$ -	\$ 14,270,011
Mutual funds	73,911,301	86,473,576	60,247,975	-	-	-	220,632,852
US government obligations	62,199,194	27,893,681	-	-	-	-	90,092,875
Real estate funds	61,578,147	23,589,320	7,531,462	-	-	-	92,698,929
Corporate notes and bonds	49,260,973	-	-	-	-	-	49,260,973
Corporate stocks	149,150,629	-	-	-	-	-	149,150,629
Alternate investments	46,865,088	13,413,905	15,604,758	-	-	-	75,883,751
Fixed income funds	42,844,610	-	26,097,350	-	-	-	68,941,960
Private equity funds	168,143,618	-	-	-	-	-	168,143,618
Consolidated fund	-	-	-	9,458,171	332,889	-	9,791,060
Prepaid expenses	-	564	43,179	-	-	-	43,743
Interest and dividends receivable	951,644	89,456	58,017	-	-	-	1,099,117
Investment sales receivable, net	1,977,329	-	-	-	-	-	1,977,329
Contributions receivable	456,240	157,535	110,557	-	-	-	727,350
Total assets	667,308,276	154,608,039	110,428,047	9,461,189	908,646	-	942,714,197
LIABILITIES							
Accounts payable	\$ 397,573	\$ 36,677	\$ 105,487	\$ -	\$ -	\$ -	\$ 539,737
Benefits payable	-	-	238,409	-	-	-	238,409
Unsettled investment purchases, net	859,644	226,586	-	-	-	-	1,086,230
Due to other funds	-	-	-	149,800	908,646	-	1,058,446
Total liabilities	1,257,217	263,263	343,896	149,800	908,646	-	2,922,822
NET POSITION							
DROP and other accounts	19,021,275	6,305,429	1,326,232	-	-	-	26,652,936
OPEB benefits	-	-	-	9,311,389	-	-	9,311,389
Pension benefits and other purposes	647,029,784	148,039,347	108,757,919	-	-	-	903,827,050
Total net position	\$ 666,051,059	\$ 154,344,776	\$ 110,084,151	\$ 9,311,389	\$ -	\$ -	\$ 939,791,375

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	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
ADDITIONS						
Contributions:						
Employer	\$ 6,393,795	\$ 2,240,500	\$ 1,774,003	\$ 5,704,783	\$ 575,757	\$ 16,688,838
Plan members	4,894,277	2,398,739	1,207,662	117,214	-	8,617,892
Insurance premium taxes - State of Florida	-	1,175,145	964,435	-	-	2,139,580
Total contributions	11,288,072	5,814,384	3,946,100	5,821,997	575,757	27,446,310
Net investment income:						
Interest revenue	14,640,028	673,170	-	790,690	23,531	16,127,419
Dividends	-	3,936,239	2,379,979	-	-	6,316,218
Net increase (decrease) in the fair value of investments	(111,736,399)	(28,433,183)	(23,062,227)	(3,010,870)	(105,970)	(166,348,649)
Investment advisor fee	(2,319,148)	(212,585)	(139,586)	-	-	(2,671,319)
Net investment income (loss)	(99,415,519)	(24,036,359)	(20,821,834)	(2,220,180)	(82,439)	(146,576,331)
Other miscellaneous revenues	5,453	-	189,618	-	-	195,071
Total additions	(88,121,994)	(18,221,975)	(16,686,116)	3,601,817	493,318	(118,934,950)
DEDUCTIONS						
Benefits paid	54,999,119	10,858,247	7,199,221	6,006,669	-	79,063,256
Refunds, former plan members	1,564,007	267,041	75,108	3,690	-	1,909,846
Administrative expense	259,797	200,392	161,315	-	-	621,504
Other	-	-	-	-	776,930	776,930
Total deductions	56,822,923	11,325,680	7,435,644	6,010,359	776,930	82,371,536
CHANGE IN NET POSITION						
RESTRICTED	(144,944,917)	(29,547,655)	(24,121,760)	(2,408,542)	(283,612)	(201,306,486)
NET POSITION, beginning of year	810,995,976	183,892,431	134,205,911	11,719,931	283,612	1,141,097,861
NET POSITION, end of year	\$ 666,051,059	\$ 154,344,776	\$ 110,084,151	\$ 9,311,389	\$ -	\$ 939,791,375



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SCHEDULES



SWISS CHEESE PLANT
MONSTERA DELICIOSA
ARACEAE
SOUTHERN MEXICO

*HOLLIS GARDEN
FRUIT TREE COLLECTION*





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CITY OF LAKELAND, FLORIDA

SCHEDULE OF LONG-TERM DEBT - ALL FUNDS
SEPTEMBER 30, 2022

	Interest Rate	Date		Original Issue Amount	Outstanding October 1, 2021	Issued During Year	Retired During Year	Outstanding September 30, 2022	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	\$ 44,441,173	\$ 41,632,052	\$ -	\$ 2,444,265	\$ 39,187,787	\$ 6,792,927	\$ 45,980,714
Capital Improvement Revenue Note, Series 2017A	2.440	05-23-17	04-01-32	14,741,138	11,270,937	-	919,999	10,350,938	1,424,754	11,775,692
Lease Payable - Leasing2 - Wheel loaders	2.800	09-16-19	03-15-25	458,389	371,712	-	60,272	311,440	16,511	327,951
Lease Payable - Leasing2 - Vector Trucks	2.800	09-16-19	04-16-25	1,079,164	758,541	-	160,821	597,720	36,192	633,912
Lease Payable - Leasing2 - Sweepers	2.800	09-16-19	07-16-24	1,663,523	1,021,347	-	331,029	690,318	29,129	719,447
Lease Payable - Leasing2 - Gradall Telescope Excavators	5.750	08-03-16	11-15-23	784,107	315,523	-	105,791	209,732	4,858	214,590
Lease Payable - Santander Leasing LLC - Cues Truck	2.680	12-15-16	11-15-21	252,000	9,014	-	9,014	-	-	-
Lease Payable - US Bancorp	3.070	02-10-12	02-10-22	1,280,000	121,693	-	121,693	-	-	-
Lease Payable - US Bancorp	3.070	02-10-12	02-10-22	1,166,640	125,344	-	125,344	-	-	-
Lease Payable - PNC	2.850 to 3.577	10-22-14	07-17-22	1,204,179	247,315	-	247,315	-	-	-
Internal Loans	1.500 to 4.000	03-31-05	09-30-36	73,879,757	48,505,096	-	9,688,991	38,816,105	10,001,401	48,817,506
				140,950,070	104,378,574	-	14,214,534	90,164,040	18,305,772	108,469,812
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	117,285,000	-	9,620,000	107,665,000	21,849,605	129,514,605
Energy System Refunding Bonds, Series 2017	Variable	08-29-17	10-01-37	97,000,000	88,205,000	-	-	88,205,000	15,498,883	103,703,883
Energy System Revenue and Refunding Bonds, Series 2010	4.000 to 5.250	10-01-10	10-01-36	199,300,000	99,025,000	-	4,925,000	94,100,000	39,737,044	133,837,044
Energy System Revenue Bonds, Series 2018	3.250 to 5.000	09-27-18	10-01-37	43,945,000	41,315,000	-	3,995,000	37,320,000	12,778,069	50,098,069
Energy System Revenue Bonds, Series 2021	4.000 to 5.000	12-01-21	10-01-48	123,295,000	-	123,295,000	-	123,295,000	87,690,775	210,985,775
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	20,378,522	19,090,398	-	1,120,819	17,969,579	3,114,902	21,084,481
				622,568,522	364,920,398	123,295,000	19,660,819	468,554,579	180,669,278	649,223,857
LAKELAND LINDER INTERNATIONAL AIRPORT FUND										
Capital Improvement Revenue Note, Series 2017B	2.440	05-23-17	04-01-26	15,879,855	6,445,300	-	1,929,534	4,515,766	233,678	4,749,444
Internal Loans	4.000	09-30-10	09-30-35	53,576,759	50,622,704	-	4,207,723	46,414,981	8,181,779	54,596,760
Capital Improvement Revenue Note, Series 2017A	2.440	05-23-17	04-01-32	1,629,431	1,023,427	-	160,661	862,766	64,148	926,914
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	599,408	561,519	-	32,967	528,552	91,619	620,171
				71,685,453	58,652,950	-	6,330,885	52,322,065	8,571,224	60,893,289
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	480,000	-	480,000	-	-	-
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	1,418,737	6,627,760
Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2012A	.930 to 5.000	01-12-12	10-01-32	37,325,000	30,120,000	-	30,120,000	-	-	-
Water and Wastewater System Revenue Refunding Bonds, Series 2021	2.140	10-01-21	10-01-32	28,220,000	-	28,220,000	-	28,220,000	3,447,542	31,667,542
Water and Wastewater Revenue Note, Series 2015	2.420	11-12-15	10-01-25	10,600,000	7,457,768	-	674,799	6,782,969	554,611	7,337,580

(Table Continued on the Next Page)

CITY OF LAKELAND, FLORIDA

**SCHEDULE OF LONG-TERM DEBT - ALL FUNDS (continued)
SEPTEMBER 30, 2022**

	Interest Rate	Date Issue	Final Maturity	Original Issue Amount	Outstanding October 1, 2021	Issued During Year	Retired During Year	Outstanding September 30, 2022	Interest Payable in Future Years	Principal and Interest Payable in Future Years
WATER AND WASTEWATER UTILITIES (continued)										
Loan Payable - Wastewater Revolving Loan Program	0.230	07-01-20	11-15-41	\$ 19,167,295	\$ 16,605,350	\$ 1,921,157	\$ -	\$ 18,526,507	\$ 3,957,315	\$ 22,483,822
Loan Payable - Wastewater Revolving Loan Program	0.000 to 0.440	10-24-16	01-15-40	12,284,141	11,349,069	-	592,991	10,756,078	82,408	10,838,486
Loan Payable - Wastewater Revolving Loan Program	2.960	01-31-04	09-30-28	42,734,405	18,188,233	-	2,285,512	15,902,721	1,352,163	17,254,884
Loan Payable - Wastewater Revolving Loan Program	0.000 to 0.060	05-07-18	12-15-42	15,494,263	14,196,838	448,761	-	14,645,599	238,365	14,883,964
Loan Payable - Wastewater Revolving Loan Program	1.960	11-27-18	06-15-40	778,787	773,702	-	74,858	698,844	63,240	762,084
Loan Payable - Wastewater Revolving Loan Program	1.160	03-03-17	08-15-40	1,000,000	823,967	-	21,544	802,423	93,885	896,308
Loan Payable - Wastewater Revolving Loan Program	1.690	02-11-14	04-15-36	1,301,890	731,945	-	125,693	606,252	126,394	732,646
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	7,187,425	6,733,109	-	395,308	6,337,801	1,098,611	7,436,412
Loan Payable - Wastewater Revolving Loan Program	0.000	02-24-21	08-15-44	2,443,459	-	2,080,928	-	2,080,928	-	2,080,928
Loan Payable - Wastewater Revolving Loan Program	0.000	11-18-21	10-15-42	1,106,541	-	723,067	-	723,067	-	723,067
Internal Loans	0.091	08-01-21	09-30-23	991,615	986,602	-	558,990	427,612	2,420	430,032
				194,180,459	113,655,606	33,393,913	35,329,695	111,719,824	12,435,691	124,155,515
PARKING FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	115,539	108,236	-	6,355	101,881	17,659	119,540
				115,539	108,236	-	6,355	101,881	17,659	119,540
SOLID WASTE FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	1,508,650	1,413,288	-	82,976	1,330,312	230,601	1,560,913
				1,508,650	1,413,288	-	82,976	1,330,312	230,601	1,560,913
PURCHASING AND STORES FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	383,899	359,633	-	21,114	338,519	58,680	397,199
				383,899	359,633	-	21,114	338,519	58,680	397,199
FACILITIES MAINTENANCE FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	1,541,199	1,443,780	-	84,766	1,359,014	235,580	1,594,594
				1,541,199	1,443,780	-	84,766	1,359,014	235,580	1,594,594
MOTOR POOL FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	817,758	766,068	-	44,977	721,091	124,999	846,090
Internal Loans	1.530	08-01-21	09-30-36	7,045,020	7,043,073	-	6,574,799	468,274	53,000	521,274
				7,862,778	7,809,141	-	6,619,776	1,189,365	177,999	1,367,364
INFORMATION TECHNOLOGY FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	4,026,427	3,771,917	-	221,453	3,550,464	615,445	4,165,909
Internal Loans	4.000	09-30-10	09-30-25	14,250,000	4,002,172	-	915,617	3,086,555	219,757	3,306,312
				18,276,427	7,774,089	-	1,137,070	6,637,019	835,202	7,472,221

(Table Continued on the Next Page)

CITY OF LAKELAND, FLORIDA

SCHEDULE OF LONG-TERM DEBT - ALL FUNDS (continued)
SEPTEMBER 30, 2022

	Interest Rate	Date		Original Issue Amount	Outstanding October 1, 2021	Issued During Year	Retired During Year	Outstanding September 30, 2022	Interest Payable in Future Years	and Interest Payable in Future Years
		Issue	Final Maturity							
INTERNAL LOAN FUND										
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	\$ 9,231,975	\$ 35,426,975
Capital Improvement Revenue and Refunding Bonds, Series 2021B	4.00 to 5.00	07-29-21	10-01-41	15,005,000	15,005,000	-	-	15,005,000	7,487,750	22,492,750
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	31,655	4,321,655
Capital Improvement Revenue Bonds, Series 2015	2.00 to 5.00	05-20-15	10-01-36	51,465,000	37,235,000	-	1,785,000	35,450,000	12,408,974	47,858,974
Capital Improvement Refunding Note, Series 2012A	0.0175	12-20-12	10-01-22	12,375,000	3,990,000	-	1,977,000	2,013,000	17,613	2,030,613
Capital Improvement Revenue and Refunding Bonds, Series 2010A	3.000 to 5.000	09-30-10	10-01-23	40,153,385	870,000	-	870,000	-	-	-
Capital Improvement Revenue and Refunding Bonds, Series 2010C	5.929 to 6.029	09-30-10	10-01-40	15,905,977	15,905,977	-	-	15,905,977	6,853,505	22,759,482
				165,389,362	103,490,977	-	4,632,000	98,858,977	36,031,472	134,890,449
TOTAL ALL FUNDS				\$ 1,224,462,358	\$ 764,006,672	\$ 156,688,913	\$ 88,119,990	\$ 832,575,595	\$ 257,569,158	\$ 1,090,144,753

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CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY
SEPTEMBER 30, 2022

CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS, SERIES 2010C

Fiscal Year	INTERNAL LOAN PORTION			WATER UTILITIES PORTION		
	Principal	Interest	Total	Principal	Interest	Total
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	\$ 6,853,505	\$ 22,759,482	\$ 5,209,023	\$ 1,418,737	\$ 6,627,760

CAPITAL IMPROVEMENT REFUNDING NOTE, SERIES 2012A

Fiscal Year	INTERNAL LOAN PORTION		
	Principal	Interest	Total
2022-23	\$ 2,013,000	\$ 17,613	\$ 2,030,613
TOTALS	\$ 2,013,000	\$ 17,613	\$ 2,030,613

CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2015

Fiscal Year	INTERNAL LOAN FUND		
	Principal	Interest	Total
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	\$ 35,450,000	\$ 12,408,974	\$ 47,858,974

CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY (CONTINUED)
SEPTEMBER 30, 2022

TAXABLE PENSION LIABILITY REDUCTION NOTE, SERIES 2020

Fiscal Year	GOVERNMENTAL FUNDS			ENTERPRISE FUNDS		
	Principal	Interest	Total	Principal	Interest	Total
2022-23	\$ 2,545,767	\$ 917,541	\$ 3,463,308	\$ 2,094,233	\$ 754,800	\$ 2,849,033
2023-24	2,647,268	854,704	3,501,972	2,177,732	703,110	2,880,842
2024-25	2,754,255	789,347	3,543,602	2,265,745	649,343	2,915,088
2025-26	2,861,243	721,399	3,582,642	2,353,757	593,447	2,947,204
2026-27	2,973,717	650,795	3,624,512	2,446,283	535,368	2,981,651
2027-28	3,088,937	577,435	3,666,372	2,541,063	475,022	3,016,085
2028-29	3,206,896	501,258	3,708,154	2,638,104	412,353	3,050,457
2029-30	3,327,602	422,190	3,749,792	2,737,398	347,309	3,084,707
2030-31	3,453,793	340,135	3,793,928	2,841,207	279,809	3,121,016
2031-32	1,890,122	275,473	2,165,595	1,554,878	226,616	1,781,494
2032-33	2,329,046	224,422	2,553,468	1,915,954	184,619	2,100,573
2033-34	1,785,877	174,632	1,960,509	1,469,123	143,658	1,612,781
2034-35	1,983,395	129,025	2,112,420	1,631,605	106,139	1,737,744
2035-36	1,292,084	89,389	1,381,473	1,062,916	73,537	1,136,453
2036-37	1,094,572	60,513	1,155,085	900,428	49,779	950,207
2037-38	798,296	37,611	835,907	656,704	30,936	687,640
2038-39	798,296	18,292	816,588	656,704	15,044	671,748
2039-40	172,827	6,541	179,368	142,173	5,378	147,551
2040-41	183,794	2,225	186,019	151,206	1,829	153,035
TOTALS	\$ 39,187,787	\$ 6,792,927	\$ 45,980,714	\$ 32,237,213	\$ 5,588,096	\$ 37,825,309

CAPITAL IMPROVEMENT REFUNDING NOTE, SERIES 2017A

Fiscal Year	AIRPORT PORTION			GOVERNMENTAL PORTION		
	Principal	Interest	Total	Principal	Interest	Total
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	180,798	4,412	185,210	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	\$ 862,766	\$ 64,148	\$ 926,914	\$ 10,350,938	\$ 1,424,754	\$ 11,775,692

CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY (CONTINUED)
SEPTEMBER 30, 2022

CAPITAL IMPROVEMENT REFUNDING NOTE, SERIES 2017B

Fiscal Year	AIRPORT PORTION		
	Principal	Interest	Total
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>\$ 4,515,766</u>	<u>\$ 233,678</u>	<u>\$ 4,749,444</u>

WATER AND WASTEWATER REVENUE REFUNDING BONDS,
 SERIES 2021

Fiscal Year	WATER UTILITIES PORTION		
	Principal	Interest	Total
2022-23	\$ 2,309,413	\$ 579,197	\$ 2,888,610
2023-24	2,353,160	529,308	2,882,468
2024-25	2,403,077	478,416	2,881,493
2025-26	2,453,791	426,448	2,880,239
2026-27	2,505,071	373,388	2,878,459
2027-28	2,561,678	319,173	2,880,851
2028-29	2,613,223	263,802	2,877,025
2029-30	2,669,601	207,276	2,876,877
2030-31	2,725,412	149,549	2,874,961
2031-32	2,784,846	90,589	2,875,435
2032-33	2,840,728	30,396	2,871,124
TOTALS	<u>\$ 28,220,000</u>	<u>\$ 3,447,542</u>	<u>\$ 31,667,542</u>

CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2015

Fiscal Year	WATER UTILITIES PORTION			WASTEWATER UTILITIES PORTION		
	Principal	Interest	Total	Principal	Interest	Total
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>\$ 5,242,969</u>	<u>\$ 460,231</u>	<u>\$ 5,703,200</u>	<u>\$ 1,540,000</u>	<u>\$ 94,380</u>	<u>\$ 1,634,380</u>

CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY (CONTINUED)
SEPTEMBER 30, 2022

ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2010

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	\$ 94,100,000	\$ 39,737,044	\$ 133,837,044

ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2016

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	\$ 107,665,000	\$ 21,849,605	\$ 129,514,605

CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY (CONTINUED)
SEPTEMBER 30, 2022

ENERGY SYSTEM REFUNDING BONDS, SERIES 2017

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	\$ 15,498,883	\$ 103,703,883

ENERGY SYSTEM REFUNDING BONDS, SERIES 2018

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	\$ 37,320,000	\$ 12,778,069	\$ 50,098,069

CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY (CONTINUED)
SEPTEMBER 30, 2022

ENERGY SYSTEM REVENUE BONDS, SERIES 2021

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022-23	\$ 1,835,000	\$ 5,912,475	\$ 7,747,475
2023-24	1,750,000	5,822,850	7,572,850
2024-25	2,445,000	5,717,975	8,162,975
2025-26	3,320,000	5,573,850	8,893,850
2026-27	4,045,000	5,389,725	9,434,725
2027-28	4,690,000	5,171,350	9,861,350
2028-29	5,355,000	4,920,225	10,275,225
2029-30	5,980,000	4,636,850	10,616,850
2030-31	7,065,000	4,310,725	11,375,725
2031-32	2,790,000	4,064,350	6,854,350
2032-33	3,510,000	3,906,850	7,416,850
2033-34	4,230,000	3,713,350	7,943,350
2034-35	4,780,000	3,488,100	8,268,100
2035-36	5,525,000	3,230,475	8,755,475
2036-37	6,485,000	2,930,225	9,415,225
2037-38	7,420,000	2,619,700	10,039,700
2038-39	-	2,471,300	2,471,300
2039-40	4,235,000	2,386,600	6,621,600
2040-41	4,395,000	2,214,000	6,609,000
2041-42	4,590,000	2,034,300	6,624,300
2042-43	4,770,000	1,823,250	6,593,250
2043-44	5,015,000	1,578,625	6,593,625
2044-45	5,270,000	1,321,500	6,591,500
2045-46	5,520,000	1,051,750	6,571,750
2046-47	5,795,000	768,875	6,563,875
2047-48	6,090,000	471,750	6,561,750
2048-49	6,390,000	159,750	6,549,750
TOTALS	<u>\$ 123,295,000</u>	<u>\$ 87,690,775</u>	<u>\$ 210,985,775</u>

CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY (CONTINUED)
SEPTEMBER 30, 2022

CAPITAL IMPROVEMENT REVENUE BONDS

Fiscal Year	SERIES 2021A			SERIES 2021B		
	Principal	Interest	Total	Principal	Interest	Total
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	\$ 9,231,975	\$ 35,426,975	\$ 15,005,000	\$ 7,487,750	\$ 22,492,750

SERIES 2021C

Principal	Interest	Total
\$ 2,390,000	\$ 21,205	\$ 2,411,205
1,900,000	10,450	1,910,450
\$ 4,290,000	\$ 31,655	\$ 4,321,655

CITY OF LAKELAND, FLORIDA

ANALYSIS OF SINKING FUND AND RESERVE ACCOUNT REQUIREMENTS
SEPTEMBER 30, 2022

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
2023 TO 2049

ANNUAL PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending Sept 30	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
2023	\$ 821,176	\$ 2,030,613	\$ 3,444,938	\$ 1,378,480
2024	821,176	-	3,444,063	1,378,237
2025	2,047,090	-	3,438,438	1,377,987
2026	2,052,857	-	3,311,063	1,377,731
2027	2,017,275	-	3,248,313	1,377,469
2028	2,015,441	-	3,246,938	1,163,597
2029	2,016,584	-	3,172,063	1,163,082
2030	2,015,606	-	3,168,563	1,162,554
2031	2,002,702	-	3,169,313	1,162,012
2032	1,865,003	-	3,168,938	1,161,458
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	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
2049	-	-	-	-
	<u>\$ 29,387,242</u>	<u>\$ 2,030,613</u>	<u>\$ 47,858,974</u>	<u>\$ 12,702,607</u>

CITY OF LAKELAND, FLORIDA

SUMMARY OF REQUIRED DEBT PAYMENTS TO MATURITY
ALL OUTSTANDING REVENUE BOND SERIES (CONTINUED)
2023 TO 2049

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 2021	Florida Taxable Pension Liability Reduction Note Series 2020	Capital Improvement Revenue Bonds Series 2021
2023	\$ 1,334,094	\$ 855,277	\$ 2,888,610	\$ 6,312,341	\$ 6,351,755
2024	1,132,910	855,277	2,882,468	6,382,814	5,496,700
2025	1,135,996	855,276	2,881,493	6,458,690	4,526,750
2026	1,146,444	4,771,750	2,880,239	6,529,846	4,524,250
2027	-	-	2,878,459	6,606,163	5,968,975
2028	-	-	2,880,851	6,682,457	2,930,225
2029	-	-	2,877,025	6,758,611	2,931,225
2030	-	-	2,876,877	6,834,499	2,913,100
2031	-	-	2,874,961	6,914,944	2,920,475
2032	-	-	2,875,435	3,947,089	2,654,475
2033	-	-	2,871,124	4,654,041	2,655,725
2034	-	-	-	3,573,290	2,648,200
2035	-	-	-	3,850,164	2,651,750
2036	-	-	-	2,517,926	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
2043	-	-	-	-	-
2044	-	-	-	-	-
2045	-	-	-	-	-
2046	-	-	-	-	-
2047	-	-	-	-	-
2048	-	-	-	-	-
2049	-	-	-	-	-
	<u>\$ 4,749,444</u>	<u>\$ 7,337,580</u>	<u>\$ 31,667,542</u>	<u>\$ 83,806,023</u>	<u>\$ 62,241,380</u>

CITY OF LAKELAND, FLORIDA

SUMMARY OF REQUIRED DEBT PAYMENTS TO MATURITY
ALL OUTSTANDING REVENUE BOND SERIES (CONTINUED)
2023 TO 2049

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	Energy System Revenue Bonds Series 2021	Total
2023	\$ 9,850,762	\$ 14,208,669	\$ 1,197,383	\$ 4,477,813	\$ 7,747,475	\$ 62,899,386
2024	9,836,050	14,156,169	1,197,383	3,409,937	7,572,850	58,566,034
2025	9,815,688	14,095,294	1,197,383	2,857,313	8,162,975	58,850,373
2026	9,818,688	14,059,419	1,197,383	2,132,937	8,893,850	62,696,457
2027	9,804,338	13,997,294	1,197,383	1,627,063	9,434,725	58,157,457
2028	8,506,138	14,085,294	1,197,383	2,548,937	9,861,350	55,118,611
2029	8,497,100	14,022,144	1,197,383	2,169,688	10,275,225	55,080,130
2030	8,498,231	9,719,081	1,391,059	5,867,313	10,616,850	55,063,733
2031	8,483,875	6,647,819	4,457,439	5,126,562	11,375,725	55,135,827
2032	8,478,375	2,439,047	7,998,342	5,453,344	6,854,350	46,895,856
2033	8,470,681	2,421,375	8,197,740	4,883,862	7,416,850	46,603,040
2034	8,460,006	2,417,250	8,427,896	4,317,600	7,943,350	42,468,681
2035	8,450,431	2,418,125	17,259,758	186,600	8,268,100	47,449,077
2036	8,436,038	2,413,750	17,631,495	186,600	8,755,475	46,951,202
2037	8,430,643	2,413,875	10,059,318	2,450,400	9,415,225	40,667,944
2038	-	-	19,899,155	2,402,100	10,039,700	36,694,245
2039	-	-	-	-	2,471,300	6,787,714
2040	-	-	-	-	6,621,600	9,775,590
2041	-	-	-	-	6,609,000	9,774,574
2042	-	-	-	-	6,624,300	8,259,350
2043	-	-	-	-	6,593,250	6,593,250
2044	-	-	-	-	6,593,625	6,593,625
2045	-	-	-	-	6,591,500	6,591,500
2046	-	-	-	-	6,571,750	6,571,750
2047	-	-	-	-	6,563,875	6,563,875
2048	-	-	-	-	6,561,750	6,561,750
2049	-	-	-	-	6,549,750	6,549,750
	<u>\$ 133,837,044</u>	<u>\$ 129,514,605</u>	<u>\$ 103,703,883</u>	<u>\$ 50,098,069</u>	<u>\$ 210,985,775</u>	<u>\$ 909,920,781</u>



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CITY OF LAKELAND, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2022

	Contract/Grant Number	AL/CSFA 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	\$ 5,248	\$ -	\$ 5,248	\$ -
TOTAL DEPARTMENT OF AGRICULTURE - FOOD			<u>5,248</u>	<u>-</u>	<u>5,248</u>	<u>-</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Direct Programs:						
CDBG - Entitlement Grants Cluster						
Community Development Block Grants						
	B-19-MC-12-0011	14.218	152,042	-	152,042	-
	B-20-MC-12-0011	14.218	332,994	-	332,994	-
	B-21-MC-12-0011	14.218	468,313	-	468,313	112,016
	B-20-MW-12-0011	14.218	356,861	-	356,861	87,117
			<u>1,310,210</u>	<u>-</u>	<u>1,310,210</u>	<u>199,133</u>
Total CDBG - Entitlement Grants Cluster						
Home Investment Partnerships Program (HOME)						
	M-19-MC-12-0228	14.239	222,695	-	222,695	-
	M-20-MC-12-0228	14.239	24,233	-	24,233	-
	M21-MP-12-0228	14.239	3,478	-	3,478	-
			<u>250,406</u>	<u>-</u>	<u>250,406</u>	<u>-</u>
Total HOME Investment Partnership Program						
			<u>1,560,616</u>	<u>-</u>	<u>1,560,616</u>	<u>199,133</u>
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
DEPARTMENT OF JUSTICE						
Direct Program:						
COVID-19 - Coronavirus Emergency Supplemental Funding Program						
	2020-DJ-BX-0757	16.034	708	-	708	-
Indirect Programs:						
Passed through the Florida Office of the Attorney General						
FOAG Crime Victim Assistance (VOCA)						
	Police D-00554	16.575	125,695	-	125,695	-
Direct Program:						
Edward Byrne Memorial Justice Assistance Grant Program						
	15PBJA-21-GG-01315-JAGX	16.738	26,864	-	26,864	-
Indirect Programs:						
Passed through the Florida Department of Law Enforcement						
Edward Byrne Memorial JAG Program (PAL)						
	2021-JAGC-POLK-11-3B-119	16.738	20,458	-	20,458	-
	Total Edward Byrne Memorial Program		<u>47,322</u>	<u>-</u>	<u>47,322</u>	<u>-</u>
TOTAL DEPARTMENT OF JUSTICE			<u>173,725</u>	<u>-</u>	<u>173,725</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, 2022

	Contract/Grant Number	AL/CFSA 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 Reconstruction of TWY P	3-12-0041-047-2021	20.106	\$ 4,671	\$ -	\$ 4,671	\$ -
TWY E; Construct TWY S	3-12-0041-047-2021	20.106	4,860,431	-	4,860,431	-
Coronavirus Response and Relief Supplemental Appropriation Act	3-12-0041-048-2021	20.106	148,000	-	148,000	-
TOTAL FEDERAL DEPARTMENT OF TRANSPORTATION - FEDERAL AVIATION ADMINISTRATION - AIRPORT IMPROVEMENT PROGRAM			5,013,102	-	5,013,102	-
FEDERAL DEPARTMENT OF TRANSPORTATION - FEDERAL HIGHWAY ADMINISTRATION						
Indirect Programs:						
Highway Planning and Construction						
Passed through the Florida Department of Transportation						
FDOT - Main Street Pathways	438267-1-58-01	20.205	772,456	-	772,456	-
FDOT - Main Street Pathways	438267-1-68-01	20.205	68,066	-	68,066	-
FDOT - Three Parks Trail E	440277-1-58-01	20.205	134,710	-	134,710	-
FDOT - Three Parks Trail E	440277-1-68-01	20.205	36,168	-	36,168	-
FDOT - Tenoroc Trail - Segment 1	440358-1-28-01	20.205	53,424	-	53,424	-
FDOT - Sidewalk - N Crystal Lake (Willow Point to Longfellow)	441679-1-58-01	20.205	29,930	-	29,930	-
FDOT - Sidewalk - N Crystal Lake (Willow Point to Longfellow)	441679-1-68-01	20.205	34,000	-	34,000	-
FDOT - LAP Josephine Sidewalk (Central Ave to Pinewood Ave)	444209-1-38-01	20.205	8,103	-	8,103	-
Fiber Optic - Maintenance/Lease	197620-4-8B-01	20.205	20,278	-	20,278	-
Total Highway Planning and Construction			1,157,135	-	1,157,135	-
Recreational Trails Program						
Passed through the Florida Department of Transportation						
FDEP-Se7en Wetlands Phase III Trail	12RECT019/T19005	20.219	32,306	-	32,306	-
TOTAL FEDERAL DEPARTMENT OF TRANSPORTATION - FEDERAL HIGHWAY ADMINISTRATION - HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			1,189,441	-	1,189,441	-
TOTAL FEDERAL DEPARTMENT OF TRANSPORTATION			6,202,543	-	6,202,543	-

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, 2022

	Contract/Grant Number	AI/CFSA Number	Current Year Expenditures	Outstanding Loan Balance	Total Expenditures	Transfers To Subrecipients
FEDERAL DEPARTMENT OF THE TREASURY						
Direct Programs:						
Coronavirus Relief Fund						
Coronavirus State and Local Fiscal Recovery Funds	20-1982-0-1-806	21.027	\$ 147,632	\$ -	\$ 147,632	\$ -
TOTAL FEDERAL DEPARTMENT OF THE TREASURY			<u>147,632</u>	<u>-</u>	<u>147,632</u>	<u>-</u>
FEDERAL DEPARTMENT OF HOMELAND SECURITY						
Indirect Programs:						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)						
Passed through the Florida Department of Financial Services						
Mutual Aid - Piney Point Gypsum Stack Release	Executive Order #21-82	97.036	(1,399)	-	(1,399)	-
Passed through the Florida Division of Emergency Management						
COVID-19 - Public Assistance - COVID-19 Emergency Funds	Z1795	97.036	728	-	728	-
TOTAL FEDERAL DEPARTMENT OF HOMELAND SECURITY			<u>(671)</u>	<u>-</u>	<u>(671)</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 8,089,093</u>	<u>\$ -</u>	<u>\$ 8,089,093</u>	<u>\$ 199,133</u>
FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION						
Direct Programs:						
Statewide Water Quality Restoration Projects	LP53064	37.039	\$ 21,390	\$ -	\$ 21,390	\$ -
Se/ten Wetlands Park						
Drinking Water Facility Construction						
Williams WTP Clearwell Construction (SRL)	DW 530661	37.076	1,921,157	16,605,350	18,526,507	-
Wastewater Treatment Facility Construction						
English Oaks Phase III - Construction	WW 530651	37.077	448,761	14,196,838	14,645,599	-
English Oaks Phase IV - Construction	WW 530652	37.077	2,080,928	-	2,080,928	-
Glendale Effluent Pump Station - Design	WW 530670	37.077	723,067	-	723,067	-
Total Wastewater Treatment Facility Construction			<u>3,252,756</u>	<u>14,196,838</u>	<u>17,449,594</u>	<u>-</u>
TOTAL FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION			<u>5,195,303</u>	<u>30,802,188</u>	<u>35,997,491</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, 2022

	Contract/Grant Number	AL/CSFA 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) 21	146 PY 18/19	40.901	\$ 62,000	\$ -	\$ 62,000	\$ -
TOTAL FLORIDA HOUSING AND FINANCE CORPORATION						
FLORIDA DEPARTMENT OF TRANSPORTATION						
Direct Programs:						
Aviation Grant Programs						
TWY E; Construct TWY S	441648-1-94-01	55.004	439,323	-	439,323	-
ILS Upgrade to CAT III	445718-1-94-01	55.004	3,295,134	-	3,295,134	-
Total Aviation Grant Programs			3,734,457	-	3,734,457	-
Economic Development Transportation Fund						
FDOT County Line Rd @ US 92	434531-2-38-01	55.032	(255)	-	(255)	-
FDOT County Line Rd @ US 92	434531-2-58-01	55.032	1,079,367	-	1,079,367	-
FDOT-Drane Field Rd at Don Emerson Dr	444290-1-58-01	55.032	1,020,990	-	1,020,990	-
Total Economic Development Transportation Funds			2,100,102	-	2,100,102	-
Florida Shared-Use Nonmotorized (SUN) Trail Network Program						
FDOT-Tenoroc Trail-Segment 1	440358-1-28-01	55.038	80,806	-	80,806	-
TOTAL FLORIDA DEPARTMENT OF TRANSPORTATION						
FLORIDA OFFICE OF TOURISM, TRADE, AND ECONOMIC DEVELOPMENT						
Direct Programs:						
Facilities for New Professional Sports, Retained Professional Sports, or Retained Spring Training Franchise						
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					\$ 42,974,852	\$ -

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, 2022

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, 2022. 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, 2022. 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, 2022 is \$35,976,101.

NOTE C - PRIOR YEAR EXPENDITURES

The amounts reported on the SEFA for Community Development Block Grants (AL 14.218) as current year expenditures includes \$8,455 of expenses incurred in prior fiscal years that were eligible grant expenditures..

The amounts reported on the SEFA for Airport Improvement Program (AL 20.106) as current year expenditures includes \$4,671 of expenses incurred in prior fiscal years that were eligible grant expenditures as a result of grant amendments in the current year.

The amounts reported on the SEFA for Highway Planning and Construction (AL 20.205) as current year expenditures includes \$54,136 of expenses incurred in prior fiscal years that were eligible grant expenditures as a result of grant amendments in the current year.

The amounts reported on the SEFA for Disaster Grants - Public Assistance (Presidentially Declared Disasters) (AL 97.036) as current year expenditures includes (\$1,399) of expenses incurred in prior fiscal years that were ineligible grant expenditures.

The amounts reported on the SEFA for Aviation Grant Programs (CSFA 55.004) as current year expenditures includes \$3,295,134 of expenses incurred in prior fiscal years that were eligible grant expenditures as a result of grant amendments in the current year.

The amounts reported on the SEFA for Economic Development Transportation Projects (CSFA 55.032) as current year expenditures includes (\$67,151) of expenses incurred in prior years that were ineligible grant expenditures.



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STATISTICAL SECTION



QUEENSLAND LACEBARK
BRACHYCHITON DISCOLOR
STERCULIACEAE
NORTHERN AUSTRALIA,
QUEENSLAND, NEW SOUTH WALES

*LAKE MORTON
FLOWERING TREE COLLECTION*



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	
2022	\$ 287,967,269	\$ 774,954,642	\$ 58,679,299	\$ 118,038,928	\$ (73,527,436)	\$ 66,178,567	\$ 1,062,921,911	\$ 176,718,227	\$ (7,348,869)	\$ 1,232,291,269
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



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CITY OF LAKELAND, FLORIDA

**CHANGES IN NET POSITION (UNAUDITED)
LAST TEN FISCAL YEARS
(accrual basis)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 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	\$ 18,803,359
Public safety	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	64,455,365
Physical environment	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	7,396,796
Transportation	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	15,181,750
Economic environment	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	10,783,421
Human services	152,255	156,787	164,557	162,184	201,972	292,275	373,920	573,643	362,718	483,390
Culture/recreation	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	35,472,224
Interest on long-term debt	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	2,954,895
Total governmental activities	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	155,531,200
Business-type activities:										
Electric	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	302,539,018
Water and Wastewater	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	48,352,682
Parking	933,995	788,386	906,654	1,042,575	1,424,289	923,119	887,288	961,975	1,061,669	1,074,777
RP Funding Center	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	(4,939)
Lakeland Linder International Airport	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	14,062,194
Solid Waste	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	14,580,836
Cleveland Heights Golf Course	3,169,630	3,031,751	2,438,137	2,534,521	20,181	-	-	-	-	-
Total business-type activities	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	380,604,568
Total primary government	\$ 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	\$ 536,135,768
Program revenues										
Governmental activities:										
General government	\$ 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	\$ 519,564
Public safety	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	10,304,463
Economic environment	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	8,736,647
Transportation	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	3,663,133
Culture/recreation	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	10,456,899
Operating grants and contributions	7,704,598	8,553,341	7,072,763	9,713,034	5,802,190	5,684,903	11,891,625	7,386,346	7,386,346	6,037,717
Capital grants and contributions	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	8,632,724
Total governmental activities	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	48,444,154

CITY OF LAKELAND, FLORIDA

**CHANGES IN NET POSITION (UNAUDITED)
LAST TEN FISCAL YEARS (CONTINUED)**
(accrual basis)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-type activities:										
Charges for services	\$ 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	\$ 387,261,749
Electric	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	78,420,261
Water and Wastewater	617,655	679,107	710,911	784,689	800,453	799,871	825,835	703,034	765,658	686,156
Parking	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	3,962,024	4,245,029	4,497,642	4,491,436	5,194,038	6,470,785	6,734,444	7,378,421	9,853,642	10,450,864
Lakeland Linder International Airport	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	18,223,927
Solid Waste	2,243,941	2,016,163	1,222,406	1,289,155	-	-	-	-	-	-
Cleveland Heights Golf Course	41,017	33,599	39,943	55,845	181,127	284,665	410,542	308,847	132,620	148,000
Operating grants and contributions	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	16,796,801
Capital grants and contributions	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	511,987,758
Total business-type activities	\$ 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	\$ 560,431,912
Total primary government										
Net (expense) revenue	\$ (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)	\$ (107,087,046)
Governmental activities	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	131,383,190
Business-type activities	\$ (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	\$ 24,296,144
Total primary government										
General Revenues										
Governmental activities:										
Property taxes	\$ 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	\$ 43,213,083
Gas taxes	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	6,400,414
Utility taxes	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	16,579,916
Local business taxes	-	-	-	-	-	-	-	-	-	1,712,338
State shared revenues (unrestricted)	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	13,951,744
Tax increment revenues	-	-	-	-	-	-	-	-	-	7,928,438
Payment from Lakeland	-	-	-	-	-	-	-	-	-	-
Regional Health	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	10,750,000
Investment earnings	(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	(67,714,908)
Miscellaneous	5,836,383	5,949,849	2,510,905	6,904,306	9,390,690	5,483,906	5,718,650	11,130,984	4,804,281	7,401,185
Transfers	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	61,414,878
Total governmental activities	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	111,637,088
Business-type activities:										
Tourism taxes	238,623	321,258	318,081	319,440	1,379,040	459,655	614,076	-	-	-
Investment earnings	(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	(43,030,232)
Miscellaneous	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	2,211,311
Special item	-	-	-	-	-	-	-	-	(46,416,616)	-
Transfers	(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)	(61,990,635)
Total business-type activities	(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)	(102,809,556)
Total primary government	\$ 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	\$ 8,827,532
Change in net position										
Governmental activities	\$ 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	\$ 4,550,042
Business-type activities	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	28,573,634
Total primary government	\$ 19,012,100	\$ 48,550,928	\$ 43,753,688	\$ 69,975,172	\$ 42,100,714	\$ 46,290,743	\$ 96,875,291	\$ 58,939,119	\$ 108,409,492	\$ 33,123,676

CITY OF LAKELAND, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED)
LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 312	\$ 10,078	\$ -	\$ 10,101	\$ 10,966	\$ 14,848	\$ 113,329	\$ 9,599	\$ -	\$ 1,088,275
Restricted	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	2,344,826
Assigned	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	15,964,092
Unassigned	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	31,021,609
Total general fund	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	50,418,802
Other governmental funds										
Nonspendable, reported in										
Permanent funds	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	5,355,658
Prepays	-	151	-	160	66	201	821	204	-	-
Restricted, reported in										
Special revenue funds	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	16,838,299
Capital projects funds	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	28,519,319
Debt service fund	-	-	-	-	-	-	-	349,873	1,122,121	3,946,837
Permanent funds	168,322	183,564	181,365	199,162	217,041	231,321	250,147	254,407	301,016	252,233
Committed, reported in										
Special revenue funds	5,818,487	6,017,177	5,468,299	3,954,698	3,696,602	4,707,680	5,861,602	4,986,473	5,554,267	6,536,396
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	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)	(18,075,274)
Total other governmental funds	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	43,373,468
Total governmental funds	\$ 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	\$ 93,792,270

CITY OF LAKELAND, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
REVENUES										
Taxes	\$ 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	\$ 67,905,751
Permits & fees	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	17,984,132
Intergovernmental	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	32,134,640
Charges for services	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	13,220,570
Fines and forfeitures	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	2,569,011
Miscellaneous	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	(34,010,433)
Total revenues	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	99,803,671
EXPENDITURES										
General government	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	19,260,294
Public safety	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	72,720,728
Physical environment	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	6,933,855
Transportation	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	11,775,117
Economic environment	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	9,958,715
Human services	152,255	156,787	164,557	162,184	201,972	292,272	373,920	573,643	362,718	483,390
Culture/recreation	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	31,986,044
Capital outlay	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	27,026,244
Debt service										
Principal	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	14,328,316
Interest	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	2,910,451
Total expenditures	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	197,383,154
Excess (deficiency) of revenues over (under) expenditures	(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)	(97,579,483)
OTHER FINANCING SOURCES (USES)										
Proceeds from issuance of long-term debt	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	665,317
Transfers from other funds	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	72,588,584
Transfers to other funds	(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)	(25,808,402)
Transfer to fiduciary funds	-	-	-	-	-	-	-	-	-	(575,757)
Total other financing sources and (uses)	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	46,869,742
Net change in fund balances	\$ (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	\$ (50,709,741)
Debt Service as a percentage of noncapital expenditures	8%	7%	9%	7%	11%	6%	6%	9%	10%	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		
2022	\$ 11,620,302,540	\$ 1,059,608,161	\$ 13,183,790	\$ (16,283,317)	\$ 4,415,793,800	\$ 8,261,017,374
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

(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		
7.932	\$ 43,491,519	\$ 42,536,841	97.80	\$ 624,513	\$ 43,161,353
7.808	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
7.159	19,186,053	19,079,925	99.45	50,459	19,130,384

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		
2022	\$ 5.4323	\$ 0.500	\$ 2.0000	\$ 7.932	\$ 6.6920	\$ 0.2260	\$ 5.519	\$ 20.369		
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		

Source: Polk County Property Appraiser

CITY OF LAKELAND, FLORIDA

TEN PRINCIPAL TAXPAYERS (UNAUDITED)
 SEPTEMBER 30, 2022 for the Current Year and Nine Years Prior

Taxpayer Name	Type of Business	2022			2013		
		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	\$ 460,561,904	1	5.58%	\$ 248,393,643	1	5.83%
Amazon	Retail/Distribution	223,471,085	2	2.71%			
RTG Furniture Corp	Retail/Distribution-Furniture	128,151,256	3	1.55%	51,955,411	2	1.22%
SPUS9 Centerstate Logistcs Park East	Retail/Distribution	70,250,255	4	0.85%			
Watson Clinic	Medical Facility	65,810,575	5	0.80%	40,405,919	5	0.95%
VR Lakeland Limited Partnership	Real Estate-Apartment Complex	57,890,542	6	0.70%			
CPT University Park at Bridgewater	Retail/Distribution	56,438,674	7	0.68%			
Lakeland Property Partners	Real Estate-Apartment Complex	55,572,158	8	0.67%	20,554,877	10	0.48%
Lakeland Florida Distribution Center	Retail/Distribution	55,291,579	9	0.67%			
Pepperidge Farm	Retail/Distribution-Bakery	55,101,750	10	0.67%			
Casto Oakbridge Venture LTD	Real Estate				22,198,087	9	0.52%
Walmart	Retail/Distribution-Grocery				46,044,099	3	1.08%
Verizon	Telecommunications				31,315,964	7	0.73%
H-D Lakeland Mall Joint Venture	Retail/General Merchandise				44,084,928	4	1.03%
Carlton Arms of North Lakeland	Real Estate-Apartment Complex				30,941,805	6	0.73%
					23,828,825	8	0.56%
		\$ 1,228,539,778		14.88%	\$ 559,723,558		13.13%

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	Lease Revenue	Other Operating Revenue	Total Charges for Services	Residential	General Service	General Service Demand	General Service Large Demand
2022	\$ 123,465,226	\$ 67,640,741	\$ 5,189,946	\$ 3,120,506	\$ 3,213,695	\$ 178,591,197	\$ 291,017	\$ 5,749,421	\$ 387,261,749	\$ 0.07040	\$ 0.05926	\$ 0.04760	\$ 0.03842
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

* 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					% of Personal Income	Per Capita
	Loans Payable	Lease Financings	Lease Liability	Notes	Bonds	Loans Payable	Bonds and Notes Payable	Lease Financings	Lease Liability	Total Primary Government		
2022	\$ -	\$ 1,809,210	\$ 517,246	\$ 49,538,725	\$ 38,816,105	\$ 38,063,546	\$ 689,023,244	\$ -	\$ 3,404,170	\$ 821,172,246	\$ 6,827	
2021	-	2,845,144	-	40,584,119	48,222,001	42,975,225	557,145,294	125,344	-	691,897,127	5,943	
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	
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	
2018	1,921,466	-	-	1,368,107	52,687,486	37,995,293	528,160,108	-	-	622,132,460	5,892	
2017	2,185,781	-	-	2,616,803	56,889,791	30,927,443	514,756,073	139,046	-	607,514,937	5,831	
2016	1,192,854	-	-	4,817,594	63,979,671	30,155,243	509,520,735	1,617,931	-	611,284,028	5,963	
2015	1,416,818	-	-	7,094,564	69,459,298	32,493,561	512,530,138	2,204,057	-	625,198,436	6,159	
2014	1,633,392	-	-	10,892,464	28,009,822	33,518,432	522,943,217	2,231,412	-	599,228,739	5,949	
2013	1,841,515	-	-	11,023,543	26,743,234	36,132,683	556,304,921	2,839,164	-	634,885,060	6,430	

* 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*	Local Business Tax*	Half Cent Sales Tax	State Revenue Sharing	Mobile Home License Fees	Alcoholic Beverage Tax	Firefighters' Compensation Tax		SHIP
2022	\$ 43,213,083	\$ 16,579,916	\$ 6,400,414	\$ -	\$ 1,712,338	\$ 9,136,337	\$ 4,275,929	\$ 295,898	\$ 106,153	\$ 75,427	\$ 62,000	\$ 81,857,495
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

Source: City of Lakeland Annual Report

* Effective FY22, franchise fees are classified as permits, fees, and special assessments and occupational licenses are classified as local business taxes.

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>
2022	\$ 88,354,830	\$ 3,946,837	\$ 84,407,993	\$ 109,971,741	0.77	702
2021	88,806,120	3,075,188	85,730,932	104,216,762	0.82	736
2020	97,255,221	5,937,425	91,317,796	101,593,697	0.90	836
2019	60,998,304	1,889,942	59,108,362	101,782,595	0.58	550
2018	54,055,593	1,863,692	52,191,901	99,688,388	0.52	494
2017	59,506,594	-	59,506,594	102,371,278	0.58	571
2016	68,797,265	-	68,797,265	121,068,668	0.57	671
2015	76,553,862	-	76,553,862	86,704,578	0.88	754
2014	38,902,286	-	38,902,286	82,261,566	0.47	386
2013	37,766,777	-	37,766,777	80,623,541	0.47	385

Source: City of Lakeland Annual Report

¹City of Lakeland, Community Development

CITY OF LAKELAND, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)
SEPTEMBER 30, 2022

<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	*	16.97%	*
City Direct Debt - Governmental Activities			<u>90,681,286</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 90,681,286</u>

* Information not available

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
2022	\$ 392,904,055	\$ 255,794,632	\$ 137,109,423	\$ 19,925,000	\$ 19,298,822	\$ 39,223,822	3.50
2021	337,113,104	210,460,565	126,652,539	18,540,000	15,584,792	34,124,792	3.71
2020	306,172,100	186,054,367	120,117,733	19,095,000	16,304,194	35,399,194	3.39
2019	328,008,054	209,373,188	118,634,866	20,195,000	17,306,668	37,501,668	3.16
2018	325,131,086	220,910,023	104,221,063	22,300,000	15,806,087	38,106,087	2.74
2017	312,129,802	219,734,277	92,395,525	21,250,000	17,299,223	38,549,223	2.40
2016	303,054,126	192,829,916	110,224,210	20,875,000	17,567,094	38,442,094	2.87
2015	315,889,330	213,978,944	101,910,386	16,530,000	18,575,791	35,105,791	2.90
2014	320,025,321	216,623,013	103,402,308	20,775,503	25,469,790	46,245,293	2.24
2013	309,583,193	212,530,976	97,052,217	20,313,195	26,313,189	46,626,384	2.08

WATER AND WASTEWATER SYSTEM REVENUE BONDS

Fiscal Year	Gross Revenues	Operating Expenses ²	Net Revenues Available for Debt Service	Principal	Interest	Total	Coverage
2022	\$ 68,034,733	\$ 36,426,426	\$ 31,608,307	\$ 6,660,129	\$ 1,605,825	\$ 8,265,954	3.82
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

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>
2022	120,279	\$ *	\$ *	40.88	40,090	5.30%
2021	116,421	5,070,833,076	43,556	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%

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, 2022 for the Current Year and Nine Years Prior

Employer	Type of Business	2022			2013		
		Employees	Rank	% of Total	Employees	Rank	% of Total
Publix Supermarkets, Inc.	Retail/Distribution-Grocery	8,008	1	28.50%	8,063	1	35.24%
Lakeland Regional Health	Hospital	6,000	2	21.36%	4,540	2	19.84%
Government Employees Insurance Co. (GEICO)	Insurance	3,800	3	13.53%	2,300	4	10.05%
City of Lakeland	Government	2,627	4	9.35%	2,600	3	11.36%
Amazon	Retail/Distribution	2,000	5	7.12%			
Watson Clinic	Medical Clinic	1,857	6	6.61%	1,600	5	6.99%
Saddle Creek Logistics	Trucking & Logistics	1,289	7	4.59%	625	9	2.73%
Southeastern University	Education	1,072	8	3.82%			
Rooms To Go	Retail/Distribution	827	9	2.94%	900	7	3.93%
Advanced Auto Parts	Retail/Distribution	615	10	2.18%			
GC Services	Telemarketing				1,000	6	4.37%
Summit Consulting	Insurance				654	8	2.86%
Stryker	Healthcare				600	10	2.63%
Total		<u>28,095</u>		<u>100.00%</u>	<u>22,882</u>		<u>100.00%</u>

Source: Lakeland Economic Development Council

CITY OF LAKELAND, FLORIDA

FTE EMPLOYEES BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS

Function:	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	274	277	270	238	278	282	285	282	266	265
Public safety										
Law enforcement										
Officers	205	217	209	234	239	237	240	240	236	247
Civilians	114	111	117	103	118	111	100	106	113	112
Fire control										
Firefighters and officers	132	142	150	145	165	168	171	168	168	177
Civilians	19	13	14	13	5	6	6	7	6	6
Physical environment	5	5	6	7	7	8	8	10	10	25
Transportation	100	97	97	98	105	104	115	106	104	83
Economic environment	51	50	58	57	60	61	67	62	62	62
Culture/recreation	243	227	224	231	248	243	245	228	226	267
Electric	549	544	543	530	507	501	484	465	383	364
Water and Wastewater	193	194	200	197	203	201	209	205	211	212
Parking	5	5	5	4	5	5	4	5	4	5
RP Funding Center	37	36	42	50	50	48	50	42	40	-
Lakeland Linder International Airport	15	15	14	14	15	15	15	17	18	18
Solid Waste	63	62	63	62	62	61	63	59	61	59
Cleveland Heights Golf Course	21	14	14	12	-	-	-	-	-	-

Source: City of Lakeland Payroll

CITY OF LAKELAND, FLORIDA

OPERATING INDICATORS BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety										
Law enforcement										
Arrests	4,858	6,845	5,638	4,646	5,654	5,100	6,306	3,822	3,879	6,573
Traffic citations	12,542	8,177	11,119	10,649	9,585	9,484	11,409	7,115	8,599	5,455
Fire control										
Calls for service	20,390	21,637	22,515	24,262	24,940	25,314	25,736	26,245	26,640	28,291
Inspections	2,531	2,088	6,705	4,604	3,802	3,204	3,685	3,160	2,870	4,989
Physical environment										
Cemetery										
Burials	409	410	412	407	392	421	434	421	520	472
Spaces sold	375	367	412	312	368	408	426	462	623	645
Transportation										
Street resurfacing (miles)	32	38.7	26.1	23.8	21.7	32.0	11.2	30.0	34.9	40.0
Culture/recreation										
Parks										
Field rentals	8,299	8,491	8,400	7,103	6,484	6,150	6,785	4,821	6,963	2,040
Swimming Pools										
Attendance/use	243,805	433,466	154,134	93,822	84,359	95,611	95,572	54,311	105,823	68,882
Aquatic programs/events	10	11	7	33	29	30	33	-	-	-
Community centers										
Attendance/use	352,688	728,912	380,121	459,808	388,109	350,554	385,755	165,981	172,340	246,935
Facility rentals	1,219	1,195	1,799	1,759	2,000	1,111	896	510	291	-
Economic environment										
Building permits issued	7,899	5,770	6,301	6,776	7,203	9,235	8,427	9,027	9,482	9,161
Electric										
New connections ¹	1,689	1,157	1,348	1,810	1,949	1,648	1,610	2,568	2,934	2,310
Number of customers	122,460	123,617	124,965	126,775	128,535	130,183	131,793	134,361	137,295	139,605
Energy sales (gWh)	3,199	3,004	2,991	3,066	3,004	3,064	3,131	3,166	3,359	3,296
Water and Wastewater										
New connections	337	340	351	533	612	472	570	685	1,392	720
Number of customers	52,983	53,400	54,322	55,712	56,750	57,222	57,533	58,285	59,187	61,635
Peak month peak day pumping ²	27	28	29	27	33	29	32	29	35	29
Average daily sewage treatment ²	11.77	12.32	13.01	12.84	12.95	14.75	11.84	11.66	11.47	13.23
Parking										
Parking violations	6,102	5,596	5,735	6,538	5,556	7,534	4,733	4,202	5,180	5,161
RP Funding Center										
Number of events	492	454	458	450	414	371	277	185	219	245
Lakeland Linder International Airport										
Daily average traffic count	250	281	322	333	338	383	344	309	360	394
Solid Waste										
Refuse collected (tons/day)	319	247	223	196	284	261	221	221	327	267
Recyclables collected (tons/day)	19	27	21	22	31	22	21	19	27	20
Number of customers										
Commercial	4,711	4,909	5,082	5,224	5,314	5,436	5,535	5,621	5,724	5,846
Residential	37,436	38,956	43,455	46,531	48,657	50,095	51,277	52,679	54,252	55,848
Cleveland Heights Golf Course										
Number of memberships	104	115	103	93	75	66	58	52	45	53
Number of tournaments/outings	28	37	35	38	47	39	30	19	33	37
Rounds of golf played	57,528	61,076	60,292	63,829	67,860	64,460	57,396	65,271	74,631	87,231

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Law enforcement										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	151	151	155	155	159	154	160	176	171	180
Fire control										
Fire stations	7	7	7	7	7	7	7	7	7	7
Transportation										
Streets (miles)	389	390	389	399	400	400	401	404	418	396
Traffic signals	177	176	174	174	174	174	174	174	174	177
Culture/recreation										
Parks acreage	736	736	769	769	769	736	741	1,857	1,958	1,958
Parks	58	58	60	60	60	56	56	57	58	58
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	37	37	37	37	37	37	37	37	37	34
Pickleball Courts	-	-	-	-	-	-	-	-	-	28
Community centers	2	2	2	3	3	3	3	4	4	2
Special recreational facilities	5	5	5	5	5	5	5	5	5	6
Electric										
Power plants	3	3	3	3	3	3	3	3	3	3
Distribution stations	25	25	25	25	25	25	25	25	25	25
Miles of service lines	2,059	2,065	2,074	2,084	2,100	2,111	2,131	2,160	2,180	2,196
Water and Wastewater										
Miles of service lines	994	996	996	998	998	1,002	1,012	1,026	1,035	1,040
Fire hydrants	4,172	4,191	4,219	4,266	4,261	4,281	4,363	4,421	4,497	4,563
Maximum daily capacity ¹	59	59	59	59	59	59	59	59	59	59
Maximum daily treatment ¹	36	36	36	35	35	35	35	35	35	35
Parking										
Parking Garages	3	3	3	3	3	3	3	3.5	3.5	3.5
Surface lots	13	13	13	13	11	10	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	8	10	10	10	10
Lakeland Linder International Airport										
Terminals	1	1	1	1	1	1	1	1	1	1
Hangers	99	99	100	100	100	100	110	110	112	113
Runways	2	2	2	2	2	2	2	2	3	3
Solid Waste										
Refuse Trucks	55	53	51	47	54	54	57	59	60	60
Cleveland Heights Golf Course										
Acreage	286	286	286	286	286	286	286	286	286	265
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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 24, 2023. 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*.

Report on Internal Control Over Financial Reporting

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

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

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

Report on 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, 2023

**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 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

Opinion on Each Major Federal Program and State Financial Assistance Project

We have audited the City of Lakeland, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement and the requirements described in Chapter 10.650, *Rules of the Auditor General* that could have a direct and material effect on each of the City's major federal programs and state financial assistance projects for the year ended September 30, 2022. The City's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program and State Financial Assistance Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 10.650 *Rules of the Auditor General*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the *Rules of the Auditor General*, we

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

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650, *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, 2022, 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, 2023, 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 are presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General* and are 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 expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Crowe LLP

Tampa, Florida

March 24, 2023

CITY OF LAKELAND, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED SEPTEMBER 30, 2022

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:

Assistance Listing/CSFA Number

Name of Program

Federal:

20.106	COVID-19 - Federal Aviation Administration – Aviation Grant Program
20.106	Federal Aviation Administration – Airport Improvement Program
20.205/20.219	Highway Planning and Construction Cluster

State:

37.077	Wastewater Treatment Facility Construction
55.004	Aviation Grant Programs
55.032	Economic Development Transportation Projects

Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$750,000
State	\$1,289,246
Auditee qualified as low risk	Yes

CITY OF LAKE LAND, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)

YEAR ENDED SEPTEMBER 30, 2022

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.

**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, 2022. 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.

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

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

In our opinion, the City complied, in all material respects, with the requirements contained in Section 218.415, Florida Statutes during the year ended September 30, 2022.

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, 2023

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, 2022 and have issued our report thereon dated March 24, 2023. 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, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Special District Component Units

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 \$353,846.
- 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:

Biscuits & Benedicts \$75,000
Stone Cabin \$75,000
Vanguard Room \$90,000
TR Hillsborough \$150,000
Gore Building \$479,000
John Paul Dentist \$150,000
Artistic Nail & Beauty Academy \$75,000
Mary's Bagel Café \$180,000
Richard Fox Plumbing \$150,000
Yard on Mass \$151,318
The Well \$245,000

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, 2023