

ANNUAL COMPREHENSIVE FINANCIAL REPORT

THE CITY OF LAKELAND, FLORIDA

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023



LAKELAND ELECTRIC BUILDING
LAKE MIRROR



ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

CITY OF LAKELAND, FLORIDA

for the

FISCAL YEAR ENDED SEPTEMBER 30, 2023



Prepared by the
FINANCE DEPARTMENT

MICHAEL C. BROSSART, CPA
Finance Director

DEIDRA M. JOSEPH
Assistant Finance Director



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INTRODUCTORY SECTION



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March 25, 2024

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, 2023. 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 MSL, P.A. to conduct the audit for the year ended September 30, 2023. 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 Management's Discussion and Analysis is intended to provide a narrative introduction, overview, and analysis of the basic financial statements. 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 2023 population is 121,968. 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-6 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 200,000 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. During the 2023 Spring Training season, the Tigers faced 16 Major League opponents at Joker Merchant Stadium in Lakeland. These games were attended by more than 100,000 individuals which resulted in an overall economic impact of \$85 million.

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 1,367 grocery stores in Florida, Georgia, South Carolina, North Carolina, Alabama, Tennessee, Virginia, and Kentucky 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 250,000 employees and is a Fortune 100 company with \$54.5 billion in retail sales in 2023. The total taxable value of real property owned by Publix within the Lakeland city limits for 2023 is more than \$500 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 892-bed not-for profit hospital. Lakeland is also home to Watson Clinic, LLC which provides close to 1 million outpatient visits annually.

Residential construction activity in Lakeland continues to be active. Lakeland issued 388 new single-family permits in 2023. Individually, single-family activity recorded just a slight year-over-year decrease of 3.5% from the permits issued in 2022. Over the past 20 years, Lakeland averaged 337 single-family permits issued annually, that figure balances the highs of 2020 and 2021 with the lows of 2011 and 2012. Considered healthy and active, Lakeland's single-family activity for 2023 was approximately 14% higher than that 20-year average. Multi-family permitting remained strong with 577 permits issued in 2023. This was a marked 23% increase from the 458 recorded in 2022. Over the past 5-years, from 2019-2023, Lakeland has issued 2,619 multi-family permits for projects to be constructed within the City limits. Lakeland continues to demonstrate a great deal of core strength as the real estate market signals an expanding pattern for residential development. The right balance of a growing population, new buyers and shifting demographics have Lakeland positioned well for growth. Despite elevated interest rates, single and multi-family activity is steady with new units helping to keep pace with demand. Understanding that normalization of the economy may be sustained, the biggest concerns for new residential construction in 2024 will remain to be an under abundance of qualified skilled labor, increasing costs of building supplies and materials and high interest rates.

Existing and new companies in Lakeland are helping to fuel the City's growing population, which has a direct correlation with employment opportunities and the local unemployment rate. Post COVID, Lakeland has seen a stabilization of low unemployment rates. In 2023, Lakeland's monthly unemployment rates began the year at 3.1% in January of 2023, before gradually increasing to 4% in October and then dropping back into the high 3's to close the year. The relative consistency seen in local unemployment figures also mirrors the state and national economy. Closing out 2023 with a 3.5% annual average, Lakeland's month-over-month unemployment rate was balanced by job growth that kept pace with the City's expanding population.

Complimenting Lakeland's growth, the City's month-over-month labor force for 2023 experienced a noticeable expansion. Starting the year with 52,293 individuals in the labor force, Lakeland's workforce grew by 1,278 individuals ending 2023 with 53,571. This is better illustrated by tracking the actual number of unemployed persons within the workforce. In 2023, Lakeland began the year with a monthly unemployment rate of 3.1% equating to 1,639 individuals within the local workforce seeking work. The year closed with a monthly December unemployment rate of 3.8% and just 2,018 individuals unemployed and actively seeking work. This consistency 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 2024, Lakeland's unemployment will remain steady with a consistent economic performance that should keep annual unemployment rates at or below the 4% range.

Lakeland's industrial real estate market is heavily reliant on demand. With that, leasing activity in Lakeland cooled a bit in 2023, as interest in large industrial spaces greater than 250,000 square feet paused with an apparent economic deceleration. As such, industrial construction slowly continues to progress as both demand and supply have waned from previous years. Lakeland has added approximately 10 million square feet on new industrial space over the past 5-years, of which, three quarters of that has been built as speculative space. That spike in inventory has caused vacancy rates to surge to 8.4%, which is down from 2022, but still high. Despite that, Lakeland's industrial market is positioned well, demonstrating strengths in both relative affordability and absorption. Through the 3rd quarter of 2023, users leased 750,000 square feet of new space, which was a sharp decline from the historic levels reached in 2020. Demand, balanced with the availability of new space could impact vacancy rates as new inventory is completed without tenants. With new inventory being added, I-4, SR 33, County Line Road and Lakeland Central Park continue to be attractive for tenants locating to and expanding within the region. In 2023, industrial vacancy rates in Lakeland hovered above 8%, close to the 10-year high established in 2021. This increase follows a recent trend which previously marked the end of an extended period which identified Lakeland as an area that was consistently regarded as the geography with the lowest overall vacancy rates in the U.S. primary market. Despite the elevated vacancy rate, Lakeland's industrial market is still very healthy as this rate is tied to the net volume in new industrial space being permitted and constructed. By the start of the third quarter of 2023, Lakeland saw 705,000 square feet of new industrial space completed and another 905,000 square feet permitted. Strong demand balanced and a slowing of inventory should help drop vacancy rates as new inventory is leased.

Profile of the City of Lakeland (continued)

Local Economy (continued)

Significant business and institutional development investments completed within the City in 2023 totaled more than \$300 million and committed to the creation of approximately 300 new jobs. As proof of Lakeland's evolving economy, a few of the examples below highlight the industrial, office, medical, residential, and educational growth.

Based on our geographic location, much of Lakeland's economic strength revolves around logistics and distribution. In 2023 developers completed the construction of more than 1.1 million square feet of new industrial space and permitted an additional 359,781 square feet to be constructed in Lakeland to support this active market.

Lakeland Central Park (LCP) completed the first of eight planned buildings on their \$400 million 740-acre business park. Located adjacent to the Polk Parkway in northwest Lakeland, LCP was designed to accommodate 5-million square feet of industrial space. The first 705,000 square foot spec building was completed in late 2023 and is seeking a tenant. Up next, building #2 is in the final stages of review and will be constructed in 2024 as a 275,000 square foot building.

Keymark Corporation completed a 76,000 square foot off-site addition to their existing 256,000 square feet in Lakeland in January of 2024. This \$15 million new building expands Keymark's existing manufacturing footprint in Lakeland and will add an additional 25 employees to their existing 320 employee base in Lakeland.

Amazon Air at the Lakeland Linder International Airport completed a small 10.6-acre infrastructure and taxiway expansion at their current Lakeland operation. This work supports the infrastructure needs for a future building expansion and allows for two additional plans onsite and parking stalls for four more planes.

Lakeland Regional Health Systems, Inc. completed a new \$65 million 75,000 square foot facility on Kathleen Road and I-4 that will feature as a standalone emergency room with primary care, specialty medicine, physician office space and outpatient surgery. The building is situated on a 20-acre property that will serve as a campus which will accommodate an additional 130,000 square feet of medical space.

Orlando Health is constructing a 7-story 360 bed hospital on an 80-acre property at the southern corner of the Polk Parkway and Lakeland Highlands Road in southeast Lakeland. This hospital will feature ICU/progressive care rooms, neonatal intensive care units (NICU), a 48-bed emergency room and support services including an imaging lab, pharmacy, dining and a gift shop. In addition, the site has six developable outparcels that could feature additional office, retail and a hotel.

Veteran's Affairs (VA) Clinic is constructing a 93,000 square foot medical facility to offer primary care, mental health, mammogram, eye services and general health care to area veterans. This \$50 million project, located at the northern corner of the Polk Parkway and Lakeland Highlands Road, will be open for patients in the summer of 2024.

International Flavors and Fragrances (IFF) is constructing a 30,000 square foot research and development center on the campus of Florida Polytechnic University in Lakeland. IFF is a fortune 500 company headquartered in New York with manufacturing facilities in 40 other countries. This building will support global citrus research and development in a collaborative effort with Florida Poly's students and faculty.

Publix Supermarkets purchased the former FedEx Building downtown Lakeland 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 the IT headquarters for Publix where they can consolidate some downtown IT employees into a single location creating a campus. This project will be a \$50 million capital investment.

Along with commercial and industrial uses, demand for multi-family products will bring several new projects that will offer benefits in varying parts of Downtown, stretching its geographic boundaries.

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 fall of 2024.

Prospect Lake Wire is a 2 Phase multi-family mixed use development located adjacent to Lake Wire downtown on the former Florida Tile Site. Carter USA out of Atlanta purchased the 21-acre site for \$10 million after an extensive cleanup. Phase I, which is now under construction and estimated for completion in the summer of 2024, will consist of approximately 300 apartment units in four residential buildings, along with approximately 15,000 SF of single-story retail. Phase 2 will add an additional 200+ apartments.

In the Garden District, three new projects have been announced by Coda Development. Royal Oak is a 22-unit project that was completed in early 2023. Orange Street Apartments, located across the street from Barnett Family Park, will consist of 32 units within multiple 3-story buildings consisting of 1- & 2-bedroom apartments. Finally, Lime Street Apartments will also consist of a mixture of 1- & 2-bedroom units in a single 4-story building.

Profile of the City of Lakeland (continued)

Local Economy (continued)

Peachtree Flats is an 84-unit apartment project that is located on a .82-acre site on the north side of Lake Wire. This 4-story project will contain 84, 1- & 2-bedroom apartments with structured parking for residents and views of Downtown, Lake Wire and Bonnet Springs Park.

With regards to higher education in Lakeland, in 2023 Florida Southern College began construction on a 16,000 square foot Athletic Performance Center. The facility will impact more than 500 student athletes and will feature a weight room, theater for film review, academic center and locker room for men's and women's lacrosse. Florida Polytechnic University began construction of their third on campus dormitory in early 2023. Once complete, this 5-story building will contain 137,000 square feet and will hold 430 beds in a combination of one-two and four-bedroom suites to support the University's growing enrollment. Both these facilities support the higher education student population growth that Lakeland is experiencing.

Long-term Financial Planning

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

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

Relevant Financial Policies

The City finances a portion of general governmental operating costs from the proceeds of transfers to the General Fund from various utility operations – primarily from an electric utility operation. These transfers finance approximately 22% 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, 2022. To be awarded a Certificate of Achievement for Excellence in Financial Reporting, a governmental unit must publish an easily readable and efficiently organized annual comprehensive 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.

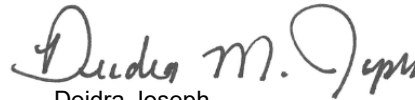
We would like to especially thank Barbara Henry, Chief Accountant, Willem Strauss, Electric Utility Controller, and Brent McLain, Chief Accountant for their efforts in assisting the external auditors in completing the audit, and for preparation of the Annual Report. Their respective roles in coordinating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

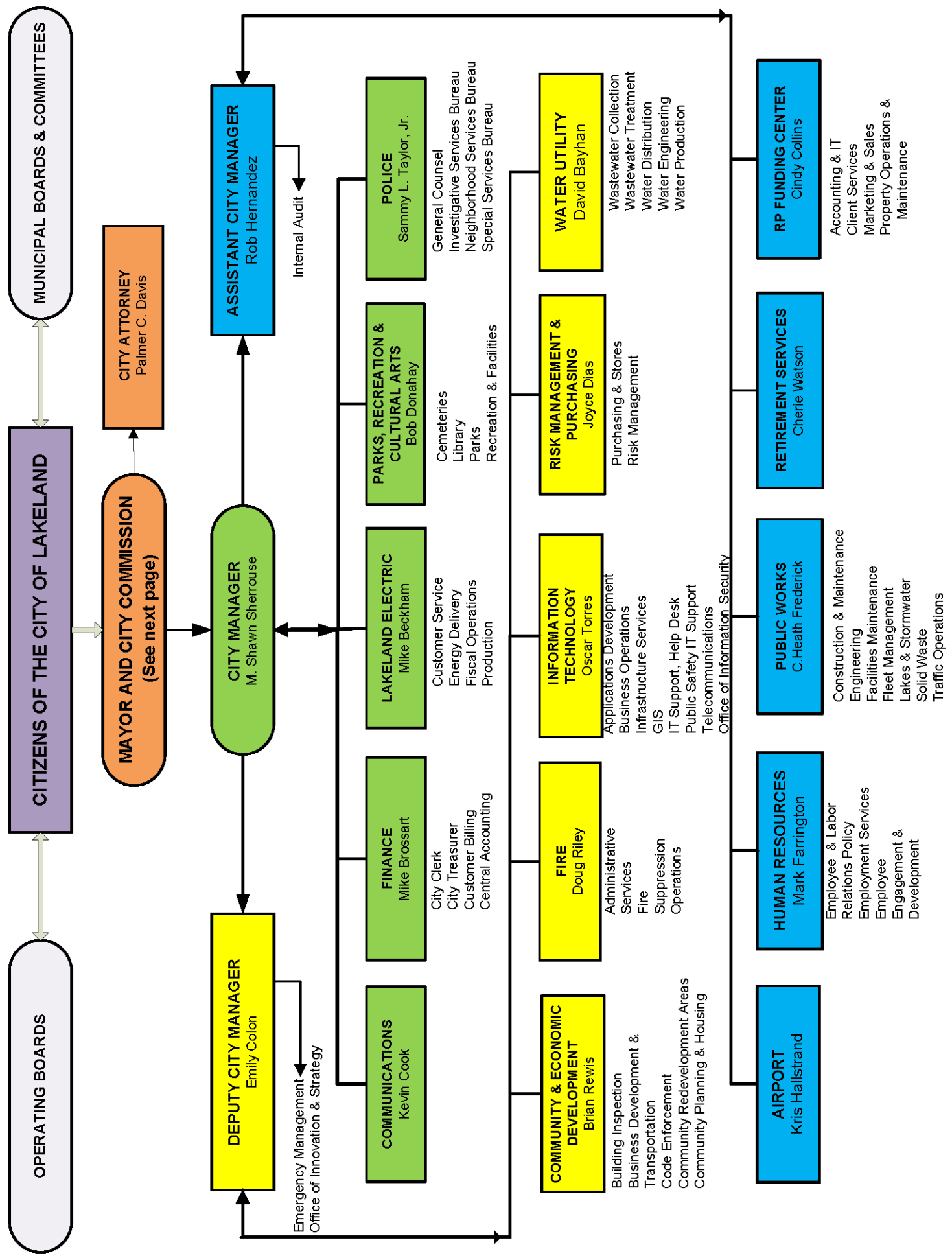
Respectfully submitted,

A handwritten signature in black ink that reads "M. C. Brossart" with a long horizontal flourish extending to the right.

Michael C. Brossart, CPA, CGFO
Finance Director

A handwritten signature in black ink that reads "Deidra M. Joseph" in a cursive style.

Deidra Joseph
Assistant Finance Director



Organizational Chart

CITIZENS OF THE CITY OF LAKELAND

MAYOR AND CITY COMMISSIONERS

H. William "Bill" Mutz, Mayor
 Michael L. Musick
 Sara Roberts McCarley
 Chad E. McLeod
 Stephanie R. Madden
 William "Bill" W. Read
 Sam Simmons (Guy Lalonde, Jr. - 01-02-24)

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, 2023

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

Sam Simmons (Guy Lalonde, Jr. Effective
January 2, 2024)

CITY MANAGER

M. Shawn Sherrouse

FINANCE DIRECTOR

Michael C. Brossart, CPA

CITY ATTORNEY

Palmer C. Davis



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, 2022

Christopher P. Morrill

Executive Director/CEO



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FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Commission
City of Lakeland, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakeland, Florida (the "City") as of and for the year ended September 30, 2023, 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 report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, 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, and the City of Lakeland Firefighters' Retirement System, which represent 22%, 25%, and 14% of the assets, net position, and revenues/additions of the aggregate remaining fund information, respectively. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, 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, is based solely on the reports of those other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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 Responsibility for the Audit of the Financial Statements

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

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

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

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

Emphasis-of-Matter

As discussed in Note 2 and Note 8 to the financial statements, in the year ended September 30, 2023, the City adopted the provisions of Government Accounting Standards Board Statement ("GASBS") Number 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information (other than MD&A), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The budgetary comparison schedule – major capital projects fund, combining and individual fund statements and schedules, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule – major capital projects fund, combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and the statistical sections, as listed in the table of contents, 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 25, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 25, 2024



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MANAGEMENT'S DISCUSSION AND ANALYSIS



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HISTORIC DOWNTOWN PARK

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, 2023 . 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 Annual Comprehensive Financial Report (which begins on page D-1 of this bound document).
- A concise, condensed financial information 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-5 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 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	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current assets	\$ 142,938	\$ 134,908	\$ 272,914	\$ 254,546	\$ 415,852	\$ 389,454
Asset Apportionments	209,840	184,626	257,297	231,175	467,137	415,801
Restricted assets	74,577	64,103	121,870	153,121	196,447	217,224
Capital assets	345,655	339,461	1,458,745	1,340,261	1,804,400	1,679,722
Other noncurrent assets	9,833	55,958	28,437	76,223	38,270	132,181
Total assets	<u>782,843</u>	<u>779,056</u>	<u>2,139,263</u>	<u>2,055,326</u>	<u>2,922,106</u>	<u>2,834,382</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources related to pensions	83,174	19,729	54,751	5,593	137,925	25,322
Deferred outflows of resources related to OPEB	37,987	42,883	31,915	34,987	69,902	77,870
Deferred outflows of resources related to ARO	-	-	5,308	3,175	5,308	3,175
Decrease in fair value of interest rate swaps	-	-	-	11,760	-	11,760
Unamortized loss on hedges	-	-	-	27,762	-	27,762
Unamortized loss on refunding	-	-	22,438	15,709	22,438	15,709
Total deferred outflows of resources	<u>121,161</u>	<u>62,612</u>	<u>114,412</u>	<u>98,986</u>	<u>235,573</u>	<u>161,598</u>
LIABILITIES						
Current liabilities	30,337	27,269	93,303	135,357	123,640	162,626
Apportioned Asset liabilities	-	-	16,628	16,293	16,628	16,293
Restricted liabilities	5,633	5,504	30,947	35,082	36,580	40,586
Deferred credits	-	-	12,295	16,194	12,295	16,194
Accrued liabilities						
less current portion	196,065	90,543	157,953	81,620	354,018	172,163
Long term debt payable						
less current portion	86,267	84,311	732,749	693,193	819,016	777,504
Total liabilities	<u>318,302</u>	<u>207,627</u>	<u>1,043,875</u>	<u>977,739</u>	<u>1,362,177</u>	<u>1,185,366</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources related to pensions	7,156	77,674	8,335	67,507	15,491	145,181
Deferred inflows of resources related to OPEB	56,526	67,990	55,107	66,714	111,633	134,704
Over-recovery of fuel	-	-	31,040	9,952	31,040	9,952
Solar Interconnection	-	-	10	-	10	-
Unamortized gain on refunding	-	-	797	-	797	-
Unrealized gain on hedges	-	-	3,586	-	3,586	-
Deferred inflows of resources related to CIAC	-	-	1,001	624	1,001	624
Deferred inflows of resources related to leases	204,100	215,258	27,383	29,843	231,483	245,101
Contributions in aid of construction	-	-	41,051	42,760	41,051	42,760
Total deferred inflows of resources	<u>267,782</u>	<u>360,922</u>	<u>168,310</u>	<u>217,400</u>	<u>436,092</u>	<u>578,322</u>
NET POSITION						
Net investment in capital assets	286,307	287,967	876,319	774,955	1,162,626	1,062,922
Restricted	69,031	58,679	90,923	118,039	159,954	176,718
Unrestricted	(37,418)	(73,527)	74,248	66,179	36,830	(7,348)
Total net position	<u>\$ 317,920</u>	<u>\$ 273,119</u>	<u>\$ 1,041,490</u>	<u>\$ 959,173</u>	<u>\$ 1,359,410</u>	<u>\$ 1,232,292</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 \$66.6 million of cash and investments, \$20 million of receivables, \$34.3 million of assets held within internal balances of the City; and \$17.0 million in assets to liquidate current apportioned and restricted liabilities. In the aggregate, this represents an increase of \$8.0 million in the value of current assets during 2023.

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 \$7.1 million in assets related to Stormwater Utilities Fund, \$357 thousand set aside to fund contributions to cultural and community agencies, \$202.1 million set aside to pay for future capital expansion, and \$343.3 thousand in cash designated for maintaining recreation facilities.

Restricted Assets are legally restricted for expenses for certain purposes. These consist predominately of \$21 million in assets held within Community Redevelopment Districts, \$0.4 million and in assets held for community development, \$1.3 million in assets held in trust for law enforcement; \$23.1 million of unspent impact fees, \$1.3 million in assets held from building inspection revenues, \$9.7 million in assets held from transportation, and approximately \$6.3 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 \$10.5 million increase in the change in the value of these restricted assets from 2022 to 2023.

Current Liabilities represent obligations payable from Current Assets that are likely to be settled within the next year. These consist of primarily \$3.8 million in amounts owed to vendors, \$5.7 million in undistributed payroll obligations accrued during the last pay period of the fiscal year, \$10.3 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 \$6.0 million in unpaid sick and vacation time and approximately \$91.3 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 \$5.3 million from 2022 to 2023 due to the issuance of capital related debt related to lease acquisitions. The dollar value of those outstanding loans, notes, and bonds was approximately \$96 million as of the end of 2023. 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 \$36.8 million of these loans within the course of the next five years.

Business-type activities:

Current Assets consist predominantly of \$130.7 million of cash and investments, \$69.1 million of receivables, \$2.0 million of leases receivables, and \$33.5 million of inventories; less approximately \$34.3 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 \$18.4 million during 2023. There was an increase of \$14.4 million within Electric Utilities system – as a result of an increase in liquidity from operations; there was a \$(3.1) million decrease within the Internal Loan Fund – as a result of the net repayment/issuance of loans during the year; and there was a \$8.9 million increase in Water Utilities 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 \$183.2 million committed to financing the cost of capital improvements, \$42.6 million in assets held for vehicle replacements, and \$28.5 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 \$3.5 million in customer deposits collected by utility operations, \$126.4 million of unspent water and wastewater impact fees. This class of assets increased approximately \$121.9 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 \$32.1 million in amounts owed to vendors, \$12.5 million in obligations accrued during the last pay period of the fiscal year, \$44.9 million in bonded debt, loans principal, leases payable, and interest payable on October 1, 2022, \$8.4 million in current obligations of the city's self-insurance program, and approximately \$0.1 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 \$16.6 million in obligations of the city's self-insurance program, and \$3.5 million in customer deposits.

Accrued Liabilities represents obligations that are not likely to be settled within the next year. This includes approximately \$6 million in unpaid sick and vacation time, \$12.3 million in profits earned on settlement of a natural gas purchase agreement, approximately \$6.2 million representing the actuarially accrued liability for asset retirement obligations, and approximately \$77.7 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	\$ 345,655,408	\$ 823,731,440	\$ 397,677,753	\$ 189,227,399	\$ 48,108,238
Related long term debt	(59,348,702)	(472,840,802)	(103,361,036)	(4,034,176)	(2,189,404)
Net investments in capital assets	<u>\$ 286,306,706</u>	<u>\$ 350,890,638</u>	<u>\$ 294,316,717</u>	<u>\$ 185,193,223</u>	<u>\$ 45,918,834</u>
FY 2023 Ratio	5.82	1.74	3.85	46.91	21.97
FY 2022 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, 2023, was \$1,804,400,238 which represents a net increase of \$124,678,459 for the year.

Gross capital spending for the year exceeded \$212.9 million. Major capital asset additions during the current fiscal year included the following:

- \$2.7 million in land, right of way, and construction for roadway projects
- \$12.5 million in public safety improvements
- \$1.7 million in parks and recreation facility improvements
- \$.63 million in public facility improvements
- \$1.1 million in public safety facility improvements
- \$2.34 million in Stormwater system improvements
- \$8.6 million for new vehicles
- \$1.3 million for computers and software; system upgrades
- \$33.8 million for improvements at the city-owned airport
- \$27.9 million in water and wastewater system improvements
- \$161.8 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, 2023, the City of Lakeland's total bonded and notes outstanding was \$766.3 million. This represents a net decrease of \$24.7 million compared to 2022. During the year, the City made scheduled retirements of debt of approximately \$130.3 million and had debt issuance of \$154.6 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)

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND INCREASE IN NET POSITION

CHANGES IN NET POSITION (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	\$ 35,468	\$ 33,774	\$ 501,769	\$ 495,044	\$ 537,237	\$ 528,818
Operating grants and contributions	5,941	6,038	-	148	5,941	6,186
Capital grants and contributions	7,057	8,633	21,404	16,797	28,461	25,430
General Revenues						
Property taxes	49,788	43,213	-	-	49,788	43,213
Utility, fuel, and local business	25,904	24,693	-	-	25,904	24,693
State and local shared revenues	25,907	21,880	-	-	25,907	21,880
Rents and royalties	10,750	10,750	-	-	10,750	10,750
Investment earnings	33,639	(57,715)	13,572	(43,030)	47,211	(100,745)
Miscellaneous	6,880	7,401	1,390	2,211	8,270	9,612
Total revenues	201,334	98,667	538,135	471,170	739,469	569,837
Program expenses						
General government	29,582	19,380	-	-	29,582	19,380
Public safety	89,327	64,455	-	-	89,327	64,455
Physical environment	8,523	7,397	-	-	8,523	7,397
Transportation	17,409	15,182	-	-	17,409	15,182
Economic environment	12,316	10,784	-	-	12,316	10,784
Human services	446	483	-	-	446	483
Culture/recreation	41,183	35,472	-	-	41,183	35,472
Interest on long-term debt	2,662	2,955	-	-	2,662	2,955
Electric	-	-	318,485	302,539	318,485	302,539
Waste and wastewater	-	-	59,620	48,353	59,620	48,353
Parking	-	-	1,257	1,075	1,257	1,075
RP Funding Center	-	-	-	(5)	-	(5)
Lakeland Linder International Airport	-	-	15,362	14,062	15,362	14,062
Solid Waste	-	-	16,179	14,581	16,179	14,581
Total expenses	201,448	156,108	410,903	380,605	612,351	536,713
Excess before transfers	(114)	(57,441)	127,232	90,565	127,118	33,124
Transfers	44,915	61,991	(44,915)	(61,991)	-	-
Increase in net position	44,801	4,550	82,317	28,574	127,118	33,124
Net position, beginning of year	273,119	268,569	959,173	930,599	1,232,292	1,199,168
Net position, end of year	\$ 317,920	\$ 273,119	\$ 1,041,490	\$ 959,173	\$ 1,359,410	\$ 1,232,292

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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 0.11% compared to the prior year due to higher than expected tax revenue collections and increased property values. Total spending on governmental activities was up 29.5% due to the \$30.1 million increase in expenses recognized as a result of the increases in the pension and other post employment benefits liabilities. Overall, the City's reliance on taxes as a source of revenue compared to total revenues decreased slightly from 43.4% in 2022 to 37.6% in 2023 due to increases in interest and other revenues. For 2023, 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 2023 were up 116.78% compared to 2022 because of the increase in interest revenue due to the favorable increase (142.17%) in the market value of the investment pool compared to FY 2022. 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 2023 were 29.5% higher compared to 2022. Direct payroll costs increased slightly during 2023 compared to 2022, as a result of cost of living adjustment and merit increases for FY 23 and the costs recognized associated with pension and other post employment benefits increased 156%.

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 2023, these transfers amounted to a net \$44.6 million. This represents approximately 22.1% 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 27.43% during the year – predominantly the result of the increase in capital grants and contributions for water and wastewater operations.

Overall profitability of these business-type activities increased from \$91 million (before transfers) in fiscal 2022 to \$127 million for 2023 primarily due to the \$56.6 increase in interest income.

Of these profits, \$44.6 million was transferred to help finance the cost of general governmental activities. In the aggregate, the transfer of profits from these business type activities represented 8.9% of gross operating revenues of these business-type entities (excluding revenues associated with recovering the cost of fuel used to generate electricity).

Other Post Employment Benefit costs

As previously mentioned, the Statement of Net Position of both the governmental and business-type operations include approximately \$169.1 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 \$3.4 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 \$166.7 million in liabilities associated with retirement benefits payable to city employees. Also, included in both governmental and business-type expenses is approximately \$29.5 million in pension loss.

FUND FINANCIAL STATEMENTS

This is the second section of the basic financial statements, which starts on page D-6. 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-6 and the statement of revenues, expenditures, and changes in fund balance is on pages D-8 and D-9.

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 statement of net position (showing assets, liabilities, and the difference between the two) for the proprietary funds appears on pages D-12 and D-13 and a statement of revenues, expenses, and changes in net position (which is similar to a profit or loss statement) is on page D-16.

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-20 and D-21, 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

**CONDENSED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>2023 Actual</u>	<u>Variance</u>
REVENUES				
Taxes	\$ 66,240,058	\$ 66,240,058	\$ 68,953,671	\$ 2,713,613
Licenses and permits	807,640	837,840	755,238	(82,602)
Intergovernmental	807,640	16,977,885	17,502,532	524,647
Charges for services	12,042,489	13,876,865	15,458,371	1,581,506
Fines and forfeits	1,867,777	2,142,647	2,838,056	695,409
Miscellaneous	2,918,623	3,540,475	4,758,710	1,218,235
Total revenues	<u>84,684,227</u>	<u>103,615,770</u>	<u>110,266,578</u>	<u>6,650,808</u>
EXPENDITURES				
General government	21,988,878	22,067,189	19,711,481	2,355,708
Public safety	78,078,966	75,496,537	75,212,137	284,400
Physical environment:	1,251,963	1,273,271	1,233,907	39,364
Transportation	7,269,365	7,695,469	6,263,184	1,432,285
Economic environment	6,131,528	7,098,234	5,731,672	1,366,562
Human services	208,963	218,896	210,307	8,589
Culture/Recreation	34,697,366	33,905,230	32,145,233	1,759,997
Capital outlay	1,265,636	11,184,487	10,983,558	200,929
Debt Service	575,142	3,183,282	2,715,011	468,271
Total expenditures	<u>151,467,807</u>	<u>162,122,595</u>	<u>154,206,490</u>	<u>7,916,105</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(66,783,580)</u>	<u>(58,506,825)</u>	<u>(43,939,912)</u>	<u>14,566,913</u>
OTHER FINANCING SOURCES AND USES	<u>45,868,608</u>	<u>44,634,489</u>	<u>55,970,015</u>	<u>11,335,526</u>
NET CHANGE IN FUND BALANCE	<u>\$ (20,914,972)</u>	<u>\$ (13,872,336)</u>	<u>\$ 12,030,103</u>	<u>\$ 25,902,439</u>

The condensed statement 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 6.4% more than the final budget, with significant variances within the intergovernmental and miscellaneous categories. Intergovernmental revenue, which includes grants and state shared revenue, were \$0.5 million greater than budget - \$2.3 million in state shared revenues were collected over the amount budgeted. Estimated amounts for state shared revenues were reduced in FY 23 due to the slower economic recovery anticipated.

Miscellaneous revenues were \$1.2 million more than the budget, primarily as a result of \$2.0 million increase in the market value of the City's cash investment pool at year end and better than expected interest earnings on pooled cash held in the General Fund.

Spending was significantly below budget; however, spending was 18.1% higher than fiscal year 2022. This is due to the 11.7% increase in public safety capital related expenditures and an increase to payroll related expenditures due to increases in wages and other benefit costs. Other operating expenses have remained relatively flat. These expenses remained flat due to budgetary operating increase for 2023 as compared to 2022 remained the same. Controllable cost expenditures were again limited to 1.50% of the previous year's original budget.

For the year ended September 30, 2023, the City realized an increase in the fund balance within the General Fund of \$12.0 million compared to \$8.5 million in FY 2022. Property tax revenues increased \$6.6 million as property values experienced an increase 15.25 %. Total revenues were up \$19.4 million primarily due to the increase in state shared revenues, utility taxes, and property taxes. Total unrestricted reserves at the end of the year were \$60.2 million, of which \$17.2 million is appropriated to balance the 2024 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 results of operations of this fund is as follows:

PUBLIC IMPROVEMENT FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED SEPTEMBER 30, 2023, 2022, AND 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
REVENUES			
Intergovernmental	\$ 3,181,020	\$ 3,108,333	\$ 2,623,669
Charges for services	91,181	301,311	615,588
Miscellaneous	<u>44,523,349</u>	<u>(30,410,553)</u>	<u>19,817,786</u>
Total revenues	<u>47,795,550</u>	<u>(27,000,909)</u>	<u>23,057,043</u>
EXPENDITURES			
General government:	1,307,926	1,377,589	721,619
Public safety	135,885	37,571	87,543
Physical environment:	202,327	110,869	27,722
Transportation	-	72,014	297,985
Economic environment	-	-	233,916
Human services	59,558	89,514	71,515
Culture/Recreation:	748,935	1,564,987	614,942
Capital outlay	4,092,677	14,100,100	3,923,338
Debt service	<u>5,450,877</u>	<u>8,487,759</u>	<u>9,869,607</u>
Total expenditures	<u>11,998,185</u>	<u>25,840,403</u>	<u>15,848,187</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>35,797,365</u>	<u>(52,841,312)</u>	<u>7,208,856</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,478,490)</u>	<u>1,205,677</u>	<u>(1,965,697)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 33,318,875</u>	<u>\$ (51,635,635)</u>	<u>\$ 5,243,159</u>

For the year ended September 30, 2023, the Public Improvement Fund realized an increase of \$33.3 million in fund balance due the \$75.0 million increase 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 were \$15.6 million. 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 \$7.2 million, of which \$4.2 million was appropriated to balance the 2024 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. Lakeland Electric's operations consist of electric generation, transmission, and distribution. 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 141,373 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, 2023, 2022, AND 2021 (in thousands)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
OPERATING REVENUES			
Sales of energy - retail	\$ 379,992	\$ 378,008	\$ 318,423
Sales of energy and capacity sales - wholesale	3,423	3,214	5,746
All other operating revenue	6,009	6,040	5,574
	<u>389,424</u>	<u>387,262</u>	<u>329,743</u>
OPERATING EXPENSES			
Fuel and purchased power	175,277	178,648	125,551
Energy supply	24,574	25,297	27,332
Energy delivery	36,897	30,909	27,540
Customer service and accounting	9,146	8,407	8,136
State tax on electric sales	10,037	8,399	7,854
Administrative and general	16,945	4,134	13,732
Depreciation	34,738	33,017	39,172
	<u>307,614</u>	<u>288,811</u>	<u>249,317</u>
OPERATING INCOME	<u>81,810</u>	<u>98,451</u>	<u>80,426</u>
NON-OPERATING ACTIVITY:			
Investment and other income	8,754	(27,318)	12,886
Interest on debt	(11,762)	(13,581)	(13,929)
Transfers to other funds	(33,491)	(33,151)	(32,884)
Special item	-	-	(46,417)
	<u>(36,499)</u>	<u>(74,050)</u>	<u>(80,344)</u>
CHANGE IN NET POSITION	<u>\$ 45,311</u>	<u>\$ 24,401</u>	<u>\$ 82</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 increased by \$45.4 million during fiscal year 2023, compared to a \$24.4 million increase in fiscal year 2022, primarily reflecting the impact of a \$33.0 million favorable fair value adjustment of Lakeland Electric's share of the City's pooled investments during fiscal year 2022. Operating income was \$81.8 million in fiscal year 2023, compared to \$98.5 million in the preceding year. The year-over-year decrease in operating income is primarily attributable to an unfavorable actuarial adjustment of \$13.2 million to the pension fund liability during fiscal year 2023.

Financial Highlights

Lakeland Electric's 2023 non-fuel retail revenue was up \$3.9 million from the previous fiscal year, reflecting load growth of 1.6% and a 2.25% base rate increase effective from April 1, 2023. Residential load grew at 1.6% while commercial and industrial load grew 1.7%, reflecting strong customer growth and warmer weather. Total year-over-year customer growth was 0.9%.

Non-operating revenue increased by \$33.1 million from the previous fiscal year. Investment revenue increased by \$3.9 million, reflecting higher interest rates and more cash on hand. Additionally, a \$0.7 million unfavorable fair value adjustment on Lakeland Electric's share of the City's pooled investments was recognized in fiscal year 2023, compared to an unfavorable adjustment of \$32.9 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 up \$18.9 million or 27.4% from \$68.7 million in fiscal year 2022 to \$87.6 million in 2023. The unfavorable variance is primarily attributable to \$5.1 million in incremental costs associated with restoring power after Hurricane Ian, and an unfavorable year-over-year actuarial variance of \$13.2 million to the pension fund liability mentioned earlier in this report. Total operating expenses, excluding fuel and depreciation, average \$26.24 per retail MWh in fiscal year 2023, compared to \$20.94 in 2022.

Fuel and purchased power expenses were down \$3.4 million in fiscal year 2023, primarily reflecting lower 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, 2023, the retail fuel charge was \$55.00 per MWh, compared to \$75.00 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 2022 with a cumulative over-recovered fuel position of \$10.0 million and ended the year at \$37.6 million. The fuel reserve was over-funded as of September 30, 2023, to the extent of \$6.6 million, for which a regulatory liability was 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 \$2.4097 per MWh was in effect during fiscal year 2023, compared to \$2.8758 per MWh for fiscal year 2022. As of September 30, 2023, Lakeland Electric had a cumulative over-recovered environmental cost balance of \$4.6 million which was classified as a regulatory liability. Based on sales and environmental compliance expense projections, a rate of \$1.5907 per MWh was recommended for fiscal year 2024. 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 \$13 thousand, classified as a regulatory asset, as of September 30, 2023. See Note 1.D.16.

Lakeland Electric provides a payment in lieu of taxes 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 payment in lieu of taxes in fiscal year 2023 was \$33.2 million, compared to \$32.7 million in 2022.

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 \$28.4 million in fiscal year 2023 compared to \$59.9 million in 2022. The decrease in the capital spending during fiscal year 2023 compared to fiscal year 2022 is mainly attributable to the large amount of construction costs relating to new generation at the McIntosh plant that is still reported as construction in progress at September 30, 2023.

Depreciation expense, net of amortization of contributions in aid of construction, was \$34.7 million in 2023 compared to \$33.0 million in 2022, UP \$1.7 million reflecting the increased capital spending on depreciable assets.

Lakeland Electric recorded contributions in aid of construction from outside the Department in the amount of \$2.2 million during fiscal year 2023, compared to \$2.7 million in 2022. These amounts are included in the Plant in Service balance in the Statements of Net Position. See Note 4.

Long-term Debt

As of September 30, 2022, Lakeland Electric had \$477.4 million in net long-term bond debt outstanding compared to \$430.7 million at the end of 2022. The current portion of the long-term debt (\$19.6 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 2023 was 3.20 times the annual debt service requirement for the fiscal year ended 2023. 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 2024.

In 2020, the City of Lakeland issued its Florida Taxable Pension Liability Note, Series 2020, for purposes of reducing the unfunded liabilities in the City's three pension plans. The note is secured by a pledge to budget and appropriate non-ad valorem revenues of the City. The City allocated the liability to each fund according to the fiscal year 2020 pension contributions of each department. Lakeland Electric's share of the liability was 35.34% or \$20,378,522 at the time. As of September 30, 2023, the balance of the Pension Liability Bond is \$16,802,217 with a current portion payable of \$1,213,906 (See Note M, *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 2023 was 394 MW. The peak demand during the winter was 620 MW on December 25, 2022, and a summer peak demand of 752 MW was reached on August 9, 2023. Lakeland Electric expects to see a growth of approximately 0.9% in the retail customer base during fiscal year 2024. 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'sTM, and Standard & PoorsTM have assigned long-term ratings of AA, Aa3, and AA, respectively, to Lakeland Electric's energy system bonds.

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

Lakeland Electric's rates, among all customer classes, have consistently been among the lowest in Florida for many years. Residential rates for September 2023 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 2023, Lakeland Electric had 218 days of cash compared to 210 in the previous fiscal year. The increase in the days of cash is mainly attributable to a higher balance of cash, cash equivalents and investments brought about by slower rate funded capital spending due to resource constraints and a lengthy unplanned outage at McIntosh 5.

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**

	2023			2022
	Water	Wastewater	Total	Total
Operating revenues:				
Charges for services	\$ 41,941,117	\$ 40,709,710	\$ 82,650,827	\$ 78,420,261
Operating expenses:				
Personal services	7,780,422	7,509,377	15,289,799	9,846,347
Other operating expenses	13,997,980	17,031,764	31,029,744	26,580,079
Depreciation	5,570,584	5,645,745	11,216,329	10,242,374
Total operating expenses	<u>27,348,986</u>	<u>30,186,886</u>	<u>57,535,872</u>	<u>46,668,800</u>
Operating income (loss)	<u>14,592,131</u>	<u>10,522,824</u>	<u>25,114,955</u>	<u>31,751,461</u>
Nonoperating revenues (expenses)				
Operating grants and contributions	-	1,034,751	1,034,751	-
Investment revenue	48,548	4,010,561	4,059,109	(11,162,951)
Miscellaneous revenue	235,645	293,087	528,732	777,423
Interest expense	(1,476,756)	(755,389)	(2,232,145)	(1,859,062)
Amortization	(7,553)	9,642	2,089	7,557
Loss on disposal of capital assets	-	(8,653)	(8,653)	(11,433)
Capital grants and contributions	5,283,970	7,343,253	12,627,223	8,197,241
	<u>4,083,854</u>	<u>11,927,252</u>	<u>16,011,106</u>	<u>(4,051,225)</u>
Income before transfers	18,675,985	22,450,076	41,126,061	27,700,236
Net transfers	<u>(5,029,500)</u>	<u>(5,080,070)</u>	<u>(10,109,570)</u>	<u>(10,116,986)</u>
Change in net position	<u>\$ 13,646,485</u>	<u>\$ 17,370,006</u>	<u>\$ 31,016,491</u>	<u>\$ 17,583,250</u>

Net Position of the Water and Wastewater Utility

The net position of the Water and Wastewater Utility increased by \$31.0 million during FY 2023 compared to a \$17.6 million increase in 2022. Operating income was \$25.1 million in 2023 compared to \$31.8 million in FY 2022 even though operating revenues increased \$4.2 million due to the addition of 563 customers to the system. The decrease in operating income was primarily due to the increase in personnel costs implemented in both the water and wastewater for FY 2023. The Water Utility System served 62,054 customers: 55,236 residential and 6,728 commercial customers for fiscal year 2023.

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 23 were 8.1 billion, up by 3.8% from FY 22.

For Wastewater operating revenues, the gallons of water sold, upon which the majority of wastewater operating revenues are based, were 3.8 billion gallons. Residential wastewater revenues are capped at 12,000 gallons per customer/per month.

In the aggregate, operating revenues increased 5.4% due to the 2% rate increase and an additional 563 customers. Wastewater Pretreatment revenues from high strength commercial waste increased by 1.7% in FY 2023 primarily as a result of the increase in commercial customers.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENTS (continued)

Water and Wastewater Utility (continued)

Non-operating revenues and expenses increased by \$15.6 million. Grants and contributions increased by \$5.5 million due to increased capital contributions. Investment revenue increased by \$4.1 million due to the \$1.7 increase in the fair value adjustment of Water and Wastewater Utility's share of the City's pooled investments recognized on September 30, 2023 and the \$2.9 million increase in interest earnings on cash held by the utilities..

Operating expenses excluding depreciation were up by 46.3% primarily due to the increase in routine repairs and maintenance and personnel costs.

Unrestricted net current assets increased by \$8.3 million over the course of the year, now totaling \$59.4 million. Excluding non-cash items such as depreciation and amortization expenses, the system earned an operating profit of approximately \$36.3. Of this amount, \$8.0 million was transferred to sinking funds to finance debt service obligations, and \$9.7 million was transferred to the General Fund as a dividend payment. The utility transferred \$20.6 million from revenues to finance capital improvements for the year.

Unrestricted cash liquidity is \$103.0 million - up from \$90.6 million in FY 2022. 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 60 aviation related businesses, 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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Charges for services	\$ 10,372,064	\$ 10,450,864
Operating expenses:		
Personal services	2,169,005	1,330,106
Other operating expenses	3,948,275	3,700,270
Depreciation	<u>7,891,943</u>	<u>7,567,563</u>
Total operating expenses	<u>14,009,223</u>	<u>12,597,939</u>
Operating income (loss)	(3,637,159)	(2,147,075)
Nonoperating revenues (expenses)		
Federal, state, and local grants	-	148,000
Investment revenue	1,030,636	1,111,471
Miscellaneous revenue	(276,254)	70,904
Interest expense	(1,012,707)	(1,130,476)
Capital grants and contributions	<u>7,742,171</u>	<u>8,599,560</u>
	<u>7,483,846</u>	<u>8,799,459</u>
Income before transfers	3,846,687	6,652,384
Net transfers	<u>(511,044)</u>	<u>(513,186)</u>
Change in net position	<u>\$ 3,335,643</u>	<u>\$ 6,139,198</u>

Net Position of the Lakeland Linder International Airport Fund

The net position of the Lakeland Linder International Airport increased by \$3.3 million during FY 2023 compared to a \$6.1 million increase in FY 2022. Operating income, excluding depreciation, was \$4.3 million compared to \$5.4 million in FY 2022. This decrease is a result of the additional personnel and operating costs as a result of increased airport operations and expansion.

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 60 tenants with various aviation operations including air cargo, aircraft management, defense contracting, flight training, and aircraft maintenance. Operating revenues decreased slightly by \$0.1 million (0.8%) as a result of a slight decrease in the occupancy rates 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 2023, the Airport received \$7.7 million in funding from these sources.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENTS (continued)

Lakeland Linder International Airport (continued)

Non-operating revenues increased by \$1.1 million. Investment revenue increased by \$1.0 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, 2023.

Unrestricted net current assets for the year were \$8.6, an increase of \$0.7 million over FY 2022. The increase was due to the increase in current assets set aside to pay \$0.3 million in current accrued liabilities related to capital projects and a \$0.5 million in current interest and principal on debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The FY 2024 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 2024 Budget includes funding for City Commission initiatives linked to strategic objectives established in the 2020-2024 Strategic Plan in the infrastructure, economic development, affordable housing, city hall communication, parks and recreation, resiliency plans, and public safety strategic target areas.

The adopted operating budget for FY 2024 is \$747 million or 2.3% higher than the FY 2023 adopted budget of \$730 million. This increase is primarily due to the implementation of a complete wage study and new pay system for general employees that resulted in market-based adjustments for general class employees, along with a 3% across-the-board and 2.5% to 3.0% merit increases. In addition, merit and across-the-board adjustments pursuant to negotiated collective bargaining agreements and a 7.5% increase in health insurance rates. The General Fund Budget for FY 2024 is \$173 million or 13.8% higher than the 2023 adopted budget of \$152 million due to the impact of the wage study, across-the-board, merit increases, and additional public safety expenditures added in FY 2024.

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS



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CITY OF LAKELAND, FLORIDA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 66,571,934	\$ 130,690,201	\$ 197,262,135
Fuel hedge	-	4,937,694	4,937,694
Receivables			
Accounts receivable, net	18,020,559	69,079,414	87,099,973
Taxes receivable	840,206	-	840,206
Assessments receivable	762,641	-	762,641
Internal balances	34,329,118	(34,329,118)	-
Due from fiduciary fund	2,001,332	-	2,001,332
Interest and dividends receivable	16,842	36,495	53,337
Due from other government units	2,779,223	147,078	2,926,301
Inventories	-	33,502,465	33,502,465
Prepaid expenses	39,273	3,511,179	3,550,452
Leases receivable	445,169	2,017,758	2,462,927
Leases receivable - restricted	87,065	-	87,065
Asset apportionments set aside for (including \$63,773,684 in cash and cash equivalents):			
Current portion of bonds payable	3,550,000	24,083,160	27,633,160
Current portion of pension bonds payable	2,647,268	2,177,732	4,825,000
Current portion of notes payable	964,500	1,940,389	2,904,889
Accrued interest payable	558,158	11,087,896	11,646,054
Accrued liabilities	117,382	8,278,729	8,396,111
Accounts payable	677,573	7,623,142	8,300,715
Leases payable	-	67,755	67,755
Restricted assets set aside for (including \$16,591,345 in cash and cash equivalents):			
Accrued liabilities	137,998	18,169	156,167
Accounts payable	993,608	4,501,334	5,494,942
Unearned revenue	6,969,565	-	6,969,565
Deposits payable	428,215	3,542,456	3,970,671
Total current assets	<u>142,937,629</u>	<u>272,913,928</u>	<u>415,851,557</u>
Noncurrent assets:			
Asset apportionments (including \$274,288,373 in cash and cash equivalents and \$195,663,408 in investments)	209,839,415	257,297,207	467,136,622
Restricted assets:			
Restricted assets (including \$179,061,398 in cash and cash equivalents and \$6,404,537 in investments)	74,267,422	121,870,338	196,137,760
Leases receivable, less current portion - restricted	309,781	-	309,781
Capital assets:			
Land	57,129,961	45,690,368	102,820,329
Construction in progress	35,657,398	229,902,847	265,560,245
Utility plant, facilities & equipment in service	560,433,428	2,209,422,736	2,769,856,164
Less accumulated depreciation	(311,968,230)	(1,028,323,321)	(1,340,291,551)
Right-to-use assets	4,994,634	1,448,623	6,443,257
Less accumulated amortization - right-to-use assets	(666,784)	(180,201)	(846,985)
Subscription assets	150,001	1,294,339	1,444,340
Less accumulated amortization - subscription assets	(75,000)	(510,561)	(585,561)
Total capital assets	<u>345,655,408</u>	<u>1,458,744,830</u>	<u>1,804,400,238</u>
Other noncurrent assets			
Leases receivable	9,832,772	25,974,647	35,807,419
Regulatory assets	-	2,462,198	2,462,198
	<u>9,832,772</u>	<u>28,436,845</u>	<u>38,269,617</u>
Total noncurrent assets	<u>639,904,798</u>	<u>1,866,349,220</u>	<u>2,506,254,018</u>
Total assets	<u>782,842,427</u>	<u>2,139,263,148</u>	<u>2,922,105,575</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	83,173,546	54,750,640	137,924,186
Deferred outflows of resources related to OPEB	37,987,503	31,914,770	69,902,273
Deferred outflows of resources related to ARO	-	5,308,216	5,308,216
Unamortized loss on refunding	-	22,438,505	22,438,505
Total deferred outflows of resources	<u>121,161,049</u>	<u>114,412,131</u>	<u>235,573,180</u>

CITY OF LAKELAND, FLORIDA

STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,907,866	\$ 19,992,484	\$ 21,900,350
Accrued liabilities	5,735,000	4,251,284	9,986,284
Deposits payable	2,450,797	149,968	2,600,765
Accrued interest payable	3,438	25,074	28,512
Lease financings payable	2,157,929	-	2,157,929
Loans payable	-	103,934	103,934
Notes payable	-	4,901,572	4,901,572
Leases payable	328,034	42,293	370,327
Subscription liabilities payable	75,501	515,996	591,497
Unearned revenue	633,714	-	633,714
Payable from apportioned assets	8,514,881	55,258,803	63,773,684
Payable from restricted assets	8,529,386	8,061,959	16,591,345
Total current liabilities	30,336,546	93,303,367	123,639,913
Noncurrent liabilities:			
Liabilities payable from apportioned assets	-	16,627,474	16,627,474
Restricted liabilities, less current portion	5,633,098	30,947,282	36,580,380
Regulatory liabilities	-	12,294,510	12,294,510
Accrued liabilities, less current portion	6,006,777	5,987,153	11,993,930
Net pension liability	98,718,611	68,027,098	166,745,709
Net OPEB liability	91,339,273	77,718,044	169,057,317
Asset retirement obligation (ARO)	-	6,220,670	6,220,670
Lease financings payable, less current portion	9,736,886	-	9,736,886
Lease liabilities, less current portion	1,732,197	789,430	2,521,627
Subscription liabilities, less current portion	-	253,282	253,282
Loans payable, less current portion	-	3,226,860	3,226,860
Notes payable, less current portion	8,444,452	61,391,658	69,836,110
Pension notes payable, less current portion	33,994,752	27,965,248	61,960,000
Revenue bonds payable, less current portion	32,359,203	558,518,224	590,877,427
Unamortized bond premium	-	80,604,416	80,604,416
Revenue bonds payable, plus unamortized bond premium	32,359,203	639,122,640	671,481,843
Total noncurrent liabilities	287,965,249	950,571,349	1,238,536,598
Total liabilities	318,301,795	1,043,874,716	1,362,176,511
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	7,156,533	8,334,916	15,491,449
Deferred inflows of resources related to OPEB	56,525,672	55,106,629	111,632,301
Deferred inflows of resources related to CIAC	-	1,000,791	1,000,791
Deferred inflows of resources related to leases	204,099,870	27,383,127	231,482,997
Solar interconnection	-	10,000	10,000
Unamortized gain on refunding	-	797,304	797,304
Fuel reserve	-	31,040,375	31,040,375
Unrealized gain on hedges	-	3,586,064	3,586,064
Contributions in aid of construction	-	41,051,035	41,051,035
Total deferred inflows of resources	267,782,075	168,310,241	436,092,316
NET POSITION			
Net investment in capital assets	286,306,706	876,319,412	1,162,626,118
Restricted for:			
Expendable:			
Debt service	4,876,732	-	4,876,732
Capital improvement	-	90,923,056	90,923,056
Transportation	9,645,215	-	9,645,215
Law enforcement	1,503,040	-	1,503,040
Public safety	62,933	-	62,933
Community development	371,734	-	371,734
Grant programs - public safety	42,740	-	42,740
Grant programs - physical environment	2,543	-	2,543
CRA	20,909,825	-	20,909,825
Building inspection	1,356,974	-	1,356,974
Impact fee programs	23,111,549	-	23,111,549
Donations received	916,842	-	916,842
Nonexpendable:			
Endowments	6,231,043	-	6,231,043
	69,031,170	90,923,056	159,954,226
Unrestricted	(37,418,270)	74,247,854	36,829,584
Total net position	\$ 317,919,606	\$ 1,041,490,322	\$ 1,359,409,928

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

CITY OF LAKELAND, FLORIDA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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	\$ 29,582,084	\$ 526,440	\$ 123,808	\$ -	\$ (28,931,836)	\$ -	\$ (28,931,836)
Public safety	89,327,359	10,688,113	2,987,997	996,340	(74,654,909)	-	(74,654,909)
Physical environment	8,523,284	9,218,454	-	37,702	732,872	-	732,872
Transportation	17,408,955	3,248,572	-	1,693,446	(12,466,937)	-	(12,466,937)
Economic environment	12,315,533	101,897	1,341,316	-	(10,872,320)	-	(10,872,320)
Human services	445,771	-	5,839	-	(439,932)	-	(439,932)
Culture recreation	41,183,112	11,684,025	1,482,121	4,329,089	(23,687,877)	-	(23,687,877)
Interest on long-term debt	2,662,030	-	-	-	(2,662,030)	-	(2,662,030)
Total governmental activities	201,448,128	35,467,501	5,941,081	7,056,577	(152,982,969)	-	(152,982,969)
Business-Type Activities							
Electric	318,484,784	389,423,404	-	-	-	70,938,620	70,938,620
Water and Wastewater	59,619,831	82,650,827	-	13,661,974	-	36,692,970	36,692,970
Parking	1,256,747	687,163	-	-	-	(569,584)	(569,584)
Lakeland Linder International							
Airport	15,361,699	10,372,064	-	7,742,171	-	2,752,536	2,752,536
Solid Waste	16,178,254	18,635,356	-	-	-	2,457,102	2,457,102
Total Business-Type Activities	410,901,315	501,768,814	-	21,404,145	-	112,271,644	112,271,644
Total Primary Government	\$ 612,349,443	\$ 537,236,315	\$ 5,941,081	\$ 28,460,722	(152,982,969)	112,271,644	(40,711,325)
General revenues:							
Taxes:							
Property taxes					49,787,941	-	49,787,941
Motor fuel taxes					6,738,054	-	6,738,054
Utility taxes					12,338,821	-	12,338,821
Local communication services taxes					4,981,733	-	4,981,733
Local business taxes					1,845,176	-	1,845,176
State shared revenues (unrestricted)					15,266,799	-	15,266,799
Tax increment revenues					10,640,178	-	10,640,178
Payments from Lakeland Regional Health					10,750,000	-	10,750,000
Investment earnings					33,639,236	13,571,593	47,210,829
Miscellaneous					6,880,081	1,390,372	8,270,453
Transfers (to) from other funds					44,915,424	(44,915,424)	-
Total general revenues and transfers					197,783,443	(29,953,459)	167,829,984
Change in Net Position					44,800,474	82,318,185	127,118,659
Net position - beginning					273,119,132	959,172,137	1,232,291,269
Net position - ending					\$ 317,919,606	\$ 1,041,490,322	\$ 1,359,409,928

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, 2023

	General Fund	Public Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 72,201,933	\$ 14,944,995	\$ 75,464,335	\$ 162,611,263
Investments	3,064	195,663,408	6,401,473	202,067,945
Receivables				
Taxes receivable	840,206	-	-	840,206
Accounts receivable	18,019,586	1,062	417,370	18,438,018
Investment sales receivable, net	-	107,143	-	107,143
Assessments receivable	762,641	-	-	762,641
Interest and dividends receivable	16,406	129,667	389	146,462
Notes receivable	-	-	1,121,860	1,121,860
Leases receivable	9,959,095	318,846	396,846	10,674,787
Due from other funds	704,118	-	-	704,118
Due from fiduciary funds	2,001,332	-	-	2,001,332
Due from other government units	1,564,047	1,215,176	1,267,748	4,046,971
Prepaid expenses	39,273	-	-	39,273
Total assets	<u>\$ 106,111,701</u>	<u>\$ 212,380,297</u>	<u>\$ 85,070,021</u>	<u>\$ 403,562,019</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,383,215	\$ 658,840	\$ 7,057,183	\$ 9,099,238
Unsettled investment purchases, net	-	112,907	-	112,907
Accrued liabilities	5,737,608	115,619	3,346,017	9,199,244
Deposits payable	2,445,797	5,000	428,215	2,879,012
Due to other funds	-	-	569,237	569,237
Unearned revenues	5,635,022	56,913	1,911,344	7,603,279
Total liabilities	<u>15,201,642</u>	<u>949,279</u>	<u>13,311,996</u>	<u>29,462,917</u>
Deferred inflows of resources:				
Deferred revenue	18,644,132	881	1,180,532	19,825,545
Deferred inflows of resources related to leases	9,817,022	193,813,599	469,249	204,099,870
Total deferred inflows of resources	<u>28,461,154</u>	<u>193,814,480</u>	<u>1,649,781</u>	<u>223,925,415</u>
Fund Balances:				
Nonspendable:				
Prepays	39,273	-	-	39,273
Cemetery endowment	-	-	5,832,545	5,832,545
Permanent fund principal	-	-	29,476	29,476
Total nonspendable	<u>39,273</u>	<u>-</u>	<u>5,862,021</u>	<u>5,901,294</u>
Restricted for:				
Building inspection	-	-	1,356,974	1,356,974
CRA	-	-	19,807,762	19,807,762
Law enforcement	1,503,040	-	-	1,503,040
Impact fee programs	-	-	23,111,549	23,111,549
Transportation	-	-	9,643,791	9,643,791
Public safety	62,933	-	-	62,933
Donations received	638,064	-	278,778	916,842
Debt service	-	2,024,817	2,851,915	4,876,732
Grant programs - community development	-	-	95,999	95,999
Grant programs - law enforcement	42,740	-	-	42,740
Grant programs - physical environment	-	-	2,543	2,543
Total restricted	<u>2,246,777</u>	<u>2,024,817</u>	<u>57,149,311</u>	<u>61,420,905</u>
Committed to:				
Working capital	-	7,911,882	-	7,911,882
Stormwater	-	-	7,098,437	7,098,437
Capital improvement	-	490,620	-	490,620
Total committed	<u>-</u>	<u>8,402,502</u>	<u>7,098,437</u>	<u>15,500,939</u>
Assigned to:				
Subsequent year's expenditures	17,241,870	-	-	17,241,870
Cultural activities	356,399	-	-	356,399
Recreational facilities	723,658	1,103,261	-	1,826,919
Capital projects	-	6,085,958	-	6,085,958
Total assigned	<u>18,321,927</u>	<u>7,189,219</u>	<u>-</u>	<u>25,511,146</u>
Unassigned	41,840,928	-	(1,525)	41,839,403
Total fund balances	<u>62,448,905</u>	<u>17,616,538</u>	<u>70,108,244</u>	<u>150,173,687</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 106,111,701</u>	<u>\$ 212,380,297</u>	<u>\$ 85,070,021</u>	<u>\$ 403,562,019</u>

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

CITY OF LAKE LAND, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Total Fund Balances - Total Governmental Funds \$ 150,173,687

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	\$ 658,365,422	
Less accumulated depreciation/amortization	<u>(312,710,014)</u>	345,655,408

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		19,825,545
Deferred outflows of resources related to pensions		83,173,546
Deferred outflows of resources related to OPEB		37,987,503

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		(6,006,777)
Deferred inflows of resources related to pensions		(7,156,533)
Net pension liability attributable to employee salaries financed from government fund types		(98,718,611)
Net OPEB liability attributable to retiree benefits financed from governmental fund types		(91,339,273)
Deferred inflows of resources related to OPEB		(56,525,672)
Bonds, loans, notes payable, lease and subscription liabilities, and lease financings		(93,343,454)

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

34,194,237

Net Position of Governmental Activities \$ 317,919,606

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, 2023

	General Fund	Public Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
General government taxes:				
Ad-valorem taxes	\$ 49,787,941	\$ -	\$ -	\$ 49,787,941
Local option fuel taxes	-	-	6,738,054	6,738,054
Utility services taxes	12,338,821	-	-	12,338,821
Local communication services taxes	4,981,733	-	-	4,981,733
Local business taxes	1,845,176	-	-	1,845,176
Permits, fees, and special assessments:				
Building permits	-	-	2,346,194	2,346,194
Other permits	108,640	-	-	108,640
Franchise fees - gas	367,708	-	-	367,708
Impact fees	-	-	4,510,427	4,510,427
Special assessments - charges for public service	17,832	-	-	17,832
Inspection fees	257,991	-	332,207	590,198
Stormwater fees	-	-	8,294,134	8,294,134
Other permits, fees, and special assessments	3,067	-	19,315	22,382
Intergovernmental revenues:				
Federal grants	94,445	-	1,125,018	1,219,463
Federal financial assistance	952,235	-	207,132	1,159,367
State grants	215,274	1,039,876	1,696,198	2,951,348
Grants from other local units	1,309,914	2,141,144	22,287	3,473,345
State revenue sharing:				
Municipal revenue sharing	4,722,607	-	-	4,722,607
Mobile home license tax	276,908	-	-	276,908
Alcoholic beverage license tax	121,188	-	-	121,188
Sales tax	9,633,865	-	-	9,633,865
Firefighter supplemental compensation	75,766	-	-	75,766
State housing initiatives partnership (SHIP)	-	-	436,465	436,465
Local revenue sharing:				
Tax increment revenue	-	-	10,640,178	10,640,178
County occupational tax	100,330	-	-	100,330
Charges for services:				
General government:				
Other general government	137,623	-	-	137,623
Public safety:				
Law enforcement services	3,657,013	-	-	3,657,013
Fire protection	252,918	90,971	-	343,889
Protective inspection fees	210,794	-	-	210,794
Physical environment:				
Cemetery	891,545	-	-	891,545
Economic environment:				
Other economic environment charges	101,897	-	-	101,897
Culture and recreation:				
Parks and recreation	3,856,174	-	-	3,856,174
Special recreation facilities	5,875,399	-	-	5,875,399
Transportation:				
Other transportation charges	475,008	-	808,918	1,283,926
Judgements, fines, and forfeits:				
Library fines	4,948	-	-	4,948
Local ordinance violations	2,600,410	210	13,460	2,614,080
Sale of contraband property	232,698	-	-	232,698
Miscellaneous revenues:				
Interest revenue	3,273,271	1,268,563	3,019,292	7,561,126
Interest revenue - leases	200,976	6,525	5,108	212,609
Net increase (decrease) in the fair value of investments	(2,032,896)	29,334,464	(2,487,400)	24,814,168
Rents and royalties	429,085	198,892	48,464	676,441
Lease revenue	514,480	10,770,213	105,051	11,389,744
Settlements	582,384	-	6,840	589,224
Sale of fixed assets	42,741	184,000	-	226,741
Sale of surplus material and scrap	5,732	-	-	5,732
Contributions and donations from private sources	310,133	1,158,069	6,829	1,475,031
Other miscellaneous revenues	1,432,804	1,602,623	1,706,772	4,742,199
Total revenues	110,266,578	47,795,550	39,600,943	197,663,071

CITY OF LAKELAND, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Public Improvement Fund	Other Governmental Funds	Total Governmental Funds
EXPENDITURES				
General government:				
Legislative	\$ 120,795	\$ -	\$ -	\$ 120,795
Executive	400,923	-	-	400,923
Financial and administrative	5,170,145	-	-	5,170,145
Investment advisor fee	-	574,284	-	574,284
Legal counsel	266,215	-	-	266,215
Comprehensive planning	2,487,482	72,807	-	2,560,289
Other general governmental services	11,265,921	660,835	-	11,926,756
Public safety:				
Law enforcement	48,162,777	119,292	-	48,282,069
Fire control	24,002,604	16,593	-	24,019,197
Protective inspections	1,175,211	-	3,449,895	4,625,106
Emergency and disaster relief services	1,871,545	-	-	1,871,545
Physical environment:				
Stormwater management	-	4,900	6,431,646	6,436,546
Conservation and resource management	23,589	-	-	23,589
Other physical environment - cemetery	1,210,318	51,489	-	1,261,807
Transportation:				
Road and street facilities	6,263,184	-	5,484,177	11,747,361
Parking facilities	-	145,938	-	145,938
Economic environment:				
Industry development	5,472,572	-	-	5,472,572
Housing and urban development	259,100	-	2,067,646	2,326,746
Community redevelopment	-	-	3,705,192	3,705,192
Cultural arts, parks, and recreation:				
Parks and recreation	20,764,930	425,985	-	21,190,915
Cultural services	270,802	-	-	270,802
Libraries	3,851,227	214,343	-	4,065,570
Special events	245,045	-	-	245,045
Special recreation facilities	7,013,229	108,607	-	7,121,836
Human services:				
Public assistance services	169,712	59,558	175,906	405,176
Other human service	40,595	-	-	40,595
Capital outlay	10,833,557	4,092,677	5,528,711	20,454,945
Capital outlay - subscriptions	150,001	-	-	150,001
Debt service:				
Interest and other	27,713	1,637,774	973,367	2,638,854
Interest - leases	20,677	-	-	20,677
Interest - subscriptions	2,499	-	-	2,499
Principal payments	2,234,097	3,813,103	3,539,776	9,586,976
Principal payments - leases	355,525	-	-	355,525
Principal payments - subscriptions	74,500	-	-	74,500
Total expenditures	<u>154,206,490</u>	<u>11,998,185</u>	<u>31,356,316</u>	<u>197,560,991</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(43,939,912)</u>	<u>35,797,365</u>	<u>8,244,627</u>	<u>102,080</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt - internal loans	430,258	-	-	430,258
Issuance of debt - lease financing agreements	10,553,439	-	2,192,727	12,746,166
Issuance of debt - subscription obligations	150,001	-	-	150,001
Transfers from other funds - Payment in lieu of taxes	44,604,341	-	-	44,604,341
Transfers from other funds	5,499,913	1,621,510	4,034,830	11,156,253
Transfers to other funds	(5,267,937)	(4,100,000)	(3,439,745)	(12,807,682)
Total other financing sources (uses)	<u>55,970,015</u>	<u>(2,478,490)</u>	<u>2,787,812</u>	<u>56,279,337</u>
Net change in fund balances	12,030,103	33,318,875	11,032,439	56,381,417
FUND BALANCE, beginning of year	50,418,802	(15,702,337)	59,075,805	93,792,270
FUND BALANCE, end of year	<u>\$ 62,448,905</u>	<u>\$ 17,616,538</u>	<u>\$ 70,108,244</u>	<u>\$ 150,173,687</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, 2023

Net change in fund balances - total governmental funds \$ 56,381,417

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 as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.

Capital outlay	\$ 20,604,946	
Depreciation expense	<u>(16,238,371)</u>	4,366,575

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.

Capital assets		(45,357)
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The book value of donated assets during the year are not reported as revenue in the governmental funds, however it is recognized as revenue in the statement of activities.

44,105

Net liability transfers from proprietary funds are not reported as transfers in the governmental funds, however it is recognized as a transfer in the statement of activities.

(69,193)

Recognition of long-term 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.

(13,326,425)

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.

9,586,976

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.

430,025

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.

(10,650,201)

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.

(163,977)

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.

(4,950,592)

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.

(70,394)

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.

3,267,515

Change in net position of governmental activities		<u>\$ 44,800,474</u>
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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, 2023

	Business-type Activities						Total	Internal Service Funds
	Enterprise Funds		Other Enterprise Funds		Total	Internal Service Funds		
	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Linder International Airport Fund	Other Enterprise Funds				
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 50,753,082	\$ 40,542,936	\$ 1,476,575	\$ 5,704,136	\$ 98,476,729	\$ 32,213,472		
Accounts Receivable	64,170,001	4,194,180	828,240	810,198	70,002,619	4,489		
Allowance for uncollectibles	(793,846)	(81,878)	(48,133)	(3,837)	(927,694)	-		
Due from other funds	-	-	-	-	-	4,815,055		
Due from other government units	-	-	-	-	-	147,078		
Interest and dividends receivable	-	-	-	-	-	36,495		
Inventories	28,176,241	4,627,324	26,658	9,837	32,803,565	698,900		
Prepaid expenses	3,101,983	16,314	71,587	-	3,189,884	321,295		
Fuel hedges	4,937,694	-	-	-	4,937,694	-		
Leases receivable	214,422	-	1,660,724	142,612	2,017,758	-		
Asset apporportionments set aside for (including \$55,258,803 in cash and cash equivalents)	19,570,000	2,353,160	-	-	21,923,160	2,160,000		
Current portion of bonds payable	1,213,906	428,140	35,705	96,749	1,774,500	403,232		
Current portion of pension bonds payable	-	707,854	1,232,535	-	1,940,389	-		
Current portion of notes payable	8,143,739	676,635	48,902	16,204	8,885,480	2,202,416		
Accrued interest payable	168,376	50,398	-	-	218,774	8,059,955		
Accrued liabilities	3,132,438	2,942,529	268,878	-	6,343,845	1,279,297		
Accounts payable	-	-	3,020,747	-	3,020,747	-		
Due to other funds	-	-	-	-	-	67,755		
leases payable	-	-	-	-	-	-		
Restricted assets, set aside for (including \$8,061,959 in cash and cash equivalents)	18,122	47	-	-	18,169	-		
Accrued liabilities	3,786,246	669,240	45,848	-	4,501,334	-		
Accounts payable	-	2,958,949	-	583,507	3,542,456	-		
Deposits payable	-	60,085,828	8,668,266	7,359,406	262,705,904	-		
Total current assets	186,592,404	55,379,325	8,668,266	38,589	173,009,821	81,266,639		
Noncurrent assets:								
Asset apporportionments (including \$252,736,729 in cash and cash equivalents)	117,591,907	46,572,878	-	-	121,677,509	192,829		
Restricted assets (including \$121,617,980 in cash and cash equivalents)	73,681,749	13,068,639	14,029,120	2,487,340	45,680,396	9,972		
Capital assets:								
Land	16,095,297	27,274,954	240,963	-	227,153,943	2,748,904		
Construction in progress	199,638,026	592,361,688	259,687,279	11,564,766	2,094,619,676	114,803,060		
Utility plant, facilities & equipment in service	1,231,005,943	(235,027,528)	(84,743,311)	(7,663,592)	(951,220,259)	(77,103,062)		
Less accumulated depreciation	(623,785,828)	831,208	51,572	46,371	929,151	519,472		
Right-to-use assets	(53,206)	-	(38,224)	(15,650)	(107,080)	(73,121)		
Less accumulated amortization - right-to-use assets	-	-	-	-	-	1,294,339		
Subscription assets	-	-	-	-	-	(510,561)		
Less accumulated amortization - subscription assets	-	-	-	-	-	41,689,003		
Total capital assets	823,731,440	397,677,753	189,227,399	6,419,235	1,417,055,827	41,689,003		
Other noncurrent assets:								
Leases receivable, less current portion	1,185,954	-	18,812,061	5,976,632	25,974,647	40,620,989		
Advances to other funds	-	-	-	-	-	-		
Regulatory assets	2,462,198	-	-	-	2,462,198	-		
Total other noncurrent assets	3,648,152	-	18,812,061	5,976,632	28,436,845	40,620,989		
Total noncurrent assets	1,018,653,248	499,629,956	209,462,342	12,434,456	1,740,180,002	163,769,460		
Total assets	1,205,245,652	559,715,784	218,130,608	19,793,862	2,002,885,906	216,142,404		
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows of resources related to pensions	27,416,183	13,120,317	1,170,359	2,655,569	44,362,428	10,388,212		
Deferred outflows of resources related to OPEB	15,363,523	7,913,343	964,628	1,868,472	26,109,966	5,804,804		
Deferred outflows of resources related to ARO	3,724,065	1,584,151	-	-	5,308,216	-		
Unamortized loss on refunding	22,000,141	209,633	-	-	22,209,774	228,731		
Total deferred outflows of resources	68,503,912	22,827,444	2,134,987	4,524,041	97,990,384	16,421,747		

CITY OF LAKELAND, FLORIDA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS (CONTINUED)
 SEPTEMBER 30, 2023

	Business-type Activities						Total	Internal Service Funds
	Enterprise Funds			Other Enterprise Funds		Total		
	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Linder International Airport Fund					
LIABILITIES								
Current liabilities:								
Accounts payable	\$ 17,029,491	\$ 1,629,951	\$ 121,042	\$ 93,854	\$ 18,874,338	\$ 1,118,146		
Accrued liabilities	2,670,483	771,654	86,430	132,147	3,660,714	590,570		
Due to other funds	-	-	772,147	134,881	907,028	1,022,161		
Accrued interest payable	-	-	6	54	60	25,014		
Loans payable	-	103,934	-	-	103,934	-		
Notes payable	-	4,901,572	-	-	4,901,572	-		
Leases payable	25,017	-	6,489	10,787	42,293	-		
Subscription liabilities payable	-	-	-	-	-	515,996		
Deposits payable	-	-	148,218	-	148,218	1,750		
Payable from apportioned assets:								
Bonds payable	19,570,000	2,353,160	-	-	21,923,160	2,160,000		
Pension notes payable	1,213,906	428,140	35,705	96,749	1,774,500	403,232		
Notes payable	-	707,854	1,232,535	-	1,940,389	-		
Accrued interest payable	8,143,739	676,635	48,902	16,204	8,885,480	2,202,416		
Accrued liabilities	168,376	50,398	-	-	218,774	8,059,955		
Accounts payable	3,132,438	2,942,529	268,878	-	6,343,845	1,279,297		
Due to other funds	-	-	3,020,747	-	3,020,747	-		
Leases payable	-	-	-	-	-	67,755		
Payable from restricted assets:								
Accounts payable	3,786,246	669,240	45,848	-	4,501,334	-		
Accrued liabilities	18,122	47	-	-	18,169	-		
Deposits payable	-	2,958,949	-	583,507	3,542,456	-		
Total current liabilities	55,757,818	18,194,063	5,786,947	1,068,183	80,807,011	17,446,292		
Noncurrent liabilities:								
Liabilities payable from apportioned assets:								
Accrued liabilities, less current portion	-	-	-	-	-	16,222,906		
Advances from other funds, less current portion	-	-	32,599,907	-	32,599,907	404,568		
Lease liabilities, less current portion	-	-	-	-	-	-		
Restricted liabilities, less current portion	14,182,033	16,765,249	104,716	195,106	30,947,282	1,202,658		
Accrued liabilities, less current portion	3,318,082	1,166,591	6,471,313	-	4,784,495	1,549,769		
Advances from other funds, less current portion	-	-	1,317,082	3,206,414	55,070,498	12,956,600		
Net OPEB liability	35,188,157	15,358,845	1,796,102	4,202,612	62,805,986	14,912,058		
Net pension liability	39,224,352	17,582,920	-	-	6,220,670	-		
Asset retirement obligation (ARO)	4,026,270	2,194,400	-	-	12,294,510	-		
Regulatory liabilities	12,294,510	-	-	-	-	-		
Lease liabilities, less current portion	761,352	-	7,070	21,008	789,430	-		
Subscription liabilities, less current portion	-	-	-	-	-	253,282		
Loans payable, less current portion	-	3,226,860	-	-	3,226,860	-		
Pension notes payable, less current portion	15,588,311	5,497,937	458,511	1,242,404	22,787,163	5,178,085		
Notes payable, less current portion	-	58,649,424	2,742,234	-	61,391,658	-		
Revenue bonds payable, less current portion	477,355,000	28,766,450	-	-	506,121,450	52,396,774		
Unamortized bond premium	66,576,158	401,897	-	-	66,978,055	13,626,361		
Revenue bonds payable, plus unamortized bond premium	668,514,225	149,610,573	45,496,935	8,867,544	872,489,277	118,703,061		
Total noncurrent liabilities	724,272,043	167,804,636	51,283,882	9,935,727	953,296,288	136,149,353		

CITY OF LAKELAND, FLORIDA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS (CONTINUED)
 SEPTEMBER 30, 2023

	Business-type Activities							Internal Service Funds
	Department of Electric Utilities	Enterprise Funds			Enterprise Funds		Total	
		Water and Wastewater Utilities	Lakeland Linder International Airport Fund	Other Enterprise Funds	Enterprise Funds	Other Enterprise Funds		
\$	4,247,258	2,073,242	133,571	453,108	6,907,179		1,427,737	
	31,165,628	10,807,328	1,022,588	2,638,047	45,633,591		9,473,038	
	1,000,791	-	-	-	1,000,791		-	
	1,375,495	-	19,969,808	6,037,824	27,383,127		-	
	10,000	-	-	-	10,000		-	
	-	797,304	-	-	797,304		-	
	41,051,035	-	-	-	41,051,035		-	
	31,040,375	-	-	-	31,040,375		-	
	3,586,064	-	-	-	3,586,064		-	
	113,476,646	13,677,874	21,125,967	9,128,979	157,409,466		10,900,775	
	350,890,638	294,316,717	185,193,223	6,387,440	836,788,018		39,531,394	
	59,499,716	29,807,629	1,422,882	-	90,730,227		192,829	
	25,610,521	76,936,372	(38,760,359)	(1,134,243)	62,652,291		45,789,800	
	\$ 436,000,875	\$ 401,060,718	\$ 147,855,746	\$ 5,253,197	\$ 990,170,536		\$ 85,514,023	

DEFERRED INFLOWS OF RESOURCES
 Deferred inflows of resources related to pensions
 Deferred inflows of resources related to OPEB
 Deferred inflows of resources related to CIAC
 Deferred inflows of resources related to leases
 Solar interconnection
 Unamortized gain on refunding
 Unamortized contributions in aid of construction
 Fuel reserve
 Unrealized gain on hedges
 Total deferred inflows of resources

NET POSITION
 Net investment in capital assets
 Restricted
 Capital improvement
 Unrestricted
 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, 2023

Net position - business-type activities:

Enterprise Funds	\$ 990,170,536
Internal Service Funds	<u>85,514,023</u>
	<u>1,075,684,559</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-rata share of the gains/losses resulted in an unpaid liability to the governmental activities in the Government-Wide Statement of Net Position.

(34,194,237)

Net Position of Business-type Activities	<u>\$ 1,041,490,322</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF LAKELAND, FLORIDA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities						Internal Service Funds
	Enterprise Funds			Other Enterprise Funds			
	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Linder International Airport Fund		Enterprise Funds	Total	
OPERATING REVENUES							
Charges for services	\$ 389,210,694	\$ 82,650,827	\$ 8,529,710	\$ 18,254,159	\$ 498,645,390	\$ 91,210,650	
Lease revenue	212,710	-	1,842,354	185,899	2,240,963	-	
Franchise fees - solid waste	-	-	-	882,461	882,461	-	
Total operating revenues	389,423,404	82,650,827	10,372,064	19,322,519	501,768,814	91,210,650	
OPERATING EXPENSES							
Personal services	36,157,008	15,289,799	2,169,005	4,812,899	58,428,711	17,226,913	
Other operating expenses	236,719,063	31,029,744	3,948,275	13,272,076	284,969,158	62,965,181	
Depreciation/amortization	34,737,395	11,216,329	7,891,943	252,196	54,097,863	11,049,244	
Total operating expenses	307,613,466	57,535,872	14,009,223	18,337,171	397,495,732	91,241,338	
Operating income (loss)	81,809,938	25,114,955	(3,637,159)	985,348	104,273,082	(30,688)	
NONOPERATING REVENUES (EXPENSES)							
Federal financial assistance	-	1,034,751	-	-	1,034,751	-	
Fuel tax refunds and credits	-	-	-	-	-	152,080	
Interest revenue	8,378,554	5,745,277	290,721	274,995	14,689,547	5,112,338	
Interest revenue - leases	19,634	-	344,840	120,949	485,423	-	
Net increase (decrease) in the fair value of investments	(778,504)	(1,686,168)	395,075	(43,601)	(2,113,198)	(3,249,876)	
Interest income on internal loans	-	-	-	-	-	2,465,243	
Gain (loss) on disposition of capital assets	-	(8,653)	(342,732)	(3,600)	(354,985)	(237,624)	
Sale of surplus material and scrap	-	42,291	-	2,588	44,879	21,377	
Other miscellaneous revenues	1,134,702	486,441	66,478	12,857	1,700,478	1,013,431	
Sale of general capital assets	-	-	-	-	-	1,496,509	
Interest expense	(14,946,791)	(2,232,145)	(1,012,614)	(32,421)	(18,223,971)	(4,532,560)	
Interest expense - leases	(10,709)	-	(93)	(744)	(11,546)	(2,695)	
Interest expense - subscriptions	-	-	-	-	-	(26,520)	
Amortization	3,195,404	2,089	-	-	3,197,493	883,218	
Total nonoperating revenues (expenses)	(3,007,710)	3,383,883	(258,325)	331,023	448,871	3,094,921	
Income (loss) before contributions and transfers	78,802,228	28,498,838	(3,895,484)	1,316,371	104,721,953	3,064,233	
Capital grants and contributions							
Federal grants and donations	-	104,741	3,966,692	-	4,071,433	313,839	
State grants and donations	-	-	3,773,294	-	3,773,294	-	
Private sources	-	9,104,172	2,185	-	9,106,357	-	
Other non-operating sources	-	3,418,310	-	-	3,418,310	-	
Transfers from other funds	88,777	-	-	219,836	308,613	3,002,059	
Transfers to other funds	(271,350)	(409,098)	(511,044)	(136,960)	(1,328,452)	(261,598)	
Transfers to other funds - payment in lieu of taxes	(33,239,229)	(9,700,472)	-	(1,664,640)	(44,604,341)	-	
Total contributions and transfers	(33,421,802)	2,517,653	7,231,127	(1,581,764)	(25,254,786)	3,054,300	
Change in net position	45,380,426	31,016,491	3,335,643	(265,393)	79,467,167	6,118,533	
NET POSITION, beginning of year	390,620,449	370,044,227	144,520,103	5,518,590	910,703,369	79,395,490	
NET POSITION, end of year	436,000,875	401,060,718	147,855,746	5,253,197	990,170,536	85,514,023	

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, 2023

Change in net position - business-type activities:

Enterprise Funds	\$ 79,467,167
Internal Service Funds	<u>6,118,533</u>
	<u>85,585,700</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.

Change in net position of business-type activities	<u>\$ 82,318,185</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF LAKELAND, FLORIDA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities						
	Enterprise Funds						
	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Linder International Airport Fund	Other Enterprise Funds	Total	Internal Service Funds	
Cash flows from operating activities:							
Receipts from customers	\$ 407,249,572	\$ 82,834,462	\$ 10,303,415	\$ 19,223,427	\$ 519,610,876	\$ -	\$ -
Receipts for interfund services	-	-	-	-	-	-	92,340,812
Payments for interfund services	(13,262,587)	(5,983,611)	(465,724)	(6,502,791)	(26,214,713)	(4,180,024)	(4,180,024)
Payments to suppliers	(232,907,724)	(25,709,942)	(3,409,955)	(6,974,309)	(269,001,930)	(59,468,344)	(59,468,344)
Payments to employees	(34,438,141)	(13,123,205)	(1,772,402)	(4,500,334)	(53,834,082)	(16,218,021)	(16,218,021)
Cash flows provided by (used in) operating activities	126,641,120	38,017,704	4,655,334	1,245,993	170,560,151	12,474,423	12,474,423
Cash flows from noncapital financing activities:							
Interest paid on customer deposits	(373,228)	(47,399)	-	(14,530)	(435,157)	-	-
Transfers to other funds	(33,510,579)	(10,109,570)	(511,044)	(1,801,600)	(45,932,793)	(242,014)	(242,014)
Payments and maturities on pension obligation notes	(1,167,362)	(411,724)	(34,336)	(93,040)	(1,706,462)	(387,771)	(387,771)
Interest paid on pension obligation notes	(420,896)	(148,448)	(12,380)	(33,547)	(615,271)	(239,787)	(239,787)
Cash flows provided by (used in) noncapital financing activities	(35,472,065)	(10,717,141)	(557,760)	(1,942,717)	(48,689,683)	(869,572)	(869,572)
Cash flows from capital and related financing activities:							
Interest received on internal loans	-	-	-	-	-	-	2,465,243
Interest received on leases	19,634	-	346,521	-	366,155	-	4,961,377
Proceeds from repayment of interfund loans	-	-	-	-	-	-	(430,258)
Issuance of long-term debt - govt'l funds	-	-	-	-	-	-	(982,898)
Payments on interfund loans	-	(427,612)	(3,550,868)	-	(3,978,480)	-	-
Taxes received for payments on long-term debt	-	104,613	-	-	104,613	-	-
Interest paid on long-term debt issued to finance capital assets	(17,112,086)	(1,497,853)	(1,030,785)	(762)	(19,641,486)	(4,429,359)	(4,429,359)
Proceeds from the issuance of long-term debt	66,265,000	2,719,371	-	-	68,984,371	-	-
Repayments on & maturities of long-term debt - governmental funds	-	-	-	-	-	-	3,337,160
Proceeds from rebates on interest payments	-	-	-	-	-	-	313,839
Debt issue costs	7,661,936	(663,892)	-	-	6,998,044	-	-
Payments on and maturities of long-term debt	(19,925,000)	(6,807,146)	(1,415,237)	(10,566)	(28,157,949)	(10,980,094)	(10,980,094)
Transfers from other funds for capital purposes	-	-	-	219,836	219,836	3,002,059	3,002,059
Proceeds from capital grant programs	-	-	8,507,650	-	8,507,650	-	-
Capital contributions from others	-	8,655,332	2,185	-	8,657,517	-	-
Proceeds from sale of capital assets	-	42,291	-	-	42,291	1,496,509	1,496,509
Purchase of capital assets	(141,145,630)	(16,180,457)	(7,482,705)	(67,100)	(164,875,892)	(8,763,700)	(8,763,700)
Cash flows provided by (used in) capital financing activities	(104,236,146)	(14,055,353)	(4,623,239)	141,408	(122,773,330)	(10,010,122)	(10,010,122)

CITY OF LAKELAND, FLORIDA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	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	\$ 11,036,362	\$ 5,762,382	\$ 290,721	\$ 289,525	\$ 17,378,990	\$ 5,112,338
Net increase (decrease) in the fair value of cash equivalents	(778,504)	(1,686,168)	395,075	(43,601)	(2,113,198)	(3,249,876)
Cash flows provided by (used in) investing activities	10,257,858	4,076,214	685,796	245,924	15,265,792	1,862,462
Net increase (decrease) in cash and cash equivalents	(2,809,233)	17,321,424	160,131	(53,410)	14,618,912	3,457,191
Cash and cash equivalents, beginning of year	279,745,103	135,769,403	4,888,840	6,492,595	426,895,941	123,393,628
Cash and cash equivalents, end of year	\$ 276,935,870	\$ 153,090,827	\$ 5,048,971	\$ 6,439,185	\$ 441,514,853	\$ 126,850,819
Classified as:						
Current	\$ 50,753,082	\$ 40,542,936	\$ 1,476,575	\$ 5,704,136	\$ 98,476,729	\$ 32,213,472
Apportioned	148,808,942	62,486,864	2,103,666	151,542	213,551,014	94,444,518
Restricted	77,373,846	50,061,027	1,468,730	583,507	129,487,110	192,829
Total	\$ 276,935,870	\$ 153,090,827	\$ 5,048,971	\$ 6,439,185	\$ 441,514,853	\$ 126,850,819
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 81,809,938	\$ 25,114,955	\$ (3,637,159)	\$ 985,348	\$ 104,273,082	\$ (30,688)
Depreciation/amortization	34,737,395	11,216,329	7,891,943	252,196	54,097,863	11,049,244
Rebate on fuel taxes	-	-	-	-	-	152,080
Miscellaneous revenue	1,134,702	486,441	66,478	15,445	1,703,066	1,032,745
(Increase) decrease in receivables, net	8,416,388	(327,260)	1,708,076	49,169	9,846,373	(22,262)
(Increase) decrease in due from other governments	-	-	-	-	-	(31,639)
(Increase) decrease in regulatory asset	(502,302)	-	-	-	(502,302)	-
(Increase) decrease in inventory	(1,640,248)	(884,094)	-	-	(2,524,342)	64,685
(Increase) decrease in prepaid expenses	(2,787,846)	(16,314)	97,598	-	(2,706,562)	(640,272)
(Increase) decrease in net pension asset	60,373,023	24,913,497	2,219,666	5,290,172	92,796,358	21,715,692
(Increase) decrease in deferred outflows related to pensions	(30,981,244)	(11,533,881)	(849,716)	(2,405,715)	(45,770,556)	(9,263,194)
(Increase) decrease in deferred outflows related to OPEB	1,676,987	1,083,209	6,262	(109,417)	2,657,041	415,238
Increase (decrease) in fair value of derivative	(697,595)	-	-	-	(697,595)	-
Increase (decrease) in accounts payable	(17,489,053)	234,496	(25,117)	(205,193)	(17,484,867)	(243,657)
Increase (decrease) in accrued liabilities	431,737	113,625	(3,930)	25,311	566,743	245,343
Increase (decrease) in deferred regulatory liability	28,999,179	-	-	-	28,999,179	-
Increase (decrease) in deposits payable	414,890	2,961	(850)	24,697	441,698	-
Increase (decrease) in unearned revenue	-	-	-	-	-	-
Increase (decrease) in deferred inflows related to pensions	(32,527,503)	(11,541,942)	(1,171,091)	(2,675,206)	(47,915,742)	(11,256,174)
Increase (decrease) in deferred inflows related to OPEB	(6,994,033)	(2,054,493)	(147,955)	(484,049)	(9,680,530)	(1,927,395)
Increase (decrease) in deferred inflows related to CIAC	377,236	-	-	-	377,236	-
Increase (decrease) in deferred inflows related to leases	(431,210)	-	(1,842,353)	(185,899)	(2,459,462)	-
Increase (decrease) in net OPEB liability	2,310,679	1,210,175	343,482	669,134	4,533,470	1,285,111
Increase (decrease) in estimated liability for unpaid claims	-	-	-	-	-	(70,434)
Increase (decrease) in deferred inflows related to solar interconnection	10,000	-	-	-	10,000	-
Net cash provided by (used in) operating activities	\$ 126,641,120	\$ 38,017,704	\$ 4,655,334	\$ 1,245,993	\$ 170,560,151	\$ 12,474,423
Noncash investing, capital, or financing transactions:						
Capital grants and contributions not received	\$ 88,777	\$ 30,115	\$ 2,503,101	\$ -	\$ 2,533,216	\$ -
Net (liability) transfer to (from) other funds, a non-cash capital activity	-	-	-	-	88,777	(19,584)
Developer contributed assets	-	6,626,142	-	-	6,626,142	-
Capitalized interest	8,359,085	-	-	-	8,359,085	-
	\$ 8,447,862	\$ 6,656,257	\$ 2,503,101	\$ -	\$ 17,607,220	\$ (19,584)

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

CITY OF LAKELAND, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2023

	Pension and Other Employees Benefit Trust Funds	Private Purpose Trust Fund	Custodial Fund
ASSETS			
Cash and cash equivalents	\$ 18,190,537	\$ 1,382,045	\$ 334,574
Mutual funds	271,091,927	-	-
US government obligations	91,457,704	-	-
Real estate funds	85,481,730	-	-
Corporate notes and bonds	37,320,982	-	-
Corporate stocks	130,828,933	-	-
Alternate investments	75,201,819	-	-
Fixed income funds	77,262,137	-	-
Private equity funds	188,389,202	-	-
Consolidated fund	10,757,581	378,623	-
Prepaid expenses	850	-	-
Interest and dividends receivable	995,690	-	-
Accounts receivable	-	-	11,943
Investment sales receivable, net	469,780	-	-
Contributions receivable	491,315	-	-
Due from other government units	1,376,220	-	-
Total assets	<u>989,316,407</u>	<u>1,760,668</u>	<u>346,517</u>
LIABILITIES			
Accounts payable	537,106	-	-
Benefits payable	509,004	66,636	-
Unsettled investment purchases, net	265,923	-	-
Due to other governmental units	-	-	346,517
Due to other funds	307,300	1,694,032	-
Total liabilities	<u>1,619,333</u>	<u>1,760,668</u>	<u>346,517</u>
NET POSITION			
Restricted for DROP and other accounts	27,349,557	-	-
Restricted for OPEB benefits	10,486,349	-	-
Restricted for pension benefits and other purposes	949,861,168	-	-
Total net position	<u>\$ 987,697,074</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, 2023

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, economic development, 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, 2023

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, 2023

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, 2023

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, 2023, 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, 2023

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	\$ 840,206	\$ -
Customers	18,783,200	69,079,414
Tenants	10,294,783	27,992,405
	<u>29,918,189</u>	<u>97,071,819</u>
Apportioned:		
Due from:		
Customers	346,485	1,687,222
Investment managers	236,374	-
Restricted:		
Due from:		
Tenants	397,235	-
Customers	1,192,834	221,376
	<u>\$ 32,091,117</u>	<u>\$ 98,980,417</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, 2023

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	\$ 10,509,830	\$ -
Capital improvements	-	126,389,841
Transportation	10,357,304	-
Customer deposits	232,137	3,542,456
Law enforcement	1,503,040	-
Public safety	62,933	-
LCRA	21,392,155	-
Building inspection	1,459,419	-
Grant Programs	7,417,402	-
Endowments - nonspendable	6,509,821	-
Donations received	638,064	-
Impact fees	23,111,549	-
	<u>\$ 83,193,654</u>	<u>\$ 129,932,297</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 plants are 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, 2023

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 and right-to-use subscription assets) are classified as Fixed Assets (Utility Plant). 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. Right-to-use subscription assets are representative of the City's right to use another party's information technology software over the life of a subscription arrangement in which it is the subscriber. The asset value is calculated as the initial amount of the subscription liability, plus any payments made to the vendor before the subscription commencement date, plus capitalizable implementation costs incurred, minus any lease incentives received before the subscription commencement date. Intangible assets are amortized according to the City's capitalization policy. Right-to-use leased assets are amortized over the shorter of the asset's useful life or the term of the lease while right-to-use subscription assets are amortized over the shorter of the asset's useful life or the term of the subscription. The capitalization levels of the City's right-to-use leased asset and right-to-use subscription asset classes are as follows:

Leased office space	\$100,000
Leased office equipment	\$100,000
Subscription assets	\$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, 2023

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.

Right-To-Use Subscription Assets

The City utilizes Subscription-Based Information Technology Arrangements (SBITA) for the right to use a vendors information technology software. The City recognizes these as a right-to-use subscription asset and the corresponding liability in the financial statements.

At the commencement of a SBITA, the City initially measures the subscription liability amount by the present value of subscription payments expected to be made during the subscription term with future payments discounted by the interest rate of the SBITA (If the interest rate is not defined by the SBITA vendor, the City uses its own incremental borrowing rate). The liability is reduced as payments are made. The subscription asset is measured as the sum of the initial subscription liability amount, payments made prior to the commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the vendor at or before the commencement of the subscription term. The amortization of the asset is recognized as an outflow of resources over the subscription term.

The subscription term includes the noncancellable period of the subscription. In determining the subscription 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 agreement term if it is reasonably certain that the subscription will to be extended.

The City monitors changes in circumstances that would require a remeasurement of its Subscription-based Information Technology Arrangements and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

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.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Unrestricted	\$ 633,714	\$ -
Restricted	6,969,565	-
	<u>\$ 7,603,279</u>	<u>\$ -</u>

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

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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, pensions, and leases; 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 are recorded as a deferred inflow of resources and amortized over the estimated useful life of the corresponding assets as a reduction of depreciation expense. Fuel reserve balance represents the cumulative recovery of fuel revenues over fuel expenses up to the maximum of 15% of annual budgeted fuel expenses. A regulatory liability exists to the extent that the cumulative over-recovery of fuel charges exceeds fuel reserve.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

14. Deferred Inflows/Outflows of Resources (continued)

The deferred inflows and outflows of resources balances presented in the Statement of Net Position as of September 30, 2023 are as follows:

Deferred outflows of resources:	
Unamortized loss on refunding of debt, beginning balance	\$ 16,606,392
Additions	8,139,533
Amortization	<u>(2,307,420)</u>
Unamortized loss on refunding of debt, ending balance	22,438,505
Deferred outflows of resources related to pensions	137,924,186
Deferred outflows of resources related to OPEB	69,902,273
Deferred outflows of resources related to ARO	5,308,216
Total deferred outflows of resources	<u>\$ 235,573,180</u>
Deferred inflows of resources:	
Unamortized gain on refunding of debt, beginning balance	\$ 896,967
Amortization	<u>(99,663)</u>
Unamortized gain on refunding of debt, ending balance	797,304
Deferred inflows of resources related to OPEB	111,632,301
Contributions in aid of construction	41,051,035
Deferred inflows of resources related to CIAC	1,000,791
Deferred inflows of resources related to solar interconnection	10,000
Deferred inflows of resources - unrealized gain on hedges	3,586,064
Fuel reserve balance	31,040,375
Deferred inflows of resources related to leases	231,482,997
Deferred inflows of resources related to pensions	15,491,449
Total deferred inflows of resources	<u>\$ 436,092,316</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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% 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 (\$1,520,975) to the cost of fuel during the fiscal year ended September 30, 2023.

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 \$3,586,064 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, 2023

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, 2023, Lakeland Electric had options, swaps and physical contracts outstanding in the following amounts, covered fiscal year 2024 and beyond:

<u>Fiscal Year</u>	<u>Options</u>	<u>Swaps</u>	<u>Fair Value</u>
2024	\$ 2,310,000	\$ 15,500,000	\$ 2,002,514
2025	-	3,990,000	1,352,422
2026	-	1,750,000	231,128
	<u>\$ 2,310,000</u>	<u>\$ 21,240,000</u>	<u>\$ 3,586,064</u>

Interest Rate Swaps

An interest rate swap is a derivative whose value and terms are derived from a specified financial index. 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.

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. In concert with the refunding of the Series 2022 Bonds, which were variable rate obligations, the City terminated all of the associated floating-to-fixed interest rate swaps. As of September 30, 2023, there were no interest swap derivatives outstanding.

The fair value of all derivatives as of September 30, 2023 was as follows:

Prepaid fuel	\$ 1,351,630
Fuel hedges (deferred inflows)	3,586,064
	<u>\$ 4,937,694</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

16. Regulatory Assets and Liabilities

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

Regulatory assets and liabilities balances presented in the Statement of Net Position as of September 30, 2023 are as follows:

Regulatory assets:	
Unamortized debt issuance costs	\$ 2,462,198
	<u>\$ 2,462,198</u>
Regulatory liabilities:	
Environmental compliance charges	\$ 4,620,663
Energy conservation charges	(13,247)
Economic development charges	1,128,134
Fuel charges	6,558,960
	<u>\$ 12,294,510</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,
	<u>2023</u>
Beginning balance	\$ 1,568,253
Additions	1,089,828
Less	
Amortization	<u>195,883</u>
Ending balance	<u>\$ 2,462,198</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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, 2023
Environmental compliance charge recovery:	
(Liability) balance, beginning of year	\$ (3,577,502)
Charges recovered through rates	(7,957,252)
Less environmental compliance expense	(6,914,091)
Ending balance	<u>\$ (4,620,663)</u>
Energy conservation charge recovery:	
(Liability) asset balance, beginning of year	\$ 33,750
Charges recovered through rates	(793,949)
Less future conservation charges	(773,446)
Ending balance	<u>\$ 13,247</u>
Economic development charge recovery:	
(Liability) asset balance, beginning of year	\$ (890,570)
Charges recovered through rates	(250,000)
Less economic development costs	(12,436)
Ending balance	<u>\$ (1,128,134)</u>

Fuel charges

As of September 30, 2023, 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, 2023
Fuel reserve:	
Fuel reserve balance	\$ 31,040,375
Less cumulative over-recovery of fuel charges	37,599,335
Ending balance	<u>\$ (6,558,960)</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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, 2023

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	\$ 1,781,513
Septic tanks	17 years	35,657
Natural gas pipeline	17 years	2,656,000
Asbestos cement piping	25 years	887,500
Sub-total		<u>5,360,670</u>
Non-amortizing, non-accreting obligation*:		
McIntosh plant unit 3	N/A	860,000
Total		<u>\$ 6,220,670</u>

*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	\$ 26,699	\$ 186,893
3	McIntosh plant/24-inch drinking water wells	732	81,164	243,492
42	McIntosh plant/2-inch extracting/monitoring wells	22	528	22,176
18	McIntosh plant/4-inch monitoring wells	43	1,518	27,324
8	Larsen plant/2-inch extraction wells	12	528	4,224
2	Larsen plant/4-inch extraction wells	9	475	950
13	Northwest wellfield/drinking wells	747	67,915	882,895
5	Northeast wellfield/drinking wells	751	31,412	157,060
1	Combee wellfield/drinking well	716	54,692	54,692
57	Monitoring wells	103	3,454	196,878
	Misc. costs			4,929
	Total			<u>\$ 1,781,513</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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 pilings 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	\$ 3,563	\$ 21,378
1	11,900	11,900
Misc. costs		2,379
		<u>\$ 35,657</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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 \$2,656,000 to perform the necessary work.

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

Description	Cost Estimate
Pipeline removal	\$ 2,286,000
Pipeline survey and staking	18,000
Inspection	71,000
Right-of-way	60,000
Project management & engineering	221,000
Total	<u>\$ 2,656,000</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 EPA- 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	\$ 11.97	\$ 191,520
8 inch piping	22,000	11.97	263,340
10 inch piping	14,000	12.33	172,620
12 inch piping	21,000	12.33	258,930
Misc. costs			1,090
			<u>\$ 887,500</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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, 2023

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, 2023 was 5.4323 mills. Current tax collections for the City were approximately 98.46% 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, 2023 is as follows:

Lien date	January 1, 2022
Levy date	January 1, 2022
Certificate of Taxable Value (DR-420)	July 1, 2022
Final public hearing to adopted proposed millage rate	September 22, 2022
Certificate of Final Taxable Value (DR-422)	September 23, 2022
Beginning of fiscal year for tax assessment	October 1, 2022
Due Dates	November 1, 2022 through March 31, 2023
Delinquent date	April 1, 2023
Tax certificate sale	On or before June 1, 2023

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	\$ 676,441	\$ -	\$ 676,441
Lease revenues	639,744	-	639,744
Settlements	589,224	-	589,224
Sales of fixed assets	226,741	-	226,741
Sale of surplus materials and scrap	5,732	(310,106)	(304,374)
Other miscellaneous revenues	4,742,199	1,700,478	6,442,677
	<u>\$ 6,880,081</u>	<u>\$ 1,390,372</u>	<u>\$ 8,270,453</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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 and Net Positions

At September 30, 2023, the following funds reported negative fund balance/net position.

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

Facilities Maintenance Fund - Unrestricted Net Position - \$(5,008,313) - The negative balance is a result of the increase in the net pension liability.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 2 – ACCOUNTING AND REPORTING CHANGES

New Accounting Pronouncements

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. 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, Florida Southern College, Southeastern University, Inc. and Carpenters Home - Assisted Living in Lakeland. Neither the City nor any political subdivision thereof is obligated in any manner for repayment of these bonds. Therefore, implementation of GASB 91 had no effect on the financial statements of the City for the fiscal year ending September 23, 2023.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnerships (PPPs). A PPP arrangement, as used in this Statement, is when a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of a service concession arrangement (SCA) or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Public-Private and Public-Public Partnerships were included in GASB 87. Therefore, implementation of GASB 94 had no effect on the financial statements of the City for the fiscal year ending September 23, 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. This GASB Statement was implemented, and additional notes provided in Note 8 for the fiscal year ending September 30, 2023. A restatement of the beginning net position was not required due to this implementation.

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. This GASB Statement requirements, related to leases and SBITAs, were implemented, and additional notes provided in Note 8 for the fiscal period ending September 30, 2023. A restatement of the beginning net position was not required due to this implementation. The requirements related to PPPs had no effect on the 2023 financial statements of the City. Management has not determined what impact, if any, this GASB requirements related to financial guarantees and the clarification and reporting of derivative instruments might have on its financial statements for the fiscal year ending September 30, 2024.

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 No. 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 for the fiscal year 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.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 2 – ACCOUNTING AND REPORTING CHANGES (continued)

New Accounting Pronouncements (continued)

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management has not determined what impact, if any, this GASB statement might have on its financial statements for the fiscal year ending September 30, 2025.

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, 2023 is as follows:

	<u>Primary Government</u>
Demand Deposits	\$ 10,368,875
Cash with Paying Agents	44,713,281
Cash on Hand	18,656
Total Deposits	<u>\$ 55,100,812</u>
Balance per bank	<u>\$ 9,674,516</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, 2023, \$9,674,516 and \$44,713,281 of the City of Lakeland's bank balance and paying agent deposits were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Primary Government</u>
Insured	\$ 770,060
Collateralized:	
Collateral held by the pledging financial institutions not in the City's name:	
Banking institutions	8,904,456
Cash with paying agents	44,713,281
Total Deposits	<u>\$ 54,387,797</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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

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. 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	\$ 264,508,979	\$ 42,385,191	\$ 222,123,788	\$ -
Corporate Bonds	401,054,332	4,937,500	380,918,497	15,198,335
Foreign Corporate Bonds	5,432,500	-	5,432,500	-
Municipal Bonds	14,292,618	-	14,292,618	-
Corporate Stocks	164,353,877	163,828,994	524,883	-
Foreign Corporate Stocks	21,446,459	3,093,658	18,352,801	-
Accrued Interest Receivable	5,304,352	5,304,352	-	-
State Board of Admin LGIP	9	-	9	-
Money Market Accounts	146,723,683	146,723,683	-	-
Equity Mutual Funds	237,515,851	224,714,807	12,801,044	-
Foreign Equity Mutual Funds	48,064,825	48,064,825	-	-
Fixed Income Mutual Funds	20,524,193	20,524,193	-	-
Total Investments by fair value level	1,329,221,678	\$ 659,577,203	\$ 654,446,140	\$ 15,198,335

Investments measured at the net asset value (NAV)	Total	Unfunded Commitments	Redemption Frequency if Currently Eligible	Redemption Notice Period
Fixed Income Strategies ¹	75,368,624	\$ 26,732,450	n/a	n/a
Real Estate Strategies ²	95,211,430	43,922,522	n/a or quarterly*	n/a, 30-90 days, subjective*
Private Equity Strategies ³	283,377,266	39,057,352	n/a, daily or quarterly*	n/a or 3-10 days* or 60 days
Alternative Investments ⁴	85,904,184	5,426,448	n/a or quarterly*	n/a or 60-90 days*
Total investments measure at NAV	539,861,504			
Total investments	\$ 1,869,083,182	\$ 115,138,772		

¹Fixed income strategies - This type includes fifteen 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;

²Real estate strategies - This type includes seventeen 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.

³Private equity strategies - This type includes eighteen 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, three of these funds are eligible for daily withdrawal subject to a 3 or 10 day notice and one fund is eligible for monthly withdrawal subject to a 10 days notice before month end.

⁴Alternative 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.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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, 2023, the City had no 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, 2023, 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, 2023, the City of Lakeland held \$146,723,683 in Money Market Funds and \$306,104,869 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, 2023

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	\$ 264,508,979	\$ 1,446,616	\$ 86,307,710	\$ 34,477,580
Corporate Bonds	401,054,332	6,642,021	41,590,734	144,058,299	208,763,278
Foreign Corporate Bonds	5,432,500	-	284,689	129,501	5,018,310
Municipal Bonds	14,292,618	1,903,928	6,710,257	5,309,255	369,178
Corporate Stocks	164,353,877	164,353,877	-	-	-
Foreign Corporate Stocks	21,446,459	21,446,459	-	-	-
Sub-total	<u>871,088,765</u>	<u>195,792,901</u>	<u>134,893,390</u>	<u>183,974,635</u>	<u>356,427,839</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, 2023, 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	5,304,352	5,304,352	-	-
State Board of Admin. LGIP ²	9	9	-	-	-
Money Market Account ²	146,723,683	146,723,683	-	-	-
Equity Mutual Funds ²	237,515,851	237,515,851	-	-	-
Foreign Equity Mutual Funds ²	48,064,825	48,064,825	-	-	-
Fixed Income Mutual Funds ²	20,524,193	20,524,193	-	-	-
Fixed Income Strategies ³	75,368,624	1,793,187	9,238,323	55,018,132	9,318,982
Real Estate Strategies ³	95,211,430	39,503,199	44,087,845	11,620,386	-
Private Equity Strategies ³	283,377,266	173,122,338	3,427,996	88,572,312	18,254,620
Alternative Investments ³	85,904,184	72,385,278	13,518,906	-	-
Sub-total	<u>997,994,417</u>	<u>744,936,915</u>	<u>70,273,070</u>	<u>155,210,830</u>	<u>27,573,602</u>
Total Investments:	<u>\$ 1,869,083,182</u>	<u>\$ 940,729,816</u>	<u>\$ 205,166,460</u>	<u>\$ 339,185,465</u>	<u>\$ 384,001,441</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, 2023

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, 2023, 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%	50.33%
1-5 years	75%	10.98%
5-10 years	50%	18.15%
10+ years	0%*	20.54%

* 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 \$5,614,931 (.87%) 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, 2023, the fund's foreign investment holdings were as follows:

Foreign Investments:	Fair Value	\$ Denomination	Maturity
Corporate Bonds:			
Drillco Hldg Lux 7.500%	\$ 74,910	USD	6/15/2030
Odebrecht Oil & Gas 1.000%	10,498	USD	3/1/2168
QBE Insurance Group Ltd 144A Priv Plcmt	499,060	USD	11/24/2043
Vr Transcanada Trust 5.875%	4,508,752	USD	8/15/2076
Total Corporate Bonds:	<u>5,093,220</u>		
Corporate Stocks:			
Valaris Ltd	521,711	USD	N/A
Total Corporate Stocks:	<u>521,711</u>		
Total Foreign Investments	<u>\$ 5,614,931</u>		

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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 \$199,778 (1.14%) 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, 2023, the fund holdings were as follows:

Foreign Investments:			
Corporate Stocks:			
	<u>Fair Value</u>	<u>Denomination</u>	<u>Maturity</u>
Accenture PLC	\$ 57,737	USD	N/A
Chubb Ltd	14,781	USD	N/A
Linde PLC	17,500	USD	N/A
Medtronic PLC	15,750	USD	N/A
Nestle SA ADR	13,694	USD	N/A
Nova Nordisk ADR	29,828	USD	N/A
Rightmove PLC ADR	50,488	USD	N/A
Total Corporate Stocks:	<u>199,778</u>		
Total Foreign Investments	<u>\$ 199,778</u>		

The Public Improvement Endowment Fund held \$58,310,527 (28.94%) in equity investments of foreign issuers or non-US companies as follows as of September 30, 2023.

Foreign Investments:			
Corporate Stocks:			
	<u>Fair Value</u>	<u>Denomination</u>	<u>Maturity</u>
Aercap Holdings Inv	\$ 575,373	USD	N/A
Aon PLC	399,763	USD	N/A
Bayer AG ADR	171,840	USD	N/A
Prosus NV	344,850	USD	N/A
Royal Dutch Shell PLC ADR	484,653	USD	N/A
Sap SE	384,727	USD	N/A
Safran SA	267,131	USD	N/A
Total Corporate Stocks:	<u>2,628,337</u>		
Equity Mutual Funds:			
Fidelity Total International Index Fund	<u>3,474,983</u>	USD	N/A
Total Equity Mutual Funds:	<u>3,474,983</u>		
Private Equity:			
ABS Emerging Markets Strategic Portfolio LP	9,965,214	USD	N/A
Thompson, Siegel & Walmsley LLC	20,996,731	USD	N/A
WCM Focused International Growth	21,245,262	USD	N/A
Total Private Equity:	<u>52,207,207</u>		
Total Foreign Investments:	<u>\$ 58,310,527</u>		

The City of Lakeland Firefighters’ Retirement System held \$17,639,901 (14.50%) 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, 2023, 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	\$ 8,664,953	USD	N/A
Harris Associated	8,974,948	USD	N/A
Total Equity Mutual Funds:	<u>17,639,901</u>		
Total Foreign Investments:	<u>\$ 17,639,901</u>		

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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

C. Cash Equivalents and Investments (continued)

The Employee Pension Fund held \$119,198,677 (17.29%) 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, 2023, the Employee Pension Fund holdings were as follows:

Foreign Investments:

Private Equity:

	Fair Value	Denomination	Maturity
Emerging Markets Equity Series of GAM Strategies	\$ 12,079,039	USD	N/A
TS&W International Large Cap Equity Trust	38,772,550	USD	N/A
WCM Focused International Growth Fund LP	31,094,262	USD	N/A
WTC CTF Emerging Markets Research Equity Portfolio	22,214,059	USD	N/A
Total Private Equity	104,159,910		

Corporate Stocks:

Accenture Plc	1,738,243	USD	N/A
Aercap Holdings Nv	1,558,979	USD	N/A
Ambarella Inc	41,735	USD	N/A
Aon Plc	973,957	USD	N/A
Argo Group Intl Hldgs Ltd	278,616	USD	N/A
Avadel Pharmaceuticals Adr	117,605	USD	N/A
Bayer AG Adr	1,011,084	USD	N/A
Bunge Limited	210,763	USD	N/A
Constellium Se	333,096	USD	N/A
Cyber-Ark Software Ltd/Israel	348,339	USD	N/A
Establishment Labs Holdings Inc.	215,319	USD	N/A
First Bancorp	234,621	USD	N/A
Freyr Battery SA	35,673	USD	N/A
Gates Industrial Corp PLC	288,950	USD	N/A
Himax Technologies, Inc.	54,160	USD	N/A
Ichor Holdings Ltd	85,357	USD	N/A
Livanova Plc	176,302	USD	N/A
Magnachip Semiconductor Corp	95,681	USD	N/A
Nova Nordisk Adr	884,755	USD	N/A
OFG Bancorp	92,715	USD	N/A
Orion S.A.	86,631	USD	N/A
Prosus Nv -Spon Adr	887,304	USD	N/A
Royal Dutch Shell Plc Adr	1,633,771	USD	N/A
Safran Sa-Unspon Adr	1,708,931	USD	N/A
Sensata Technologies Holding Plc	227,071	USD	N/A
SAP SE Adr	908,861	USD	N/A
Smart Global Holdings Inc	134,704	USD	N/A
Tronox Holdings Plc	216,021	USD	N/A
Versabank	41,506	USD	N/A
Wns Holdings Ltd Spons Adr Ea Repr 1 Ord Shs	418,017	USD	N/A
Total Corporate Stocks:	15,038,767		

Total Foreign Investments:

\$ 119,198,677

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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

C. Cash Equivalents and Investments (continued)

The Municipal Police Officers' Pension Plan held \$30,347,088 (18.48%) 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, 2023, the fund held the following foreign investments:

Foreign Investments:

Equity Mutual Funds:

American Funds Europacific Growth Fd CI R6

Fidelity Total Intl Index Fd

Total Equity Mutual Funds

Fair Value	Denomination	Maturity
\$ 12,659,851	USD	N/A
14,290,090	USD	N/A
<u>26,949,941</u>		

Corporate Stocks:

Aon PLC

Aercap Holdings

Bayer AG

Prosus N V Sponsored Adr

Royal Dutch Shell Plc Spon Ads

SAP aDR

Safran S A Spon Adr

Total Corporate Stocks

453,908	USD	N/A
648,760	USD	N/A
259,668	USD	N/A
178,981	USD	N/A
659,766	USD	N/A
424,170	USD	N/A
432,614	USD	N/A
<u>3,057,867</u>		

Corporate Bonds:

Bank Of Montreal 1.25%

Bank Of Montreal 2.65%

Bank Of Montreal 4.70%

Bank Of Montreal 5.20%

Bank Nova Scotia Halifax 4.85%

Bank Nova Scotia B C 5.25%

Canadian Natural Resources Ltd 3.85%

Canadian Pac RYco 1.75%

Ingersol Rand Luxembourg Fin 3.80%

Nxp B V / Nxp Fdg Llc / Nxp Us 5.00%

Nutrien Ltd Sr NT 2.95%

Nutrien Ltd Sr NT 4.90%

Rogers Communications Inc Sr Nt 3.625%

Royal Bk Cda 3.625%

Royal Bk Cda 4.24%

Royal Bk Cda 4.9%

Toronto-Dominion Bank 2.8%

Toronto Dominion Bank 4.693%

Toronto Dominion Bank 5.156%

Total Corporate Bonds

17,580	USD	9/15/2026
8,997	USD	3/8/2027
9,583	USD	9/14/2027
9,761	USD	2/1/2028
9,417	USD	2/1/2030
19,475	USD	6/12/2028
18,646	USD	6/1/2027
17,844	USD	12/2/2026
18,426	USD	3/21/2029
18,401	USD	1/15/2033
8,347	USD	5/13/2030
14,487	USD	3/27/2028
37,870	USD	12/15/2025
37,314	USD	5/4/2027
9,502	USD	8/3/2027
9,712	USD	1/12/2028
54,541	USD	3/10/2027
9,617	USD	9/15/2027
9,760	USD	1/10/2028
<u>339,280</u>		

Total Foreign Investments

\$ 30,347,088

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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, 2023, 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, 2023

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%	24,306,010	6.8%	(218,812)	-0.2%	-	0.0%	-	0.0%	24,087,198	3.7%
AA+ to AA-	160,178,441	97.4%	3,343,980	1.0%	-	0.0%	-	0.0%	3,347,652	25.2%	166,870,073	25.3%
A+ to A-	-	0.0%	7,376,747	2.1%	122,657,148	100.2%	-	0.0%	214,574	1.6%	130,248,469	19.8%
BBB+ to BBB-	-	0.0%	40,830,229	11.6%	-	0.0%	5,007,812	98.3%	1,747,135	13.2%	47,585,176	7.2%
BB+ to BB-	-	0.0%	4,471,384	1.3%	-	0.0%	-	0.0%	1,372,324	10.4%	5,843,708	0.9%
Below BB-	-	0.0%	9,209,621	2.6%	-	0.0%	74,910	1.5%	-	0.0%	9,284,531	1.4%
NR	4,288,356	2.6%	263,313,636	74.6%	-	0.0%	10,498	0.2%	6,578,011	49.6%	274,190,501	41.7%
	164,466,797	100.0%	352,851,607	100.0%	122,438,336	100.0%	5,093,220	100.0%	13,259,696	100.0%	658,109,656	100.0%
Consolidated Investment Fund												
AA+ to AA-	746,594	100.0%	94,512	27.9%	-	0.0%	-	0.0%	-	0.0%	841,106	61.7%
A+ to A-	-	0.0%	148,935	43.1%	246,318	89.2%	-	0.0%	-	0.0%	395,253	28.9%
BBB+ to BBB-	-	0.0%	99,251	29.0%	29,768	10.8%	-	0.0%	-	0.0%	129,019	9.4%
	746,594	100.0%	342,698	100.0%	276,086	100.0%	-	0.0%	-	0.0%	1,365,378	100.0%
Public Improvement Endowment Fund												
AAA	-	0.0%	440,721	26.6%	5,818,726	100.0%	-	0.0%	-	0.0%	6,259,447	6.9%
AA+ to AA-	20,858,604	100.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	20,858,604	74.7%
A+ to A-	-	0.0%	445,840	26.8%	-	0.0%	-	0.0%	-	0.0%	445,840	13.4%
BBB+ to BBB-	-	0.0%	771,983	46.6%	-	0.0%	-	0.0%	-	0.0%	771,983	5.0%
	20,858,604	100.0%	1,658,544	100.0%	5,818,726	100.0%	-	0.0%	-	0.0%	28,335,874	100.0%
Employee Pension Fund												
AAA	-	0.0%	-	0.0%	8,510,673	100.0%	-	0.0%	-	0.0%	8,510,673	8.2%
AA+ to AA-	70,641,209	100.0%	3,371,927	9.0%	-	0.0%	-	0.0%	-	0.0%	74,013,136	55.0%
A+ to A-	-	0.0%	16,352,752	43.8%	-	0.0%	-	0.0%	-	0.0%	16,352,752	15.3%
BBB+ to BBB-	-	0.0%	17,596,304	47.2%	-	0.0%	-	0.0%	-	0.0%	17,596,304	21.5%
NR	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
	70,641,209	100.0%	37,320,983	100.0%	8,510,673	100.0%	-	0.0%	-	0.0%	116,472,865	100.0%
Firefighters' Retirement System												
AAA	-	0.0%	-	0.0%	939,185	15.7%	-	0.0%	-	0.0%	939,185	15.7%
NR	-	0.0%	-	0.0%	5,047,626	84.3%	-	0.0%	-	0.0%	5,047,626	84.3%
	-	0.0%	-	0.0%	5,986,811	100.0%	-	0.0%	-	0.0%	5,986,811	100.0%
Municipal Police Officers' Pension Fund												
AAA	-	0.0%	869,382	9.8%	3,693,051	100.0%	-	0.0%	220,916	21.4%	4,783,349	19.5%
AA+ to AA-	7,795,775	100.0%	2,796,236	31.5%	-	0.0%	-	0.0%	534,586	51.8%	11,126,597	42.2%
A+ to A-	-	0.0%	1,601,794	18.0%	-	0.0%	205,259	60.5%	14,315	1.4%	1,821,368	12.1%
BBB+ to BBB-	-	0.0%	2,668,481	30.1%	-	0.0%	134,021	39.5%	-	0.0%	2,802,502	12.8%
NR	-	0.0%	944,607	10.6%	-	0.0%	-	0.0%	263,105	25.5%	1,207,712	13.4%
	7,795,775	100.0%	8,880,500	100.0%	3,693,051	100.0%	339,280	100.0%	1,032,922	100.0%	21,741,528	100.0%
Total:	\$ 264,508,979		\$ 401,054,332		\$ 146,723,663		\$ 5,432,500		\$ 14,292,618		\$ 832,012,112	

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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	\$	160,178,441	97.4%	\$	11,827,134	1.4%	-(218,812)	0.0%	\$	2,292,709	14.1%	\$	174,079,472	26.4%
Aaa	-	0.0%	6,026,815	2.1%	121,444,338	99.2%	-	0.0%	-	-	0.0%	127,471,153	19.4%	
Aa1 to Aa3	-	0.0%	9,569,468	4.0%	-	0.0%	-	0.0%	1,396,644	11.8%	10,966,112	1.7%		
Baa1 to Baa3	-	0.0%	41,723,748	12.7%	1,212,810	1.0%	499,060	9.8%	2,731,865	16.2%	46,167,483	7.0%		
Ba1 to Ba3	-	0.0%	14,368,478	2.2%	-	0.0%	4,508,752	88.5%	1,372,323	10.6%	20,249,553	3.1%		
Below Ba3	-	0.0%	13,967,892	5.2%	-	0.0%	74,910	1.5%	-	0.0%	14,042,802	2.1%		
NR	4,288,356	2.6%	255,368,072	72.4%	-	0.0%	10,498	0.2%	5,466,155	47.3%	265,133,081	40.3%		
	164,466,797	100.0%	352,851,607	100.0%	122,438,336	100.0%	5,093,220	100.0%	13,259,696	100.0%	658,109,656	100.0%		
Consolidated Investment Fund														
Aaa	746,594	100.0%	-	0.0%	-	0.0%	-	0.0%	-	-	0.0%	746,594	54.6%	
Aa1 to Aa3	-	0.0%	44,711	13.1%	-	0.0%	-	0.0%	-	-	0.0%	44,711	3.3%	
A1 to A3	-	0.0%	247,942	72.4%	246,318	89.2%	-	0.0%	-	-	0.0%	494,260	36.2%	
Baa1 to Baa3	-	0.0%	50,045	14.5%	29,768	10.8%	-	0.0%	-	-	0.0%	79,813	5.9%	
	746,594	100.0%	342,698	100.0%	276,086	100.0%	-	0.0%	-	-	0.0%	1,365,378	100.0%	
Public Improvement Endowment Fund														
Aaa	20,858,605	100.0%	440,721	26.6%	5,818,726	100.0%	-	0.0%	-	-	0.0%	27,118,052	95.7%	
Aa1 to Aa3	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	-	0.0%	-	-	
A1 to A3	-	0.0%	1,217,823	73.4%	-	0.0%	-	0.0%	-	-	0.0%	1,217,823	4.3%	
	20,858,605	100.0%	1,658,544	100.0%	5,818,726	100.0%	-	0.0%	-	-	0.0%	28,335,875	100.0%	
Employee Pension Fund														
Aaa	70,641,208	100.0%	1,058,421	2.8%	8,510,673	100.0%	-	0.0%	-	-	0.0%	80,210,302	60.3%	
Aa1 to Aa3	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	-	0.0%	-	0.9%	
A1 to A3	-	0.0%	22,461,826	60.2%	-	0.0%	-	0.0%	-	-	0.0%	22,461,826	23.0%	
Baa1 to Baa3	-	0.0%	13,800,736	37.0%	-	0.0%	-	0.0%	-	-	0.0%	13,800,736	15.8%	
	70,641,208	100.0%	37,320,983	100.0%	8,510,673	100.0%	-	0.0%	-	-	0.0%	116,472,864	100.0%	
Firefighters' Retirement System														
Aaa	-	0.0%	-	0.0%	939,185	15.7%	-	0.0%	-	-	0.0%	939,185	15.7%	
N/R	-	0.0%	-	0.0%	5,047,626	84.3%	-	0.0%	-	-	0.0%	5,047,626	84.3%	
	-	0.0%	-	0.0%	5,986,811	100.0%	-	0.0%	-	-	0.0%	5,986,811	100.0%	
Municipal Police Officers' Pension Fund														
Aaa	7,795,775	100.0%	3,874,129	43.6%	3,693,051	100.0%	-	0.0%	-	259,715	25.1%	15,622,670	71.8%	
Aa1 to Aa3	-	0.0%	241,995	2.7%	-	0.0%	-	0.0%	-	521,570	50.5%	763,565	3.5%	
A1 to A3	-	0.0%	1,925,074	21.7%	-	0.0%	205,259	60.5%	14,315	1.4%	2,144,648	9.9%		
Baa1 to Baa3	-	0.0%	2,255,696	25.4%	-	0.0%	134,021	39.5%	-	-	0.0%	2,389,717	11.0%	
NR	-	0.0%	583,606	6.6%	-	0.0%	-	0.0%	237,322	23.0%	820,928	3.8%		
	7,795,775	100.0%	8,880,500	100.0%	3,693,051	100.0%	339,280	100.0%	1,032,922	100.0%	21,741,528	100.0%		
Total:	\$	264,508,979		\$	401,054,332		\$	146,723,683		\$	14,292,618		\$	832,012,112

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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, 2023, the investments in the Pooled Investment fund were as follows:

<u>Type of Security (Market)</u>	<u>Maximum % of Total</u>	<u>% of Total</u>
US Government Obligations	100%	4.6%
Local Government Investment Pools	100%	0.0%
Federal Agency & Instrumentality Obligations	100%	20.5%
Asset Backed Securities ** excluding CMBS	25%	23.1%
High Grade Corporate Debt & CP	25%	20.0%
State and Local Government Obligations*	25%	2.1%
Collateralized Repurchase Agreements	15%	0.0%
Certificates of Deposit	10%	0.0%
Cash Equivalent(cash balance,Money Market)	N/A	16.7%
Commercial Mortgage-Backed Security(CMBS)	N/A	11.3%
Other(Alternate FI,Mutual Fund,equity Shares)	N/A	1.7%
Other Investment Pools (rated "A" or better)	10%	0.0%

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

Investment policy provides discretion for temporary variances due to market changes. 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, GNMMAs, 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, 2023 these funds held investments in the following percentages:

<u>Asset Class (Market)</u>	<u>Minimum %</u>	<u>Maximum %</u>	<u>Actual %</u>
Consolidated Investment Fund			
Domestic Equity:			
Large Cap Equity	30%	50%	39.9%
Small/Mid Cap Equity	10%	20%	17.9%
International Equity	10%	25%	11.5%
Total Equity	50%	75%	69.3%
Total Alternate Investments	0%	10%	2.1%
Total Fixed Income (Incl. Cash)	15%	35%	28.6%
Public Improvement Endowment Fund			
Domestic Equity	25%	60%	38.1%
International Equity	15%	45%	27.6%
Private Equity	0%	35%	5.3%
Fixed Income	0%	20%	13.1%
Real Estate	0%	20%	0.5%
Infrastructure	0%	20%	15.4%

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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, 2023 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, 2023 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%	32.4%
International Equity	10.0%	25.0%	15.3%
Private Equity	0.0%	20.0%	12.4%
Domestic Fixed Income	10.0%	40.0%	15.9%
Private Fixed Income	0.0%	15.0%	8.2%
Core Real Estate	0.0%	10.0%	3.8%
Non-Core Real Estate	0.0%	10.0%	5.1%
Private Multi-Asset	0.0%	10.0%	3.6%
Private Infrastructure	0.0%	5.0%	3.3%
Firefighters' Retirement System			
Domestic Equity	40.0%	50.0%	45.6%
International Equity	10.0%	20.0%	14.5%
Private Equity	0.0%	10.0%	4.1%
Domestic Fixed Income	15.0%	25.0%	16.9%
Private Fixed Income	0.0%	10.0%	2.7%
Real Return Alternative	0.0%	10.0%	0.0%
Infrastructure	0.0%	10.0%	10.1%
Real Estate	0.0%	10.0%	5.3%
Cash	0.0%	10.0%	0.8%
Municipal Police Officers' Retirement Fund			
Domestic Equity Index	35.0%	50.0%	44.5%
International Equity	12.5%	22.5%	16.4%
Private Equity	0.0%	15.0%	6.1%
Domestic Fixed Income	7.5%	17.5%	11.2%
Global Fixed Income	0.0%	10.0%	0.0%
Private Fixed Income	0.0%	10.0%	4.1%
Real Estate	5.0%	15.0%	11.2%
Infrastructure	0.0%	10.0%	5.3%
Real Return Alternative	0.0%	10.0%	0.0%
Total Cash Composite	0.0%	0.0%	1.2%

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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:

	Governmental Activities	Business-type Activities	Pension and Employee Benefits/Private Purpose Trust Funds	Custodial Funds	Total
<u>Current:</u>					
Unrestricted					
Cash and cash equivalents	\$ 66,571,934	\$ 130,690,201	\$ -	\$ -	\$ 197,262,135
Asset Apportionments					
Cash and cash equivalents	1,759,455	17,300,948	-	-	19,060,403
Cash with paying agent	6,755,426	37,957,855	-	-	44,713,281
Restricted assets					
Cash and cash equivalents	8,529,386	8,061,959	-	-	16,591,345
<u>Non-current:</u>					
Asset Apportionments					
Cash and cash equivalents	21,551,644	252,736,729	-	-	274,288,373
Investments	195,663,408	-	-	-	195,663,408
Restricted assets					
Cash and cash equivalents	57,443,418	121,617,980	19,572,582	334,574	198,968,554
Investments	6,404,537	-	968,170,638	-	974,575,175
	<u>\$ 364,679,208</u>	<u>\$ 568,365,672</u>	<u>\$ 987,743,220</u>	<u>\$ 334,574</u>	<u>\$ 1,921,122,674</u>
<u>Totals - all classifications</u>					
Cash and cash equivalents	\$ 155,855,837	\$ 530,407,817	\$ 19,572,582	\$ 334,574	\$ 706,170,810
Cash with paying agents	6,755,426	37,957,855	-	-	44,713,281
Investments	202,067,945	-	968,170,638	-	1,170,238,583
	<u>\$ 364,679,208</u>	<u>\$ 568,365,672</u>	<u>\$ 987,743,220</u>	<u>\$ 334,574</u>	<u>\$ 1,921,122,674</u>
<u>Totals - note disclosures</u>					
Total investments					\$ 1,869,083,182
Investments in transit - Pooled Investments					(3,061,320)
Total deposits					55,100,812
					<u>\$ 1,921,122,674</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 4 – CAPITAL ASSETS

A. Capital Activity

Capital assets of the City as of September 30, 2023, consisted of the following:

	Balance October 1, 2022	Additions	Deletions	Balance September 30, 2023
Governmental Activities				
Non-depreciable assets:				
Land	\$ 57,121,735	\$ 8,226	\$ -	\$ 57,129,961
Construction in progress	50,487,746	6,747,138	21,577,486	35,657,398
Depreciable assets:				
Buildings	236,923,966	17,741,749	-	254,665,715
Improvements, other than buildings	84,047,674	698,787	-	84,746,461
Infrastructure	159,999,630	4,114,417	-	164,114,047
Equipment	45,218,125	12,766,219	1,077,139	56,907,205
Amortizable assets:				
Right-to-use buildings	2,740,575	1,829,317	-	4,569,892
Right-to-use equipment	424,742	-	-	424,742
Subscription assets	-	150,001	-	150,001
	<u>636,964,193</u>	<u>44,055,854</u>	<u>22,654,625</u>	<u>658,365,422</u>
Less accumulated depreciation:				
Buildings	126,475,233	5,417,155	-	131,892,388
Improvements, other than buildings	49,217,878	2,574,278	-	51,792,156
Infrastructure	82,932,626	4,598,281	-	87,530,907
Equipment	38,697,467	3,087,094	1,031,782	40,752,779
Less accumulated amortization:				
Right-to-use buildings	78,803	381,173	-	459,976
Right-to-use equipment	101,418	105,390	-	206,808
Subscription assets	-	75,000	-	75,000
	<u>297,503,425</u>	<u>16,238,371</u>	<u>1,031,782</u>	<u>312,710,014</u>
Net capital assets	<u><u>\$ 339,460,768</u></u>	<u><u>\$ 27,817,483</u></u>	<u><u>\$ 21,622,843</u></u>	<u><u>\$ 345,655,408</u></u>
Business-type Activities				
Non-depreciable assets:				
Land	\$ 45,635,311	\$ 55,057	\$ -	\$ 45,690,368
Construction in process	138,498,980	136,274,772	44,870,905	229,902,847
Depreciable assets:				
Buildings	155,651,594	2,455,451	-	158,107,045
Improvements	150,234,279	12,904,602	-	163,138,881
Machinery and equipment	133,985,311	29,318,641	9,098,545	154,205,407
Electric transmission and distribution	627,701,138	21,976,390	-	649,677,528
Water transmission and distribution	188,052,125	6,997,918	5,174	195,044,869
Pumping stations	40,605,644	2,216,891	-	42,822,535
Sewer lines	123,029,051	10,393,856	-	133,422,907
Sewer plants	96,557,452	544,951	-	97,102,403
Electric and water plant in service	607,291,036	10,347,821	1,737,696	615,901,161
Amortizable assets:				
Right-to-use buildings	3,825,765	517,767	2,994,556	1,348,976
Right-to-use equipment	271,492	-	171,845	99,647
Subscription assets	-	1,294,339	-	1,294,339
	<u>2,311,339,178</u>	<u>235,298,456</u>	<u>58,878,721</u>	<u>2,487,758,913</u>
Less accumulated depreciation:				
Buildings	78,112,543	4,729,320	-	82,841,863
Improvements	51,723,538	4,883,626	-	56,607,164
Machinery and equipment	88,516,638	12,744,385	9,187,932	92,073,091
Electric transmission and distribution	286,754,786	17,100,701	11,483	303,844,004
Water transmission and distribution	66,910,994	3,591,630	5,174	70,497,450
Pumping stations	14,437,234	966,339	-	15,403,573
Sewer lines	45,313,046	2,632,504	-	47,945,550
Sewer plants	49,074,024	1,333,757	-	50,407,781
Electric and water plant in service	289,500,246	20,426,897	1,224,298	308,702,845
Less accumulated amortization:				
Right-to-use buildings	651,564	71,416	598,358	124,622
Right-to-use equipment	83,554	22,847	50,822	55,579
Subscription assets	-	510,561	-	510,561
	<u>971,078,167</u>	<u>69,013,983</u>	<u>11,078,067</u>	<u>1,029,014,083</u>
Net capital assets	<u><u>\$ 1,340,261,011</u></u>	<u><u>\$ 166,284,473</u></u>	<u><u>\$ 47,800,654</u></u>	<u><u>\$ 1,458,744,830</u></u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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, 2023, distributed to governmental and business-type functions as follows:

Governmental activities:	
General government	\$ 2,040,224
Public safety	1,375,242
Physical environment	587,162
Transportation, including depreciation of general infrastructure assets	4,883,054
Economic environment	596,033
Culture/recreation	6,756,656
Total depreciation/amortization expense - governmental activities	<u>\$ 16,238,371</u>
Business-type activities:	
Electric	\$ 38,604,271
Water and Wastewater	11,216,329
Parking	141,269
Lakeland Linder International Airport	7,891,943
Solid Waste	110,927
Internal Service Funds	11,049,244
	<u>69,013,983</u>
Contributions in aid of construction - Lakeland Electric Utilities	<u>(3,866,876)</u>
Total depreciation/amortization expense - business-type activities	<u>\$ 65,147,107</u>

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

A. Interfund Receivables and Payables

Individual fund interfund receivables and payables at September 30, 2023 are presented in the following table.

	<u>Advances to and Due from other funds</u>			
	<u>Advances from and Due to other funds</u>	<u>General Fund</u>	<u>Internal Service Funds</u>	<u>Totals</u>
Major Funds:				
Lakeland Linder International Airport Fund	\$ -	\$ 42,864,114	\$ 42,864,114	
Nonmajor Enterprise Funds	134,881	-	134,881	
Internal Service Funds	-	2,571,930	2,571,930	
Nonmajor Governmental Funds	569,237	-	569,237	
Fiduciary Funds	2,001,332	-	2,001,332	
Totals	<u>\$ 2,705,450</u>	<u>\$ 45,436,044</u>	<u>\$ 48,141,494</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, \$40,620,989 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, 2023

NOTE 5 - INTERFUND BALANCES AND TRANSFERS (continued)

B. Interfund Transfers

Interfund transfers for the year ending September 30, 2023 are presented in the following table:

Interfund Transfers From:	Interfund Transfers To:						Total
	General Fund	Public Improvement Fund	Nonmajor Governmental Funds	Department of Electric Utilities	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ 900,000	\$ 3,513,882	\$ -	\$ -	\$ 854,055	\$ 5,267,937
Public Improvement Fund	4,100,000	-	-	-	-	-	4,100,000
Nonmajor Governmental Funds	824,801	721,510	495,948	-	219,836	1,177,650	3,439,745
Department of Electric Utilities	33,239,229	-	-	-	-	271,350	33,510,579
Water & Wastewater Utilities Fund	9,710,472	-	-	-	-	399,098	10,109,570
Lakeland Linder International Airport Fund	500,000	-	-	-	-	11,044	511,044
Nonmajor Enterprise Funds	1,729,752	-	25,000	-	-	46,848	1,801,600
Internal Service Funds	-	-	-	19,584	-	242,014	261,598
Total	\$ 50,104,254	\$ 1,621,510	\$ 4,034,830	\$ 19,584	\$ 219,836	\$ 3,002,059	\$ 59,002,073

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 and Enterprise Funds are intended to finance capital acquisitions accounted for in those funds.

The \$19,584 transfer to Lakeland Electric represents the net liability transferred to the Self-Insurance Fund.

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, 2023. Additional details are provided on subsequent pages.

	Balance October 1, 2022	Incurred/ Transferred	Satisfied	Balance September 30, 2023	Amount Due within One Year
Governmental Activities:					
Notes payable from direct borrowings	\$ 49,538,725	\$ -	\$ 3,487,753	\$ 46,050,972	\$ 3,611,768
Revenue bonds payable	38,816,105	430,258	3,337,160	35,909,203	3,550,000
Net pension liability (asset)	(45,893,528)	156,780,384	12,168,245	98,718,611	-
Net OPEB liability	84,606,753	12,353,630	5,621,110	91,339,273	-
Compensated absences	7,295,474	501,753	24,802	7,772,425	1,765,648
Total Governmental Activities:	134,363,529	170,066,025	24,639,070	279,790,484	8,927,416
Business-type Activities:					
Notes payable from direct borrowings	196,555,138	35,190	98,213,729	98,376,599	9,019,693
Revenue bonds payable	453,838,895	154,039,742	25,277,253	582,601,384	24,083,160
Loans payable	2,803,995	526,799	-	3,330,794	103,934
Net pension liability (asset)	(46,484,952)	122,072,428	7,560,378	68,027,098	-
Net OPEB liability	71,899,463	10,981,388	5,162,807	77,718,044	-
Compensated absences	6,659,863	276,758	23,850	6,912,771	925,618
Total Business-type Activities:	685,272,402	287,932,305	136,238,017	836,966,690	34,132,405
	\$ 819,635,931	\$ 457,998,330	\$ 160,877,087	\$ 1,116,757,174	\$ 43,059,821

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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	\$ -	\$ 103,934	\$ 103,934
Notes payable	-	4,901,572	4,901,572
Payable from apportioned assets:			
Current portion of revenue bonds payable	3,550,000	24,083,160	27,633,160
Current portion of pension notes payable	2,647,268	2,177,732	4,825,000
Current portion of notes payable	964,500	1,940,389	2,904,889
Accrued Liabilities:			
Compensated absences	1,765,648	925,618	2,691,266
 Non-current			
Loans payable	-	3,226,860	3,226,860
Revenue bonds payable	32,359,203	558,518,224	590,877,427
Pension notes payable	33,994,752	27,965,248	61,960,000
Notes payable	8,444,452	61,391,658	69,836,110
Accrued liabilities:			
Compensated absences	6,006,777	5,987,153	11,993,930
Net pension liability	98,718,611	68,027,098	166,745,709
Net OPEB liability	91,339,273	77,718,044	169,057,317
	<u>\$ 279,790,484</u>	<u>\$ 836,966,690</u>	<u>\$ 1,116,757,174</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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 \$46,050,972 and outstanding bonds of \$35,909,203 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 \$98,376,599, loans payable of \$3,330,794 and outstanding bonds of \$582,601,384 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 \$13.6 million.

Revenue bonds, notes, and loans issued and outstanding as of September 30, 2023 are as follows:

PRIMARY GOVERNMENT: Governmental Activities:	Purpose	Amount Issued	Maturity Date	Interest Rate	Year-end Balance
<u>Direct Borrowings</u>					
Florida Taxable Pension Liability Reduction Note, Series 2020	Pension Liability	\$ 44,441,173	10/01/40	2.4200	\$ 36,642,020
Capital Improvement Refunding Note, Series 2017A	Refunding	14,741,138	04/01/32	2.4400	9,408,952
Total Direct Borrowings		<u>59,182,311</u>			<u>46,050,972</u>
<u>Bonds</u>					
Capital Improvement Revenue and Refunding Bond, Series 2010C	Refunding	7,728,970	10/01/28	5.929 to 6.029	4,791,393
Capital Improvement Revenue Bonds, Series 2015	Capital Improvements	48,349,610	10/01/36	2.000 to 5.000	28,050,627
Capital Improvement Revenue and Refunding Bonds, Series 2021A	Capital Improvements, Refunding	3,500,000	10/01/41	4.000 to 5.000	3,067,183
Total Bonds		<u>59,578,580</u>			<u>35,909,203</u>
Total Governmental Activities		<u><u>118,760,891</u></u>			<u><u>81,960,175</u></u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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:					
<u>Direct Borrowings</u>					
Water and Wastewater Capital Improvement Note, Series 2015	Capital Improvements	10,600,000	10/01/26	2.420	6,091,840
Wastewater Revolving Loan Program	Capital Improvements	42,734,405	09/30/28	2.960	13,563,419
Wastewater Revolving Loan Program	Capital Improvements	1,301,890	04/15/36	1.690	480,039
Wastewater Revolving Loan Program	Capital Improvements	1,000,000	08/15/40	1.160	764,446
Wastewater Revolving Loan Program	Capital Improvements	12,284,141	01/15/40	0.000 to 0.440	10,162,619
Wastewater Revolving Loan Program	Capital Improvements	15,494,263	12/15/42	0.000 to 0.600	14,567,881
Water Revolving Loan Program	Capital Improvements	778,787	10/15/30	1.960	622,513
Water Revolving Loan Program	Capital Improvements	19,167,295	11/15/41	0.230	18,006,093
Capital Improvement Revenue Note, Series 2017A	Capital Improvements	16,370,569	04/01/32	2.440	698,266
Capital Improvement Revenue Note, Series 2017B	Capital Improvements	15,879,855	04/01/26	2.440	3,276,503
Florida Taxable Pension Liability Reduction Note, Series 2020	Pension Liability	37,970,471	10/01/40	2.420	30,142,980
Total Direct Borrowings		<u>173,581,676</u>			<u>98,376,599</u>
<u>Loans Payable</u>					
Wastewater Revolving Loan Program	Capital Improvements	2,443,459	08/15/44	0.000	2,343,894
Wastewater Revolving Loan Program	Capital Improvements	1,106,541	10/15/42	0.000	986,900
Total Loans Payable		<u>3,550,000</u>			<u>3,330,794</u>
<u>Bonds</u>					
Capital Improvement Revenue and Refunding Bond, Series 2010C	Refunding	13,386,030	10/01/40	5.929 to 6.029	16,323,607
Energy System Revenue and Refunding Bonds, Series 2010	Refunding	199,300,000	10/01/36	4.000 to 5.250	88,960,000
Capital Improvement Revenue Bonds, Series 2015	Capital Improvements	3,115,390	10/01/36	2.000 to 5.000	5,529,373
Energy System Revenue and Refunding Bonds, Series 2016	Refunding	138,650,000	10/01/36	2.000 to 5.000	97,645,000
Energy System Revenues Bonds, Series 2018	Refunding	43,945,000	10/01/37	3.250 to 5.000	34,390,000
Energy System Revenue Bonds, Series 2021	Capital Improvements	123,295,000	10/01/48	4.000 to 5.000	121,460,000
Energy System Revenue and Refunding Bonds, Series 2023	Capital Refunding	154,470,000	10/01/48	4.250 to 5.000	154,470,000
Water and Wastewater System Revenue Refunding Bonds, Series 2021	Refunding	28,220,000	10/01/32	2.140	25,910,587
Capital Improvement Revenue and Refunding Bonds, Series 2021A	Capital Improvements, Refunding	22,695,000	10/01/36	2.500 to 5.000	21,257,817
Capital Improvement Revenue and Refunding Bonds, Series 2021B	Capital Improvements, Refunding	15,005,000	10/01/36	2.500 to 5.000	14,755,000
Capital Improvement Revenue and Refunding Bonds, Series 2021C	Capital Improvements, Refunding	4,290,000	10/01/37	3.250 to 5.000	1,900,000
Total Bonds		<u>746,371,420</u>			<u>582,601,384</u>
Total Business-Type Activities		<u>923,503,096</u>			<u>684,308,777</u>
TOTAL PRIMARY GOVERNMENT		<u>\$ 1,042,263,987</u>			<u>\$ 766,268,952</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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, 2023 are as follows:

	Direct Borrowings									
	Governmental activities					Business-type activities				
	CAP Revenue Note, Series 2017A	Florida Taxable Pension Liability Reduction Note, Series 2020	Water Wastewater CAP, Series 2015	CAP Revenue Note, Series 2017A & B	Florida Taxable Pension Liability Reduction Note, Series 2020	Water Wastewater CAP, Series 2015	CAP Revenue Note, Series 2017A & B	Florida Taxable Pension Liability Reduction Note, Series 2020	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
Failure to make required sinking/reserve fund deposits			X			X				
Bankruptcy filings, not discharged	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
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	X	X	X	X	X	X	X	X
False or incorrect representations made on behalf of the City to the creditor										
Long-term credit rating on non-ad valorem revenues obligations is less than a Baa1/BBB+		X						X		
Issuer shall file petition seeking reorganization		X						X		
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										X

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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, 2023 are as follows:

	Bonds		
	Governmental activities		
	CAP Revenue and Refunding Bond, Series 2010C	CAP Revenue Bonds, Series 2015	CAP 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
Failure to make required sinking/reserve fund deposits	X	X	X
Bankruptcy filings, not discharged	X	X	X
Proceedings affecting the composition of debts or claims to pledged revenues		X	
Non-performance of or compliance with any term, provision, or covenant not cured		X	X
Adjudged insolvent, not set aside or stayed			X
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		X	X

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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, 2023 are as follows:

	Bonds											Loans
	Business-type activities											
	CAP Revenue Bond, Series 2010C	Energy System Revenue Refunding Bonds, Series 2010	CAP Revenue Bonds, Series 2015	Energy System Revenue Refunding Bonds, Series 2016	CAP Revenue 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	Energy System Revenue and Refunding Bonds, Series 2023	Water/WW Loan Programs		
Events of Default with finance-related consequences:												
Non-payment of principal and/or interest when due	X	X	X	X	X	X	X	X	X	X	X	X
Failure to make required sinking/reserve fund deposits	X	X	X	X	X	X	X	X	X	X	X	X
Bankruptcy filings, not discharged	X	X	X	X	X	X	X	X	X	X	X	X
Proceedings affecting the composition of debts or claims to pledged revenues	X	X	X	X	X	X	X	X	X	X	X	X
Final judgement that would materially affect the ability to meet obligations	X	X	X	X	X	X	X	X	X	X	X	X
Non-performance of or compliance with any term, provision, or covenant not cured	X	X	X	X	X	X	X	X	X	X	X	X
False or incorrect representations made on behalf of the City to the creditor	X	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	X
Additional indebtedness that results or entitles any creditor to cause an acceleration of payment on additional indebtedness	X	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	X
Payment of or security for the bonds materially adversely affected not remedied	X	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	X
Issuer shall file petition seeking reorganization	X	X	X	X	X	X	X	X	X	X	X	X
Subjective acceleration clauses:												
Determination by the creditor, in its sole discretion, that the occurrence of any events that substantially diminish the ability to make payments or honor the obligations under the agreement												

As of September 30, 2023, the City was 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, 2023

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 \$28,566,066.

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 \$1,263,348 and \$118,228,688 respectively.

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 \$44,414,036.

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 \$14,739,476.

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 1 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 \$8,980,216 and \$40,919,125 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 \$28,778,932.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 6 – LONG-TERM LIABILITIES (continued)

C. Revenue Bonds, Notes Outstanding (continued)

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 \$6,482,303.

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 Series 2010 Bonds bear fixed rate interest ranges from 4.00% to 5.25%, and mature in serial installments 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 \$123,986,281.

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. 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 requirements for these bonds aggregate to \$115,305,934.

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 \$45,620,256.

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 principal and interest payments for these bonds aggregate to \$203,238,300.

Energy System Revenue and Refunding Bonds, Series 2023

In September 2023, the City issued the Energy System Revenue and Refunding Bonds, Series 2023 in the amount of \$154,470,000. The Series 2023 Bonds refunded all of the Variable Rate Energy System Refunding Bonds, Series 2022 and provided \$66,265,000 in proceeds to fund Electric System capital projects. The Series 2023 Bonds bear fixed interest rates ranging from 4.25% to 5.00%, and mature in serial installments from October 1, 2029, through October 1, 2048. In concert with the refunding of the Series 2022 bonds, which were variable rate obligations, the City terminated all of the associated floating-to-fixed interest rate swaps. The remaining principal and interest payments for these bonds aggregate to \$272,747,518.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 6 – LONG-TERM LIABILITIES (continued)

C. Revenue Bonds, Notes Outstanding (continued)

Energy System Revenue and Refunding Bonds, Series 2023 (continued)

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 \$760,898,289. Principal and interest paid for the current year and total net customer revenues were \$39,420,541 and \$126,080,223 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 \$77,493,682.

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 \$55,889,625. The current refundings resulted in a net positive cash difference of \$606,066 and an economic gain of \$524,445.

As of September 30, 2023, the City is in compliance with all required covenants of the bond ordinances, including compliance with federal arbitrage regulations.

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, 2023, the City had total loans outstanding of \$61,497,804 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, 2023, 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, 2023.

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

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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, 2023 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	
2024	\$ 3,611,768	\$ 1,082,972	\$ 3,550,000	\$ 1,288,962	\$ -	\$ -	\$ 7,161,768	\$ 2,371,934	
2025	3,741,807	994,397	4,952,727	1,161,610	-	-	8,694,534	2,156,007	
2026	3,872,397	902,677	4,769,517	986,460	-	-	8,641,914	1,889,137	
2027	4,009,038	807,732	2,191,806	872,484	-	-	6,200,844	1,680,216	
2028	4,120,520	709,449	1,945,333	791,031	-	-	6,065,853	1,500,480	
2029-2033	18,586,301	2,033,742	10,893,874	2,698,287	-	-	29,480,175	4,732,029	
2034-2038	6,954,224	491,170	7,605,946	504,122	-	-	14,560,170	995,292	
2039-2043	1,154,917	27,058	-	-	-	-	1,154,917	27,058	
	<u>\$ 46,050,972</u>	<u>\$ 7,049,197</u>	<u>\$ 35,909,203</u>	<u>\$ 8,302,956</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,960,175</u>	<u>\$ 15,352,153</u>	

Business-Type Activities									
Year	Direct Borrowings		Bonds Payable		Other Loans Payable		Total Business-Type Activities		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2024	\$ 9,019,693	\$ 1,328,166	\$ 24,083,160	\$ 22,853,302	\$ 103,934	\$ -	\$ 33,206,787	\$ 24,181,468	
2025	9,152,301	1,169,687	24,155,350	25,073,765	181,052	-	33,488,703	26,243,452	
2026	13,273,431	1,007,508	25,559,274	23,876,465	181,052	-	39,013,757	24,883,973	
2027	7,653,423	743,680	30,933,265	22,497,299	181,052	-	38,767,740	23,240,979	
2028	6,672,726	617,819	29,666,345	21,190,877	181,052	-	36,520,123	21,808,696	
2029-2033	25,615,810	1,699,821	154,759,936	86,845,549	905,260	-	181,281,006	88,545,370	
2034-2038	17,434,296	509,727	153,054,054	52,014,372	905,260	-	171,393,610	52,524,099	
2039-2043	9,554,919	47,495	61,165,000	25,813,233	692,132	-	71,412,051	25,860,728	
2044-2048	-	-	64,460,000	11,228,538	-	-	64,460,000	11,228,538	
2049-2053	-	-	14,765,000	340,005	-	-	14,765,000	340,005	
	<u>\$ 98,376,599</u>	<u>\$ 7,123,903</u>	<u>\$ 582,601,384</u>	<u>\$ 291,733,405</u>	<u>\$ 3,330,794</u>	<u>\$ -</u>	<u>\$ 684,308,777</u>	<u>\$ 298,857,308</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. In concert with the refunding of the Series 2022 bonds, which were variable rate obligations, the City terminated all of the associated floating-to-fixed interest rate swaps. As of September 30, 2023, the City did not have any outstanding interest rate swap agreements.

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, 2023 is as follows:

	Governmental Activities	Business-type Activities
Amount charged to expense:		
Long-term debt	\$ 2,638,854	\$ 22,756,531
Leases	20,677	14,241
Subscriptions	2,499	26,520
Add: interest expense capitalized	-	8,359,085
Total	<u>\$ 2,662,030</u>	<u>\$ 31,156,377</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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 maintenance equipment for the benefit of the City-owned golf course, two Gradall Excavators and three Wheel loaders to assist Construction and Maintenance with projects, street sweepers for street sweeping operations, two Vactor Trucks and a Cues truck for Stormwater maintenance, law enforcement body-worn camera system, and various HVAC Equipment purchases and installations at the RP Funding Center. Information about these leases are as follows:

Assets acquired under lease financing program:	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Machinery and equipment:			
Original cost	\$ 19,857,788	\$ -	\$ 19,857,788
Carrying value	13,532,981	-	13,532,981
Current depreciation expense	1,919,986	-	1,919,986
Lease obligations remaining to be paid:	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current	\$ 2,157,929	\$ -	\$ 2,157,929
Long-Term	9,736,886	-	9,736,886
	<u>\$ 11,894,815</u>	<u>\$ -</u>	<u>\$ 11,894,815</u>
Future minimum lease payments:	<u>Total</u>	<u>Interest</u>	<u>Net</u>
2024	\$ 2,318,590	\$ 160,661	\$ 2,157,929
2025	2,063,288	89,457	1,973,831
2026	1,605,368	59,468	1,545,900
2027	1,605,368	38,339	1,567,029
2028	1,452,935	16,268	1,436,667
2029-2033	3,213,459	-	3,213,459
	<u>\$ 12,259,008</u>	<u>\$ 364,193</u>	<u>\$ 11,894,815</u>

The following is a summary of the lease financing liability transactions of the City for the year ended September 30, 2023.

Lease financings payable:	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Beginning balance	\$ 1,809,210	\$ -	\$ 1,809,210
Issued	12,746,166	-	12,746,166
Satisfied	2,660,561	-	2,660,561
Ending Balance	<u>\$ 11,894,815</u>	<u>\$ -</u>	<u>\$ 11,894,815</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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. A lease liability had a balance of \$3,921,416 on October 1, 2022 with additions of \$2,435,861 and reduction of \$2,993,000 Total payments made for the fiscal year ended September 30, 2023 amounted to \$592,204 inclusive of interest of \$35,065 at rates ranging from 0.2900% to 2.9507%. As of September 30, 2023, the values of the right-to-use assets and its accumulated amortization were \$6,443,257 and \$846,985 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 in FY22. Also, the lease liability payable had a balance of \$3,364,277 as of September 30, 2023. 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	
2024	\$ 110,048	\$ 13,221	\$ 123,269
2025	113,559	12,247	125,806
2026	109,201	11,307	120,508
2027	109,606	10,395	120,001
2028	110,611	9,552	120,163
2029-2033	284,358	37,511	321,869
2034-2038	228,254	23,618	251,872
2039-2043	238,409	6,814	245,223
TOTAL	\$ 1,304,046	\$ 124,665	\$ 1,428,711

Fiscal Year	Governmental Activities		Total Payments
	Principal Payments	Interest Payments	
2024	\$ 328,034	\$ 17,086	\$ 345,120
2025	338,657	13,296	351,953
2026	374,629	7,855	382,484
2027	278,811	5,777	284,588
2028	289,623	4,152	293,775
2029-2033	411,154	6,411	417,565
2034-2038	39,323	1,474	40,797
TOTAL	\$ 2,060,231	\$ 56,051	\$ 2,116,282

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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 .A lease receivable had a balance of \$41,151,768 on October 1, 2022, with additions of \$433,307 and reduction of \$2,917,883 during the year. Total payments received for fiscal year end September 30, 2023 amounted to \$14,328,739 inclusive of interest of \$698,032 at rates ranging from 0.2900% to3.4300%. The City recognized lease revenue of \$13,630,707. As of September 30, 2023, the value of the lease receivables and deferred inflow of resources are \$38,667,192 and \$231,482,997 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	
2024	\$ 2,017,758	\$ 460,826	\$ 2,478,584
2025	2,034,686	431,925	2,466,611
2026	1,975,749	402,758	2,378,507
2027	2,009,287	373,784	2,383,071
2028	2,015,048	344,467	2,359,515
2029 - 2033	6,285,333	1,366,400	7,651,733
2034 - 2038	3,660,831	959,290	4,620,121
2039 - 2043	767,183	777,931	1,545,114
2044 - 2048	849,534	695,579	1,545,113
2049- 2053	940,726	604,387	1,545,113
2054 - 2058	1,041,706	503,407	1,545,113
2059 - 2063	932,190	396,257	1,328,447
2064 - 2068	574,537	320,687	895,224
2069 - 2073	425,490	273,724	699,214
2074 - 2078	471,163	228,051	699,214
2079 - 2083	521,739	177,475	699,214
2084 - 2088	577,744	121,470	699,214
2089 - 2093	639,760	59,453	699,213
2094 - 2098	251,941	4,977	256,918
TOTAL	\$ 27,992,405	\$ 8,502,848	\$ 36,495,253

Fiscal Year	Governmental Activities		Total Payments
	Principal Payments	Interest Payments	
2024	\$ 532,234	\$ 208,378	\$ 740,612
2025	477,593	199,318	676,911
2026	458,836	190,237	649,073
2027	462,519	181,069	643,588
2028	442,256	171,944	614,200
2029 - 2033	2,063,968	738,819	2,802,787
2034 - 2038	2,160,452	534,548	2,695,000
2039 - 2043	2,383,312	311,688	2,695,000
2044 - 2048	1,558,657	76,343	1,635,000
2049- 2053	32,847	12,153	45,000
2054 - 2058	36,373	8,627	45,000
2059 - 2063	40,277	4,723	45,000
2064 - 2068	25,463	787	26,250
TOTAL	\$ 10,674,787	\$ 2,638,634	\$ 13,313,421

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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, 2023, is \$109,769

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 below. The variable portion of lease revenue recognized during FY 23 is \$13,324.

Total revenue recognized for regulated leases for fiscal year end September 30,2023 amounted to \$6,035,596. 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, 2023

NOTE 8 – LEASES (continued)

E. Regulated Leases (continued)

Future Minimum Expected Receipts Until
Maturity

Fiscal Year	Business-Type Activities
2024	\$ 5,950,186
2025	5,832,075
2026	5,271,086
2027	4,966,085
2028	4,909,439
2029 - 2033	24,176,654
2034 - 2038	22,011,957
2039 - 2043	15,527,990
2044 - 2048	9,729,549
2049 - 2053	4,642,313
2054 - 2058	1,764,051
2059 - 2063	757,570
2064 - 2068	726,287
2069 - 2071	207,908
	<u>\$ 106,473,150</u>

F. Subscription Liabilities

As of October 1, 2022, the City of Lakeland implemented the requirements of GASB Statement No. 96, Subscription Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an initial subscription liability was recorded in the amount of \$1,427,490. Total payments made for the fiscal year ended September 30, 2023 amounted to \$584,217 inclusive of interest of \$1,506 at rates ranging from 3.27% to 3.43%. As of September 30, 2023, the values of the right to use assets and its accumulated amortization were \$1,444,340 and \$585,561 respectively and value of subscription liability of \$844,779. 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	
2024	\$ 515,996	\$ 25,771	\$ 541,767
2025	253,282	8,485	261,767
TOTAL	<u>\$ 769,278</u>	<u>\$ 34,256</u>	<u>\$ 803,534</u>

Fiscal Year	Governmental Activities		Total Payments
	Principal Payments	Interest Payments	
2024	\$ 75,501	\$ 2,499	\$ 78,000
TOTAL	<u>\$ 75,501</u>	<u>\$ 2,499</u>	<u>\$ 78,000</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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 \$6,509,821 and total nonspendable fund balances were \$5,862,021 and total restricted fund balances were \$278,778 as of September 30, 2023. The dollar value of net change in fund balances experienced a net increase of \$532,908 for the year ended September 30, 2023.

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

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

NOTE 10 – RISK FINANCING ACTIVITIES

The City has established a self-insurance fund for worker's compensation, general liability, automobile liability, prescriptions, and health insurance. Significant losses from other forms of risk, including property damage, are covered by commercial insurance. Settlements exceeded the cost of insurance coverage in Fiscal Year 2016-2017 as a result of the McIntosh Power Plant Unit 5 GSU Transformer claim. Settlements have not exceeded the cost of insurance coverage in Fiscal Years 2019-2020, 2020-2021, 2021-2022 nor 2022-2023. There is a pending claim made in FY 23 for Lakeland Electric Unit #5 that may exceed insurance coverage; however, that claim has not been settled; therefore, it is not included in our financial statements.

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, 2023, the current claims due within one year for the self-insurance reserve portion are \$6,198,325. 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, 2023, the claims due within one year for the health insurance reserve portion are \$2,170,390. 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, 2023, the City paid \$1,052,798 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, 2023 is as follows:

	<u>2023</u>	<u>2022</u>
Claims liability at beginning of year	\$ 24,264,089	\$ 24,450,145
Claims incurred during the year	(35,793,544)	(36,527,423)
Changes in the estimate for claims	51,194	181,126
Claims payments	<u>36,069,882</u>	<u>36,160,241</u>
Claims liability at end of year	<u>\$ 24,591,621</u>	<u>\$ 24,264,089</u>
Amount due within one year		
Self insurance reserve	\$ 6,198,325	\$ 5,907,633
Health insurance reserve	<u>2,170,390</u>	<u>2,063,116</u>
Total amount due within one year	<u>\$ 8,368,715</u>	<u>\$ 7,970,749</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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, 2023 were as follows:

	<u>City Share</u>	<u>OUC Share</u>	<u>Total</u>
Operating Costs:			
McIntosh unit #3 fuel expense	\$ 42,238	\$ 28,158	\$ 70,396
McIntosh unit #3 direct operating & maintenance expenses	84,902	56,601	141,503
Other shared operating & administrative expenses	1,335,564	890,376	2,225,940
	<u>\$ 1,462,704</u>	<u>\$ 975,135</u>	<u>\$ 2,437,839</u>
Capital Costs:			
McIntosh unit #3	<u>\$ 163,472</u>	<u>\$ 108,981</u>	<u>\$ 272,453</u>

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

Unit #3 was decommissioned in Fiscal Year 2021.

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.
- 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.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 12 – FUND BALANCES (continued)

A. Non-Spendable Fund Balance

Non-Spendable fund balance as of September 30, 2023 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, 2023 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 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 Public Safety - this represents proceeds from Opioid settlements received from the state restricted for public safety purposes.

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 Grant Programs - Physical Environment - this represents unexpended net position derived from federal and state grant revenues used to finance physical environment 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.

Capital Improvement – this represents accumulated resources designated by the City Commission for specific capital improvements.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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.

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, 2023 is as follows:

	General Fund	Public Improvement Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Cemetery endowment	\$ -	\$ -	\$ 5,832,545	\$ 5,832,545
Permanent fund principal	-	-	29,476	29,476
Prepays	39,273	-	-	39,273
Restricted for:				
CRA	-	-	19,807,762	19,807,762
Law enforcement	1,503,040	-	-	1,503,040
Impact fee programs	-	-	23,111,549	23,111,549
Transportation	-	-	9,643,791	9,643,791
Donations received	638,064	-	278,778	916,842
Public safety	62,933	-	-	62,933
Grant Programs:				
Community development	-	-	95,999	95,999
Law enforcement	42,740	-	-	42,740
Physical environment	-	-	2,543	2,543
Debt service	-	2,024,817	2,851,915	4,876,732
Building inspection	-	-	1,356,974	1,356,974
Committed to:				
Stormwater	-	-	7,098,437	7,098,437
Working Capital	-	7,911,882	-	7,911,882
Capital improvement	-	490,620	-	490,620
Assigned to:				
Subsequent year's expenditures	17,241,870	-	-	17,241,870
Cultural activities	356,399	-	-	356,399
Recreational facilities	723,658	1,103,261	-	1,826,919
Capital Projects	-	6,085,958	-	6,085,958
Unassigned	41,840,928	-	(1,525)	41,839,403
Total fund balance	\$ 62,448,905	\$ 17,616,538	\$ 70,108,244	\$ 150,173,687

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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 FY23 were based off the actuarial report with an effective date of October 1, 2021.

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 \$1,221,400 and \$1,353,269 respectively in the Government-wide Statement of Activities.

For the fiscal year ended September 30, 2023, the City recognized an aggregate pension expense of \$29,478,899.

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, 2023

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, 2021, is shown in the following table.

Active plan members	1,331
Retirees and beneficiaries	1,300
DROP Participants	162
Terminated vested plan members	137
Transferred Members	18
	<u>2,948</u>

Deferred Retirement Option Plan (DROP)

DROP allows members to continue working while their monthly pension benefit is deposited into a DROP account. Once a member enters the DROP, the decision is irrevocable. On June 5, 2023, Ordinance 5989 was passed and certified which allowed and extension of the DROP period from sixty months to ninety-six months. The member remains an active employee of the City and agrees to terminate active service no later than ninety-six months following the date of entry into the DROP. Nothing prohibits a member from terminating service prior to completing ninety-six months in the DROP. If a member chooses to continue employment beyond the ninety-six months, then beginning on the 97th month, the DROP account will no longer be credited with the monthly pension benefits or interest. At October 1, 2021, there were 162 DROP participants.

Cost of Living Adjustment

No cost of living increase was awarded for fiscal year 2023.

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 FY2020, 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.

On February 21, 2022, the City adopted Ordinance No. 5745, wherein the remaining credit balance from the proceeds of the Pension Obligation Bonds (\$50,661,662) was added to the asset value of the plan as of September 30, 2021. This resulted in the following revisions in actuarial assumptions and methods:

- The new actuarial valuation as of October 1, 2021 was used to determine the contribution rates for the fiscal years ending September 30, 2022 and September 30, 2023.
- The full amount of the remaining credit balance from the proceeds of the Pension Obligation Bonds as of September 30, 2021, was included in the plan assets and no longer serves as an annual offset to the required employee contribution.
- The actuarial value of the assets was set equal to the market value of assets as of October 1, 2021.
- The investment return assumption was lowered from 7.25% net of investment expenses to 6.75% of net investment expenses.
- Effective October 1, 2021, after the assumption and method changes, the unfunded actuarial accrued liability (UAAL) amortization bases were combined and offset, in accordance with the methodology described for combining and offsetting amortization bases under Internal Revenue Code Section 412(b).
- The contribution rates for the previous fiscal year were used as the base amounts for cost sharing.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

A. Employees' Pension and Retirement System (continued)

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

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 FY23 was calculated as follows:

Actuarially determined employer contribution	\$ 7,890,067
Contribution rate last year *	8.04%
Change in cost sharing	1.01%
Credit balance	<u>(1.77)%</u>
Net employer contribution rate	<u><u>7.28%</u></u>

*Prior year contribution rate revised by Resolution No. 5745

Employee contribution rates:	
Plan A/B	7.83%
Plan C	3.08%

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, 2023, the amount contributed by the City plus \$1,546,989 for the application of the credit balance must equal at least 9.05% of covered payroll. For the year ended September 30, 2023, the City contributed \$6,463,659 and the employees contributed \$4,227,756, including buybacks.

Net Pension Liability

The City's actuarial valuation date is October 1, 2021 (based on the actuarial valuation results as reported on October 1, 2021, updated based on Resolution No. 5745) rolled forward to September 30, 2022 and net pension liability was measured as of September 30, 2022.

Actuarial assumptions. The total pension liability in the October 1, 2021 actuarial evaluation rolled-forward to September 30, 2022 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.75%
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, 2023

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, 2023 (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 Real Rate of Return	Asset Group 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	<u>100.00%</u>		<u>6.026%</u>

The discount rate used to measure the total pension liability was 6.75%. 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 (6.75%) 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)
Beginning balances	\$ 737,318,880	\$ 810,995,976	\$ (73,677,096)
Changes for the year:			
Service cost	10,284,774	-	10,284,774
Interest	52,150,852	-	52,150,852
Difference between actual & expected experience	(4,190,581)	-	(4,190,581)
Assumption changes	36,233,330	-	36,233,330
Contribution - employer	-	6,393,795	(6,393,795)
Contribution - employee	-	4,894,277	(4,894,277)
Net investment income	-	(99,415,519)	99,415,519
Other (adjustment to DROP balance, misc. income)	-	5,453	(5,453)
Benefit payments	(54,999,119)	(54,999,119)	-
Refunds	(1,564,007)	(1,564,007)	-
Administrative expense	-	(259,797)	259,797
Net Changes	<u>37,915,249</u>	<u>(144,944,917)</u>	<u>182,860,166</u>
Ending Balances	<u>\$ 775,234,129</u>	<u>\$ 666,051,059</u>	<u>\$ 109,183,070</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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 6.75%, 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 (5.75%) or 1-percentage point higher (7.75%) than the current rate.

	<u>1% Decrease Rate (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase Rate (7.75%)</u>
City's net pension liability (asset) \$	\$ 191,876,253	\$ 109,183,070	\$ 39,660,537

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, 2023, the City recognized pension expenses of \$16,922,729. At September 30, 2023, 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	\$ 374,246	\$ 3,730,387
Net Difference between projected and actual earnings	51,949,853	-
Changes of Assumptions	27,174,998	7,329,660
Cost Share Change	2,233,927	2,233,927
Contributions Subsequent to the Measurement Date	6,463,659	-
Total	<u>\$ 88,196,683</u>	<u>\$ 13,293,974</u>

\$6,463,659 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, 2024, rather than the current fiscal period. 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>
2024	\$ 15,010,599
2025	9,432,844
2026	13,472,509
2027	30,523,098
	<u>\$ 68,439,050</u>

Payable to the Pension Plan

At September 30, 2023, the City reported a payable of \$357,061 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2023.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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, 2023

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, 2021, is shown in the following table.

Active plan members	216
Retirees and beneficiaries	232
DROP Participants	14
Terminated vested plan members	23
	<u>485</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 96 months. At October 1, 2021, there were 14 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 2023.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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 11.67% of salary for the period of October 1, 2022, through September 30, 2023.

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, 2023, was 14.07%.

For the year ended September 30, 2023, the City contributed \$1,651,758 and the employees contributed \$2,235,692.

Net Pension Liability (Asset)

The City’s actuarial valuation date is October 1, 2021, rolled forward to September 30, 2022 and net pension liability was measured as of September 30, 2022.

Actuarial assumptions. The total pension liability in the October 1, 2021 actuarial evaluation rolled-forward to September 30, 2022 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.75%
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, 2023

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, 2022, 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%
Private fixed income	5.00%	2.50%
Real estate	10.00%	4.50%
Private equity	10.00%	8.50%
Infrastructure	5.00%	4.50%
TOTAL	100.00%	

The discount rate used to measure the total pension liability was 6.75%. 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 (6.75%) 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	\$ 3,887,719	\$ -	\$ 3,887,719
Interest	12,090,310	-	12,090,310
Share plan allocation	236,844	-	236,844
Contribution - employer	-	2,240,500	(2,240,500)
Contribution - employee	-	2,332,699	(2,332,699)
Contribution - state	-	1,175,145	(1,175,145)
Projected earnings on investments	-	12,196,705	(12,196,705)
Difference between actual & expected experience	3,165,982	-	3,165,982
Difference between projected & actual earnings	-	(36,233,064)	36,233,064
Benefit payments	(11,125,288)	(11,125,288)	-
Contributions - buy back	66,040	66,040	-
Changes in assumptions	10,521,697	-	10,521,697
Administrative expense	-	(200,392)	200,392
Net Change	18,843,304	(29,547,655)	48,390,959
Total - Beginning	170,207,444	183,892,431	(13,684,987)
Total - Ending	\$ 189,050,748	\$ 154,344,776	\$ 34,705,972

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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 6.75%, 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 (5.75%) or 1-percentage point higher (7.75%) than the current rate.

	<u>1% Decrease</u> <u>5.75%</u>	<u>Discount Rate</u> <u>6.75%</u>	<u>Increase</u> <u>7.75%</u>
City's net pension liability (asset) \$	\$ 56,763,699	\$ 34,705,972	\$ 18,056,506

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 09/30/2022, amounts reported as changes of assumptions resulted from lowering the interest rate from 7.35% to 6.75% 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, 2023, the City recognized pension expenses of \$6,801,133. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Contributions subsequent to measurement date	\$ 3,005,027	\$ -
Difference between actual and expected experience	2,374,488	423,304
Changes of assumptions	9,894,247	642,630
Net difference between projected and actual earnings	12,529,380	-
Total	<u>\$ 27,803,142</u>	<u>\$ 1,065,934</u>

\$3,005,027 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 reduction of the net pension liability in the year ending September 30, 2024 rather than the current fiscal period. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended September 30th:	
2024	\$ 4,767,941
2025	3,896,370
2026	5,716,919
2027	9,350,951
	<u>\$ 23,732,181</u>

Payable to the Pension Plan

At September 30, 2023, the City reported a payable of \$42,999 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2023.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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, 2023

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, 2021, is shown in the following table.

Active plan members	160
Retirees and beneficiaries	119
DROP participants	6
Terminated vested plan members	13
	<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 ninety-six months or any time before and must provide a thirty-day advance notice. Ordinance No. 23-023 Amending Section 23.4.5 of Article II of Division II of the Charter of the City expanded the DROP period and amend terminology; provided for codification; provided for severability; repealed all ordinances in conflict herewith and provided an effective date.

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 ninety-six 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, 2023

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 2023.

Funding Policy, Contributions Required, and Contributions Made

As of September 30, 2023 participants were required to contribute 9.26% 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, 2023 was 20.35%. For the year ended September 30, 2023, the City contributed \$1,956,280 and the employees contributed \$1,463,908.

Net Pension Liability (Asset)

The City's net pension liability was measured as of September 30, 2022, 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, 2021 actuarial evaluation updated to September 30, 2022 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, 2023

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, 2022 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%	4.50%
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)

Changes for the year:	Increase (Decrease)		Net Pension Liability (Asset) (a) - (b)
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	
Service cost	\$ 3,177,900	\$ -	\$ 3,177,900
Interest	9,018,999	-	9,018,999
Share plan allocation	115,439	-	115,439
Contribution - employer	-	1,774,003	(1,774,003)
Contribution - employee	-	1,207,662	(1,207,662)
Contribution - state	-	964,435	(964,435)
Projected earnings on investments	-	9,281,617	(9,281,617)
Difference between actual & expected experience	(1,286,705)	-	(1,286,705)
Difference between projected & actual earnings	-	(30,103,451)	30,103,451
Benefit payments	(7,274,329)	(7,274,329)	-
Administrative expense	-	(161,315)	161,315
Other (adjustment to DROP balance, misc. income)	-	189,618	(189,618)
Net Change	3,751,304	(24,121,760)	27,873,064
Total - Beginning	129,189,514	134,205,911	(5,016,397)
Total - Ending	\$ 132,940,818	\$ 110,084,151	\$ 22,856,667

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.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City’s net pension liability (asset) \$	38,478,342	\$ 22,856,667	\$ 9,835,108

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

C. Firefighters’ Retirement System (continued)

Changes in Assumptions

There have been no assumption or method changes since the prior valuation.

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, 2023, the City recognized pension expenses of \$5,755,037. At September 30, 2023, 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	\$ 3,177,680	\$ -
Difference between actual and expected experience	2,103,141	1,131,541
Changes if assumptions	3,858,570	-
Net difference between projected and actual earnings	12,784,970	-
Total	<u>\$ 21,924,361</u>	<u>\$ 1,131,541</u>

\$3,177,680 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, 2024 rather than the current fiscal period. 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:	
2024	\$ 3,741,777
2025	3,144,038
2026	3,479,249
2027	6,740,584
2028	509,492
	<u>\$ 17,615,140</u>

Payable to the Pension Plan

At September 30, 2023, the City reported a payable of \$55,187 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2023.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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, 2023, 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	\$ 88,196,683	\$ 27,803,142	\$ 21,924,361	\$ 137,924,186
Net pension liability (asset)	109,183,070	34,705,972	22,856,667	166,745,709
Deferred inflows of resources related to pensions	13,293,974	1,065,934	1,131,541	15,491,449
Pension expense	16,922,729	6,801,133	5,755,037	29,478,899

Condensed financial data for the City's Defined Benefit Pension Plans for the year ended September 30, 2023, is presented below:

Condensed Statement of Net Position

	Employees' Pension and Retirement System	Police Officers' Defined Benefit Retirement System	Firefighters' Retirement System
Assets	\$ 690,838,203	\$ 165,859,683	\$ 121,824,872
Liabilities	655,035	592,557	64,441
Net Position			
Restricted for DROP benefits	20,081,762	5,290,792	1,977,003
Restricted for pension benefits	670,101,406	159,976,334	119,783,428
	<u>\$ 690,183,168</u>	<u>\$ 165,267,126</u>	<u>\$ 121,760,431</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

D. Condensed Financial Information (continued)

	Condensed Statement of Changes in Plan Net Position		
	Employees' Pension and Retirement System	Police Officers' Defined Benefit Retirement System	Firefighters' Retirement System
Additions			
Contributions	\$ 10,691,415	\$ 5,240,719	\$ 4,641,588
Investment income	65,850,493	18,468,788	13,092,443
All other	1,066	195,877	-
Total additions	76,542,974	23,905,384	17,734,031
Deductions			
Benefits paid	51,447,278	12,338,363	5,798,353
Refunds, former employees	707,222	429,418	110,101
All other	256,365	215,253	149,297
Total deductions	52,410,865	12,983,034	6,057,751
Change in net position	24,132,109	10,922,350	11,676,280
Net position, beginning of year	666,051,059	154,344,776	110,084,151
Net position, end of year	\$ 690,183,168	\$ 165,267,126	\$ 121,760,431

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 PODBRS 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 PODBRS 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, 2023

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 \$91,339,273 and \$77,718,044, and related expenses of \$3,387,167 and \$25,455 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		1,946
Inactive plan members participating in the health plan		574
Inactive plan members currently receiving a subsidy		1,621
	<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, 2023

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, 2023. The following actuarial assumptions were applied.

Actuarial cost method	Entry age normal
Valuation Date	October 1, 2022
Measurement Date	September 30, 2023
Discount rate:	
Implicit	4.09%
Explicit	6.84%
Health care cost trend rate:	
Pre-medicare medical & Rx benefits	
Select	6.50%
Ultimate	4.00%
Medical benefits	
Select	5.50%
Ultimate	4.00%
Stop loss fees	
Select	6.50%
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-2021
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, 2023

The total OPEB liability was determined by an actuarial valuation as of October 1, 2022, 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 - 4.09%) blended with the expected rate of return on trust assets.

The discount rate used to measure the total OPEB liability was 4.09% for the implicit subsidy and 6.84% for the explicit subsidy. The discount rate increased from 4.02%. 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 13.9%.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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	102.59%	6.75%	\$ 10,757,581	100%
Money market funds	-2.93%	3.00%	(307,300)	-3%
Cash	0.00%	0.00%	307,300	3%
Accounts receivable	0.34%	0.00%	36,068	0%
<u>Total</u>	<u>100.00%</u>		<u>\$ 10,793,649</u>	<u>100%</u>

Rate of Return

For the year ended September 30, 2023, 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, 2023 were as follows:

Total OPEB Liability	\$ 179,543,666
Fiduciary Net Position	10,486,349
<u>Net OPEB Liability</u>	<u>\$ 169,057,317</u>

Fiduciary Net Position as a percentage of the total OPEB liability 5.84%

Changes in Net OPEB Liability

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Beginning balances.	\$ 165,817,605	\$ 9,311,389	\$ 156,506,216
Changes for the year:			
Service cost	4,797,208	-	4,797,208
Interest cost	7,173,865	-	7,173,865
Benefit payments	(6,191,071)	(6,191,071)	-
Changes in assumptions	(2,889,284)	-	(2,889,284)
Difference between expected and actual experience	10,835,343	-	10,835,343
Contributions - employers	-	5,965,715	(5,965,715)
Contributions - employees	-	105,972	(105,972)
Investment income	-	1,294,344	(1,294,344)
<u>Net changes</u>	<u>13,726,061</u>	<u>1,174,960</u>	<u>12,551,101</u>
<u>Ending balances</u>	<u>\$ 179,543,666</u>	<u>\$ 10,486,349</u>	<u>\$ 169,057,317</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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% (5.09) higher and 1% lower (3.09%) than the discount rate of 4.09% is as follows:

Discount Rate	Net OPEB Liability	% Difference
5.09%	\$ 144,044,000	(15)%
4.09%	169,057,317	N/A
3.09%	200,772,000	19%

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	\$ 129,431,000	(23)%
Current trend	169,057,317	N/A
1% increase	188,164,000	11%

Changes in Assumptions

The following assumption changes were since the prior evaluation:

- The discount rate for the implicit subsidy was increased from 4.02% to 4.09% from the prior measurement date.
- The mortality projection scale was updated from MP-2020 to MP-2021.
- The initial year medical trend rate was updated from 6.75% to 6.50% for pre-Medicare costs and from 5.75% to 5.50% 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, 2023, the City recognized OPEB expenses of \$3,412,622. At September 30, 2023, 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	\$ 643,525	\$ -
Difference between actual and expected experience	9,535,032	54,268,644
Changes in assumptions	47,384,210	45,024,150
Change in cost share allocation	12,399,506	12,339,506
Total	<u>\$ 69,902,273</u>	<u>\$ 111,632,301</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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:		
2024	\$	(5,023,294)
2025		(4,898,767)
2026		(7,380,597)
2027		(7,970,592)
2028		(7,837,562)
Thereafter		(8,619,216)
	\$	<u>(41,730,028)</u>

Financial Statements

STATEMENT OF PLAN NET POSITION
RETIREE HEALTH CARE TRUST FUND
September 30, 2023

ASSETS		
Consolidated Fund	\$	10,757,581
Contributions		36,068
Total assets		<u>10,793,649</u>
LIABILITIES		
Due to primary government		307,300
Total liabilities		<u>307,300</u>
NET POSITION		
Restricted for other post employment benefits		10,486,349
	\$	<u>10,486,349</u>

STATEMENT OF CHANGES IN PLAN NET POSITION
RETIREE HEALTH CARE TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

ADDITIONS		
Contributions:		
Employer	\$	5,965,715
Plan members		105,972
Total contributions		<u>6,071,687</u>
Net investment income:		
Net increase in the fair value of investments		1,144,410
Interest and dividends		149,934
Net investment income		<u>1,294,344</u>
Total additions, net		<u>7,366,031</u>
DEDUCTIONS		
Benefits paid		6,191,071
Total deductions		<u>6,191,071</u>
Change in net position		1,174,960
NET POSITION, beginning of year		9,311,389
NET POSITION, end of year	\$	<u>10,486,349</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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 \$798,656 in insurance premiums for fiscal year 2023.

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, 2023, the City's Fleet Management Operations had \$12,134,609 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 398 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 2023 milestone payments of \$8,034,989 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:

<u>Fiscal Year</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
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	440,126	2,209,642	2,649,768
2028	445,847	2,238,367	2,684,214
2029-2031	1,372,620	23,047,229	24,419,849
	<u>\$ 3,545,371</u>	<u>\$ 44,085,807</u>	<u>\$ 47,631,178</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, 2023, Sun Edison's former ownership interests were assigned as follows:

<u>Location</u>	<u>SEPA Owner</u>	<u>COD</u>	<u>Years</u>	<u>MWs/AC</u>	<u>Rate</u>
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	6.00	112.52

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 16 – COMMITMENTS AND CONTINGENCIES (continued)

B. Contractual Commitments (continued)

Lakeland Electric has no equity interest in and assumes no financial responsibility for the solar generation systems, four of which, 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:

	<u>2023</u>	<u>2022</u>
Sales Revenue	\$ 2,292,960	\$ 2,386,463
MegaWatts Sold	17,366	17,916
Average per MW	\$ 132.04	\$ 133.20

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, 2023. 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, 2023, are as follows:

Transportation/street projects	\$ 558,341	*
Public Improvement projects	4,395,420	*
Public Safety projects	175,243	*
Airport projects	1,674,766	*
Wastewater treatment facilities projects	10,701,668	*
Water Distribution projects	881,964	*
McIntosh unit 5 renewal and replacement projects	5,934,291	*
McIntosh gas turbine 2 projects	163,655	*
Larsen unit 8 renewal and replacement projects	691,091	*
McIntosh new generation	69,653,716	*
Other power production plant improvements	688,076	*
Energy delivery capital projects	8,036,522	*
Building improvement projects	402,626	*
Equipment	62,001	*
	<u>\$ 104,019,380</u>	

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

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 16 – COMMITMENTS AND CONTINGENCIES (continued)

C. Encumbrances

The City had the following encumbrances outstanding as of September 30, 2023 that were not reported as designations:

Lakeland Linder International Airport Fund	\$ 1,721,589
Electric Utility Fund	308,581,989
Water and Wastewater Utilities	14,890,441
Internal Service Funds	13,139,919
Nonmajor Enterprise Funds	770,571
	<u>\$ 339,104,509</u>

The following is a summary of the City's encumbrances for Governmental Funds as of September 30, 2023.

	Public Improvement Fund	All Other Governmental Funds	Total Governmental Funds
Building improvements	\$ 223,796	\$ -	\$ 223,796
Land improvements	2,981,380	-	2,981,380
Equipment	978,438	-	978,438
Infrastructure	-	975,371	975,371
Maintenance and repair	1,640,397	-	1,640,397
Transportation projects	-	1,633,504	1,633,504
Total	<u>\$ 5,824,011</u>	<u>\$ 2,608,875</u>	<u>\$ 8,432,886</u>

In addition to the commitments for capital projects, Lakeland Electric had other outstanding purchase orders in the amount of \$219,935,290 as of September 30, 2023. \$201,317,034 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.

NOTE 17 – SUBSEQUENT EVENTS

Opioid Settlements

The National Opioids Settlements (NOS) between states, as well as state subdivisions (e.g., municipalities, counties, parishes, cities, towns, etc.) and certain special districts (e.g., school districts, fire districts and hospital districts) and various pharmaceutical companies in July 2021. Three pharmaceutical distributors, Amerisource Bergen, Cardinal Health and McKesson will pay up to \$21 billion over 18 years. Jansen (Johnson & Johnson) to pay up to \$5 billion over 9 years. Between November and December of 2022, a new NOS was reached with Teva, Allegan, CVS, Walgreens, and Walmart. However, Florida was not included in those new agreements per the settlement agreement.

The City received \$62,933 in Opioid Settlement Proceeds from Jansen Settlement during the audit period. The City also received \$106,751 in FY24 from Jansen, Walmart) and various companies identified as Distributors in the settlement; however, we do not know when or if additional settlement funds will be received. If additional funds were received, it would be immaterial to our financial statements.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 18 – CURRENT EVENTS

COVID-19

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 2023, \$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. Additionally, Israel and Hamas are currently engaged in a war arising from the terrorist attacks on Israel on October 7, 2023. These ongoing wars 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





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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, 2023

	Original Budget	Final Amended Budget	2023 Actual	Variance
REVENUES				
General government taxes:				
Ad-valorem taxes	\$ 48,978,325	\$ 48,978,325	\$ 49,787,941	\$ 809,616
Utility services taxes	11,281,138	11,281,138	12,338,821	1,057,683
Local communication services tax	4,314,500	4,314,500	4,981,733	667,233
Occupational license tax	1,666,095	1,666,095	1,845,176	179,081
Permits, fees, and special assessments:				
Other permits	109,310	109,310	108,640	(670)
Franchise fees - gas	352,512	352,512	367,708	15,196
Charges for public service	-	-	17,832	17,832
Inspection fees	339,618	369,818	257,991	(111,827)
Other permits, fee, and special assessments	6,200	6,200	3,067	(3,133)
Intergovernmental revenues:				
Federal grants	27,695	37,047	94,445	57,398
Federal financial assistance	-	2,801,000	952,235	(1,848,765)
State grants	169,378	239,029	215,274	(23,755)
Grants from other local units	1,296,000	1,311,000	1,309,914	(1,086)
State revenue sharing:				
Municipal revenue sharing	3,870,957	3,870,957	4,722,607	851,650
Mobile home license tax	279,020	279,020	276,908	(2,112)
Alcoholic beverage license	104,655	104,655	121,188	16,533
Sales tax	8,191,252	8,191,252	9,633,865	1,442,613
Firefighter supplemental	65,650	65,650	75,766	10,116
Local revenue sharing:				
County occupational tax	78,275	78,275	100,330	22,055
Charges for services:				
General government:				
Other general government	154,932	166,645	137,623	(29,022)
Public safety:				
Law enforcement services	1,678,124	3,168,916	3,657,013	488,097
Fire protection	410,794	410,794	252,918	(157,876)
Protective inspection fee	265,441	265,441	210,794	(54,647)
Physical environment:				
Cemetery	762,891	762,891	891,545	128,654
Economic environment:				
Other economic environment charges	91,249	91,249	101,897	10,648
Culture and recreation:				
Libraries	100	100	-	(100)
Parks and recreation	3,303,173	3,635,044	3,856,174	221,130
Special recreation facilities	4,950,480	4,950,480	5,875,399	924,919
Transportation:				
Other transportation charges	425,305	425,305	475,008	49,703
Judgements, fines, and forfeits:				
Library fines	10,000	10,000	4,948	(5,052)
Local ordinance violations	1,857,777	1,863,870	2,600,410	736,540
Sale of contraband property	-	268,777	232,698	(36,079)
Miscellaneous revenue:				
Interest revenue	1,353,450	1,397,776	3,273,271	1,875,495
Interest revenue - leases	-	-	200,976	200,976
Net increase (decrease) in the fair value of investments	-	-	(2,032,896)	(2,032,896)
Rents and royalties	979,481	979,481	429,085	(550,396)
Lease revenue	-	-	514,480	514,480
Settlements	93,728	108,728	582,384	473,656
Sale of fixed assets	5,100	17,700	42,741	25,041
Sale of surplus material and scrap	1,818	1,818	5,732	3,914
Contributions and donations from private sources	20,000	222,236	310,133	87,897
Other miscellaneous revenues	465,046	812,736	1,432,804	620,068
Total revenues	97,959,469	103,615,770	110,266,578	6,650,808

CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Amended Budget	2023 Actual	Variance
EXPENDITURES				
General government:				
Legislative	\$ 185,269	\$ 195,269	\$ 120,795	\$ 74,474
Executive	587,436	656,990	400,923	256,067
Financial and administrative	6,924,020	5,170,145	5,170,145	-
Legal counsel	470,224	505,224	266,215	239,009
Comprehensive planning	2,768,117	4,273,640	2,487,482	1,786,158
Other general governmental services	11,053,812	11,265,921	11,265,921	-
Public safety:				
Law enforcement	51,038,472	48,162,777	48,162,777	-
Fire control	25,731,676	24,012,507	24,002,604	9,903
Protective inspections	1,308,818	1,449,708	1,175,211	274,497
Emergency and disaster relief services	-	1,871,545	1,871,545	-
Physical environment:				
Conservation and resource management	17,688	34,610	23,589	11,021
Cemetery	1,234,275	1,238,661	1,210,318	28,343
Transportation:				
Road and street facilities	7,269,365	7,695,469	6,263,184	1,432,285
Economic environment:				
Industry development	5,626,428	6,075,805	5,472,572	603,233
Housing and urban development	505,100	1,022,429	259,100	763,329
Culture/Recreation:				
Parks and recreation	22,858,426	21,335,313	20,764,930	570,383
Cultural services	307,359	320,628	270,802	49,826
Libraries	4,169,677	4,773,464	3,851,227	922,237
Special events	460,420	462,596	245,045	217,551
Special recreation facilities	6,901,484	7,013,229	7,013,229	-
Human services:				
Public assistance services	164,963	169,896	169,712	184
Other human service	44,000	49,000	40,595	8,405
Capital outlay	1,265,636	11,034,486	10,833,557	200,929
Capital outlay - subscriptions	-	150,001	150,001	-
Debt Service				
Interest and other	495,984	495,984	27,713	468,271
Interest - leases	-	20,677	20,677	-
Interest - subscriptions	-	2,499	2,499	-
Principal payments	79,158	2,234,097	2,234,097	-
Principal payments - leases	-	355,525	355,525	-
Principal payments - subscriptions	-	74,500	74,500	-
Total expenditures	<u>151,467,807</u>	<u>162,122,595</u>	<u>154,206,490</u>	<u>7,916,105</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(53,508,338)</u>	<u>(58,506,825)</u>	<u>(43,939,912)</u>	<u>14,566,913</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt - internal loans	-	430,258	430,258	-
Issuance of debt - lease financing agreements	-	-	10,553,439	10,553,439
Issuance of debt - subscriptions	-	-	150,001	150,001
Dividend transfers from enterprise operations	44,033,300	44,033,300	44,604,341	571,041
Interfund transfers in	5,894,751	6,194,751	5,499,913	(694,838)
Interfund transfers out	<u>(4,059,443)</u>	<u>(6,023,820)</u>	<u>(5,267,937)</u>	<u>755,883</u>
Total other financing sources (uses)	<u>45,868,608</u>	<u>44,634,489</u>	<u>55,970,015</u>	<u>11,335,526</u>
Net change in fund balances	<u>(7,639,730)</u>	<u>(13,872,336)</u>	<u>12,030,103</u>	<u>25,902,439</u>
FUND BALANCE, beginning of year	50,418,802	50,418,802	50,418,802	-
FUND BALANCE, end of year	<u>\$ 42,779,072</u>	<u>\$ 36,546,466</u>	<u>\$ 62,448,905</u>	<u>\$ 25,902,439</u>

CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2023

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

EMPLOYEE PENSION

Measurement date:	09/30/2022	09/30/2021	9/30/2020	09/30/2019
Total pension liability:				
Service cost	\$ 10,284,774	\$ 11,509,354	\$ 11,756,329	\$ 11,588,821
Interest and dividends	52,150,852	52,595,158	51,567,067	50,814,102
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(4,190,581)	(467,936)	1,237,889	(4,906,876)
Changes in assumptions	36,233,330	(13,992,987)	-	-
Benefit payments, including refunds of member contributions	(56,563,126)	(52,531,624)	(47,735,865)	(46,819,788)
Net change in total pension liability	37,915,249	(2,888,035)	16,825,420	10,676,259
Total pension liability, beginning	737,318,880	740,206,915	723,381,495	712,705,236
Total pension liability, ending	775,234,129	737,318,880	740,206,915	723,381,495
Plan fiduciary net position:				
Contributions, employer	6,393,795	9,145,617	67,857,723	15,783,779
Contributions, members	4,894,277	6,575,253	7,049,066	7,755,783
Net investment income (loss)	(99,415,519)	169,700,507	51,347,570	14,670,276
Benefit payments, including refunds of member contributions	(56,563,126)	(52,531,624)	(47,735,865)	(46,819,788)
Administrative expenses	(259,797)	(275,837)	(792,308)	(252,466)
Other (adjustment to DROP balance, misc. income)	5,453	1,027	13,035	67,916
Net change in plan fiduciary net position	(144,944,917)	132,614,943	77,739,221	(8,794,500)
Plan fiduciary net position, beginning	810,995,976	678,381,033	600,641,812	609,436,312
Plan fiduciary net position, ending	666,051,059	810,995,976	678,381,033	600,641,812
City's net pension liability (asset), ending	\$ 109,183,070	\$ (73,677,096)	\$ 61,825,882	\$ 122,739,683
Plan fiduciary net position as a % of total pension liability (asset)	85.92%	109.99%	91.65%	83.03%
Actual covered payroll as of year-end	\$ 81,948,283	\$ 84,323,438	\$ 88,716,247	\$ 87,469,893
City's net pension liability (asset) as a % of covered payroll	133.23%	(87.37)%	69.69%	140.32%

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, 2023

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

	EMPLOYEE PENSION				
Measurement date:	09/30/2018	09/30/2017	09/30/2016	09/30/2015	09/30/2014
Total pension liability:					
Service cost	\$ 11,698,378	\$ 12,438,914	\$ 12,454,643	\$ 12,479,291	\$ 12,663,875
Interest and dividends	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	472,973	2,417,270	(189,908)	(2,104,773)	(200,874)
Changes in assumptions	-	7,390,055	-	-	-
Benefit payments, including refunds of member contributions	(41,311,167)	(42,434,673)	(38,965,501)	(34,634,781)	(32,658,024)
Net change in total pension liability	20,402,719	27,381,877	18,308,551	20,763,031	23,232,915
Total pension liability, beginning	692,302,517	664,920,640	646,612,089	625,849,058	602,616,143
Total pension liability, ending	712,705,236	692,302,517	664,920,640	646,612,089	625,849,058
Plan fiduciary net position:					
Contributions, employer	15,473,351	14,739,830	29,175,783	15,697,557	15,395,603
Contributions, members	7,593,222	7,600,019	7,468,541	7,394,407	7,129,361
Net investment income	50,694,933	67,569,392	33,659,515	6,072,542	39,349,445
Benefit payments, including refunds of member contributions	(41,311,167)	(42,434,673)	(38,965,501)	(34,634,781)	(32,658,024)
Administrative expenses	(222,991)	(241,172)	(246,010)	(217,810)	(288,901)
Other (adjustment to DROP balance, misc. income)	113,957	-	-	-	-
Net change in plan fiduciary net position	32,341,305	47,233,396	31,092,328	(5,688,085)	28,927,484
Plan fiduciary net position, beginning	577,095,007	529,861,611	498,769,283	504,457,368	475,529,884
Plan fiduciary net position, ending	609,436,312	577,095,007	529,861,611	498,769,283	504,457,368
City's net pension liability (asset), ending	\$ 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)	85.51%	83.36%	79.69%	77.14%	80.60%
Actual covered payroll as of year-end	\$ 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	121.76%	136.98%	167.99%	185.44%	155.21%

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CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2023

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

Measurement date:	POLICE PENSION			
	09/30/2022	09/30/2021	09/30/2020	9/30/2019
Total pension liability:				
Service cost	\$ 3,887,719	\$ 3,143,936	\$ 3,144,551	\$ 2,981,852
Interest and dividends	12,090,310	12,180,790	12,080,337	11,838,085
Contributions - buy back	66,040	192,729	490,380	61,436
Gain sharing reserve	-	-	-	-
Share plan allocation	236,844	172,883	185,109	153,150
Change in benefit terms	-	-	-	-
Differences between expected and actual experience	3,165,982	(426,607)	(251,665)	(333,367)
Changes in assumptions	10,521,697	2,461,481	(1,606,578)	-
Benefit payments, including refunds of member contributions	(11,125,288)	(12,859,673)	(12,544,600)	(10,723,070)
Net change in total pension liability	18,843,304	4,865,539	1,497,534	3,978,086
Total pension liability, beginning	170,207,444	165,341,905	163,844,371	159,866,285
Total pension liability, ending	189,050,748	170,207,444	165,341,905	163,844,371
Total pension liability:				
Contributions, employer	2,240,500	1,926,208	20,759,745	3,206,499
Contributions, members	2,332,699	2,421,184	2,364,906	2,595,033
Contributions - buy back	66,040	192,729	490,380	61,436
Contribution - state	1,175,145	1,047,223	1,071,675	1,007,757
Projected earnings on investments	12,196,705	11,463,557	9,938,013	9,401,271
Difference between projected & actual earnings	(36,233,064)	24,162,525	7,244,501	(4,691,229)
Benefit payments, including refunds of member contributions	(11,125,288)	(12,859,673)	(12,544,600)	(10,723,070)
Administrative expenses	(200,392)	(174,055)	(192,889)	(190,932)
Other adjustments	-	12,686	2,154	1,339
Plan fiduciary net position, beginning	(29,547,655)	28,192,384	29,133,885	668,104
Plan fiduciary net position, ending	183,892,431	155,700,047	126,566,162	125,898,058
City's net pension liability (asset), ending	\$ 34,705,972	\$ (13,684,987)	\$ 9,641,858	\$ 37,278,209
Plan fiduciary net position as a % of total pension liability (asset)	81.64%	108.04%	94.17%	77.25%
Actual covered payroll as of year-end	\$ 17,471,418	\$ 16,308,460	\$ 15,230,301	\$ 15,323,527
City's net pension liability (asset) as a % of covered payroll	198.64%	(83.91)%	63.31%	243.27%

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, 2023

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

Measurement date:	POLICE PENSION				
	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability:	\$ 2,805,388	\$ 2,795,894	\$ 2,476,007	\$ 2,550,144	\$ 2,467,333
Service cost	11,392,047	11,149,058	10,566,141	10,243,851	9,862,126
Interest and dividends	93,102	162,221	183,211	140,261	70,721
Contributions - buy back	(425,192)	425,192	-	-	-
Gain sharing reserve	114,527	77,471	-	-	-
Share plan allocation	-	40	-	-	-
Change in benefit terms	1,397,788	(808,693)	(2,463,567)	(754,860)	-
Differences between expected and actual experience	-	3,019,734	4,080,663	-	-
Changes in assumptions	(9,173,523)	(7,542,647)	(7,725,690)	(8,580,144)	(6,991,965)
Benefit payments, including refunds of member contributions	6,204,137	9,278,270	7,116,765	3,599,252	5,408,215
Net change in total pension liability	153,662,148	144,383,878	137,267,113	133,667,861	128,259,646
Total pension liability, beginning	159,866,285	153,662,148	144,383,878	137,267,113	133,667,861
Total pension liability, ending	3,339,013	2,691,292	2,686,671	2,463,702	2,548,469
Total pension liability:	2,419,597	2,024,438	2,029,605	1,931,359	2,017,233
Contributions, employer	93,102	162,221	183,211	140,261	70,775
Contributions - buy back	930,510	856,398	796,486	744,499	708,648
Contribution - state	8,479,280	8,465,385	8,100,346	8,387,978	7,693,094
Projected earnings on investments	661,130	4,247,590	671,935	(10,027,714)	1,810,017
Difference between projected & actual earnings	(9,173,523)	(7,542,647)	(7,725,690)	(8,580,144)	(6,991,965)
Benefit payments, including refunds of member contributions	(195,309)	(198,498)	(162,180)	(167,667)	(141,203)
Administrative expenses	7,924	3,202	2,451	598	-
Other adjustments	6,561,724	10,709,381	6,582,835	(5,107,128)	7,715,068
Plan fiduciary net position, beginning	119,336,334	108,626,953	102,044,118	107,151,246	99,436,178
Plan fiduciary net position, ending	125,898,058	119,336,334	108,626,953	102,044,118	107,151,246
City's net pension liability (asset), ending	\$ 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)	78.75%	77.66%	75.23%	74.34%	80.16%
Actual covered payroll as of year-end	\$ 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	230.04%	233.53%	245.68%	236.89%	197.69%

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CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2023

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

FIRE PENSION

Measurement date:	09/30/2022	09/30/2021	09/30/2020	9/30/2019
Total pension liability:				
Service cost	\$ 3,177,900	\$ 2,897,022	\$ 2,698,861	\$ 2,514,114
Interest and dividends	9,018,999	8,745,108	8,467,625	7,957,155
Share plan allocation	115,439	82,952	43,881	23,245
Contributions - buy back	-	11,779	-	63,495
Differences between expected and actual experience	(1,286,705)	373,602	587,818	2,181,248
Changes in assumptions	-	4,693,999	885,002	-
Benefit payments, including refunds of member contributions	(7,274,329)	(7,172,804)	(6,431,100)	(5,804,264)
Net change in total pension liability	3,751,304	9,631,658	6,252,087	6,934,993
Total pension liability, beginning	129,189,514	119,557,856	113,305,769	106,370,776
Total pension liability, ending	132,940,818	129,189,514	119,557,856	113,305,769
Plan fiduciary net position:				
Contributions, employer	1,774,003	1,912,761	6,201,637	1,833,070
Contributions, members	1,207,662	1,213,041	1,163,231	1,083,921
Contributions - buy back	-	11,779	-	63,495
Contribution - state	964,435	899,460	821,319	780,047
Net investment income	(20,821,834)	25,814,202	10,641,525	3,778,950
Benefit payments, including refunds of member contributions	(7,274,329)	(7,172,804)	(6,431,100)	(5,804,264)
Administrative expenses	(161,315)	(155,566)	(177,508)	(117,069)
Other (Adjustment to DROP Balance, misc. income)	189,618	-	-	-
Net change in plan fiduciary net position	(24,121,760)	22,522,873	12,219,104	1,618,150
Plan fiduciary net position, beginning	134,205,911	111,683,038	99,463,934	97,845,784
Plan fiduciary net position, ending	110,084,151	134,205,911	111,683,038	99,463,934
City's net pension liability (asset), ending	\$ 22,856,667	\$ (5,016,397)	\$ 7,874,818	\$ 13,841,835
Plan fiduciary net position as a % of total pension liability (asset)	82.81%	103.88%	93.41%	87.78%
Actual covered payroll as of year-end	\$ 13,385,155	\$ 13,087,543	\$ 12,750,808	\$ 12,406,692
City's net pension liability (asset) as a % of covered payroll	170.76%	(38.33)%	61.76%	111.57%

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, 2023

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

Measurement date:	FIRE PENSION				
	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability:					
Service cost	\$ 2,479,249	\$ 2,181,230	\$ 2,228,737	\$ 2,049,136	\$ 1,946,737
Interest and dividends	7,520,669	7,283,494	6,882,719	6,634,089	6,330,428
Share plan allocation	-	-	-	-	-
Contributions - buy back	-	170,424	119,786	16,519	-
Differences between expected and actual experience	1,979,479	(414,996)	229,162	(643,439)	-
Changes in assumptions	-	-	1,835,684	-	-
Benefit payments, including refunds of member contributions	(6,643,739)	(5,846,514)	(5,682,715)	(4,158,978)	(4,502,540)
Net change in total pension liability	5,335,658	3,373,638	5,613,373	3,897,327	3,774,625
Total pension liability, beginning	101,035,118	97,661,480	92,048,107	88,150,780	84,376,155
Total pension liability, ending	106,370,776	101,035,118	97,661,480	92,048,107	88,150,780
Plan fiduciary net position:					
Contributions, employer	1,575,442	1,410,862	1,558,306	1,533,254	1,705,635
Contributions, members	948,721	697,667	748,173	925,075	1,063,934
Contributions - buy back	-	170,424	119,786	16,519	-
Contribution - state	731,610	726,180	776,564	754,489	735,806
Net investment income	7,255,560	9,599,190	6,402,044	(1,125,224)	6,476,571
Benefit payments, including refunds of member contributions	(6,643,739)	(5,846,514)	(5,682,715)	(4,158,978)	(4,502,540)
Administrative expenses	(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	3,742,022	6,647,672	3,806,065	(2,150,055)	5,402,039
Plan fiduciary net position, beginning	94,103,762	87,456,090	83,650,025	85,800,080	80,398,041
Plan fiduciary net position, ending	97,845,784	94,103,762	87,456,090	83,650,025	85,800,080
City's net pension liability (asset), ending	\$ 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)	91.99%	93.14%	89.55%	90.88%	97.33%
Actual covered payroll as of year-end	\$ 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	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, 2023

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

Measurement date:	OPEB						
	09/30/2023	09/30/2022	09/30/2021	09/30/2020	09/30/2019	09/30/2018	9/30/2017
Total OPEB liability:							
Service cost	\$ 4,797,208	\$ 8,019,991	\$ 9,675,719	\$ 8,424,404	\$ 6,608,098	\$ 7,461,585	\$ 7,162,205
Interest and dividends	7,173,865	5,743,174	6,040,753	5,908,323	8,567,130	8,045,959	8,573,827
Assumption changes or other inputs	(2,889,284)	(54,957,132)	57,491,826	17,841,558	28,389,473	(17,759,019)	(13,961,000)
Differences between expected and actual experience	10,835,343	-	(77,240,439)	-	(27,686,720)	-	-
Benefit payments	(6,191,071)	(6,010,359)	(5,628,006)	(5,497,628)	(6,256,300)	(8,099,526)	(8,100,958)
Net change in total OPEB liability	13,726,061	(47,204,326)	(9,660,147)	26,676,657	9,621,681	(10,351,001)	(6,325,926)
Total OPEB liability, beginning	165,817,605	213,021,931	222,682,078	196,005,421	186,383,740	196,734,741	203,060,667
Total OPEB liability, ending	179,543,666	165,817,605	213,021,931	222,682,078	196,005,421	186,383,740	196,734,741
Plan fiduciary net position:							
Contributions, employer	5,965,715	5,704,783	5,320,784	5,402,393	6,197,320	8,250,441	8,100,958
Contributions, employee	105,972	117,214	135,134	157,469	178,448	-	-
Net investment income	1,294,344	(2,220,180)	2,067,980	687,703	653,377	625,619	989,661
Benefit payments	(6,191,071)	(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	1,174,960	(2,408,542)	1,895,892	749,937	772,845	776,534	989,661
Plan fiduciary net position, beginning	9,311,389	11,719,931	9,824,039	9,074,102	8,301,257	7,524,723	6,535,062
Plan fiduciary net position, ending	10,486,349	9,311,389	11,719,931	9,824,039	9,074,102	8,301,257	7,524,723
City's net OPEB liability, ending	\$ 169,057,317	\$ 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	5.84%	5.62%	5.50%	4.41%	4.63%	4.45%	3.82%
Actual covered payroll as of September 30th	\$ 203,857,939	\$ 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	82.93%	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, 2023

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>
-18.9%	21.1%	7.6%	7.9%	8.3%	15.1%

Annual money-weighted rate of return, net of investment expense.

SCHEDULE OF OPEB CONTRIBUTIONS

<u>Year Ended</u> <u>September 30th</u>	<u>Statutorily</u> <u>Determined</u> <u>Contributions</u>	<u>Actual</u> <u>Contributions</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contributions</u> <u>as a % of</u> <u>Covered Payroll</u>
2023	\$ 1,967,955	\$ 5,704,783	\$ (3,736,828)	\$ 131,197,000	4.35%
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. 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, 2023

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES

Employees' Pension & Retirement System						
Year Ended Sep 30th	Actuarily Determined Contribution *	Annual Actual Contribution **	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll	
2023	\$ 7,901,324	\$ 6,463,659	\$ 1,437,665	\$ 87,307,445	7.40%	
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. The remaining amount of the credit balance was included in the plan assets as of September 30, 2021 and no longer serves as an offset to the required employee contribution.

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.

Police Officers' Defined Benefit Retirement System						
Year Ended Sep 30th	Actuarily Determined Contribution **	Actual Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll (1)	Contributions as a % of Covered Payroll	
2023	\$ 2,605,249	\$ 2,679,121	\$ (73,872)	\$ 18,516,343	14.47%	
2022	2,458,229	2,867,164	(408,935)	17,471,418	16.41%	
2021	4,517,444	4,437,842	79,602	16,308,460	27.21%	
2020	3,997,954	4,056,074	(58,120)	15,230,301	26.63%	
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%	

** 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, 2023

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES (continued)

Firefighters' Retirement System						
Year Ended Sep 30th	Actuarily Determined Contribution **	Annual Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll (1)	Contributions as a % of Covered Payroll	
2023	\$ 2,934,335	\$ 3,245,870	\$ (311,535)	\$ 15,220,215	21.33%	
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%	

** 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, 2023

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, 2023

Employee Pension and Retirement System

- As mandated by FS Chapter 112.63(1)(f), the mortality tables were updated to those used by the Florida Retirement System (FRS).
- The full amount of the remaining credit balance from the proceeds of the Pension Obligation Note as of September 30, 2021 (\$50,661,662) was included in the plan assets and no longer services as an annual offset to the required employer contribution.
- The actuarial value of assets was set equal to the market value of assets as of October 1, 2021.
- The investment return assumption was lowered from 7.25% net of investment expenses to 6.75% net of investment expenses.
- The UAAL amortization bases were combined and offset, in accordance with the methodology described for combining and offsetting amortization bases under Internal Revenue Code Section 412(b).

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, 2021 FRS valuation report with the appropriate adjustments made based on plan demographics.
- The investment return assumption was lowered from 7.35% net of investment expenses to 6.75% net of investment expenses.

Firefighters' Retirement System

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

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

- The investment return assumption was changed from 7.35% per year (gross of expenses) to 7.00% per year (net of investment related expenses).

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).

CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2023

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (continued)

GENERAL, POLICE, AND FIRE PENSION PLANS (continued)

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.

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.

CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2023

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, 2023

The determination of the September 30, 2023 results relies on the following significant assumptions.

- The discount rate for the implicit subsidy was increased from 4.02% to 4.09% from the prior measurement date.
- The mortality projection scale was updated from MP-2020 to MP-2021.
- The termination rates for general employees was updated based on the October 1, 2022 pension evaluation.
- The initial year medical trend rate was updated from 6.75% to 6.50% for pre-Medicare costs and from 5.75% to 5.50% for post-Medicare costs to reflect the current trend study.

September 30, 2022

The determination of the September 30, 2022 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.

SUPPLEMENTARY INFORMATION



PUBLIX FIELD
JOKER MARCHANT STADIUM

CITY OF LAKELAND, FLORIDA

SUPPLEMENTARY INFORMATION
PUBLIC IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Amended Budget	2023 Actual	Variance
REVENUES				
Intergovernmental:				
Federal grants	\$ -	\$ 200,000	\$ -	\$ (200,000)
State grants	1,000,000	1,550,000	1,039,876	(510,124)
Grants from other local units	1,780,009	2,141,144	2,141,144	-
Charges for services:				
Public safety - fire protection	125,000	125,000	90,971	(34,029)
Judgements, fines, and forfeits:				
Local ordinance violations	-	-	210	210
Miscellaneous revenue:				
Interest revenue	40,200	40,200	1,268,563	1,228,363
Interest revenue - leases	-	-	6,525	6,525
Net increase (decrease) in the fair value of investments	-	-	29,334,464	29,334,464
Rents and royalties	82,400	89,690	198,892	109,202
Lease revenue	-	-	10,770,213	10,770,213
Sale of fixed assets	-	150,000	184,000	34,000
Contributions and donations from private sources	516,667	1,116,767	1,158,069	41,302
Other miscellaneous revenues	-	55,404	1,602,623	1,547,219
Total revenues	<u>3,544,276</u>	<u>5,468,205</u>	<u>47,795,550</u>	<u>42,327,345</u>
EXPENDITURES				
Current:				
General government:				
Financial and administrative - investment advisor fee	-	574,284	574,284	-
Comprehensive planning	-	130,000	72,807	57,193
Other general governmental services	1,985,752	2,543,478	660,835	1,882,643
Public safety:				
Law enforcement	650,000	674,573	119,292	555,281
Fire control	-	18,000	16,593	1,407
Physical environment:				
Stormwater management	-	11,900	4,900	7,000
Cemetery	35,000	66,940	51,489	15,451
Transportation:				
Road and street facilities	-	2,400	-	2,400
Parking facilities	82,400	145,938	145,938	-
Culture and recreation:				
Parks and recreation	1,140,096	1,505,663	425,985	1,079,678
Libraries	100,000	732,784	214,343	518,441
Special recreational facilities	115,000	197,500	108,607	88,893
Human services:				
Public assistance services	185,000	320,269	59,558	260,711
Capital outlay	3,503,143	22,985,379	4,092,677	18,892,702
Interest and other	1,637,776	1,637,775	1,637,774	1
Principal payments	3,813,102	3,813,103	3,813,103	-
Total expenditures	<u>13,247,269</u>	<u>35,359,986</u>	<u>11,998,185</u>	<u>23,361,801</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(9,702,993)</u>	<u>(29,891,781)</u>	<u>35,797,365</u>	<u>65,689,146</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	1,884,789	8,821,460	1,621,510	(7,199,950)
Interfund transfers out	<u>(4,100,000)</u>	<u>(4,100,000)</u>	<u>(4,100,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,215,211)</u>	<u>4,721,460</u>	<u>(2,478,490)</u>	<u>(7,199,950)</u>
NET CHANGE IN FUND BALANCE	<u>(11,918,204)</u>	<u>(25,170,321)</u>	<u>33,318,875</u>	<u>58,489,196</u>
FUND BALANCE, beginning of year	<u>(15,702,337)</u>	<u>(15,702,337)</u>	<u>(15,702,337)</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$ (27,620,541)</u></u>	<u><u>\$ (40,872,658)</u></u>	<u><u>\$ 17,616,538</u></u>	<u><u>\$ 58,489,196</u></u>



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COMBINING FUND FINANCIAL STATEMENTS



VETERANS PARK
GREEN SPACE ON LAKE BEULAH

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, 2023

	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	\$ 11,575,650	\$ 9,459,850	\$ 23,102,922	\$ 146,566	\$ 1,401,417	\$ 368,465	\$ 1,457,602
Investments	-	-	-	-	-	-	-
Accounts receivable	-	1,424	8,627	-	-	-	1,817
Interest and dividends receivable	-	-	-	-	-	-	-
Notes receivable	-	-	-	61,081	15,964	-	-
Leases receivable	-	-	-	-	-	-	-
Due from other government units	-	896,030	-	320,405	-	-	-
Total assets	\$ 11,575,650	\$ 10,357,304	\$ 23,111,549	\$ 528,052	\$ 1,417,381	\$ 368,465	\$ 1,459,419
LIABILITIES							
Accounts payable	\$ 5,633,098	\$ 477,877	\$ -	\$ 11,481	\$ 29,359	\$ -	\$ 6,019
Accrued liabilities	3,090,637	24,899	-	9,682	298	-	96,426
Deposits payable	-	189,313	-	-	-	-	-
Due to other funds	-	-	-	200,215	-	-	-
Unearned revenues	-	20,000	-	149,594	1,373,285	368,465	-
Total liabilities	\$ 8,723,735	\$ 712,089	\$ -	\$ 370,972	\$ 1,402,942	\$ 368,465	\$ 102,445
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	1,424	-	61,081	15,964	-	-
Deferred inflows of resources related to leases	-	-	-	-	-	-	-
Total deferred inflows of resources	-	1,424	-	61,081	15,964	-	-
FUND BALANCES							
Nonspendable:							
Cemetery endowment	-	-	-	-	-	-	-
Permanent fund principal	-	-	-	-	-	-	-
Restricted for:							
Building inspection	-	-	-	-	-	-	1,356,974
CRA	-	-	-	-	-	-	-
Impact fee programs	-	-	23,111,549	-	-	-	-
Transportation	-	9,643,791	-	-	-	-	-
Donations received	-	-	-	-	-	-	-
Debt service	2,851,915	-	-	-	-	-	-
Grant programs - community development	-	-	-	95,999	-	-	-
Grant programs - physical environment	-	-	-	-	-	-	-
Total restricted fund balances	2,851,915	9,643,791	23,111,549	95,999	-	-	1,356,974
Committed to:							
Stormwater	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(1,525)	-	-
Total fund balances	2,851,915	9,643,791	23,111,549	95,999	(1,525)	-	1,356,974
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,575,650	\$ 10,357,304	\$ 23,111,549	\$ 528,052	\$ 1,417,381	\$ 368,465	\$ 1,459,419

CITY OF LAKELAND, FLORIDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2023

	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			
ASSETS										
Cash and cash equivalents	\$ 7,483,267	\$ 20,360,248	\$ -	\$ 82,641	\$ 25,707	\$ -	\$ -	\$ 75,464,335		
Investments	-	-	6,201,567	-	-	199,906	-	6,401,473		
Accounts receivable	346,396	59,106	-	-	-	-	-	417,370		
Interest and dividends receivable	-	389	-	-	-	-	-	389		
Notes receivable	-	1,044,815	-	-	-	-	-	1,121,860		
Leases receivable	-	396,846	-	-	-	-	-	396,846		
Due from other government units	51,313	-	-	-	-	-	-	1,267,748		
Total assets	\$ 7,880,976	\$ 21,861,404	\$ 6,201,567	\$ 82,641	\$ 25,707	\$ 199,906	\$ -	\$ 85,070,021		
LIABILITIES										
Accounts payable	\$ 430,477	\$ 468,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,057,183		
Accrued liabilities	117,382	6,693	-	-	-	-	-	3,346,017		
Deposits payable	232,137	6,765	-	-	-	-	-	428,215		
Due to other funds	-	-	369,022	-	-	-	-	569,237		
Unearned revenues	-	-	-	-	-	-	-	1,911,344		
Total liabilities	\$ 779,996	\$ 482,330	\$ 369,022	\$ -	\$ -	\$ -	\$ -	\$ 13,311,996		
DEFERRED INFLOWS OF RESOURCES										
Deferred revenue	-	1,102,063	-	-	-	-	-	1,180,532		
Deferred inflows of resources related to leases	-	469,249	-	-	-	-	-	469,249		
Total deferred inflows of resources	-	1,571,312	-	-	-	-	-	1,649,781		
FUND BALANCES										
Nonspendable:										
Cemetery endowment	-	-	5,832,545	-	-	-	-	5,832,545		
Permanent fund principal	-	-	-	4,476	15,000	10,000	-	29,476		
	-	-	5,832,545	4,476	15,000	10,000	-	5,862,021		
Restricted for:										
Building inspection	-	-	-	-	-	-	-	1,356,974		
CRA	-	19,807,762	-	-	-	-	-	19,807,762		
Impact fee programs	-	-	-	-	-	-	-	23,111,549		
Transportation	-	-	-	-	-	-	-	9,643,791		
Donations received	-	-	-	78,165	10,707	189,906	-	278,778		
Debt service	-	-	-	-	-	-	-	2,851,915		
Grant programs - community development	-	-	-	-	-	-	-	95,999		
Grant programs - physical environment	2,543	-	-	-	-	-	-	2,543		
	2,543	-	-	78,165	10,707	189,906	-	57,149,311		
Committed to:										
Stormwater	7,098,437	-	-	-	-	-	-	7,098,437		
	7,098,437	-	-	-	-	-	-	7,098,437		
Unassigned	-	-	-	-	-	-	-	(1,525)		
Total fund balances	7,100,980	19,807,762	5,832,545	82,641	25,707	199,906	-	70,108,244		
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,880,976	\$ 21,861,404	\$ 6,201,567	\$ 82,641	\$ 25,707	\$ 199,906	\$ -	\$ 85,070,021		

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Capital Projects Funds			Special Revenue Funds			
	Debt Service Fund	Transportation Fund	Impact Fee Fund	Community Development Fund	State Housing Initiative Partnership Program	Neighborhood Stabilization Program	Building Inspection Fund
REVENUES							
General government taxes:							
Local option fuel taxes	\$ -	\$ 6,738,054	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, fees, and special assessments:							
Building permits	-	-	4,510,427	-	-	-	2,346,194
Impact fees	-	-	-	-	-	-	332,207
Inspection fees	-	-	-	-	-	-	-
Stormwater fees	-	-	-	-	-	-	-
Other permits, fees, and special assessments	-	-	-	-	-	-	-
Intergovernmental revenues:							
Federal grants	-	5,834	-	1,119,184	-	-	-
Federal financial assistance	-	-	-	207,132	-	-	-
State grants	-	1,680,783	-	-	-	-	-
Grants from other local units	-	-	-	-	-	-	-
State revenue sharing:							
State housing initiatives partnership (SHIP)	-	-	-	-	436,465	-	-
Local revenue sharing:							
Tax increment revenues	-	-	-	-	-	-	-
Charges for services:							
Other transportation charges	-	808,918	-	-	-	-	-
Judgments, fines, and forfeits:							
Local ordinance violations	-	-	-	-	-	-	-
Miscellaneous revenues							
Interest revenue	262,336	390,218	958,044	8,440	64,944	(20,970)	85,850
Net increase (decrease) in the fair value of investments	(309,745)	(441,452)	(960,264)	877	-	-	173,250
Rents and royalties	-	-	-	-	-	-	-
Lease revenue	-	-	-	-	-	-	-
Settlements	-	-	-	-	-	-	-
Contributions and donations from private sources	942,304	-	6,829	57,536	350,028	20,970	47,336
Other miscellaneous revenues	894,895	9,226,101	4,508,207	1,393,169	851,437	-	2,984,837
Total revenues							
EXPENDITURES							
Current:							
Public safety:							
Protective inspections	-	-	-	-	-	-	3,449,895
Physical environment:							
Stormwater management	-	-	-	-	-	-	-
Transportation:							
Road and street facilities	-	5,484,177	-	-	-	-	-
Economic environment:							
Housing and urban development	-	-	-	1,216,209	851,437	-	-
Community redevelopment	-	-	-	-	-	-	-
Human services:							
Public assistance services	-	-	-	175,906	-	-	-
Capital outlay	-	-	2,716,169	-	-	-	-
Debt service:							
Interest and other	887,077	-	-	-	-	-	-
Principal payments	2,647,268	-	-	-	-	-	-
Total expenditures	3,534,345	8,200,346	-	1,392,115	851,437	-	3,449,895
EXCESS (DEFICIENCY) OF REVENUES	(2,639,450)	1,025,755	4,508,207	1,054	-	-	(465,058)
OTHER FINANCING SOURCES (USES)							
Issuance of debt - lease financing agreements	-	-	-	-	-	-	-
Interfund transfers in	3,534,345	414,481	-	-	-	-	-
Interfund transfers out	(219,836)	(1,110,991)	(1,110,991)	(12,308)	-	-	(497,125)
Total other financing sources (uses)	3,534,345	194,645	(1,110,991)	(12,308)	-	-	(497,125)
Net change in fund balances	894,895	1,220,400	3,397,216	(11,254)	-	-	(962,185)
FUND BALANCE, beginning of year	1,957,020	8,423,391	19,714,333	107,253	(1,525)	-	2,319,157
FUND BALANCE, end of year	2,851,915	9,643,791	23,111,549	95,999	\$(1,525)	-	1,356,974

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6,738,054
Permits, fees, and special assessments:									
Building permits	-	-	-	-	-	-	-	-	2,346,194
Impact fees	-	-	-	-	-	-	-	-	4,510,427
Inspection fees	-	-	-	-	-	-	-	-	332,207
Stormwater fees	8,294,134	-	-	-	-	-	-	-	8,294,134
Other permits, fees, and special assessments	19,315	-	-	-	-	-	-	-	19,315
Intergovernmental revenues:									
Federal grants	-	-	-	-	-	-	-	-	1,125,018
Federal financial assistance	-	-	-	-	-	-	-	-	207,132
State grants	15,415	-	-	-	-	-	-	-	1,696,198
Grants from other local units	22,287	-	-	-	-	-	-	-	22,287
State revenue sharing:									
State housing initiatives partnership (SHIP)	-	-	-	-	-	-	-	-	436,465
Local revenue sharing:									
Tax increment revenues	-	10,640,178	-	-	-	-	-	-	10,640,178
Charges for services:									
Other transportation charges	-	-	-	-	-	-	-	-	808,918
Judgements, fines, and forfeits:									
Local ordinance violations	13,460	-	-	-	-	-	-	-	13,460
Miscellaneous revenues									
Interest revenue	337,102	850,319	75,251	3,721	1,157	2,880			3,019,292
Net increase (decrease) in the fair value of investments	(273,245)	(5,108)	-	(1,411)	(469)	-			5,108
Rents and royalties	-	(1,355,942)	659,734	(1,411)	-	21,267			(2,487,400)
Lease revenue	-	48,464	-	-	-	-			48,464
Settlements	-	105,051	-	-	-	-			105,051
Contributions and donations from private sources	-	6,840	-	-	-	-			6,840
Other miscellaneous revenues	48,231	-	-	-	-	-			6,829
Total revenues	8,476,699	10,503,468	734,985	2,310	688	24,147			39,600,943
EXPENDITURES									
Current:									
Public safety:									
Protective inspections	-	-	-	-	-	-			3,449,895
Physical environment:									
Stormwater management	6,431,646	-	-	-	-	-			6,431,646
Transportation:									
Road and street facilities	-	-	-	-	-	-			5,484,177
Economic environment:									
Housing and urban development	-	-	-	-	-	-			2,067,646
Community redevelopment	-	3,705,192	-	-	-	-			3,705,192
Human services:									
Public assistance services	-	-	-	-	-	-			175,906
Capital outlay	2,339,015	473,527	-	-	-	-			5,528,711
Debt service:									
Interest and other	57,869	28,421	-	-	-	-			973,367
Principal payments	520,929	371,579	-	-	-	-			3,539,776
Total expenditures	9,349,459	4,578,719	-	-	-	-			31,356,316
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(872,760)	5,924,749	734,985	2,310	688	24,147			8,244,627
OTHER FINANCING SOURCES (USES)									
Issuance of debt - lease financing agreements	2,192,727	-	-	-	-	-			2,192,727
Interfund transfers in	(755,383)	(528,876)	86,004	(600)	-	-			4,034,830
Interfund transfers out	1,437,344	(528,876)	(228,622)	(600)	-	-			(3,439,745)
Total other financing sources (uses)	564,584	5,395,873	506,363	1,710	688	24,147			2,787,812
Net change in fund balances	6,536,396	14,411,889	5,326,182	80,931	25,019	175,759			59,075,805
FUND BALANCE, beginning of year	7,100,980	19,807,762	5,832,545	82,641	25,707	199,906			70,108,244

CITY OF LAKELAND, FLORIDA

BUDGETARY COMPARISON SCHEDULE
 BUDGET (GAAP BASIS) AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Transportation Fund			Community Development Fund			State Housing Initiative Partnership Program		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES	\$ 6,679,686	\$ 6,738,054	\$ 58,368	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local option fuel taxes	-	-	(5,000)	-	-	-	-	-	-
Other permits, fee, and special assessments	468,585	5,834	(462,751)	2,914,892	1,119,184	(1,795,708)	-	-	-
Federal grants	-	-	-	1,729,797	207,132	(1,522,665)	-	-	-
Federal financial assistance	2,190,425	1,680,783	(509,642)	-	-	-	-	-	-
State grants	20,000	-	(20,000)	-	-	-	-	-	-
Grants from other local units	-	-	-	-	-	-	3,171,909	436,465	(2,735,444)
SHIP	656,709	808,918	152,209	-	-	-	-	-	-
Other transportation charges	60,240	390,218	329,978	13,744	8,440	(5,304)	84,103	64,944	(19,159)
Interest revenue	-	(441,452)	(441,452)	-	877	877	-	-	-
Net increase (decrease) in the fair value of investments	-	-	-	-	-	-	-	-	-
Contributions and donations from private sources	7,729	6,829	(900)	-	-	-	-	-	-
Other miscellaneous revenues	33,827	36,917	3,090	214,377	57,536	(156,841)	370,247	350,028	(20,219)
Total revenues	10,122,201	9,226,101	(896,100)	4,872,810	1,393,169	(3,479,641)	3,626,259	851,437	(2,774,822)
EXPENDITURES									
Current:									
Road and street facilities	8,880,721	5,484,177	3,396,544	-	-	-	-	-	-
Housing and urban development	-	-	-	4,798,711	1,216,209	3,582,502	3,626,258	851,437	2,774,821
Public assistance services	-	-	-	198,256	175,906	22,350	-	-	-
Capital outlay	11,129,596	2,716,169	8,413,427	-	-	-	-	-	-
Principal payments	1,500,000	-	1,500,000	-	-	-	-	-	-
Total expenditures	21,510,317	8,200,346	13,309,971	4,996,967	1,392,115	3,604,852	3,626,258	851,437	2,774,821
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,388,116)	1,025,755	12,413,871	(124,157)	1,054	125,211	1	-	(1)
OTHER FINANCING SOURCES (USES)									
Interfund transfers in	6,238,290	414,481	(5,823,809)	-	-	-	-	-	-
Interfund transfers out	(269,521)	(219,836)	49,685	(12,308)	(12,308)	-	-	-	-
Total other financing sources (uses)	5,968,769	194,645	(5,774,124)	(12,308)	(12,308)	-	-	-	-
NET CHANGE IN FUND BALANCE	(5,419,347)	1,220,400	6,639,747	(136,465)	(11,254)	125,211	1	-	(1)
FUND BALANCE, beginning of year	8,423,391	8,423,391	-	107,253	107,253	-	(1,525)	(1,525)	-
FUND BALANCE, end of year	\$ 3,004,044	\$ 9,643,791	\$ 6,639,747	\$ (29,212)	\$ 95,999	\$ 125,211	\$ (1,524)	\$ (1,525)	\$ (1)

CITY OF LAKELAND, FLORIDA

BUDGETARY COMPARISON SCHEDULE
 BUDGET (GAAP BASIS) AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Neighborhood Stabilization Program			Building Inspection Fund			Stormwater Fund		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Building permits	\$ -	\$ -	\$ -	\$ 2,940,533	\$ 2,346,194	\$ (594,339)	\$ -	\$ -	\$ -
Inspection fees	-	-	-	330,938	332,207	1,269	-	-	-
Stormwater fees	-	-	-	-	-	-	8,120,000	8,294,134	174,134
Other permits, fee, and special assessments	-	-	-	-	-	-	-	19,315	19,315
Federal grants	168,220	-	(168,220)	-	-	-	-	-	-
State grants	-	-	-	-	-	-	42,986,390	15,415	(42,970,975)
Grants from other local units	-	-	-	-	-	-	75,000	22,287	(52,713)
Local ordinance violations	-	-	-	-	-	-	-	13,460	13,460
Interest revenue	-	-	-	-	-	-	-	337,102	179,102
Net increase (decrease) in the fair value of investments	178,751	(20,970)	(199,721)	64,500	85,850	21,350	158,000	-	-
Other miscellaneous revenues	-	20,970	20,970	152,922	173,250	173,250	-	(273,245)	(273,245)
Total revenues	367,941	-	(367,941)	3,488,893	2,984,837	(504,056)	51,339,390	8,476,699	(42,862,691)
EXPENDITURES									
Current:									
Protective inspections	-	-	-	4,048,507	3,449,895	598,612	-	-	-
Stormwater management	-	-	-	-	-	-	11,949,146	6,431,646	5,517,500
Housing and urban development	367,941	-	367,941	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	43,847,389	2,339,015	41,508,374
Interest and other	-	-	-	-	-	-	94,443	57,869	36,574
Principal payments	-	-	-	-	-	-	520,929	520,929	-
Total expenditures	367,941	-	367,941	4,048,507	3,449,895	598,612	56,411,907	9,349,459	47,062,448
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	(559,614)	(465,058)	94,556	(5,072,517)	(872,760)	4,199,757
OTHER FINANCING SOURCES (USES)									
Issuance of debt - lease financing agreements	-	-	-	-	-	-	2,226,371	2,192,727	(33,644)
Interfund transfers out	-	-	-	(544,890)	(497,125)	47,765	(755,383)	(755,383)	-
Total other financing sources (uses)	-	-	-	(544,890)	(497,125)	47,765	1,470,988	1,437,344	(33,644)
NET CHANGE IN FUND BALANCE	-	-	-	(1,104,504)	(962,183)	142,321	(3,601,529)	564,584	4,166,113
FUND BALANCE, beginning of year	-	-	-	2,319,157	2,319,157	-	6,536,396	6,536,396	-
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ 1,214,653	\$ 1,356,974	\$ 142,321	\$ 2,934,867	\$ 7,100,980	\$ 4,166,113

CITY OF LAKELAND, FLORIDA

BUDGETARY COMPARISON SCHEDULE
 BUDGET (GAAP BASIS) AND ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Lakeland Community Redevelopment Agency		
	Budget	Actual	Variance
REVENUES			
Shared revenues from other local units - tax increment revenues	\$ 10,499,262	\$ 10,640,178	\$ 140,916
Interest revenue	281,000	850,319	569,319
Interest revenue - leases	-	5,108	5,108
Net increase (decrease) in the fair value of investments	-	(1,355,942)	(1,355,942)
Rents and royalties	152,000	48,464	(103,536)
Lease revenue	-	105,051	105,051
Settlements	-	6,840	6,840
Other miscellaneous revenues	-	203,450	203,450
Total revenues	10,932,262	10,503,468	(428,794)
EXPENDITURES			
Community redevelopment	16,298,259	3,705,192	12,593,067
Capital outlay	2,072,260	473,527	1,598,733
Interest and other	34,154	28,421	5,733
Principal payments	384,927	371,579	13,348
Total expenditures	18,789,600	4,578,719	14,210,881
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,857,338)	5,924,749	13,782,087
OTHER FINANCING SOURCES (USES)			
Interfund transfers out	(655,029)	(528,876)	126,153
Total other financing sources (uses)	(655,029)	(528,876)	126,153
NET CHANGE IN FUND BALANCE	(8,512,367)	5,395,873	13,908,240
FUND BALANCE, beginning of year	14,411,889	14,411,889	-
FUND BALANCE, end of year	\$ 5,899,522	\$ 19,807,762	\$ 13,908,240

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.

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, 2023

	Business-type Activities Enterprise Funds		Total Other Proprietary Funds
	Parking System Fund	Solid Waste Management Fund	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 5,704,136	\$ 5,704,136
Accounts receivable	68,707	741,491	810,198
Allowance for uncollectibles	(351)	(3,486)	(3,837)
Interest and dividends receivable	9,837	-	9,837
Leases receivable	142,612	-	142,612
Asset apportionments set aside for (including \$112,953 in cash and cash equivalents)			
Current portion of pension bonds payable	6,882	89,867	96,749
Accrued interest payable	1,153	15,051	16,204
Restricted set aside for (including \$583,507 in cash and cash equivalents)			
Deposits payable	-	583,507	583,507
Total current assets	<u>228,840</u>	<u>7,130,566</u>	<u>7,359,406</u>
Non-current assets:			
Assets apportionments (including \$38,589 in cash and cash equivalents)	38,589	-	38,589
Capital assets:			
Land	1,553,061	934,279	2,487,340
Utility plant, facilities & equipment in service	7,824,759	3,740,007	11,564,766
Less accumulated depreciation	(5,613,578)	(2,050,014)	(7,663,592)
Right-to-use asset	-	46,371	46,371
Less accumulated amortization - right-to-use assets	-	(15,650)	(15,650)
Total capital assets	<u>3,764,242</u>	<u>2,654,993</u>	<u>6,419,235</u>
Other noncurrent assets:			
Leases receivable, less current portion	5,976,632	-	5,976,632
Total other noncurrent assets	<u>5,976,632</u>	<u>-</u>	<u>5,976,632</u>
Total noncurrent assets	<u>9,779,463</u>	<u>2,654,993</u>	<u>12,434,456</u>
Total assets	<u>10,008,303</u>	<u>9,785,559</u>	<u>19,793,862</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	150,538	2,505,031	2,655,569
Deferred outflows of resources related to OPEB	124,700	1,743,772	1,868,472
Total deferred outflows of resources	<u>275,238</u>	<u>4,248,803</u>	<u>4,524,041</u>

CITY OF LAKE LAND, FLORIDA

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2023

	Business-type Activities Enterprise Funds		Total Other Proprietary Funds
	Parking System Fund	Solid Waste Management Fund	
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,057	\$ 92,797	\$ 93,854
Accrued liabilities	7,990	124,157	132,147
Due to other funds	134,881	-	134,881
Accrued interest payable	-	54	54
Leases payable	-	10,787	10,787
Current portion payable from apportioned assets			
Pension notes payable	6,882	89,867	96,749
Accrued interest payable	1,153	15,051	16,204
Current portion payable from restricted assets			
Deposits payable	-	583,507	583,507
Total current liabilities	<u>151,963</u>	<u>916,220</u>	<u>1,068,183</u>
Noncurrent liabilities:			
Accrued liabilities, less current portion	2,520	192,586	195,106
Net pension liability	174,264	3,032,150	3,206,414
Net OPEB liability	252,755	3,949,857	4,202,612
Lease liability, less current portion	-	21,008	21,008
Pension notes payable, less current portion	88,380	1,154,024	1,242,404
Total noncurrent liabilities	<u>517,919</u>	<u>8,349,625</u>	<u>8,867,544</u>
Total liabilities	<u>669,882</u>	<u>9,265,845</u>	<u>9,935,727</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	29,999	423,109	453,108
Deferred inflows of resources related to OPEB	184,183	2,453,864	2,638,047
Deferred inflows of resources related to leases	6,037,824	-	6,037,824
Total deferred inflows of resources	<u>6,252,006</u>	<u>2,876,973</u>	<u>9,128,979</u>
NET POSITION			
Net investment in capital assets	3,764,242	2,623,198	6,387,440
Unrestricted	(402,589)	(731,654)	(1,134,243)
Total net position	<u>\$ 3,361,653</u>	<u>\$ 1,891,544</u>	<u>\$ 5,253,197</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, 2023

	Business-type Enterprise Funds		
	Parking System Fund	Solid	
		Waste Management Fund	Total Other Proprietary Funds
OPERATING REVENUES			
Charges for services	\$ 501,264	\$ 17,752,895	\$ 18,254,159
Lease revenue	185,899	-	185,899
Franchise fees - solid waste	-	882,461	882,461
Total operating revenues	<u>687,163</u>	<u>18,635,356</u>	<u>19,322,519</u>
OPERATING EXPENSES			
Personal services	268,808	4,544,091	4,812,899
Other operating expenses	844,363	12,427,713	13,272,076
Depreciation/amortization	141,269	110,927	252,196
Total operating expenses	<u>1,254,440</u>	<u>17,082,731</u>	<u>18,337,171</u>
Operating income (loss)	<u>(567,277)</u>	<u>1,552,625</u>	<u>985,348</u>
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	(3,955)	278,950	274,995
Interest revenue - leases	120,949	-	120,949
Net increase (decrease) in the fair value of investments	40,172	(83,773)	(43,601)
Gain (loss) on disposition of capital assets	-	(3,600)	(3,600)
Sale of surplus material and scrap	-	2,588	2,588
Other miscellaneous revenues	5,187	7,670	12,857
Interest expense	(2,307)	(30,114)	(32,421)
Interest expense - leases	-	(744)	(744)
Total nonoperating revenues (expenses)	<u>160,046</u>	<u>170,977</u>	<u>331,023</u>
Income (loss) before transfers	<u>(407,231)</u>	<u>1,723,602</u>	<u>1,316,371</u>
Transfers from other funds	219,836	-	219,836
Transfers to other funds	(90,862)	(46,098)	(136,960)
Transfers to other funds - payment in lieu of taxes	-	(1,664,640)	(1,664,640)
Total transfers	<u>128,974</u>	<u>(1,710,738)</u>	<u>(1,581,764)</u>
Change in net position	<u>(278,257)</u>	<u>12,864</u>	<u>(265,393)</u>
NET POSITION, beginning of year	3,639,910	1,878,680	5,518,590
NET POSITION, end of year	<u>\$ 3,361,653</u>	<u>\$ 1,891,544</u>	<u>\$ 5,253,197</u>

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Business-type Activities Enterprise Funds		Total Other Proprietary Funds
	Parking System Fund	Solid Waste Management Fund	
Cash flows from operating activities:			
Receipts from customers	\$ 638,223	\$ 18,585,204	\$ 19,223,427
Payments for interfund services	(83,222)	(6,419,569)	(6,502,791)
Payments to suppliers	(775,439)	(6,198,870)	(6,974,309)
Payments to employees	(256,755)	(4,243,579)	(4,500,334)
Cash flows provided by (used in) operating activities	<u>(477,193)</u>	<u>1,723,186</u>	<u>1,245,993</u>
Cash flows from noncapital financing activities:			
Interest paid on customer deposits	-	(14,530)	(14,530)
Transfers from other funds	134,881	-	-
Transfers to other funds	(90,862)	(1,710,738)	(1,801,600)
Payments on and maturities of pension obligation notes	(6,619)	(86,421)	(93,040)
Interest paid on pension obligation notes	(2,387)	(31,160)	(33,547)
Cash flows provided by (used in) noncapital financing activities	<u>35,013</u>	<u>(1,842,849)</u>	<u>(1,942,717)</u>
Cash flows from capital financing activities:			
Interest received on leases	121,101	-	121,101
Transfers from other funds for capital purposes	219,836	-	219,836
Payments on and maturities of long-term debt	-	(10,566)	(10,566)
Interest paid on long-term debt issued to finance capital assets	-	(762)	(762)
Purchase of capital assets	-	(67,100)	(67,100)
Cash flows provided by (used in) capital financing activities	<u>340,937</u>	<u>(78,428)</u>	<u>141,408</u>
Cash flows from investing activities:			
Investment revenue (loss)	(3,955)	293,480	289,525
Net increase (decrease) in the fair value of cash equivalents	40,172	(83,773)	(43,601)
Cash flows provided by investing activities	<u>36,217</u>	<u>209,707</u>	<u>245,924</u>
Net increase (decrease) in cash and cash equivalents	(65,026)	11,616	(53,410)
Cash and cash equivalents, beginning of year	111,650	6,380,945	6,492,595
Cash and cash equivalents, end of year	<u>\$ 46,624</u>	<u>\$ 6,392,561</u>	<u>\$ 6,439,185</u>
Classified as:			
Current	\$ -	\$ 5,704,136	\$ 5,704,136
Apportioned	46,624	104,918	151,542
Restricted	-	583,507	583,507
Total	<u>\$ 46,624</u>	<u>\$ 6,392,561</u>	<u>\$ 6,439,185</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (567,277)	\$ 1,552,625	\$ 985,348
Depreciation/amortization	141,269	110,927	252,196
Miscellaneous revenue	5,187	10,258	15,445
(Increase) decrease in receivables, net	134,277	(85,108)	49,169
(Increase) decrease in net pension asset	298,954	4,991,218	5,290,172
(Increase) decrease in deferred outflows related to pension	(113,282)	(2,292,433)	(2,405,715)
(Increase) decrease in deferred outflows related to OPEB	3,521	(112,938)	(109,417)
Increase (decrease) in accounts payable	(14,298)	(190,895)	(205,193)
Increase (decrease) in accrued liabilities	(2,126)	27,437	25,311
Increase (decrease) in deposits payable	-	24,697	24,697
Increase (decrease) in net OPEB liability	41,557	627,577	669,134
Increase (decrease) in deferred inflows related to pensions	(173,657)	(2,501,549)	(2,675,206)
Increase (decrease) in deferred inflows related to OPEB	(45,419)	(438,630)	(484,049)
Increase (decrease) in deferred inflows related to leases	(185,899)	-	(185,899)
Net cash provided by (used in) operating activities	<u>\$ (477,193)</u>	<u>\$ 1,723,186</u>	<u>\$ 1,245,993</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, 2023

	Purchasing And Stores Fund	Fleet Management Fund	Facilities Maintenance Fund	Information Technology Fund	Self- Insurance Fund	Internal Loan Fund	Total Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 361,242	\$ 1,455,985	\$ 1,908,039	\$ 3,234,182	\$ -	\$ 25,254,024	\$ 32,213,472
Accounts receivable	-	4,139	350	-	-	-	4,489
Due from other funds	-	-	-	-	-	4,815,055	4,815,055
Due from other government units	-	147,078	-	-	-	-	147,078
Inventories	589,594	109,306	-	-	-	-	698,900
Prepaid expenses	-	-	-	321,295	-	-	321,295
Asset appropriations set aside for (including \$14,172,655 in cash and cash equivalents)	-	-	-	-	-	-	-
Current portion of bonds payable	-	-	-	-	-	2,160,000	2,160,000
Current portion of pension bonds payable	22,868	48,712	91,806	239,846	-	-	403,232
Accrued interest payable	3,830	8,158	15,376	40,170	-	2,134,882	2,202,416
Accrued liabilities	-	-	-	-	8,059,955	-	8,059,955
Accounts payable	-	916,008	-	54,529	308,760	-	1,279,297
Leases payable	-	-	-	-	67,755	-	67,755
Total current assets	977,534	2,689,386	2,015,571	3,890,022	8,436,470	34,363,961	52,372,944
Noncurrent assets:							
Asset appropriations (including \$80,271,863 in cash and cash equivalents)	-	42,583,145	-	10,149,956	28,533,538	-	81,266,639
Restricted assets (including \$192,829 in cash and cash equivalents)	-	192,829	-	-	-	-	192,829
Capital assets:							
Land	-	9,972	-	-	-	-	9,972
Construction in progress	-	910,691	-	1,838,213	-	-	2,748,904
Utility plant, facilities & equipment in service	3,572,911	80,047,011	577,032	30,606,106	-	-	114,803,060
Less accumulated depreciation	(2,517,133)	(53,056,206)	(409,399)	(21,120,324)	-	-	(77,103,062)
Right-to-use asset	1,705	-	-	-	517,767	-	519,472
Less accumulated amortization - right-to-use assets	(1,705)	-	-	-	(71,416)	-	(73,121)
Subscription assets	131,949	-	-	1,162,390	-	-	1,294,339
Less accumulated amortization - subscription assets	(43,983)	-	-	(466,578)	-	-	(510,561)
Total capital assets	1,143,744	27,911,468	167,633	12,019,807	446,351	-	41,689,003
Other noncurrent assets:							
Advances to other funds	-	-	-	-	-	40,620,989	40,620,989
Total other noncurrent assets	-	-	-	-	-	40,620,989	40,620,989
Total noncurrent assets	1,143,744	70,687,442	167,633	22,169,763	28,979,889	40,620,989	163,769,460
Total assets	2,121,278	73,376,828	2,183,204	26,059,785	37,416,359	74,984,950	216,142,404
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows of resources related to pensions	733,821	1,318,865	2,357,299	5,978,227	-	-	10,388,212
Deferred outflows of resources related to OPEB	415,536	785,072	1,623,861	2,980,335	-	-	5,804,804
Unamortized loss on refunding	-	-	-	-	-	228,731	228,731
Total deferred outflows of resources	1,149,357	2,103,937	3,981,160	8,958,562	-	228,731	16,421,747

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Purchasing And Stores Fund	Fleet Management Fund	Facilities Maintenance Fund	Information Technology Fund	Self- Insurance Fund	Internal Loan Fund	Total Internal Service Funds
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 17,389	\$ 604,997	\$ 72,152	\$ 409,685	\$ -	\$ 13,923	\$ 1,118,146
Accrued liabilities	36,738	80,911	133,918	339,003	-	-	590,570
Due to other funds	-	30,698	-	991,463	-	-	1,022,161
Accrued interest payable	3,012	-	-	22,002	-	-	25,014
Subscription liability payable	44,219	-	-	471,777	-	-	515,996
Deposits payable	1,750	-	-	-	-	-	1,750
Payable from apportioned assets:							
Bonds payable	-	-	-	-	-	2,160,000	2,160,000
Pension notes payable	22,868	48,712	91,806	239,846	-	-	403,232
Accrued interest payable	3,830	8,158	15,376	40,170	-	2,134,882	2,202,416
Accrued liabilities	-	-	-	-	8,059,955	-	8,059,955
Accounts payable	-	916,008	-	54,529	308,760	-	1,279,297
Leases payable	-	-	-	-	67,755	-	67,755
Total current liabilities	129,806	1,689,484	313,252	2,568,475	8,436,470	4,308,805	17,446,292
Noncurrent liabilities:							
Liabilities payable from apportioned assets							
Accrued liabilities, less current portion	-	-	-	-	16,222,906	-	16,222,906
Lease liability, less current portion	-	-	-	-	404,568	-	404,568
Accrued liabilities, less current portion	66,475	154,048	232,908	749,227	-	-	1,202,658
Advances from other funds, less current portion	-	407,471	-	1,142,298	-	-	1,549,769
Net pension liability	847,172	1,594,301	2,938,048	7,577,079	-	-	12,956,600
Net OPEB liability	964,278	1,825,991	3,812,508	8,309,281	-	-	14,912,058
Subscription liability, less current portion	45,700	-	-	207,582	-	-	253,282
Pension notes payable, less current portion	293,660	625,535	1,178,922	3,079,968	-	-	5,178,085
Revenue bonds payable, less current portion	-	-	-	-	-	52,396,774	52,396,774
Unamortized bond premium	-	-	-	-	-	13,626,361	13,626,361
Total noncurrent liabilities	2,217,285	4,607,346	8,162,386	21,065,435	16,627,474	66,023,135	118,703,061
Total liabilities	2,347,091	6,296,830	8,475,638	23,633,910	25,063,944	70,331,940	136,149,353
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows of resources related to pensions	145,349	166,166	320,292	795,930	-	-	1,427,737
Deferred inflows of resources related to OPEB	610,906	1,162,012	2,209,114	5,491,006	-	-	9,473,038
Total deferred inflows of resources	756,255	1,328,178	2,529,406	6,286,936	-	-	10,900,775
NET POSITION							
Net investment in capital assets	1,053,825	26,995,460	167,633	11,340,448	(25,972)	-	39,531,394
Restricted	-	192,829	-	-	-	-	192,829
Capital improvement	(886,536)	40,667,468	(5,008,313)	(6,242,947)	12,378,387	4,881,741	45,789,800
Unrestricted	167,289	67,855,757	(4,840,680)	5,097,501	12,352,415	4,881,741	85,514,023
Total net position	\$ 167,289	\$ 67,855,757	\$ (4,840,680)	\$ 5,097,501	\$ 12,352,415	\$ 4,881,741	\$ 85,514,023

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Purchasing And Stores Fund	Fleet Management Fund	Facilities Maintenance Fund	Information Technology Fund	Self- Insurance Fund	Internal Loan Fund	Total Internal Service Funds
OPERATING REVENUES							
Charges for services	\$ 2,074,491	\$ 20,186,314	\$ 7,379,244	\$ 22,898,176	\$ 38,672,425	\$ -	\$ 91,210,650
OPERATING EXPENSES							
Personal services	1,167,518	2,304,447	4,644,303	9,110,645	-	-	17,226,913
Other operating expenses	1,818,898	9,249,599	3,083,451	9,037,616	39,775,617	-	62,965,181
Depreciation/amortization	112,580	7,461,529	18,667	3,385,052	71,416	-	11,049,244
Total operating expenses	3,098,996	19,015,575	7,746,421	21,533,313	39,847,033	-	91,241,338
Operating income (loss)	(1,024,505)	1,170,739	(367,177)	1,364,863	(1,174,608)	-	(30,688)
NONOPERATING REVENUES (EXPENSES)							
Fuel tax refunds and credits	-	152,080	-	-	-	-	152,080
Interest revenue	32,980	1,903,573	78,076	493,297	1,600,834	1,003,578	5,112,338
Net increase (decrease) in the fair value of investments	133,317	(1,780,835)	(57,401)	(747,859)	(620,233)	(176,865)	(3,249,876)
Interest income on internal loans	-	-	-	-	-	2,465,243	2,465,243
Gain (loss) on disposition of capital assets	-	(198,052)	-	(39,572)	-	-	(237,624)
Sale of surplus material and scrap	12,806	4,304	-	4,267	-	-	21,377
Other miscellaneous revenues	-	97,762	762	17,390	895,454	2,063	1,013,431
Sale of general capital assets	-	1,496,509	-	-	-	-	1,496,509
Interest expense	(7,663)	(23,332)	(30,764)	(189,659)	-	(4,281,142)	(4,532,560)
Interest expense - leases	(1)	-	-	-	(2,694)	-	(2,695)
Interest expense - subscriptions	(3,012)	-	-	(23,508)	-	-	(26,520)
Amortization	-	-	-	-	-	883,218	883,218
Total nonoperating revenues (expenses)	168,427	1,652,009	(9,327)	(485,644)	1,873,361	(103,905)	3,094,921
Income (loss) before transfers	(856,078)	2,822,748	(376,504)	879,219	698,753	(103,905)	3,064,233
Capital grants and contributions:							
Federal grants and donations	-	-	-	-	-	313,839	313,839
Transfers from other funds	(7,507)	1,297,228	(2,967)	1,704,831	-	-	3,002,059
Transfers to other funds	(7,507)	(6,540)	(2,967)	-	(244,584)	-	(261,598)
Total contributions and transfers	(15,014)	1,290,688	(2,967)	1,704,831	(244,584)	313,839	3,054,300
Change in net position	(863,585)	4,113,436	(379,471)	2,584,050	454,169	209,934	6,118,533
NET POSITION, beginning of year	1,030,874	63,742,321	(4,461,209)	2,513,451	11,898,246	4,671,807	79,395,490
NET POSITION, end of year	\$ 167,289	\$ 67,855,757	\$ (4,840,680)	\$ 5,097,501	\$ 12,352,415	\$ 4,881,741	\$ 85,514,023



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CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Purchasing and Stores Fund	Fleet Management Fund	Facilities Maintenance Fund	Information Technology Fund	Self-Insurance Fund	Internal Loan Fund	Total Internal Service Funds
Cash flows from operating activities:							
Receipts for interfund services	\$ 2,087,297	\$ 20,408,821	\$ 7,379,244	\$ 22,919,833	\$ 39,545,617	\$ -	\$ 92,340,812
Payments to suppliers	(784,633)	(9,326,496)	(2,418,869)	(7,768,329)	(39,170,017)	-	(59,468,344)
Payments for interfund services	(1,001,496)	(400,410)	(625,477)	(1,874,573)	(278,068)	-	(4,180,024)
Payments to employees	(1,096,212)	(2,053,265)	(4,062,815)	(9,005,729)	-	-	(16,218,021)
Cash flows provided by (used in) operating activities	(795,044)	8,628,650	272,083	4,271,202	97,532	-	12,474,423
Cash flows from noncapital financing activities:							
Transfers to other funds	(7,507)	(6,540,000)	(2,967)	-	(225,000)	-	(242,014)
Payments on and maturities of pension obligation notes	(21,991)	(46,844,000)	(88,286)	(230,650)	-	-	(387,771)
Interest paid on pension obligation notes	(7,929)	(7,576,000)	(31,832)	(192,450)	-	-	(239,787)
Cash flows provided by (used in) noncapital financing activities	(37,427)	(60,960)	(123,085)	(423,100)	(225,000)	-	(869,572)
Cash flows from capital financing activities:							
Interest received on internal loans	-	-	-	-	-	2,465,243	2,465,243
Proceeds from repayments of interfund loans - governmental funds	-	-	-	-	-	3,337,160	3,337,160
Proceeds from repayments of interfund loans	-	-	-	-	-	4,961,377	4,961,377
Issuance of long-term debt - governmental funds	-	-	-	-	-	(430,258)	(430,258)
Payments on and maturities of interfund loans	-	(30,104)	-	(952,794)	-	-	(982,898)
Interest paid on long-term debt issued to finance capital assets	(1)	(16,323)	-	(1,506)	(2,694)	(4,408,835)	(4,429,359)
Payments on and maturities of long-term debt	(26,035)	-	-	(483,031)	(65,028)	(10,406,000)	(10,980,094)
Transfers from other funds for capital purposes	-	1,297,228	-	1,704,831	-	-	3,002,059
Proceeds from rebates on interest payments	-	-	-	-	-	313,839	313,839
Proceeds from the sale of capital assets	(16,849)	1,496,509	-	-	-	-	1,496,509
Purchase of capital assets	(42,885)	(7,857,841)	-	(889,010)	-	-	(8,763,700)
Cash flows provided by (used in) capital financing activities	(42,885)	(5,110,531)	-	(621,510)	(67,722)	(4,167,474)	(10,010,122)
Cash Flows from investing activities:							
Investment revenue	32,980	1,903,573	78,076	493,297	1,600,834	1,003,578	5,112,338
Net increase (decrease) in the fair value of cash equivalents	133,317	(1,780,835)	(57,401)	(747,859)	(620,233)	(176,865)	(3,249,876)
Cash flows provided by (used in) investing activities	166,297	122,738	20,675	(254,562)	980,601	826,713	1,862,462
Net increase (decrease) in cash and cash equivalents	(709,059)	3,579,897	169,673	2,972,030	785,411	(3,340,761)	3,457,191
Cash and cash equivalents, beginning of year	1,096,999	41,624,940	1,845,548,000	10,427,676	35,508,798	32,889,667	123,393,628
Cash and cash equivalents, end of year	\$ 387,940	\$ 45,204,837	\$ 2,015,221	\$ 13,399,706	\$ 36,294,209	\$ 29,548,906	\$ 126,850,819



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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, 2023

	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	Total Trust Funds	
ASSETS						
Cash and cash equivalents	\$ 8,510,673	\$ 3,693,052	\$ 5,986,812	\$ -	\$ 18,190,537	\$ 1,382,045
Mutual funds	89,642,342	108,432,991	73,016,594	-	271,091,927	-
US government obligations	70,641,209	20,816,495	-	-	91,457,704	-
Real estate funds	60,660,946	18,341,863	6,478,921	-	85,481,730	-
Corporate notes and bonds	37,320,982	-	-	-	37,320,982	-
Corporate stocks	130,828,933	-	-	-	130,828,933	-
Alternate investments	47,560,611	12,958,150	14,683,058	-	75,201,819	-
Fixed income funds	55,730,708	-	21,531,429	-	77,262,137	-
Private equity funds	188,389,202	-	-	-	188,389,202	-
Consolidated fund	-	-	-	10,757,581	10,757,581	378,623
Prepaid expenses	-	850	-	-	850	-
Interest and dividends receivable	826,502	119,268	49,920	-	995,690	-
Investment sales receivable, net	369,034	100,746	-	-	469,780	-
Contributions receivable	357,061	42,999	55,187	36,068	491,315	-
Due from other government units	-	1,353,269	22,951	-	1,376,220	-
Total assets	690,838,203	165,859,683	121,824,872	10,793,649	989,316,407	1,760,668
LIABILITIES						
Accounts payable	\$ 389,112	\$ 85,121	\$ 62,873	\$ -	\$ 537,106	\$ -
Benefits payable	-	507,436	1,568	-	509,004	66,636
Unsettled investment purchases, net	265,923	-	-	-	265,923	-
Due to other funds	-	-	-	307,300	307,300	1,694,032
Total liabilities	655,035	592,557	64,441	307,300	1,619,333	1,760,668
NET POSITION						
DROP and other accounts	20,081,762	5,290,792	1,977,003	-	27,349,557	-
OPEB benefits	-	-	-	10,486,349	10,486,349	-
Pension benefits and other purposes	670,101,406	159,976,334	119,783,428	-	949,861,168	-
Total net position	\$ 690,183,168	\$ 165,267,126	\$ 121,760,431	\$ 10,486,349	\$ 987,697,074	\$ -

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	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	Total Trust Funds	
ADDITIONS						
Contributions:						
Employer	\$ 6,463,659	\$ 1,651,758	\$ 1,956,280	\$ 5,965,715	\$ 16,037,412	\$ 806,288
Plan members	4,227,756	2,235,692	1,463,908	105,972	8,033,328	-
Insurance premium taxes - State of Florida	-	1,353,269	1,221,400	-	2,574,669	-
Total contributions	10,691,415	5,240,719	4,641,588	6,071,687	26,645,409	806,288
Net investment income:						
Interest revenue	11,853,326	1,657,221	2,505,431	149,934	16,165,912	(47,911)
Dividends	-	2,048,159	-	-	2,048,159	-
Net increase (decrease) in the fair value of investments	56,783,785	15,031,150	10,722,696	1,144,410	83,682,041	40,279
Investment advisor fee	(2,786,618)	(267,742)	(135,684)	-	(3,190,044)	-
Net investment income (loss)	65,850,493	18,468,788	13,092,443	1,294,344	98,706,068	(7,632)
Other miscellaneous revenues	1,066	195,877	-	-	196,943	-
Total additions	76,542,974	23,905,384	17,734,031	7,366,031	125,548,420	798,656
DEDUCTIONS						
Pension benefits paid	51,447,278	12,338,363	5,798,353	-	69,583,994	-
Other benefits paid	-	-	-	6,191,071	6,191,071	-
Refunds, former plan members	707,222	429,418	110,101	-	1,246,741	-
Administrative expense	256,365	215,253	149,297	-	620,915	-
Other	-	-	-	-	-	798,656
Total deductions	52,410,865	12,983,034	6,057,751	6,191,071	77,642,721	798,656
CHANGE IN NET POSITION						
RESTRICTED	24,132,109	10,922,350	11,676,280	1,174,960	47,905,699	-
NET POSITION, beginning of year	666,051,059	154,344,776	110,084,151	9,311,389	939,791,375	-
NET POSITION, end of year	\$ 690,183,168	\$ 165,267,126	\$ 121,760,431	\$ 10,486,349	\$ 987,697,074	\$ -



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SCHEDULES





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CITY OF LAKELAND, FLORIDA

SCHEDULE OF LONG-TERM DEBT - ALL FUNDS
SEPTEMBER 30, 2023

	Interest Rate	Date		Original Issue Amount	Outstanding October 1, 2022	Issued During Year	Retired During Year	Outstanding September 30, 2023	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	\$ 39,187,787	\$ -	\$ 2,545,767	\$ 36,642,020	\$ 5,875,386	\$ 42,517,406
Capital Improvement Revenue Note, Series 2017A	2.440	05-23-17	04-01-32	14,741,138	10,350,938	-	941,986	9,408,952	1,173,811	10,582,763
Lease financings payable:										
Leasing2 - Wheel loaders	2.800	09-16-19	03-15-25	458,389	311,440	-	61,982	249,458	8,582	258,040
Leasing2 - Vector Trucks	2.800	09-16-19	04-16-25	1,079,164	597,720	-	165,324	432,396	19,455	451,851
Leasing2 - Sweepers	2.800	09-16-19	07-16-24	1,663,523	690,318	-	340,298	350,020	9,801	359,821
Leasing2 - Sweepers	4.450	04-05-23	08-05-28	2,192,727	-	2,192,727	-	2,192,727	325,912	2,518,639
Leasing2 - Gradall Telescope Excavators	5.750	08-03-16	11-15-23	784,107	209,732	-	108,745	100,987	443	101,430
Axon Enterprises - Body-worm Camera System	0.00	06-21-22	05-01-31	10,553,439	-	10,553,439	1,984,212	8,569,227	-	8,569,227
Internal Loans	1.530 to 4.000	03-31-05	09-30-36	59,578,580	38,816,105	430,258	3,337,160	35,909,203	8,302,956	44,212,159
				135,492,240	90,164,040	13,176,424	9,485,474	93,854,990	15,716,346	109,571,336
DEPARTMENT OF ELECTRIC UTILITIES										
Energy System Revenue and Refunding Bonds, Series 2016	2.000 to 5.000	02-05-16	10-01-36	138,650,000	107,665,000	-	10,020,000	97,645,000	17,660,934	115,305,934
Energy System Refunding Bonds, Series 2017	Variable	08-29-17	10-01-37	97,000,000	88,205,000	-	88,205,000	-	-	-
Energy System Revenue and Refunding Bonds, Series 2010	4.000 to 5.250	10-01-10	10-01-36	199,300,000	94,100,000	-	5,140,000	88,960,000	35,026,281	123,986,281
Energy System Revenue Bonds, Series 2018	3.250 to 5.000	09-27-18	10-01-37	43,945,000	37,320,000	-	2,930,000	34,390,000	11,230,256	45,620,256
Energy System Revenue Bonds, Series 2021	4.000 to 5.000	12-01-21	10-01-48	123,295,000	123,295,000	-	1,835,000	121,460,000	81,778,300	203,238,300
Energy System Revenue and Refunding Bonds, Series 2023	4.250 to 5.000	09-12-23	10-01-48	154,470,000	-	154,470,000	-	154,470,000	118,277,518	272,747,518
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	20,378,522	17,969,579	-	1,167,362	16,802,217	2,694,163	19,496,380
				777,038,522	468,554,579	154,470,000	109,297,362	513,727,217	266,667,452	780,394,669
LAKELAND LINDER INTERNATIONAL AIRPORT FUND										
Capital Improvement Revenue Note, Series 2017B	2.440	05-23-17	04-01-26	15,879,855	4,515,766	-	1,239,263	3,276,503	138,847	3,415,350
Internal Loans	4.000	09-30-10	09-30-35	52,581,448	46,414,981	-	3,550,867	42,864,114	6,542,828	49,406,942
Capital Improvement Revenue Note, Series 2017A	2.440	05-23-17	04-01-27	1,629,431	862,766	-	164,500	698,266	43,097	741,363
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	599,408	528,552	-	34,336	494,216	79,244	573,460
				70,690,142	52,322,065	-	4,988,966	47,333,099	6,804,016	54,137,115
WATER AND WASTEWATER UTILITIES										
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	1,216,996	6,426,019
Water and Wastewater System Revenue Refunding Bonds, Series 2021	2.140	10-01-21	10-01-32	28,220,000	28,220,000	-	2,309,413	25,910,587	2,868,345	28,778,932
Water and Wastewater Revenue Note, Series 2015	2.420	11-12-15	10-01-25	10,600,000	6,782,969	-	691,129	6,091,840	390,463	6,482,303

(Table Continued on the Next Page)

CITY OF LAKELAND, FLORIDA

SCHEDULE OF LONG-TERM DEBT - ALL FUNDS (continued)
SEPTEMBER 30, 2023

	Interest Rate	Date		Original Issue Amount	Outstanding October 1, 2022	Issued During Year	Retired During Year	Outstanding September 30, 2023	Interest Payable in Future Years	Principal and Interest Payable in Future Years
		Issue	Final Maturity							
WATER AND WASTEWATER UTILITIES (continued)										
Wastewater Revolving Loan Program - DW 530661	0.230	07-01-20	11-15-41	\$ 19,167,295	\$ 18,526,507	\$ 32,843	\$ 553,257	\$ 18,006,093	\$ 405,474	\$ 18,411,567
Wastewater Revolving Loan Program - WW 530630	0.000 to 0.440	10-24-16	01-15-40	12,284,141	10,756,078	-	593,459	10,162,619	73,729	10,236,348
Wastewater Revolving Loan Program - 2006 SRF	2.960	01-31-04	09-30-28	42,734,405	15,902,721	-	2,339,302	13,563,419	988,904	14,552,323
Wastewater Revolving Loan Program - WW 530651	0.000 to 0.060	05-07-18	12-15-42	15,494,263	14,645,599	2,347	80,065	14,567,881	22,747	14,590,628
Wastewater Revolving Loan Program - WW 530660	1.960	11-27-18	06-15-40	778,787	698,844	-	76,331	622,513	49,915	672,428
Wastewater Revolving Loan Program - WW 530650	1.160	03-03-17	08-15-40	1,000,000	802,423	-	37,977	764,446	84,688	849,134
Wastewater Revolving Loan Program - WW530610	1.690	02-11-14	04-15-36	1,301,890	606,252	-	126,213	480,039	92,743	572,782
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	7,187,425	6,337,801	-	411,724	5,926,077	950,219	6,876,296
Wastewater Revolving Loan Program - WW 530652	0.000	02-24-21	08-15-44	2,443,459	2,080,928	262,966	-	2,343,894	-	2,343,894
Wastewater Revolving Loan Program - WW 530670	0.000	11-18-21	10-15-42	1,106,541	723,067	263,833	-	986,900	-	986,900
Internal Loans	0.091	08-01-21	09-30-23	991,615	427,612	-	427,612	-	-	-
				148,518,844	111,719,824	561,989	7,646,482	104,635,331	7,144,223	111,779,554
PARKING FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	115,539	101,881	-	6,619	95,262	15,273	110,535
				115,539	101,881	-	6,619	95,262	15,273	110,535
SOLID WASTE FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	1,508,650	1,330,312	-	86,421	1,243,891	199,453	1,443,344
				1,508,650	1,330,312	-	86,421	1,243,891	199,453	1,443,344
PURCHASING AND STORES FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	383,899	338,519	-	21,991	316,528	50,754	367,282
				383,899	338,519	-	21,991	316,528	50,754	367,282
FACILITIES MAINTENANCE FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	1,541,199	1,359,014	-	88,286	1,270,728	203,760	1,474,488
				1,541,199	1,359,014	-	88,286	1,270,728	203,760	1,474,488
MOTOR POOL FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	817,758	721,091	-	46,844	674,247	108,116	782,363
Internal Loans	1.530	08-01-21	09-30-36	500,000	468,274	-	30,104	438,170	45,991	484,161
				1,317,758	1,189,365	-	76,948	1,112,417	154,107	1,266,524
INFORMATION TECHNOLOGY FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	4,026,427	3,550,464	-	230,650	3,319,814	532,314	3,852,128
Internal Loans	4.000	09-30-10	09-30-25	14,250,000	3,086,555	-	952,794	2,133,761	110,469	2,244,230
				18,276,427	6,637,019	-	1,183,444	5,453,575	642,783	6,096,358

(Table Continued on the Next Page)

CITY OF LAKELAND, FLORIDA

SCHEDULE OF LONG-TERM DEBT - ALL FUNDS (continued)
SEPTEMBER 30, 2023

	Interest Rate	Date		Original Issue Amount	Outstanding October 1, 2022	Issued During Year	Retired During Year	Outstanding September 30, 2023	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	\$ -	\$ 1,870,000	\$ 24,325,000	\$ 8,046,425	\$ 32,371,425
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	-	250,000	14,755,000	6,852,750	21,607,750
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	-	2,390,000	1,900,000	10,450	1,910,450
Capital Improvement Revenue Bonds, Series 2015	2.00 to 5.00	05-20-15	10-01-36	51,465,000	35,450,000	-	1,870,000	33,580,000	10,834,036	44,414,036
Capital Improvement Refunding Note, Series 2012A	0.0175	12-20-12	10-01-22	12,375,000	2,013,000	-	2,013,000	-	-	-
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	6,234,070	22,140,047
				<u>125,235,977</u>	<u>98,858,977</u>	-	<u>8,393,000</u>	<u>90,465,977</u>	<u>31,977,731</u>	<u>122,443,708</u>
TOTAL ALL FUNDS				\$ 1,280,119,197	\$ 832,575,595	\$ 168,208,413	\$ 141,274,993	\$ 859,509,015	\$ 329,575,898	\$ 1,189,084,913

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CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY
SEPTEMBER 30, 2023

CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS, SERIES 2010C

Fiscal Year	INTERNAL LOAN PORTION			WATER UTILITIES PORTION		
	Principal	Interest	Total	Principal	Interest	Total
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	\$ 6,234,070	\$ 22,140,047	\$ 5,209,023	\$ 1,216,996	\$ 6,426,019

CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2015

Fiscal Year	INTERNAL LOAN FUND		
	Principal	Interest	Total
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	\$ 33,580,000	\$ 10,834,036	\$ 44,414,036

CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY (CONTINUED)
 SEPTEMBER 30, 2023

TAXABLE PENSION LIABILITY REDUCTION NOTE, SERIES 2020

Fiscal Year	GOVERNMENTAL FUNDS			ENTERPRISE FUNDS		
	Principal	Interest	Total	Principal	Interest	Total
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	\$ 36,642,020	\$ 5,875,386	\$ 42,517,406	\$ 30,142,980	\$ 4,833,296	\$ 34,976,276

CAPITAL IMPROVEMENT REFUNDING NOTE, SERIES 2017A

Fiscal Year	AIRPORT PORTION			GOVERNMENTAL PORTION		
	Principal	Interest	Total	Principal	Interest	Total
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	\$ 698,266	\$ 43,097	\$ 741,363	\$ 9,408,952	\$ 1,173,811	\$ 10,582,763

CAPITAL IMPROVEMENT REFUNDING NOTE, SERIES 2017B

Fiscal Year	AIRPORT PORTION		
	Principal	Interest	Total
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	\$ 3,276,503	\$ 138,847	\$ 3,415,350

CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY (CONTINUED)
SEPTEMBER 30, 2023

WATER AND WASTEWATER REVENUE REFUNDING BONDS,
 SERIES 2021

Fiscal Year	WATER UTILITIES PORTION		
	Principal	Interest	Total
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>\$ 25,910,587</u>	<u>\$ 2,868,345</u>	<u>\$ 28,778,932</u>

CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2015

Fiscal Year	WATER UTILITIES PORTION			WASTEWATER UTILITIES PORTION		
	Principal	Interest	Total	Principal	Interest	Total
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>\$ 4,921,840</u>	<u>\$ 333,351</u>	<u>\$ 5,255,191</u>	<u>\$ 1,170,000</u>	<u>\$ 57,112</u>	<u>\$ 1,227,112</u>

ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2010

Fiscal Year	Principal	Interest	Total
2023-24	\$ 5,355,000	\$ 4,481,050	\$ 9,836,050
2024-25	5,595,000	4,220,687	9,815,687
2025-26	5,885,000	3,933,688	9,818,688
2026-27	6,180,000	3,624,338	9,804,338
2027-28	5,180,000	3,326,138	8,506,138
2028-29	5,450,000	3,047,100	8,497,100
2029-30	5,745,000	2,753,231	8,498,231
2030-31	6,040,000	2,443,875	8,483,875
2031-32	6,360,000	2,118,375	8,478,375
2032-33	6,695,000	1,775,681	8,470,681
2033-34	7,045,000	1,415,006	8,460,006
2034-35	7,415,000	1,035,431	8,450,431
2035-36	7,800,000	636,038	8,436,038
2036-37	8,215,000	215,643	8,430,643
TOTALS	<u>\$ 88,960,000</u>	<u>\$ 35,026,281</u>	<u>\$ 123,986,281</u>

CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY (CONTINUED)
SEPTEMBER 30, 2023

ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2016

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023-24	\$ 10,480,000	\$ 3,676,169	\$ 14,156,169
2024-25	10,955,000	3,140,293	14,095,293
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	1,535,293	14,085,293
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	\$ 97,645,000	\$ 17,660,934	\$ 115,305,934

ENERGY SYSTEM REFUNDING BONDS, SERIES 2018

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	\$ 34,390,000	\$ 11,230,256	\$ 45,620,256

CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY (CONTINUED)
SEPTEMBER 30, 2023

ENERGY SYSTEM REVENUE BONDS, SERIES 2021

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	\$ 121,460,000	\$ 81,778,300	\$ 203,238,300

ENERGY SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2023

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023-24	\$ -	\$ 4,156,011	\$ 4,156,011
2024-25	-	7,518,413	7,518,413
2025-26	-	7,518,413	7,518,413
2026-27	-	7,518,413	7,518,413
2027-28	-	7,518,413	7,518,413
2028-29	-	7,518,413	7,518,413
2029-30	175,000	7,514,038	7,689,038
2030-31	3,090,000	7,432,412	10,522,412
2031-32	6,690,000	7,187,912	13,877,912
2032-33	6,965,000	6,846,537	13,811,537
2033-34	7,270,000	6,490,662	13,760,662
2034-35	11,225,000	6,028,287	17,253,287
2035-36	11,190,000	5,467,912	16,657,912
2036-37	9,000,000	4,963,163	13,963,163
2037-38	19,920,000	4,240,162	24,160,162
2038-39	10,080,000	3,490,163	13,570,163
2039-40	5,505,000	3,100,538	8,605,538
2040-41	5,790,000	2,818,163	8,608,163
2041-42	6,060,000	2,521,912	8,581,912
2042-43	6,365,000	2,211,288	8,576,288
2043-44	6,675,000	1,885,287	8,560,287
2044-45	7,005,000	1,543,288	8,548,288
2045-46	7,370,000	1,202,663	8,572,663
2046-47	7,695,000	871,563	8,566,563
2047-48	8,025,000	533,237	8,558,237
2048-49	8,375,000	180,255	8,555,255
TOTALS	\$ 154,470,000	\$ 118,277,518	\$ 272,747,518

CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY (CONTINUED)
SEPTEMBER 30, 2023

CAPITAL IMPROVEMENT REVENUE BONDS

Fiscal Year	SERIES 2021A			SERIES 2021B		
	Principal	Interest	Total	Principal	Interest	Total
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	<u>\$ 24,325,000</u>	<u>\$ 8,046,425</u>	<u>\$ 32,371,425</u>	<u>\$ 14,755,000</u>	<u>\$ 6,852,750</u>	<u>\$ 21,607,750</u>

SERIES 2021C

Principal	Interest	Total
\$ 1,900,000	\$ 10,450	\$ 1,910,450
<u>\$ 1,900,000</u>	<u>\$ 10,450</u>	<u>\$ 1,910,450</u>

CITY OF LAKELAND, FLORIDA

ANALYSIS OF SINKING FUND AND RESERVE ACCOUNT REQUIREMENTS
SEPTEMBER 30, 2023

CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS, SERIES 2010

FUNDS REQUIRED, all series	\$ 2,015,424	\$ -	\$ 2,015,424
FUNDS AVAILABLE			
Cash with paying agent	2,015,424	-	2,015,424
Total funds available	2,015,424	-	2,015,424
FUNDING OVER REQUIREMENTS	\$ -	\$ -	\$ -

CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS, SERIES 2015

FUNDS REQUIRED, all series	\$ 2,640,469	\$ -	\$ 2,640,469
FUNDS AVAILABLE			
Cash with paying agent	2,640,469	-	2,640,469
Total funds available	2,640,469	-	2,640,469
FUNDING OVER REQUIREMENTS	\$ -	\$ -	\$ -

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	2,170,356	-	2,170,356
Total funds available	2,170,356	-	2,170,356
FUNDING OVER REQUIREMENTS	\$ -	\$ -	\$ -

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	324,493	-	324,493
Total funds available	324,493	-	324,493
FUNDING OVER REQUIREMENTS	\$ -	\$ -	\$ -

CITY OF LAKELAND, FLORIDA

SUMMARY OF REQUIRED DEBT PAYMENTS TO MATURITY
ALL OUTSTANDING REVENUE BOND SERIES
2024 TO 2049

ANNUAL PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year Ending Sept 30</u>	<u>Capital Improvement Revenue and Refunding Bonds Series 2010C</u>	<u>Capital Improvement Revenue Bonds Series 2015</u>	<u>Capital Improvement Revenue Note Series 2017A</u>	<u>Capital Improvement Revenue Note Series 2017B</u>
2024	\$ 821,176	\$ 3,444,063	\$ 1,378,237	\$ 1,132,910
2025	2,047,090	3,438,438	1,377,987	1,135,996
2026	2,052,857	3,311,063	1,377,731	1,146,444
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	1,161,457	-
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>\$ 28,566,066</u>	<u>\$ 44,414,036</u>	<u>\$ 11,324,126</u>	<u>\$ 3,415,350</u>

CITY OF LAKELAND, FLORIDA

SUMMARY OF REQUIRED DEBT PAYMENTS TO MATURITY
ALL OUTSTANDING REVENUE BOND SERIES (CONTINUED)
2024 TO 2049

ANNUAL PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year Ending Sept 30</u>	<u>Water and Wastewater Capital Improvement Revenue Note Series 2015</u>	<u>Water and Wastewater Revenue Refunding and Improvement Bonds Series 2021</u>	<u>Florida Taxable Pension Liability Reduction Note Series 2020</u>	<u>Capital Improvement Revenue Bonds Series 2021</u>	<u>Energy System Refunding and Revenue Bonds, Series 2010</u>
2024	\$ 855,277	\$ 2,882,468	\$ 6,382,814	\$ 5,496,700	\$ 9,836,050
2025	855,276	2,881,493	6,458,690	4,526,750	9,815,687
2026	4,771,750	2,880,239	6,529,846	4,524,250	9,818,688
2027	-	2,878,459	6,606,163	5,968,975	9,804,337
2028	-	2,880,851	6,682,457	2,930,225	8,506,138
2029	-	2,877,025	6,758,611	2,931,225	8,497,100
2030	-	2,876,877	6,834,499	2,913,100	8,498,231
2031	-	2,874,961	6,914,944	2,920,475	8,483,876
2032	-	2,875,435	3,947,089	2,654,475	8,478,375
2033	-	2,871,124	4,654,041	2,655,725	8,470,681
2034	-	-	3,573,290	2,648,200	8,460,006
2035	-	-	3,850,164	2,651,750	8,450,431
2036	-	-	2,517,926	2,651,000	8,436,038
2037	-	-	2,105,292	2,234,375	8,430,643
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>\$ 6,482,303</u>	<u>\$ 28,778,932</u>	<u>\$ 77,493,682</u>	<u>\$ 55,889,625</u>	<u>\$ 123,986,281</u>

CITY OF LAKELAND, FLORIDA

SUMMARY OF REQUIRED DEBT PAYMENTS TO MATURITY
ALL OUTSTANDING REVENUE BOND SERIES (CONTINUED)
2024 TO 2049

ANNUAL PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending Sept 30	Energy System Refunding Revenue Bonds Series 2016	Energy System Refunding Bonds Series 2018	Energy System Revenue Bonds Series 2021	Energy System Refunding and Revenue Bonds Series 2023	Total
2024	\$ 14,156,169	\$ 3,409,937	\$ 7,572,850	\$ 4,156,011	\$ 61,524,662
2025	14,095,293	2,857,313	8,162,975	7,518,413	65,171,401
2026	14,059,419	2,132,937	8,893,850	7,518,413	69,017,487
2027	13,997,294	1,627,063	9,434,725	7,518,413	64,478,486
2028	14,085,293	2,548,937	9,861,350	7,518,413	61,439,640
2029	14,022,144	2,169,688	10,275,225	7,518,413	61,401,160
2030	9,719,081	5,867,313	10,616,850	7,689,038	61,361,712
2031	6,647,819	5,126,562	11,375,725	10,522,412	61,200,801
2032	2,439,047	5,453,344	6,854,350	13,877,912	52,775,425
2033	2,421,375	4,883,862	7,416,850	13,811,537	52,216,837
2034	2,417,250	4,317,600	7,943,350	13,760,662	47,801,447
2035	2,418,125	186,600	8,268,100	17,253,287	47,442,606
2036	2,413,750	186,600	8,755,475	16,657,912	45,977,619
2037	2,413,875	2,450,400	9,415,225	13,963,163	44,571,789
2038	-	2,402,100	10,039,700	24,160,162	40,955,252
2039	-	-	2,471,300	13,570,163	20,357,877
2040	-	-	6,621,600	8,605,538	18,381,128
2041	-	-	6,609,000	8,608,163	18,382,737
2042	-	-	6,624,300	8,581,912	16,841,262
2043	-	-	6,593,250	8,576,288	15,169,538
2044	-	-	6,593,625	8,560,287	15,153,912
2045	-	-	6,591,500	8,548,288	15,139,788
2046	-	-	6,571,750	8,572,663	15,144,413
2047	-	-	6,563,875	8,566,563	15,130,438
2048	-	-	6,561,750	8,558,237	15,119,987
2049	-	-	6,549,750	8,555,255	15,105,005
	<u>\$ 115,305,934</u>	<u>\$ 45,620,256</u>	<u>\$ 203,238,300</u>	<u>\$ 272,747,518</u>	<u>\$ 1,017,262,409</u>



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CITY OF LAKELAND, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2023

	Contract/Grant Number	AL/CSFA Number	Current Year Expenditures	Outstanding Loan Balance	Total Expenditures	Transfers To Subrecipients
EXPENDITURES OF FEDERAL AWARDS						
DEPARTMENT OF AGRICULTURE - FOOD						
Indirect Program:						
Passed through the Florida Department of Health						
Child and Adult Care Food Program						
	A-5449	10.558	5,839	-	5,839	-
			<u>5,839</u>	<u>-</u>	<u>5,839</u>	<u>-</u>
TOTAL DEPARTMENT OF AGRICULTURE - FOOD						
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Direct Programs:						
CDBG - Entitlement Grants Cluster						
Community Development Block Grants						
	B-20-MC-12-0011	14.218	297,548	-	297,548	-
	B-21-MC-12-0011	14.218	193,534	-	193,534	-
	B-22-MC-12-0011	14.218	410,401	-	410,401	81,680
	B-20-MW-12-0011	14.218	204,400	-	204,400	62,123
			<u>1,105,883</u>	<u>-</u>	<u>1,105,883</u>	<u>143,803</u>
Total CDBG - Entitlement Grants Cluster						
Home Investment Partnerships Program (HOME)						
Home Investment Partnerships Program						
	M-19-MC-12-0228	14.239	7,639	-	7,639	-
	M-20-MC-12-0228	14.239	210,061	-	210,061	-
	M-21-MP-12-0228	14.239	2,732	-	2,732	-
			<u>220,432</u>	<u>-</u>	<u>220,432</u>	<u>-</u>
Total HOME Investment Partnership Program						
Indirect Programs:						
Pass through the State of Florida Department of Economic Opportunity						
CDBG - State's Program and Non-Entitlement Grant						
	MT047	14.228	15,415	-	15,415	-
			<u>15,415</u>	<u>-</u>	<u>15,415</u>	<u>-</u>
Total CDBG-State's Program and Non-Entitlement Grants						
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
DEPARTMENT OF JUSTICE						
Indirect Programs:						
Passed through the Florida Office of the Attorney General						
FOAG Crime Victim Assistance (VOCA)						
	Police D-00074	16.575	150,381	-	150,381	-
			<u>150,381</u>	<u>-</u>	<u>150,381</u>	<u>-</u>
Direct Program:						
Edward Byrne Memorial Justice Assistance Grant Program						
	15PBJA-21-GG-01315-JAGX	16.738	831	-	831	-
	15PBJA-22-GG-02506-JAGX	16.738	31,089	-	31,089	-
			<u>31,920</u>	<u>-</u>	<u>31,920</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, 2023

	Contract/Grant Number	AL/CSFA Number	Current Year Expenditures	Outstanding Loan Balance	Total Expenditures	To Subrecipients
DEPARTMENT OF JUSTICE (continued)						
Indirect Programs:						
Passed through the Florida Department of Law Enforcement			24,760	-	24,760	-
Edward Byrne Memorial Justice Assistance Grant Program			56,680	-	56,680	-
Total Edward Byrne Memorial Program	15PBJA-21-GG-00241-MUMU	16.738	\$ 24,760	\$ -	\$ 24,760	\$ -
			\$ 56,680	\$ -	\$ 56,680	\$ -
			\$ 207,061	\$ -	\$ 207,061	\$ -
TOTAL DEPARTMENT OF JUSTICE						
FEDERAL DEPARTMENT OF TRANSPORTATION - FEDERAL AVIATION ADMINISTRATION						
Direct Programs:						
Airport Improvement Program and COVID-19 Airport Programs			3,977,539	-	3,977,539	-
FAA Reconstruction of TWY P	3-12-0041-049-2022	20.106	3,977,539	-	3,977,539	-
TWY E; Construct TWY S	3-12-0041-047-2021	20.106	(10,847)	-	(10,847)	-
TOTAL FEDERAL DEPARTMENT OF TRANSPORTATION - FEDERAL AVIATION ADMINISTRATION - AIRPORT IMPROVEMENT PROGRAM			\$ 3,966,692	\$ -	\$ 3,966,692	\$ -
FEDERAL DEPARTMENT OF TRANSPORTATION - FEDERAL HIGHWAY ADMINISTRATION						
Indirect Programs:						
Highway Planning and Construction						
Passed through the Florida Department of Transportation						
FDOT - Main Street Pathways	438267-1-68-01	20.205	(435)	-	(435)	-
FDOT - Three Parks Trail E	440277-1-58-01	20.205	(3,265)	-	(3,265)	-
FDOT - Three Parks Trail E	440277-1-68-01	20.205	(597)	-	(597)	-
FDOT - Tenoroc Trail - Segment 1	440358-1-28-01	20.205	15,609	-	15,609	-
FDOT - Chase Street Trail	446318-1-38-01	20.205	116	-	116	-
FDOT - LAP Josephine Sidewalk	444209-1-58-01	20.205	150	-	150	-
Fiber Optic - Maintenance/Lease	197620-4-8B-01	20.205	20,278	-	20,278	-
Total Highway Planning and Construction			31,856	-	31,856	-
Recreational Trails Program						
Passed through the Florida Department of Transportation						
FDEP-Se7en Wetlands Phase III Trail	12RECT019/T19005	20.219	128	-	128	-
TOTAL FEDERAL DEPARTMENT OF TRANSPORTATION - FEDERAL HIGHWAY ADMINISTRATION - HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			\$ 31,984	\$ -	\$ 31,984	\$ -
TOTAL FEDERAL DEPARTMENT OF TRANSPORTATION			\$ 3,998,676	\$ -	\$ 3,998,676	\$ -

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, 2023

	Contract/Grant Number	AL/CSFA Number	Current Year Expenditures	Outstanding Loan Balance	Total Expenditures	Transfers To Subrecipients
FEDERAL DEPARTMENT OF THE TREASURY						
Direct Program:						
Coronavirus Relief Fund						
Coronavirus State and Local Fiscal Recovery Funds	20-1982-0-1-806	21.027	952,235	-	952,235	
Western Trunk San Gully Rd Line Relocation	20-1982-0-1-806	21.027	1,034,751	-	1,034,751	
			\$ 1,986,986	\$ -	\$ 1,986,986	\$ -
TOTAL FEDERAL DEPARTMENT OF THE TREASURY						
FEDERAL DEPARTMENT OF HOMELAND SECURITY						
Indirect Programs:						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)						
Passed through the Florida Division of Emergency Management						
Mutual Aid - Kentucky	3131	97.036	23,611	-	23,611	-
Hurricane Idalia Recovery Suwannee County	00477	97.036	17,400	-	17,400	-
Hurricane Idalia Recovery	00445	97.036	12,056	-	12,056	-
Hurricane Ian Mission 04144 - Hardee County	04144	97.036	3,619	-	3,619	-
Total			56,686	-	56,686	-
			\$ 56,686	\$ -	\$ 56,686	\$ -
TOTAL FEDERAL DEPARTMENT OF HOMELAND SECURITY						
TOTAL EXPENDITURES OF FEDERAL AWARDS						
			\$ 7,596,978	\$ -	\$ 7,596,978	\$ 143,803
EXPENDITURES OF STATE FINANCIAL ASSISTANCE						
FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION						
Direct Programs:						
Statewide Water Quality Restoration Projects						
Se7en Wetlands Park	LPA0021	37.039	39,880	-	39,880	-
Drinking Water Facility Construction						
Williams WTP Clearwell Construction (SRL)	DW 530661	37.076	32,843	18,526,507	18,559,350	-
Wastewater Treatment Facility Construction						
English Oaks Phase III - Construction	WW 530650	37.077	-	14,645,599	14,645,599	-
English Oaks Phase IV - Construction	WW 530652	37.077	262,966	2,080,928	2,343,894	-
Glendale Effluent Pump Station - Design	WW 530670	37.077	263,833	723,067	986,900	-
Total Wastewater Treatment Facility Construction			526,799	17,449,594	17,976,393	-
			\$ 32,843	\$ 18,526,507	\$ 18,559,350	\$ -
Indirect Program:						
Urban Search and Rescue Sustainment Program						
Total Urban Search and Rescue Sustainment Program	T0258	31.078	11,970	-	11,970	-
			\$ 11,970	\$ -	\$ 11,970	\$ -
TOTAL FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION						
			\$ 611,492	\$ 35,976,101	\$ 36,587,593	\$ -

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, 2023

	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)	146 PY 21/22	40.901	406,298		406,298.00	
State Housing Initiatives Partnership Program (SHIP)	146 PY 22/23	40.901	30,167		30,167.00	
TOTAL FLORIDA HOUSING AND FINANCE CORPORATION			<u>\$ 436,465</u>	<u>\$ -</u>	<u>\$ 436,465</u>	<u>\$ -</u>
FLORIDA DEPARTMENT OF FINANCIAL SERVICES						
Direct program:						
Fire Decontamination Equipment Grant project	FM772	43.013	28,163		28,163	
TOTAL FLORIDA DEPARTMENT OF FINANCIAL SERVICES			<u>\$ 28,163</u>	<u>\$ -</u>	<u>\$ 28,163</u>	<u>\$ -</u>
FLORIDA DEPARTMENT OF TRANSPORTATION						
Direct Programs:						
Aviation Grant Programs						
FAA Reconstruction of TWY P	450204-1-94-01	55.004	1,270,193		1,270,193	
ILS Upgrade to CAT III	445718-1-94-01	55.004	2,503,101		2,503,101	
Total Aviation Grant Programs			<u>\$ 3,773,294</u>	<u>\$ -</u>	<u>\$ 3,773,294</u>	<u>\$ -</u>
Economic Development Transportation Fund						
Connected and Automated Vehicles - iCASP	448694-1-58-01	55.032	209,517		209,517	
FDOT-Drane Field Rd at Don Emerson Dr	444290-1-58-01	55.032	1,443,810		1,443,810	
Total Economic Development Transportation Funds			<u>\$ 1,653,327</u>	<u>\$ -</u>	<u>\$ 1,653,327</u>	<u>\$ -</u>
Florida Shared-Use Nonmotorized (SUN) Trail Network Program						
FDOT-Tenoroc Trail-Segment 1	440358-1-28-01	55.038	21,860		21,860	
TOTAL FLORIDA DEPARTMENT OF TRANSPORTATION			<u>\$ 5,448,481</u>	<u>\$ -</u>	<u>\$ 5,448,481</u>	<u>\$ -</u>
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	40.040	999,996		999,996	
TOTAL FLORIDA OFFICE OF TOURISM, TRADE, AND ECONOMIC DEVELOPMENT			<u>\$ 999,996</u>	<u>\$ -</u>	<u>\$ 999,996</u>	<u>\$ -</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 7,524,597</u>	<u>\$ 35,976,101</u>	<u>\$ 43,500,698</u>	<u>\$ -</u>

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, 2023

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, 2023. 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, 2023. 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% - 2.960% 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, 2023 is \$3,330,794.

NOTE C - PRIOR YEAR EXPENDITURES

The amounts reported on the SEFA for Airport Improvement Program (AL 20.106) as current year expenditures includes (\$10,847) of expenses incurred in prior fiscal years that were ineligible 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 (\$3,675) of expenses incurred in prior fiscal years that were ineligible 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 \$18,969 of expenses incurred in prior fiscal years that were eligible grant expenditures.

The amounts reported on the SEFA for Aviation Grant Programs (CSFA 55.004) as current year expenditures includes \$2,500,000 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 Florida Shared-Use Nonmotorized Trail Network Program (CSFA 55.038) as current year expenditures includes (\$621.68) of expenses incurred in prior years that were ineligible grant expenditures.

The amounts reported on the SEFA for Department of Justice Direct Programs (CFSA 16.738) as current year expenditures includes \$830.85 of expenses incurred in prior years that were eligible grant expenditures.

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
2023	\$ 286,306,706	\$ 876,319,412	\$ 69,031,170	\$ 90,923,056	\$ (37,418,270)	\$ 74,247,854	\$ 1,162,626,118	\$ 159,954,226	\$ 36,829,584	\$ 1,359,409,928
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



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CITY OF LAKELAND, FLORIDA

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 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	\$ 29,582,084
Public safety	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	89,327,359
Physical environment	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	8,523,284
Transportation	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	17,408,955
Economic environment	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	12,315,533
Human services	156,787	164,557	162,184	201,972	292,275	373,920	573,643	362,718	483,390	445,771
Culture/recreation	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	41,183,112
Interest on long-term debt	2,061,003	1,507,237	1,352,883	2,501,490	2,214,004	2,218,809	2,861,288	3,036,744	2,954,895	2,662,030
Total governmental activities	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	201,448,128
Business-type activities:										
Electric	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	318,484,784
Water and Wastewater	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	59,619,831
Parking	788,386	906,654	1,042,575	1,424,789	923,119	887,288	961,975	1,061,669	1,074,777	1,256,747
RP Funding Center	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	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	15,361,699
Solid Waste	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	16,178,254
Cleveland Heights Golf Course	3,031,751	2,438,137	2,534,521	20,181	-	-	-	-	-	-
Total business-type activities	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	410,901,315
Total primary government	\$ 475,350,978	\$ 472,694,296	\$ 475,227,682	\$ 505,302,045	\$ 515,530,640	\$ 512,105,486	\$ 503,625,163	\$ 505,044,427	\$ 536,135,768	\$ 612,349,443
Program revenues										
Governmental activities:										
Charges for services	\$ 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	\$ 526,440
Public safety	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	10,688,113
Economic environment	-	-	-	-	288,969	75,237	77,776	86,948	93,007	101,897
Physical environment	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	9,218,454
Transportation	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	3,248,572
Culture/recreation	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	11,684,025
Operating grants and contributions	8,553,341	7,072,763	9,713,034	5,802,190	5,684,903	8,235,574	11,891,625	7,386,346	6,037,717	5,941,081
Capital grants and contributions	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	7,056,577
Total governmental activities	28,995,655	27,623,089	30,944,656	33,615,213	36,531,812	38,042,860	45,858,700	54,413,272	48,444,154	48,465,159

CITY OF LAKELAND, FLORIDA

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-type activities:										
Charges for services	\$ 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	\$ 389,423,404
Electric	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	82,650,827
Water and Wastewater	679,107	710,911	784,689	800,453	799,871	825,658	703,034	165,658	686,156	687,163
Parking	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	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	10,372,064
Lakeland Linder International Airport	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	18,635,356
Solid Waste	2,016,163	1,222,406	1,289,155	1,289,155	-	-	-	-	-	-
Cleveland Heights Golf Course	33,599	39,943	55,845	181,127	284,665	410,542	308,847	132,620	148,000	-
Operating grants and contributions	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	21,404,145
Capital grants and contributions	399,074,202	411,813,158	397,295,757	411,981,089	422,608,092	436,957,560	446,950,775	467,674,112	511,987,758	523,172,959
Total business-type activities	\$ 428,069,855	\$ 439,436,247	\$ 428,240,413	\$ 445,596,302	\$ 459,139,904	\$ 475,000,420	\$ 492,809,475	\$ 522,887,384	\$ 560,431,912	\$ 571,638,118
Total primary government										
Net (expense) revenue	\$ (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)	\$ (152,982,969)
Governmental activities	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	112,271,644
Business-type activities	(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)	(40,711,325)
Total primary government										
General Revenues										
Governmental activities:										
Property taxes	\$ 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	\$ 49,787,941
Gas taxes	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	6,738,054
Utility taxes	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	17,320,554
Local business taxes	-	-	-	-	-	-	-	-	1,712,338	1,845,176
State shared revenues (unrestricted)	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	15,266,799
Tax increment revenues	-	-	-	-	-	-	-	-	7,928,438	10,640,178
Payment from Lakeland	-	-	-	-	-	-	-	-	-	-
Regional Health	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	10,750,000
Investment earnings	5,206,175	2,028,242	7,330,101	4,757,400	3,755,981	12,057,306	(10,828,784)	13,547,307	(57,714,908)	33,639,236
Miscellaneous	5,549,849	2,510,905	6,904,306	9,390,690	5,483,906	5,718,650	11,130,984	4,804,281	7,401,185	6,880,081
Transfers	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	44,915,424
Total governmental activities	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	197,783,443
Business-type activities:										
Tourism taxes	321,258	318,081	319,440	1,379,040	459,655	614,076	-	-	-	-
Investment earnings	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)	13,571,593
Miscellaneous	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	1,390,372
Special item	-	-	-	-	-	-	-	(46,416,616)	-	-
Transfers	(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)	(44,915,424)
Total business-type activities	(6,459,286)	(25,575,535)	(20,099,202)	(27,741,912)	(23,716,728)	(7,622,874)	(58,498,634)	(61,331,847)	(102,809,566)	(29,953,459)
Total primary government	\$ 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	\$ 167,829,984
Change in net position										
Governmental activities	\$ 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	\$ 44,800,474
Business-type activities	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	82,318,185
Total primary government	\$ 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	\$ 127,118,659

CITY OF LAKELAND, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 10,078	\$ -	\$ 10,101	\$ 10,966	\$ 14,848	\$ 113,329	\$ 9,599	\$ -	\$ 1,088,275	\$ 39,273
Restricted	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	2,246,777
Assigned	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	18,321,927
Unassigned	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	41,840,928
Total general fund	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	62,448,905
Other governmental funds										
Nonspendable, reported in										
Permanent funds	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	5,862,021
Prepays	151	-	160	66	201	821	204	-	-	-
Restricted, reported in										
Special revenue funds	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	21,263,278
Capital projects funds	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	32,755,340
Debt service fund	-	-	-	-	-	-	349,873	1,122,121	3,946,837	4,876,732
Permanent funds	183,564	181,365	199,162	217,041	231,321	250,147	254,407	301,016	252,233	278,778
Committed, reported in										
Special revenue funds	6,017,177	5,468,299	3,954,698	3,696,602	4,707,680	5,861,602	4,966,473	5,554,267	6,536,396	7,098,437
Capital projects funds	-	-	1,818,335	3,909,623	5,494,483	7,598,489	10,082,903	12,936,598	-	7,911,882
Capital improvement										
Assigned, reported in										
Capital projects funds	9,503,454	8,500,313	21,672,921	14,632,775	13,489,767	21,731,698	18,360,323	17,282,189	(18,075,274)	490,620
Unassigned	-	-	(9,200)	(24,235)	(1,525)	(1,525)	(1,525)	(1,525)	-	7,189,219
Total other governmental funds	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	87,724,782
Total governmental funds	\$ 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	\$ 150,173,687

STATISTICAL SECTION



LAKE MIRROR
RED WHITE AND KABOOM

CITY OF LAKELAND, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Taxes	\$ 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	\$ 75,691,725
Permits & fees	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	16,257,515
Intergovernmental	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	34,810,830
Charges for services	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	16,358,260
Fines and forfeitures	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	2,851,726
Miscellaneous	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)	51,693,015
Total revenues	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	197,663,071
EXPENDITURES										
General government	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	21,019,407
Public safety	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	78,797,917
Physical environment	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	7,721,942
Transportation	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	11,893,299
Economic environment	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	11,504,510
Human services	156,787	164,557	162,184	201,972	292,272	373,920	573,643	362,718	483,390	445,771
Culture/recreation	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	32,894,168
Capital outlay	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	20,604,946
Debt service										
Principal	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	10,017,001
Interest	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	2,662,030
Total expenditures	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	197,560,991
Excess (deficiency) of revenues over (under) expenditures	(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)	102,080
OTHER FINANCING SOURCES (USES)										
Proceeds from issuance of long-term debt	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	13,326,425
Transfers from other funds	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	55,760,594
Transfers to other funds	(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)	(12,807,682)
Transfer to fiduciary funds	-	-	-	-	-	-	-	-	(575,757)	-
Total other financing sources and (uses)	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	56,279,337
Net change in fund balances	\$ 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)	\$ 56,381,417
Debt Service as a percentage of noncapital expenditures	7%	9%	7%	11%	6%	6%	9%	10%	10%	7%

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		
2023	\$ 14,520,352,988	\$ 1,122,706,648	\$ 14,047,122	\$ (8,248,063)	\$ 6,128,008,222	\$ 9,520,850,473
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

(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	\$ 49,807,773	\$ 49,040,607	98.46	\$ 692,383	\$ 49,732,990
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

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		
2023	\$ 5.4323	\$ 0.500	\$ 2.0000	\$ 7.932	\$ 6.6920	\$ 0.2260	\$ 5.519	\$ 20.369		
2022	5.4323	0.500	1.8439	7.776	6.8990	0.2535	5.829	20.758		
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	7.1565	0.2955	6.251	21.667		
2018	5.5644	0.500	2.0000	8.064	6.7815	0.3131	6.514	21.673		
2017	5.5644	0.500	2.0000	8.064	6.7815	0.3317	6.797	21.975		
2016	5.5644	0.500	2.0000	8.064	6.7815	0.3488	7.149	22.344		
2015	4.6644	0.500	2.0000	7.164	6.8665	0.3658	7.208	21.605		
2014	4.6644	0.500	2.0000	7.164	6.8665	0.3818	7.547	21.960		

Source: Polk County Property Appraiser

CITY OF LAKELAND, FLORIDA

TEN PRINCIPAL TAXPAYERS (UNAUDITED)
 SEPTEMBER 30, 2023 for the Current Year and Nine Years Prior

Taxpayer Name	Type of Business	2023			2014		
		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	\$ 483,939,853	1	5.08%	\$ 260,960,101	1	6.12%
Amazon	Retail/Distribution	216,276,843	2	2.27%			
RTG Furniture Corporation	Retail/Distribution-Furniture	141,050,458	3	1.48%	51,450,852	2	1.21%
Bridgewater Grand, LLC	Real Estate-Apartment Complex	90,053,775	4	0.95%			
Centerstate Logistics Park East	Retail/Distribution	75,171,669	5	0.79%			
Watson Clinic	Medical Facility	69,164,611	6	0.73%	45,030,913	5	1.06%
Pepperidge Farm	Retail/Distribution-Bakery	65,766,116	7	0.69%	33,265,938	7	0.78%
VR Lakeland Limited Partnership	Real Estate-Apartment Complex	63,679,586	8	0.67%			
Sealy Allen K Breed Highway, LLC	Real Estate	63,673,349	9	0.67%			
Lakeland Property Partners	Real Estate-Apartment Complex	61,096,339	10	0.64%			
Casto Oakbridge Venture LTD	Real Estate				46,116,974	3	1.08%
Walmart	Retail/Distribution-Grocery				31,969,153	8	0.75%
Verizon	Telecommunications				45,122,448	4	1.06%
Lakeland Square Mall, LLC	Retail/General Merchandise				41,538,667	6	0.97%
Matheson Tri Gas, Inc.	Gas Distributor				31,462,754	9	0.74%
G&I VII Lakeland, LLC	Real Estate				25,759,038	10	0.60%
		<u>\$ 1,329,872,599</u>		<u>13.97%</u>	<u>\$ 612,676,838</u>		<u>14.37%</u>

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
2023	\$ 126,315,367	\$ 68,899,178	\$ 5,219,146	\$ 3,488,473	\$ 3,422,975	\$ 176,069,723	\$ 212,710	\$ 5,795,832	\$ 389,423,404	\$ 0.07032	\$ 0.05935	\$ 0.04787	\$ 0.03851
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

* Average revenue billed per kwh (\$/kwh) excluding fuel inside the City.

Source: Lakeland Electric

CITY OF LAKELAND, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	% of Personal Income	Per Capita
	Loans Payable	Lease Financings	Lease Liability	Notes	Bonds	Loans Payable	Bonds and Notes Payable	Lease Financings	Lease Liability				
2023	\$ -	\$ 11,894,815	\$ 2,060,231	\$ 46,050,972	\$ 35,909,203	\$ 8,128,432	\$ 756,784,761	\$ -	\$ 831,723	\$ 861,660,137	\$ 7,065		
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		

* 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
2023	\$ 49,787,941	\$ 17,320,554	\$ 6,738,054	\$ -	\$ 1,845,176	\$ 9,633,865	\$ 4,722,607	\$ 276,908	\$ 121,188	\$ 75,766	\$ 436,465	\$ 90,958,524
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

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>
2023	\$ 81,960,175	\$ 4,876,732	\$ 77,083,443	\$ 118,228,688	0.65	\$ 632
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

Source: City of Lakeland Annual Report

¹City of Lakeland, Community Development

CITY OF LAKELAND, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)
SEPTEMBER 30, 2023

<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	*	16.05%	*
City Direct Debt - Governmental Activities			<u>95,990,722</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$ 95,990,722</u></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
2023	\$ 398,956,294	\$ 272,876,071	\$ 126,080,223	\$ 19,570,000	\$ 19,850,541	\$ 39,420,541	3.20
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

WATER AND WASTEWATER SYSTEM REVENUE BONDS

Fiscal Year	Gross Revenues	Operating Expenses ²	Net Revenues Available for Debt Service	Principal	Interest	Total	Coverage
2023	\$ 87,238,668	\$ 46,319,543	\$ 40,919,125	\$ 7,295,230	\$ 1,684,986	\$ 8,980,216	4.56
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

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>
2023	121,968	\$ *	\$ *	40.60	40,981	3.50%
2022	120,279	5,198,819,217	43,223	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%

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, 2023 for the Current Year and Nine Years Prior

Employer	Type of Business	2023			2014		
		Employees	Rank	% of Total	Employees	Rank	% of Total
Publix Supermarkets, Inc.	Retail/Distribution-Grocery	8,008	1	28.45%	8,263	1	35.27%
Lakeland Regional Health	Healthcare - Hospital, Medical Clinic	6,000	2	21.31%	4,540	2	19.38%
Government Employees Insurance Co. (GEICO)	Insurance	3,800	3	13.50%	2,300	4	9.82%
City of Lakeland	Government	2,682	4	9.53%	2,600	3	11.10%
Amazon	Retail/Distribution	2,000	5	7.10%			
Watson Clinic	Medical Clinic	1,857	6	6.60%	1,600	5	6.83%
Saddle Creek Logistics	Trucking & Logistics	1,289	7	4.58%	625	9	2.67%
Southeastern University	Education	1,072	8	3.81%			
Rooms To Go	Retail/Distribution	827	9	2.94%	900	8	3.84%
Advanced Auto Parts	Retail/Distribution	615	10	2.18%			
GC Services	Telemarketing				1,000	6	4.27%
Sykes	Telemarketing				1,000	7	4.27%
Stryker	Retail/Distribution-Healthcare				600	10	2.55%
Total		<u>28,150</u>		<u>100.00%</u>	<u>23,428</u>		<u>100.00%</u>

Source: Lakeland Economic Development Council

CITY OF LAKELAND, FLORIDA

FTE EMPLOYEES BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS

Function:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	277	270	238	278	282	285	282	266	265	283
Public safety										
Law enforcement										
Officers	217	209	234	239	237	240	240	236	247	250
Civilians	111	117	103	118	111	100	106	113	112	111
Fire control										
Firefighters and officers	142	150	145	165	168	171	168	168	177	190
Civilians	13	14	13	5	6	6	7	6	6	6
Physical environment	5	6	7	7	8	8	10	10	25	27
Transportation	97	97	98	105	104	115	106	104	83	96
Economic environment	50	58	57	60	61	67	62	62	62	69
Culture/recreation	227	224	231	248	243	245	228	226	267	254
Electric	544	543	530	507	501	484	465	383	364	368
Water and Wastewater	194	200	197	203	201	209	205	211	212	225
Parking	5	5	4	5	5	4	5	4	5	5
RP Funding Center	36	42	50	50	48	50	42	40	-	-
Lakeland Linder International Airport	15	14	14	15	15	15	17	18	18	22
Solid Waste	62	63	62	62	61	63	59	61	59	63
Cleveland Heights Golf Course	14	14	12	-	-	-	-	-	-	-

Source: City of Lakeland Payroll

CITY OF LAKELAND, FLORIDA

OPERATING INDICATORS BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety										
Law enforcement										
Arrests	6,845	5,638	4,646	5,654	5,100	6,306	3,822	3,879	6,573	5,238
Traffic citations	8,177	11,119	10,649	9,585	9,484	11,409	7,115	8,599	5,455	13,774
Fire control										
Calls for service	21,637	22,515	24,262	24,940	25,314	25,736	26,245	26,640	28,291	27,277
Inspections	2,088	6,705	4,604	3,802	3,204	3,685	3,160	2,870	4,989	7,209
Physical environment										
Cemetery										
Burials	410	412	407	392	421	434	421	520	472	473
Spaces sold	367	412	312	368	408	426	462	623	645	503
Transportation										
Street resurfacing (miles)	38.7	26.1	23.8	21.7	32.0	11.2	30.0	34.9	40.0	41.9
Culture/recreation										
Parks										
Field rentals	8,491	8,400	7,103	6,484	6,150	6,785	4,821	6,963	2,040	8,264
Swimming Pools										
Attendance/use	433,466	154,134	93,822	84,359	95,611	95,572	54,311	105,823	68,882	100,392
Aquatic programs/events	11	7	33	29	30	33	-	-	-	-
Community centers										
Attendance/use	728,912	380,121	459,808	388,109	350,554	385,755	165,981	172,340	246,935	316,698
Facility rentals	1,195	1,799	1,759	2,000	1,111	896	510	291	-	760
Economic environment										
Building permits issued	5,770	6,301	6,776	7,203	9,235	8,427	9,027	9,482	9,161	9,232
Electric										
New connections ¹	1,157	1,348	1,810	1,949	1,648	1,610	2,568	2,934	2,310	1,725
Number of customers	123,617	124,965	126,775	128,535	130,183	131,793	134,361	137,295	139,605	141,373
Energy sales (gWh)	3,004	2,991	3,066	3,004	3,064	3,131	3,166	3,359	3,296	3,337
Water and Wastewater										
New connections	340	351	533	612	472	570	685	1,392	720	480
Number of customers	53,400	54,322	55,712	56,750	57,222	57,533	58,285	59,187	61,635	61,576
Peak month peak day pumping ²	28	29	27	33	29	32	29	35	29	30
Average daily sewage treatment ²	12.32	13.01	12.84	12.95	14.75	11.84	11.66	11.47	13.23	13.50
Parking										
Parking violations	5,596	5,735	6,538	5,556	7,534	4,733	4,202	5,180	5,161	5,873
RP Funding Center										
Number of events	454	458	450	414	371	277	185	219	245	237
Lakeland Linder International Airport										
Daily average traffic count	281	322	333	338	383	344	309	360	394	448
Solid Waste										
Refuse collected (tons/day)	247	223	196	284	261	221	221	327	267	328
Recyclables collected (tons/day)	27	21	22	31	22	21	19	27	20	27
Number of customers										
Commercial	4,909	5,082	5,224	5,314	5,436	5,535	5,621	5,724	5,846	5,900
Residential	38,956	43,455	46,531	48,657	50,095	51,277	52,679	54,252	55,848	56,838
Cleveland Heights Golf Course										
Number of memberships	115	103	93	75	66	58	52	45	53	81
Number of tournaments/outings	37	35	38	47	39	30	19	33	37	35
Rounds of golf played	61,076	60,292	63,829	67,860	64,460	57,396	65,271	74,631	87,231	75,985

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.

CITY OF LAKELAND, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Law enforcement										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	151	155	155	159	154	160	176	171	180	185
Fire control										
Fire stations	7	7	7	7	7	7	7	7	7	7
Transportation										
Streets (miles)	390	389	399	400	400	401	404	418	396	396
Traffic signals	176	174	174	174	174	174	174	174	177	176
Culture/Recreation										
Parks acreage	736	769	769	769	736	741	1,857	1,958	1,958	1,191
Parks	58	60	60	60	56	56	57	58	58	57
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	37	37	37	37	37	37	37	37	34	34
Pickleball courts	-	-	-	-	-	-	-	-	28	28
Community centers	2	2	3	3	3	3	4	4	2	1
Special recreational facilities	5	5	5	5	5	5	5	5	6	7
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	2,065	2,074	2,084	2,100	2,111	2,131	2,160	2,180	2,196	2,196
Water and Wastewater										
Miles of service lines	996	996	998	998	1,002	1,012	1,026	1,035	1,040	1,046
Fire hydrants	4,191	4,219	4,266	4,261	4,281	4,363	4,421	4,497	4,563	4,610
Maximum daily capacity ¹	59	59	59	59	59	59	59	59	59	59
Maximum daily treatment ¹	36	36	35	35	35	35	35	35	35	35
Parking										
Parking garages	3	3	3	3	3	3	3.5	3.5	3.5	3.5
Surface lots	13	13	13	11	10	10	10	10	10	13
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	8	10	10	10	10	10
Lakeland Linder International Airport										
Terminals	1	1	1	1	1	1	1	1	1	1
Hangers	99	100	100	100	100	110	110	112	113	113
Runways	2	2	2	2	2	2	2	3	3	3
Solid Waste										
Refuse trucks	53	51	47	54	54	57	59	60	60	60
Cleveland Heights Golf Course										
Acreage	286	286	286	286	286	286	286	286	265	270
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***

The Honorable Mayor and
Members of the City Commission
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, 2023, 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 25, 2024. 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, and the City of Lakeland Firefighters' Retirement System. 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable Mayor and
Members of the City Commission
City of Lakeland, Florida

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, grant agreements and contracts, 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*.

We noted certain matters that we reported to management of the City in a separate letter dated March 25, 2024.

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.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 25, 2024



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

The Honorable Mayor and
Members of the City Commission
City of Lakeland, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the compliance of the City of Lakeland, Florida (the “City”) with the types of compliance requirements described in the U.S. Office of Management and Budget (“OMB”) *Compliance Supplement* and Department of Financial Services *State Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs and major state projects for the year ended September 30, 2023. The City’s major federal programs and major state projects are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state projects for the year ended September 30, 2023.

Basis for Opinion for Each Major Federal Program and State Project

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

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

Responsibility 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 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance; and Chapter 10.550, *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 project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, *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 Chapter 10.550, *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 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 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 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.

Report on Internal Control over Compliance (Continued)

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 may exist that have not been identified.

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

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

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance

We have audited the basic financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 25, 2024, 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 City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for the purposes of additional analysis, as required by the Uniform Guidance, Chapter 69I-5, *Schedule of Expenditures of State Financial Assistance*, Rules of the Department of Financial Services, and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 25, 2024

CITY OF LAKELAND, FLORIDA
Schedule of Findings and Questioned Costs (*Continued*)
For the Year Ended September 30, 2023

SECTION II - FINDINGS RELATED TO THE FINANCIAL STATEMENT AUDIT, AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None reported.

SECTION III - FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS SECTION REPORTED IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*

None reported.

SECTION IV - PRIOR YEAR AUDIT FINDINGS

None reported.



INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor and
Members of the City Commission
City of Lakeland, Florida

We have examined the compliance of the City of Lakeland, Florida (the "City") with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2023. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with those requirements, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 25, 2024



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Mayor and
Members of the City Commission
City of Lakeland, Florida

Report on the Financial Statements

We have audited the basic financial statements of the City of Lakeland, Florida (the "City") as of and for the year ended September 30, 2023, and have issued our report thereon dated March 25, 2024. Our report also includes a reference to other auditors, who audited the financial statements of the Police Officers' Plan Defined Benefit Retirement System of the City of Lakeland, Florida, and the City of Lakeland Firefighters' Retirement System, as described in our report on the City's financial statements.

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and the Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have also issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and Major State Project and on Internal Control over Compliance and 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*, 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 25, 2024, 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 in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority is disclosed in the notes to the financial statements.

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the City. 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.

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

Special District Component Units

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

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 0.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$432,607.
- 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 listed below:
 - Lakeland Town Center \$67,460
 - Richard Fox Plumbing \$151,400
- 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 \$0.

Additional Matters

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

Purpose of this Letter

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

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 25, 2024



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