

**LAKELAND DOWNTOWN
DEVELOPMENT AUTHORITY
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**



CONTENTS

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-wide statements:	
Statement of Net Position	11
Statement of Activities	12
Governmental Funds:	
Balance Sheet - Governmental Funds	13
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Notes to Financial Statements	17
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	27
Compliance Reports and Letters	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	28
Independent Accountants' Report on Compliance Requirements with Section 218.415, <i>Florida Statutes</i>	30
Management Letter	31

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Directors
Lakeland Downtown Development Authority
Lakeland, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Lakeland Downtown Development Authority (the "Authority") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of Lakeland Downtown Development Authority as of September 30, 2018, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the required supplementary information on page 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Other Reporting Required by *Chapter 10.550, Rules of the Auditor General*

We have also issued our report dated April 18, 2019 on our examination of compliance with requirements of Chapter 10.550, Rules of the Auditor General. The purpose of that report is to describe the scope of our examination of compliance with Chapter 10.550, Rules of the Auditor General and issue an opinion on compliance with Chapter 10.550, Rules of the Auditor General.

Baylis & Company PA

Baylis & Company PA

Lakeland, Florida
April 18, 2019



LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of Lakeland Downtown Development Authority (the "Authority") offers readers of the Authority's financial statements, the Management's Discussion and Analysis (MD&A). MD&A presents a narrative overview and analysis of the financial activities for the Authority for the fiscal year ended September 30, 2018. Readers are encouraged to read the MD&A in conjunction with the Authority's audited financial statements and other supplementary information. The analysis will provide the reader with the following information:

A brief discussion of the financial statements, including how they relate to each other and the significant differences in information they provide.

Condensed current and prior year financial information and a comparative analysis to discuss the reasons for significant changes and factors that significantly affected current year operations.

An analysis of individual fund financial information, including the reasons for significant changes in fund balances or net position.

An analysis of significant variations between original and final budget amounts and the actual budget results.

A description of currently known facts, decisions or conditions that are expected to have a significant effect on the financial position or results of operations.

Because the information contained in the MD&A is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the Authority's basic financial statements found on pages 11 through 26.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities at the close of September 30, 2018 by \$693,467 (net position). Of this total amount, \$544,652 (unrestricted net position) may be used to meet the Authority's ongoing obligations to taxpayers and creditors.
- The Authority's total net position decreased by \$(19,730).
- At the close of September 30, 2018, the Authority's general fund (governmental fund) reported an ending fund balance of \$679,743. Of this total amount, \$542,652 is available for spending at the Authority's discretion (unassigned fund balance).
- The Authority approved a millage rate of 2.0000 for the year ended September 30, 2018.

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS - AN OVERVIEW

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. These audited financial statements also contain required supplementary information in addition to the basic financial statements.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Authority's assets, liabilities, and deferred inflows and outflows of resources with the residual measure reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported in a manner similar to the approach used by private-sector business in that revenue is recognized when earned or established criteria are satisfied and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the year, and expenses are reported even though they may not have used cash during the current fiscal year.

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Authority include all of the Authority's services including its revitalization and preservation of property values and prevention of deterioration of the central business district. Ad valorem taxes provide most of the resources that support these activities.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statements: Funds are a group of self-balancing accounts. Funds are used to account for specific activities of the Authority, rather than reporting on the Authority as a whole. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority can be divided into one category: governmental funds.

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements - Continued

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority only has one fund, the general fund, and it is considered a major fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 to 26 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Authority's general fund budgetary comparisons. Required supplementary information can be found on page 27 of this report.

Additional information about the Authority, which may be of interest to the reviewer, is found under the Management Letter section of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This section presents condensed financial information from the government-wide financial statements that compares the current year to the prior year. The analysis highlights economic factors that significantly affected operating results during the year.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED

The following is a summary of the information presented in the Statement of Net Position on page 11 of this report.

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>
Total non capital assets	\$ 718,462	\$ 706,600	\$ 11,862
Total capital assets	<u>13,724</u>	<u>15,141</u>	<u>(1,417)</u>
Total assets	<u>732,186</u>	<u>721,741</u>	<u>10,445</u>
Total liabilities, short term	38,719	8,544	30,175
Total liabilities, long term	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>38,719</u>	<u>8,544</u>	<u>30,175</u>
Investment in capital assets	13,724	15,141	(1,417)
Restricted	135,091	136,606	(1,515)
Unrestricted	<u>544,652</u>	<u>561,450</u>	<u>(16,798)</u>
Total net position	<u>\$ 693,467</u>	<u>\$ 713,197</u>	<u>\$ (19,730)</u>

Net position decreased due to expenses exceeding revenues by \$(19,730). The net decrease in total assets and total net position reflects a decrease in the Authority's net cash position arising from the excess of expenses over revenues.

Nineteen percent (19%) or \$135,091 of the net position represents resources that are subject to external restrictions on how they may be used and are reported as a restricted net position. Two percent (2%) or \$13,724 of the net position represents investments in capital assets.

The remaining seventy-nine (79%), or \$544,652, represents unrestricted funds which may be used to meet the Authority's ongoing obligations to taxpayers and creditors.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED

The following is a summary of the information presented in the Statement of Activities on page 12 of this report.

	2018	2017	Increase (Decrease)
Program revenues:			
Farmers Curb Market	\$ 107,272	\$ 97,042	\$ 10,230
First Friday	42,668	-	42,668
Total program revenues	149,940	97,042	52,898
General revenues:			
Property taxes	317,936	276,421	41,515
Interest	2,404	1,585	819
Other income	8,303	10,930	(2,627)
Total general revenues	328,643	288,936	39,707
Total revenues	478,583	385,978	92,605
Program expenses:			
Downtown Development	498,313	374,270	124,043
Total expenses	498,313	374,270	124,043
Change in Net Position	(19,730)	11,708	(31,438)
Net position, beginning of year	713,197	701,489	11,708
Net position, end of year	\$ 693,467	\$ 713,197	\$ (19,730)

Governmental activities: Governmental activities' change in net position for 2018 was a decrease of \$19,730 as compared to an increase of \$11,708 for the prior year. The main reasons for the decrease are as follows:

- Total revenue increased by \$52,898, representing an approximate fifty-five percent (55%) increase due to the new event.
- Total expenses increased by \$124,043, representing an approximate thirty-three percent (33%) increase, of which \$30,353 was due to the new event and \$71,404 was due to increases in marketing and development.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED

Financial Analysis of the Government's Funds

Governmental funds: The focus of the Authority's governmental funds statements is to provide information on near-term inflows, outflows, and balances of resources. Such information is useful in assessing the Authority's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the Authority's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Authority's governmental funds (the general fund) reported ending fund balances of \$679,743, a decrease of \$18,313 in comparison with the previously reported balance in the prior year. Of this total, \$542,652 for the general fund constitutes unassigned fund balance, which is available for spending at the Authority's discretion. The remainder of fund balance is nonspendable, or restricted by enabling legislation or contract and can only be spent on the purposes for which it is intended.

Activity during the current fiscal year included the following key components:

- Total governmental funds revenues increased by approximately \$92,605, including the addition of a new event for approximately \$42,668. Total governmental expenses increased by approximately \$123,742, of which \$30,353 was due to the new event.

Capital Assets and Liabilities

Capital Assets decreased by \$1,417 due to capital asset additions and disposals, net of depreciation.

Short-term liabilities increased by \$30,175 due to general expenditures, trade payables, of which \$28,010 is deferred revenue related to the new event.

BUDGET VARIANCES IN THE GENERAL FUND

The variations between the original budget and the final budget are to account for the following:

An increase in Farmers Curb Market's expenses for additional revenue. Farmers Curb Market performed better than anticipated.

A new event, First Friday, added to the revenue and expense budget.

An increase in marketing and development in the amount of \$155,000 due to the approval of appropriated funds for grants.

An increase in tax increment financing for new business request.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

BUDGET VARIANCES IN THE GENERAL FUND - CONTINUED

The significant variations between final budget and actual amounts were as follows:

Marketing and development expenses were under the budgeted amount by approximately \$144,294 due to lower than anticipated downtown business grant requests being approved and not utilizing all of the appropriated funds.

Salaries expense was over budget by approximately \$11,180. This is due to the coordinator's salary budgeted to farmers market expenses. Farmers market expenses were under budget by \$10,751.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Authority approved a millage rate of 2.0000 for the year ended September 30, 2019.

These factors were considered in preparing and amending the Authority's budget for the 2019 fiscal year, and are expected to influence the Authority's fiscal year 2019 financial statements.

REQUESTS FOR INFORMATION

This report is designed to provide citizens, taxpayers and creditors with a general overview of the Authority's finances and to demonstrate compliance and accountability for its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Julie Townsend, Executive Director, Lakeland Downtown Development Authority, 117 N. Kentucky Ave., Lakeland, Florida 33801.

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government	
	Governmental Activities	Total
<u>ASSETS</u>		
Cash and cash investments:		
Unrestricted	\$ 581,371	\$ 581,371
Restricted	135,091	135,091
Total cash and cash investments	716,462	716,462
Other assets	2,000	2,000
Capital assets:		
Furniture, fixtures and equipment	25,496	25,496
Less accumulated depreciation	(11,772)	(11,772)
Total capital assets	13,724	13,724
TOTAL ASSETS	\$ 732,186	\$ 732,186
<u>LIABILITIES AND NET POSITION</u>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 10,709	\$ 10,709
Deferred Revenue	28,010	28,010
Total liabilities	38,719	38,719
NET POSITION		
Invested in capital assets	13,724	13,724
Restricted	135,091	135,091
Unrestricted	544,652	544,652
Total net position	693,467	693,467
TOTAL LIABILITIES AND NET POSITION	\$ 732,186	\$ 732,186

The accompanying notes are an integral part of these financial statements

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2018

		Program Revenues		Net (Expense) Revenue And Change in Net Position	
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities	Total
	Expenses				
PRIMARY GOVERNMENT					
Governmental activities:					
Downtown Development:	\$ 498,313	149,940	\$ -	\$ (348,373)	\$ (348,373)
Total Governmental Activities	498,313	149,940	-	(348,373)	(348,373)
TOTAL PRIMARY GOVERNMENT	\$ 498,313	\$ 149,940	\$ -	(348,373)	(348,373)
General Revenues:					
Property taxes				317,936	317,936
Other Income				8,303	8,303
Interest				2,404	2,404
Total general revenues				328,643	328,643
Change in Net Position				(19,730)	(19,730)
Net Position, beginning of year				713,197	713,197
Net Position, end of year				\$ 693,467	\$ 693,467

The accompanying notes are an integral part of these financial statements

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	<u>General Fund</u>	<u>Total Governmental Funds (Memorandum Only)</u>
<u>ASSETS</u>		
CASH AND CASH INVESTMENTS		
Unrestricted	\$ 581,371	\$ 581,371
Restricted	<u>135,091</u>	<u>135,091</u>
Total cash and cash investments	716,462	716,462
OTHER ASSETS	<u>2,000</u>	<u>2,000</u>
TOTAL ASSETS	<u>\$ 718,462</u>	<u>\$ 718,462</u>
<u>LIABILITIES AND FUND BALANCES</u>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 10,709	\$ 10,709
Deferred Revenue	<u>28,010</u>	<u>28,010</u>
Total liabilities	<u>38,719</u>	<u>38,719</u>
FUND BALANCES		
Nonspendable	2,000	2,000
Restricted:		
Streetscape Maintenance	77,091	77,091
Arts on the Park	58,000	58,000
Unassigned	<u>542,652</u>	<u>542,652</u>
Total fund balances	<u>679,743</u>	<u>679,743</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 718,462</u>	<u>\$ 718,462</u>

The accompanying notes are an integral part of these financial statements

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

Total Fund Balances – Governmental Funds	\$ 679,743
Amounts reported for <i>governmental activities</i> 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 fund financial statements	<u>13,724</u>
Total Net Position – Governmental Activities	<u>\$ 693,467</u>

The accompanying notes are an integral part of these financial statements

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General Fund	Total Governmental Funds (Memorandum Only)
REVENUES		
Property taxes	\$ 317,936	\$ 317,936
Other Income	8,303	8,303
Interest	2,404	2,404
Downtown Farmers Curb Market	107,272	107,272
First Friday	42,668	42,668
	<hr/>	<hr/>
Total revenues	478,583	478,583
	<hr/>	<hr/>
EXPENDITURES		
Downtown Development:		
Salaries and benefits	114,660	114,660
Travel, conferences and meetings	1,177	1,177
Tax collector	7,400	7,400
Property appraiser	4,948	4,948
Insurance	363	363
Building lease	16,787	16,787
Accounting and legal	13,286	13,286
Marketing and development	173,706	173,706
Telephone, internet and utilities	4,020	4,020
Computer services	1,582	1,582
Office supplies	1,004	1,004
Repairs and maintenance	750	750
Printing	730	730
Memberships and subscriptions	6,651	6,651
Downtown Farmers Curb Market	94,138	94,138
First Friday	30,353	30,353
Tax Increment Financing	10,804	10,804
Container gardens & streetscape maintenance	11,850	11,850
Valet Parking	2,037	2,037
	<hr/>	<hr/>
Total Downtown Development	496,246	496,246
	<hr/>	<hr/>
Capital outlay	650	650
	<hr/>	<hr/>
Total expenditures	496,896	496,896
	<hr/>	<hr/>
NET CHANGES IN FUND BALANCES	(18,313)	(18,313)
	<hr/>	<hr/>
FUND BALANCES, beginning of year	698,056	698,056
	<hr/>	<hr/>
FUND BALANCES, end of year	<u>\$ 679,743</u>	<u>\$ 679,743</u>

The accompanying notes are an integral part of these financial statements

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2018**

Net Changes in Fund Balances – Total Governmental Funds	\$ (18,313)
----------------------------------------------------------------	--------------------

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

Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Capital assets acquired in the current year	650
---------------------------------------------	-----

Depreciation expense recorded in the current year	<u>(2,067)</u>
---------------------------------------------------	----------------

Changes in Net Position of Governmental Activities	<u>\$ (19,730)</u>
-----------------------------------------------------------	---------------------------

The accompanying notes are an integral part of these financial statements

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

To assist the reader in interpreting the basic financial statements, the following is a summary of significant policies. The policies are considered essential and should be read in conjunction with the basic financial statements. The accounting policies of Lakeland Downtown Development Authority (the "Authority") conform to accounting principles generally accepted in the United States of America as applicable to government entities. The Authority's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the *Governmental Accounting Standards Board* (GASB).

REPORTING ENTITY

Lakeland Downtown Development Authority was established by an Act of the Florida State Legislature, Chapter 77-588, effective July 25, 1977, to make it possible for the City of Lakeland to revitalize and preserve property values and prevent deterioration of the central business district. The purpose of the Act was to create a special independent tax district to provide the means whereby property owners within the district benefitting directly will bear the costs thereof.

The Act provides for the administration of the district, defines the boundaries and authorizes the district to levy an ad valorem tax of not more than two mills against properties within the district to finance its operations. A millage of 2.0000 was approved for the 2017-2018 fiscal year.

BASIC FINANCIAL STATEMENTS

The basic financial statements consist of the government-wide financial statements and fund financial statements.

Government-wide Financial Statements - The required government-wide financial statements are the Statement of Net Position and the Statement of Activities, which report information on all of the activities of the Authority. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported in one category. This represents all of the Authority's services including its revitalization and preservation of property values and prevention of deterioration of the central business district. Ad valorem taxes provide most of the resources that support these activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment, including depreciation. The Authority does not allocate indirect costs such as finance, personnel, legal, etc. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIC FINANCIAL STATEMENTS - CONTINUED

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by grant agreements, such as federal grants (if any). Fund financial statements provide more detailed information about the Authority's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide financial statements. GASB Code Sec 2200 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Non-major funds by category are summarized into a single column. The Authority only has one fund, the general fund, and it is considered major.

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The General Fund is the Authority's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Amounts reported as *program revenues* include 1) operating grants and contributions and 2) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all the taxes.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The Authority's fiscal year ends on September 30th in conformity with State statutes requiring a uniform fiscal year for local governments and special districts.

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

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - CONTINUED

Imposed nonexchange resources (property taxes, fines) are reported as deferred inflows if received before the tax is levied or before the date when use is first permitted. Government mandated nonexchange transactions (grants) and voluntary nonexchange transactions (donations) resources be reported as liabilities until the eligibility requirements are met and as deferred inflows if received before time requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers ad valorem taxes revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

The Authority's practice is to use restricted resources first, then unrestricted resources, when both are available for use to fund an activity.

CASH, CASH EQUIVALENTS AND INVESTMENTS

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition

The Authority does not have a written investment policy; however, the Authority follows Florida Statutes 218.415(17) which allows local governments electing not to adopt a written investment policy to invest or reinvest any surplus public funds in their control or possession in:

- The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a national recognized rating agency
- Interest-bearing time deposits or savings accounts
- Direct obligations of the U.S. Treasury

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

CASH, CASH EQUIVALENTS AND INVESTMENTS - CONTINUED

During the year the Authority's cash funds were held in qualified public depositories and invested in business high performance money market accounts. All cash and cash investments are entirely collateralized by the financial institutions in which funds are held on deposit.

In addition to insurance provided by the Federal Deposit Insurance Corporation ("FDIC"), all cash in the bank is held in banking institutions approved by the State of Florida's Chief Financial Officer to hold public funds.

Under the Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", the State of Florida's Chief Financial Officer State Treasurer requires all qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral equal to a determined percentage of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held.

Since the Authority uses only authorized public depositories, all funds deposited with financial institutions are FDIC insured and/or are fully collateralized and treated as insured. The money market investments are considered cash but are not categorized as to level of risk since they are deemed to be fully collateralized under the Florida Security for Public Deposit Act or partially covered under the FDIC insurance.

RESTRICTED CASH

The Authority holds cash that is restricted for streetscape maintenance and Arts on the Park, and it follows the policy of first applying restricted resources when an expense is incurred for the purposes for which both restricted and unassigned assets are available. The restriction constraints are either: 1) externally imposed by creditors, guarantors, contributions, laws, or regulations of other governments; or 2) imposed by law or through constitutional provisions or enabling legislation.

GENERAL CAPITAL ASSETS AND DEPRECIATION

General capital assets are capitalized and reported on the government-wide financial statement, Statement of Net Position. The related depreciation on those assets, if any, is recorded as an expense on the Statement of Activities. In the Governmental Fund statements, there are no capitalized assets on the fund balance sheet since they do not provide current financial resources. They are only reported as an expenditure on the Statement of Revenues, Expenditures and Changes in Fund Balance for the year that they are purchased.

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

GENERAL CAPITAL ASSETS AND DEPRECIATION - CONTINUED

Capital assets are defined by a board resolution as tangible property or improvements with an individual cost of \$500 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets are recorded at fair market value as of the date received. Material additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance that do not improve or extend the life of the respective assets are expensed as incurred.

Current year information relative to changes in general capital assets are described in Note B.

Depreciation is provided over the estimated useful lives of the respective assets on the straight-line basis. Other costs incurred for repairs and maintenance that do not improve or extend the life of the respective assets are expensed as incurred. The following useful lives are used in calculating depreciation:

<u>Assets</u>	<u>Years</u>
Leasehold Improvements	10
Office equipment	2 - 10

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense). In addition to liabilities, the statement of net position will sometimes report a section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

EQUITY CLASSIFICATIONS

Government-wide Statements - The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and displayed in three components:

Invested in Capital Assets - Consists of capital assets, net of related debt, if any, and is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. There was no outstanding debt as of September 30, 2018.

Restricted net position - Consists of liquid assets which have third party (statutory, bond covenant or granting agency) limitations on their use. The Authority would typically use restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

Unrestricted net position - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted net position is available for use, it is the Authority's practice to use restricted net position first, and then unrestricted net position as they are needed.

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

EQUITY CLASSIFICATIONS - CONTINUED

Fund Statements - The Authority classifies amounts in its fund balance pursuant to GASB Statement No. 54, *Fund Balance Reporting Governmental Fund-type Definitions*, which establishes a hierarchy that is based primarily on the extent to which the Authority is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. Spendable resources are to be shown as restricted, committed, assigned and unassigned as considered appropriate in the Authority's circumstances. The following classifications describe the relative strength of the spending constraints:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - includes fund balance amounts that are constrained for specific purposes that are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. Current restricted fund balance is comprised of funding for which the use was restricted by the donor. Effectively, restriction may be changed or lifted only with the consent of resource providers.

Committed - includes fund balance amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors (the Authority's highest level of decision-making authority), or contractual obligations, which can be entered into by the Executive Director (official to whom the Board of Directors has delegated such authority). Commitments may be changed or lifted by the Authority taking the same formal action that imposed the constraint originally. Action must be taken prior to the fiscal year-end.

Assigned - includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed.

Unassigned - includes residual positive fund balance within the General Fund that has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Authority 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 Authority would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Authority does not have a formal minimum fund balance policy.

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

REVENUE RECOGNITION - PROPERTY TAXES

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The Authority's board establishes the tax levy of the Authority prior to October 1 of each year and the Polk County Property Appraiser incorporates the millage into the total tax levy, which includes the municipalities, the County, independent districts and the County School Board tax requirements. State statutes permit the Authority to levy property taxes at a rate of up to 2.0000 mills. The Authority's millage rate in effect for the fiscal year ended September 30, 2018 was 2.0000 mills.

All taxes are due and payable on November 1 (levy date) of each year and unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment as follows: 4% in November, 3% in December, 2% in January, 1% in February. The taxes paid in March are without discount. Delinquent taxes on real and personal property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property.

Property tax revenues are recognized when they become available. "Available" includes those property tax receivables expected to be collected within sixty days after year end.

BUDGETS AND BUDGETARY ACCOUNTING

The Lakeland Downtown Development Authority's Board annually adopts a comprehensive appropriated budget for the operating fund of the Authority. Budgetary control is maintained at a line item level. The budget is prepared on the cash basis (budgetary basis).

The budgetary comparison schedule for the General Fund presents comparisons of the legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, timing differences in excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources can occur. For the year ended September 30, 2018, there were no differences.

Unused appropriations for all of the above annually budgeted funds lapse at the end of year. The Authority does not maintain an encumbrance system. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year. Budget over expenditures are not contrary to applicable laws governing the entity.

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE B - CHANGES IN GENERAL CAPITAL ASSETS

A summary of changes in General Capital Assets follows:

	Balance October 1, 2017	Additions	Deletions	Balance September 30, 2018
Leasehold improvements	\$ 13,414	\$ -	\$ -	\$ 13,414
Office equipment	13,454	650	(2,022)	12,082
	<u>\$ 26,868</u>	<u>\$ 650</u>	<u>\$ (2,022)</u>	25,496
Less accumulated depreciation				<u>(11,772)</u>
Total				<u><u>\$ 13,724</u></u>

Depreciation expense for the year ended September 30, 2018 was \$2,067.

NOTE C - COMPENSATED ABSENCES AND PENSION OBLIGATIONS

The Authority adopted a defined contribution SIMPLE IRA plan in 2015. An employee is eligible to participate after attaining age 21 and over a year of service with at least 1,000 hours are eligible to participate in the plan. The Authority must match an employee's contribution up to 3% of annual gross salary. A local broker administers the plan trust and the assets of the plan are not considered part of the Authority's reporting entity. Participation is voluntary and the employee determines the amount of contribution. The Authority can elect to contribute to the plan on an annual basis. Pension costs are accrued and funded on a current basis and all required contributions for the year were made. There are no unfunded costs due to the nature of the plan. Contributions to the plan by the Authority as of the year ended September 30, 2018, were \$2,206.

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE D - COMMITMENT AND CONTINGENCIES

The Authority has a lease agreement for the lease of its office space. The lease is for an initial three (3) year term, with the option to renew for seven (7) additional one (1) year periods. The lease expense under this lease was \$16,787 for the year ended September 30, 2018. Future minimum lease payments under this lease are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 17,103
2020	3,581
2021	-
2022	-
2023	-
Thereafter	-
Total	<u>\$ 20,684</u>

NOTE E - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority maintains commercial insurance coverage and surety bonds in amounts management feels is adequate to protect and safeguard the assets of the Authority. There have been no significant reductions in coverage nor have there been any settlements in excess of coverage in any of the prior three years.

NOTE F - SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 18, 2019, the date which the financial statements were available for issue, and has determined that there are no additional adjustments and/or disclosures required.

REQUIRED SUPPLEMENTARY INFORMATION

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Governmental Fund Types			
	General Fund			Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual Amounts	
REVENUES				
Property taxes	\$ 328,939	\$ 328,939	\$ 317,936	\$ (11,003)
Other Income	300	8,785	8,303	(482)
Interest	2,200	2,200	2,404	204
Downtown Farmers Curb Market	91,291	106,701	107,272	571
First Friday	-	34,000	42,668	8,668
Total revenues	422,730	480,625	478,583	(2,042)
EXPENDITURES				
Current:				
Downtown Development:				
Salaries and benefits	114,903	103,480	114,660	(11,180)
Travel, conferences and meetings	5,000	5,000	1,177	3,823
Tax collector	7,550	7,550	7,400	150
Property appraiser	5,600	5,600	4,948	652
Insurance	1,500	1,200	363	837
Building lease and utilities	20,000	17,567	16,787	780
Accounting and legal	15,200	15,200	13,286	1,914
Marketing and development	163,000	318,000	173,706	144,294
Telephone	2,160	3,218	4,020	(802)
Computer services	3,000	3,500	1,582	1,918
Office supplies	1,500	1,500	1,004	496
Repairs and maintenance	5,000	1,500	750	750
Printing	750	750	730	20
Memberships and subscriptions	4,500	4,500	6,651	(2,151)
Downtown Farmers Curb Market	59,100	104,889	94,138	10,751
First Friday	-	34,080	30,353	3,727
Tax Increment Financing	1,000	11,000	10,804	196
Container gardens & streetscape maintenance	7,000	11,850	11,850	-
Valet Parking	-	3,775	2,037	1,738
Miscellaneous	5,967	5,954	-	5,954
Total Downtown Development	422,730	660,113	496,246	163,867
Capital Outlay	-	-	650	(650)
Total expenditures	422,730	660,113	496,896	163,217
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	\$ -	\$ (179,488)	\$ (18,313)	\$ 161,175
FUND BALANCES (DEFICITS), beginning of year - budgetary basis		698,056	698,056	
FUND BALANCES (DEFICITS), end of year - budgetary basis		\$ 518,568	\$ 679,743	

COMPLIANCE REPORTS AND LETTERS

**INDEPENDENT AUDITORS' 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**

Board of Directors
Lakeland Downtown Development Authority
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 and major fund of Lakeland Downtown Development Authority (the "Authority") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

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

Purpose of this Report

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

Baylis & Company PA

Baylis & Company PA

Lakeland, Florida
April 18, 2019



INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES

Board of Directors
Lakeland Downtown Development Authority
Lakeland, Florida

We have examined Lakeland Downtown Development Authority's compliance with the requirements of Section 218.415, *Florida Statutes*, concerning the investment of public funds during the year ended September 30, 2018. Management is responsible for Lakeland Downtown Development Authority's compliance with those requirements. Our responsibility is to express an opinion on the Lakeland Downtown Development Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Lakeland Downtown Development Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Lakeland Downtown Development Authority's compliance with specified requirements.

In our opinion, Lakeland Downtown Development Authority, complied, in all material respects with the aforementioned requirements for the year ended September 30, 2018.

Baylis & Company PA

Baylis & Company PA

Lakeland, Florida
April 18, 2019



MANAGEMENT LETTER

Board of Directors
Lakeland Downtown Development Authority
Lakeland, Florida

Report on the Financial Statements

We have audited the financial statements of the Lakeland Downtown Development Authority (the "Authority") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated April 18, 2019.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' 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*; and Independent Accountants' 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, which are dated April 18, 2019, 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. For the legal authority of the Lakeland Downtown Development Authority, see footnote A of the summary of significant accounting policies 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 that we apply appropriate procedures and communicate the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Authority 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 Authority. It is management's responsibility to monitor the Authority'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 financials management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not 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 Authority's board of directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Board of Directors
Lakeland Downtown Development Authority

We wish to take this opportunity to thank you for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have questions or comments concerning this letter, our accompanying reports, or other matters.

Baylis & Company PA

Baylis & Company PA

Lakeland, Florida
April 18, 2019