

**LAKELAND  
COMMUNITY REDEVELOPMENT AGENCY  
(A Component Unit of the City of Lakeland, Florida)**

**REPORT ON BASIC FINANCIAL STATEMENTS**

for the

**FISCAL YEAR ENDED SEPTEMBER 30, 2019**



Prepared by  
**FINANCE DEPARTMENT**

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Lakeland Community Redevelopment Agency  
Lakeland, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lakeland Community Redevelopment Agency ("The Agency" or "LCRA") a component unit of the City of Lakeland, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency'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 Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency, as of September 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, schedule of LCRA's proportionate share of the City's net pension liability, schedule of LCRA's pension contributions, schedule of LCRA's proportionate share of the City's net OPEB liability and schedule of LCRA's OPEB contributions on pages B-1 – B-6 and F-1 – F-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 Agency's basic financial statements. The schedule of deposits, withdrawals, and changes in fund balance – redevelopment trust funds is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of deposits, withdrawals, and changes in fund balance – redevelopment trust funds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of deposits, withdrawals, and changes in fund balance – redevelopment trust funds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2020 on our consideration of Agency'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 Agency's internal control over financial reporting and compliance.



Crowe LLP

Tampa, Florida  
March 31, 2020

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**SEPTEMBER 30, 2019**

The Management's Discussion and Analysis section provides a narrative overview of the City of Lakeland Community Redevelopment Agency's (the Agency or CRA) financial activities for fiscal year ending September 30, 2019. This discussion is broken down into three components:

- An overview of the Agency.
- A brief overview of the financial statements, including how they relate to each other and the significant differences in information they provide.
- A concise, condensed financial report that summarizes the results of operations and a narrative financial analysis of the CRA's overall financial condition and results of operations, supported by additional consolidated information about specific services provided by the CRA.

**OVERVIEW**

The purpose of the Community Redevelopment Agency of the City of Lakeland, Florida is to eliminate identified slum and blighted conditions within identified redevelopment areas pursuant to the redevelopment plans of the Agency.

The Agency's primary source of revenue is tax increment funds. This revenue is computed by applying the operating tax rate for the City, County, Lakeland Area Mass Transit District (LAMTD), and in the Downtown area, the Lakeland Downtown Development Authority (LDDA), multiplied by the increased value of the property located within the boundaries of the redevelopment areas of the Agency, over the base property value, minus 5%. The City, County, LAMTD, and LDDA are required to fund this amount annually without regard to tax collections or other obligations.

Further, the Agency's policy is set by a board of commissioners comprised of the members of the Commission of the City of Lakeland, and is separate, distinct, and independent from the governing body of the City. The Agency's management plan is executed by a small management staff led by the Community Redevelopment Agency Manager.

The Agency was established in 1979 by the City of Lakeland, Florida (the "City") under the provisions of Section 163.330, Florida Statutes. Lakeland has three CRA target areas, or CRA districts. They are Downtown Redevelopment Trust Fund which was established in 1977, Dixieland and Mid Town which were created in 2001.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Agency'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 Agency 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. Under the full accrual basis of accounting, some cash flows into the organization and some of the cash flows out of the organization are not considered operating revenues or operating expenses and accordingly do not appear on a profit and loss statement. 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) are not considered an operating expense when purchased.

The statement of net position is similar to a balance sheet in that it separately identifies the assets (what the Agency owns) from the liabilities (what the Agency 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 position from one year to the next indicates whether the Agency's financial position is improving or deteriorating.

The statement of activities 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.

**CITY OF LAKE LAND COMMUNITY REDEVELOPMENT AGENCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**SEPTEMBER 30, 2019**

**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

**Fund financial statements**

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

The Agency has only one governmental fund type; three special revenue 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.

For purposes of preparing the financial statements for these governmental activities within this section of the report, the basis of accounting used to measure the value of assets, liabilities, revenues, and expenditures is different than that used within the government-wide financial statements for these same activities. Although the government-wide financial statements are prepared using the same full accrual basis of accounting utilized in the private sector, the fund financial statements are prepared using the same basis of accounting used to prepare annual budgets. This basis of accounting tends to show all cash inflows and outflows as revenues and expenses in the accounting year in which they actually occur, ignoring the fact that the inflow or outflow may have an effect over many years.

The reason for this different accounting approach is that the activities in these funds are not financed from a direct user fee. 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 flow 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.

**Notes to the financial statements**

The third section of the basic financial statements is the notes to the financial statements. This section provides a further level of detail necessary to better understand the information provided within the government-wide financial statements and fund financial statements.

In addition to the three major types of data included in the basic financial statements (as defined on the preceding pages), this annual financial report also includes supplementary information regarding the financial condition and results of operations of the Agency.

**Other required supplementary information**

Included in this section of the report is a schedule that compares the annual operating budget adopted by the Agency for the CRA Districts to the actual revenues and expenditures reported for the year and schedules of LCRA's proportionate share of the net pension liability and contributions to the pension plan and schedules of LCRA's proportionate share of the net OPEB liability and contributions to other post employment benefits.



**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**SEPTEMBER 30, 2019**

**CONDENSED FINANCIAL INFORMATION**

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. The following condensed information is derived from the government-wide financial statements for the City of Lakeland Community Redevelopment Agency.

**CONDENSED STATEMENT OF NET POSITION (in thousands)**

	Governmental Activities	
	2019	2018
<b>Assets</b>		
Current assets	\$ 3,417	\$ 1,199
Noncurrent assets		
Other assets	6,960	8,699
Capital assets	23,491	26,378
Total assets	<u>33,868</u>	<u>36,276</u>
Deferred outflows of resources - related to pensions	491	371
	<u>491</u>	<u>371</u>
<b>Liabilities</b>		
Current liabilities	3,418	1,199
Net pension liability	433	367
Net OPEB liability	430	423
Revenue bonds payable, less current portion	1,396	4,227
Total liabilities	<u>5,677</u>	<u>6,216</u>
Deferred inflows of resources - related to OPEB	184	59
related to pensions	86	70
	<u>270</u>	<u>129</u>
<b>Net position</b>		
Net Investment in capital assets	19,264	21,925
Restricted	9,148	8,377
Total net position	<u>\$ 28,412</u>	<u>\$ 30,302</u>

**CONDENSED STATEMENT OF ACTIVITIES (in thousands)**

	Governmental Activities	
	Fiscal Year Ended	
	2019	2018
<b>General Revenues:</b>		
Property taxes	\$ 6,208	\$ 4,956
Investment earnings	768	399
Miscellaneous	1,904	414
Total revenues	<u>8,880</u>	<u>5,769</u>
<b>Program Expenses:</b>		
General government	804	727
Transportation	250	217
Economic environment	9,257	7,131
Interest on long-term debt	175	184
Total expenses	<u>10,486</u>	<u>8,259</u>
Net contributions (to) / from primary government	<u>(284)</u>	<u>(248)</u>
Change in net position	(1,890)	(2,738)
Net position, beginning of year	30,302	33,518
Prior Period Adjustment	-	(478)
Net position, end of year	<u>\$ 28,412</u>	<u>\$ 30,302</u>

(continued)

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**SEPTEMBER 30, 2019**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

For the fiscal year ended September 30, 2019, the results of operations of the Agency viewed on a government-wide basis reflects relatively strong financial performance.

Restricted Assets are legally restricted for expenses for certain purposes. These consist predominately of \$10,376,793 in assets held within Community Redevelopment Districts (\$9,536,800 in cash and cash equivalents, \$839,953 in mortgages receivable and \$40 in prepaid expenses). In the aggregate, there was a \$479 thousand increase in the change in the value of these restricted assets from 2018 to 2019.

Current Liabilities represent obligations payable from Current Assets that are likely to be settled within the next year. These consist of \$574,081 in amounts owed to vendors, \$5,087 in undistributed payroll obligations accrued during the last pay period of the fiscal year, \$6,765 in deposits payable for lease of building and \$2.83 million of principal due on long term debt and notes on October 1.

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

The Agency's statement of net position serves as a useful indicator of a government's financial position as of a specific point in time. The relative composition of assets versus liabilities as shown on this report is indicative of a healthy (versus a tenuous) financial position. This analysis is most easily accomplished by converting this data into ratios.

One such ratio reflects the ability of the government to meet immediate cash demands – the ratio of current assets to current liabilities:

A comparison of restricted current assets to restricted current liabilities as of September 30:

	<u>2019</u>	<u>2018</u>
Current assets	\$ 3,416,581	\$ 1,198,650
Current liabilities	<u>3,416,581</u>	<u>1,198,650</u>
Net current assets	<u>\$ -</u>	<u>\$ -</u>
Ratio	1.00	1.00

Another useful ratio evaluates the relationship of unpaid long term debt issued to finance capital assets. 68% of the Agency's net position reflects its net investment in capital assets net of the related debt issued to construct those capital assets.

The ratio of capital assets to related long term debt is as follows:

	<u>2019</u>	<u>2018</u>
Capital assets	\$ 23,491,353	\$ 26,377,819
Related long term debt	<u>4,227,086</u>	<u>4,452,342</u>
Net investment in capital assets	<u>\$ 19,264,267</u>	<u>\$ 21,925,477</u>
Ratio	5.56	5.92

The total net book value of capital assets as of September 30, 2019 was \$23,491,353 which represents a decrease of \$(2,886,466) for the year in net capital outlays related to land, land improvements, infrastructure improvements, and land purchases.

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. 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.

The Agency has no general obligation bonded debt outstanding.

For additional information regarding capital asset and long term debt activity see the Notes to the Financial Statements under the Basic Financial Statements section of this report.

Property tax revenue was up 25.3% compared to the prior year. Total spending on governmental activities was down 7.3%.

In the aggregate, total revenues collected in FY 2019 were up 53.9% compared to 2018. Investment revenues increased as a result of the increase in investment market values.

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**SEPTEMBER 30, 2019**

**FUND FINANCIAL ANALYSIS**

As noted earlier, the Agency uses fund accounting to segregate the transactions of the Agency into specific types of districts: the Downtown Redevelopment District, the Midtown Redevelopment District, and the Dixieland Redevelopment District.

The following discussion addresses significant activity within the LCRA fund:

**The Downtown Redevelopment Trust Fund**

The Downtown Redevelopment Trust Fund is a special district whose mission is to improve and stimulate the environment for economic development in a people-oriented Downtown community.

**The Midtown Redevelopment Trust Fund**

The MidTown Redevelopment Trust Fund is a special district whose mission is to work with the community to plan, facilitate and implement redevelopment activities within the MidTown CRA district in the areas of private market real estate development, public and private improvements that boost the "image" of the district, encourage networking and partnership opportunities, and to leverage time and resources to maximize impact within the district.

**The Dixieland Redevelopment Trust Fund**

The Dixieland Redevelopment Trust Fund is a special district whose mission is to invigorate the existing businesses, attract new businesses and investment, and provide a neighborhood commercial center for the surrounding neighborhoods.

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

	<u>2019 Budget</u> <u>(As Amended)</u>	<u>2019</u> <u>Actual</u>	<u>Variance</u> <u>Over/(Under)</u>
REVENUES			
Taxes	\$ 5,077,000	\$ 6,208,187	\$ 1,131,187
Miscellaneous	1,076,978	2,671,976	1,594,998
Total revenues	<u>6,153,978</u>	<u>8,880,163</u>	<u>2,726,185</u>
EXPENDITURES			
Current:			
General government	1,191,827	803,611	388,216
Transportation	1,303,822	250,305	1,053,517
Economic environment	8,841,981	5,956,510	2,885,471
Capital outlay	316,883	116,864	200,019
Debt service	400,000	400,000	-
Total expenditures	<u>12,054,513</u>	<u>7,527,290</u>	<u>4,527,223</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(5,900,535)</u>	<u>1,352,873</u>	<u>(1,801,038)</u>
OTHER FINANCING SOURCES (USES)	<u>(284,465)</u>	<u>(284,465)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (6,185,000)</u>	<u>\$ 1,068,408</u>	<u>\$ (1,801,038)</u>

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**SEPTEMBER 30, 2019**

**REQUESTS FOR INFORMATION**

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

STATEMENT OF NET POSITION  
LAKELAND COMMUNITY REDEVELOPMENT AGENCY  
SEPTEMBER 30, 2019

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Restricted assets (including \$3,416,581 of cash and cash equivalents), set aside for:	
Accounts payable	\$ 574,303
Accrued liabilities	4,865
Deposits payable	6,765
Current portion of bonds payable	<u>2,830,648</u>
Total current assets	<u>3,416,581</u>
Noncurrent assets:	
Restricted assets (including \$6,120,219 of cash and cash equivalents)	6,960,212
Capital assets:	
Non-depreciable	13,843,592
Depreciable	
Facilities and equipment in service	12,918,110
Less accumulated depreciation	<u>(3,270,349)</u>
Total capital assets	<u>23,491,353</u>
Total noncurrent assets	<u>30,451,565</u>
Total assets	<u>33,868,146</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pensions	362,290
Deferred outflows of resources related to OPEB	<u>128,266</u>
Total deferred outflows of resources	<u>490,556</u>
<b>LIABILITIES</b>	
Current liabilities:	
Payable from restricted assets:	
Accounts payable	574,303
Accrued liabilities	4,865
Deposits payable	6,765
Current portion of bonds payable	<u>2,830,648</u>
Total current liabilities	<u>3,416,581</u>
Noncurrent liabilities:	
Payable from restricted assets:	
Net pension liabilities	433,229
Net OPEB liabilities	429,943
Revenue bonds payable, less current portion	<u>1,396,438</u>
Total liabilities	<u>5,676,191</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to OPEB	184,436
Deferred inflows of resources related to pensions	<u>86,016</u>
Total deferred inflows of resources	<u>270,452</u>
<b>NET POSITION</b>	
Net investment in capital assets	19,264,267
Restricted for CRA	<u>9,147,792</u>
Total net position	<u>\$ 28,412,059</u>

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

STATEMENT OF ACTIVITIES  
LAKELAND COMMUNITY REDEVELOPMENT AGENCY  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<b>Net (expense) revenue and changes in net position</b>		
	<b>Primary Government</b>		
<u>Functions/Programs:</u>	<u>Expenses</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental activities			
General government	\$ 803,611	\$ (803,611)	\$ (803,611)
Transportation	250,305	(250,305)	(250,305)
Economic environment	9,257,249	(9,257,249)	(9,257,249)
Interest on long-term debt	174,743	(174,743)	(174,743)
Total	<u>\$ 10,485,908</u>	<u>(10,485,908)</u>	<u>(10,485,908)</u>
General revenues:			
Property taxes		6,208,187	6,208,187
Investment earnings		767,849	767,849
Miscellaneous		1,904,127	1,904,127
Contributions to primary government		<u>(284,465)</u>	<u>(284,465)</u>
Total general revenues		<u>8,595,698</u>	<u>8,595,698</u>
Change in net position		(1,890,210)	(1,890,210)
Net position, beginning of year		<u>30,302,269</u>	<u>30,302,269</u>
Net position, end of year		<u>\$ 28,412,059</u>	<u>\$ 28,412,059</u>

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019

	Major Funds			
	Downtown Redevelopment Trust Fund	Midtown Redevelopment Trust Fund	Dixieland Redevelopment Trust Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,413,744	\$ 5,673,685	\$ 1,449,371	\$ 9,536,800
Receivables	90,299	749,654	-	839,953
Prepaid expenses	4	35	1	40
Total assets	<u>\$ 2,504,047</u>	<u>\$ 6,423,374</u>	<u>\$ 1,449,372</u>	<u>\$ 10,376,793</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 33,696	\$ 540,310	\$ 75	\$ 574,081
Accrued liabilities	152	3,668	1,267	5,087
Deposits payable	-	6,765	-	6,765
Total liabilities	<u>33,848</u>	<u>550,743</u>	<u>1,342</u>	<u>585,933</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	<u>89,625</u>	<u>747,580</u>	<u>-</u>	<u>837,205</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepays	4	35	1	40
Restricted for:				
CRA	<u>2,380,570</u>	<u>5,125,016</u>	<u>1,448,029</u>	<u>8,953,615</u>
Total fund balances	<u>2,380,574</u>	<u>5,125,051</u>	<u>1,448,030</u>	<u>8,953,655</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,504,047</u>	<u>\$ 6,423,374</u>	<u>\$ 1,449,372</u>	<u>\$ 10,376,793</u>

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Total Fund Balance - Governmental Funds	\$ 8,953,655
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.	
Cost of the assets	26,761,702
Accumulated depreciation	(3,270,349)
The value of certain assets 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	837,205
Deferred outflows of resources related to pensions	362,290
Deferred outflows of resources related to OPEB	128,266
Certain long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Bonds payable	(4,227,086)
Net OPEB liability	(429,943)
Deferred inflows of resources related to OPEB	(184,436)
Net pension liability	(433,229)
Deferred inflows of resources related to pensions	<u>(86,016)</u>
Net Position of Governmental Activities	<u>\$ 28,412,059</u>

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



CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Downtown Redevelopment Trust Fund</u>	<u>Midtown Redevelopment Trust Fund</u>	<u>Dixieland Redevelopment Trust Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 1,772,386	\$ 4,123,362	\$ 312,439	\$ 6,208,187
Miscellaneous	<u>184,997</u>	<u>2,388,011</u>	<u>98,968</u>	<u>2,671,976</u>
Total revenues	<u>1,957,383</u>	<u>6,511,373</u>	<u>411,407</u>	<u>8,880,163</u>
EXPENDITURES				
General government	88,548	702,631	12,432	803,611
Transportation	22,947	226,231	1,127	250,305
Economic environment	579,942	5,266,278	110,290	5,956,510
Capital outlay	11,594	105,270	-	116,864
Debt service	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>400,000</u>
Total expenditures	<u>1,103,031</u>	<u>6,300,410</u>	<u>123,849</u>	<u>7,527,290</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	854,352	210,963	287,558	1,352,873
OTHER FINANCING (USES)				
Transfer to primary government	<u>(76,607)</u>	<u>(204,457)</u>	<u>(3,401)</u>	<u>(284,465)</u>
Total other financing (uses)	<u>(76,607)</u>	<u>(204,457)</u>	<u>(3,401)</u>	<u>(284,465)</u>
Net change in fund balances	777,745	6,506	284,157	1,068,408
FUND BALANCE, beginning of year	<u>1,602,829</u>	<u>5,118,545</u>	<u>1,163,873</u>	<u>7,885,247</u>
FUND BALANCE, end of year	<u>\$ 2,380,574</u>	<u>\$ 5,125,051</u>	<u>\$ 1,448,030</u>	<u>\$ 8,953,655</u>

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

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, 2019

Net Change in Fund Balances - Total Governmental Funds.	\$ 1,068,408
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.	
Capital outlay	116,864
Depreciation expense	(383,314)
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.	(2,620,016)
Contributions to certain retiree benefits do not use current financial resources and are not recorded in full as expenditures in the governmental funds, however, these disbursements increase the net OPEB obligation in the statement of activities.	(4,656)
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.	(202,128)
Contributions to certain pension plans use current financial resources and are recorded as expenditures in the governmental funds. However, a portion of these disbursements decrease the net pension liability in the statement of activities.	(90,625)
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.	<u>225,257</u>
Change in net position of governmental activities	<u>\$ (1,890,210)</u>

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

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Lakeland Community Redevelopment Agency's (the Agency) financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

**A. Reporting Entity**

The Lakeland Community Redevelopment Agency was established in 1979 by the City of Lakeland, Florida (the City) under the provisions of Section 163.340, *Florida Statutes*. The City currently has a total of three Community Redevelopment Areas; Downtown (1979), Dixieland (2001), and Midtown (2001). The purpose of the Agency is to eliminate blight and slum conditions within the redevelopment area of the Agency pursuant to the redevelopment plans of the Agency for new residential and commercial activity. The board of directors of the Agency is comprised of seven members of the City Commission of the City and is separate, distinct, and independent from the governing body of the City.

For financial reporting purposes, the Agency is a component unit of the City and is thus included in the City's comprehensive annual financial report as a blended component unit and the report is not a complete presentation of the City of Lakeland.

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

The Agency's basic financial statements are presented in two separate and distinct formats. These consist of government-wide statements and fund financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Agency does not have any business-type activities and has only governmental activities. The accounts of the Agency are reported as special revenue funds.

**Government-wide Statements** In the Government-wide Statement of Net Position, the government 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 Agency (assets minus liabilities) are reported in three separate components – net investment in capital assets; restricted net position; and unrestricted net position. Whenever possible, the Agency utilizes restricted resources first to satisfy financial obligations.

The Government-wide Statement of Activities reports the degree to which the gross expenses, including depreciation, of the significant governmental functions provided by the Agency, 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 Agency (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.

**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 the broad category of governmental activities.

The financial transactions of the Agency are reported in individual trust 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, liabilities, deferred inflows of resources, reserves, fund equity, revenues and expenditures of each fund. All of the Agency's funds are classified as governmental funds.

**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 Agency accrues an asset equal to the value of all material revenue to which it is entitled. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Exceptions are unmatured interest on general long-term debt, which is recognized when due.

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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".

In addition to assets and liabilities, the balance sheet and statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources present a consumption of net assets by the government that is applicable to a future reporting period(s). Accordingly, deferred outflows related to pensions are recognized as a deferred outflow in the Statement of Net Position. Deferred inflows of resources represent 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. Accordingly, deferred inflows related to pensions, deferred inflows related to OPEB and grant revenues received in advance are recognized as deferred inflows of resources in the Statement of Net Position. Deferred revenue, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

Special Revenue Funds – account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose, such as gas taxes that are expended on transportation-related services.

**C. Budget Policy and Budgetary Data**

The City prepares an annual operating budget for the Lakeland Community Redevelopment Agency. These budgets are prepared on the modified accrual basis of accounting. As of September 30, 2019, there were no material violations of budgetary requirements.

**D. Cash and Cash Equivalents**

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

The various funds of the City have combined their resources into a cash 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, amounts invested with the Florida State Board of Administration (SBA), other securities, and accrued interest. Amounts invested with the SBA and money market funds are reported at cost, all other investments are recorded at fair value. Revenue from pooled cash and investments is allocated on the basis of the participation by 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 (See Note 3).

**E. Receivables**

Receivables are generally attributable amounts due to the Agency mortgage agreements. Receivables are reported net of allowances for uncollectables where applicable. No allowance is deemed necessary at September 30, 2019.

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

	Governmental Activities
Due from:	
Other governments	\$ 600,000
Customers	239,953
	\$ 839,953

**F. Unrestricted and Restricted Assets**

In cases in which both unrestricted and restricted assets are available to finance an expense or program, the Agency's policy is to utilize restricted assets first whenever possible. Restricted assets as of September 30, 2019 are as follows:

	Governmental Activities
Restricted assets:	
Cash and cash equivalents	\$ 9,536,800
Receivables	839,953
Prepaid expenses	40
Total restricted assets	\$ 10,376,793

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Capital Assets**

Effective October 1, 2013, capital equipment purchased with an original value of \$1,500 or more, and additions, improvements and other capital outlays, having an original cost of \$2,500 or more that significantly extend the useful lives are capitalized. Infrastructure consisting of certain improvements and additions such as roads, sidewalks and drainage systems were not previously capitalized by the City. In accordance with the provisions of GASB 34, the City has elected to capitalize infrastructure assets having an original cost of \$25,000 or more prospectively as of October 1, 2001. 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.

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
Sidewalks	25 - 50 years
Storm drainage	25 - 100 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.

**H. Revenues**

The Agency's primary source of revenue is tax increment funds. The tax increment is made up of property taxes contributed by the City and County to the Community Redevelopment Trust Fund. The tax increment is calculated annually based on increases to property values within the designated CRA districts using the year in which they were established as the "base year". For example, if an unimproved property was valued at \$10,000 in the base year and a new house is built on the property tomorrow, the new value of the property is \$25,000. The incremental difference in value (new assessed value – base year value) is \$15,000. Taxes collected on the property will be split amongst the City, County, and CRA according to these differences in value with the CRA receiving all taxes assessed on the incremental increase of \$15,000. Revenues generated by improvements in the CRA districts are to be reinvested in the district to continue to spur redevelopment.

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 payable from November through the following March, are recognized in the same fiscal period in which payment is due.

The property tax calendar for 2019 is as follows:

Lien date	January 1, 2018
Levy date	January 1, 2018
Due dates	November 1, 2018 through March 31, 2019
Delinquent date	April 1, 2019
Tax certificate sale	On or before June 1, 2019

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.

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. 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.

**J. 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.

**K. Fund Equity**

In the fund financial statements, governmental funds report fund balance in classifications based on the extent to which the City is bound to honor constraints on the specific purpose for which those amounts can be spent. 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.

The governmental fund balance in detail as of September 30, 2019 is as follows:

	Governmental Funds
Fund Balances:	
Nonspendable:	
Prepays	\$          40
Restricted for:	
CRA	8,953,615
Total Fund Balance	\$      8,953,655

There were no deficit fund balances as of September 30, 2019.

**L. Miscellaneous Revenue**

Miscellaneous revenues include all other revenue sources not related to property taxes and intergovernmental revenues. The miscellaneous revenues included in the Statement of Revenues, Expenditures, and Changes in Fund Balance as of September 30, 2019 includes:

Miscellaneous revenue	
Investment revenue	\$      767,849
Rental Income	91,109
Other revenues	1,813,018
Total miscellaneous revenue	\$      2,671,976

**M. Pensions**

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

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 2 – ACCOUNTING AND REPORTING CHANGES**

**New Accounting Pronouncements**

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonable estimable. The provisions of this Statement are effective for the Agency's fiscal year ending September 30, 2019. However, the implementation of this Statement had no material effect on the Agency's financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The principal objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management has not determined what impact, if any, this GASB statement might have on its financial statements ending September 30, 2020.

In June, 2017, the GASB issued Statement No. 87 *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management has not determined what impact, if any, this GASB statement might have on its financial statements ending September 30, 2021.

In April, 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed as the date the contractual obligation is established. The provisions of this Statement are effective for the Agency's fiscal year ending September 30, 2019. However, the implementation of this Statement had no material effect on the Agency's financial statements.

In June, 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statement prepared using the economic resources measurement focus. It also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management has not determined what impact, if any, this GASB statement might have on its financial statements ending September 30, 2021.

In August, 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management has not determined what impact, if any, this GASB statement might have on its financial statements ending September 30, 2020.

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, 2020. Management has not determined what impact, if any, this GASB statement might have on its financial statements ending September 30, 2022.

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 2 – ACCOUNTING AND REPORTING CHANGES (continued)**

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

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020.'
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020.
- The requirement related to the measurement of liabilities (and assets, if any) associated with ARO's in a government acquisition are effective for the government acquisitions occurring in reporting periods beginning after June 15, 2020.

**NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

**A. Deposits**

The Agency's cash as of September 30, 2019, consisted of equity in pooled cash in the amount of \$9,536,800. The Agency has elected to pool its cash with the City of Lakeland. At September 30, 2019, the Agency held a 3% interest in the investments of the pool. For additional information on the assets held by the pool, refer to Note 3 in the City of Lakeland's Comprehensive Annual Financial Report.

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 and 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.

**B. 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.

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.



**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 4 –CAPITAL ASSETS**

**A. Capital Activity**

Capital assets of the Agency as of September 30, 2019, consisted of the following:

	Balance October 1, 2018	Additions	Deletions	Balance September 30, 2019
Governmental Activities				
Non-depreciable assets:				
Land	\$ 16,150,850	\$ -	\$ 2,603,607	\$ 13,547,243
Construction in process	369,310	36,021	108,982	296,349
Depreciable assets:				
Buildings	6,729,005	-	-	6,729,005
Improvements, other than buildings	682,839	-	-	682,839
Infrastructure	5,252,034	189,825	-	5,441,859
Equipment	80,816	-	16,409	64,407
	<u>29,264,854</u>	<u>225,846</u>	<u>2,728,998</u>	<u>26,761,702</u>
Less accumulated depreciation:				
Buildings	1,054,308	199,167	-	1,253,475
Improvements, other than buildings	208,240	18,046	-	226,286
Infrastructure	1,584,872	170,082	-	1,754,954
Equipment	39,615	12,428	16,409	35,634
	<u>2,887,035</u>	<u>399,723</u>	<u>16,409</u>	<u>3,270,349</u>
Net capital assets	<u>\$ 26,377,819</u>	<u>\$ (173,877)</u>	<u>\$ 2,712,589</u>	<u>\$ 23,491,353</u>

**B. Depreciation Expense**

Included in the government-wide Statement of Activities is depreciation expense for the year ended September 30, 2019, distributed to governmental functions as follows:

Governmental activities:	
Transportation, including depreciation of general infrastructure assets	\$ 399,723
Total depreciation expense - governmental activities	<u>\$ 399,723</u>

**NOTE 5 –INTERFUND BALANCES AND TRANSFERS**

**Interfund Transfers**

Interfund transfers for the year ending September 30, 2019 are presented in the following table:

Interfund Transfers From:	Interfund Transfers To: Primary Government	Total
LCRA Funds	\$ (284,465)	\$ (284,465)
Total	<u>\$ (284,465)</u>	<u>\$ (284,465)</u>

Interfund transfers were for the Community Policing Program in the CRA districts and contributions toward capital improvements located within the Midtown CRA district.

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 6 – LONG-TERM LIABILITIES**

**A. Totals by Activity**

The following is a summary of long-term obligation transactions of the Agency for the year ended September 30, 2019. Additional details are provided on subsequent pages.

	Balance October 1, 2018	Incurred	Satisfied	Balance September 30, 2019	Amount Due within One Year
Governmental Activities:					
Revenue Bonds Payable	\$ 4,452,343	\$ -	\$ 225,257	\$ 4,227,086	\$ 2,830,648
	<u>\$ 4,452,343</u>	<u>\$ -</u>	<u>\$ 225,257</u>	<u>\$ 4,227,086</u>	<u>\$ 2,830,648</u>

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. 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 obligations are classified in the Statement of Net Position as of September 30, 2019 are as follows:

	Governmental Activities
<u>Restricted:</u>	
Current portion of bonds payable	\$ 2,830,648
Revenue bonds payable	1,396,438
	<u>\$ 4,227,086</u>

**B. Revenue Bonds**

Revenue bonds issued and outstanding as of September 30, 2019 are as follows:

Purpose	Series	Issue Amount	Maturity Date	Interest Rates	Year-end Balances
Governmental Activities:					
Capital Improvement Revenue Bonds	2010A	\$ 40,153,385	10/1/2032	3.000 to 5.000	\$ 4,227,086

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.

The Capital Improvement Revenue Bonds require the establishment of debt service reserve accounts and sinking funds to accumulate the funds needed to make annual debt service payments. As of September 30, 2019, the City is in compliance with all required covenants of the bond ordinances, including compliance with federal arbitrage regulations.

**C. Debt Service Requirement to Maturity**

The requirements to repay all long-term debt outstanding as of September 30, 2019 are summarized in the following table.

Year	Governmental Activities:	
	Principal	Interest
2020	\$ 2,830,648	\$ 95,989
2021	336,427	63,573
2022	353,567	46,433
2023	371,579	28,421
2024	334,865	9,524
	<u>\$ 4,227,086</u>	<u>\$ 243,940</u>

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 7 – INTEREST EXPENSE**

All interest expense of governmental activities is disclosed separately from related functional expenses on the government-wide Statement of Activities. The total amount of interest charged to expenses for the year ended September 30, 2019 is as follows:

	<u>Governmental Activities</u>
Amount charged to expense	\$ 174,743
Total	<u>\$ 174,743</u>

**NOTE 8 – RISK FINANCING ACTIVITIES**

The City has established a self-insurance fund for worker's compensation, general liability, public official's liability, airport liability, automobile liability, and health insurance. The purpose of this fund is to account for the cost of claims and management fees incurred in conjunction with self-insurance programs. The City makes contributions to the fund based on actuarially computed funding levels. All claims pending at September 30, 2019 have been accrued in the financial statements of the Self-Insurance Fund. An estimated liability for incurred-but-not-reported claims also has been accrued in the financial statements of the Self-Insurance Fund.

This program provides coverage up to a maximum of \$400,000 per employee for worker's compensation claims. The City purchases commercial insurance for claims in excess of this amount up to \$1,000,000 per employee. The program provides coverage of up to a maximum of \$150,000 per employee for health insurance claims. The City purchases commercial insurance for claims in excess of this amount up to \$1,000,000 per employee. Refer to the City of Lakeland, Florida comprehensive annual financial report for additional disclosures.

**NOTE 9 – DEFINED BENEFIT PENSION PLAN**

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 the terms of the plan. Accounting Principles Generally Accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, the actual results could differ from those estimates. Investments are recorded at fair value. Dividends and interest are recognized when earned. Gains and losses on sales are recognized on the 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 pensions 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 consists of seven (7) active members – three (3) of which are elected by plan members for 3-year terms, three (3) appointed by the City Commission for 3-year terms and one (1) 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 COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)**

Deferred Retirement Option Plan (DROP)

A Deferred Retirement Option Plan (DROP) was enacted on December 19, 2009 by Ordinance 4727. Under this Plan, participants who have attained eligibility may continue working with the city for up to sixty months while receiving a retirement benefit that is deposited into a DROP account. At October 1, 2017, there were 198 DROP participants.

Cost of Living Adjustment

No cost of living increase was awarded for fiscal year 2019.

Funding Policy, Contributions Required, and Contributions Made

Under Ordinance 5287, section 23.1.1, the Plan grants the authority to the City Commission to establish and modify contribution requirements of the City and active plan members. The Plan is subject to periodic review by an independent actuary. 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 City is required to contribute at least quarterly to the fund in an amount equal to the required city contribution as shown by the applicable actuarial valuation system. The actuarial experience (0.36) is added to the prior Contribution Rate (19.75%), less Change in Cost Sharing (0.11), the Amortization Payment on UAAL (0.05), the actuarial experience from DROP (Variable Interest Rate Option) (0.22) and Change in Normal Cost Rate (0.05) to calculate the current year Contribution Rate of 19.68%. Contributions to the pension plan from the Agency were \$49,954 for the year ended September 30, 2019.

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

At September 30, 2019, the LCRA reported a liability of \$433,229 for its proportionate share of the net pension liability of the Employees' Pension and Retirement System. The net pension liability was measured as of September 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2017. The LCRA's portion of the net pension liability was based the LCRA's share of the actual contributions to the pension plan relative to the actual total contributions of the City of Lakeland. At September 30, 2019, LCRA's proportion was .4195%, which is an increase of .101% from the proportion allocation at September 30, 2018.

For the year ended September 30, 2019, the LCRA recognized pension expense of \$51,239. At September 30, 2019, the LCRA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Proportionate share of contributions subsequent to measurement date	\$ 49,954	\$ -
Differences between expected and actual experience	5,885	201
Cost share allocation	293,149	-
Changes in assumption	13,302	-
Differences between projected and actual earnings	-	85,815
Total	\$ 362,290	\$ 86,016

\$49,954 reported as deferred outflows of resources related to pensions resulting from the Agency's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Fiscal year ended September 30th:	
2020	\$ 87,935
2021	84,958
2022	50,753
2023	2,674
	\$ 226,320

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)**

Actuarial Assumptions

The total pension liability in the October 1, 2017 actuarial valuation rolled-forward to September 30, 2018 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.25%
Salary increases	4.0% to 12.5% depending on service, including inflation
Inflation rate	2.50%
Post-retirement benefit increases	N/A
Retirement rate	Experienced-based table of rates specific to eligibility condition
Mortality table	RP-2000 Combined Healthy Participant Mortality Tables

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 6.126%. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class (Market)</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Asset Group Contribution</u>
Domestic Equity	35.00%	7.50%	2.625%
International Equity	15.00%	8.50%	1.275%
Domestic Bonds	15.00%	2.50%	0.375%
International Bonds	5.00%	3.50%	0.175%
Real Estate	10.00%	4.50%	0.450%
Alternate Asset	20.00%	6.13%	1.226%
Total Investments	<u>100.00%</u>		<u>6.126%</u>

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

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

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

	<u>1% Decrease Rate (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase Rate (8.25%)</u>
LCRA's proportionate share of the net pension liability	\$ 749,778	\$ 433,229	\$ 166,920

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. For more information pertaining to the aforementioned plan 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.

Payable to the Pension Plan

At September 30, 2019, the LCRA reported a payable of \$4,466 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2019.

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS**

**A. Health Insurance Trust Fund**

**Plan Description**

Effective October 1, 2017, the City's 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 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.

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.

**Funding Policy and Contributions Made**

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.

At September 30, 2019, LCRA reported a liability of \$429,943 for its proportionate share of the net OPEB liability of the Health Insurance Trust Fund. The net OPEB liability was measured as of September 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2019. The LCRA's portion of the net OPEB liability was based on the LCRA's share of the actual contributions to the Health Insurance Trust Fund relative to the actual total contributions of the City of Lakeland. At September 30, 2019, LCRA's proportionate share was .23% and .24% at September 30, 2018.

For the year ended September 30, 2019, the LCRA recognized OPEB expense of \$18,910, which is an increase of .101% from the proportion allocation at September 30, 2018. At September 30, 2019, the LCRA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 54,263	\$ 44,052
Net difference between projected and actual earnings	-	959
Cost share allocation	74,003	86,505
Differences between expected and actual experience	-	52,920
	\$ 128,266	\$ 184,436

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ended September 30th:		
2019	\$	(13,904)
2020		(13,904)
2021		(13,747)
2022		(11,992)
2023		(2,156)
Thereafter		(467)
	\$	(56,170)

**Actuarial Assumptions**

Significant Assumptions: The date of the actuarial valuation on which the plan's liability was determined is September 30, 2019. The following actuarial assumptions were applied.

Stop loss fees		
Select		6.50%
Ultimate		4.50%
Administrative		
Select		4.50%
Ultimate		4.50%
Inflation rate		2.0% per annum
Salary changes		3.5% per annum
Postemployment benefit changes		N/A
Mortality rates	Pub-2010 base table scaled generationally using MP-19 and applied gender specific	
Long-term expected rate of return	tax-exempt, high quality municipal bond	
Asset valuation	fair market value	

The total OPEB liability was determined by an actuarial valuation as of September 30, 2019, using the previously listed actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

**Changes in Assumptions**

The following assumption changes were since the prior evaluation:

- The discount rate for the implicit subsidy was decreased from 4.18% to 2.66%.
- The termination rates assumption for Police were 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.
- 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.

**Interest rates**

Discount (or interest) rates are used to reflect the time value of money. Discount rates are used in determining the present value of the valuation date of future cash flows currently expected to be required to satisfy the postretirement benefit obligation. The long-term expected rate of return using arithmetic mean on OPEB investments was determined using the rate of return on tax-exempt, high quality municipal bonds (20 year, tax-exempt municipal bond - 2.66%) blended with the expected rate of return on trust assets.

The discount rate used to measure the total OPEB liability was 2.66% for the implicit subsidy and 7.21% for the explicit subsidy. The discount rate decreased from 4.18%. The municipal bond rate used in the discount rate is the Bond Buyer 20-Bond GO Index.

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (continued)**

The annual money-weighted rate of return that expresses investment performance, net of investment expense, adjusted for changes in the amount actually invested was 7.9%.

Investments

Investment 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.

The rates of return for the assets of the Trust as of September 30, 2019 are summarized in the following table:

<u>Asset Allocation:</u>	<u>%</u>	<u>Returns (with inflation)</u>	<u>Balance</u>	<u>% of Net Position</u>
Consolidated funds	99.16%	7.25%	\$ 9,009,718	99%
Money market funds	0.00%	1.50%	-	0%
Accounts receivable	0.84%	0.00%	76,670	1%
Total	<u>100.00%</u>		<u>\$ 9,086,388</u>	<u>100%</u>

Rate of Return

For the year ended September 30, 2019, the annual rate of return (with inflation) was 7.21%.

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 for LCRA's proportionate share as of September 30, 2019 were as follows:

Total OPEB Liability	\$ 450,813
Fiduciary Net Position	<u>20,870</u>
Net OPEB Liability	<u>\$ 429,943</u>
 Fiduciary Net Position as a percentage of the total OPEB liability	 4.63%

Changes in Net OPEB Liability for LCRA's proportionate share

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Beginning balances.	\$ 442,383	\$ 19,703	\$ 422,680
Changes for the year:			
Service cost	15,199	-	15,199
Interest cost	19,704	-	19,704
Benefit payments	(14,999)	(14,999)	-
Differences between expected and actual experience	(63,680)	-	(63,680)
Changes in assumptions	65,296	-	65,296
Cost share allocation	(13,090)	-	13,090
Contributions - employers	-	14,254	(14,254)
Contributions - employees	-	411	(411)
Investment income	-	1,501	(1,501)
Net changes	<u>8,430</u>	<u>1,167</u>	<u>7,263</u>
Ending balances	<u>\$ 450,813</u>	<u>\$ 20,870</u>	<u>\$ 429,943</u>



**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (continued)**

Sensitivity of the net OPEB liability to changes in the discount rate

The sensitivity of the net OPEB liability for LCRA's proportionate share to a discount rate 1% (1.66%) higher and 1% lower (3.66%) than the discount rate of 2.66% is as follows:

1% Decrease Rate (1.66%)	Current Discount Rate (2.66%)	1% Increase Rate (3.66%)
\$ 526,650	\$ 429,943	\$ 358,295

Sensitivity to the net OPEB liability to changes in the healthcare cost trend rate

The sensitivity of the net OPEB liability for LCRA's proportionate share using healthcare cost trend rates 1% higher and 1% lower than the current trend rates is as follows:

Trend	Net OPEB Liability
1% decrease	\$ 353,976
Current trend	\$ 429,943
1% increase	\$ 539,600

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. For more information pertaining to the aforementioned plan 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.

Actuarial cost method	Entry age normal based on level percentage of projected salary
Valuation Date	9/30/19
Projected benefit payment period	5.9 years
Discount rate	
Implicit	2.66%
Explicit	7.21%
Health care cost trend rate:	
Medical and Rx benefits	
Select	6.50%
Ultimate	4.50%

**NOTE 11 - SUSEQUENT EVENT**

COVID-19 Pandemic

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. The City anticipates an economic impact resulting from the effects of the COVID-19 outbreak on the national, state, and local economies. The City has not determined what material impact this outbreak could potentially have on revenues such as state shared revenues, investments, and other local revenues related to economic conditions.



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CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

BUDGETARY COMPARISON SCHEDULE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

<u>Downtown Redevelopment Trust Fund</u>				
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 1,524,000	\$ 1,524,000	\$ 1,772,386	\$ 248,386
Miscellaneous	35,766	35,766	184,997	149,231
Total revenues	<u>1,559,766</u>	<u>1,559,766</u>	<u>1,957,383</u>	<u>397,617</u>
<b>EXPENDITURES</b>				
Current:				
General government	118,188	125,632	88,548	37,084
Transportation	10,612	25,612	22,947	2,665
Economic environment	976,000	1,567,803	579,942	987,861
Capital outlay	200,000	220,876	11,594	209,282
Debt service	400,000	400,000	400,000	-
Total expenditures	<u>1,704,800</u>	<u>2,339,923</u>	<u>1,103,031</u>	<u>1,236,892</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(145,034)</u>	<u>(780,157)</u>	<u>854,352</u>	<u>1,634,509</u>
<b>OTHER FINANCING USES</b>				
Transfer to primary government	<u>(76,607)</u>	<u>(76,607)</u>	<u>(76,607)</u>	<u>-</u>
Total other financing uses	<u>(76,607)</u>	<u>(76,607)</u>	<u>(76,607)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(221,641)</u>	<u>(856,764)</u>	<u>777,745</u>	<u>1,634,509</u>
FUND BALANCE, beginning of year	465,256	79,025	1,602,829	1,523,804
FUND BALANCE, end of year	<u>\$ 243,615</u>	<u>\$ (777,739)</u>	<u>\$ 2,380,574</u>	<u>\$ 3,158,313</u>

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

BUDGETARY COMPARISON SCHEDULE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Midtown Redevelopment Trust Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 3,279,000	\$ 3,279,000	\$ 4,123,362	\$ 844,362
Miscellaneous	96,000	1,022,002	2,388,011	1,366,009
Total revenues	<u>3,375,000</u>	<u>4,301,002</u>	<u>6,511,373</u>	<u>2,210,371</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,201,762	947,672	702,631	245,041
Transportation	685,986	366,347	226,231	140,116
Economic environment	1,935,000	6,980,024	5,266,278	1,713,746
Capital outlay	1,304,653	330,289	105,270	225,019
Total expenditures	<u>5,127,401</u>	<u>8,624,332</u>	<u>6,300,410</u>	<u>2,323,922</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,752,401)</u>	<u>(4,323,330)</u>	<u>210,963</u>	<u>4,534,293</u>
<b>OTHER FINANCING USES</b>				
Transfer to primary government	(204,457)	(204,457)	(204,457)	-
Total other financing uses	<u>(204,457)</u>	<u>(204,457)</u>	<u>(204,457)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,956,858)	(4,527,787)	6,506	4,534,293
FUND BALANCE, beginning of year	<u>9,406,419</u>	<u>3,364,257</u>	<u>5,118,545</u>	<u>1,754,288</u>
FUND BALANCE, end of year	<u>\$ 7,449,561</u>	<u>\$ (1,163,530)</u>	<u>\$ 5,125,051</u>	<u>\$ 6,288,581</u>

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

BUDGETARY COMPARISON SCHEDULE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Dixieland Redevelopment Trust Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 274,000	\$ 274,000	\$ 312,439	\$ 38,439
Miscellaneous	19,210	19,210	98,968	79,758
Total revenues	<u>293,210</u>	<u>293,210</u>	<u>411,407</u>	<u>118,197</u>
<b>EXPENDITURES</b>				
Current:				
General government	120,904	118,523	12,432	106,091
Transportation	14,351	200,685	1,127	199,558
Economic environment	80,000	300,000	110,290	189,710
Capital outlay	350,000	471,050	-	471,050
Total expenditures	<u>565,255</u>	<u>1,090,258</u>	<u>123,849</u>	<u>966,409</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(272,045)</u>	<u>(797,048)</u>	<u>287,558</u>	<u>1,084,606</u>
<b>OTHER FINANCING USES</b>				
Transfer to primary government	(3,401)	(3,401)	(3,401)	-
Total other financing uses	<u>(3,401)</u>	<u>(3,401)</u>	<u>(3,401)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(275,446)</u>	<u>(800,449)</u>	<u>284,157</u>	<u>1,084,606</u>
FUND BALANCE, beginning of year	889,016	356,632	1,163,873	807,241
FUND BALANCE, end of year	<u>\$ 613,570</u>	<u>\$ (443,817)</u>	<u>\$ 1,448,030</u>	<u>\$ 1,891,847</u>

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

REQUIRED SUPPLEMENTARY INFORMATION  
EMPLOYEE PENSION FUND  
SEPTEMBER 30, 2019

SCHEDULE OF LCRA's PROPORTIONATE SHARE OF THE CITY'S NET PENSION LIABILITY

Employees' Pension & Retirement System					
Measurement date:	September 30,				
	2018	2017	2016	2015	2014
LCRA's proportion of the net pension liability	0.4195%	0.3185%	0.3117%	0.0643%	0.0643%
LCRA's portion of the net pension liability	\$ 433,229	\$ 366,894	\$ 428,445	\$ 95,015	\$ 78,016
LCRA's covered payroll	\$ 370,396	\$ 269,624	\$ 51,651	\$ 51,238	\$ 50,265
LCRA's proportionate share as a % of covered payroll	116.96%	136.08%	829.50%	185.44%	155.21%
Plan fiduciary net position as a % total pension liability	85.51%	83.36%	79.69%	77.14%	80.60%

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.

SCHEDULE OF LCRA's PENSION CONTRIBUTIONS

Employees' Pension & Retirement System						
Year Ended Sep 30th	Actuarially Determined Contribution **	Annual Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll	
2019	\$ 50,125	\$ 49,954	\$ 171	\$ 253,796	19.68%	
2018	73,153	64,913	8,240	370,396	17.53%	
2017	51,957	46,927	5,030	269,624	17.40%	
2016	9,757	34,923	(25,166)	51,651	67.61%	
2015	9,500	10,088	(588)	51,238	19.69%	
2014	9,048	9,894	(846)	50,265	19.68%	

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

\*\* The actuarially determined contribution is calculated as the actuarially determined contribution percentage multiplied by the actual pensionable payroll for the fiscal year.

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.

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POST EMPLOYMENT BENEFITS  
SEPTEMBER 30, 2019

SCHEDULE OF LCRA's PROPORTIONATE SHARE OF THE CITY'S NET OPEB LIABILITY

	OPEB		
	September 30,		
Measurement date:	2019	2018	2017
LCRA's proportionate share of the net OPEB liability	0.23000%	0.24375%	0.24375%
LCRA's portion of the net OPEB liability	429,943	422,680	449,090
LCRA's covered payroll	297,741	304,340	294,111
LCRA's proportionate share as a % of covered payroll	144.40%	138.88%	152.69%
Plan fiduciary net position as a % of total OPEB liability	4.63%	4.45%	3.82%

GASB 75 was implemented in fiscal year 2018.  
Schedule is intended to show information for 10 years.  
Additional years will be displayed as the become available.

SCHEDULE OF LCRA's OPEB CONTRIBUTIONS

Year Ended Sep 30th	Statutorily Determined Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2019	\$ 4,466	\$ 14,254	\$ (9,788)	\$ 297,741	4.79%
2018	4,566	19,582	(15,015)	304,340	6.43%
2017	4,412	19,232	(14,820)	294,111	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.

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**

Budgets of the City are adopted on a modified accrual basis of accounting, which is consistent with Accounting Principles Generally Accepted in the United States of America (GAAP) for governmental funds. In cases where appropriations and estimated revenues have been revised during the year, budget data represents final authorized amounts. As of September 30, 2019 there were no material violations of budgetary requirements.

Employee Pension and Retirement System

For more information pertaining to the aforementioned plan 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.

Changes in assumptions/inputs

The following assumption changes are reflected in the Actuarially Determined Contribution rate for the Employee Pension and Retirement System as of:

September 30, 2019:

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

September 30, 2018:

- 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

September 30, 2017:

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

For additional information regarding the pension plan, please refer to Note 9 in the notes to the Financial Statements. For more information pertaining to the aforementioned plan 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.



**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**

OPEB

Changes in assumptions/inputs

The following assumption changes are reflected in the calculation of the actuarially determined contributions:

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 pass 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.

For additional information regarding the OPEB Trust Fund please refer to Note 10 in the notes to the Financial Statements. The only applicable change in the valuation was the increase in the discount rate to 2.66%.

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CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

SCHEDULE OF DEPOSITS, WITHDRAWALS, AND CHANGES IN FUND BALANCE  
REDEVELOPMENT TRUST FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Downtown Redevelopment Trust Fund	Midtown Redevelopment Trust Fund	Dixieland Redevelopment Trust Fund	Total
<b>DEPOSITS:</b>				
Tax Increment Revenues:				
Property taxes	\$ 1,772,386	\$ 4,123,362	\$ 312,439	\$ 6,208,187
Interest Income	143,521	525,364	98,964	767,849
Miscellaneous	41,476	1,862,647	4	1,904,127
Total revenues	<u>1,957,383</u>	<u>6,511,373</u>	<u>411,407</u>	<u>8,880,163</u>
<b>WITHDRAWALS:</b>				
General government	88,548	702,631	12,432	803,611
Transportation	22,947	226,231	1,127	250,305
Economic environment	579,942	5,266,278	110,290	5,956,510
Capital outlay	11,594	105,270	-	116,864
Debt service				
Principal	225,257	-	-	225,257
Interest	174,743	-	-	174,743
Transfer to primary government	76,607	204,457	3,401	284,465
Total expenditures	<u>1,179,638</u>	<u>6,504,867</u>	<u>127,250</u>	<u>7,811,755</u>
EXCESS (DEFICIENCY) OF DEPOSITS OVER (UNDER) WITHDRAWALS	<u>777,745</u>	<u>6,506</u>	<u>284,157</u>	<u>1,068,408</u>
FUND BALANCE, beginning of year	<u>1,602,829</u>	<u>5,118,545</u>	<u>1,163,873</u>	<u>7,885,247</u>
FUND BALANCE, end of year	<u>\$ 2,380,574</u>	<u>\$ 5,125,051</u>	<u>\$ 1,448,030</u>	<u>\$ 8,953,655</u>



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**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**

Board of Commissioners  
Lakeland Community Redevelopment Agency  
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 each major fund of the Lakeland Community Redevelopment Agency (the "Agency"), a component unit of the City of Lakeland, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 31, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency'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 statement 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 over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Crowe LLP

Tampa, Florida  
March 31, 2020

Board of Commissioners  
Lakeland Community Redevelopment Agency  
Lakeland, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the Lakeland Community Redevelopment Agency (the “Agency”), a component unit of the City of Lakeland, Florida (the “City”), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 31, 2020.

### **Auditor’s Responsibility**

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

### **Other Reports and Schedule**

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of The Financial Statements Performed in Accordance with *Government Auditing Standards* 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 31, 2020, 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 findings noted in proceeding 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. This information is disclosed in the financial statements.

## **Financial Condition and Management**

Section 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 LCRA has met once or more of the conditions described in Section 218.503(1), *Florida Statutes*, and to identify the specific condition(s) met. In connection with our audit, we determined that LCRA 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 in which LCRA is presented as a blended component unit and included in the City's assessment. It is management's responsibility to monitor the LCRA's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial 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 have any such findings.

## **Purpose of this Letter**

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



Crowe LLP

Tampa, Florida  
March 31, 2020



**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH  
SECTION 218.415, FLORIDA STATUTES**

Board of Commissioners  
Lakeland Community Redevelopment Agency  
Lakeland, Florida

We have examined the Lakeland Community Redevelopment Agency's (the "Agency"), a component unit of the City of Lakeland, Florida, compliance with Section 218.415, *Florida Statutes*, concerning the investment of public funds during the year ended September 30, 2019. Management of the Agency is responsible for the Agency's compliance with the specified requirements. Our responsibility is to express an opinion on the Agency's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Agency complied, in all material respects, with the requirements contained in Section 218.415, *Florida Statutes* during the year ended September 30, 2019.

The purpose of this report is solely to comply with Chapter 10.550, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

  
Crowe LLP

Tampa, Florida  
March 31, 2020