

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, 2023



**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, 2023



Prepared by the
FINANCE DEPARTMENT

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INTRODUCTORY SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Lakeland Community Redevelopment Agency
City of Lakeland, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lakeland Community Redevelopment Agency (the "CRA"), a component unit of the City of Lakeland, Florida as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the CRA as of September 30, 2023, and the respective changes in financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CRA's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CRA’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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 25, 2024, on our consideration of the CRA’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 CRA’s internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 25, 2024

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

SEPTEMBER 30, 2023

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, 2023. 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 slums 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 and County, 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 is 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 Midtown 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.

(continued)

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

SEPTEMBER 30, 2023

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.

(continued)

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

SEPTEMBER 30, 2023

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.

	Governmental Activities	
	2023	2022
Assets		
Current assets	\$ 919	\$ 702
Noncurrent assets		
Other assets	20,943	15,755
Capital assets	16,510	16,543
Total assets	<u>38,372</u>	<u>33,000</u>
Deferred outflows of resources -		
related to pensions	493	97
related to OPEB	242	305
	<u>736</u>	<u>402</u>
Liabilities		
Current liabilities	832	621
Net pension liability	241	-
Net OPEB liability	269	262
Pension bonds payable, less current portion	186	200
Revenue bonds payable, less current portion	-	335
Total liabilities	<u>1,527</u>	<u>1,418</u>
Deferred inflows of resources -		
related to OPEB	462	568
related to leases	469	574
related to pensions	347	481
	<u>1,278</u>	<u>1,623</u>
Net position		
Net Investment in capital assets	16,175	15,837
Restricted	20,127	14,523
Total net position	<u>\$ 36,302</u>	<u>\$ 30,360</u>

CONDENSED STATEMENT OF ACTIVITIES (in thousands)

	Governmental Activities	
	Fiscal Year Ended	
	2023	2022
General Revenues:		
Property taxes	\$ 10,640	\$ 7,929
Investment earnings	(501)	(1,155)
Miscellaneous	364	175
Total revenues	<u>10,503</u>	<u>6,949</u>
Program Expenses:		
Economic environment	4,528	4,789
Interest on long-term debt	34	52
Total expenses	<u>4,562</u>	<u>5,138</u>
Change in net position	5,942	1,811
Net position, beginning of year	30,360	28,846
Net position, end of year	<u>\$ 36,302</u>	<u>\$ 30,360</u>

(continued)

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS

For the fiscal year ended September 30, 2023, 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 \$21,861,404 in assets held within Community Redevelopment Districts (\$20,360,248 in cash and cash equivalents, \$59,106 in accounts receivable, \$1,044,815 in notes receivable, \$396,846 in leases and lease interest receivable and \$389 in interest and dividends receivable). In the aggregate, there was a \$5.6 million increase in the change in the value of these restricted assets from 2022 to 2023.

Current Liabilities represent obligations payable from Current Assets that are likely to be settled within the next year. These consist of \$468,872 in amounts owed to vendors, \$6,693 in undistributed payroll obligations accrued during the last pay period of the fiscal year, \$6,765 in deposits payable for lease of building, \$14,457 in pension bonds payable and \$334,865 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>2023</u>	<u>2022</u>
Current assets	\$ 918,717	\$ 701,996
Current liabilities	<u>831,652</u>	<u>621,371</u>
Net current assets	<u>\$ 87,065</u>	<u>\$ 80,625</u>
Ratio	1.10	1.13

Another useful ratio evaluates the relationship of unpaid long term debt issued to finance capital assets. 45% 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>2023</u>	<u>2022</u>
Capital assets	\$ 16,510,096	\$ 16,543,093
Related long term debt	<u>334,865</u>	<u>706,444</u>
Net investment in capital assets	<u>\$ 16,175,231</u>	<u>\$ 15,836,649</u>
Ratio	49.30	23.42

The total net book value of capital assets as of September 30, 2023 was \$16,510,096 which represents a decrease of \$(32,997) 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 34% compared to the prior year. Total spending on governmental activities was down (9)%.

In the aggregate, total revenues collected in FY 2023 were up 51% compared to 2022. Net Investment revenues in fair market value improved compared to previous fiscal year.

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

SEPTEMBER 30, 2023

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>2023 Budget (As Amended)</u>	<u>2023 Actual</u>	<u>Variance Over/(Under)</u>
REVENUES			
Taxes	\$ 10,499,262	\$ 10,640,178	\$ 140,916
Miscellaneous	433,000	(136,710)	(569,710)
Total revenues	<u>10,932,262</u>	<u>10,503,468</u>	<u>(428,794)</u>
EXPENDITURES			
Current:			
Economic environment	16,953,068	4,214,767	12,738,301
Capital outlay	2,072,260	473,527	1,598,733
Debt service	419,301	419,301	-
Total expenditures	<u>19,444,629</u>	<u>5,107,595</u>	<u>14,337,034</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(8,512,367)</u>	<u>5,395,873</u>	<u>13,908,240</u>
NET CHANGE IN FUND BALANCE	<u>\$ (8,512,367)</u>	<u>\$ 5,395,873</u>	<u>\$ 13,908,240</u>

(continued)

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

SEPTEMBER 30, 2023

Economic Outlook

The CRA's guiding documents for annual budgeting of programs and projects are the Redevelopment plans and ten-year capital improvement plans. The primary source of funding for all redevelopment areas is Tax Increment which is determined annually and is the amount equal to 95% of the difference between (a) the amount of ad valorem taxes levied each year by each taxing authority contributing to the tax increment, on taxable real estate contained within the redevelopment area; and (b) the amount of ad valorem taxes which would have been produced by the rate at which the tax is levied each year by the taxing authority, upon the total of the assessed value of the taxable real property in the community redevelopment area as shown on the assessment roll used by each taxing authority at the effective date of the Ordinance creating the Redevelopment Trust Fund. Each of the three redevelopment areas, Dixieland, Downtown and Midtown, has its own trust fund, goals, and objectives.

The Dixieland Plan focuses solely on the commercial corridor spanning S. Florida Avenue with the goals of addressing parking, traffic circulation/calming, infrastructure, preservation of historic buildings, and conditions of alleys and side streets. There is also a focus on economic development along the corridor. During the fiscal cycle, much effort was focused on the future of the S. Florida Avenue corridor. With the City leadership endorsing the permanent lane reduction, the CRA and City requested the Florida Department of Transportation move to forward with design and construction of the corridor with enhanced aesthetic improvements and traffic management solutions to benefit the entire district. The Art Infusion incentive, as well as Small Project Assistance programs continued to be successful. Additionally, the Dixieland CRA invested \$38,288 in economic development activities and corridor enhancements.

The Downtown Plan emphasizes economic development, preservation of community character through implementation of sub-district planning, improved infrastructure, physical visioning of land-uses and marketing. The Downtown CRA is nearing the end of its debt service for properties acquired for the Mirrorton Development. As a result of Mirrorton, the CRA initiated several strategic planning efforts to analyze infill opportunities for future development to include Downtown West around Bonnet Springs Park, East Main directly adjacent to Lake Mirror and North Downtown surrounding the Oak Street parking lot. The Downtown CRA invested \$1,951,860 in economic development activities, and \$128,526 in corridor enhancements.

The Midtown CRA spans the largest area at approximately 4,400 acres with goals of implementing economic development programs, strengthening commercial corridors, preserving, and renewing neighborhoods, growing the medical corridor, and implementing capital improvement programs. To further the goals, the Midtown CRA invested over \$716,849 in economic development incentives as well as \$283,248 on affordable housing initiatives, \$446,388 on community improvement initiatives, \$188,706 on corridor enhancements, and \$254,379 for the acquisition of blighted properties and property management.

To move the CRA goals forward, private public partnerships remain critical to the construction of a variety of affordable multi-family and single-family housing products. Additionally, the CRA intends to support land use and development initiatives that allow for expansion of the medical corridor, downtown west, and the industrial area east of main street. The CRA will also need to continue incentivizing large scale redevelopment projects while supporting small neighborhood businesses. With 27 separate and distinct neighborhoods in Midtown, the CRA intends to support residents and property owners in stabilizing property values and nurturing their historic characters.

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, 2023

	Governmental Activities
ASSETS	
Current assets:	
Leases receivable	\$ 87,065
Restricted assets (including \$831,652 of cash and cash equivalents), set aside for:	
Accounts payable	468,872
Accrued liabilities	6,693
Deposits payable	6,765
Current portion of pension bonds payable	14,457
Current portion of revenue bonds payable	334,865
Total current assets	918,717
Noncurrent assets:	
Restricted assets (including \$19,528,596 of cash and cash equivalents)	20,632,906
Leases receivable, less current portion	309,781
Capital assets:	
Non-depreciable	5,870,348
Depreciable	
Facilities and equipment in service	15,364,135
Leased assets - right-to-use	260,490
Less accumulated depreciation	(4,975,470)
Less accumulated amortization - leased assets	(9,407)
Total capital assets	16,510,096
Total noncurrent assets	37,452,783
Total assets	38,371,500
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	493,305
Deferred outflows of resources related to OPEB	242,442
Total deferred outflows of resources	735,747
LIABILITIES	
Current liabilities:	
Payable from restricted assets:	
Accounts payable	468,872
Accrued liabilities	6,693
Deposits payable	6,765
Current portion of pension bonds payable	14,457
Current portion of revenue bonds payable	334,865
Total current liabilities	831,652
Noncurrent liabilities:	
Payable from restricted assets:	
Net pension liabilities	240,805
Net OPEB liabilities	269,394
Pension bonds payable, less current portion	185,648
Total liabilities	1,527,499
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to OPEB	461,629
Deferred inflows of resources related to pensions	346,828
Deferred inflows of resources related to leases	469,249
Total deferred inflows of resources	1,277,706
NET POSITION	
Net investment in capital assets	16,175,231
Restricted for CRA	20,126,811
Total net position	\$ 36,302,042

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, 2023

	Net (expense) revenue and changes in net position		
	Primary Government		
Functions/Programs:	<u>Expenses</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental activities			
Economic environment	\$ 4,527,725	\$ (4,527,725)	\$ (4,527,725)
Interest on long-term debt	33,819	(33,819)	(33,819)
Total	<u>\$ 4,561,544</u>	<u>(4,561,544)</u>	<u>(4,561,544)</u>
General revenues:			
Tax increment revenues		10,640,178	10,640,178
Investment earnings		(500,515)	(500,515)
Miscellaneous		258,754	258,754
Lease revenues		105,051	105,051
Total general revenues		<u>10,503,468</u>	<u>10,503,468</u>
Change in net position		5,941,924	5,941,924
Net position, beginning of year		<u>30,360,118</u>	<u>30,360,118</u>
Net position, end of year		<u>\$ 36,302,042</u>	<u>\$ 36,302,042</u>

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Major Funds			
	Downtown Redevelopment Trust Fund	Midtown Redevelopment Trust Fund	Dixieland Redevelopment Trust Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,000,704	\$ 13,413,764	\$ 1,945,780	\$ 20,360,248
Accounts receivable	191	58,915	-	59,106
Notes receivable	89,625	955,190	-	1,044,815
Leases receivable	-	396,846	-	396,846
Interest and dividends receivable	-	389	-	389
Total assets	\$ 5,090,520	\$ 14,825,104	\$ 1,945,780	\$ 21,861,404
LIABILITIES				
Accounts payable	\$ 123,529	\$ 345,289	\$ 54	\$ 468,872
Accrued liabilities	428	6,265	-	6,693
Deposits payable	-	6,765	-	6,765
Total liabilities	123,957	358,319	54	482,330
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	89,625	1,012,438	-	1,102,063
Deferred inflows of resources related to leases	-	469,249	-	469,249
Total deferred inflows of resources	89,625	1,481,687	-	1,571,312
FUND BALANCES				
Restricted for:				
CRA	4,876,938	12,985,098	1,945,726	19,807,762
Total fund balances	4,876,938	12,985,098	1,945,726	19,807,762
Total liabilities, deferred inflows of resources and fund balances	\$ 5,090,520	\$ 14,825,104	\$ 1,945,780	\$ 21,861,404

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, 2023

Total Fund Balance - Governmental Funds \$ 19,807,762

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	21,234,483
Leased assets	260,490
Accumulated depreciation	(4,975,470)
Accumulated amortization	(9,407)

The value of certain assets is 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	1,102,063
Deferred outflows of resources related to pensions	493,305
Deferred outflows of resources related to OPEB	242,442

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 and notes payables	(534,970)
Net pension liabilities	(240,805)
Net OPEB liability	(269,394)
Deferred inflows of resources related to OPEB	(461,629)
Deferred inflows of resources related to pensions	(346,828)

Net Position of Governmental Activities \$ 36,302,042

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, 2023

	Downtown Redevelopment Trust Fund	Midtown Redevelopment Trust Fund	Dixieland Redevelopment Trust Fund	Total Governmental Funds
REVENUES				
Tax increment revenues	\$ 3,182,040	\$ 7,070,541	\$ 387,597	\$ 10,640,178
Interest revenue	227,987	539,484	82,848	850,319
Interest revenue - leases	-	5,108	-	5,108
Net increase (decrease) in fair value of investments	(214,114)	(1,057,157)	(84,671)	(1,355,942)
Rents and royalties	23,182	25,282	-	48,464
Lease revenue	-	105,051	-	105,051
Other miscellaneous revenues	3,486	206,804	-	210,290
Total revenues	<u>3,222,581</u>	<u>6,895,113</u>	<u>385,774</u>	<u>10,503,468</u>
EXPENDITURES				
Housing and urban development - community redevelopment	1,699,377	2,477,102	38,288	4,214,767
Capital outlay	472,515	1,012	-	473,527
Debt service				
Interest and other	28,421	5,398	-	33,819
Principle payments	371,579	13,903	-	385,482
Total expenditures	<u>2,571,892</u>	<u>2,497,415</u>	<u>38,288</u>	<u>5,107,595</u>
Net change in fund balances	650,689	4,397,698	347,486	5,395,873
FUND BALANCE, beginning of year	<u>4,226,249</u>	<u>8,587,400</u>	<u>1,598,240</u>	<u>14,411,889</u>
FUND BALANCE, end of year	<u>\$ 4,876,938</u>	<u>\$ 12,985,098</u>	<u>\$ 1,945,726</u>	<u>\$ 19,807,762</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, 2023

Net Change in Fund Balances - Total Governmental Funds.	\$ 5,395,873
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	473,527
Depreciation expense	(497,841)
Amortization expense - leased assets	(8,683)
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.	174,380
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.	36,686
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.	(17,500)
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>385,482</u>
Change in net position of governmental activities	<u>\$ 5,941,924</u>

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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 (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 Annual Comprehensive Financial Report as a blended component unit and this 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) is 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 the Agency's funds are classified as governmental funds.

Governmental Funds – Within the fund financial statements, the accounting policies applied to governmental funds are 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, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (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 and deferred outflows related to OPEB 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 and deferred inflows related to OPEB 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 and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Dixieland CRA – a major fund used to account for and report financial resources that are restricted for general governmental expenditures within the Dixieland CRA District.

Mid-town CRA - a major fund used to account for and report financial resources that are restricted for general governmental expenditures within the Mid-town CRA District

Downtown CRA - a major fund used to account for and report financial resources that are restricted for general governmental expenditures within the Downtown CRA District

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, 2023, 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, while all other investments are recorded at fair value. Revenue from pooled cash and investments is allocated based on 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 from mortgage agreements and leases. Receivables are reported net of allowance for uncollectible where applicable. No allowance was deemed necessary as of September 30, 2023.

The balances of receivables in the governmental funds are as follows:

	Governmental Fund
Due from:	
Other governments	\$ 600,000
Customers	901,156
	\$ 1,501,156

(continued)

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2023, are as follows:

	Governmental Fund
Restricted assets:	
Cash and cash equivalents	\$ 20,360,248
Receivables:	
Accounts receivable	59,106
Notes receivable	1,044,815
Lease receivable	396,846
Interest receivable	389
Total restricted assets	\$ 21,861,404

G. Capital Assets

Capital equipment purchased with an original value of \$5,000 or more, and additions, improvements, and other capital outlays, having an original cost of \$5,000 or more, that significantly extend the useful lives, are capitalized. Utility plant is capitalized at cost. Capital assets used in governmental fund type operations are accounted for in the government-wide statements, rather than in the fund financial statements. Routine maintenance, repairs, renewals, and replacement costs are charged against operations.

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

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

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

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

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

Intangible Assets

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

The capitalization levels of the CRA's right-to-use leased asset classes are as follows:

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

(continued)

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets (continued)

Leases as a Lessee

The CRA is a lessee for non-cancelable leases of office space, buildings, and equipment. The CRA recognizes a lease liability and an intangible right-to-use leased asset for these leases in the financial statements.

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

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

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

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

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

Leases as a Lessor

The CRA is a lessor for non-cancelable leases of parking spaces and buildings. The CRA recognizes a lease receivable and a deferred inflow of resources for these leases in the financial statements.

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

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

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

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

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 between 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 2023 is as follows:

Lien date	January 1, 2022
Levy date	January 1, 2022
Due dates	November 1, 2022 through March 31, 2023
Delinquent date	April 1, 2023
Tax certificate sale	On or before June 1, 2023

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.

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.

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CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2023, is as follows:

	<u>Governmental Funds</u>
Fund Balances:	
Restricted for:	
CRA	\$ 19,807,762
Total Fund Balance	<u>\$ 19,807,762</u>

There were no deficit fund balances as of September 30, 2023.

L. 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.

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CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2 – ACCOUNTING AND REPORTING CHANGES

New Accounting Pronouncements

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The City has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. This includes bonds issued to finance capital improvements at the Lakeland Regional Health Systems, Florida Southern College, Southeastern University, Inc., and Carpenters Home - Assisted Living in Lakeland. Neither the City nor any political subdivision thereof is obligated in any manner for repayment of these bonds. Therefore, implementation of GASB 91 had no effect on the 2023 financial statements of the City.

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

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

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. This GASB Statement requirements, related to leases and SBITAs, were implemented, and additional notes provided in Note 8 for the fiscal period ending September 30, 2023. A restatement of the beginning net position was not required due to this implementation. The requirements related to PPPs had no effect on the 2023 financial statements of the City. Management has not determined what impact, if any, this GASB requirements related to financial guarantees and the clarification and reporting of derivative instruments might have on its financial statements ending September 30, 2024.

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

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

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CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2 – ACCOUNTING AND REPORTING CHANGES (continued)

New Accounting Pronouncements (continued)

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

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CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Deposits

The Agency's cash as of September 30, 2023, consisted of equity in pooled cash in the amount of \$20,360,248. The Agency has elected to pool its cash with the City of Lakeland. At September 30, 2023, the Agency held a 2% 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 Annual Comprehensive 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.

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CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 4 –CAPITAL ASSETS

A. Capital Activity

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

	Balance October 1, 2022	Additions	Deletions	Balance September 30, 2023
Governmental Activities				
Non-depreciable assets:				
Land	\$ 5,127,955	\$ -	\$ -	\$ 5,127,955
Construction in process	268,866	473,527	-	742,393
Depreciable assets:				
Buildings	7,977,533	-	-	7,977,533
Improvements, other than buildings	1,880,336	-	-	1,880,336
Infrastructure	5,441,859	-	-	5,441,859
Equipment	64,407	-	-	64,407
Right-to-use assets	260,490	-	-	260,490
	<u>21,021,446</u>	<u>473,527</u>	<u>-</u>	<u>21,494,973</u>
Less accumulated depreciation/amortization:				
Buildings	1,853,455	226,266	-	2,079,721
Improvements, other than buildings	287,077	97,878	-	384,955
Infrastructure	2,274,690	173,245	-	2,447,935
Equipment	62,407	452	-	62,859
Leased assets	724	8,683	-	9,407
	<u>4,478,353</u>	<u>506,524</u>	<u>-</u>	<u>4,984,877</u>
Net capital assets	<u>\$ 16,543,093</u>	<u>\$ (32,997)</u>	<u>\$ -</u>	<u>\$ 16,510,096</u>

B. Depreciation /Amortization Expense

Included in the government-wide Statement of Activities is depreciation/amortization expense for the year ended September 30, 2023, distributed to governmental functions as follows:

Governmental activities:	
Economic environment, including general infrastructure assets	\$ 506,524
Total depreciation/amortization expense - governmental activities	<u>\$ 506,524</u>

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CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5 - 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, 2023. Additional details are provided on subsequent pages.

	Balance October 1, 2022	Incurred	Satisfied	Balance September 30, 2023	Amount Due within One Year
Governmental Activities:					
Revenue Bonds Payable	\$ 706,444	\$ -	\$ 371,579	\$ 334,865	\$ 334,865
Direct Borrowings	214,008	-	13,903	200,105	14,457
	<u>\$ 920,452</u>	<u>\$ -</u>	<u>\$ 385,482</u>	<u>\$ 534,970</u>	<u>\$ 349,322</u>

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

Long-term obligations are classified in the Statement of Net Position as of September 30, 2023, as follows:

	Governmental Activities
<u>Restricted:</u>	
Current portion of bonds and notes payable	\$ 349,322
Revenue bonds and notes payable	185,648
	<u>\$ 534,970</u>

B. Revenue Bonds and Notes

The Agency's outstanding notes from direct borrowings related to governmental activities of \$200,105 and outstanding bonds of \$334,865 contain certain provisions that in the event of default, outstanding amounts become immediately due if the City is unable to make a payment and are subject to acceleration clauses in the event material adverse changes occur.

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

Purpose	Series	Issue Amount	Maturity Date	Interest Rates	Year-end Balances
Governmental Activities:					
Bonds:					
Capital Improvement Revenue Bonds	2015	\$ 8,497,470	9/30/2024	3.000 to 5.000	\$ 334,865
Direct Borrowings:					
Florida Taxable Pension Liability Reduction Note	2020	242,697	10/1/2040	2.420	200,105
		<u>\$ 8,740,167</u>			<u>\$ 534,970</u>

The Capital Improvement Revenue Bonds and the Florida Taxable Pension Liability Reduction Note 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 represent the Agency's portion of the \$51.5 million bonds issued by the City. The 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, 2023, the City is in compliance with all required covenants of the bond ordinances, including compliance with federal arbitrage regulations.

The Florida Taxable Pension Liability Reduction Note represents the Agency's portion of the \$81 million note issued by the City. The note requires 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, 2023, the City is in compliance with all required covenants of the bond ordinances, including compliance with federal arbitrage regulations.

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5 - LONG-TERM LIABILITIES (continued)

B. Revenue Bonds and Notes (continued)

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

	Direct Borrowings Florida Taxable Pension Liability Reduction Note, Series 2020	Bonds CAP Revenue and Refunding Bonds, Series 2015
Governmental activities:		
Events of Default with finance-related consequences:		
Non-payment of principal and/or interest when due	X	X
Failure to make required sinking/reserve fund deposits		X
Bankruptcy filings, not discharged	X	X
Proceedings effecting the composition of debts or claims to pledged revenues	X	X
Failure to comply with covenants and obligations of the issuer, not remedied in 60 days	X	
Rating of the issuer downgraded below Baa1 or BBB+ on any non-ad valorem revenue obligations	X	

C. Debt Service Requirement to Maturity

The requirements to repay all long-term debt outstanding as of September 30, 2023, are summarized in the following table.

Year	Governmental Activities:		Total
	Principal	Interest	
2024	\$ 349,322	\$ 14,191	\$ 363,513
2025	15,041	4,310	19,351
2026	15,626	3,939	19,565
2027	16,240	3,554	19,794
2028	16,869	3,154	20,023
2029	17,513	2,738	20,251
2030	18,172	2,306	20,478
2031	18,861	1,858	20,719
2032	10,322	1,505	11,827
2033	12,719	1,226	13,945
2034	9,753	954	10,707
2035	10,831	705	11,536
2036	7,056	488	7,544
2037	5,978	330	6,308
2038	4,360	205	4,565
2039	4,360	100	4,460
2040	944	36	980
2041	1,003	12	1,015
	\$ 534,970	\$ 41,611	\$ 576,581

NOTE 6 – INTEREST EXPENSE

All interest expenses 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, 2023, is as follows:

	Governmental Activities
Amount charged to expense	\$ 33,819
Total	\$ 33,819

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7 – 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, 2023 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 Annual Comprehensive Financial Report for additional disclosures.

NOTE 8 - LEASES

A. Lessee Leases

On August 8, 2022, City of Lakeland, FL entered into a 30-year lease as a lessee for the use of parking spaces for the public. The City paid, as per the agreement, \$2,500,000 as lease consideration for a period of 30 yrs. The parking lease is allocated between City of Lakeland's Public Improvement Fund and Downtown CRA. Downtown CRA's portion is \$260,490. The parking structure's useful life was 30 years as of the contract commencement. The book value of the right to use asset for the portion of the lease allocated to the Downtown CRA as of September 30, 2023 was \$251,083 with accumulated amortization of \$9,407 is classified in the table below. Because the lease payments were pre-paid, lease liability was not recognized.

	Lease Asset Value
Governmental activities:	
Right to use asset - buildings	\$ 260,490
Less accumulated amortization:	
Buildings	9,407
Net leased assets	\$ 251,083

B. Lessor Leases

The CRA is a lessor in 8 non-cancelable leases of parking spaces, event spaces and buildings for terms ranging from 3 to 10 years. Net reductions of \$ 80,625 during the year. As of September 30, 2023, the values of the lease's receivable and deferred inflows of resources are \$396,846 and \$469,249 respectively. The leases have interest at rates ranging from 0.552% to 1.400%. LCRA recognized lease revenue of \$105,051 for the fiscal year ending September 30, 2023

On June 13, 2018, the CRA entered into an 80-month lease as a lessor for the use of parking spaces. The CRA received \$200,000 at the time of execution of the lease. Accordingly, no lease receivable was recognized. The value of the deferred inflow of resources as of September 30, 2023, was \$94,027 and the CRA recognized lease revenue of \$20,000 during the fiscal year which are included in the lease revenue and deferred inflows of resources totals reported above.

Lease Schedules

The principal and interest payments expected to maturity for leases receivable as of September 30, 2023, are summarized in the following table:

	Governmental Activities		
	Principal Payments	Interest Payments	
Fiscal Year			Total
2024	87,065	4,367	91,432
2025	75,683	3,557	79,240
2026	46,913	2,863	49,776
2027	42,473	2,301	44,774
2028 - 2031	144,712	3,957	148,669
	\$ 396,846	\$ 17,045	\$ 413,891

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 8 - LEASES (continued)

B. Lessor Leases (continued)

Variable Lease

Of the 8 leases, one lease of event space which was executed on August 1, 2018, for 10 years for lease payments based on future performance - 5% of gross receipts of rental income. This lease is a variable lease and was excluded from measurement of leases receivable and deferred inflows of resources. The lease rent is variable and depends on future performance - 5% - 7.5% of gross receipt of rental income. The amount of variable rent recognized for the fiscal year ending September 30, 2023, is \$ 33,475.

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.

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CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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. On June 5, 2023, Ordinance 5989 was passed and certified. Under this Plan, participants who have attained eligibility may continue working with the city for up to ninety-six months, at the employee's option, while receiving a retirement benefit that is deposited into a DROP account. Ordinance No. 23-023 Amending Section 23.4.5 of Article II of Division II of the Charter of the City expanded the DROP period and amend terminology; provided for codification; provided for severability; repealed all ordinances in conflict herewith and provided an effective date. On October 1, 2021, there were 162 DROP participants.

Cost of Living Adjustment

No cost of living increase was awarded for fiscal year 2023

Funding Policy, Contributions Required, and Contributions Made

Under Ordinance 5989, Section 23.4.5, the Amended 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 monthly to the fund in an amount equal to the required city contribution as shown by the applicable actuarial valuation system. A potential area of variability has to do with the annual payment on the unfunded accrued liability (UAL). This payment is computed as a level percent of covered payroll under the assumption that covered payroll with rise by 2.5% per year or, if less, the average payroll growth over the most recent ten years. The most recent 10-year average is 0.48% compared to .75% last year. After the assumption and method changes, the Unfunded Actuarial Accrued Liability is under \$0, and this limitation on the payroll growth assumption has no impact on the required contribution rate. Contributions to the pension plan from the Agency were \$15,035 for the year ended September 30, 2023.

In March 2020, the City issued pension obligation notes in the amount of \$81,000,000. Allocable shares of the proceeds from the notes were deposited in each of the City's three pension funds, to reduce their respective unfunded liabilities. As part of that process, the City negotiated credit balances with each pension board, which would be applied against and reduce the City's employer contributions each year over the life of the notes. This reduction was necessary so that the City had funds to pay the debt service on the notes. One effect of establishing credit balance was that note proceeds would be recognized by the pension systems over time. Regardless, both the City and employees realized net savings in their contributions as a result of this transaction.

In a revised actuarial report completed for the Employees' Retirement System in March 2023, system asset values were reset to their full market values as of 10/1/2022, including the full recognition of the proceeds from the pension notes that were deposited into the fund. The credit balance related to the pension notes was eliminated for FY 2023 and thereafter. Contribution rates (for FY2023 and FY2024) for both the employer and employees were recalculated, resulting in net savings for both parties. A similar process and result were employed by the Police Officers Pension System. The Firefighters' Pension System did not make the aforementioned change.

At September 30, 2023, the LCRA reported a liability of \$240,805 for its proportionate share of the net pension liability of the Employees' Pension and Retirement System. The net pension asset was measured as of September 30, 2022. The total pension liabilities was determined by an actuarial valuation date of October 1, 2021 and financial information through September 30, 2022. The LCRA's portion of the net pension liability was based on 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, 2023 LCRA's proportion was 0.22055%, which is a decrease of 1.89% from the proportion allocation at September 30, 2022.

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CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

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

For the year ended September 30, 2023, the LCRA recognized pension gain of \$9,090. At September 30, 2023, the LCRA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Proportionate share of contributions subsequent to measurement date	\$ 15,035	\$ -
Differences between expected and actual experience	1,579	9,034
Cost share allocation	147,477	9,260
Changes in assumption	59,934	30,527
Differences between projected and actual earnings	269,280	298,007
Total	<u>\$ 493,305</u>	<u>\$ 346,828</u>

\$15,035 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, 2023. 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:

2024	\$ (30,928)
2025	(51,320)
2026	35,080
2027	178,610
	<u>\$ 131,442</u>

Actuarial Assumptions

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

Investment rate of return	6.75%
Salary increases	4.0% to 12.5% depending on service, including inflation
Inflation rate	2.50%
Post-retirement benefit increases	N/A
Retirement rate	Experienced-based table of rates based on probabilities of members remaining in employment.
Mortality table	PUB-2010 Headcount Weighted General Below Median Employee Table

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

The projected long-term real rate of return for the Plan net of investment expenses is 6.025%. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 (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	47.50%	7.50%	3.5625%
International Equity	15.00%	8.50%	1.2750%
Domestic Bonds	25.00%	2.50%	0.6250%
Real Estate	12.50%	4.50%	0.5625%
Total Investments	<u>100.00%</u>		<u>6.025%</u>

(continued)

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the plan members' contributions will be made at the current contribution rate and the City contributions will be made at the rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments (6.75%) was applied to all periods of projected benefit payments to determine the total pension liability.

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 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate.

	1% Decrease Rate 5.75%	Current Discount Rate 6.75%	1% Increase Rate 7.75%
LCRA's proportionate share of the net pension liability	\$ (423,191)	\$ (240,805)	\$ (87,473)

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, 2023, the LCRA reported a payable of \$788 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2023.

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 Statue* 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 they are 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.

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (continued)

A. Health Insurance Trust Fund (continued)

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 the 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. Agency contributions totaled \$9,539 for the year ended September 30, 2023.

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 the assets necessary to pay for the accumulated liability.

At September 30, 2023, LCRA reported a liability of \$269,394 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, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2023. 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, 2023, LCRA's proportionate share was 0.1594% and 0.1671% on September 30, 2022.

For the year ended September 30, 2023, the LCRA recognized OPEB expense of (\$27,180), which is a decrease of (4.61) % from the proportion allocation at September 30, 2023. At September 30, 2023, 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	\$ 77,625	\$ 73,865
Net difference between projected and actual earnings	1,024	-
Cost share allocation	148,599	301,286
Differences between expected and actual experience	15,194	86,478
	\$ 242,442	\$ 461,629

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:	
2024	(34,592)
2025	(29,703)
2026	(37,200)
2027	(39,228)
2028	(38,436)
Thereafter	(40,028)
	\$ (219,187)

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CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (continued)

A. Health Insurance Trust Fund (continued)

Actuarial Assumptions

Significant Assumptions: The date of the actuarial valuation on which the plan's liability was determined was October 1, 2022 rolled forward to September 30, 2023. The following actuarial assumptions were applied.

Valuation Date	October 1, 2022
Measurement Date	September 30, 2023
Discount rate	
Implicit	4.09%
Explicit	6.84%
Health care cost trend rate	
Pre-Medicare medical & Rx benefits	
Select	6.50%
Ultimate	4.00%
Medical benefits	
Select	5.50%
Ultimate	4.00%
Stop loss fees	
Select	6.50%
Ultimate	4.00%
Administrative	
Select	4.00%
Ultimate	4.00%
Salary changes	3.5% per annum
Postemployment benefit changes	N/A
Mortality rates	
	Pub-2010 projected forward using scale MP-2021
Long-term expected rate of return	tax-exempt, high quality municipal bond
Asset valuation	fair market value
Date of experience study	24 months ending September 30, 2023

The total OPEB liability was determined by an actuarial valuation as of September 30, 2023, 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 increased from 4.02% to 4.09%.
- The pre-Medicare health care cost trend rate for select was decreased from 6.75% to 6.50%.
- The post-Medicare health care cost trend rate for select was decreased from 5.75% to 5.50%.
- The stop-loss trend rate for select was decreased from 7.00% to 6.50%.
- The mortality projection scale was updated from MP-2020 to MP-2021.
- The termination rates for general employees has been updated based on the October 1, 2022 pension valuation.

Interest rates

Discount (or interest) rates are used to reflect the time value of money. Discount rates are used in determining the present value of the valuation date of future cash flows currently expected to be required to satisfy the postretirement benefit obligation. The long-term expected rate of return using arithmetic mean on OPEB investments was determined using the rate of return on tax-exempt, high quality municipal bonds (20 year, tax-exempt municipal bond - 4.09%) blended with the expected rate of return on trust assets.

The discount rate used to measure the total OPEB liability was 4.09% for the implicit subsidy and 6.84% for the explicit subsidy. The discount rate increased from 4.02%. The municipal bond rate used in the discount rate is the Bond Buyer 20-Bond GO Index.

The annual money-weighted rate of return that expresses investment performance, net of investment expense, adjusted for changes in the amount actually invested was 13.9%.

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (continued)

A. Health Insurance Trust Fund (continued)

Investments

Investments are held in the City's Consolidated Investment Fund. For information regarding the Consolidated Fund's investment policies, asset allocations, and descriptions of significant investments, refer to Note 3.C.

The rates of return for the assets of the Trust as of September 30, 2023, 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	99.7%	102.59%	\$ 10,757,581	99.7%
Money market funds	-2.8%	-2.93%	(307,300)	-2.8%
Cash	2.8%	0.00%	307,300	2.8%
Accounts receivable	0.3%	0.34%	36,068	0.3%
Total	100.00%		\$ 10,793,649	100%

Rate of Return

For the year ended September 30, 2023, the total annual rate of return (with inflation) was 6.84%.

Projected Benefit Payments

The long-term expected rate of return is used for the first two years of the benefit payments. Thereafter, the municipal bond rate index is applied to the remainder of the life of the plan.

Net OPEB Liability

The components of the Net OPEB Liability for the Health Insurance Trust Fund for LCRA's proportionate share as of September 30, 2023 were as follows:

Total OPEB Liability	\$ 286,104
Less: Fiduciary Net Position	<u>16,710</u>
Net OPEB Liability	<u>\$ 269,394</u>

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

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.	\$ 277,092	\$ 15,565	\$ 261,527
Changes for the year:			
Service cost	7,644	-	7,644
Interest cost	11,432	-	11,432
Benefit payments	(9,866)	(9,866)	-
Difference between expected and actual experience	17,266	-	17,266
Changes in assumptions	(4,604)	-	(4,604)
Cost share allocation	(12,860)	(727)	(12,133)
Contributions - employer	-	9,506	(9,506)
Contributions - employees	-	169	(169)
Investment income	-	2,063	(2,063)
Net changes	<u>9,012</u>	<u>1,145</u>	<u>7,867</u>
Ending balances	<u>\$ 286,104</u>	<u>\$ 16,710</u>	<u>\$ 269,394</u>

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (continued)

A. Health Insurance Trust Fund (continued)

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

The sensitivity of the net OPEB liability for LCRA's proportionate share to a discount rate 1% (5.09%) higher and 1% lower (3.09%) than the discount rate of 4.09% are as follows:

1% Decrease Rate (3.09%)	Current Discount Rate (4.09%)	1% Increase Rate (5.09%)
\$ 319,930	\$ 269,394	\$ 229,534

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 are as follows:

Trend	Net OPEB Liability
1% decrease	\$ 206,248
Current trend	\$ 269,394
1% increase	\$ 299,839

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	9/30/23
Projected benefit payment period	8.3 years
Discount rate	
Implicit	4.09%
Explicit	6.84%
Health care cost trend rate:	
Medical and Rx benefits	
Select	6.50%
Ultimate	4.00%

B. Survivor Benefit Trust Fund

The City Commission through Ordinance No. 3434, established the Employee's Survivor's Benefit Fund to provide a life insurance benefit of 12 times the monthly retirement benefits up to \$150,000 to eligible beneficiaries of certain retirees meeting eligibility requirements. Upon the death of any employee who is regularly retired and currently receiving a pension benefit under the City of Lakeland Employee Pension Fund. The City pays an annual insurance premium to the underwriter who assumes the liability for benefit payments to beneficiaries. The City paid \$1,052,798 in insurance premiums for fiscal year 2023.

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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, 2023

	Downtown Redevelopment Trust Fund				Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts		
	Original	Final			
REVENUES					
Tax increment revenues	\$ 3,153,716	\$ 3,153,716	\$ 3,182,040	\$	28,324
Interest revenue	103,000	103,000	227,987		124,987
Net increase (decrease) in fair value of investments	-	-	(214,114)		(214,114)
Rents and royalties	-	-	23,182		23,182
Other miscellaneous revenues	-	-	3,486		3,486
Total revenues	3,256,716	3,256,716	3,222,581		(34,135)
EXPENDITURES					
Current:					
Housing and urban development - community redevelopment	2,298,479	2,671,481	1,643,324		1,028,157
Capital outlay	190,000	1,429,536	472,515		957,021
Interest and other	28,421	28,421	28,421		-
Principal payments	371,579	371,799	371,579		220
Total expenditures	2,888,479	4,501,237	2,515,839		1,985,398
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	368,237	(1,244,521)	706,742		1,951,263
OTHER FINANCING USES					
Transfer to primary government	(56,053)	(182,208)	(56,053)		126,155
Total other financing uses	(56,053)	(182,208)	(56,053)		126,155
NET CHANGE IN FUND BALANCE	312,184	(1,426,729)	650,689		2,077,418
FUND BALANCE, beginning of year	4,226,249	4,226,249	4,226,249		-
FUND BALANCE, end of year	\$ 4,538,433	\$ 2,799,520	\$ 4,876,938	\$	2,077,418

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

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

	Midtown Redevelopment Trust Fund				Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts		
	Original	Final			
REVENUES					
Tax increment revenues	\$ 6,964,892	\$ 6,964,892	\$ 7,070,541	\$	105,649
Interest revenue	124,000	124,000	539,484		415,484
Interest revenue leases	-	-	5,108		5,108
Net increase (decrease) in fair value of investments	-	-	(1,057,157)		(1,057,157)
Rents and royalties	152,000	152,000	25,282		(126,718)
Lease revenue	-	-	105,051		105,051
Other miscellaneous revenues	-	-	206,804		206,804
Total revenues	<u>7,240,892</u>	<u>7,240,892</u>	<u>6,895,113</u>		<u>(345,779)</u>
EXPENDITURES					
Current:					
Housing and urban development - community redevelopment	6,006,222	11,879,041	2,030,714		9,848,327
Capital outlay	204,854	642,724	1,012		641,712
Interest and other	-	5,733	5,398		335
Principal payments	-	13,348	13,903		(555)
Total expenditures	<u>6,211,076</u>	<u>12,540,846</u>	<u>2,051,027</u>		<u>10,489,819</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,029,816</u>	<u>(5,299,954)</u>	<u>4,844,086</u>		<u>10,144,040</u>
OTHER FINANCING USES					
Transfer to primary government	(460,592)	(460,592)	(446,388)		14,204
Total other financing uses	<u>(460,592)</u>	<u>(460,592)</u>	<u>(446,388)</u>		<u>14,204</u>
NET CHANGE IN FUND BALANCE	<u>569,224</u>	<u>(5,760,546)</u>	<u>4,397,698</u>		<u>10,158,244</u>
FUND BALANCE, beginning of year	<u>8,587,400</u>	<u>8,587,400</u>	<u>8,587,400</u>		<u>-</u>
FUND BALANCE, end of year	<u>\$ 9,156,624</u>	<u>\$ 2,826,854</u>	<u>\$ 12,985,098</u>		<u>\$ 10,158,244</u>

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

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

	Dixieland Redevelopment Trust Fund				Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts		
	Original	Final			
REVENUES					
Tax increment revenues	\$ 380,654	\$ 380,654	\$ 387,597	\$	6,943
Interest revenue	54,000	54,000	82,848		28,848
Net increase (decrease) in fair value of investments	-	-	(84,671)		(84,671)
Total revenues	434,654	434,654	385,774		(48,880)
EXPENDITURES					
Current:					
Housing and urban development - community redevelopment	1,047,778	1,747,517	31,154		1,716,363
Total expenditures	1,047,778	1,747,517	31,154		1,716,363
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(613,124)	(1,312,863)	354,620		1,667,483
OTHER FINANCING USES					
Transfer to primary government	(12,229)	(12,229)	(7,134)		5,095
Total other financing uses	(12,229)	(12,229)	(7,134)		5,095
NET CHANGE IN FUND BALANCE	(625,353)	(1,325,092)	347,486		1,672,578
FUND BALANCE, beginning of year	1,598,240	1,598,240	1,598,240		-
FUND BALANCE, end of year	\$ 972,887	\$ 273,148	\$ 1,945,726	\$	1,672,578

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION FUND
SEPTEMBER 30, 2023

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

Employees' Pension & Retirement System				
Measurement date:	2022	2021	2020	2019
LCRA's proportion of the net pension (asset) liability	0.2206%	0.4165%	0.4222%	0.3165%
LCRA's portion of the net pension (asset) liability	\$ 240,805	\$ (306,856)	\$ 261,000	\$ 388,457
LCRA's covered payroll	\$ 180,740	\$ 351,194	\$ 374,560	\$ 276,833
LCRA's proportionate share as a % of covered payroll	133.23%	-87.38%	69.68%	140.32%
Plan fiduciary net position as a % total pension (asset) liability	85.92%	109.99%	91.65%	83.03%

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.

Employees' Pension & Retirement System					
Measurement date:	2018	2017	2016	2015	2014
LCRA's proportion of the net pension (asset) liability	0.4195%	0.3185%	0.3117%	0.0643%	0.0643%
LCRA's portion of the net pension (asset) 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 (asset) 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.

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CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION FUND
SEPTEMBER 30, 2023

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	
2023	\$ 14,531	\$ 15,035	\$ (504)	\$ 180,740	8.32%	
2022	67,886	14,102	53,784	351,194	4.02%	
2021	72,140	38,090	34,050	374,560	10.17%	
2020	54,481	286,465	(231,984)	276,833	103.48%	
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 through FY 2031 as the credit will be amortized over the next 15 years.

In March of 2020, the City issued the Taxable Pension Liability Reduction Note and contributed the proceeds, \$57.7 million, to the Employee Pension Fund in FY 2021 as an advance payment against the employer's and employee's unfunded share of the unfunded pension liability. In return for this advance payment, the City (as the employer) and the employees will receive an annual credit against the regular payment into the fund. As a result of the advance payment, a contribution deficiency will be reflected in future years through FY 2040 as the credit is amortized each year. On February 21, 2022, the City passed Resolution No. 5745 and recognized the full remaining credit balance of \$50.7 million and included it in the plan assets. It will no longer serve as an annual offset to the required employer contribution.

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CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS
SEPTEMBER 30, 2023

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

OPEB			
Measurement date:	2023	2022	2021
LCRA's proportionate share of the net OPEB liability	0.15935%	0.16710%	0.29560%
LCRA's portion of the net OPEB liability	\$ 269,394	\$ 261,527	\$ 595,043
LCRA's covered payroll	\$ 324,848	\$ 219,230	\$ 376,523
LCRA's proportionate share as a % of covered payroll	82.93%	119.29%	158.04%
Plan fiduciary net position as a % of total OPEB liability	6.20%	5.95%	5.82%

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.

Measurement date:	2020	2019	2018	2017
LCRA's proportionate share of the net OPEB liability	0.31000%	0.23000%	0.24375%	0.24375%
LCRA's portion of the net OPEB liability	\$ 659,860	\$ 429,943	\$ 422,680	\$ 449,090
LCRA's covered payroll	\$ 415,347	\$ 297,741	\$ 304,340	\$ 294,111
LCRA's proportionate share as a % of covered payroll	158.87%	144.40%	138.88%	152.69%
Plan fiduciary net position as a % of total OPEB liability	4.62%	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 they 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
2023	\$ 5,110	\$ 9,969	\$ (4,859)	\$ 340,647	2.93%
2022	3,288	9,539	(6,250)	219,230	4.35%
2021	5,648	15,728	(10,080)	376,523	4.18%
2020	6,230	16,747	(10,517)	415,347	4.03%
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.

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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, 2023, 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, 2023:

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

September 30, 2022:

The investment return assumption was lowered from 7.25% to 6.75%

September 30, 2021:

There was a change made to the mortality assumption. The mortality tables and improvement scales were changed to reflect the updated mortality assumptions adopted by Florida Retirement System (FRS) after a 2019 experience study and used in the July 1, 2019 and July 1, 2020 FRS Actuarial Valuations, as required under Florida Statutes, Chapter 112.63.

September 30, 2020:

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

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 10 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.

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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, 2023

- The discount rate for the implicit subsidy was increased from 4.02% to 4.09%.
- The mortality projection scale was updated from MP-2020 to MP-2021 to reflect the Society of Actuaries' recent mortality study.
- The termination rates general employees has been updated based on the October 1, 2022 pension valuation.
- The aggregate impact of assumption changes to the total OPEB liability is a decrease of \$2.9 million.

September 30, 2022

- The discount rate for the implicit subsidy was increased from 2.26% to 4.02%.
- The discount rate for the explicit subsidy was decreased from 7.22% to 6.84%
- The pre-Medicare health care cost trend rate for select decreased from 7.00% to 6.75%.
- The post-Medicare health care cost trend rate for select decreased from 6.00% to 5.75%.

September 30, 2021

The following assumption changes were since the prior evaluation:

- The discount rate for the implicit subsidy was increased from 2.21% to 2.26% from the prior measurement date.
- The discount rate for explicit subsidy was increased from 7.21% to 7.22% from the prior measurement date.
- The plan participation assumption was updated from 62% to 72%.
- The termination rates assumption for Police, Fire, and General Employees were updated based on the October 1, 2020, Pension valuations for each.
- The retirement rates for Police and General Employees were updated based on October 1, 2020, Pension valuations for each.
- The initial year medical trend rate was updated from 6.0% to 7.0% for pre-Medicare costs and from 5.0% to 6.0% for post-Medicare costs to reflect the generally low claims experience environment. The stop-loss trend rate was updated from 6.0% to 7.0% and the administrative fees trend was updated from 5.0% to 4.05.

September 30, 2020:

- The determination of the September 30, 2020 results relies on the following significant assumptions.
- Discount rate for the implicit liability was updated from 2.66% to 2.21%.
- The initial year medical trend rate was updated from 6.5% to 6.0% for pre-Medicare costs and from 5.5% to 5.0% for post-Medicare costs.
- Termination Tables - Based on 2018 Lakeland General/Firefighters/Police Retirement System Actuarial Valuations
- Retirement Tables - Based on 2018 Lakeland General/Firefighters/Police Retirement System Actuarial Valuations

September 30, 2019

- The discount rate was updated from 4.18% to 2.66% for the implicit liability, and from 6.96% to 7.21% for the explicit liability.
- The termination rates assumption for Police was updated based on the 2018 Lakeland Retirement System Actuarial Valuation.
- The ACA Excise Tax on high-cost employer sponsored healthcare plans is no longer applicable as the bill which repealed it 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 11 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, 2023

	Downtown Redevelopment Trust Fund	Midtown Redevelopment Trust Fund	Dixieland Redevelopment Trust Fund	Total
DEPOSITS:				
Tax increment revenue	\$ 3,182,040	\$ 7,070,541	\$ 387,597	\$ 10,640,178
Interest income	227,987	539,484	82,848	850,319
Interest income (leases)	-	5,108	-	5,108
Net increase (decrease) in Fair Value Investments	(214,114)	(1,057,157)	(84,671)	(1,355,942)
Lease revenue	-	105,051	-	105,051
Miscellaneous	26,668	232,086	-	258,754
Total revenues	<u>3,222,581</u>	<u>6,895,113</u>	<u>385,774</u>	<u>10,503,468</u>
WITHDRAWALS:				
Economic environment	1,643,324	2,030,714	31,154	3,705,192
Capital outlay	472,515	1,012	-	473,527
Debt service				
Principal	371,579	13,903	-	385,482
Interest	28,421	5,398	-	33,819
Transfer to primary government	56,053	446,388	7,134	509,575
Total expenditures	<u>2,571,892</u>	<u>2,497,415</u>	<u>38,288</u>	<u>5,107,595</u>
EXCESS (DEFICIENCY) OF DEPOSITS OVER (UNDER) WITHDRAWALS	<u>650,689</u>	<u>4,397,698</u>	<u>347,486</u>	<u>5,395,873</u>
FUND BALANCE, beginning of year	<u>4,226,249</u>	<u>8,587,400</u>	<u>1,598,240</u>	<u>14,411,889</u>
FUND BALANCE, end of year	<u>\$ 4,876,938</u>	<u>\$ 12,985,098</u>	<u>\$ 1,945,726</u>	<u>\$ 19,807,762</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
City of Lakeland, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Lakeland Community Redevelopment Agency (the “CRA”) as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the CRA’s financial statements and have issued our report thereon dated March 25, 2024.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

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

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the CRA in a separate management letter and Independent Accountant's Report dated March 24, 2024.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CRA'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 CRA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 25, 2024



INDEPENDENT ACCOUNTANT'S REPORT

Board of Commissioners
Lakeland Community Redevelopment Agency
City of Lakeland, Florida

We have examined the Lakeland Community Redevelopment Agency's (the "CRA") compliance with the requirements of Sections 163.387(6), 163.387(7) and 218.415, Florida Statutes, during the fiscal year ended September 30, 2023. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

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

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

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

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 25, 2024



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Board of Commissioners
Lakeland Community Redevelopment Agency
City of Lakeland, Florida

Report on the Financial Statements

We have audited the basic financial statements of the Lakeland Community Redevelopment Agency (the "CRA") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated March 25, 2024.

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 Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, 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, which are dated March 25, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and communicate the results of our determination as to whether or not the CRA has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the CRA 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 CRA. It is management's responsibility to monitor the CRA's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.38(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the CRA reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 6 FTE.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 0.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$432,607.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as zero.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as listed below:
 - Lakeland Town Center \$67,460
 - Richard Fox Plumbing \$151,400
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as \$0.

Lakeland Community Redevelopment Agency
City of Lakeland, Florida

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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 CRA's Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 25, 2024