

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2025**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE STATEMENTS	
STATEMENT OF NET POSITION	10
STATEMENT OF ACTIVITIES	11
GOVERNMENTAL FUNDS STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	12
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	13
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	14
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	15
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND	16
NOTES TO BASIC FINANCIAL STATEMENTS	17
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	27
MANAGEMENT LETTER	29
INDEPENDENT ACCOUNTANTS' REPORT	32
SCHEDULE OF FINDINGS AND RESPONSES	33



INDEPENDENT AUDITORS' REPORT

Board of Directors
Lakeland Downtown Development Authority
Lakeland, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the general fund of the Lakeland Downtown Development Authority (Authority), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Authority, as of September 30, 2025, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, effective for the fiscal year ended September 30, 2025. GASB 101 requires liabilities to be recognized for leave attributable to services already rendered, that accumulates and is more likely than not to be used or otherwise paid or settled. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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 Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 Authority'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 as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2026, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
July 24, 2026

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2025**

Management of Lakeland Downtown Development Authority (the Authority) offers readers of the Authority's financial statements, the Management's Discussion and Analysis (MD&A). MD&A presents a narrative overview and analysis of the financial activities for the Authority for the fiscal year ended September 30, 2025. Readers are encouraged to read the MD&A in conjunction with the Authority's audited financial statements and other supplementary information. The analysis will provide the reader with the following information:

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

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

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

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

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

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the Authority's basic financial statements found on pages 12 through 18.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities at the close of September 30, 2025, by \$1,439,486 (net position). Of this total amount, \$1,213,674 (unrestricted net position) may be used to meet the Authority's ongoing obligations to taxpayers and creditors.
- The Authority's total net position increased by \$113,763.
- At the close of September 30, 2025, the Authority's general fund (governmental fund) reported an ending fund balance of \$1,286,154. Of this total amount, \$1,201,086 is available for spending at the Authority's discretion (unassigned fund balance).
- The Authority approved a millage rate of 2.000 for the year ended September 30, 2025.

BASIC FINANCIAL STATEMENTS – AN OVERVIEW

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

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2025**

Government-Wide Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2025**

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

The basic governmental fund financial statements can be found on pages 12 through 16 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 to 28 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

The following is a summary of the information presented in the statement of net position of this report.

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>
ASSETS			
Total Noncapital Assets	\$ 1,384,051	\$ 1,253,777	\$ 130,274
Net Capital Assets	233,291	227,611	5,680
Total Assets	<u>1,617,342</u>	<u>1,481,388</u>	<u>135,954</u>
LIABILITIES			
Total Liabilities, Short-Term	132,721	90,186	42,535
Total Liabilities, Long-Term	<u>45,135</u>	<u>65,479</u>	<u>(20,344)</u>
Total Liabilities	<u>177,856</u>	<u>155,665</u>	<u>22,191</u>
NET POSITION			
Net Investment in Capital Assets	167,812	143,172	24,640
Restricted for Physical Environment	58,000	58,000	-
Unrestricted	<u>1,213,674</u>	<u>1,124,551</u>	<u>89,123</u>
Total Net Position	<u><u>\$ 1,439,486</u></u>	<u><u>\$ 1,325,723</u></u>	<u><u>\$ 113,763</u></u>

Net position increased due to revenues exceeding expenses by \$113,763. The net increase in total assets and total net position reflects an increase in the Authority's net capital assets due to capital purchases during the year.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2025**

Four percent (4%) or \$58,000 of the net position represents resources that are subject to external restrictions on how they may be used and are reported as a restricted net position. Twelve percent (12%) or \$167,812 of the net position represents net investment in capital assets.

The remaining eighty-four (84%), or \$1,213,674, represents unrestricted funds which may be used to meet the Authority's ongoing obligations to taxpayers and creditors.

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

	2025	2024	Increase (Decrease)
PROGRAM REVENUES			
Farmers Curb Market	\$ 224,308	\$ 202,084	\$ 22,224
First Friday	157,986	92,885	65,101
Total Program Revenues	<u>382,294</u>	<u>294,969</u>	<u>87,325</u>
GENERAL REVENUES			
Property Taxes	673,811	654,902	18,909
Interest	56,729	57,846	(1,117)
Other Income	5,835	50,024	(44,189)
Total General Revenues	<u>736,375</u>	<u>762,772</u>	<u>(26,397)</u>
Total Revenues	1,118,669	1,057,741	60,928
PROGRAM EXPENSES			
Downtown Development	1,002,146	1,004,993	(2,847)
Debt Service:			
Interest	2,760	3,442	(682)
Total Program Expenses	<u>1,004,906</u>	<u>1,008,435</u>	<u>(3,529)</u>
CHANGE IN NET POSITION	113,763	49,306	64,457
Net Position - Beginning of Year	<u>1,325,723</u>	<u>1,276,417</u>	<u>49,306</u>
NET POSITION - END OF YEAR	<u>\$ 1,439,486</u>	<u>\$ 1,325,723</u>	<u>\$ 113,763</u>

Governmental Activities

Governmental activities' change in net position for 2025 increased \$113,763 as compared to an increase of \$49,306 in the prior year. The main reason for the increase from prior year is as follows:

- Total program revenues increased by \$87,325, representing an approximate thirty percent (30%) increase due to increases in revenue from various events.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2025**

Financial Analysis of the Government's Funds

Governmental Funds

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

As of the end of the current fiscal year, the Authority's governmental funds (the general fund) reported ending fund balances of \$1,286,154, an increase of \$103,603 in comparison with the previously reported balance in the prior year. Of this total, \$1,201,086 for the general fund constitutes unassigned fund balance, which is available for spending at the Authority's discretion. The remainder of fund balance is non-spendable or restricted by enabling legislation or contract and can only be spent on the purposes for which it is intended.

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

- Total governmental funds revenues increased by \$60,928, due to an increase in property taxes and revenue from various events.

Capital Assets and Liabilities

Capital Assets increased over prior year due to the additions downtown cameras totaling \$49,743 and minimal disposals, net of depreciation.

Short-term liabilities increased by \$42,535 due to an increase in advance vendor deposits for First Friday and the accrual of compensated absences. Long-term liabilities decreased by \$20,344 due to payments being made on the building lease as well as a decrease due to current portion amounts being recognized as short-term.

GENERAL FUND BUDGET

The General Fund budget to actual statement is presented in the Basic Financial Statements. Variances between original and final budget amounts are due to changes in known vs. projected expenditures.

The budget is prepared on the modified accrual basis, revenues are recognized when they become both measurable and available to finance current expenditures. Revenues are considered measurable when they are earned and the amount can be reasonably estimated. Revenues are considered available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The actual net change in the fund balance of the General Fund compared to the final budget was a positive variance of \$103,603. General Fund revenues were \$32,921 more than the final budget amounts. Furthermore, actual expenditures in the General Fund functional areas were \$70,682 less than the final budget.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2025**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Authority approved a millage rate of 2.000 for the year ended September 30, 2026.

These factors were considered in preparing and amending the Authority's budget for the 2026 fiscal year and are expected to influence the Authority's fiscal year 2026 financial statements.

REQUESTS FOR INFORMATION

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

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

ASSETS

Cash:

Unrestricted	\$ 1,298,983
Restricted	58,000
Total Cash	<u>1,356,983</u>

Other Current Assets	27,068
----------------------	--------

Capital Assets:

Furniture, Fixtures, Equipment, and Right-To-Use Asset	356,617
Less: Accumulated Depreciation/Amortization	<u>(123,326)</u>
Total Capital Assets	<u>233,291</u>

Total Assets	1,617,342
--------------	-----------

LIABILITIES

Accounts Payable and Accrued Expenses	26,318
---------------------------------------	--------

Unearned Revenue	71,579
------------------	--------

Noncurrent Liabilities:

Due Within One Year	
Compensated Absences	14,480
Lease	20,344

Due in More than One Year	
Lease	<u>45,135</u>
Total Liabilities	<u>177,856</u>

NET POSITION

Net Investment in Capital Assets	167,812
----------------------------------	---------

Restricted	58,000
------------	--------

Unrestricted	<u>1,213,674</u>
--------------	------------------

Total Net Position	<u><u>\$ 1,439,486</u></u>
--------------------	----------------------------

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025

		Program Revenues	Net Revenue / (Expense) and Change in Net Position
	Expenses	Charges for Services	Total
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Downtown Development	\$ 1,002,146	\$ 382,294	\$ (619,852)
Debt Service:			
Interest	2,760	-	(2,760)
Total Governmental Activities	\$ 1,004,906	\$ 382,294	(622,612)
GENERAL REVENUES			
Property Taxes			673,811
Other Income			5,835
Interest			56,729
Total General Revenues			736,375
CHANGE IN NET POSITION			113,763
Net Position - Beginning of Year			1,325,723
NET POSITION - END OF YEAR			\$ 1,439,486

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	<u>General Fund</u>
ASSETS	
CASH	
Unrestricted	\$ 1,298,983
Restricted	<u>58,000</u>
Total Cash	1,356,983
OTHER ASSETS	<u>27,068</u>
Total Assets	<u><u>\$ 1,384,051</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 26,318
Unearned Revenue	<u>71,579</u>
Total Liabilities	97,897
FUND BALANCE	
Nonspendable	27,068
Restricted:	
Arts on the Park	58,000
Unassigned	<u>1,201,086</u>
Total Fund Balance	<u>1,286,154</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,384,051</u></u>

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

Total Fund Balance - Governmental Funds	\$ 1,286,154
---	--------------

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 fund financial statements.

Capital Assets	356,617
Less: Accumulated Depreciation/Amortization	(123,326)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated Absences	(14,480)
Leases	(65,479)

Total Net Position - Governmental Activities	<u><u>\$ 1,439,486</u></u>
--	----------------------------

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2025**

	<u>General Fund</u>
REVENUES	
Property Taxes	\$ 673,811
Downtown Farmers Curb Market	224,308
First Friday	157,986
Other Income	5,835
Interest	56,729
Total Revenues	<u>1,118,669</u>
EXPENDITURES	
Downtown Development:	
Accounting and Legal	23,822
Computer Services	8,500
Container Gardens and Streetscape Maintenance	13,948
Downtown Farmer's Curb Market	164,196
First Friday	102,405
Insurance	7,000
Leases and Utilities	5,286
Marketing and Development	118,350
Memberships and Subscriptions	4,575
Miscellaneous	24,933
Office Supplies	4,000
Property Appraiser	2,017
Repairs and Maintenance	9,000
Salaries and Benefits	136,909
Tax Collector	224,444
Tax Increment Financing	15,000
Telephone	4,500
Travel, Conferences, and Meetings	4,500
Valet Parking	70,218
Capital Outlay	49,743
Debt Service:	
Principal	18,960
Interest	2,760
Total Expenditures	<u>1,015,066</u>
EXCESS OF REVENUES OVER EXPENDITURES	103,603
Fund Balance - Beginning of Year	<u>1,182,551</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,286,154</u></u>

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025**

Net Change in Fund Balances - Governmental Funds	\$	103,603
--	----	---------

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

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

Capital Assets Acquired in the Current Year		49,743
Depreciation and Amortization Expense Recorded in the Current Year		(44,063)

Long-Term liabilities are reported in the statement of net position but not in the governmental funds because they are not due and payable in the current period. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Compensated Absences		(14,480)
Debt Service - Principal		<u>18,960</u>

Change in Net Position - Governmental Activities	\$	<u><u>113,763</u></u>
--	----	-----------------------

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2025**

	Governmental Fund Types			
	General Fund			
	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 688,598	\$ 688,598	\$ 673,811	\$ (14,787)
Downtown Farmer's Curb Market	170,000	203,195	224,308	21,113
Other Event Income	150,500	162,955	157,986	(4,969)
Other Income	6,000	6,000	5,835	(165)
Interest	25,000	25,000	56,729	31,729
Total Revenues	1,040,098	1,085,748	1,118,669	32,921
EXPENDITURES				
Downtown Development:				
Accounting and Legal	27,000	27,000	23,822	3,178
Computer Services	8,500	8,500	8,500	-
Container Gardens and Streetscape Maintenance	15,000	15,000	13,948	1,052
Downtown Farmer's Curb Market	162,500	195,695	164,196	31,499
First Friday	108,000	108,000	102,405	5,595
Insurance	1,000	1,000	7,000	(6,000)
Leases and Utilities	27,800	27,800	5,286	22,514
Marketing and Development	173,560	186,015	118,350	67,665
Memberships and Subscriptions	4,500	4,500	4,575	(75)
Miscellaneous	25,208	25,208	24,933	275
Office Supplies	4,000	4,000	4,000	-
Property Appraiser	9,000	9,000	9,000	-
Repairs and Maintenance	150,000	150,000	136,909	13,091
Salaries and Benefits	240,030	240,030	224,444	15,586
Tax Collector	15,000	15,000	15,000	-
Tax Increment Financing	4,500	4,500	4,500	-
Telephone	4,500	4,500	4,500	-
Travel, Conferences, and Meetings	2,000	2,000	2,017	(17)
Valet Parking	58,000	58,000	70,218	(12,218)
Capital Outlay	-	-	49,743	(49,743)
Debt Service:				
Principal	-	-	18,960	(18,960)
Interest	-	-	2,760	(2,760)
Total Expenditures	1,040,098	1,085,748	1,015,066	70,682
NET CHANGE IN FUND BALANCE	-	-	103,603	103,603
Fund Balance - Beginning of Year	1,206,773	1,046,661	1,182,551	135,890
FUND BALANCE - END OF YEAR	<u>\$ 1,206,773</u>	<u>\$ 1,046,661</u>	<u>\$ 1,286,154</u>	<u>\$ 239,493</u>

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

The Act provides for the administration of the district, defines the boundaries and authorizes the district to levy an ad valorem tax of not more than two mills against properties within the district to finance its operations. A millage of 2.000 was approved for the 2024-2025 fiscal year.

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements (Continued)

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

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

Measurement Focus and Basis of Accounting

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

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

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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

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

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

Cash, Cash Equivalents, and Investments

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

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

Restricted Cash

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

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Capital Assets and Depreciation

General capital assets are capitalized and reported on the government-wide statement of net position. The related depreciation on those assets, if any, is recorded as an expense on the statement of activities. In the Governmental Fund statements, there are no capitalized assets on the fund balance sheet since they do not provide current financial resources. They are only reported as an expenditure on the statement of revenues, expenditures, and changes in fund balance for the year that they are purchased.

Capital assets are defined by a board resolution as tangible property or improvements with an individual cost of \$2,500 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets are recorded at acquisition value as of the date received. Material additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance that do not improve or extend the life of the respective assets are expensed as incurred.

Current year information relative to changes in general capital assets are described in Note 3.

Depreciation for equipment is provided over the estimated useful lives of the respective assets on the straight-line basis. Depreciation for leasehold improvements is provided over the shorter of the estimated useful life or the lease term. The following useful lives are used in calculating depreciation:

Leasehold Improvements	Lease Term
Office Equipment	2 to 10 Years
Vehicles and Equipment	5 to 15 Years

Use of Estimates

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

Deferred Outflows/Inflows of Resources

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

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of leave that has not been used that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

Leases

Lessee Arrangement

The Authority determines if an arrangement is a lease at inception. Leases are included as right-to-use assets and lease liabilities in the statements of net position.

Right-to-use assets represent the Authority's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Right-to-use assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Right-to-use assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the Authority's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the Authority will exercise that option.

The Authority recognizes payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

Equity Classifications

Government-Wide Statements

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

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation, and is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding balances of any debt (net of premiums/discounts) or other forms of borrowing used to finance those assets.

Restricted Net Position – Consists of liquid assets which have third party (statutory, bond covenant or granting agency) limitations on their use. The Authority would typically use restricted assets first, as appropriate opportunities arise.

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications (Continued)

Government-Wide Statements (Continued)

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

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

Fund Statements

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

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

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

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

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Authority's policy, only the board may assign amounts for specific purposes.

Unassigned – includes residual positive fund balance within the General Fund that has not been classified within the other above-mentioned categories.

The Authority would first use committed, then assigned, and lastly unassigned amounts.

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

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition – Property Taxes

Under Florida Law, the assessment of all properties and the collection of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The Authority's board establishes the tax levy of the Authority prior to October 1 of each year and the Polk County Property Appraiser incorporates the millage into the total tax levy, which includes the municipalities, the County, independent districts, and the County School Board tax requirements. State statutes permit the Authority to levy property taxes at a rate of up to 2.000 mills. The Authority's millage rate in effect for the fiscal year ended September 30, 2025, was 2.000.

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

Property tax revenues are recognized when they become available. "Available" includes those property tax receivables expected to be collected within 60 days after year-end.

Budgets and Budgetary Accounting

The Lakeland Downtown Development Authority's Board annually adopts a comprehensive appropriated budget for the operating fund of the Authority. Budgetary control is maintained at a line-item level. The budget is prepared for the general fund on a basis consistent with accounting principles generally accepted in the United States of America.

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

Change in Accounting Principle

Effective October 1, 2024, the Authority implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments. The Authority's liability for compensated absences is included in the government-wide financial statements. See Note 4 for further information.

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 2 DEPOSITS

At September 30, 2025, the Authority's carrying amount was \$1,356,983 and bank balance was \$ 1,418,837, consisting entirely of demand deposits. The entire amount of the demand deposits is deposited in a state of Florida qualified depository and, therefore, is fully collateralized.

Custodial Credit Risk is the risk that in the event of a bank failure the government's deposits may not be returned to it. The Authority's monies must be deposited in banks designated as qualified public depositories by the Chief Financial Officer, Florida Department of Financial Services. Therefore, the Authority's total deposits are insured by the Federal Depository Insurance Corporation and collateralized by the Bureau of Collateral Management, Division of Treasury, and Florida Department of Financial Services. The law requires the Chief Financial Officer to ensure that funds are entirely collateralized throughout the fiscal year. Other than the preceding, the Authority has no policy on custodial credit risk.

NOTE 3 CAPITAL ASSETS

A summary of changes in capital assets follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Being Depreciated				
Leasehold Improvements	\$ 13,414	\$ -	\$ -	\$ 13,414
Office Equipment	7,286	-	(1,519)	5,767
Equipment & Vehicles	169,218	49,743	-	218,961
Total Capital Assets, Being Depreciated	189,918	49,743	(1,519)	238,142
Less: Accumulated Depreciation				
Leasehold Improvements	(10,395)	(1,341)	-	(11,736)
Office Equipment	(7,286)	-	1,519	(5,767)
Equipment	(23,609)	(22,976)	-	(46,585)
Total Accumulated Depreciation	(41,290)	(24,317)	1,519	(64,088)
Total Capital Assets, Being Depreciated, Net	148,628	25,426	-	174,054
Right-to-Use Lease Asset:				
Building	118,475	-	-	118,475
Less Accumulated Amortization:				
Building	(39,492)	(19,746)	-	(59,238)
Total Right-to-Use Leased Asset, Net	78,983	(19,746)	-	59,237
Capital Assets, Net	\$ 227,611	\$ 5,680	\$ -	\$ 233,291

Depreciation/amortization expense for the year ended September 30, 2025, was \$44,063.

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 4 LONG TERM DEBT

A summary of the changes in the Authority's long-term liabilities for the year ended September 30, 2025, are as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Amount Due Within One Year
Governmental Activities:					
Leases Payable	\$ 84,439	\$ -	\$ (18,960)	\$ 65,479	\$ 20,344
Subscriptions Payable	-	-	-	-	-
Asset Retirement Obligation	-	-	-	-	-
PPP Installment Payable	-	-	-	-	-
Claims Payable	-	-	-	-	-
Compensated Absences	-	14,480	-	14,480	14,480
Total Governmental Activities	<u>\$ 84,439</u>	<u>\$ 14,480</u>	<u>\$ (18,960)</u>	<u>\$ 79,959</u>	<u>\$ 34,824</u>

The change in Compensated Absences is presented as net change.

Lessee Arrangements

During the year ended September 30, 2025, Lakeland Downtown Development Authority's principal and interest payments on leases totaled \$21,720.

Total future minimum lease payments under the lease agreement is as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 20,344	\$ 2,027
2027	21,801	1,242
2028	23,334	400
Total Minimum Lease Payments	<u>\$ 65,479</u>	<u>\$ 3,669</u>

NOTE 5 RETIREMENT PLAN

The Authority adopted a defined contribution SIMPLE IRA plan in 2015. An employee is eligible to participate in the plan after attaining age 21 and over a year of service with at least 1,000 hours. The Authority must match an employee's contribution up to 3% of annual gross salary. A local broker administers the plan trust, and the assets of the plan are not considered part of the Authority's reporting entity. Participation is voluntary and the employee determines the amount of contribution. The Authority can elect to contribute to the plan on an annual basis. Pension costs are accrued and funded on a current basis and all required contributions for the year were made. There are no unfunded costs due to the nature of the plan. Contributions to the plan by the Authority as of the year ended September 30, 2025, were \$6,500.

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 6 RISK MANAGEMENT

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

NOTE 7 CONCENTRATIONS

The Authority received a substantial portion of its revenues from property tax distributions. Property Tax distributions can be impacted by the mileage rate and, consequently, changes in that funding may affect the Authority's operations. For the year ended September 30, 2025, the Polk County Tax Collector distributed \$658,811, net of commission, to the Authority.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Lakeland Downtown Development Authority
Lakeland, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and general fund of the Lakeland Downtown Development Authority (Authority), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 24, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2025-001 and 2025-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

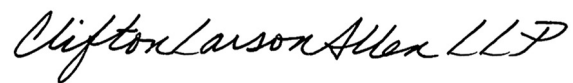
As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Lakeland Downtown Development Authority's Audit's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



CliftonLarsonAllen LLP

Lakeland, Florida
July 24, 2026



MANAGEMENT LETTER

Board of Directors
Lakeland Downtown Development Authority
Lakeland, Florida

Report on the Financial Statements

We have audited the financial statements of the Lakeland Downtown Development Authority (Authority), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated July 24, 2026.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated July 24, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Authority. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and 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.

Property Assessed Clean Energy (PACE) Programs

Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, *Florida Statutes*, operated within the Authority's geographical boundaries. A PACE program did not operate within the Authority's geographical boundaries during the fiscal year under audit.

Special District Component Units

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

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7., Rules of the Auditor General, the Authority reported: (The following information is unaudited.)

- A The total number of district employees compensated in the last pay period of the district's fiscal year as: 17.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as: 60.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$376,266.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as: \$96,723.
- 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: none.

- 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: See the statement of revenues, expenditures, and changes in fund balances – budget and actual.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8., Rules of the Auditor General, the Authority reported:

- a. The mileage rate or rates imposed by the district as: 2.000.
- b. The total amount of ad valorem taxes collected by or on behalf of the district as: \$673,811.
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds as: \$-0-.

Additional Matters

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

Purpose of this Letter

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



CliftonLarsonAllen LLP

Lakeland, Florida
July 24, 2026



INDEPENDENT ACCOUNTANTS' REPORT

Board of Directors
Lakeland Downtown Development Authority
Lakeland, Florida

We have examined the Lakeland Downtown Development Authority's (Authority) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2025. Management of the Authority is responsible for the Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

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

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

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

In our opinion, the Authority complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds; during the year ended September 30, 2025.

This report is intended solely for the information and use of the Authority and the Auditor General, state of Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
July 24, 2026

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2025**

Finding 2025-001: Segregation of Duties

Type of Finding: Material Weakness in Internal Control Over Financial Reporting.

Condition: The Executive Director has the ability to initiate, post, and modify journal entries in the general ledger, issue checks, and prepare the bank reconciliations. As a result, journal entries were posted, checks were issued, and bank reconciliations were completed during year-end closeout without documented review or approval by another individual. In addition, journal entries made during the year lacked supporting documentation.

Criteria or specific requirement: According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) *Internal Control–Integrated Framework*, management should establish internal controls that include adequate segregation of duties to reduce the risk of error or fraud and ensure the reliability of financial reporting. When segregation of duties is not practical because of limited staffing, management should establish effective compensating controls, such as documented review and approval by an individual independent of the transaction-processing functions.

Effect: Without independent review of journal entries, check disbursements, and bank reconciliations, there is an increased risk that errors, unauthorized transactions, or irregularities could occur and remain undetected or uncorrected in a timely manner, increasing the risk of material misstatement to the financial statements.

Cause: The Authority's limited administrative and finance staffing has made it difficult to adequately segregate responsibilities. Compensating review controls have not been formally established or consistently documented.

Repeat Finding: No

Recommendation: We recommend that management establish and document compensating controls over journal entries, cash disbursements, and bank reconciliations. At a minimum, these controls should include:

- Independent review and approval of journal entries posted or modified by the Executive Director, including supporting documentation;
- Independent review and approval of check disbursements, including the related invoices and other supporting documentation; and
- Timely review of monthly bank reconciliations, including outstanding checks and other reconciling items.

The reviews should be performed by an appropriate member of management, a governing body member, or another qualified designee who is independent of the underlying transactions. Evidence of the review, including the reviewer's signature or electronic approval and the date reviewed, should be retained.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2025**

Finding 2025-001: Segregation of Duties (Continued)

Views of responsible officials and planned corrective actions: In November of 2025, Julie Townsend, Executive Director, engaged Evergrow Consulting to provide assistance with the 2025 audit and ongoing services, including monthly reviews of bank reconciliations, journal entries, and general ledger overviews. Following the vacancy in the administrative position beginning October 1, 2025, the Executive Director reviewed existing procedures to determine where automation could be utilized to reduce redundant bookkeeping tasks and increase efficiencies using tools within QuickBooks.

In addition to the implementation tools, limited permissions within QuickBooks were granted to other employees to allow them to create invoices and enter bills and payments to vendors. These entries are reviewed by the Executive Director for accuracy.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2025**

2025-002 – Material Audit Adjustments

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Condition: Several audit adjustments were necessary for the financial statements to be reported in accordance with accounting principles generally accepted in the United States of America (GAAP). Without these adjustments being recorded, the financial statements would have been materially misstated. The following summarizes the material misstatements noted during the audit:

- Payroll liabilities and related expenses/expenditures were understated because payroll costs associated with the final pay period of fiscal year 2025 were not accrued at year-end.
- The compensated absences liability and related expenses were understated because the Authority did not calculate and record the year-end liability.
- Prepaid items and expenses/expenditures were understated because certain transactions were recorded in incorrect accounts within QuickBooks.

Criteria or specific requirement: The Authority's management is responsible for establishing and maintaining internal controls to ensure that transactions are properly reported in the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Effect: Prior to the audit adjustments being posted, the financial statements were materially misstated with respect to payroll liabilities, compensated absences, prepaid items, and the related expense and expenditure accounts.

Cause: The Authority has not established formal year-end financial close procedures to ensure that all necessary accruals, account reconciliations, and reclassifications are identified and recorded in accordance with GAAP.

Repeat finding: No

Recommendation: We recommend that the Authority obtain the appropriate level of accounting expertise needed to support its year-end financial reporting process. This may be accomplished by hiring an individual with sufficient knowledge of accrual-basis accounting and governmental accounting standards or by engaging an outside consultant with the knowledge. This individual should assist the Authority in developing and performing year-end close procedures, including calculating necessary accruals, reviewing account classifications, and ensuring transactions are recorded in accordance with GAAP.

Views of responsible officials and planned corrective actions: Year-end accrual errors will be rectified by the hiring of Evergrow Consulting, who possesses the expertise needed to support year-end financial reporting.

