

**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, 2021**



Prepared by  
**FINANCE DEPARTMENT**

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Lakeland Community Redevelopment Agency  
Lakeland, Florida

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lakeland Community Redevelopment Agency ("The Agency" or "LCRA") a component unit of the City of Lakeland, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency, as of September 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, schedule of LCRA's proportionate share of the City's net pension liability, schedule of LCRA's pension contributions, schedule of LCRA's proportionate share of the City's net OPEB liability and schedule of LCRA's OPEB contributions on pages B-1 – B-6 and F-1 – F-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The schedule of deposits, withdrawals, and changes in fund balance – redevelopment trust funds is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2022 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Agency'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 the Agency's internal control over financial reporting and compliance.



Crowe LLP

Tampa, Florida  
March 23, 2022

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**SEPTEMBER 30, 2021**

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, 2021. This discussion is broken down into three components:

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

**OVERVIEW**

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

The Agency's primary source of revenue is tax increment funds. This revenue is computed by applying the operating tax rate for the City, County, Lakeland Area Mass Transit District (LAMTD), and in the Downtown area 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.

**CITY OF LAKE LAND COMMUNITY REDEVELOPMENT AGENCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**SEPTEMBER 30, 2021**

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

**Fund financial statements**

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

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

There are two types of financial statements presented for governmental funds – a balance sheet (showing assets, liabilities, and the difference between the two – technically referred to as "fund balance") and a statement of revenues, expenditures, and changes in fund balance.

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

The reason for this different accounting approach is that the activities in these funds are not financed from a direct user fee. As a result, there is no emphasis placed on measuring annual "net profit or loss" resulting from those operations. Instead, the accounting focuses on whether there will be enough cash flow available in a given year to finance the costs of providing services. The emphasis is much more focused on activities occurring within a one year budget period rather than the long-term. This methodology is referred to as the "modified accrual" basis of accounting.

A reconciliation schedule is provided within these fund financial statements to identify differences between the modified accrual basis of accounting used in these fund financial statements and the full accrual basis of accounting used in the government wide statements.

**Notes to the financial statements**

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

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

**Other required supplementary information**

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



**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**SEPTEMBER 30, 2021**

**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	
	2021	2020
<b>CONDENSED STATEMENT OF NET POSITION (in thousands)</b>		
Assets		
Current assets	\$ 891	\$ 628
Noncurrent assets		
Other assets	13,616	11,599
Capital assets	16,809	16,132
Total assets	31,316	28,359
Deferred outflows of resources -		
related to pensions	226	789
related to OPEB	379	
	605	789
Liabilities		
Current liabilities	891	628
Net pension liability	261	388
Net OPEB liability	595	660
Pension bonds payable,		
less current portion	214	227
Revenue bonds payable,		
less current portion	706	1,060
Total liabilities	2,667	2,963
Deferred inflows of resources -		
related to OPEB	341	159
related to pensions	65	94
	406	253
Net position		
Net Investment in		
capital assets	15,748	14,493
Restricted	13,098	11,439
Total net position	\$ 28,846	\$ 25,932

	Governmental Activities	
	Fiscal Year Ended	
	2021	2020
<b>CONDENSED STATEMENT OF ACTIVITIES (in thousands)</b>		
General Revenues:		
Property taxes	\$ 7,288	\$ 6,704
Investment earnings	833	(868)
Miscellaneous	347	4,734
Total revenues	8,468	10,570
Program Expenses:		
General government	871	761
Physical Environment	3	5
Transportation	843	355
Economic environment	3,192	12,133
Interest on long-term debt	48	96
Total expenses	4,957	13,350
Net contributions (to) / from		
primary government	(597)	301
Change in net position	2,914	(2,480)
Net position, beginning of year	25,932	28,412
Net position, end of year	\$ 28,846	\$ 25,932

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**SEPTEMBER 30, 2021**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

For the fiscal year ended September 30, 2021, 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 \$14,506,274 in assets held within Community Redevelopment Districts (\$13,587,905 in cash and cash equivalents and \$918,369 in mortgages receivable). In the aggregate, there was a \$2.28 million increase in the change in the value of these restricted assets from 2020 to 2021.

Current Liabilities represent obligations payable from Current Assets that are likely to be settled within the next year. These consist of \$510,106 in amounts owed to vendors, \$6,904 in undistributed payroll obligations accrued during the last pay period of the fiscal year, \$6,765 in deposits payable for lease of building and \$353,567 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:

	2021	2020
Current assets	\$ 890,690	\$ 628,016
Current liabilities	890,690	628,016
Net current assets	\$ -	\$ -
Ratio	1.00	1.00

Another useful ratio evaluates the relationship of unpaid long term debt issued to finance capital assets. 55% 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:

	2021	2020
Capital assets	\$ 16,808,502	\$ 16,132,476
Related long term debt	1,060,011	1,639,135
Net investment in capital assets	\$ 15,748,491	\$ 14,493,341
Ratio	15.86	9.84

The total net book value of capital assets as of September 30, 2021 was \$16,808,502 which represents an increase of \$676,026 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 9% compared to the prior year. Total spending on governmental activities was up (35)%.

In the aggregate, total revenues collected in FY 2021 were up (20)% compared to 2020. Investment revenues increased as a result of the increase in investment market values.

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**SEPTEMBER 30, 2021**

**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>2021 Budget (As Amended)</u>	<u>2021 Actual</u>	<u>Variance Over/(Under)</u>
REVENUES			
Taxes	\$ 7,471,159	\$ 7,287,974	\$ (183,185)
Miscellaneous	219,200	1,180,026	960,826
Total revenues	<u>7,690,359</u>	<u>8,468,000</u>	<u>777,641</u>
EXPENDITURES			
Current:			
General government	1,054,676	725,489	329,187
Physical Environment	18,200	2,800	15,400
Transportation	3,530,954	842,983	2,687,971
Economic environment	6,934,478	2,788,910	4,145,568
Capital outlay	1,966,840	1,078,915	887,925
Debt service	400,000	400,000	-
Total expenditures	<u>13,905,148</u>	<u>5,839,097</u>	<u>8,066,051</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(6,214,789)</u>	<u>2,628,903</u>	<u>(7,288,410)</u>
OTHER FINANCING SOURCES (USES)	<u>(597,190)</u>	<u>(597,190)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (6,811,979)</u>	<u>\$ 2,031,713</u>	<u>\$ (7,288,410)</u>

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**SEPTEMBER 30, 2021**

**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, nineteen projects were initiated in Dixieland, and the Art Infusion Program brought life to the corridor.

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 which held its grand opening this year. Additionally, the Downtown CRA expended \$1,167,429 in economic development incentives and an additional \$150,000 for corridor enhancements in the city's core.

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 aforementioned goals, the Midtown CRA invested over \$1,714,842 in economic development incentives and led the construction of The Well which will be a support center for disadvantaged businesses in the community. Additional investments included over \$512,000 on affordable housing initiatives, \$436,815, on community improvement initiatives, and \$434,395 on corridor enhancements, \$414,337 on the acquisition of blighted properties and property management.

In order 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.

In order to move the Midtown CRA goals forward, private public partnerships will be critical for the construction of new infill single family residential and multifamily affordable units. The CRA intends to support land use and development initiatives that support expansion of the medical corridor. The CRA will also need to continue incentivizing large scale redevelopment projects while loosening some of the criteria to support small neighborhood businesses.

**COVID-19 Pandemic**

During December 2019, the Novel Coronavirus (COVID-19) was discovered on the continent of Asia. The COVID-19 was subsequently declared a world-wide pandemic by the World Health Organization. On March 13, 2020, the President declared a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak. The City anticipates an economic impact resulting from the effects of the COVID-19 outbreak on the national, state, and local economies. The City has not determined what material impact this outbreak could potentially have on revenues such as state shared revenues, investments, and other local revenues related to economic conditions. The City requested and received reimbursement from Polk County for COVID-19 related purchases through September 30, 2020. Charges were tracked through December 31, 2020. At the end of fiscal year 2021, \$222,581 is due from Federal Government for COVID related expenses.

**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, 2021

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Restricted assets (including \$890,690 of cash and cash equivalents), set aside for:	
Accounts payable	\$ 510,106
Accrued liabilities	6,904
Deposits payable	6,765
Restricted assets set aside for pension bonds payable	13,348
Current portion of bonds payable	<u>353,567</u>
Total current assets	<u>890,690</u>
Noncurrent assets:	
Restricted assets (including \$12,697,215 cash and cash equivalents)	13,615,584
Capital assets:	
Non-depreciable	7,966,516
Depreciable	
Facilities and equipment in service	12,918,110
Less accumulated depreciation	<u>(4,076,124)</u>
Total capital assets	<u>16,808,502</u>
Total noncurrent assets	<u>30,424,086</u>
Total assets	<u>31,314,776</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pensions	226,194
Deferred outflows of resources related to OPEB	<u>378,516</u>
Total deferred outflows of resources	<u>604,710</u>
<b>LIABILITIES</b>	
Current liabilities:	
Payable from restricted assets:	
Accounts payable	510,106
Accrued liabilities	6,904
Deposits payable	6,765
Current portion of pension bonds payable	13,348
Current portion of bonds payable	<u>353,567</u>
Total current liabilities	<u>890,690</u>
Noncurrent liabilities:	
Payable from restricted assets:	
Net pension liabilities	261,000
Net OPEB liabilities	595,043
Pension bonds payable, less current portion	214,008
Revenue bonds payable, less current portion	<u>706,444</u>
Total liabilities	<u>2,667,185</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to OPEB	340,564
Deferred inflows of resources related to pensions	<u>65,215</u>
Total deferred inflows of resources	<u>405,779</u>
<b>NET POSITION</b>	
Net investment in capital assets	15,748,491
Restricted for CRA	<u>13,098,031</u>
Total net position	<u>\$ 28,846,522</u>

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

STATEMENT OF ACTIVITIES  
LAKELAND COMMUNITY REDEVELOPMENT AGENCY  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<b>Net (expense) revenue and changes in net position</b>		
	<b>Primary Government</b>		
<b>Functions/Programs:</b>	<u>Expenses</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental activities			
General government	\$ 870,828	\$ (870,828)	\$ (870,828)
Physical environment	2,800	(2,800)	(2,800)
Transportation	842,983	(842,983)	(842,983)
Economic environment	3,191,799	(3,191,799)	(3,191,799)
Interest on long-term debt	48,232	(48,232)	(48,232)
Total	<u>\$ 4,956,642</u>	<u>(4,956,642)</u>	<u>(4,956,642)</u>
 <b>General revenues:</b>			
Property taxes		7,287,974	7,287,974
Investment earnings		832,887	832,887
Miscellaneous		347,139	347,139
Contributions to primary government		(597,190)	(597,190)
Total general revenues		<u>7,870,810</u>	<u>7,870,810</u>
Change in net position		2,914,168	2,914,168
Net position, beginning of year		<u>25,932,354</u>	<u>25,932,354</u>
Net position, end of year		<u>\$ 28,846,522</u>	<u>\$ 28,846,522</u>

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021

	Major Funds			Total Governmental Funds
	Downtown Redevelopment Trust Fund	Midtown Redevelopment Trust Fund	Dixieland Redevelopment Trust Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,137,338	\$ 7,583,574	\$ 1,866,993	\$ 13,587,905
Receivables	91,317	827,052	-	918,369
Total assets	<u>\$ 4,228,655</u>	<u>\$ 8,410,626</u>	<u>\$ 1,866,993</u>	<u>\$ 14,506,274</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 239	\$ 490,353	\$ 19,514	\$ 510,106
Accrued liabilities	171	5,420	1,313	6,904
Deposits payable	-	6,765	-	6,765
Total liabilities	<u>410</u>	<u>502,538</u>	<u>20,827</u>	<u>523,775</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	<u>89,625</u>	<u>812,190</u>	<u>-</u>	<u>901,815</u>
<b>FUND BALANCES</b>				
Restricted for:				
CRA	<u>4,138,620</u>	<u>7,095,898</u>	<u>1,846,166</u>	<u>13,080,684</u>
Total fund balances	<u>4,138,620</u>	<u>7,095,898</u>	<u>1,846,166</u>	<u>13,080,684</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,228,655</u>	<u>\$ 8,410,626</u>	<u>\$ 1,866,993</u>	<u>\$ 14,506,274</u>

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Total Fund Balance - Governmental Funds \$ 13,080,684

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	20,884,626
Accumulated depreciation	(4,076,124)

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	901,815
Deferred outflows of resources related to pensions	226,194
Deferred outflows of resources related to OPEB	378,516

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	(1,287,367)
Net OPEB liability	(595,043)
Deferred inflows of resources related to OPEB	(340,564)
Net pension liability	(261,000)
Deferred inflows of resources related to pensions	(65,215)

Net Position of Governmental Activities \$ 28,846,522

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, 2021

	Downtown Redevelopment Trust Fund	Midtown Redevelopment Trust Fund	Dixieland Redevelopment Trust Fund	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 1,866,198	\$ 5,091,349	\$ 330,427	\$ 7,287,974
Miscellaneous	393,128	669,936	116,962	1,180,026
Total revenues	<u>2,259,326</u>	<u>5,761,285</u>	<u>447,389</u>	<u>8,468,000</u>
<b>EXPENDITURES</b>				
General government	77,255	639,760	8,474	725,489
Physical environment	-	2,800	-	2,800
Transportation	102,198	739,024	1,761	842,983
Economic environment	880,444	1,747,172	161,294	2,788,910
Capital outlay	48,176	1,030,739	-	1,078,915
Debt service	400,000	-	-	400,000
Total expenditures	<u>1,508,073</u>	<u>4,159,495</u>	<u>171,529</u>	<u>5,839,097</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	751,253	1,601,790	275,860	2,628,903
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer to primary government	<u>(319,875)</u>	<u>(268,990)</u>	<u>(8,325)</u>	<u>(597,190)</u>
Total other financing sources (uses)	<u>(319,875)</u>	<u>(268,990)</u>	<u>(8,325)</u>	<u>(597,190)</u>
Net change in fund balances	431,378	1,332,800	267,535	2,031,713
FUND BALANCE, beginning of year	<u>3,707,242</u>	<u>5,763,098</u>	<u>1,578,631</u>	<u>11,048,971</u>
FUND BALANCE, end of year	<u>\$ 4,138,620</u>	<u>\$ 7,095,898</u>	<u>\$ 1,846,166</u>	<u>\$ 13,080,684</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, 2021

Net Change in Fund Balances - Total Governmental Funds.	\$ 2,031,713
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	1,078,915
Depreciation expense	(402,889)
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.	
	(30,101)
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.	
	(115,238)
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>351,768</u>
Change in net position of governmental activities	<u>\$ 2,914,168</u>

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

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**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 of 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, 2021**

**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**

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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.

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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 of 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, 2021**

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

Within governmental fund types, assets and liabilities are recorded using the *flow of current financial resources* measurement focus, meaning only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources".

In addition to assets and liabilities, the balance sheet and statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources present a consumption of net assets by the government that is applicable to a future reporting period(s). Accordingly, deferred outflows related to pensions 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, 2021, 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 on the basis of the participation by each fund. Each fund's pro-rata share of pooled cash and investments is included in the caption "cash and cash equivalents". These amounts are also considered a cash equivalent because each fund can withdraw cash at any time without prior notice or penalty (See Note 3).

**E. Receivables**

Receivables are generally attributable amounts due to the Agency mortgage agreements. Receivables are reported net of allowances for uncollectible where applicable. No allowance is deemed necessary at September 30, 2021.

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

	Governmental Fund
Due from:	
Other governments	\$ 600,000
Customers	318,369
	\$ 918,369

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**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, 2021 are as follows:

		Governmental Fund
Restricted assets:		
Cash and cash equivalents	\$	13,587,905
Receivables		918,369
Total restricted assets	\$	14,506,274

**G. Capital Assets**

Capital equipment purchased with an original value of \$1,500 or more, and additions, improvements and other capital outlays, having an original cost of \$2,500 or more, that significantly extend the useful lives, are capitalized. 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 on general infrastructure assets is included within the expenses of the most relevant function.

**H. Revenues**

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

Substantially all governmental fund revenues are accrued. Property taxes, which are levied annually based on the value of real property and tangible personal property as assessed on January 1, and are payable from November through the following March, are recognized in the same fiscal period in which payment is due.

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

The property tax calendar for 2021 is as follows:

Lien date	January 1, 2020
Levy date	January 1, 2020
Due dates	November 1, 2020 through March 31, 2021
Delinquent date	April 1, 2021
Tax certificate sale	On or before June 1, 2021

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.

**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, 2021, is as follows:

	<u>Governmental Funds</u>
Fund Balances:	
Restricted for:	
CRA	\$ 13,080,684
Total Fund Balance	<u>\$ 13,080,684</u>

There were no deficit fund balances as of September 30, 2021.

**L. Miscellaneous Revenue**

Miscellaneous revenues include all other revenue sources not related to property taxes and intergovernmental revenues. The miscellaneous revenues included in the Statement of Revenues, Expenditures, and Changes in Fund Balance as of September 30, 2021 includes:

Miscellaneous revenue	
Interest income	\$ 832,887
Rental Income	123,475
Other revenues	223,664
Total miscellaneous revenue	<u>\$ 1,180,026</u>

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

**M. Pensions**

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

**NOTE 2 – ACCOUNTING AND REPORTING CHANGES**

**New Accounting Pronouncements**

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The City has implemented the provision of this statement for the period ending September 30, 2021.

In June, 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management has determined that this GASB statement will be implemented for the fiscal period ending September 30, 2022.

In June, 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statement prepared using the economic resources measurement focus. It also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management has determined that this GASB statement will be implemented for the fiscal period ending September 30, 2022.

In August, 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. However, implementation of GASB 90 had no effect on the 2021 financial statements of the City.

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. Management has not determined what impact, if any, this GASB statement might have on its financial statements ending September 30, 2023.

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**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

**New Accounting Pronouncements (continued)**

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

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with ARO's in a government acquisition are effective for the government acquisitions occurring in reporting periods beginning June 15, 2021.

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

In March, 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments enter into agreements in which variable payments made or received depend on an interbank offered rate (IBOR). Most notably, the London Interbank Offered Rate (LIBOR). Because of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provision related to the reference rate. The objective of this Statement is to address those and other accounting and finance reporting implications from the result from the replacement of IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended

The removal of LIBOR as an appropriate benchmark interest rate is effective for the reporting period ending after December 31, 2021. Lease modification exceptions for certain lease contracts that are amended to replace IBOR is effective for the period after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Management has not determined what impact, if any, this GASB statement might have on its financial statements ending September 30, 2022. for LIBOR no longer appropriate benchmark interest rate and lease modifications. The City has implemented all other requirements of this Statements in the financial statements ending September 30, 2021.

In March, 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is 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. Management has not determined what impact, if any, this GASB statement might have on its financial statements ending September 30, 2023.

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**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

**New Accounting Pronouncements (continued)**

In May, 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statements is to provide provides 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. Management has not determined what impact, if any, this GASB statement might have on its financial statements ending September 30, 2023.

In June, 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The objectives of this Statements are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of (a) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (b) paragraph 5 of this Statement are effective immediately. The requirements of this Statement for Leases and all other requirements are effective for fiscal years beginning after June 15, 2021. Management has determined that this GASB statement will be implemented for the fiscal period ending September 30, 2022.

In October 2021, the GASB Issued Statement No. 98, *The Annual Comprehensive Financial Report*. The objective of this Statement is to establish the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

The requirements of the Statement are effective for the fiscal year ending after December 15, 2021. Management has implemented this Statement for the fiscal period ending September 30, 2021.

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

**A. Deposits**

The Agency's cash as of September 30, 2021, consisted of equity in pooled cash in the amount of \$13,587,905. The Agency has elected to pool its cash with the City of Lakeland. At September 30, 2021, 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.

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)**

**B. Cash Equivalents and Investments (continued)**

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.

**NOTE 4 –CAPITAL ASSETS**

**A. Capital Activity**

Capital assets of the Agency as of September 30, 2021, consisted of the following:

	Balance October 1, 2020	Additions	Deletions	Balance September 30, 2021
Governmental Activities				
Non-depreciable assets:				
Land	\$ 5,702,262	\$ -	\$ -	\$ 5,702,262
Construction in process	1,185,339	1,078,915	-	2,264,254
Depreciable assets:				
Buildings	6,729,005	-	-	6,729,005
Improvements, other than buildings	682,839	-	-	682,839
Infrastructure	5,441,859	-	-	5,441,859
Equipment	64,407	-	-	64,407
	<u>19,805,711</u>	<u>1,078,915</u>	<u>-</u>	<u>20,884,626</u>
Less accumulated depreciation:				
Buildings	1,452,642	199,166	-	1,651,808
Improvements, other than buildings	244,332	18,046	-	262,378
Infrastructure	1,928,198	173,247	-	2,101,445
Equipment	48,063	12,430	-	60,493
	<u>3,673,235</u>	<u>402,889</u>	<u>-</u>	<u>4,076,124</u>
Net capital assets	<u>\$ 16,132,476</u>	<u>\$ 676,026</u>	<u>\$ -</u>	<u>\$ 16,808,502</u>

Note: The W Lake Parker/Lakeshore Trail Improvements construction in process addition project is scheduled to be completed during the 2022 fiscal year.

**B. Depreciation Expense**

Included in the government-wide Statement of Activities is depreciation expense for the year ended September 30, 2021, distributed to governmental functions as follows:

Governmental activities:	
Transportation, including depreciation of general infrastructure assets	\$ 173,247
Economic environment	229,642
Total depreciation expense - governmental activities	<u>\$ 402,889</u>

**NOTE 5 –INTERFUND BALANCES AND TRANSFERS**

**Interfund Transfers**

Interfund transfers for the year ending September 30, 2021 are presented in the following table:

Interfund Transfers From:	Interfund Transfers To: Primary Government	Total
LCRA Funds	\$ (597,190)	\$ (597,190)
Total	<u>\$ (597,190)</u>	<u>\$ (597,190)</u>

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 5 –INTERFUND BALANCES AND TRANSFERS (continued)**

**Interfund Transfers (continued)**

Interfund transfers to the primary government were for the Community Policing Program in the CRA districts and contributions toward capital improvements located within the Midtown CRA district. Interfund transfers from the primary government were for the City's contribution to the Catalyst Site Evaluation Project within the Downtown CRA District.

**NOTE 6 - LONG-TERM LIABILITIES**

**A. Totals by Activity**

The following is a summary of long-term obligation transactions of the Agency for the year ended September 30, 2021. Additional details are provided on subsequent pages.

	Balance October 1, 2020	Incurred	Satisfied	Balance September 30, 2021	Amount Due within One Year
Governmental Activities:					
Revenue Bonds Payable	\$ 1,396,438	\$ -	\$ 336,427	\$ 1,060,011	\$ 353,567
Direct Borrowings	242,697	-	15,341	227,356	13,348
	<u>\$ 1,639,135</u>	<u>\$ -</u>	<u>\$ 351,768</u>	<u>\$ 1,287,367</u>	<u>\$ 366,915</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, 2021 as follows:

	Governmental Activities
<u>Restricted:</u>	
Current portion of bonds and notes payable	\$ 366,915
Revenue bonds and notes payable	920,452
	<u>\$ 1,287,367</u>

**B. Revenue Bonds and Notes**

The Agency's outstanding notes from direct borrowings related to governmental activities of \$227,356 and outstanding bonds of \$1,060,011 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, 2021 are as follows:

Purpose	Series	Issue Amount	Maturity Date	Interest Rates	Year-end Balances
Governmental Activities:					
Bonds:					
Capital Improvement Revenue Bonds	2010A	\$ 8,497,470	10/1/2023	3.000 to 5.000	\$ 1,060,011
Direct Borrowings:					
Florida Taxable Pension Liability Reduction Note	2020	242,697	10/1/2040	2.420	227,356
		<u>\$ 8,740,167</u>			<u>\$ 1,287,367</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 represents the Agency's portion of the \$40.1 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, 2021, 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, 2021**

**NOTE 6 - LONG-TERM LIABILITIES (continued)**

**B. Revenue Bonds and Notes (continued)**

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, 2021, the City is in compliance with all required covenants of the bond ordinances, including compliance with federal arbitrage regulations.

Revenue bonds and notes issued and outstanding as of September 30, 2021 are as follows:

	Direct Borrowings	Bonds
Governmental activities:	Florida Taxable Pension Liability Reduction Note, Series 2020	CAP Revenue and Refunding Bonds, Series 2010A
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, 2021 are summarized in the following table.

Year	Governmental Activities:	
	Principal	Interest
2022	\$ 366,915	\$ 51,773
2023	385,482	33,431
2024	349,322	14,191
2025	15,041	4,310
2026	15,626	3,939
2027	16,240	3,554
2028	16,869	3,154
2029	17,513	2,738
2030	18,172	2,306
2031	18,861	1,858
2032	10,322	1,505
2033	12,719	1,226
2034	9,753	954
2035	10,831	705
2036	7,056	488
2037	5,978	330
2038	4,360	205
2039	4,360	100
2040	944	36
2041	1,003	12
	\$ 1,287,367	\$ 126,815

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**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 7 – INTEREST EXPENSE**

All interest expense of governmental activities is disclosed separately from related functional expenses on the government-wide Statement of Activities. The total amount of interest charged to expenses for the year ended September 30, 2021 is as follows:

	<u>Governmental Activities</u>
Amount charged to expense	\$ 48,232
Total	<u>\$ 48,232</u>

**NOTE 8 – RISK FINANCING ACTIVITIES**

The City has established a self-insurance fund for worker's compensation, general liability, public official's liability, airport liability, automobile liability, and health insurance. The purpose of this fund is to account for the cost of claims and management fees incurred in conjunction with self-insurance programs. The City makes contributions to the fund based on actuarially computed funding levels. All claims pending at September 30, 2021 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 9 – DEFINED BENEFIT PENSION PLAN**

Summary of Significant Accounting Principles

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

The Plan is maintained using the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which the employee services are performed. Expenses are recognized when they are incurred and revenues are recognized when they are earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Accounting Principles Generally Accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, the actual results could differ from those estimates. Investments are recorded at fair value. Dividends and interest are recognized when earned. Gains and losses on sales are recognized on the trade date.

Plan Description

The City of Lakeland Employees' Pension and Retirement System administers the City of Lakeland Employees' Pension Plan – a single employer, defined benefit pension plan that provides pensions for all full-time, regular employees of the City. The authority for the establishment and amendment of the Plan, benefits, vesting, and contributions are established by City Ordinances. Government plans are not subject to the provisions of the Employee's Retirement Income Security Act of 1974 (ERISA).

Management of the plan is vested in the Employees' Pension Board, which consists of seven (7) active members – three (3) of which are elected by plan members for 3-year terms, three (3) appointed by the City Commission for 3-year terms and one (1) appointed by the board.

This Plan is a pension trust fund (fiduciary fund type) of the City that contains three pension plan options (Plans A, B, and C). Each plan option is part of a single employer, defined benefit pension plan offered by the City with a defined contribution option available to certain eligible employees. Plan A is eligible to employees of the City hired prior to October 1, 2003. Plan B is eligible to employees hired on or after October 1, 2003 through February 15, 2012. Plan C is eligible to employees hired after December 29, 2011 or who have made an irrevocable election to convert their prospective benefit calculation to Plan C as of February 15, 2012. The defined contribution option allows certain eligible employees to cease participation in this Plan and begin participation in the City's defined contribution plan.

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

Deferred Retirement Option Plan (DROP)

A Deferred Retirement Option Plan (DROP) was enacted on December 19, 2009 by Ordinance 4727. Under this Plan, participants who have attained eligibility may continue working with the city for up to sixty months while receiving a retirement benefit that is deposited into a DROP account. On October 1, 2019, there were 193 DROP participants.

Cost of Living Adjustment

No cost of living increase was awarded for fiscal year 2021.

Funding Policy, Contributions Required, and Contributions Made

Under Ordinance 5287, section 23.1.1, the Plan grants the authority to the City Commission to establish and modify contribution requirements of the City and active plan members. The Plan is subject to periodic review by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute at least monthly to the fund in an amount equal to the required city contribution as shown by the applicable actuarial valuation system. The actuarial experience (0.65) is added to the prior Contribution Rate (19.26%), minus Change in Cost Sharing (.03), minus the Amortization Payment on UAAL (0.52), the actuarial experience from DROP (Variable Interest Rate Option) (0.02) and Change in Normal Cost Rate (0.01) to calculate the current year Contribution Rate of 19.33%. Contributions to the pension plan from the Agency were \$38,090 for the year ended September 30, 2021.

At September 30, 2021, the LCRA reported a liability of \$261,000 for its proportionate share of the net pension liability of the Employees' Pension and Retirement System. The net pension liability was measured as of September 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of October 1, 2019. 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, 2021, LCRA's proportion was 0.4222%, which is an increase of .1057% from the proportion allocation at September 30, 2020.

For the year ended September 30, 2021, the LCRA recognized pension expense of \$153,328. At September 30, 2021, 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	\$ 38,090	\$ -
Differences between expected and actual experience	5,646	8,306
Cost share allocation	183,466	56,909
Changes in assumption	3,070	-
Differences between projected and actual earnings	(4,078)	-
Total	<u>\$ 226,194</u>	<u>\$ 65,215</u>

\$38,090 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, 2021. 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:	
2022	\$ 66,083
2023	18,004
2024	35,179
2025	3,623
Thereafter	-
	<u>\$ 122,889</u>

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**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

Actuarial Assumptions

The total pension liability in the October 1, 2019 actuarial valuation rolled-forward to September 30, 2020 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The projected long-term real rate of return for the Plan net of investment expenses is 6.126%. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table:

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

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

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

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

	<u>1% Decrease Rate (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase Rate (8.25%)</u>
LCRA's proportionate share of the net pension liability	\$ 588,934	\$ 261,000	\$ (14,857)

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, 2021, the LCRA reported a payable of \$5,135 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2021.



**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS**

**A. Health Insurance Trust Fund**

Plan Description

Effective October 1, 2017, the City's Retiree Healthcare Trust Fund adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement replaces Statements No. 45, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*. In addition to providing pension benefits, the City Commission has agreed to offer subsidized post-employment health care benefits to former employees who are receiving retirement benefits from the City in conjunction with the Employees' Pension and Retirement System Plan.

The Retiree Health Insurance Plan is a single employer defined benefit healthcare plan administered by the City of Lakeland Retiree Healthcare Trust. The City Commission serves as the trustees of the plan. The plan provides for healthcare insurance for eligible retirees and their spouses and dependents through the City-sponsored health insurance plan as formally adopted by City ordinance. One other form of subsidy consists of a payment of up to 50 percent of the cost of Part A Medicare insurance coverage purchased by a former employee who is not otherwise eligible for Medicare coverage. To date, there have been no participants in this program. Under *Florida Statute* 112.08, if the City offers insurance to active employees, the City must offer the same to the retirees. The difference is the City can charge the full premium to the retiree based on the active employees'/city portion of the premiums for the plan 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.

Funding Policy and Contributions Made

The contribution percentages are set forth by City ordinance. The City subsidy is equal to \$5 per month for each year of service accumulated at retirement (maximum 30 years of service or \$150 per month). The City will fund the benefit by placing 1.5% of annual covered payroll into a trust. Retirees are required to make an election as to participation in the City-sponsored health insurance plan upon retirement. Effective January 1, 2003, any employee, who wishes to have his/her spouse and dependents insured on the City of Lakeland's Health Insurance Plan prior to retirement, will be required to have them on the plan one year prior to retirement. Should a participant at any time elect not to purchase coverage from the City-sponsored plan, all eligibility for future participation in that plan, including rights to the subsidy, is terminated. Plan provisions may be amended by city ordinance. City contributions totaled \$15,743 for the year ended September 30, 2021.

Effective January 1, 2003, all new hires will not be eligible for the retiree subsidy plan which has been formally adopted by City ordinance 4379. The City has established a Trust to accumulate and invest assets necessary to pay for the accumulated liability.

At September 30, 2021, LCRA reported a liability of \$595,043 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, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2021. 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, 2021, LCRA's proportionate share was 0.2956% and 0.3100% at September 30, 2020.

For the year ended September 30, 2021, the LCRA recognized OPEB expense of \$45,829, which is a decrease of 20% from the proportion allocation at September 30, 2020. At September 30, 2021, 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	\$ 212,938	\$ 12,864
Net difference between projected and actual earnings	-	3,824
Cost share allocation	165,578	82,066
Differences between expected and actual experience	-	241,810
	<u>\$ 378,516</u>	<u>\$ 340,564</u>

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

**A. Health Insurance Trust Fund (continued)**

Funding Policy and Contributions Made (continued)

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

Fiscal year ended September 30th:			
2022	\$	13,111	
2023		13,215	
2024		14,415	
2025		29,963	
2026		(1,127)	
Thereafter		(31,625)	
		\$ 37,952	

Actuarial Assumptions

Significant Assumptions: The date of the actuarial valuation on which the plan's liability was determined was October 1, 2020 rolled forward to September 30, 2021. The following actuarial assumptions were applied.

	October 1, 2020 September 30, 2021
Valuation Date	
Measurement Date	
Discount rate	
Implicit	2.26%
Explicit	7.22%
Health care cost trend rate	
Pre-Medicare medical & Rx benefits	
Select	7.00%
Ultimate	4.00%
Medical benefits	
Select	6.00%
Ultimate	4.00%
Stop loss fees	
Select	7.00%
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 base table scaled generationally using MP-19 and applied gender specific
Long-term expected rate of return	tax-exempt, high quality municipal bond
Asset valuation	fair market value
Date of experience study	24 months ending September 30, 2021

The total OPEB liability was determined by an actuarial valuation as of September 30, 2021, 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 2.21% to 2.26%.
- The discount rate for the explicit subsidy was increased from 7.21% to 7.22%
- The retirement rates for police and general employees have been updated since 2019, based on the October 1, 2020 pension valuation for each.
- The termination rates for police, fire and general employees have been updated since 2019, based on the October 1, 2020 pension valuation for each.
- The plan participation assumption was updated from 62% to 72%.
- Trend rates were reset to those contained in the appendix.

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

**A. Health Insurance Trust Fund (continued)**

Interest rates

Discount (or interest) rates are used to reflect the time value of money. Discount rates are used in determining the present value of the valuation date of future cash flows currently expected to be required to satisfy the postretirement benefit obligation. The long-term expected rate of return using arithmetic mean on OPEB investments was determined using the rate of return on tax-exempt, high quality municipal bonds (20 year, tax-exempt municipal bond - 2.26%) blended with the expected rate of return on trust assets.

The discount rate used to measure the total OPEB liability was 2.26% for the implicit subsidy and 7.22% for the explicit subsidy. The discount rate increased from 2.21%. 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 21.1%.

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, 2021 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	99.64%	7.25%	\$ 11,677,433	99%
Money market funds	-0.23%	0.49%	-	0%
Accounts receivable	0.59%	0.00%	69,268	1%
Total	<u>100.00%</u>		<u>\$ 11,746,701</u>	<u>100%</u>

Rate of Return

For the year ended September 30, 2021, the annual rate of return (with inflation) was 7.22%.

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, 2021 were as follows:

Total OPEB Liability	\$ 629,687
Less: Fiduciary Net Position	<u>34,644</u>
Net OPEB Liability	<u>\$ 595,043</u>

Fiduciary Net Position as a percentage of the total OPEB liability 5.50%

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**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

Changes in Net OPEB Liability for LCRA's proportionate share

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning balances.	\$ 690,315	\$ 30,455	\$ 659,860
Changes for the year:			
Service cost	28,601	-	28,601
Interest cost	17,856	-	17,856
Benefit payments	(16,636)	(16,636)	-
Differences between expected and actual experience	(228,321)	-	(228,321)
Changes in assumptions	169,944	-	169,944
Cost share allocation	(32,072)	(1,415)	30,657
Contributions - employer	-	15,728	(15,728)
Contributions - employees	-	399	(399)
Investment income	-	6,113	(6,113)
Net changes	(60,628)	4,189	(64,817)
Ending balances	\$ 629,687	\$ 34,644	\$ 595,043

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

The sensitivity of the net OPEB liability for LCRA's proportionate share to a discount rate 1% (1.26%) higher and 1% lower (3.26%) than the discount rate of 2.26% are as follows:

1% Decrease Rate (1.26%)	Current Discount Rate (2.26%)	1% Increase Rate (3.26%)
\$ 489,327	\$ 595,043	\$ 737,918

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	\$ 478,186
Current trend	\$ 595,043
1% increase	\$ 749,627

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	9/30/21
Projected benefit payment period	8.5 years
Discount rate	
Implicit	2.26%
Explicit	7.22%
Health care cost trend rate:	
Medical and Rx benefits	
Select	7.00%
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 \$741,142 in insurance premiums for fiscal year 2021.



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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, 2021

<u>Downtown Redevelopment Trust Fund</u>				
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 1,912,044	\$ 1,912,044	\$ 1,866,198	\$ (45,846)
Miscellaneous	35,700	90,700	393,128	302,428
Total revenues	<u>1,947,744</u>	<u>2,002,744</u>	<u>2,259,326</u>	<u>256,582</u>
<b>EXPENDITURES</b>				
Current:				
General government	162,317	187,817	77,255	110,562
Transportation	10,825	306,867	102,198	204,669
Economic environment	1,156,499	2,562,090	880,444	1,681,646
Capital outlay	150,000	560,807	48,176	512,631
Debt service	400,000	400,000	400,000	-
Total expenditures	<u>1,879,641</u>	<u>4,017,581</u>	<u>1,508,073</u>	<u>2,509,508</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>68,103</u>	<u>(2,014,837)</u>	<u>751,253</u>	<u>2,766,090</u>
<b>OTHER FINANCING USES</b>				
Transfer to primary government	<u>(29,875)</u>	<u>(319,875)</u>	<u>(319,875)</u>	-
Total other financing uses	<u>(29,875)</u>	<u>(319,875)</u>	<u>(319,875)</u>	-
<b>NET CHANGE IN FUND BALANCE</b>	38,228	(2,334,712)	431,378	2,766,090
FUND BALANCE, beginning of year	3,707,242	3,707,242	3,707,242	-
FUND BALANCE, end of year	<u>\$ 3,745,470</u>	<u>\$ 1,372,530</u>	<u>\$ 4,138,620</u>	<u>\$ 2,766,090</u>

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

BUDGETARY COMPARISON SCHEDULE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Midtown Redevelopment Trust Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 5,222,243	\$ 5,222,243	\$ 5,091,349	\$ (130,894)
Miscellaneous	116,000	116,000	669,936	553,936
Total revenues	<u>5,338,243</u>	<u>5,338,243</u>	<u>5,761,285</u>	<u>423,042</u>
<b>EXPENDITURES</b>				
Current:				
General government	929,384	707,010	639,760	67,250
Physical environment	-	18,200	2,800	15,400
Transportation	1,536,223	2,402,528	739,024	1,663,504
Economic environment	2,394,449	3,845,618	1,747,172	2,098,446
Capital outlay	4,711	1,406,033	1,030,739	375,294
Total expenditures	<u>4,864,767</u>	<u>8,379,389</u>	<u>4,159,495</u>	<u>4,219,894</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>473,476</u>	<u>(3,041,146)</u>	<u>1,601,790</u>	<u>4,642,936</u>
<b>OTHER FINANCING USES</b>				
Transfer to primary government	(255,116)	(268,990)	(268,990)	-
Total other financing uses	<u>(255,116)</u>	<u>(268,990)</u>	<u>(268,990)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	218,360	(3,310,136)	1,332,800	4,642,936
FUND BALANCE, beginning of year	5,763,098	5,763,098	5,763,098	-
FUND BALANCE, end of year	<u>\$ 5,981,458</u>	<u>\$ 2,452,962</u>	<u>\$ 7,095,898</u>	<u>\$ 4,642,936</u>

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

BUDGETARY COMPARISON SCHEDULE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

<u>Dixieland Redevelopment Trust Fund</u>				
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 336,872	\$ 336,872	\$ 330,427	\$ (6,445)
Miscellaneous	12,500	12,500	116,962	104,462
Total revenues	<u>349,372</u>	<u>349,372</u>	<u>447,389</u>	<u>98,017</u>
<b>EXPENDITURES</b>				
Current:				
General government	125,505	120,529	8,474	112,055
Transportation	120,101	761,559	1,761	759,798
Economic environment	205,000	526,770	161,294	365,476
Total expenditures	<u>450,606</u>	<u>1,408,858</u>	<u>171,529</u>	<u>1,237,329</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(101,234)</u>	<u>(1,059,486)</u>	<u>275,860</u>	<u>1,335,346</u>
<b>OTHER FINANCING USES</b>				
Transfer to primary government	<u>(3,349)</u>	<u>(8,325)</u>	<u>(8,325)</u>	<u>-</u>
Total other financing uses	<u>(3,349)</u>	<u>(8,325)</u>	<u>(8,325)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(104,583)</u>	<u>(1,067,811)</u>	<u>267,535</u>	<u>1,335,346</u>
FUND BALANCE, beginning of year	1,578,631	1,578,631	1,578,631	-
FUND BALANCE, end of year	<u>\$ 1,474,048</u>	<u>\$ 510,820</u>	<u>\$ 1,846,166</u>	<u>\$ 1,335,346</u>



CITY OF LAKE LAND COMMUNITY REDEVELOPMENT AGENCY

REQUIRED SUPPLEMENTARY INFORMATION  
EMPLOYEE PENSION FUND  
SEPTEMBER 30, 2021

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

Employees' Pension & Retirement System							
Measurement date:	2020	2019	2018	2017	2016	2015	2014
LCRA's proportion of the net pension liability	0.4222%	0.3165%	0.4195%	0.3185%	0.3117%	0.0643%	0.0643%
LCRA's portion of the net pension liability	\$ 261,000	\$ 388,457	\$ 433,229	\$ 366,894	\$ 428,445	\$ 95,015	\$ 78,016
LCRA's covered payroll	\$ 374,560	\$ 276,833	\$ 370,396	\$ 269,624	\$ 51,651	\$ 51,238	\$ 50,265
LCRA's proportionate share as a % of covered payroll	69.68%	140.32%	116.96%	136.08%	829.50%	185.44%	155.21%
Plan fiduciary net position as a % total pension liability	91.65%	83.03%	85.51%	83.36%	79.69%	77.14%	80.60%

GASB 68 was implemented in fiscal year 2015

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE OF LCRA'S PENSION CONTRIBUTIONS

Employees' Pension & Retirement System					
Year Ended Sep 30th	Actuarially Determined Contribution **	Annual Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2021	\$ 72,402	\$ 38,090	\$ 34,312	\$ 374,560	10.17%
2020	53,318	286,465	(233,147)	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 thru FY 2031 as the credit will be amortized over the next 15 years.

The City issued a 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 thru FY 2040 as the credit is amortized each year.

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POST EMPLOYMENT BENEFITS  
SEPTEMBER 30, 2021

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

	OPEB				
Measurement date:	2021	2020	2019	2018	2017
LCRA's proportionate share of the net OPEB liability	0.29560%	0.31000%	0.23000%	0.24375%	0.24375%
LCRA's portion of the net OPEB liability	\$ 595,043	\$ 659,860	\$ 429,943	\$ 422,680	\$ 449,090
LCRA's covered payroll	\$ 376,523	\$ 276,833	\$ 297,741	\$ 304,340	\$ 294,111
LCRA's proportionate share as a % of covered payroll	158.04%	238.36%	144.40%	138.88%	152.69%
Plan fiduciary net position as a % of total OPEB liability	5.82%	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
2021	\$ 5,648	\$ 15,743	\$ (10,095)	\$ 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.

**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, 2021 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, 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 9 in the notes to the Financial Statements. For more information pertaining to the aforementioned plan refer to the City of Lakeland, Florida stand-alone financial statements for the plan, which can be obtained by contacting the City of Lakeland, Finance Department, City Hall, 228 S. Massachusetts Ave., Lakeland, FL 33801- 5086.

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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, 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 Police and General Employees were updated based on the 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 10 in the notes to the Financial Statements. The only applicable change in the valuation was the increase in the discount rate to 2.66%.

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CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

SCHEDULE OF DEPOSITS, WITHDRAWALS, AND CHANGES IN FUND BALANCE  
REDEVELOPMENT TRUST FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Downtown Redevelopment Trust Fund	Midtown Redevelopment Trust Fund	Dixieland Redevelopment Trust Fund	Total
<b>DEPOSITS:</b>				
Tax Increment Revenues:				
Property taxes	\$ 1,866,198	\$ 5,091,349	\$ 330,427	\$ 7,287,974
Interest Income	293,046	422,879	116,962	832,887
Miscellaneous	100,082	247,057	-	347,139
Total revenues	<u>2,259,326</u>	<u>5,761,285</u>	<u>447,389</u>	<u>8,468,000</u>
<b>WITHDRAWALS:</b>				
General government	77,255	639,760	8,474	725,489
Physical environment	-	2,800	-	2,800
Transportation	102,198	739,024	1,761	842,983
Economic environment	880,444	1,747,172	161,294	2,788,910
Capital outlay	48,176	1,030,739	-	1,078,915
Debt service				
Principal	351,768	-	-	351,768
Interest	48,232	-	-	48,232
Transfer to primary government	319,875	268,990	8,325	597,190
Total expenditures	<u>1,827,948</u>	<u>4,428,485</u>	<u>179,854</u>	<u>6,436,287</u>
EXCESS (DEFICIENCY) OF DEPOSITS OVER (UNDER) WITHDRAWALS	<u>431,378</u>	<u>1,332,800</u>	<u>267,535</u>	<u>2,031,713</u>
FUND BALANCE, beginning of year	<u>3,707,242</u>	<u>5,763,098</u>	<u>1,578,631</u>	<u>11,048,971</u>
FUND BALANCE, end of year	<u>\$ 4,138,620</u>	<u>\$ 7,095,898</u>	<u>\$ 1,846,166</u>	<u>\$ 13,080,684</u>



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

Board of Commissioners  
Lakeland Community Redevelopment Agency  
Lakeland, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Lakeland Community Redevelopment Agency (the "Agency"), a component unit of the City of Lakeland, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 23, 2022.

### **Internal Control Over Financial Reporting**

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

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

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



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free 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*.

## **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.



Crowe LLP

Tampa, Florida  
March 23, 2022