

**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, 2013**



Prepared by  
**FINANCE DEPARTMENT**

MICHAEL C. BROSSART, CPA  
Finance Director

DEIDRA M. JOSEPH  
Assistant Finance Director

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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"), a component unit of the City of Lakeland, Florida, as of and for the year ended September 30, 2013, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2013, 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.

### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the Agency, and do not purport to, and do not, present fairly the financial position of the City of Lakeland, Florida as of September 30, 2013, and the changes in the financial position for the year ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As discussed in Note 2 to the financial statements, in June 2011, the GASB issued GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Statement No. 63 is effective for the Agency's fiscal year ending September 30, 2013. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). This Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of GASB Statement No. 34, "Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments," and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets. Our opinions are not modified with respect to this matter.

As discussed in Note 2 to the financial statements, in March 2012, the GASB issued GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities." The provisions of this Statement are effective for the Agency's fiscal year ended September 30, 2014, with earlier application being encouraged. The Agency has implemented this Statement retroactively as of October 1, 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison schedule (required supplementary information) as listed on the table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 an opinions on the financial statements that collectively comprise the Agency's financial statements. The Schedule of Deposits and Withdrawals is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule of Deposits and Withdrawals is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 and Withdrawals is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Report on Other Legal and Regulatory Requirements***

In accordance with Government Auditing Standards, we have also issued our report dated March 25, 2014 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control over financial reporting and compliance.

  
Crowe Horwath LLP

Lakeland, Florida  
March 25, 2014

## CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

### MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis section provides a narrative overview of the City of Lakeland Community Redevelopment Agency (CRA) financial activities for fiscal year ending September 30, 2013. 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 (the "Agency") is to eliminate identified slum and blighted conditions within identified redevelopment areas pursuant to the redevelopment plans of the Agency.

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

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

The Agency was established in 1979 by the City of Lakeland, Florida (the "City") under the provisions of Section 163.330, Florida Statutes. Lakeland has four CRA target areas, or CRA districts. They are Downtown Redevelopment Trust Fund which was established in 1977, Dixieland and Mid Town which were created in 2001, and Williams which was created in 2002. The board of commissioners for the Agency is comprised of seven (7) members of the Commission of the City of Lakeland, and is separate, distinct and independent from the governing body of the City of Lakeland.

### **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) is 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 have 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.

#### **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.

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

The Agency has only one governmental fund; the special revenue fund.

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.

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CONDENSED FINANCIAL INFORMATION**

This section presents condensed financial information from the government-wide financial statements that compares the current year to the prior year. The analysis highlights economic factors that significantly affected operating results during the year. The following condensed information is derived from the government-wide financial statements for the City of Lakeland Community Redevelopment Agency.

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

	Governmental Activities	
	2013	2012
<b>Assets</b>		
Current assets	\$ 9,291	\$ 8,536
Capital assets	25,635	23,620
Total assets	<u>34,926</u>	<u>32,156</u>
<b>Liabilities</b>		
Current liabilities	892	287
Revenue bonds payable, less current portion	6,097	6,581
Total liabilities	<u>6,989</u>	<u>6,868</u>
<b>Net position</b>		
Net Investment in capital assets	19,055	16,774
Unrestricted	8,882	8,514
Total net position	<u>\$ 27,937</u>	<u>\$ 25,288</u>

**CONDENSED CHANGES IN NET POSITION (in thousands)**

	Governmental Activities	
	Fiscal Year Ended	
	2013	2012
<b>Program Revenues:</b>		
Operating grants and contributions	\$ 25	\$ 132
<b>General Revenues:</b>		
Property taxes	2,611	2,911
Investment earnings	(65)	493
Miscellaneous	2,411	361
Total revenues	<u>4,982</u>	<u>3,897</u>
<b>Program Expenses:</b>		
General government	443	520
Transportation	1,136	1,250
Economic environment	314	529
Interest on long-term debt	340	361
Total expenses	<u>2,233</u>	<u>2,660</u>
<b>Net contributions (to) / from component units</b>	<u>(100)</u>	<u>(350)</u>
Increase in net position	2,649	887
Net position, beginning of year	25,288	24,401
Net position, end of year	<u>\$ 27,937</u>	<u>\$ 25,288</u>

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

For the fiscal year ended September 30, 2013, the results of operations of the Agency viewed on a government-wide basis reflects relatively strong financial performance.

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 unrestricted current assets to unrestricted current liabilities as of September 30, 2013:

	2013	2012
Current assets	\$ 9,291,002	\$ 8,535,892
Current liabilities	<u>892,315</u>	<u>286,555</u>
Net current assets	<u>\$ 8,398,687</u>	<u>\$ 8,249,337</u>
Ratio	10.41	29.79

The increase in net unrestricted current assets of the Agency is the result of the sale of land in the Mid-town District.

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

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

	2013	2012
Capital assets	\$ 25,635,287	\$ 23,619,733
Related long term debt	<u>6,580,885</u>	<u>6,846,054</u>
Net current assets	<u>\$ 19,054,402</u>	<u>\$ 16,773,679</u>
Ratio	3.90	3.45

The total book value of capital assets as of September 30, 2013 was \$25,635,287 which represents an increase of \$2,015,554 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.

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**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, the Dixieland Redevelopment District, and the Williams 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.

**The Williams Redevelopment Trust Fund**

The Williams Redevelopment Trust Fund is a special district that focuses on a redevelopment program to deal with transportation blight in a newly developing area. The intent of this CRA is to create an environment in which needed transportation and related improvements can be designed and funded and to promote economic development to respond to the needs of the general public.

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

	<u>2013 Budget (As Amended)</u>	<u>2013 Actual</u>	<u>Variance Over/(Under)</u>
REVENUES			
Taxes	\$ 2,482,000	\$ 2,610,764	\$ 128,764
Intergovernmental	-	25,000	25,000
Miscellaneous	231,497	2,346,632	2,115,135
Total revenues	<u>2,713,497</u>	<u>4,982,396</u>	<u>2,268,899</u>
EXPENDITURES			
Current:			
General government	644,860	443,427	201,433
Transportation	1,149,157	308,616	840,541
Economic environment	510,190	314,060	196,130
Capital outlay	4,556,809	2,843,500	1,713,309
Debt service	605,000	605,000	-
Total expenditures	<u>7,466,016</u>	<u>4,514,603</u>	<u>2,951,413</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,752,519)</u>	<u>467,793</u>	<u>5,220,312</u>
NET TRANSFERS (TO) FROM OTHER FUNDS	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (4,852,519)</u>	<u>\$ 367,793</u>	<u>\$ 5,220,312</u>

**CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FUND FINANCIAL ANALYSIS (continued)**

**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, 2013

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 8,858,060
Receivables, net	427,233
Due from other governments	5,709
Total current assets	<u>9,291,002</u>
Noncurrent assets:	
Capital assets:	
Non-depreciable	16,164,518
Depreciable	
Facilities and equipment in service	10,877,420
Less accumulated depreciation	<u>(1,406,651)</u>
Total capital assets	<u>25,635,287</u>
Total noncurrent assets	<u>25,635,287</u>
Total assets	<u>34,926,289</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	405,430
Accrued liabilities	3,273
Current portion of bonds payable	483,612
Total current liabilities	<u>892,315</u>
Noncurrent liabilities:	
Revenue bonds payable, less current portion	<u>6,097,273</u>
Total liabilities	<u>6,989,588</u>
<b>NET POSITION</b>	
Net investment in capital assets	19,054,402
Unrestricted	8,882,299
Total net position	<u>\$ 27,936,701</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, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
				Governmental Activities	Total
<u>Functions/Programs:</u>					
Governmental activities					
General government	\$ 443,427	\$ -	\$ -	\$ (443,427)	\$ (443,427)
Transportation	1,145,099	-	8,536	(1,136,563)	(1,136,563)
Economic environment	314,060	25,000	-	(289,060)	(289,060)
Interest on long-term debt	339,831	-	-	(339,831)	(339,831)
Total	<u>\$ 2,242,417</u>	<u>\$ 25,000</u>	<u>\$ 8,536</u>	<u>\$ (2,208,881)</u>	<u>(2,208,881)</u>
General revenues:					
Property taxes				2,610,764	2,610,764
Investment earnings				(64,666)	(64,666)
Miscellaneous				2,411,298	2,411,298
Contributions (to) / from component units				(100,000)	(100,000)
Total general revenues and contributions				<u>4,857,396</u>	<u>4,857,396</u>
Change in net position				<u>2,648,515</u>	<u>2,648,515</u>
Net position, beginning of year				<u>25,288,186</u>	<u>25,288,186</u>
Net position, end of year				<u>\$ 27,936,701</u>	<u>\$ 27,936,701</u>

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013

	Major Funds				
	Downtown Redevelopment Trust Fund	Midtown Redevelopment Trust Fund	Dixieland Redevelopment Trust Fund	Williams Redevelopment Trust Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 568,509	\$ 7,374,021	\$ 808,599	\$ 106,931	\$ 8,858,060
Receivables, net	180,850	246,383	-	-	427,233
Due from other governments	-	5,709	-	-	5,709
<b>Total assets</b>	<b>\$ 749,359</b>	<b>\$ 7,626,113</b>	<b>\$ 808,599</b>	<b>\$ 106,931</b>	<b>\$ 9,291,002</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 405,430	\$ -	\$ -	\$ 405,430
Accrued liabilities	94	2,489	690	-	3,273
<b>Total liabilities</b>	<b>94</b>	<b>407,919</b>	<b>690</b>	<b>-</b>	<b>408,703</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue	-	132,452	-	-	132,452
<b>FUND BALANCES</b>					
Restricted for:					
CRA	749,265	7,085,742	807,909	106,931	8,749,847
<b>Total fund balance</b>	<b>749,265</b>	<b>7,085,742</b>	<b>807,909</b>	<b>106,931</b>	<b>8,749,847</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 749,359</b>	<b>\$ 7,626,113</b>	<b>\$ 808,599</b>	<b>\$ 106,931</b>	<b>\$ 9,291,002</b>

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, 2013

Total Fund Balance - Governmental Funds \$ 8,749,847

Amounts reported for governmental activities in the statement of net assets 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 27,041,938

Accumulated depreciation (1,406,651)

The value of certain assets are not recorded in the governmental fund financial statements, because such amounts normally are not convertible to cash on a timely enough basis to pay for the current period's expenditures. These assets consist of the following:

Revenues collected more than 60 days from year end. 132,452

Certain long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

Bonds payable (6,580,885)

Net Position of Governmental Activities \$ 27,936,701

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, 2013

	Major Funds				
	Downtown Redevelopment Trust Fund	Midtown Redevelopment Trust Fund	Dixieland Redevelopment Trust Fund	Williams Redevelopment Trust Fund	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 952,827	\$ 1,475,516	\$ 168,668	\$ 13,753	\$ 2,610,764
Intergovernmental	-	25,000	-	-	25,000
Miscellaneous	63,238	2,288,472	(4,656)	(422)	2,346,632
Total revenues	1,016,065	3,788,988	164,012	13,331	4,982,396
<b>EXPENDITURES</b>					
Current:					
General government	76,423	267,950	99,054	-	443,427
Transportation	13,094	171,481	124,041	-	308,616
Economic environment	-	314,060	-	-	314,060
Capital outlay	-	2,843,500	-	-	2,843,500
Debt service	605,000	-	-	-	605,000
Total expenditures	694,517	3,596,991	223,095	-	4,514,603
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	321,548	191,997	(59,083)	13,331	467,793
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds:					
Public Improvement Fund	250,000	-	-	-	250,000
Total transfers from other funds	250,000	-	-	-	250,000
Transfers to other funds:					
Public Improvement Fund	(350,000)	-	-	-	(350,000)
Total transfers to other funds	(350,000)	-	-	-	(350,000)
Total other financing sources (uses)	(100,000)	-	-	-	(100,000)
Net change in fund balances	221,548	191,997	(59,083)	13,331	367,793
FUND BALANCE, beginning of year	527,717	6,893,745	866,992	93,600	8,382,054
FUND BALANCE, end of year	\$ 749,265	\$ 7,085,742	\$ 807,909	\$ 106,931	\$ 8,749,847

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, 2013

Net Change in Fund Balances - Total Governmental Funds \$ 367,793

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 2,843,500

Depreciation expense (269,353)

The book value of assets disposed of during the year are not reported as an expenditure in the governmental funds, however it is recognized as a component of gain or loss on the disposition of capital assets in the statement of activities.

(567,130)

Some of the assets capitalized this year were donated from private, third parties. The value of these donations are not recorded as revenues in the governmental funds because they do not represent available, spendable resources. However, these are recognized as Capital Grants and Contributions in the statement of activities.

8,536

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.

265,169

Change in net position of governmental activities

\$ 2,648,515

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

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

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

### **A. Reporting Entity**

The Lakeland Community Redevelopment Agency was established in 1979 by the City of Lakeland, Florida (the City) under the provisions of Section 163.340, Florida Statutes. The City has created a total of four Community Redevelopment Areas; Downtown (1979), Dixieland (2001), Midtown (2001), and Williams (2002). The purpose of the Agency is to eliminate blight and slum conditions within the redevelopment area of the Agency pursuant to the redevelopment plans of the Agency for new residential and commercial activity. The board of directors of the Agency is comprised of seven members of the City Commission of the City and is separate, distinct, and independent from the governing body of the City.

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

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

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

**Government-wide Statements** In the Government-wide Statement of Net Position, the government activities are presented on a consolidated basis in separate columns. This statement is prepared using the *economic resources* measurement focus, meaning all assets and liabilities (including capital assets and long-term debt) are included in the Statement of Net Position. This accounting methodology is more consistent with the methodology used for business accounting in the private sector than "traditional" governmental accounting methodology.

Within this statement, the net position of the Agency (assets minus liabilities) are reported in three separate components – net investment in capital assets; restricted net position; and unrestricted net position. Whenever possible, the Agency utilizes restricted resources first to satisfy financial obligations.

The Government-wide Statement of Activities reports the degree to which the gross expenses, including depreciation, of the significant governmental functions provided by the Agency, are financed by the program revenues and the operating and capital grants directly related to the costs of providing each function. The statement then reports the extent to which the resulting net costs of these functions (gross expenses less directly-related program revenues and grants) are financed by general revenues of the Agency (i.e. taxes, interest income, etc.) This statement is prepared using the *full accrual* basis of accounting, which determines the timing of the recording of revenues and expenditures/expenses. Under this basis of accounting, revenues are recorded when earned, and expenses are recorded when an obligation is incurred. These accounting methods are also more consistent with the methodologies used for business accounting in the private sector than "traditional" governmental accounting methodology.

**Fund Financial Statements** These statements report information at a higher level of detail, focusing on separate reporting of individual major funds, rather than consolidating financial data into the broad category of governmental activities.

The financial transactions of the Agency are reported in individual trust funds within the City's accounting system. Each fund is accounted for by providing a separate, self-balancing set of accounts comprised of the assets, liabilities, reserves, fund equity, revenues and expenditures of each fund. All of the Agency's funds are classified as governmental funds.

**Governmental Funds** – Within the fund financial statements, the accounting policies applied to governmental funds is intended to capture only those transactions that will occur in the short-term, and the ability to finance those activities as needed. The financial focus applied to governmental funds is called the *modified accrual* basis of accounting. Revenues are susceptible to accrual in the accounting period in which they become available and measurable, which generally means those revenues that are collected within 60 days after year end. The Agency accrues an asset equal to the value of all material revenue to which it is entitled. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Exceptions are unmatured interest on general long-term debt, which is recognized when due.

## **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".

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

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

### **C. Budget Policy and Budgetary Data**

The City prepares an annual operating budget for the Lakeland Community Redevelopment Agency. These budgets are prepared on the modified accrual basis of accounting. As of September 30, 2013, there were no material violations of budgetary requirements.

### **D. Cash and Cash Equivalents**

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

The various funds of the City have combined their resources into a cash pool for the purpose of maximizing investment earnings on daily cash balances. The investment pool is comprised of money market funds, time deposits, notes, bonds, amounts invested with the Florida State Board of Administration (SBA), other securities, and accrued interest. Amounts invested with the SBA and money market funds are reported at cost, all other investments are recorded at fair value. Revenue from pooled cash and investments is allocated on the basis of the participation by each fund. Each fund's pro-rata share of pooled cash and investments is included in the caption "cash and cash equivalents". These amounts are also considered a cash equivalent because each fund can withdraw cash at any time without prior notice or penalty (See Note 3).

### **E. Receivables**

Receivables are generally attributable amounts due to the Agency mortgage agreements. Receivables are reported net of allowances for uncollectables where applicable.

### **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.

### **G. Capital Assets**

Effective October 1, 2004, capital equipment purchased with an original value of \$1,000 or more, and additions, improvements and other capital outlays, having an original cost of \$2,500 or more that significantly extend the useful lives are capitalized. Infrastructure consisting of certain improvements and additions such as roads, sidewalks and drainage systems were not previously capitalized by the City. In accordance with the provisions of GASB 34, the City has elected to capitalize infrastructure assets having an original cost of \$25,000 or more prospectively as of October 1, 2001. Capital assets used in governmental fund type operations are accounted for in the government-wide statements, rather than in the fund financial statements. Routine maintenance, repairs, renewals and replacement costs are charged against operations.

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

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

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

Land improvements	10 - 30 years
Buildings	15 - 50 years
Improvements, other than buildings	10 - 45 years
Improvements, sewer lines	50 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	20 years
Sidewalks	30 years
Storm drainage	30 years

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

**H. Revenues**

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

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

The property tax calendar for 2013 is as follows:

Lien date	January 1, 2013
Levy date	January 1, 2013
Due dates	November 1, 2013 through March 31, 2014
Delinquent date	April 1, 2014
Tax certificate sale	On or before June 1, 2014

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.

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

**K. Fund Equity**

In the fund financial statements, governmental funds report fund balance in classifications based on the extent to which the City is bound to honor constraints on the specific purpose for which those amounts can be spent. The City uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The governmental fund balance in detail as of September 30, 2013 is as follows:

	<u>Governmental Funds</u>
Fund Balances:	
Restricted for:	
CRA	\$ 8,749,847
Total Fund Balance	<u>\$ 8,749,847</u>

There were no deficit fund balances as of September 30, 2013.

**L. Miscellaneous Revenue**

Miscellaneous revenues include all other revenue sources not related to property taxes and intergovernmental revenues. The miscellaneous revenues including in the Statement of Revenues, Expenditures, and Changes in Fund Balance as of September 30, 2013 includes:

Investment revenue	<u>\$ (64,666)</u>
Rental Income	186,326
Sale of surplus property	2,175,472
Other miscellaneous revenues	49,500
	<u>\$ 2,411,298</u>
Total miscellaneous revenue	<u>\$ 2,346,632</u>

**NOTE 2 – ACCOUNTING AND REPORTING CHANGES**

**New Accounting Pronouncements**

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement applies to all state and local governments. The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related disclosures. The City has implemented GASB Statement 63 for the City's fiscal year ending September 30, 2013.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement applies to all state and local governments. The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). In addition, this Statement amends or supersedes requirements for the determination of major funds and addresses other statement of net position and governmental funds balance sheet presentation issues. The City has implemented GASB Statement 65 for the City's fiscal year ending September 30, 2013.

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

#### **A. Deposits**

The Agency's cash as of September 30, 2013, consisted on equity in pooled cash in the amount of \$8,858,060. The Agency has elected to pool its cash with the City of Lakeland. All balances are collateralized with securities held by the pledging financial institutions but not in the name of the City of Lakeland. This collateral consists of insurance provided by the FDIC and securities held by the State of Florida Public Deposit Security Trust Fund.

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of a bank failure, the City of Lakeland's deposits may not be returned. Florida Statutes Chapter 280, *Florida Security for Public Deposits Act* requires deposits by governmental units in a financial institution be collateralized. The City of Lakeland's policy, in accordance with Florida Statutes, also requires the use of only authorized dealers and institutions and qualified public depositories, meeting the standards as set forth by the State of Florida and the Securities and Exchange Commission's Rule 15c3-1. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are deemed as insured or collateralized with securities held by the entity or its agent in the entity's name.

#### **B. Cash Equivalents and Investments**

*Pooling of Cash and Investments.* Except for cash in certain restricted and special funds, the City will consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation in each investment pool.

The City of Lakeland's cash investment pool is considered to be a cash equivalent for reporting purposes because it is an internally managed mutual fund which allows individual funds and sub-funds to, at any time, deposit additional cash or make withdrawals without prior notice or penalty.

### **NOTE 4 – CAPITAL ASSETS**

#### **A. Capital Activity**

Capital assets of the Agency as of September 30, 2013, consisted of the following:

	Balance October 1, 2012	Additions	Deletions	Balance September 30, 2013
Governmental Activities				
Non-depreciable assets:				
Land	\$ 16,057,789	\$ 14,536	\$ 11,653	\$ 16,060,672
Construction in process	759,231	103,846	759,232	103,845
Depreciable assets:				
Buildings	2,944,775	2,526,148	-	5,470,923
Improvements, other than buildings	466,320	-	-	466,320
Infrastructure	4,510,170	413,599	-	4,923,769
Equipment	19,858	-	3,449	16,409
	<u>24,758,143</u>	<u>3,058,129</u>	<u>774,334</u>	<u>27,041,938</u>
Less accumulated depreciation:				
Buildings	440,217	110,545	-	550,762
Improvements, other than buildings	44,321	9,276	-	53,597
Infrastructure	639,542	146,797	-	786,339
Equipment	14,330	2,735	1,112	15,953
	<u>1,138,410</u>	<u>269,353</u>	<u>1,112</u>	<u>1,406,651</u>
Net capital assets	<u>\$ 23,619,733</u>	<u>\$ 2,788,776</u>	<u>\$ 773,222</u>	<u>\$ 25,635,287</u>

**NOTE 4 –CAPITAL ASSETS (Continued)**

**B. Depreciation Expense**

Included in the government-wide Statement of Activities is depreciation expense for the year ended September 30, 2013, distributed to governmental functions as follows:

Governmental activities:	
Transportation, including depreciation of general infrastructure assets	\$ 269,353
Total depreciation expense - governmental activities	<u>\$ 269,353</u>

**NOTE 5 –INTERFUND BALANCES AND TRANSFERS**

**Interfund Transfers**

Interfund transfers for the year ending September 30, 2013 are presented in the following table:

Interfund Transfers From:	Interfund Transfers To:		
	Primary Government	LCRA Funds	Total
Primary Government	\$ -	\$ 250,000	\$ 250,000
LCRA Funds	(350,000)	-	(350,000)
Total	<u>\$ (350,000)</u>	<u>\$ 250,000</u>	<u>\$ (100,000)</u>

**NOTE 6 – LONG-TERM LIABILITIES**

**A. Totals by Activity**

The following is a summary of long-term obligation transactions of the City for the year ended September 30, 2013. Additional details are provided on subsequent pages.

	Balance October 1, 2012	Incurred	Satisfied	Balance September 30, 2013	Amount Due within One Year
Governmental Activities:					
Revenue Bonds Payable	\$ 6,846,054	\$ -	\$ 265,169	\$ 6,580,885	\$ 483,612
	<u>\$ 6,846,054</u>	<u>\$ -</u>	<u>\$ 265,169</u>	<u>\$ 6,580,885</u>	<u>\$ 483,612</u>

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

Long-term obligations are classified in the Statement of Net Position as follows:

<u>Unrestricted</u>	Governmental Activities
Current portion of bonds payable	483,612
Revenue bonds payable	<u>\$ 6,097,273</u>
	<u>\$ 6,580,885</u>

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

**B. Revenue Bonds**

Revenue bonds issued and outstanding as of September 30, 2013 are as follows:

<u>Purpose</u>	<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Year-end Balances</u>
Governmental Activities:					
Capital Improvement Revenue Bonds	2010A	\$ 40,153,385	10/01/23	3.000 to 5.000	\$ 6,580,885

The Capital Improvement Revenue Bonds are secured by a covenant to budget and appropriate non-ad valorem revenues of the City in sufficient annual amounts to satisfy the debt service requirements on those bonds.

The Capital Improvement Revenue Bonds require the establishment of debt service reserve accounts and sinking funds to accumulate the funds needed to make annual debt service payments. As of September 30, 2013, the City is in compliance with all required covenants of the bond ordinances, including compliance with federal arbitrage regulations.

**C. Debt Service Requirement to Maturity**

The requirements to repay all long-term debt outstanding as of September 30, 2013 are summarized in the following table.

<u>Year</u>	<u>Governmental Activities:</u>	
	<u>Principal</u>	<u>Interest</u>
2014	483,612	321,388
2015	444,250	296,070
2016	546,747	273,253
2017	840,297	239,704
2018	923,863	196,137
2019-2023	3,048,103	296,897
2024	294,013	3,970
	<u>\$ 6,580,885</u>	<u>\$ 1,627,419</u>

**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, 2013 is as follows:

	<u>Governmental Activities</u>
Amount charged to expense	\$ 339,831
Total	<u>\$ 339,831</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, 2013, have been accrued in the financial statements of the Self-Insurance Fund. An estimated liability for incurred-but-not-reported claims also has been accrued in the financial statements of the Self-Insurance Fund.

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

BUDGETARY COMPARISON SCHEDULE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Total 2013		
	Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 2,482,000	\$ 2,610,764	\$ 128,764
Intergovernmental	-	25,000	25,000
Miscellaneous	231,497	2,346,632	2,115,135
Total revenues	<u>2,713,497</u>	<u>4,982,396</u>	<u>2,268,899</u>
<b>EXPENDITURES</b>			
Current:			
General government	644,860	443,427	201,433
Transportation	1,149,157	308,616	840,541
Economic environment	510,190	314,060	196,130
Capital outlay	4,556,809	2,843,500	1,713,309
Debt service	605,000	605,000	-
Total expenditures	<u>7,466,016</u>	<u>4,514,603</u>	<u>2,951,413</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(4,752,519)</u>	<u>467,793</u>	<u>5,220,312</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	250,000	250,000	-
Transfers to other funds	(350,000)	(350,000)	-
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,852,519)	367,793	5,220,312
FUND BALANCE, beginning of year	8,382,054	8,382,054	-
FUND BALANCE, end of year	<u>\$ 3,529,535</u>	<u>\$ 8,749,847</u>	<u>\$ 5,220,312</u>

**CITY OF LAKE LAND 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, 2013 there were no material violations of budgetary requirements.

CITY OF LAKE LAND COMMUNITY REDEVELOPMENT AGENCY

SCHEDULE OF DEPOSITS AND WITHDRAWALS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Downtown Redevelopment Trust Fund	Midtown Redevelopment Trust Fund	Dixieland Redevelopment Trust Fund	Williams Redevelopment Trust Fund	Total
<b>REVENUES</b>					
Tax Increment Revenues:					
Property taxes	\$ 952,827	\$ 1,475,516	\$ 168,668	\$ 13,753	\$ 2,610,764
Intergovernmental	-	25,000	-	-	25,000
Interest Income	13,738	(73,326)	(4,656)	(422)	(64,666)
Miscellaneous	49,500	2,361,798	-	-	2,411,298
Tranfers from other funds	250,000	-	-	-	250,000
Total revenues	<u>1,266,065</u>	<u>3,788,988</u>	<u>164,012</u>	<u>13,331</u>	<u>5,232,396</u>
<b>EXPENDITURES</b>					
General government	76,423	267,950	99,054	-	443,427
Transportation	13,094	171,481	124,041	-	308,616
Economic environment	-	314,060	-	-	314,060
Capital outlay	-	2,843,500	-	-	2,843,500
Debt service					
Principal	265,169	-	-	-	265,169
Interest	339,831	-	-	-	339,831
Transfers to other funds	350,000	-	-	-	350,000
Total expenditures	<u>1,044,517</u>	<u>3,596,991</u>	<u>223,095</u>	<u>-</u>	<u>4,864,603</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>221,548</u>	<u>191,997</u>	<u>(59,083)</u>	<u>13,331</u>	<u>367,793</u>
<b>FUND BALANCE, beginning of year</b>	<u>527,717</u>	<u>6,893,745</u>	<u>866,992</u>	<u>93,600</u>	<u>8,382,054</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 749,265</u>	<u>\$ 7,085,742</u>	<u>\$ 807,909</u>	<u>\$ 106,931</u>	<u>\$ 8,749,847</u>

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

Board of 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) as of and for the year ended September 30, 2013, 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 25, 2014.

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

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Agency's internal control.

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

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

#### **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency'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.

A handwritten signature in black ink that reads "Crowe Horwath LLP". The signature is written in a cursive, flowing style.

Crowe Horwath LLP

Lakeland, Florida  
March 25, 2014

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

SCHEDULE OF FINDINGS

YEAR ENDED SEPTEMBER 30, 2013

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

FINANCIAL STATEMENTS

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiency identified not considered to be material weakness	None Reported
Noncompliance material to financial statements noted	No

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

SCHEDULE OF FINDINGS

YEAR ENDED SEPTEMBER 30, 2013

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**There were no findings for the year ended September 30, 2013.**

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

SUMMARY SCHEDULE OF PRIOR FINDINGS

YEAR ENDED SEPTEMBER 30, 2013

**Material Weakness:**

12-1                      Year End Close Process

Condition:              A disposal of capital assets was not properly recorded.

Recommendation:    The City should review its current procedures related to the financial statement close process and determine the appropriateness of those processes for preventing and detecting misstatements and for preparing reliable, timely and accurate financial statements.

Status:                      Procedures were implemented and no further incidents were noted.

Board of Commissioners  
 Lakeland Community Redevelopment Agency  
 Lakeland, Florida

We have audited the financial statements of the Lakeland Community Redevelopment Agency (the Agency) as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 25, 2014.

We conducted our audit in accordance with United States generally accepted auditing standards, and *Government Auditing Standards* issued by the Comptroller General of the United States; and *Chapter 10.550, Rules of the Florida Auditor General*. We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of The Financial Statements Performed in Accordance with Government Auditing Standards, and the Schedule of Findings. Disclosures in those reports and schedule, which are dated March 25, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information, which is not included in the aforementioned auditor’s report or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report except as noted below under the heading Prior Year Findings and Recommendations.

<b>Tabulation of Uncorrected Findings and Summary of Prior Year Findings:</b>			
<b>Current Year Finding #</b>	<b>2011-12 FY Finding #</b>	<b>2010-11 FY Finding #</b>	<b>Status</b>
None	12-1 Year End Close Process	N/A	Cleared no continuing comments

- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, nothing came to our attention that caused us to believe that the Agency failed to comply with Section 218.415, *Florida Statutes*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Agency’s noncompliance with Section 218.415, *Florida Statutes*, insofar as they relate to accounting matters.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuses that have occurred, or are likely to have occurred, that have an effect on the financial statement amounts that is less than material but which warrants the attention of those charged with governance In connection with our audit, we did not have any such recommendations.

Board of Commissioners  
Lakeland Community Redevelopment Agency

- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority of the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the financial statements.

\* \* \* \* \*

The purpose of this management letter is to communicate certain matters prescribed by *Chapter 10.550 Rules of the Auditor General*. Accordingly, this management letter is not suitable for any other purpose.



Crowe Horwath LLP

Lakeland, Florida  
March 25, 2014