

CITY OF LAKELAND, FLORIDA  
**ANNUAL REPORT**  
TO BONDHOLDERS

FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30,  
**2020**



**Annual Report to Bondholders**  
of the  
**City of Lakeland, Florida**  
for the  
**Fiscal Year Ended September 30<sup>th</sup>, 2020**



**Michael C. Brossart, CPA**  
Finance Director

**Deidra M. Joseph**  
Assistant Finance Director

**Jeffrey S. Stearns**  
Treasurer



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# City of Lakeland

## Elected Officials

(as of September 30, 2020)

**H. William “Bill” Mutz**  
Mayor

**Scott Franklin**  
Commissioner

**Stephanie Madden**  
Commissioner

**Sarah R. McCarley**  
Commissioner

**Bill Read**  
Commissioner

**Chad McLeod**  
Commissioner

**Phillip E. Walker**  
Commissioner

## City Administration

**Shawn Sherrouse (Interim)\***  
City Manager

**Shawn Sherrouse\*\***  
Deputy City Manager

**Emily Colón**  
Assistant City Manager

**Michael Brossart**  
Finance Director

**Palmer Davis**  
City Attorney

\* Appointed regular City Manager as of 10/20/2020

\*\* Position vacant as of 10/20/2020

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## MAYOR'S LETTER

April 29, 2021

On behalf of the members of the City Commission I am pleased to present the 2020 Annual Report to Bondholders. This report provides information to you, the investor, concerning the City's finances and current bond indebtedness. We are proud of our many accomplishments during the past year in the City of Lakeland and are excited for the future. It is our goal to continue providing a high level of service to our thriving community at a fair price.

The City team is committed to making Lakeland a vibrant, innovative, culturally inclusive world-class community. We understand that to achieve this vision we must be mission driven and results oriented. To facilitate the continued growth and development of the City we must be proactive and not reactive. We must anticipate the future in our comprehensive planning, visioning, and long-range financing of City infrastructure. We must secure the future of our children and grandchildren through cooperative efforts between all levels of government and private enterprise. We must develop and maintain mutually beneficial partnerships and strategic alliances to address common goals and priorities.

We thank you for your past support and continued interest in the City of Lakeland. We pledge to you, and our citizens, that we will maintain our tradition of superior management and sound fiscal policy as we diligently fulfill our stewardship responsibilities today to safeguard the City's future.

Sincerely,

H. William Mutz  
Mayor



## **PURPOSE OF THE ANNUAL REPORT TO BONDHOLDERS**

The Annual Report to Bondholders has been prepared by the City of Lakeland, Florida to provide information concerning the City, its financial operations, and its indebtedness.

The Securities and Exchange Commission (SEC) issued interpretive guidance in 1994 regarding continuing disclosure requirements under SEC Rule 15c2-12. This rule provides that a broker, dealer, or municipal securities dealer may not act as a participating underwriter in a primary offering of municipal securities with an aggregate principal amount of \$1,000,000 or more unless the underwriter reasonably determines that the issuer of such municipal securities has undertaken in a written agreement or contract to provide to each Nationally Recognized Municipal Securities Information Repository (NRMSIR) certain disclosure information as enumerated in the rule. The effect is to require continuing disclosure to the secondary market for the issuers of municipal securities.

The City of Lakeland has covenanted for the benefit of bondholders to provide certain financial information and operating data relating to the City each year, and to provide notices of the occurrence of certain enumerated material events. The City has agreed to file annual financial information, operating data, and the audited financial statements with each NRMSIR approved by the SEC and any State Information Depository (SID) that is established in the state. Currently, there are no SIDs. The City has agreed to file notices of certain enumerated material events when and if they occur with the NRMSIRs or the Municipal Securities Rulemaking Board and the SIDs if any. In conjunction with the continuing disclosure requirement, the City contracted with Digital Assurance Certification, LLC (DAC) to act as a dissemination agent for the City.

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## INTRODUCTION

This report is intended to provide useful information to current and potential investors, rating agencies, bond issuers, municipal analysts, and other interested parties. In fulfilling this objective, the Annual Report to Bondholders also fulfills the SEC requirements to provide updated information to the secondary bond market that is consistent with other official statements related to the indebtedness of the City.

Included in the Annual Report to Bondholders is background information about the City and its services, key staff, and demographics. Financial information related to revenues that have been pledged to support debt service requirements on outstanding bonds is also included. Additionally, the Annual Report to Bondholders includes detailed information about each bond issue for which the City has a legal obligation. All the information is presented as of the fiscal year ended September 30, 2020 unless otherwise stated.

The City is also filing separately its Comprehensive Annual Financial Report (Annual Report) for the fiscal year ended September 30, 2020. Annual Report is transmitted as a separate document to preserve the conciseness of the Annual Report to Bondholders (Bondholders Report) and to make pertinent financial information available that may be of interest to the reader. The Bondholders Report is a supplementary document and should be reviewed in conjunction with, and not in lieu of Annual Report to gain an understanding of the financial condition of the City.

The Bondholders Report together with the Annual Report represent a complete picture of the City's finances. Anyone requesting financial information about the City will be referred to these documents. Copies of the Annual Report to Bondholders are furnished to current or potential bondholders upon request, rating agencies, insurers of municipal debt, and NRMSIRs. Anyone interested in receiving this report should make a request in writing to the address provided below. If it is determined that any future requested information is not included in this document or the Comprehensive Annual Financial Report, but should be disclosed to the "market" a response will be provided through a filing with the NRMSIRs and the requestor will be notified accordingly.

City of Lakeland  
Finance Director  
228 South Massachusetts Avenue  
Lakeland, FL 33801-5012

Certain information presented in the Annual Report to Bondholders was obtained from external sources believed to be reliable by the City. The City has not undertaken an independent review or investigation to ascertain the accuracy of the information provided by other sources. Neither the City nor the elected or appointed officials make any representations or warranties with respect to the accuracy or completeness of this externally provided information.

To the extent that certain portions of the Bondholders Report constitute summaries of documents, reports, resolutions, or other agreements relating to the operations or outstanding debt of the City, this report is qualified by reference to each such document; copies of which may be obtained from the Finance Director. The Bondholders Report contains certain capitalized terms that are not defined within this report. Such terms are defined in the ordinances or resolutions of the City authorizing the issuance of the respective bonds.



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## GENERAL & STATISTICAL INFORMATION

The City of Lakeland was incorporated in 1885 as a political subdivision of the State of Florida. The City is operated using a commission-manager form of government. This system provides a centralized professional administration and a seven-member City Commission. The commissioners and mayor serve four-year terms of service with elections held in odd numbered years. The mayor is elected by popular vote and is recognized as the head of City government for all ceremonial occasions. Four commissioners are elected from single member districts. The remaining two members are elected at large. The commission appoints, and the City employs a full-time City Manager as the chief executive and administrative officer of the City.

The City of Lakeland provides a full range of municipal services including public works, public safety, health and social services, and recreation and cultural activities. Additionally, the City's enterprise activities include electric, water, and wastewater utilities; international airport operations; the RP Funding center; parking and sanitation services.

### PRINCIPAL OFFICIALS

The legislative power of Lakeland is vested in a commission of seven members. The City Commission typically meets on the first and third Monday of each month in the commission chambers on the 3<sup>rd</sup> floor of City Hall at 228 South Massachusetts Avenue. The following table lists the elected officials and their service history with the City of Lakeland as of September 30, 2020.

District	Elected Official	Term Inception	Term Expiration
At large – Mayor	H. William Mutz	January 2018	December 2021
Northwest District	Phillip Walker	January 2010	December 2024
Northeast District	Bill Read	January 2016	December 2024
Southwest District	Sara R. McCarley	January 2019	December 2021
Southeast District	Scott Franklin*	January 2018	December 2021
At large – Commissioner	Stephanie Madden	January 2018	December 2021
At large – Commissioner	Chad McLeod	January 2020	December 2024

\*Commissioner Scott Franklin has been temporarily replaced by Don Selvage (Jan-2021-Apr-2021).

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# SENIOR MANAGEMENT

## CITY

### **Shawn Sherrouse – Interim City Manager**

Shawn Sherrouse became City Manager effective October 20, 2020. He was appointed Deputy City Manager on July 23, 2018 and served as the Assistant City Manager for the City of Lakeland from September 12, 2016 until his new appointment as Deputy. He was the Assistant City Manager for the City of Auburndale for 4 years and served as their Community Development Director for 6 years.

Prior to working for the City of Auburndale, Shawn was a Residential Appraisal Supervisor for the Polk County Property Appraiser's Office for over 11 years. He served in the United States Marine Corps and deployed to Iraq, Kuwait, and Saudi Arabia during Operations Desert Shield and Desert Storm.

Shawn has an A.A. degree in Public Administration from Polk State College, a B.A. in Management from Warner University, and a Master of Public Administration from the University of South Florida.

Shawn is a resident of Lakeland and is a graduate of Leadership Polk Class IV. He is also a member of the Florida City/County Management Association (FCCMA) and the International City/County Management Association (ICMA). In 2013 he was awarded the FCCMA B. Harold Farmer Scholarship and served as President of the ICMA Student Chapter at the University of South Florida in 2014, a student organization he co-founded. He served as the student chapter mentor.

### **Emily Colón – Assistant City Manager**

Emily joined the City of Lakeland as Assistant City Manager on April 1, 2019. Emily was most recently the Program Administrator for the Internal Services Branch Departments for the Pasco County Board of County Commissioners. Additionally, in Pasco County she served as their Interim Purchasing Director, Budget Manager, Acting Administrative Services Manager for Fleet Management, and Budget Analyst.

Prior to working for Pasco County, Emily gained experience at the local, state, and federal levels working as a Florida Gubernatorial Fellow, in Constituent Services for a U.S. Senator, and in a City Manager's office.

Emily earned her Associates degree (AA) from Manatee Community College (now State College of Florida) while playing collegiate volleyball. She holds a Bachelor's degree (BA) in International Business and a Masters of Public Administration (MPA), both from the University of South Florida.

Emily serves on the Fiscal and Administrative Policy Committee for the Florida City/County Management Association (FCCMA) and is a member of the International City/County Management Association (ICMA). Emily also serves on the Suncoast Chapter Council for the American Society of Public Administration (ASPA), is a certified Six Sigma Yellow Belt, an Examiner for the Florida

Sterling Council, and an adjunct professor for the University of South Florida's School of Public Affairs.

**Michael C. Brossart – Finance Director**

Mike Brossart started with the City in 1996. He was appointed Assistant Finance Director in 2003 and Finance Director in 2013. Mike is a Certified Public Accountant (CPA) and holds Bachelor of Science degrees in both Accounting and Marketing from Florida Southern College. Mike is a graduate of Leadership Lakeland Class XXXII and Leadership Polk Class XII. Mike is a member of the Government Finance Officers' Association (GFOA) and a Certified Public Manager (CPM). Mike is also Treasurer of the Achievement Academy's Board of Directors.

**Deidra Joseph – Assistant Finance Director**

Deidra Joseph started with the City in August 1998. In January of 2013, Deidra was appointed Assistant Finance Director. Deidra is a member of the Government Finance Officers' Association (GFOA) and a Certified Public Manager (CPM). She holds a Bachelor of Science degree in Accounting from Florida A&M University School of Business and Industry and a Master's of Accountancy from the University of South Florida College of Business Administration. Deidra is a member of the Police Athletic League's Board of Directors as well as other community organizations.

**ELECTRIC UTILITIES**

**Joel Ivy – General Manager, Electric Utilities**

Joel Ivy assumed the General Manager's position with Lakeland Electric on July 30, 2012. Prior to joining Lakeland Electric, Mr. Ivy oversaw the Energy Department for Imperial Irrigation District, a vertically integrated public utility located in El Centro, California. Mr. Ivy has over 30 years of experience in the power industry that includes climbing utility poles to managing multi-hundred million dollar operations with start-ups, investor owned and public power utilities. Mr. Ivy holds a Bachelor's degree in electrical engineering from the University of Texas.

**Gina Jacobi – Assistant General Manager, Fiscal Operations**

Gina Jacobi has been with Lakeland Electric since December 2014. Ms. Jacobi has more than 30 years of professional experience in finance; twenty of which were in the utility and energy sectors. Prior to joining Lakeland Electric, she served in a variety of financial management positions for PNM Resources, an investor-owned utility located in Albuquerque, New Mexico. Ms. Jacobi is a Certified Government Finance Manager and holds a Master of Science in Business Administration from Northwestern University and a Bachelor of Science degree in Management from Rice University.

### **Brent Howard – Lakeland Electric’s Controller**

Brent Howard began his career with the City in March of 2020. Mr. Howard comes from the electric cooperative industry where he has served in finance and accounting supervisory roles for more than 20 years. He also served in public accounting in the capacity of external auditor for local governments as well as private industry. Mr. Howard holds a Bachelor of Science degree in Accounting from Jacksonville State University.

## **WATER/WASTEWATER UTILITIES**

### **Bill Anderson – Director of Water Utilities**

Bill Anderson began his career with the City of Lakeland in 2000 as an Environmental Technician III at the Wetlands Treatment System (Seven Wetlands). He was named the Environmental Scientist in 2006 overseeing wetland treatment operations for 10 years before being named Assistant Director of Water Utilities in 2016. He was named the Director of Water Utilities effective June 12, 2018.

## **PUBLIC WORKS DEPARTMENT**

### **Christopher (Heath) Frederick – Public Works Director**

Christopher Frederick joined the City of Lakeland in May 2016. He has over 15 years of experience in public works and construction management. He began his career as a quality control manager overseeing construction projects in 1999. He then worked for Orange County as an Engineer Inspector II before becoming the Public Works Director for the City of Tavares where he served for five years before becoming the Traffic Operations Manager for the City of Medford, Oregon. He was named the Director of Public Works for the City of Deland in 2010. Christopher has a Master of Public Administration from the University of Central Florida and a Bachelor of Business Administration from Faulkner University.

## **ECONOMIC CONDITION AND OUTLOOK FOR POLK COUNTY**

The City of Lakeland is in Polk County Florida at the geographical center of the Sunshine State along the I-4 corridor between the major cities of Tampa and Orlando. Lakeland is the largest city in Polk County with an estimated population of 109,238 as of April 1, 2020<sup>1</sup> and covers an area of approximately 75 square miles.

The City of Lakeland continues to be the wholesale and retail trade center for the surrounding area which is supported by primarily by Trade 17.1% (Retail 12.3% & Wholesale 4.8%); Professional and Business Services; 13.5%, Education and Health Services 14.5%; Government

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<sup>1</sup> [https://www.bibr.ufl.edu/sites/default/files/Research%20Reports/estimates\\_2020.pdf](https://www.bibr.ufl.edu/sites/default/files/Research%20Reports/estimates_2020.pdf)

12.2%; Leisure and Hospitality services 10.4%; Manufacturing 7.7% and Transportation, Warehousing and Utilities 25.9%<sup>2</sup>.

The executive and administrative headquarters of Publix Supermarkets Inc., Lakeland Regional Health, Florida Citrus Mutual, The Ledger, and other companies are in the City or adjacent urban areas. Some of the major employers and their industry are Publix (groceries), Lakeland Regional Health (healthcare), GEICO (insurance), City of Lakeland (government), Watson Clinic (healthcare), Sykes (call center), GC Services (call center), Amazon (retail), Southeastern University (Education), Saddle Creek Corporation (trucking and logistics) Rooms to Go (furniture) and Stryker (medical device re-processor)<sup>3</sup>.

## **POPULATION**

The population continues to grow in Polk County with an estimated population of 715,090 as of April 2020 – a 24,484 increase from the 690,606 estimated in April 2019 and an increase of 112,995 from the April 1, 2010 census<sup>4</sup>.

## **EMPLOYMENT**

Employment data for the Lakeland-Winter Haven, FL Metropolitan Statistical Area shows decrease in total labor force and employment with unemployment and unemployment rates increasing in 2020. In September 2020 the total workforce was 318,019 with 293,055 employed, 24,964 unemployed, and an unemployment rate of 7.8%; for comparison purposes, as of September 2019 the total workforce was 310,844 with 299,922 employed, 10,922 unemployed, and an unemployment rate of 3.5%<sup>5</sup>.

## **HOUSING STARTS**

There were 3,350 single-residential building permits issued in Polk County during fiscal year 2020. This represents an increase of 17.30% compared to the 2,856 such permits issued in fiscal year 2019<sup>6</sup>.

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<sup>2</sup> [https://lakelanddc.com/wp-content/uploads/2020/05/2020-COL\\_DemographicGuide.pdf](https://lakelanddc.com/wp-content/uploads/2020/05/2020-COL_DemographicGuide.pdf)

<sup>3</sup> [https://lakelanddc.com/wp-content/uploads/2020/05/2020-COL\\_DemographicGuide.pdf](https://lakelanddc.com/wp-content/uploads/2020/05/2020-COL_DemographicGuide.pdf)

<sup>4</sup> [https://www.bebr.ufl.edu/sites/default/files/Research%20Reports/estimates\\_2020.pdf](https://www.bebr.ufl.edu/sites/default/files/Research%20Reports/estimates_2020.pdf)

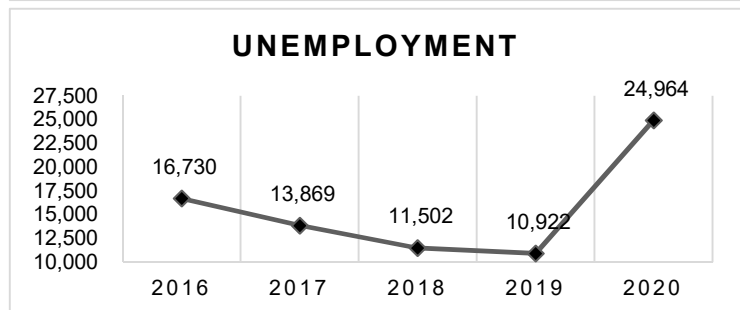
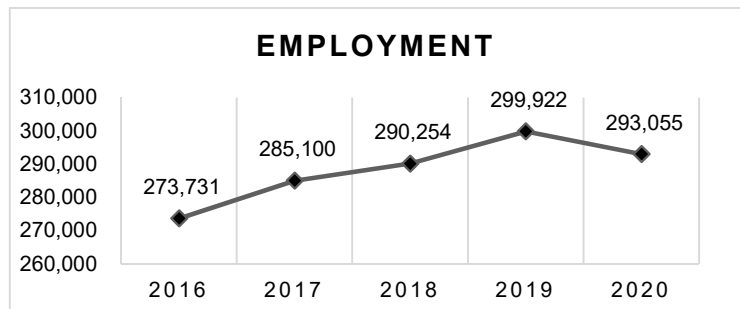
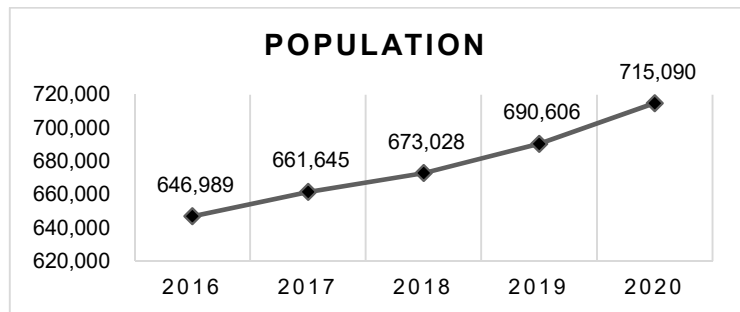
<sup>5</sup> [https://www.bls.gov/eag/eag.fl\\_lakeland\\_msa.htm](https://www.bls.gov/eag/eag.fl_lakeland_msa.htm)

<sup>6</sup> <http://www.polkcountyclerk.net/>



## POLK COUNTY STATISTICAL AREA ECONOMIC TRENDS

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Population <sup>7</sup>	646,989	661,645	673,028	690,606	715,090
Population Change	13,937	14,656	11,383	17,578	24,484
Employment <sup>8</sup>	273,731	285,100	290,254	299,922	293,055
Employment Change	10,331	11,369	5,154	9,668	(-6,867)
Unemployment <sup>8</sup>	16,730	13,869	11,502	10,922	24,964
Unemployment Change	(1,053)	(2,861)	(2,367)	(580)	14,042
Unemployment Rate <sup>8</sup>	5.8%	4.6%	3.8%	3.5%	7.8%
Unemployment Rate Change	(0.5%)	(1.2%)	(0.8%)	(0.3%)	4.3%
Total Housing Starts <sup>9</sup>	1,722	2,162	2,574	2,856	3,350



<sup>7</sup> [https://www.bebr.ufl.edu/sites/default/files/Research%20Reports/estimates\\_2020.pdf](https://www.bebr.ufl.edu/sites/default/files/Research%20Reports/estimates_2020.pdf)

<sup>8</sup> [https://www.bls.gov/eag/eag\\_fl\\_lakeland\\_msa.htm](https://www.bls.gov/eag/eag_fl_lakeland_msa.htm)

<sup>9</sup> <http://www.polkcountyclerk.net/>

## EDUCATION

Public schools are administered by the School Board of Polk County. The school district is the seventh largest in Florida and among the thirty largest in the United States and includes more than 150 schools that educate over 106,000 students<sup>10</sup>. Within the district are 65 elementary schools, 5 elementary/middle schools, 9 elementary/middle/high schools, 20 middle schools, 4 middle/high schools, 16 high schools, 10 conversion charter schools, 20 charter schools, 2 head start centers, 3 career centers, 2 adult schools, 4 alternative education schools, 4 department of juvenile justice centers, 2 private department of juvenile justice centers, an adult jail center, and 2 residential programs<sup>11</sup>.

There are five colleges and universities based in Polk County. Polk State College is a public institution with a current enrollment of 15,414 students attending campuses in Winter Haven, Lakeland, Bartow, and Lake Wales<sup>12</sup>. Southeastern University is a private institution located in Lakeland with an enrollment of 8,717 students<sup>13</sup>. Florida Southern College is another private institution located in Lakeland with over 3,500 students enrolled<sup>14</sup>. Florida Polytechnic University is a public university located in Lakeland with an enrollment of 1,339 students<sup>15</sup>. Warner University is a private institution located in Lake Wales with an enrollment of nearly 1,200 students<sup>16</sup>.

Lakeland Regional Health (LRH) is a private not-for-profit health care system with 864 beds and is the fifth largest hospital in Florida<sup>17</sup>. Its assets are owned by the City of Lakeland and operated by LRH through a lease agreement.

## TRANSPORTATION

Public transit in Polk County is provided by the Lakeland Area Mass Transit District operating under the name Citrus Connection<sup>18</sup>. Key transportation facilities in Polk County include Strategic Intermodal System (SIS) Corridors that serve as the primary means for moving people and freight through Florida to other states and regions<sup>19</sup>. Interstate Highway 4 (I-4), Polk County Parkway, other Federal and State primary highways, and the CSX Central Florida Intermodal Logistics Center are all considered primary SIS facilities with Lakeland Linder International Airport continuing to see an increased role<sup>20</sup>.

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<sup>10</sup> <https://polkschoolsfl.com/about/>

<sup>11</sup> <https://polkschoolsfl.com/wp-content/uploads/mainsite/2019-2020Type-SchoolList.pdf>

<sup>12</sup> <https://www.polk.edu/about/>

<sup>13</sup> <https://www.usnews.com/best-colleges/southeastern-university-1521>

<sup>14</sup> <https://www.flsouthern.edu/about-fsc.aspx>

<sup>15</sup> <https://floridapoly.edu/about/facts/>

<sup>16</sup> <https://www.warner.edu/about/our-story/overview-accreditation/>

<sup>17</sup> <https://mylrh.org/fast-facts/>

<sup>18</sup> <http://www.ridecitrus.com/about-us/>

<sup>19</sup> [https://freightmovesflorida.com/wp-content/uploads/2016/09/FDOT\\_D1\\_FMTP.pdf](https://freightmovesflorida.com/wp-content/uploads/2016/09/FDOT_D1_FMTP.pdf)

<sup>20</sup> [https://freightmovesflorida.com/wp-content/uploads/2016/09/FDOT\\_D1\\_FMTP.pdf](https://freightmovesflorida.com/wp-content/uploads/2016/09/FDOT_D1_FMTP.pdf)

## STATISTICAL DATA

### GENERAL FUND – REVENUES AND OTHER FINANCING SOURCES (IN \$1,000’S)

Fiscal Year	Taxes	Licenses & Permits	InterGovt	Charges for Services	Fines & Forfeits	Misc.	Other Financing Sources	Total
2020	52,399	1,770	16,504	6,454	2,408	(658)	81,543	160,420
2019	49,850	5,040	14,514	6,695	2,557	5,074	42,970	126,700
2018	47,094	4,843	11,504	7,044	2,436	2,755	41,938	117,614
2017	44,245	3,887	11,633	5,753	2,445	3,129	41,670	110,561
2016	42,424	4,289	11,290	4,247	2,525	2,800	40,007	107,582
2015	36,061	3,962	10,714	4,373	1,719	1,897	39,465	98,191
2014	34,713	3,563	10,382	3,994	1,860	3,205	34,887	92,604
2013	33,932	3,146	9,878	4,018	1,304	1,213	33,981	87,472
2012	32,994	2,809	9,532	3,781	1,351	2,993	34,247	87,706
2011	34,523	2,820	8,901	3,618	1,771	2,906	34,680	89,219

Source: City of Lakeland Comprehensive Annual Financial Report

### SCHEDULE OF PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS (MILLS \$1 PER \$1,000 VALUATION)<sup>21</sup>

Fiscal Year	City of Lakeland				Polk County	Southwest	Polk	Peace	Total Direct Overlapping Rates
	Municipal	Lakeland Area Transit District	Lakeland Downtown Development District	Total		Florida Water Management District	County School Board	River Water Basin	
2020	5.4644	0.5000	1.9304	7.8948	7.1565	0.2801	6.0860	-	21.4174
2019	5.4644	0.5000	2.0000	7.9644	7.1565	0.2955	6.2510	-	21.6674
2018	5.5644	0.5000	2.0000	8.0644	6.7815	0.3131	6.5140	-	21.6730
2017	5.5644	0.5000	2.0000	8.0644	6.7815	0.3317	6.7970	-	21.9746
2016	5.5644	0.5000	2.0000	8.0644	6.7815	0.3488	7.1490	-	22.3437
2015	4.6644	0.5000	2.0000	7.1644	6.8665	0.3658	7.2080	-	21.6047
2014	4.6644	0.5000	2.0000	7.1644	6.8665	0.3818	7.5470	-	21.9597
2013	4.6644	0.5000	1.9945	7.1589	6.8665	0.3928	7.4920	-	21.9102
2012	4.1644	0.5000	2.0000	6.6644	6.8665	0.3928	7.6700	-	21.5937
2011	4.1644	0.5000	1.8744	6.5388	6.8665	0.3770	7.7920	0.1827	21.7570

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<sup>21</sup> <https://www.polkpa.org/Downloads/Files/HistoryFinal%20MillageRates.pdf?v=0002>

## SOCIOECONOMIC DATA<sup>22</sup>

<u>Employer</u>	<u>Type of Business</u>	2020			2011		
		<u>Employees</u>	<u>Rank</u>	<u>Percent</u>	<u>Employees</u>	<u>Rank</u>	<u>Percent</u>
Publix Supermarkets, Inc.	Grocery/Distribution	8,008	1	30.10%	8,063	1	35.62%
Lakeland Regional Health	Healthcare	5,500	2	20.67%	4,540	2	20.06%
GEICO	Insurance	3,700	3	13.91%	1,850	4	8.17%
City of Lakeland	Government	2,724	4	10.24%	2,600	3	11.49%
Watson Clinic	Healthcare	1,857	5	6.98%	1,500	5	6.63%
Southeastern University	Education	1,072	6	4.03%			
Saddle Creek Corporation	Trucking & Logistics	1,042	7	3.92%	680	9	3.00%
GC Services	Call Center	1,000	8	3.76%	1,000	6	4.42%
Amazon	Retail/Distribution	900	9	3.38%			
Rooms to Go Furniture	Retail/Distribution	800	10	3.01%	900	7	3.98%
FedEx National LTL	Trucking & Logistics				850	8	3.75%
Summit Consulting	Insurance				654	10	2.88%
Total:		26,6603		100.0%	22,637		100.0%

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<sup>22</sup> [https://www.lakelandgov.net/media/11619/20ced\\_demographicguide\\_lowres.pdf](https://www.lakelandgov.net/media/11619/20ced_demographicguide_lowres.pdf)



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# FINANCIAL INFORMATION

The financial statements represent the City of Lakeland (the primary government) and the Lakeland Community Redevelopment Agency. The Lakeland Community Redevelopment Agency is blended in the financial statements of the City.

## CONTROLS

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgments by management.

The City employs a staff of internal auditors whose responsibility is to audit City operations and procedures, provide findings, and recommend improvements to internal controls or other procedures as deemed appropriate. These audits include detailed reviews of established financial policies and procedures to ensure compliance with agreements and contracts, ordinances and resolutions, federal and state regulations, budgetary procedures, cash collection and disbursement procedures, purchasing policies, payroll policies, and bond covenants. The staff is independent of the Finance Department and reports directly to the City Manager's office and is also monitored by an advisory committee.

Budgetary control is maintained through an annual budget ordinance passed by the City Commission which establishes budgets at the departmental level of control within funds. Generally, line item transfers within departments may be accomplished during the fiscal year without legislative approval; however, budget transfers from payroll to operating accounts and transfers from operating to capital equipment to purchase new items require City Manager approval. Adjustments to capital expenditure accounts greater than \$5,000 and additional appropriations involving departmental or fund totals are subject to City Commission approval.

In the Department of Electric Utilities and Water and Wastewater Utilities, the City Manager has the authority to approve budget transfers between operating and capital accounts without regard to amount if the overall budget authority as set forth in the budget ordinance is not exceeded.

## MILLAGE

The City adopted the following millage rates for the respective fiscal years as follows:

	2016	2017	2018	2019	2020
Millage rate	5.5644	5.5644	5.4644	5.4644	5.4644
Gross taxable property	7,827,881,295	8,326,608,377	9,118,948,315	9,983,710,748	10,649,205,306
Less tax exempt real property	(2,742,795,786)	(2,869,022,296)	(3,158,285,650)	(3,512,224,128)	(3,747,238,448)
Total taxable assessed value	<u>\$5,085,085,509</u>	<u>\$5,457,586,081</u>	<u>\$5,960,662,665</u>	<u>\$6,471,486,620</u>	<u>\$6,901,966,858</u>

# GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

## UNDERLYING BASIS OF ACCOUNTING

The Governmental Accounting Standards Board (GASB) is the independent, private-sector organization based in Norwalk, Connecticut, that establishes accounting and financial reporting standards for U.S. state and local governments that follow Generally Accepted Accounting Principles (GAAP).<sup>23</sup>

The GASB standards are recognized as authoritative by state and local governments, state Boards of Accountancy, and the American Institute of Certified Public Accountants (AICPA). The GASB develops and issues accounting standards through a transparent and inclusive process intended to promote financial reporting that provides useful information to taxpayers, public officials, investors, and others who use financial reports.<sup>23</sup>

The GASB does not have enforcement authority to require governments to comply with its standards.<sup>24</sup> Compliance with the GASB's standards is enforced through the audit process when auditors render opinions on the fairness of presentations in conformity with GAAP and through the laws of individual states – many of which require local governments to prepare GAAP basis financial statements.<sup>24</sup> The municipal bond industry prefers that governments issuing debt prepare their financial statements on a GAAP basis.<sup>24</sup>

The City's financial statements are prepared in accordance with GAAP as prescribed by the GASB and are audited by an independent external audit firm. In June 1999, the GASB issued Statement 34 – *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* which established financial reporting standards for state and local governments.<sup>25</sup> The City implemented the standards established by GASB 34 in the fiscal year ended September 30, 2002 and the basic financial statements now consist of the following sections:

- **Management's discussion and analysis (MD&A)** – MD&A is presented prior to, and introduces the basic financial statements to provide an analytical overview of the City's financial activities.<sup>25</sup>
- **Basic financial statements** that include the following:
  - **Government-wide financial statements** – comprised of a statement of net position and a statement of activities prepared using the economic resources measurement focus and the accrual basis of accounting to report all assets, liabilities, revenues, expenditures, and gains and losses.<sup>25</sup> Each statement also distinguishes between the governmental and business-type activities of the City and its one discretely presented component unit by reporting each in separate columns.<sup>25</sup> Fiduciary activities, whose resources are not available to finance City programs are excluded from the government-wide financial statements.<sup>24</sup>

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<sup>23</sup> <http://www.gasb.org/jsp/GASB/Page/GASBSectionPage&cid=1176168081485>

<sup>24</sup> [http://www.gasb.org/jsp/GASB/Document\\_C/GASBDocumentPage&cid=1176156714895](http://www.gasb.org/jsp/GASB/Document_C/GASBDocumentPage&cid=1176156714895)

<sup>25</sup> [http://www.gasb.org/jsp/GASB/Document\\_C/GASBDocumentPage?cid=1176160029121](http://www.gasb.org/jsp/GASB/Document_C/GASBDocumentPage?cid=1176160029121)

- **Fund financial statements** – consist of a series of statements that focus on information about the City’s major governmental and enterprise funds, including its blended component unit.<sup>25</sup> Fund financial statements also report information about the City’s fiduciary funds and component units that are fiduciary in nature.<sup>25</sup> Governmental fund financial statements (general fund, special revenue, capital projects, debt service, and permanent) are prepared using the current financial resources measurement focus and the modified accrual basis of accounting.<sup>25</sup> Proprietary (enterprise and internal service) and fiduciary (pension plan) fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.<sup>25</sup>
- **Notes to the financial statements** – consist of notes that provide information essential to a user’s understanding of the basic financial statements.<sup>26</sup>
- **Required supplementary information (RSI)** – In addition to MD&A, GASB 34 requires budgetary comparison schedules to be presented as RSI along with other types of data as required by previous GASB pronouncements.<sup>25</sup>

Government-wide and fund financial statements categorize activities as governmental or business-type based on their nature and funding practices. The City’s planning and zoning, police and fire protection, parks and recreation, public works, and general governmental functions are classified as governmental activities as the full cost of providing those services is not readily passable to users. The electric, water, wastewater, solid waste, sanitation, parking, airport, and civic center are classified as business- type activities because they assess user fees intended to satisfy most, if not all, annual operating costs.

## **MANAGEMENT’S DISCUSSION & ANALYSIS**

The Management’s Discussion & Analysis (MD&A) provides an objective and easily readable analysis of the City’s financial activities based on currently known facts, decisions, or conditions and includes comparisons of the current year to the prior year based on government-wide information.<sup>25</sup> It provides an analysis of the City’s overall financial position and results of operations to assist users in assessing whether that financial position has improved or deteriorated because of the year’s activities. It provides an analysis of significant changes that have occurred in funds and significant budget variances. Capital asset and long-term debt activity that occurred during the year is also described. The MD&A concludes with a description of currently known facts, decisions, or conditions that are expected to have a significant effect on the City’s financial position or results of operations.

## **BASIC FINANCIAL STATEMENTS**

### **GOVERNMENT-WIDE STATEMENTS**

In the Government-Wide Statement of Net Position, both the government and business-type activities are presented on a consolidated basis in separate columns. This statement is prepared using the economic resources measurement focus, which means that all assets and liabilities (including fixed assets and long-term debt) are included in the Statement of Net Position. This accounting methodology is much more consistent with methodology used for business accounting in the private sector than historical governmental accounting methodology.

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<sup>26</sup> [http://www.gasb.org/jsp/GASB/Document\\_C/GASBDocumentPage?cid=1176160029121](http://www.gasb.org/jsp/GASB/Document_C/GASBDocumentPage?cid=1176160029121)



Within this statement, the net position of the City (assets plus deferred outflows minus liabilities and deferred inflows) are reported in three separate components – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The City utilizes restricted resources first to satisfy financial obligations whenever possible.

The government-wide statement of activities reports the degree to which the gross expenses, including depreciation, of the significant governmental and business-type functions provided by the City are financed by the program revenues and the operating and capital grants that are 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 City (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. Under this basis of accounting, revenues are recorded when earned, and expenditures 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 historical governmental accounting methodology.

Within the government-wide statement of activities, the City has elected not to include an allocation of indirect expenses to related functions. Administrative fees are charged by the General Fund to other funds, which are eliminated (reducing the revenue and expense of the General Fund) to recover the direct costs of providing services to those funds (i.e. finance, personnel, legal, technology management, etc.). All other internal transactions related to services provided by internal service funds of the City to other functions within the City are also eliminated, ensuring that the related expenses appear only once and are categorized within the appropriate functional activity.

A condensed statement of net position and statement of activities for the City of Lakeland's fiscal year ended September 30, 2020 are presented in the following tables.

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**CITY OF LAKELAND, FLORIDA**  
**CONDENSED STATEMENT OF NET POSITION (in thousands)**  
**SEPTEMBER 30, 2020**

	Primary Government		
	Governmental	Business-type Activities	Total
<b>ASSETS</b>			
Current assets	\$ 114,126	\$ 232,121	\$ 346,247
Asset apportionments	15,604	195,238	210,842
Restricted assets	52,614	36,919	89,533
Capital assets	290,979	1,296,553	1,587,531
Other non-current assets	-	1,052	1,052
<b>Total assets</b>	<b>473,322</b>	<b>1,761,883</b>	<b>2,235,205</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	66,599	52,714	119,313
Deferred outflows of resources related to OPEB	20,104	19,730	39,834
Deferred outflows of resources related to ARO	-	3,156	3,156
Decrease in fair value of interest rate swaps	-	39,934	39,934
Unamortized loss on hedges	-	2,425	2,425
Unamortized loss (gain) on refunding	13	23,309	23,322
<b>Total deferred outflows of resources</b>	<b>86,716</b>	<b>141,268</b>	<b>227,984</b>
<b>LIABILITIES</b>			
Current liabilities	24,432	118,456	142,888
Apportioned asset liabilities	-	17,959	17,959
Restricted liabilities	230	17,102	17,332
Deferred credits	-	46,369	46,369
Accrued liabilities, less current portion	203,230	200,160	403,390
Long-term debt payable, less current portion	89,584	542,459	632,043
<b>Total liabilities</b>	<b>317,476</b>	<b>942,505</b>	<b>1,259,981</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	2,832	6,035	8,867
Deferred inflows of resources related to OPEB	18,318	20,560	38,878
Over-recovery of fuel	-	18,992	18,992
Contributions in aid of construction	-	45,728	45,728
<b>Total deferred inflows of resources</b>	<b>21,150</b>	<b>91,315</b>	<b>112,465</b>
<b>NET POSITION</b>			
Net investment in capital assets	232,860	735,397	968,257
Restricted	52,384	20,803	73,187
Unrestricted	(63,832)	113,131	49,299
<b>Total net position</b>	<b>\$ 221,412</b>	<b>\$ 869,331</b>	<b>\$ 1,090,743</b>

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**CITY OF LAKELAND, FLORIDA  
STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities							
General government	\$ 34,235,593	\$ 1,725,466	\$ 15,290	\$ 5,000	\$ (32,489,837)	\$ -	\$ (32,489,837)
Public safety	71,119,985	11,853,449	2,124,148	-	(57,142,388)	-	(57,142,388)
Physical environment	8,106,601	7,561,346	4,700,816	245,612	4,401,173	-	4,401,173
Transportation	17,265,328	3,913,636	1,100,175	901,713	(11,349,804)	-	(11,349,804)
Economic environment	17,889,013	77,776	2,389,896	-	(15,421,341)	-	(15,421,341)
Human services	573,643	-	-	-	(573,643)	-	(573,643)
Culture/recreation	24,202,293	5,084,323	1,561,300	2,598,754	(14,957,916)	-	(14,957,916)
Interest on long-term debt	2,861,268	-	-	-	(2,861,268)	-	(2,861,268)
Total governmental activities:	<u>176,253,724</u>	<u>30,215,996</u>	<u>11,891,625</u>	<u>3,751,079</u>	<u>(130,395,024)</u>	<u>-</u>	<u>(130,395,024)</u>
Business-type activities							
Electric	243,589,216	298,645,218	-	-	-	55,056,002	55,056,002
Water and Wastewater	48,487,729	71,126,878	-	15,110,249	-	37,749,398	37,749,398
Parking	961,975	703,034	-	-	-	(258,941)	(258,941)
RP Funding Center	9,171,187	3,358,455	13,787	1,286,411	-	(4,512,534)	(4,512,534)
Lakeland Linder International Airport	10,436,999	7,378,421	295,060	32,332,119	-	29,568,601	29,568,601
Solid Waste	14,724,333	16,701,143	-	-	-	1,976,810	1,976,810
Total business-type activities	<u>327,371,439</u>	<u>397,913,149</u>	<u>308,847</u>	<u>48,728,779</u>	<u>-</u>	<u>119,579,336</u>	<u>119,579,336</u>
Total primary government	<u>\$ 503,625,163</u>	<u>\$ 428,129,145</u>	<u>\$ 12,200,472</u>	<u>\$ 52,479,858</u>	<u>\$ (130,395,024)</u>	<u>\$ 119,579,336</u>	<u>\$ (10,815,688)</u>
General revenues:							
Taxes:							
Property taxes					43,066,426	-	43,066,426
Franchise taxes					221,492	-	221,492
Motor fuel taxes					5,802,331	-	5,802,331
Utility taxes					15,814,492	-	15,814,492
State shared revenue (unrestricted)					10,112,738	-	10,112,738
Payments from Lakeland Regional Health					14,378,614	-	14,378,614
Investment earnings					(10,828,784)	(21,982,147)	(32,810,931)
Miscellaneous					11,130,984	2,038,661	13,169,645
Transfers from (to) other funds					38,555,148	(38,555,148)	-
Total general revenues and transfers					<u>128,253,441</u>	<u>(58,498,634)</u>	<u>69,754,807</u>
Change in net position					(2,141,583)	61,080,702	58,939,119
Net position, beginning of year					223,554,175	808,250,534	1,031,804,709
Net position, end of year					<u>\$ 221,412,592</u>	<u>\$ 869,331,236</u>	<u>\$ 1,090,743,828</u>

## **FUND FINANCIAL STATEMENTS**

The fund financial statements report information in greater detail focusing on separate reporting for individual major funds, unlike the government-wide financial statements that consolidate financial data broadly into either governmental or business-type activities. Funds that are considered non-major are aggregated into a single column.

The financial transactions of the City are reported in individual funds within the City's accounting system. Each fund is accounted for by providing a separate self-balancing set of accounts comprised of all assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses for each fund. GASB 34 provides criteria used to determine whether individual funds are considered major or non-major based on the value of the fund's assets, liabilities, revenues, and expenditures/expenses in relation to all funds. The major funds for which detailed financial information is provided based on these criteria are the City's General Fund, Electric Utility Fund, Water/Wastewater Utility Fund, and Public Improvement Fund.

Within the fund financial statements, funds are also classified into fund types. The basis of accounting applied to the various fund types varies depending on the nature of the financial information needed to sustain the types of services provided. Funds are classified by type as follows.

### **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 accrued in the accounting period that they become available and measurable – generally this is revenue collected within 60 days after year end. The City accrues an asset equal to the value of all material revenue to which it is entitled. Intergovernmental revenues included in this accrual are recognized as revenue while all other types are deferred. Major sources of revenue that meet the availability criterion include investment earnings, federal and state grants, state shared revenues, and the City's share of State collected taxes. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on general long-term debt which is recognized when due and the long-term portion of accumulated unpaid vacation and sick pay which is recognized when paid.

Within governmental funds, assets and liabilities are recorded using the flow of current financial resources measurement focus. This means that 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 types of governmental funds used by the City are:

- General Fund – a "catch-all" fund used to account for all financial activities and resources not required to be accounted for in other funds.
- 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.
- Debt Service Fund – account for the accumulation of resources needed to make that component of principal and interest payment on long-term debt which will be payable in the current year.

Condensed Governmental Funds financial statements for the fiscal year ended September 30, 2020 are presented in the following tables.

**CITY OF LAKELAND, FLORIDA  
CONDENSED BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020**

	General Fund	Public Improvement Fund	Other Governmental Funds	Total Government Funds
<b>ASSETS</b>	<u>\$ 62,145,211</u>	<u>\$ 31,881,156</u>	<u>\$ 59,490,198</u>	<u>\$ 153,516,565</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities	7,858,563	1,191,017	6,754,606	15,803,935
Deferred inflows of resources	<u>24,181,563</u>	<u>-</u>	<u>1,014,262</u>	<u>25,195,825</u>
Fund balances				
Non-spendable	9,599	-	5,726,261	5,735,860
Restricted	2,367,984	2,246,913	41,030,121	45,645,018
Committed	-	10,082,903	4,966,473	15,049,376
Assigned	9,520,703	18,360,323	-	27,881,026
Unassigned	<u>18,207,050</u>	<u>-</u>	<u>(1,525)</u>	<u>18,205,525</u>
Total fund balances	<u>30,105,336</u>	<u>30,690,139</u>	<u>51,721,330</u>	<u>112,516,805</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 62,145,211</u>	<u>\$ 31,881,156</u>	<u>\$ 59,490,198</u>	<u>\$ 153,516,565</u>

**CITY OF LAKELAND, FLORIDA  
CONDENSED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	General Fund	Public Improvement Fund	Other Governmental Funds	Total Government Funds
<b>REVENUES</b>				
Taxes	\$ 52,398,860	\$ -	\$ 12,505,881	\$ 64,904,741
Licenses and permits	1,769,820	-	4,261,506	6,031,326
Intergovernmental	16,504,164	2,526,050	4,178,825	23,209,039
Charges for services	6,454,467	615,844	14,704,803	21,775,114
Fines and forfeits	2,408,213	-	1,343	2,409,556
Miscellaneous	(658,442)	18,323,619	1,153,955	18,819,132
Total revenues	<u>78,877,082</u>	<u>21,465,513</u>	<u>36,806,313</u>	<u>137,148,908</u>
<b>EXPENDITURES</b>				
Current	158,074,695	1,882,869	22,868,734	182,826,298
Capital outlay	193,940	11,386,009	4,219,485	15,799,434
Debt service	619,043	7,290,735	9,517,406	17,427,184
Total expenditures	<u>158,887,678</u>	<u>20,559,613</u>	<u>36,605,625</u>	<u>216,052,916</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(80,010,596)</u>	<u>905,900</u>	<u>200,688</u>	<u>(78,904,008)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of long-term debt	42,786,833	-	242,697	43,029,530
Issuance of internal loans	-	-	4,000,000	4,000,000
Transfers from other funds	48,868,616	4,776,792	9,474,662	63,120,070
Transfers to other funds	(10,112,290)	(6,461,191)	(8,831,400)	(25,404,881)
Total other financing sources (uses)	<u>81,543,159</u>	<u>(1,684,399)</u>	<u>4,885,959</u>	<u>84,744,719</u>
Net change in fund balances	1,532,563	(778,499)	5,086,647	5,840,711
FUND BALANCE, beginning of year	<u>28,572,773</u>	<u>31,468,638</u>	<u>46,634,683</u>	<u>106,676,094</u>
FUND BALANCE, end of year	<u>\$ 30,105,336</u>	<u>\$ 30,690,139</u>	<u>\$ 51,721,330</u>	<u>\$ 112,516,805</u>

## **PROPRIETARY FUNDS**

Within the fund financial statements, the accounting policies for proprietary funds are identical to the full accrual private sector focus applied within the government-wide financial statements. Revenues are recognized when they are earned and expenses are recognized when they are incurred without application of the “measurable and available” criterion applied to governmental funds. Accordingly, full recognition is given to fixed assets (and depreciation thereof) and all long-term liabilities. The emphasis is on recovering the costs of supplying needed services over the long-term from user fees charged directly to those persons or entities using those services. The proprietary fund types used by the City are as follows:

- Enterprise funds – account for operations for which a fee is charged to external users for goods or services. Major enterprise funds include the Electric Utility Fund, Water Utility Fund, Wastewater Utility Fund, and Lakeland Linder International Airport Fund. Non-major enterprise funds are reported in aggregate and include the Parking System Fund, RP Funding Center Fund, and Solid Waste Management Fund.
- Internal service funds – account for operations for which a fee is charged to internal users for goods or services. The internal service funds are reported in the aggregate and include the Purchasing and Stores Fund, Fleet Management Fund, Facilities Maintenance Fund, Information Technology Fund, Self-Insurance Fund, and Internal Loan Fund. To the extent possible, the ultimate costs of the services provided by these funds are reported in the appropriate functional activity.

Condensed Proprietary Funds financial statements for the fiscal year ended September 30, 2020 are presented in the following tables.

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**CITY OF LAKELAND, FLORIDA  
CONDENSED STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2020**

	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Linder International Airport Funds	Other Enterprise Funds	Total	Internal Service Funds
<b>ASSETS</b>						
Current assets	\$ 151,294,420	\$ 46,352,639	\$ 16,142,559	\$ 9,529,256	\$ 223,318,874	\$ 40,476,912
Noncurrent assets						
Asset apportionment	96,735,807	61,816,922	594	1,647,231	160,200,554	71,329,849
Restricted assets						
Capital assets	702,265,502	344,461,786	168,903,054	39,721,476	1,255,351,818	41,201,232
Other noncurrent assets	1,051,978	-	-	-	1,051,978	13,188,269
Total assets	<u>951,347,707</u>	<u>452,631,347</u>	<u>185,046,207</u>	<u>50,897,963</u>	<u>1,639,923,224</u>	<u>166,196,262</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pensions	27,159,970	10,684,770	855,786	4,408,220	43,108,746	9,605,145
Deferred outflows related to OPEB	9,333,710	4,353,115	615,456	1,628,801	15,931,082	3,799,158
Deferred outflows related to ARO	1,581,521	1,574,378	-	-	3,155,899	-
Unamortized loss on hedges	2,424,901	-	-	-	2,424,901	-
Unamortized loss (gain) on refunding	21,386,168	1,440,830	-	76,125	22,903,125	406,082
Hedge derivative outflows	39,933,744	-	-	-	39,933,744	-
Total deferred outflows of resources	<u>101,820,014</u>	<u>18,053,095</u>	<u>1,471,242</u>	<u>6,113,146</u>	<u>127,457,497</u>	<u>13,810,385</u>
<b>LIABILITIES</b>						
Current liabilities	49,660,428	13,084,818	35,904,573	3,031,254	101,681,073	18,996,844
Noncurrent liabilities						
Liabilities from apportioned assets	-	-	320,640	8,614	329,254	17,959,341
Restricted liabilities	13,650,322	2,925,454	-	526,193	17,101,969	-
Other noncurrent liabilities	544,031,155	139,455,267	24,327,404	29,908,619	737,722,445	64,123,904
Total liabilities	<u>607,341,905</u>	<u>155,465,539</u>	<u>60,552,617</u>	<u>33,474,680</u>	<u>856,834,741</u>	<u>101,080,089</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows of resources related to pensions	3,672,215	540,486	149,612	470,172	4,832,485	1,202,590
Deferred inflows of resources related to OPEB	11,296,843	3,140,425	243,700	2,014,945	16,695,913	3,863,719
Unamortized contributions in aid of						
Construction	45,727,693	-	-	-	45,727,693	-
Fuel reserve	18,992,075	-	-	-	18,992,075	-
Total deferred inflows of resources	<u>79,688,826</u>	<u>3,680,911</u>	<u>393,312</u>	<u>2,485,117</u>	<u>86,248,166</u>	<u>5,066,309</u>
<b>NET POSITION</b>						
Net investment in capital assets	290,098,485	245,928,640	130,684,719	27,483,692	694,195,536	41,201,232
Restricted, capital improvement	-	20,700,381	594	102,537	20,803,512	-
Unrestricted	76,038,505	44,908,971	(5,113,793)	(6,534,917)	109,298,766	32,659,017
Total net assets	<u>\$ 366,136,990</u>	<u>\$ 311,537,992</u>	<u>\$ 125,571,520</u>	<u>\$ 21,051,312</u>	<u>\$ 824,297,814</u>	<u>\$ 73,860,249</u>

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**CITY OF LAKELAND, FLORIDA**  
**CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2020**

	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Linder International Airport Fund	Other Enterprise Funds	Total	Internal Service Funds
<b>OPERATING REVENUES</b>						
Charges for services	\$ 298,645,218	\$ 71,126,878	7,378,421	\$ 20,762,632	\$ 397,913,149	\$ 86,688,828
<b>OPERATING EXPENSES</b>						
Personal services	48,580,039	14,496,185	1,781,973	8,605,171	73,463,368	17,153,340
Other operating expenses	137,474,328	23,793,908	2,880,576	15,536,054	179,684,866	56,210,426
Depreciation	44,761,597	9,136,844	4,929,209	1,269,863	60,097,513	10,540,368
Total operating expenses	230,815,964	47,426,937	9,591,758	25,411,088	313,245,747	83,904,134
Operating income (loss)	67,829,254	23,699,941	(2,213,337)	(4,648,456)	84,667,402	2,784,694
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Total non-operating revenues						
(expenses)	(22,504,031)	(8,239,270)	(1,212,554)	(522,060)	(32,477,915)	(4,699,103)
Income (loss) before contributions						
and transfers	45,325,223	15,460,671	(3,425,891)	(5,170,516)	52,189,487	(1,914,409)
Capital grants and contributions	-	15,110,249	32,332,119	1,286,411	48,728,779	-
Transfers from other funds	-	250,000	-	5,115,869	5,365,869	2,726,980
Transfers to other funds	(32,557,440)	(9,967,954)	(74,753)	(2,398,896)	(44,999,043)	(808,995)
Total contributions and transfers	(32,557,440)	5,392,295	32,257,366	4,003,384	9,095,605	1,917,985
Change in net position	12,767,783	20,852,966	28,831,475	(1,167,132)	61,285,092	3,576
NET POSITION, beginning of year	353,369,207	290,685,026	96,740,045	22,218,444	763,012,722	73,856,673
NET POSITION, end of year	\$ 366,136,990	\$ 311,537,992	125,571,520	\$ 21,051,312	\$ 824,297,814	\$ 73,860,249

**FIDUCIARY FUNDS**

Within the fund financial statements, fiduciary fund types are used to report assets that are held in trust or in an agency capacity by the City on behalf of designated beneficiaries. These consist of pension and other post-employment benefit funds maintained on behalf of retired City employees; and an agency fund use to accumulate impact fee revenues collected on behalf of Polk County, Florida. The same financial focus applied to proprietary funds types is applied to fiduciary funds. Fiduciary fund financial statements for the fiscal year ended September 30, 2020 are presented in the following table.

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**CITY OF LAKELAND, FLORIDA  
CONDENSED STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2020**

	Pension and Other Employee Benefit Trust Funds	Agency Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 15,936,094	\$ 7,105,389
Investments	942,526,071	-
Prepaid expenses	2,252	-
Receivables	2,854,516	55,644
Contributions	986,745	-
Total assets	<u>962,305,678</u>	<u>\$ 7,161,033</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 643,756	\$ -
Due to other governmental units	-	7,161,033
Unsettled investment purchases	4,886,555	-
Due to other funds	188,825	-
Total liabilities	<u>5,719,136</u>	<u>\$ 7,161,033</u>
<b>NET POSITION</b>		
Net position restricted for DROP benefits	29,710,851	
Net position restricted for OPEB benefits	9,824,039	
Restricted for pension benefits and other purposes	917,051,652	
Total net position	<u>\$ 956,586,542</u>	

**CITY OF LAKELAND, FLORIDA  
CONDENSED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	Pension and Other Employee Benefit Trust Funds
<b>ADDITIONS</b>	
Contributions	\$ 113,339,544
Net investment income	79,824,698
Miscellaneous income	15,189
Total additions, net	<u>193,179,431</u>
<b>DEDUCTIONS</b>	
Benefits paid	71,763,480
Refunds, former plan members	1,570
Refunds, former plan members	444,143
Administrative expenses	1,162,705
Other	698,362
Total deductions	<u>74,070,260</u>
Net increase (decrease) in restricted net position	119,109,171
NET POSITION, beginning of year	<u>837,477,371</u>
NET POSITION, end of year	<u>\$ 956,586,542</u>

## **NOTES TO THE FINANCIAL STATEMENTS**

The notes to the financial statements provide information that is *essential* to a user's understanding of the basic financial statements.<sup>27</sup> The notes are an integral part of the basic financial statements and focus on the primary government—specifically, its governmental activities, business-type activities, major funds, and non-major funds in the aggregate.<sup>27</sup> The City has one blended component unit, Lakeland Community Redevelopment Agency (LCRA), that is blended in the financial statements of the City and is disclosed in the notes to the financial statements.

### **REQUIRED SUPPLEMENTAL INFORMATION**

A budgetary comparison schedule is presented as required supplemental information (RSI) for the general fund that presents the originally adopted and appropriated budget, the final appropriated budget, the actual results of operations, and a separate column to report the variance between the final amended budget and the actual results.

Within the RSI, the City also elects to disclose additional information about the employee, police, and fire pension plans including a schedule of changes in net pension liability and related ratios, a schedule of contributions, and a schedule of funding progress. Additional details about these fiduciary accounts are disclosed in the notes to the financial statements section of the Annual Report.

### **SUPPLEMENTAL INFORMATION**

A budgetary comparison schedule is presented as supplemental information for the public improvement fund that presents the originally adopted and appropriated budget, the final amended budget, the actual results of operations, and a separate column to report the variance between the final amended budget and the actual results.

### **COMBINING STATEMENTS**

The combining statements section of the Annual Report contains detailed disaggregated financial statements for the various funds maintained by the City that were reported in the aggregate within the fund financial statements. The combining statements show in detail the fund balances that were consolidated into the aggregate columns classified as other governmental funds, proprietary funds, and fiduciary funds within the fund financial statements. The other governmental funds include special revenue funds, capital project funds, and permanent funds. The proprietary funds include both enterprise and internal service funds. The fiduciary funds include both pension and trust funds.

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<sup>27</sup> <http://www.gasb.org/st/summary/gstsm34.html>

## CASH MANAGEMENT

The City has defined cash and cash equivalents as both currency and highly liquid or short term investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.<sup>28</sup> Examples of cash and cash equivalents include: currency on hand, demand deposits, cash with paying agents, Treasury bills, commercial paper, certificates of deposit, money market funds, and cash management pools.<sup>28</sup>

Several forms of legal and contractual provisions govern the types of investments in which the City may directly invest. The City has adopted an investment policy for its pooled funds pursuant to Section 218.415 of the Florida Statutes, which governs the investments of local government units in the State of Florida.<sup>29</sup> The allowable investments authorized through the adopted investment policy include direct obligations of the Federal Government, interest bearing time deposits, obligations of the Federal Farm Credit Banks, Federal Home Loan Mortgage Corporation, Federal Home Loan Bank or obligations guaranteed by the Government National Mortgage Association or the Federal National Mortgage Association, investment grade bonds and notes issued by corporations and municipalities, repurchase agreements and the Florida State Board of Administration Investment Pool (SBA).

The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. All trades, where applicable, will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Safekeeping receipts or other evidence of ownership will be audited on a semi-annual basis with a variance report issued to the Investment Administrator.

Various funds of the City combine their resources into an investment pool to maximize investment earnings on daily cash balances. The pooled investment fund is comprised of money market funds, time deposits, notes, bonds, and other securities. Amounts invested in money market funds and SBA are reported at cost, all other investments are recorded at fair value. Any revenue realized within the pooled investment fund is allocated to the participating funds based on their pro-rata participation in the pool. Each fund’s pro-rata share of the pooled investments is included in the caption “cash and cash equivalents” because each fund can withdraw cash at any time without prior notice or penalty.

Investments owned by individual funds and related revenue and expenses are recorded in the respective fund as earned or incurred. Investments in money market funds are reported at cost. Investments in time deposits, notes, bonds, other securities, fixed income, equity, and equity securities are reported at fair value.

The City categorizes its fair value measurements within the fair value hierarchy established by GASB Statement 72 - *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset where Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs,

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<sup>28</sup> [http://www.gasb.org/jsp/GASB/Document\\_C/GASBDocumentPage?cid=1176160030344&accepted](http://www.gasb.org/jsp/GASB/Document_C/GASBDocumentPage?cid=1176160030344&accepted)  
Disclaimer

<sup>29</sup> [http://www.leg.state.fl.us/statutes/index.cfm?App\\_mode=Display\\_Statute&URL=0200-0299/0218/Sections/0218.415.html](http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&URL=0200-0299/0218/Sections/0218.415.html)

Level 3 inputs are significant unobservable inputs.<sup>30</sup> Investment values are measured consistent with the market approach to valuation using prices and other relevant information generated by market transactions involving identical or similar assets or groups of assets. The following investments were held by the various funds of the City as of September 30, 2020 and are collateralized by registered securities held by the City or its agents in the City's name:

### Total Investments by Fair Value Level

Investments by fair value level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Treasury Notes & Bonds	\$ 13,367,392	\$ 7,881,572	\$ 5,485,820	\$ -
Federal Agency Bonds	114,301,281	-	114,301,281	-
Federal Agencies Mortgage Backed Securities	16,125,023	-	16,125,023	-
Corporate Bonds	119,629,088	-	108,078,900	11,550,188
Corp Mortgage/Asset Backed Securities	178,963,432	-	164,240,091	14,723,341
Foreign Corporate Bonds	33,285,858	4,492,544	28,793,314	-
Municipal Bonds	28,921,451	-	28,921,451	-
Corporate Stocks	237,977,620	237,257,377	720,243	-
Foreign Corporate Stocks	13,860,321	3,518,647	10,341,674	-
Accrued Interest Receivable	3,285,264	3,285,264	-	-
State Board of Admin LGIP	9	-	9	-
Money Market Account	85,359,261	85,359,261	-	-
Alternative Mutual Funds	6,627,184	3,274,360	3,352,824	-
Equity Mutual Funds	164,719,996	102,899,168	10,342,897	51,477,931
Foreign Equity Mutual Funds	46,701,593	19,406,153	-	27,295,440
Fixed Income Mutual Funds	29,143,612	21,328,209	-	7,815,403
Foreign Fixed Income Mutual Funds	37,367,190	29,523,860	-	7,843,330
Total investments by fair value level	\$1,129,635,575	\$ 518,226,415	\$ 490,703,527	\$ 120,705,633

Investments measured at NAV	Total	Unfunded Commitments	Redemption Frequency if Currently Eligible	Redemption Period Notice
Fixed Income Strategies <sup>1</sup>	30,239,742	11,315,201	n/a or quarterly*	100 days* written
Real Estate Strategies <sup>2</sup>	79,978,634	15,173,874	n/a or quarterly*	30 days subjective*
Private Equity Strategies <sup>3</sup>	156,853,757	28,316,036	n/a,daily or quarterly*	n/a or 5-10 days*
Alternative Investments <sup>4</sup>	44,117,330	9,279,016	n/a*	n/a*
Total investments measured at NAV	311,189,463	64,084,127		
Total Investments	\$1,440,825,038	\$ 64,084,127		

<sup>1</sup>Fixed Income Strategies – This type includes four securities invested primarily in secured and unsecured debt instruments of middle market companies and institutions. These securities can include special situations like rescue financing and restructuring to optimize liquidity often with lower fee structures. These investments are typically illiquid with disbursements received as underlying assets are liquidated; however, one fund is eligible for quarterly redemption with 100 days' written notice.

<sup>2</sup>Real Estate Strategies – This type includes eight funds invested primarily in commercial and residential real estate. Participation in these funds is typically as a limited partnership with ownership measured in shares of partners' capital. \*These holdings are typically illiquid with disbursement received as underlying assets are liquidated; however, one fund is eligible for quarterly disbursement with 30 days' notice subject to available cash as determined by the trustee.

<sup>3</sup>Private Equity Strategies – This type includes seven private equity funds with a variety of investment strategies that typically offer superior long-term risk/reward profiles, but with more limited liquidity characteristics. Ownership is measured in shares of partners' capital with distributions received as underlying investments of the funds are liquidated. \*These holdings are typically illiquid; however, two of these funds are eligible for withdrawal subject to a 5 or 10 days' notice and one fund is eligible for monthly withdrawal subject to a 5 days' notice before month end.

<sup>4</sup>Alternative Investments – This type includes three private equity funds with a variety of investment strategies that typically offer superior risk/reward profiles with limited liquidity characteristics. \*These holdings are largely illiquid with distributions only received as underlying assets are liquidated. None of these funds are eligible for withdrawal of equity upon request

<sup>30</sup> [http://gasb.org/jsp/GASB/Document\\_C/GASBDocumentPage?cid=1176165840291&acceptedDisclaimer=true](http://gasb.org/jsp/GASB/Document_C/GASBDocumentPage?cid=1176165840291&acceptedDisclaimer=true)

## DEBT ADMINISTRATION

### DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)

#### Direct and Overlapping Governmental Activities Debt

Governmental Unit	Debt Outstanding	Estimated % Applicable	Estimated Share of Overlapping Debt
Tax Supported Ad Valorem Debt:			
District School Board of Polk County Bonds Payable <sup>1</sup>	\$ 350,642,970	18.73%	\$ 65,675,428
City Direct Debt – Governmental Activities			101,148,578
Total Direct and Overlapping Debt			\$ 166,824,006

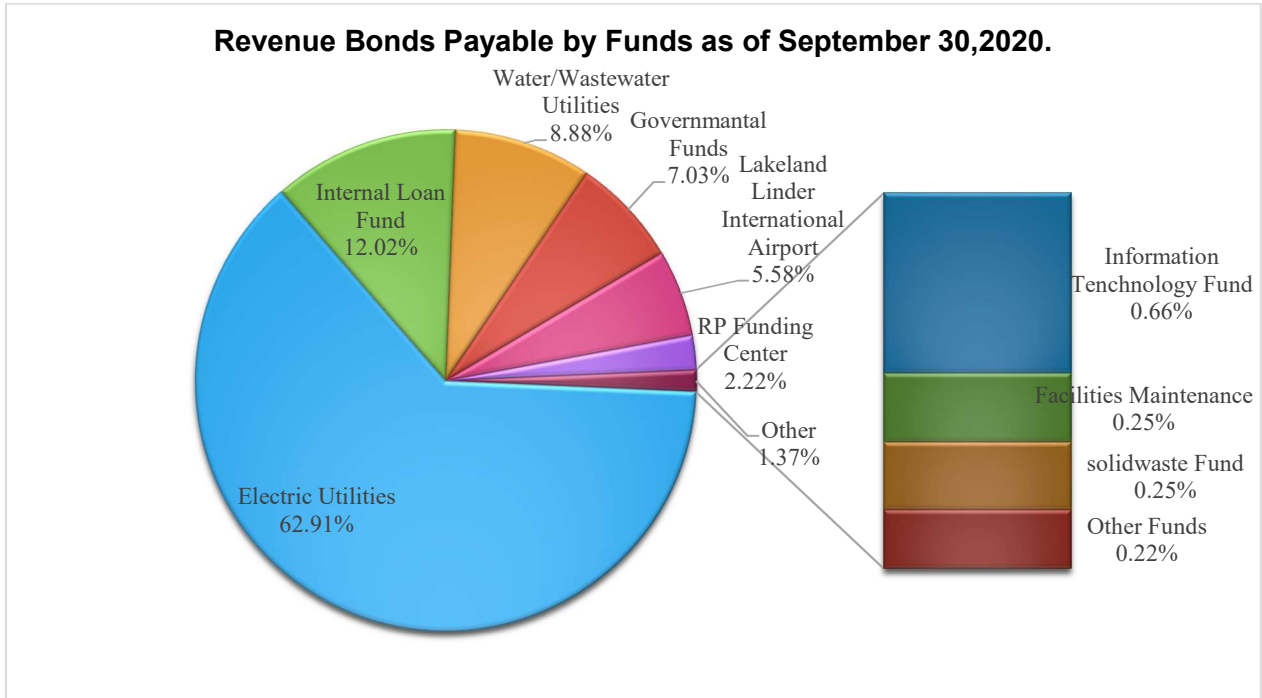
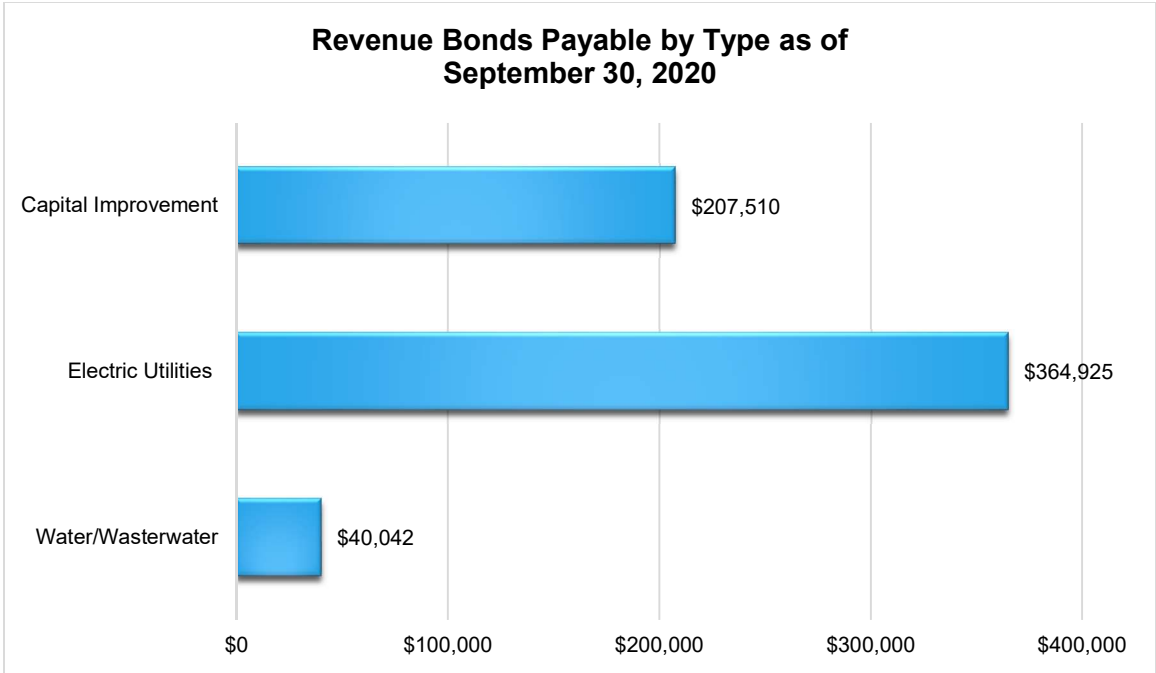
<sup>1</sup>The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by dividing the City's taxable assessed values by the County's total taxable assessed value.

## REVENUE BONDS

The City has not had any outstanding general obligation bond debt since fiscal year 1971. The following revenue bonds, including bank-loans, are outstanding for fiscal year ended September 30, 2020:

#### Revenue Bonds (in thousands)

Bond Issue	2019	Issued	Retired	2020
<b>Electric Utilities</b>				
Energy System Revenue and Refunding Bonds, Series 2010	\$ 117,560	\$ -	\$ 13,840	\$ 103,720
Energy System Revenue and Refunding Bonds, Series 2016	126,615	-	4,560	122,055
Energy System Refunding Bonds, Series 2017	97,000	-	1,795	95,205
Energy System Revenue Bonds, Series 2018	43,945	-	-	43,945
Total Electric Bonds	385,120	-	20,195	364,925
<b>Water &amp; Wastewater Utilities</b>				
Water & Wastewater Revenue Refunding and Improvement Bonds, Series 2012A	33,655	-	1,730	31,925
Water & Wastewater Revenue Note, Series 2015	8,760	-	643	8,117
Total Water & Wastewater Bonds	42,415	-	2,373	40,042
<b>Capital Improvement Revenue Bonds</b>				
Capital Improvement Revenue & Refunding Bonds, Series 2010A	8,925	-	2,970	5,955
Capital Improvement Revenue & Refunding Bonds, Series 2010B	2,320	-	1,140	1,180
Capital Improvement Revenue & Refunding Bonds, Series 2010C	21,115	-	-	21,115
Capital Improvement Refunding Note, Series 2012A	7,841	-	1,908	5,933
Capital Improvement Revenue Bonds, Series 2015	45,940	-	4,375	41,565
Taxable Capital Improvement Refunding Revenue Note, Series 2015	5,000	-	-	5,000
City of Lakeland, Florida Revenue Note, Series 2019	-	19,674	-	19,674
Florida Taxable Pension Liability Reduction Note, series 2020	-	81,000	-	81,000
Capital Improvement Revenue Note, Series 2017A	1,4381	-	1,031	13,350
Capital Improvement Revenue Note, Series 2017B	13,925	-	1,187	12,738
Total Capital Improvement Bonds	119,447	100,674	12,611	207,510
Total Bond Debt	\$ 546,982	\$ 100,674	\$ 35,179	\$ 612,477



**SCHEDULE OF REVENUE BONDS COVERAGE – LAST TEN FISCAL YEARS**

**Energy Systems Revenue Bonds**

Fiscal Year	Gross Revenues <sup>1</sup>	Operating Expenses <sup>2</sup>	Net Operating Revenues Available for Debt Service			Total	Coverage Ratio
			Principal	Interest			
2020	\$ 290,120,982	\$ 186,054,367	\$ 104,066,615	\$ 19,095,000	\$ 16,304,194	\$ 35,399,194	2.94
2019	333,291,588	209,373,188	123,918,400	\$ 20,195,000	17,415,419	\$ 37,610,419	3.29
2018	320,463,612	220,910,023	99,553,589	22,300,000	15,806,087	38,106,087	2.61
2017	309,315,618	219,734,277	89,581,341	21,250,000	17,299,223	38,549,223	2.32
2016	303,347,574	192,829,916	110,517,658	20,875,000	17,567,094	38,442,094	2.87
2015	313,729,994	215,211,535	98,518,459	16,530,000	18,575,791	35,105,791	2.81
2014	321,886,606	216,676,686	105,209,920	20,775,503	25,469,790	46,245,293	2.28
2013	302,803,530	212,530,976	90,272,554	20,313,195	26,313,189	46,626,384	1.94
2012	298,933,627	201,280,148	97,653,479	24,456,267	25,040,946	49,497,213	1.97
2011	349,649,942	241,985,273	107,664,669	23,632,510	27,423,459	51,055,969	2.11

**Water and Wastewater System Revenue Bonds**

Fiscal Year	Gross Revenues <sup>1</sup>	Operating Expenses <sup>2</sup>	Net Operating Revenues Available for Debt Service			Total	Coverage Ratio
			Principal	Interest			
2020	\$ 66,279,602	\$ 38,290,093	\$ 27,989,509	\$ 2,933,854	\$ 2,098,775	\$ 5,032,629	5.56
2019	72,238,364	37,469,971	34,768,393	3,773,287	2,262,193	6,035,480	5.76
2018	65,078,959	36,912,551	28,166,408	3,643,087	2,289,362	5,932,449	4.75
2017	63,720,012	34,707,999	29,012,013	3,488,247	2,368,078	5,856,325	4.95
2016	60,567,604	31,598,007	28,969,597	3,373,757	2,490,070	5,863,827	4.94
2015	55,530,104	31,237,468	24,292,636	2,690,000	2,377,209	5,067,209	4.79
2014	54,769,116	27,976,557	26,792,559	1,510,000	1,813,722	3,323,722	8.06
2013	48,878,811	28,161,365	20,717,446	1,490,000	1,823,257	3,313,257	6.25
2012	52,702,160	26,117,153	26,585,007	4,390,000	1,485,113	5,875,113	4.53
2011	50,495,118	25,248,944	25,246,174	3,165,000	2,604,107	5,769,107	4.38

<sup>1</sup>Contractual net revenues available for debt service per the bond covenant includes net revenues from operations plus 20% of fund balance.

<sup>2</sup>Excludes depreciation expense

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## LOAN AND LEASE ADMINISTRATION

The City had the following loans and leases outstanding as of September 30, 2020:

### Loans and Leases Outstanding

Lender	Issue Amount	Maturity Date	Interest Rate	Year-End Balance
<b>Governmental Activities:</b>				
Lease – Canon Financial Services	\$ 7,275	11/1/2020	12.947%	\$ 384
Lease – Konica Minolta Business Solutions	9,175	4/1/2020	3.269%	232
Lease – Leasing2, Inc. (Gradall excavators)	784,107	11/15/2023	5.75%	418,440
Lease – Leasing2, Inc. (golf course maintenance equipment)	427,800	7/17/2022	3.99%	218,763
Lease – Leasing2, Inc. (sweepers)	1,663,523	7/16/2024	2.80%	1,343,359
Lease – Leasing2, Inc. (wheel loaders)	458,389	3/15/2025	2.80%	430,322
Lease – Leasing2, Inc. (Vactor trucks)	1,079,164	4/16/2025	2.80%	914,982
Lease – PNC Equipment Finance, LLC (E-Z-Go golf carts)	421,951	7/17/2022	3.290%	220,431
Lease – Santander Leasing, LLC	252,000	11/15/2021	2.68%	62,261
Loan – Key Government Finance, Inc.	975,000	3/21/2021	4.24%	59,126
Loan – U.S. Bancorp Government Leasing & Finance, Inc.	1,280,000	2/10/2022	3.07%	237,820
				<u>3,906,120</u>
<b>Business Type Activities</b>				
U.S. Bancorp Government Leasing & Finance, Inc.	1,166,640	2/10/2022	3.07%	246,955
State Infrastructure Bank (SIB) Loan Agreement	4,626,400	10/1/2035	2.85%	4,626,400
Wastewater Revolving Loan Program (2006)	42,734,405	9/30/2028	2.96%	20,421,219
Wastewater Revolving Loan Program (2016)	1,649,093	10/15/2035	1.69%	857,516
Wastewater Revolving Loan Program (2017 Energy Efficiencies) <sup>1</sup>	12,284,141	1/15/2040	0.44%	11,708,082
Wastewater Revolving Loan Program (2017 English Oaks) <sup>2</sup>	1,000,000	5/15/2038	1.16%	795,442
Wastewater Revolving Loan Program (2018) <sup>3</sup>	15,494,263	12/15/2042	1.16%-.06%	12,136,209
Water Revolving Loan Program (2018) <sup>4</sup>	778,787	12/15/2032	1.96%	795,011
Water Revolving Loan Program (Clearwell Construction) <sup>5</sup>	19,167,295	5/15/2042	.23%	3,387,185
				<u>54,974,019</u>
				<u>\$ 58,880,139</u>

<sup>1</sup>\$129,685 of \$12,284,141 issued during FY2020.

<sup>2</sup>\$13,883 of \$1,000,000 issued during FY2020.

<sup>3</sup>\$8,396,944 of \$15,494,263 issued during FY2020.

<sup>4</sup>\$381,017 of \$778,787 issued during FY2020

<sup>5</sup>\$3,387,185 of \$19,167,295 issued FY2020

#### **CANON FINANCIAL SERVICES, INC.**

December 1, 2016 the City executed a lease agreement with Canon Financial Services, Inc. in the amount of \$7,275 to finance the purchase of a copier. The lease carries an interest rate of 12.947% with a maturity date of November 1, 2020. Ownership transfers to the City at the termination of the lease. Lease payments are made from the General Fund.

#### **KONICA MINOLTA BUSINESS SOLUTIONS**

April 5, 2017 the City executed a lease agreement with Konica Minolta in the amount of \$9,175 to finance the purchase of a Bizhub. The lease carries an interest rate of 3.269% with a maturity date of April 1, 2020 at which time ownership will transfer to the City. Lease payments are made from the General Fund.

#### **LEASING 2, INC.**

August 3, 2016 the City executed a lease-purchase agreement for a Gradall XL3100 Excavator an a Gradall XL4100 Excavator to be used by the City construction and maintenance department in the amount of \$784,107 with an interest rate of 5.75% and a maturity date of November 15, 2023. On December 7, 2018 the City executed a lease-purchase agreement for golf course maintenance equipment in the amount of \$427,800 with an interest rate of 3.99% and a maturity



date of July 17, 2022. On September 16, 2019, the City also entered into a lease-purchase agreement for one Elgin Eagle and five Elgin Whirlwind Street Sweepers to clean and maintain City streets in the amount of \$1,663,523 with an interest rate of 2.80% and a maturity date of July 16, 2024. On September 16, 2019 the City entered into a lease-purchase agreement for three Volvo L60H Wheel Loaders to be used in construction project in the amount of \$458,389 with an interest rate of 2.80% and a maturity date of March 15, 2025. On September 16, 2019 the City also entered into a lease-purchase agreement for two Vactor Recyclers to clean debris from the Stormwater system in the amount of \$1,079,164 with an interest rate of 2.80% and a maturity date of April 16, 2025. Payments are made by the General Fund.

#### **PNC EQUIPMENT FINANCE, LLC**

On January 16, 2018 the City executed a 48-month lease-purchase agreement with PNC Equipment Finance, LLC to purchase 100 E-Z-GO TXT48V E Golf Carts for \$421,951 with an interest rate of 3.29% and a maturity date with a \$100,000 balloon payment of December 1, 2022. Payments are made from the General Fund.

#### **SANTANDER LEASING, LLC**

On August 15, 2016, the City executed a five-year capital lease with Santander Leasing, LLC to purchase a Cues truck for Stormwater maintenance in the amount of \$252,000. The lease carries an interest rate of 2.68% with a maturity date of November 15, 2021. Ownership transfers to the City at the termination of the lease. Lease payments are paid from the Stormwater Fund.

#### **KEY GOVERNMENT FINANCE, INC.**

On March 21, 2011, the City executed a 10-year capital loan with Key Financial in the amount of \$975,000. The loan finances the purchase of air conditioning chillers for the Lakeland Police Department with an interest rate of 4.24% and a maturity date of March 21, 2021. Ownership transfers to the City at the termination of the lease. Lease payments are paid from the Public Improvement Fund.

#### **U.S. BANCORP GOVERNMENT LEASING AND FINANCE, INC.**

On February 10, 2012, the City executed a 10-year lease-purchase agreement with US Bancorp in the amount of \$2,446,640 to finance an air conditioning system and some lighting projects. The interest rate is 3.07% with a maturity date of February 10, 2022. Lease payments are made from the general fund and the RP Funding Center fund.

#### **STATE INFRASTRUCTURE BANK (SIB) LOAN AGREEMENT.**

On October 1, 2018 the city approved the SIB Loan with the Florida Department of Transportation (FDOT). The SIB Loan program provides loans for transportation projects eligible for assistance under the Federal Authorization up to \$4,626,400. The loan program operates on a reimbursement basis. When proceeds are remitted, the loans accrue interest based upon the rate approved 2.85% by the state at the date of closing. The liability due to the state is the loan amount (as amended) plus accrued interest. At September 30, 2020, the city's SIB loan outstanding was \$4,626,400.

## **Wastewater Revolving Loan Program**

The Florida Department of Environmental Protection (FDEP) provides low-interest loans for investments in water and sanitation infrastructure<sup>31</sup>. These loans are secured by a pledge of excess revenues of the wastewater system and by a pledge of certain amounts deposited into a loan amortization account and reserve established by the City to fund the future debt service on these loans. Amounts required for deposit are classified as a restricted asset.

- January 31, 2004 the City entered an agreement with FDEP for a \$42,734,405 loan with a 2.96% interest rate and a maturity date of September 30, 2028 to finance such improvements.
- February 11, 2014 the City entered a separate agreement with FDEP for a \$1,649,093 loan with a 1.69% interest rate with a maturity date of October 15, 2035.
- October 24, 2016 the City entered into an agreement with FDEP for a \$12,284,141 loan with an interest rate of 0.440% and a maturity date of January 15, 2040.
- March 3, 2017 the City entered into an agreement with FDEP for a \$1,000,000 loan with a 1.16% interest rate and a maturity date of May 15, 2038.
- May 7, 2018 the City entered into an agreement with FDEP for a \$10,843,750 loan with a 1.16% interest rate and a maturity date of December 15, 2042.
- July 19, 2019 the City entered into an agreement with FDEP for a \$4,650,513 loan with a .06% interest rate and a maturity date of June 15, 2043.

The total amount of wastewater revolving loans outstanding as of September 30, 2020 is \$45,918,468 with an additional \$4,565,891 available for drawdown.

## **Water Revolving Loan Program**

The Florida Department of Environmental Protection (FDEP) provides low-interest loans for investments in water and sanitation infrastructure<sup>32</sup>. These loans are secured by a pledge of excess revenues of the water system and by a pledge of certain amounts deposited into a loan amortization account and reserve established by the City to fund the future debt service on these loans. Amounts required for deposit are classified as a restricted asset.

- May 9, 2018 the City entered into an agreement with FDEP for a \$778,787 loan with a 1.96% interest rate and a maturity date of December 15, 2032.
- May 13, 2020 the City entered into an agreement with FDEP for a \$19,167,295 loan with a .23% interest rate and a maturity date of May 15, 2042.

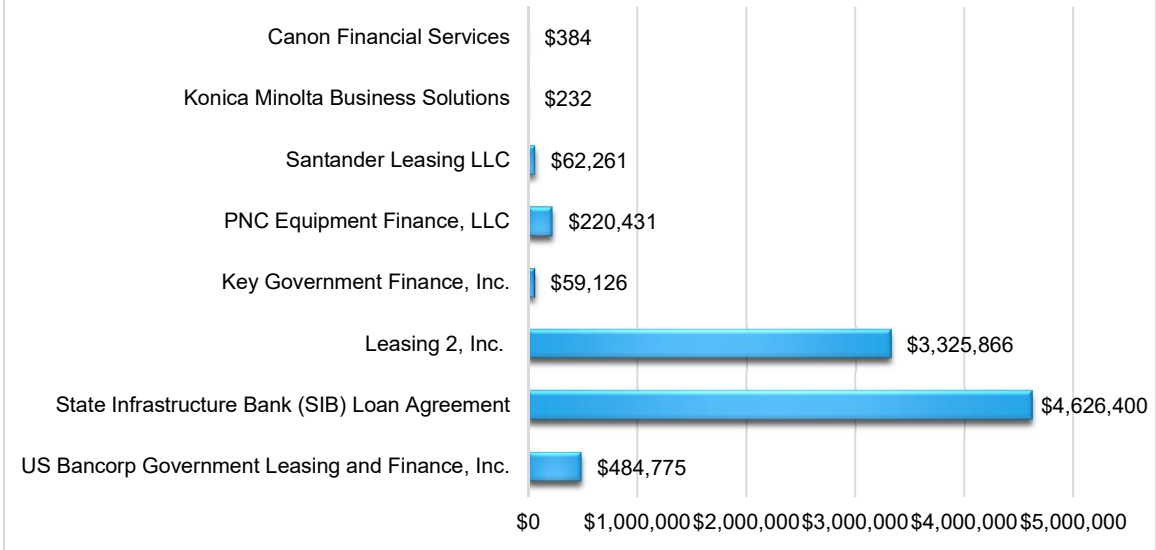
The total amount of water revolving loans outstanding as of September 30, 2020 is \$4,182,196 with an additional \$18,632,457 available for drawdown.

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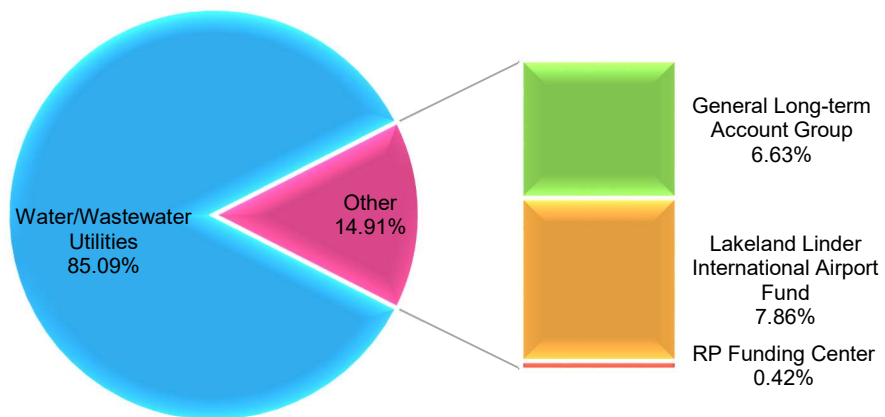
<sup>31</sup> <http://www.dep.state.fl.us/Water/wff/index.htm>

<sup>32</sup> <http://www.dep.state.fl.us/Water/wff/index.htm>

**External Loans & Leases Payable as of September 30, 2020  
(excluding Water, and Wastewater Revolving Loans)**

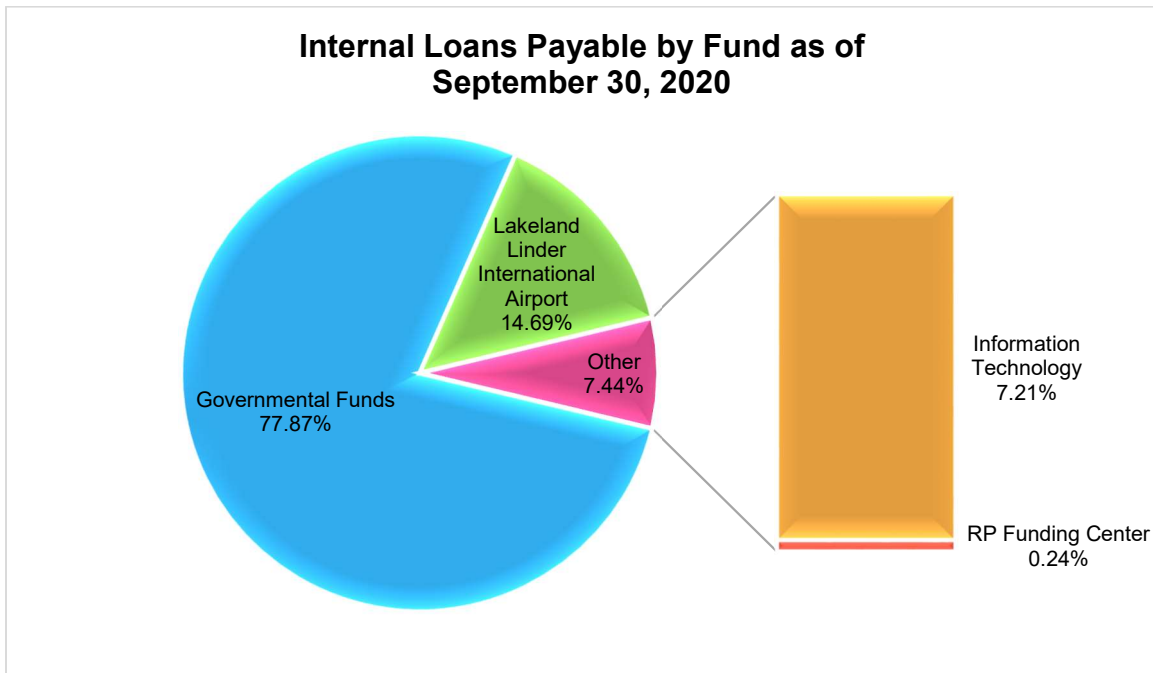
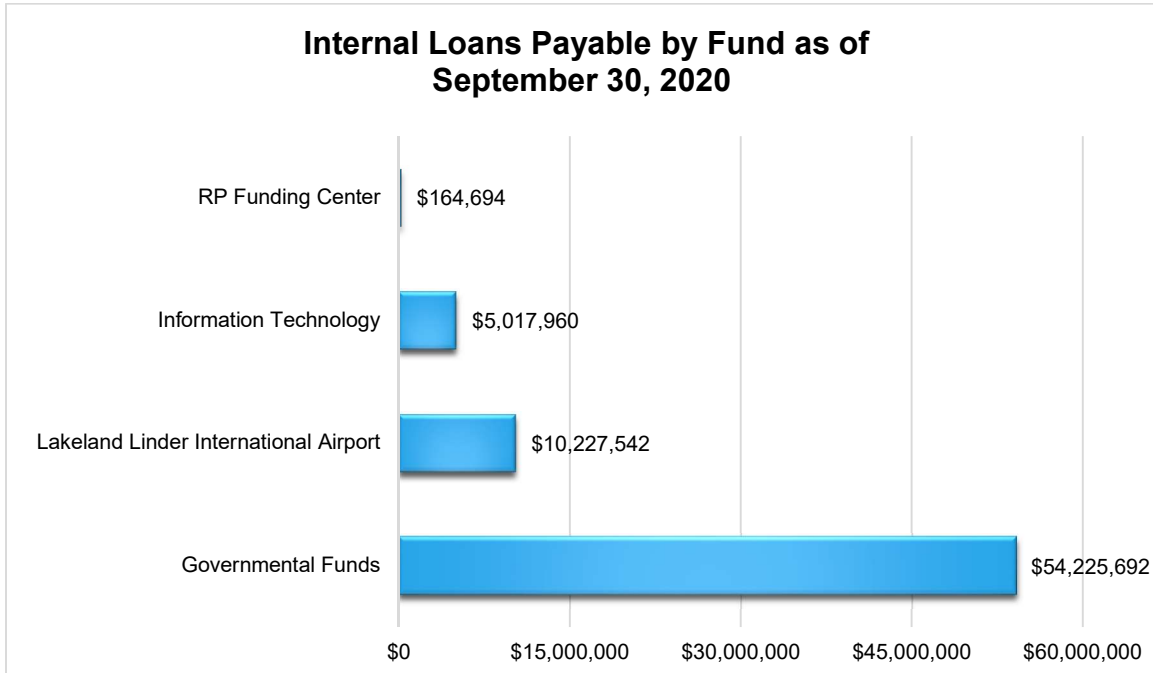


**External Loans & Leases Payable by Fund as of  
September 30, 20  
(including Wastewater Revolving Loans)**



## INTERNAL LOAN FUND

The City created an Internal Loan Fund during fiscal year 1996 to finance relatively short-term capital projects. The corpus of this Fund was established from surplus revenue of the general government. These internal loans provide an alternative financing mechanism to the bond market and the associated costs incurred with the issuance of bonds. The breakdown of internal loans outstanding as of September 30, 2020 are as follows:



## All Required Debt Payments to Maturity as of September 30, 2020

Year	Principal	Interest	Total
<b>Governmental Activities:</b>			
2021-2025	\$ 31,154,547	\$ 10,833,469	\$ 41,988,016
2026-2030	36,547,895	8,460,741	45,008,636
2031-2035	22,764,898	2,903,188	25,668,086
2036-2040	6,669,053	272,470	6,941,523
2041-2045	177,954	2,154	180,108
Total Governmental Activities	97,314,347	22,472,022	119,786,369
<b>Total Business-Type Activities:</b>			
2021-2025	184,177,235	80,811,885	264,989,120
2026-2030	146,534,134	47,669,739	194,203,873
2031-2035	145,568,577	22,886,366	168,454,943
2036-2040	90,521,477	3,607,080	94,128,557
2041-2045	3,146,438	30,765	3,177,203
Total Business-Type Activities	569,947,861	155,005,835	724,953,696
Total Outstanding:	\$ 667,262,208	\$ 177,477,857	\$ 844,740,065

Source: City of Lakeland Annual Report

## RISK MANAGEMENT

The City is currently self-insured for worker's compensation, general liability, auto liability, public officials' liability, and pension fund trustees' liability. The City relies on the State of Florida's sovereign immunity statute which limits governmental liability to \$200,000 per person and \$300,000 for multiple claims arising out of one accident<sup>33</sup>. To reduce the City's potential exposure, excess workers' compensation insurance and liability insurance has been purchased through a conventional carrier.

Significant losses from other forms of risk, including property damage, are also covered by commercial insurance. The City has also purchased a stop-loss policy to reduce the City's exposure to large losses on health insurance claims. This policy reimburses the City for expenses related to claims exceeding \$200,000.

## REPORTING ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lakeland, Florida, for its Comprehensive Annual Financial Report (Annual Report) for the fiscal year ended September 30, 2019. To be awarded a Certificate of Achievement for Excellence in Financial Reporting, a governmental unit must publish an easily readable and efficiently organized Annual Report, which contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements. We believe our current report continues to conform to Certificate of Achievement for Excellence in Financial Reporting Program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

<sup>33</sup> [http://www.leg.state.fl.us/statutes/index.cfm?App\\_mode=Display\\_Statute&URL=0700-0799/0768/Sections/0768.28.html](http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&URL=0700-0799/0768/Sections/0768.28.html)

# DEPARTMENT OF ELECTRIC UTILITIES

## GENERAL

The Department of Electric Utilities ("Lakeland Electric") is one of twelve operating departments of the City which have been organized to perform the services provided by the City government. The cost of services used by Lakeland Electric is recovered through user charges for electric power. Lakeland Electric is responsible for all operations of the System, including the following:

- Plant engineering
- Transmission & distribution engineering
- Operations and maintenance
- Customer service
- Load forecasting and evaluation
- Financial forecasting and management
- Financial reporting and accounting
- Customer rate design

As of September 30, 2020, Lakeland Electric had a staff of 469 (463 full-time, 6 part-time), including professional employees with degrees in engineering, business and other related fields.

Approximately 241 Lakeland Electric employees are covered by a collective bargaining agreement (CBA) with the Utility Workers Union of America, Local 604 that was entered on May 6, 2019 and expired September 30, 2020. Negotiations for a new contract are ongoing as of the end of the fiscal year.

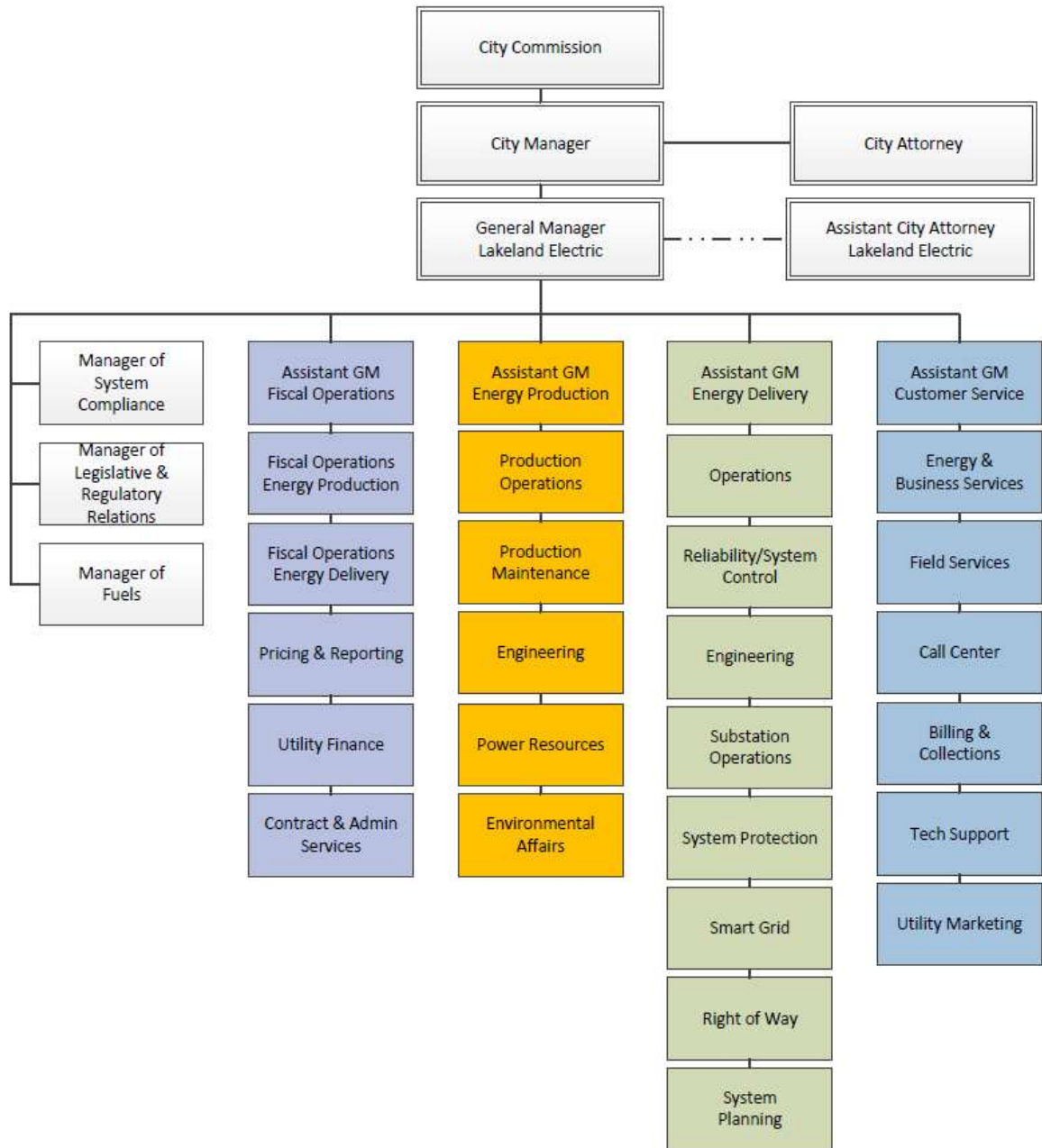
Annual financial statements covering the operations of Lakeland Electric are prepared by Lakeland Electric's Fiscal Operations Division in accordance with Generally Accepted Accounting Principles in the United States of America, as required by the Governmental Accounting Standards Board (GASB). Lakeland Electric has adopted the uniform system of accounts (USOA) prescribed by the Federal Energy Regulatory Commission (FERC) for electric operations. Monthly financial and operational reports are submitted to the City Finance Director and the City Commission.

## ADMINISTRATION

The City Commission established a Utility Committee as an advisory board for the Electric Utility. Currently, this Committee meets once per month. The Utility Committee is composed of all seven members of the City Commission plus six citizens representing a cross-section of the customer base. Management regularly provides the Utility Committee with status updates and industry concerns relating to various issues. The Committee also closely reviews items, such as pending contracts and project proposals, that are to be presented to the City Commission at upcoming meetings. The Utility Committee provides both specific and global recommendations to the City Commission. The Committee gives the City Commission direction on policy issues and other matters which are then reviewed, analyzed and discussed directly with management.

Lakeland Electric's organizational structure is intended to create accountability and responsibility. The organization is structured along functional business lines. The functional business lines are referred to as Divisions and include Production, Delivery, Customer Service, and Fiscal Operations.

The following page contains a chart of Lakeland Electric's current organizational structure.



## **SERVICE AREA**

The System service territory consists of approximately 246.25 square miles including the incorporated area of the City and several unincorporated communities lying within a 15-mile radius of the City. The City is bisected by Interstate 4 connecting Tampa and Orlando and is located approximately halfway between the two cities. The System's service area is bordered on the north by Withlacoochee Rural Electric Cooperative, Inc., on the south by the City of Bartow, and on the east and west by Tampa Electric Company. The City has existing territorial agreements with each of these utilities. During fiscal year 2020, an average of 134,361 electric accounts was served and the system experienced retail customer growth of 1.9%.

## **GENERATION**

The System's existing electric generating facilities are located on three sites, two bordering Lake Parker in the City and one site near the Lakeland airport. The Larsen Memorial Plant is located on the southeast shore of the lake and the McIntosh Plant is located on the north shore. The Winston Plant is in the southwestern part of the service territory near the Lakeland airport. As of September 30, 2020, the System had a net dependable capacity of 950 Megawatts (MW) and a nameplate generator winter capacity of 935 MW (nameplate capacities are used throughout this section). For generator capacity of each facility see the table entitled "Existing Generation Facilities" on page 44.

### **LARSEN PLANT**

The Larsen Plant provides 124 MW (winter) of combined cycle intermediate net dependable capacity and 27 MW of peaking capacity (Unit Nos. 2 and 3). The peaking capacity is provided by gas turbines and are designed to be placed into service rapidly, since the System's peak demands have normally occurred in the winter and have been of relatively short duration. They also have system restoration capability. The Larsen Plant site has limited growth options with the existing infrastructure.

### **MCINTOSH PLANT**

The McIntosh Plant site consists of approximately 704 acres. The size and configuration of this site would allow for the addition of significant generation facilities using existing infrastructure. There is room for up to 1,000 MW of additional generation capacity; however, there is only enough reuse water to handle cooling for approximately 500 MW of steam generation. In fiscal year 2018 the City purchased a 122 MW peaking unit [McIntosh Gas Turbine 2 (MGT2)] with proceeds of the Series 2018 Bonds. This unit replaced McIntosh Unit 2, a 106 MW (winter) net gas-fired steam generating unit. The completion date and commissioning of the MGT2 unit was June 22, 2020.

At the McIntosh Plant site, Unit No. 3 began commercial operations in September 1982 as a coal-fired steam turbine generator. Unit No. 3 was designed to burn pulverized coal as its primary fuel. Low nitrogen oxide burners and over-fire air were installed on the boiler to reduce its nitrogen oxide emissions. A selective catalytic reduction (SCR) system was put in operation in the fall of 2009 to further reduce nitrogen oxide emissions to comply with then applicable Clean Air Interstate Rule (CAIR) requirements. The final phase of construction required an extended outage to make the final connections of the new ductwork. Sulfur dioxide and particulate matter



are removed from the boiler and flue gases by means of a wet limestone scrubber and electrostatic precipitator. The naturally oxidizing wet limestone scrubber was converted to forced oxidation and now produces gypsum. This has allowed the ability to sell combustion by-products (i.e. fly ash, bottom ash, and gypsum) and substantially minimize the amount of material that is sent to landfill, thus significantly reducing future capital and operating and maintenance costs. During fiscal year 2015, Unit No. 3 became fully compliant with the Mercury and Air Toxics Standards rule.

Pursuant to a 50-year Participation Agreement between the City and the Orlando Utilities Commission ("OUC") dated April 4, 1978 (the "Participation Agreement"), the City owns a 60% undivided interest in Unit No. 3, while OUC owns the remaining 40% share. The City's share (219-megawatt output), provides base load power. Pursuant to the Participation Agreement, the City is responsible for the operation, fueling and maintenance of the unit and bills OUC for 40% of these costs.

In Fiscal Year 2019, Lakeland Electric made the decision to mothball Unit No. 3 by the end of Fiscal Year 2024 due to economic and environmental reasons. The Lakeland City Commission voted in January 2021 to accelerate the closure to March 31, 2021. Current plans are to replace the unit's capacity with five internal combustion engines (100MW in total) and a 50 – 75 MW solar power purchase agreement.

McIntosh Plant Unit No. 5, is a 395 MW (winter) combined cycle generating plant with a Siemens Westinghouse 501G high efficiency combustion turbine. Unit No. 5 became available for full load commercial operation in May 2002.

## **WINSTON PLANT**

The Winston Plant is located near the Lakeland airport and houses 20 diesel generators that provide 50 MW of peaking capacity designed for quick start capability. The site is designed to allow for a second facility of approximately the same size.

Units No. 3 and 5 located at the McIntosh Plant site, together with power purchased by the City from the Florida Municipal Power Pool (the FMPP), generally provide the required load for the System. The FMPP sells power to its members at a price that represents the direct fuel and variable operating and maintenance cost of the next most efficient unit that is available and online for dispatch. Accordingly, each member of the FMPP is frequently able to purchase power (energy) at a price that is substantially less than the incremental cost of all but the most efficient generation units in each member's own system.

The following table outlines the percentage of the gross generation requirements of Lakeland Electric provided by each resource (to serve both native load and wholesale sales obligations). Year-to-year changes are principally due to outages, both scheduled and forced, for various plants and the utilization of the most cost-effective fuel sources.

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## Unit Specific Gross Generation % by Fiscal Year

	2014	2015	2016	2017	2018	2019	2020
Unit No. 3 (McIntosh) <sup>1</sup>	13%	21%	24%	29%	28%	18%	11%
Unit No. 5 (McIntosh) <sup>2</sup>	56%	60%	58%	46%	49%	65%	65%
Other Lakeland Electric Units	1%	2%	4%	5%	3%	5%	4%
Purchases <sup>3</sup>	30%	17%	14%	20%	20%	12%	21%
	100%	100%	100%	100%	100%	100%	100%

<sup>1</sup>Unit 3 generation was significantly lower during 2014 because of an extended outage which began in February 2014 and lasted through the remainder of the Fiscal Year. In Fiscal Year 2020, Unit 3 economically cycled off January and February, after its scheduled outage March and April, experienced bearing failures requiring extended outages which occurred May through August 2020.

<sup>2</sup>Unit 5 generation was lower during 2017 due to an extended outage when a transformer failed (October through the middle of December) and two shorter outages – a 33-day bearing repair outage caused by the failure of the Unit's station service system (beginning the first week of January) and a 23-day outage caused by a CT row 4 blade failure (began the end of February into March). In 2018 Unit 5's generation remained lower than normal due to an 81-day combustion and steam turbine major inspection (September 30<sup>th</sup> through December 20<sup>th</sup>) and a 16-day outage to install a new GSU transformer (May 10<sup>th</sup> through May 25<sup>th</sup>).

<sup>3</sup>Nearly all such purchases are through the Florida Municipal Power Pool. Increase in purchases mainly due to a forced outage at Unit No. 3.

Source: Lakeland Electric

The following table sets forth historical capacity factors of each of Lakeland Electric's own generating resources. "Capacity factor" represents the percentage of a generating resource's actual utilization versus its service capacity.

## Capacity Factors of Lakeland Electric Generating Resources by Fiscal Year

	2014	2015	2016	2017	2018	2019	2020
Unit No. 3 (McIntosh)	24	38	56	50	55	37	20
Unit No. 5 (McIntosh)	55	63	61	47	56	69	71
Other Lakeland Electric Units	1	2	3	5	2	6	5

Source: Lakeland Electric

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The following table shows certain information regarding the City's existing generation facilities, as of September 30, 2020.

### Existing Generation Facilities

	Fuel Type		Installed	Net Dependable Equivalent	
	Primary	Alternate		(MW)	Availability <sup>1</sup>
<b>Larsen Plant:</b>					
<u>Combustion Turbines</u>					
Unit 2	NG	FO2	1962	14	0.00%
Unit 3	NG	FO2	1962	13	40.24%
Unit 8	NG	FO2	1992	93	63.88%
<u>Steam Condensing Turbines</u>					
Unit 8	WW	FO2	1992	31	39.18%
Larsen Plant Total				151	
<b>McIntosh Plant:</b>					
<u>Diesels</u>					
Unit 1	FO2	-	1970	2	99.24%
Unit 2	FO2	-	1970	3	98.31%
<u>Combustion Turbines</u>					
Unit GT1	NG	FO2	1973	19	98.35%
Unit GT2	NG	FO2	2019	125	86.51%
Unit 5 <sup>2</sup>	NG/WW	-	2001	395	91.09%
<u>Steam Condensing Turbines</u>					
Unit 3 <sup>3</sup>	CO	NG	1982	205	52.86%
McIntosh Plant Total				689	
<b>Winston Plant Diesel Units 1-20<sup>4</sup>:</b>	FO2	-	2001	50	98.20%
Total: All Plants				950	67.01%

Legend: CO – Coal, NG – Natural Gas, FO2 – Light Oil, FO6 – Fuel Oil, WW – Wasted Heat Recovery

<sup>1</sup>Represents the percentage of the capacity that was available for generation.

<sup>2</sup>Commercial operation commenced May 2001; it was converted to combined cycle in May 2002.

<sup>3</sup>Reflects City's 60% share.

<sup>4</sup>Each peaking unit is 2.5 MW, but are combined and treated as one dispatch-able unit of 50 MW capacity.

Source: Lakeland Electric

McIntosh Unit 3 will be retired on March 31, 2021. The Lakeland City Commission had previously voted to mothball the plant in 2024. However, due to increasing maintenance costs and estimated net present value savings of \$13.1 million possible with the earlier closing, the Commission voted on January 19, 2021 to approve the retirement.

Larsen Combustion Turbines Unit #2 and 3 have been placed in status "OS" – long-term scheduled (maintenance) or forced outage, not available to operate (greater than three months). Therefore, the availability of 14MW and 13 MW shown for these units in the above chart are no longer considered as "Available." This decision was reached after September 30, 2020.

## SYSTEM CAPACITY AND LOAD

During fiscal year 2020 the System had a net dependable capacity of 950 MW. During fiscal year 2020 the System's net integrated winter peak load reached 600 MW on January 22, 2020 and its net integrated summer peak load was 678 MW on June 25, 2020. Except for incidental power purchases, Lakeland Electric has historically generated the System's total energy requirements.

The following table shows historical electrical system demand for the last ten Fiscal Years.

### Historical System Demand and Energy Load

Fiscal Year Ended September 30	Winter Peak (MW)	Percent Increase (Decrease)	Summer Peak (MW)	Percent Increase (Decrease)	NEL (GWh) <sup>1</sup>	Percent Increase (Decrease)
2020	600	10.1%	678	1.8%	3,237	0.9%
2019	545	(22.6%)	667	4.7%	3,208	2.4%
2018	704	30.6%	637	(0.9%)	3,133	2.0%
2017	539	(8.3%)	643	(0.5%)	3,072	(3.1%)
2016	588	(10.4%)	647	2.7%	3,170	1.8%
2015	656	13.3%	630	0.5%	3,113	3.3%
2014	579	4.7%	627	4.2%	3,014	3.5%
2013	553	(9.6%)	602	2.4%	2,911	1.6%
2012	612	(13.7%)	590	(3.4%)	2,865	(3.3%)
2011	709	(11.8%)	611	(4.2%)	3,012	(3.3%)

<sup>1</sup>NEL is "net energy load" and excludes sales for resale.

Source: Lakeland Electric

## TRANSMISSION AND DISTRIBUTION SYSTEM

Lakeland Electric's transmission network is made up of 230 and 69 kilovolt (kV) systems. There are currently 128 miles of 69 kV single and double circuit construction and all 69/12-kV substations have a minimum of two transmission sources. At present, there are a total of 24 distribution substations (three 230/69/12 kV, one 230/12 kV, one 230/13.8 kV, and nineteen 69/12 kV) feeding 118 12.47 kV circuits and one 13.8 kV circuit. Publix Super Market's privately owned 69/12 kV substation and its three 12.47 kV circuits are not included in the foregoing figures. There are 1,272 miles of overhead and 732 miles of underground distribution lines in service. The System currently has 28 miles of 230 kV transmission lines; approximately 11 miles reaches west from the McIntosh plant tying into the Interstate and West substations, and approximately 17 miles reaches south from McIntosh plant tying into the Eaton Park and Crews Lake substations.

## INTERCONNECTIONS AND INTERCHANGE AGREEMENTS

The City has entered into various interconnection and interchange power agreements with neighboring electric utilities to coordinate and pool major power supplies generated throughout its region. These agreements ensure that the City has a sufficient bulk power supply to conform to appropriate reliability standards in the most economical manner. They also provide the City with opportunities for sale of excess power to Florida utilities as well as some in the southeastern United States. Additionally, these power agreements provide for sharing, assistance, and other benefits normally associated with the direct interconnection of electric utilities.

The City currently has interchange agreements with the following utilities:

- Duke Energy
- Florida Power & Light Company
- Tampa Electric Company
- Orlando Utilities Commission (OUC)
- Jacksonville Electric Utilities
- Seminole Electric Cooperative
- City of Tallahassee
- Utilities Commission – New Smyrna Beach
- The Energy Authority (TEA)
- City of Homestead
- Florida Municipal Power Agency
- Reedy Creek Improvement District
- Tennessee Valley Authority
- Oglethorpe Power Corporation
- Gainesville Regional Utilities
- Southern Company Energy Marketing

Lakeland Electric has five 230 kV tie lines and three 69 kV tie lines. Lakeland Electric has two 230 kV ties with Duke Energy (formerly Progress Energy) at Lakeland Electric's West Substation, with one line tying to Duke Energy's Griffin Substation and the other to their Barcola Substation. Lakeland Electric's third 230 kV tie is with OUC and connects Lakeland Electric's McIntosh Substation with Orlando's Osceola Substation via Tampa Electric Company's Lake Agnes Substation. The fourth and fifth 230kV ties are with Tampa Electric Company connecting Lakeland Electric's Crews Lake Substation with Tampa Electric Company's Pebbledale and Recker Substations. All three of the 69 kV tie lines belong to Tampa Electric Company. They connect Lakeland Electric's Orangedale Substation to Tampa Electric Company's Polk City Substation, the East Substation to Tampa Electric's Gapway Substation, and the Crews Lake Substation to Tampa Electric's Lake Hancock Substation.

## **FUELS**

### **OIL AND NATURAL GAS**

The City has a storage capacity of 51,806 barrels for No. 2 distillate. This storage capacity affords the System a 9 – day reserve for No. 2 distillate at normal burn rates.

The City is currently obtaining all its fuel oil through purchases via the spot market and has no long-term purchase contracts. In the opinion of Lakeland Electric, this currently provides the lowest cost for fuel oil consistent with usage, current price stabilization and on-site storage. Lakeland Electric continuously monitors the cost effectiveness of spot market purchasing.

The Florida Gas Transmission Company (FGT) achieved “open access” status for their natural gas pipeline on August 1, 1990. This pipeline is an underground pipeline running from east Texas across the Florida Panhandle and down through the state’s center. Much of the FGT supply comes from land-based wells. The City holds firm transportation rights on the FGT pipeline that varies by month, and falls under two rate classifications; FTS-1 and FTS-2, both under the jurisdiction of the Federal Energy Regulatory Commission. Thirty-six percent (36%) of the City's FGT firm transportation rights is under the less expensive FTS-1 rate, and sixty-four percent (64%) is under FTS-2. The two contracts under FTS-1 expire in 2030 and the two contracts under FTS-2 expire in 2025 and 2027.

In June 2002, the Gulfstream Pipeline became operational. This pipeline crosses the Gulf of Mexico starting from the Mobile Bay region and making landfall just south of Tampa, Florida near

Port Manatee. Until 2008, most of the supply sources for the Gulfstream pipeline were offshore, but new pipeline interconnects by Gulfstream have increased the supply of on-shore originating gas supply. Lakeland Electric is also connected to and has purchased firm transportation rights in this pipeline to provide a second source of natural gas while giving additional gas supplier option. Again, this second pipeline reduces the risk of interruption of the gas supply. Gulfstream transportation rates are under the jurisdiction of the Federal Energy Regulatory Commission and the City has three contracts for fixed volumes each month. These contracts are in effect through December 2027, May 2037, and May 2047.

The City secures natural gas supply by utilizing both spot and term supply methods. This allows it the diversity of moving with the spot market, while also having secure supply in place for any environmental events or pipeline allocations due to maintenance or other issues that may arise.

The City has formalized the policies and procedures utilized for a fuel hedging program. The Energy Authority (TEA) is under contract to provide consulting assistance, trade execution, and back-office support for a program that is focused on the purchase of natural gas. Under the terms of this program, time parameters have been adopted which result in the hedging of approximately 63% of forecasted natural gas requirements for the 12 months following the adoption of a fuel rate change which occurs quarterly. The schedule of hedge protection is set forth below:

- 100% of forecasted requirements are hedged for the first three months
- 75% for months four through six
- 50% for months seven through nine
- 25% for months 10 through 12

The hedge policy does allow forecasted gas volumes an additional 24 months with the following targets set forth below:

- 13-24 months =0% - 50%
- 25-36 months =0% - 25%

The program uses a combination of synthetic calls and call options to achieve some level of stability in the ultimate cost of natural gas that is factored into Lakeland Electric's rate structure. Lakeland Electric has the option of terminating commodity swap transactions at any time, at their market value. To the extent such termination results in an obligation to make a termination payment to the counterparty, such payments are considered an operation and maintenance expense and, accordingly, would be required to be paid prior to debt service on the Obligations.

The commodity swap transactions require that Lakeland Electric post collateral to the extent the mark-to-market value of outstanding contracts exceeds \$25,000,000 to the benefit of its counterparties. As of September 30, 2020, Lakeland Electric's portfolio of hedge transactions consisted of commodity swap and option contracts for approximately 16 million dekatherms of natural gas which represents 36-months of hedges with a cost value of approximately \$36,973,280. To date, Lakeland Electric has not been required to post any collateral. The notional cost is \$38,973,280, so Lakeland Electric's collateral value ended at a positive \$2,976,049 mark-to-market value which is below the threshold.

## COAL

The City estimates that McIntosh Unit No. 3 will burn approximately 350,000 to 400,000 tons of coal per year. Usually a 45 to 75-day coal supply reserve (100,000-180,000 tons) is maintained at the McIntosh Plant. On May 6, 2019 the City entered into a three-year contract for Illinois Basin coal for a floor of 225,000 tons and a ceiling of 455,000 tons annually that began on January 1, 2020 and expires December 31, 2022. The City low-sulfur contract from Eastern Kentucky (Central Appalachian) has a floor of 72,000 tons and a ceiling of 90,000 tons annually used for blending purposes and ends December 31, 2020. The coal unit is being retired as of March 31, 2021. The Illinois Basin contract has an early termination clause allowing the utility to provide 60 days' notice to the vendor in the event the city commission votes to retire the coal unit.

The utility's Primary coal sources are in southwestern Indiana, western and eastern Kentucky, southern Illinois, Pennsylvania, West Virginia, Tennessee, Alabama and North & South Carolina which affords the City multiple transportation options by water or single rail line via CSX Transportation (CSX). The plant typically burns 80% Illinois Basin and 20% Central Appalachian coal to meet the Mercury and Air Toxics Standards emission compliance standards. All contracts contain competitive pricing.

The City renewed its CSX contract for another four years and now expires December 31, 2023. Within the railroad contract is a clause allowing for a 60-day notice to terminate it early if the city commission votes to retire the coal unit. Under the terms of the contract with CSX, the City pays a monthly capacity charge to eliminate any minimum tonnage requirements. The GATX railcar lease agreement remains in effect until September 30, 2021. The City has a third train leased from another utility effective September 5, 2017, to September 30, 2023, if both parties agree to renew each September. The utility provided notice in September 2020 that it would not continue the agreement and would return the train in December 2020. All railcars may be subleased to other shippers when not being utilized by Lakeland Electric. To reduce leasing costs, the utility subleased one train set to Orlando Utility Commission to avoid storage costs.

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## FUEL UTILIZATION

The following table shows the historical utilization of fuels by Lakeland Electric as a percentage of total generation based on megawatt hours (MWh).

### Historical Fuel Utilization as a Percent of Total Generation (MWh)

Fiscal Year Ended September 30	Coal	Oil	Natural Gas
2020	16%	1%	83%
2019	28%	1%	71%
2018	44%	0%	56%
2017	46%	1%	53%
2016	37%	0%	63%
2015	28%	0%	72%
2014	19%	0%	81%
2013	25%	0%	75%
2012	21%	0%	79%
2011	35%	0%	65%
2010	35%	0%	65%
2009	59%	1%	40%
2008	59%	0%	41%

Source: Lakeland Electric

## CONSERVATION

In April 1993, the Florida Public Service Commission (FPSC) adopted rules implementing the Florida Energy Efficiency and Conservation Act (FEECA) which requires each electric utility to establish numeric demand-side management goals. The goals are to be based on an estimate of the total cost-effective kilowatt (kW) and kilowatt hours (kWh) savings reasonably achievable through demand-side management in each utility's service area over a 10-year period. These rules require the FPSC to set goals for each electric utility at least once every five years.

During the 1996 Legislative Session, the Florida Legislature modified Section 366.82 of the Florida statutes pertaining to FEECA to eliminate utilities with sales below 2,000,000 MWh's as of June 30, 1993. As of June 30, 1993, Lakeland Electric's sales were 1,966,250 MWh, thereby releasing Lakeland from complying with FEECA rules. Lakeland Electric will; however, continue evaluating conservation efforts. Those which are cost effective will be pursued.

Lakeland Electric has been, and continues to be, dedicated to reducing the System's weather-sensitive peak demand. Lakeland Electric continues to support its conservation. The Department has either implemented or is in the process of implementing programs to promote conservation, efficient use of energy, and the reduction of weather-sensitive peak demands as reflected in the Department's load and energy forecast for future years. Examples of projects include: the continued funding of a conservation fund to promote energy efficiency measures and education, the expansion of the solar program to include more utility scale solar in addition to our existing five solar farms, ongoing refinements and improvements of our Smart Grid, and testing of storage batteries for better management of solar power and peak demand.



## **INDUSTRY ORGANIZATIONS**

### **WHOLESALE POWER EXCHANGE**

The City currently has bilateral contracts with nearly all municipally-owned and investor-owned utilities located within Florida for the exchange of wholesale power. Transactions are conducted directly by the City and through the Florida Municipal Power Pool (FMPP) described below. As Federal and State regulation of the power industry continues to change, it is likely that the process for purchasing power on the wholesale market will also change.

#### **FLORIDA MUNICIPAL POWER POOL (FMPP)**

On May 27, 1988, the City, the Orlando Utilities Commission (OUC), and the Florida Municipal Power Agency signed the Agreement and implemented the FMPP operations on July 1, 1988. On January 1, 1996, the Kissimmee Utilities Authority joined the FMPP. The FMPP was developed to produce operational savings by better utilization of FMPP members' most economical generating units and keeping off less efficient units. All FMPP members share the cost of operation.

The City can withdraw from the FMPP with a three-year written notice or at any time upon agreement of all members. In May 1998, the FMPP formed a marketing group – Florida Energy Marketing (FEM), to respond to the change in the bulk power market. This group has been very successful in selling pool energy resources on a non-firm basis. Participation in the FMPP has resulted in significant savings to the City.

See also "THE SYSTEM - Generation" for information regarding the relative amount of Lakeland Electric's energy needs that are met through the FMPP.

#### **FLORIDA RELIABILITY COORDINATING COUNCIL**

The National Electric Reliability Council has designated the State of Florida as an independent reliability region. The Florida Reliability Coordinating Council (FRCC) has been established to oversee the region to assure the reliability of electric power within the state. The City is a member of all FRCC Committees and has a representative on FRCC's Board of Directors.

#### **GENERATION MUTUAL AID AGREEMENT**

On October 17, 2002, the City, the City of Tallahassee, the Florida Municipal Power Agency, the City of Gainesville (Gainesville Regional Utilities), the Jacksonville Electric Authority, OUC, the Municipal Electric Authority of Georgia, and the Seminole Electric Cooperative, Inc. entered a mutual aid agreement for extended generation outages. The purpose of the agreement is to provide mutual aid in the form of energy and price commitment in the event of an extended outage (over 60 days and up to 365 days) of one of the designated base-load generating units. Accordingly, this agreement provides a physical hedge against the exposure of a volatile energy market. The agreement has been renewed several times and is currently set to expire in 2022. Seminole Electric Cooperative, Inc. does not participate in the current agreement. The agreement is an example of how public power utilities work together for the benefit of their customers and communities. To date, Lakeland Electric has not needed to utilize any generation pursuant to the agreement.

## CUSTOMERS

Customers of the System are predominantly residential in number (83.6% in fiscal year 2020). Of the 134,461 average accounts in fiscal year 2020, 13,601 were commercial and industrial accounts providing approximately 39.6% of retail sales revenue. All City-owned facilities are metered and pay Lakeland Electric for services rendered on a current basis. The following table lists the ten largest users of electrical energy as of September 30, 2020, which in total represent approximately 18.3% of the total MWh sold in Fiscal Year 2020.

### Ten Largest Electric Customers as of September 30, 2020

Customer	MWh used in Fiscal Year 2020	MWh used in Fiscal Year 2019	Percent Change from 2019	Percent of Total MWh Sold in 2020	Max Demand in 2020 (kW)
Publix <sup>1</sup>	191,410	190,507	0.47%	6.08%	19,382
Lakeland Regional Health	71,989	70,929	1.49%	2.29%	1,913
City of Lakeland	67,823	69,108	(1.86%)	2.15%	2,475
Matheson Tri Gas	60,581	58,666	3.26%	1.92%	7,739
Owens Corning Sales	59,400	59,851	(0.75%)	1.89%	9,254
Polk County School Board	39,335	45,853	14.21%	1.25%	1,223
Florida Southern College	27,119	28,247	(3.99%)	0.86%	4,147
Pepperidge Farms	23,062	24,157	(4.53%)	0.73%	3,730
Keymark Corp	17,441	17,501	(0.34%)	0.55%	2,597
Watson Clinic	17,418	17,380	0.22%	0.55%	1,330
<b>Totals</b>	<b>575,577</b>	<b>582,200</b>	<b>(1.14%)</b>	<b>18.28%</b>	<b>53,790</b>

<sup>1</sup>Consists of nine supermarkets, corporate office, warehousing, production, and distribution facilities.

Source: Lakeland Electric

## ELECTRIC RATES

### GENERAL

The level of rates charged to each class of customer for electricity is subject to periodic cost of service studies performed by Lakeland Electric. These studies are performed a minimum of every three years and evaluate the appropriateness of the current rate structure and the equitable allocation of costs among the various customer classes. These analyses form the basis of recommended rate adjustments. During 2018, a cost of service analysis was performed and rate adjustments were approved for implementation by the Lakeland City Commission effective October 1, 2018. See “Electric Rates – 2018 Rate Study” on page 54. It is the policy of the City to establish electric rates that will be adequate to meet the cash flow requirements of the System, including sufficient funds to cover annual expenditures for operations and maintenance, debt service, renewal and replacement, transfers to the City's general fund and other reserves deemed necessary by Lakeland Electric to meet future capital requirements.

The Lakeland City Commission has sole responsibility for establishing rates for Lakeland Electric. The Florida Public Service Commission reviews Lakeland Electric's rate structures but has no rate making jurisdiction.

## RATE FORMULA

The basic rate formula applied by Lakeland Electric to all electric customers combines usage and environmental charges based on kWh used, a fuel charge based on kWh used and a minimum service charge. Additional charges are applied to specific user classes. Most significant among such additional charges is the demand charge billed to large commercial and industrial customers. Demand charges are derived by multiplying a specified charge per kW times the maximum kW consumed during any 30-minute interval during the billing period.

Electric rates are subject to a 10% utility tax on all purchases of electricity within the City and a 10% surcharge on purchases outside the City. The surcharges are calculated on only that portion of the fuel charge contained in the base rate on October 1, 1973. All other fuel is exempt. Utility tax collections are not considered revenues of the System, but surcharges on purchases outside the City are included as revenues. Utility taxes and surcharges are billed to and paid by System customers.

## FUEL CHARGE

October 1, 2015 the Lakeland City Commission enacted ordinance 5537, which provides for a fuel reserve balance sufficient to establish reserves in the amount of 15% of the subsequent twelve-month period of fuel costs (\$18.9 million in FY2020) to offset costs associated with fuel inventories and prepaid fuel hedging. A regulatory liability exists to the extent that the cumulative over-recovered fuel charges exceeds the 15% fuel reserve. No less than quarterly, Lakeland Electric prepares a fuel cost forecast for the next twelve months. This forecast considers projected system average fuel costs, energy generation, power purchases and an amount sufficient to establish the fuel reserve.

### Historical Fuel Charge and Reserve Balances

Fiscal Quarter	Fuel Charge \$/MWh	Percent Increase (Decrease)	Fuel Reserve (\$Thousands)
4Q 2020	\$ 28.00	40.0%	\$ 23,150
3Q 2020	20.00	(38.9%)	24,106
2Q 2020	32.75	0.0%	29,762
1Q 2020	32.75	(10.3%)	27,779
4Q 2019	36.50	(2.7%)	29,308
3Q 2019	37.50	(3.2%)	28,443
2Q 2019	38.75	0.0%	27,499
1Q 2019	38.75	(4.9%)	24,265
4Q 2018	40.75	0.0%	24,733
3Q 2018	40.75	5.2%	19,959
2Q 2018	38.75	0.0%	17,001
1Q 2018	38.75	0.0%	17,747
4Q 2017	38.75	2.6%	22,252
3Q 2017	37.75	10.2%	20,347
2Q 2017	34.25	0.0%	20,387
1Q 2017	34.25	0.0%	23,566

Source: Lakeland Electric

## COMPARISON OF RATES

A comparison of electric rates in effect as of September 30, 2020 based on the average monthly consumption levels for customers within Lakeland Electric's service territory are as follows. The charges listed in the following table include basic rates plus a fuel adjustment charge.

### Rate Comparison as of September 30, 2020

Florida Utilities	Residential 1,000 kWh	GS <sup>1</sup> 1,500 kWh	GSD <sup>2</sup> 60,000 kWh 150 kW	GSLD <sup>3</sup> 200,000 kWh 500 kW
City of Bartow	\$ 100.72	\$ 165.48	\$ 5,209.30	\$ 17,315.10
City of Lakeland	92.77	134.39	4,308.38	14,537.26
Florida Power and Light <sup>4</sup>	99.66	150.27	4,719.86	15,983.16
Orlando Utilities Commission	109.50	168.02	4,992.80	16,554.00
Tampa Electric Company <sup>4</sup>	81.46	133.45	3,839.96	12,623.87
Jacksonville Electric Authority	108.50	155.64	5,345.20	17,951.00
City of Tallahassee	110.59	141.81	5,300.16	17,372.16
Gainesville Regional Utility	123.13	223.60	7,340.50	23,720.00
Duke Energy <sup>4</sup>	134.62	210.44	6,044.82	19,462.32
Average	\$ 106.77	\$ 164.79	\$ 5,233.44	\$ 17,279.87

<sup>1</sup>Small commercial

<sup>2</sup>Large commercial

<sup>3</sup>Industrial

<sup>4</sup>Investor-owned utility; includes an additional customer fee related to the electric franchises granted to such investor-owned utilities

Source: Lakeland Electric

Further breakdown of rates into the fuel and energy components are as follows:

### Rate Comparison Breakdown by Energy and Fuel Components

Florida Utilities	Residential 1,000 kWh	GS 1,500 kWh	GSD 60,000 kWh 150 kW	GSLD 200,000 kWh 500kW
City of Lakeland – Energy	64.77	92.39	2,628.38	8,937.26
City of Lakeland – Fuel	28.00	42.00	1,680.00	5,600.00
City of Lakeland – Total	92.77	134.39	4,308.38	14,537.26
Average – Energy	78.95	120.63	3,467.25	11,393.05
Average – Fuel	27.83	44.15	1,766.19	5,886.83
Average – Total	106.77	164.79	5,233.44	17,279.87
Lakeland % of Average – Energy	82.0%	76.6%	75.8%	78.4%
Lakeland % of Average – Fuel	100.6%	95.1%	95.1%	95.1%
Lakeland % of Average – Total	86.9%	81.6%	82.3%	84.1%

Source: Lakeland Electric

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## 2018 RATE STUDY

On August 6, 2018, the Lakeland City Commission approved a three percent base rate increase which was implemented effective October 2018. Lakeland Electric will continue to closely monitor the financial position of the System, including adequacy of cost recovery and cash balances on an ongoing basis to confirm that the implementation of the proposed rates is maintaining its financial requirements. Despite the rate increase, Lakeland Electric's rates remained in the lowest quartile within the state based on currently available information.

### HISTORICAL RATE CHANGES

The City has put into effect the following rate changes in recent years:

#### Historical Rate Changes – Last Ten Years

Fiscal Year	Residential			General Service		
	% Increase (Decrease) in Base Rate	% Increase (Decrease) in Fuel Charge	% Increase (Decrease) in Total Rate	% Increase (Decrease) in Base Rate	% Increase (Decrease) in Fuel Charge	% Increase (Decrease) in Total Rate
2020	1.0%	(23.3%)	(7.8%)	1.1%	(23.3%)	(8.0%)
2019	2.4%	(10.4%)	(2.7%)	1.6%	(10.4%)	(3.3%)
2018	0.0%	5.2%	1.9%	0.0%	5.2%	2.0%
2017	0.0%	13.1%	4.6%	0.0%	13.1%	4.8%
2016	(1.3%)	(23.6%)	(10.5%)	(1.3%)	(23.6%)	(10.7%)
2015	5.9%	(2.2%)	2.4%	(3.1%)	(2.2%)	(2.7%)
2014	0.6%	10.9%	4.8%	0.5%	10.9%	4.7%
2013	(0.2%)	(2.2%)	(1.0%)	(0.2%)	(2.3%)	(1.0%)
2012	(0.2%)	(16.5%)	(7.7%)	(0.2%)	(16.5%)	(7.5%)
2011	0.0%	(1.2%)	(0.6%)	0.0%	(1.2%)	(0.6%)

Source: Lakeland Electric

### DIVIDEND POLICY

The City has a dividend policy pursuant to which Lakeland Electric transfers monthly amounts to the City's general fund from Lakeland Electric's operating revenues. As of September 30, 2020, the policy provided for a \$9.96 per 1,000 KWh of retail sales. The City Commission may modify the dividend policy at any time and from time to time. The following table shows the general fund dividend transfers for the fiscal years 2011-2020.

#### Historical Dividend Payments

Fiscal Year	Dividend (in thousands)	Percent Increase/(Decrease)	% of Operating Revenues
2020	\$ 31,589	2.34%	10.6%
2019	30,850	3.72%	9.7%
2018	29,701	1.64%	9.4%
2017	29,223	(1.22%)	9.6%
2016	29,584	2.18%	9.9%
2015	28,954	16.39%	9.4%
2014	24,877	5.95%	8.1%
2013	23,481	1.20%	7.8%
2012	23,192	(4.20%)	8.0%
2011	24,200	(3.80%)	7.1%

Source: Lakeland Electric

## ELECTRIC SYSTEM OPERATING STATISTICS

The following tables presents a history of the operation of the System for the past five Fiscal years:

### Historical Operating Statistics – Past Five Fiscal Years

	Fiscal Year Ended September 30				
	2016	2017	2018	2019	2020
60 Minute net peak demand (MW)	646	643	704	667	678
Increase/(decrease) from prior year	1.5%	(0.5%)	9.5%	(5.3%)	1.6%
<u>Energy Sales (GWh):</u>					
Residential	1,483	1,447	1,489	1,551	1,604
Commercial and industrial	1,532	1,522	1,540	1,545	1,527
Other	35	35	35	35	35
Total	<u>3,050</u>	<u>3,004</u>	<u>3,064</u>	<u>3,131</u>	<u>3,166</u>
Increase/(decrease) from prior year	<u>2.0%</u>	<u>(1.5%)</u>	<u>2.0%</u>	<u>2.2%</u>	<u>1.1%</u>
<u>Average customers for period:</u>					
Residential	105,613	107,213	108,539	109,962	112,240
Commercial and industrial	12,861	12,954	13,241	13,382	13,601
Other	8,301	8,368	8,403	8,449	8,520
Total	<u>126,775</u>	<u>128,535</u>	<u>130,183</u>	<u>131,793</u>	<u>134,361</u>
<u>Residential service:</u>					
Average kWh sales per customer	14,042	13,496	13,721	14,110	14,290
Average revenue per customer	\$ 1,597	\$ 1,483	\$ 1,552	\$ 1,593	\$ 1,468
Average revenue per kWh <sup>1</sup>	\$ 0.1137	\$ 0.1099	\$ 0.1131	\$ 0.1129	\$ 0.1027
<u>Operating revenue (\$ 000):</u>					
Residential	\$ 110,895	\$ 105,597	\$ 108,823	\$ 115,869	\$ 118,892
Commercial and industrial	60,749	62,532	62,818	64,845	64,259
Other electric sales <sup>2</sup>	8,870	8,843	8,985	9,189	8,937
Sales for resale	5,789	4,643	7,952	7,168	4,866
Subtotal	\$ 186,303	\$ 181,615	\$ 188,578	\$ 197,071	\$ 196,954
Fuel charge	102,788	114,583	119,043	112,752	96,182
Other revenues	7,462	7,286	7,421	9,321	5,509
Total electric operating revenue	<u>\$ 296,553</u>	<u>\$ 303,484</u>	<u>\$ 315,042</u>	<u>\$ 319,144</u>	<u>\$ 298,645</u>

<sup>1</sup>Average residential revenue per kWh including fuel.

<sup>2</sup>Includes private area lights, street lights, and municipal uses – excludes sales for resale.

Source: Lakeland Electric

The tables below were prepared by Lakeland Electric and show historical and projected cash balances (in thousands) for Lakeland Electric.

**Historical and Projected Cash Balances (in thousands)**

Historical	2016	2017	2018	2019	2020
Undesignated, unrestricted cash	\$ 72,532	\$ 55,491	\$ 44,340	\$ 52,918	\$ 50,272
Designated for capital improvements	57,953	70,475	79,139	85,963	72,659
Total	\$ 130,485	\$ 125,966	\$ 123,479	\$ 138,881	\$ 122,931

Projected	2021	2022	2023	2024	2025
Undesignated, unrestricted cash	\$ 87,384	\$ 87,907	\$ 90,691	\$ 92,334	\$ 93,376
Designated for capital improvements	40,930	40,000	37,800	38,200	39,000
Total	\$ 128,314	\$ 127,907	\$ 128,491	\$ 130,534	\$ 132,376

Source: Lakeland Electric

Liquidity requirements are mitigated by the City's ordinance requiring that fuel costs be recovered on a dollar-for-dollar basis based on quarterly projections of cost and mandated fuel rate changes.

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The following table provides a summary of financial results of Lakeland Electric for the Fiscal Years 2016 through and including 2020. Such financial results were derived from audited financial statements.

### Lakeland Electric Summary of Results of Operations (in thousands)

	Fiscal Year Ended September 30				
	2016	2017	2018	2019	2020
Gross Revenues					
Electric retail base rate <sup>1</sup>	\$ 180,514	\$ 176,971	\$ 180,626	\$ 189,903	\$ 192,087
Electric retail-fuel charge	102,788	114,583	119,044	112,751	96,182
Electric wholesale	5,789	4,644	7,952	7,168	4,867
Other electric <sup>2</sup>	7,462	7,286	7,421	9,321	5,509
Other	514	544	521	631	1,090
Investment income	6,281	5,288	4,900	13,516	(9,615)
Total gross revenues	<u>\$ 303,348</u>	<u>309,316</u>	<u>\$ 320,464</u>	<u>\$ 333,290</u>	<u>\$ 290,121</u>
Operating expenses <sup>3</sup>					
Electric production fuel <sup>4</sup>	\$ 109,466	\$ 120,510	\$ 127,076	\$ 120,231	\$ 101,536
Energy supply <sup>5</sup>	26,370	29,371	30,131	29,155	29,658
Subtotal	<u>135,836</u>	<u>149,881</u>	<u>157,207</u>	<u>149,386</u>	<u>131,194</u>
Energy delivery	23,860	31,752	30,398	28,202	21,151
Customer service	7,041	8,025	8,433	8,610	8,893
Administrative and general <sup>6</sup>	26,093	30,076	24,872	23,175	24,815
Total operating expense	<u>\$ 192,830</u>	<u>219,734</u>	<u>\$ 220,910</u>	<u>\$ 209,373</u>	<u>\$ 186,054</u>
Net revenues available for debt service and other Purposes	<u>\$ 110,518</u>	<u>89,582</u>	<u>\$ 99,554</u>	<u>\$ 123,918</u>	<u>\$ 104,067</u>
Bond service requirement	38,442	38,549	38,106	37,502	35,399
Balance available for other obligations, capital improvements and expansion	<u>\$ 72,076</u>	<u>\$ 51,033</u>	<u>\$ 61,448</u>	<u>\$ 86,416</u>	<u>\$ 68,668</u>
Debt service coverage ratio from operations <sup>7</sup>	2.87	2.32	2.61	3.29	2.94

NOTE: Gross revenues, operating expenses, and net revenues available for debt service and other purposes for the 2016 through 2020 fiscal years are derived from Lakeland Electric's audited financial statements.

<sup>1</sup>Effective March 1, 2015, the City instituted its first base rate increase since 2007. In Fiscal Year 2007 retail MWh sales were down 1.7% from Fiscal Year 2016 which was the City's warmest year in more than a decade. In addition, Hurricane Irma caused a majority of Lakeland Electric's customers to lose power for up to 12 days during the summer of 2017. See "THE SYSTEM – Hurricane Irma."

<sup>2</sup>Other electric includes customer connection charges but excludes impact fees.

<sup>3</sup>Does not include depreciation expense. In Fiscal Year 2017 operating expenses included \$10.4 million related to damages caused by Hurricane Irma. See "THE SYSTEM – Hurricane Irma." Fuel and purchased power expense increased by \$11.0 million in Fiscal Year 2017 primarily because of a 28% annual increase in Lakeland Electric's average cost of natural gas.

<sup>4</sup>Includes purchased power and fuel handling.

<sup>5</sup>McIntosh Unit 1, which was unavailable for service as of September 30, 2015 was officially retired during Fiscal Year 2016 due to obsolescence and reliability issues resulting in an impairment loss of \$3.6 million consisting of \$2.7 million for remaining undepreciated cost of improvements and a \$0.9 million write-down in the value of replacement parts. The impact of the impairment loss is reflected in the 2015 results of operations as part of energy supply expense.

<sup>6</sup>Year-over-year variances in administrative and general expenses are primarily a result of adjustments to the pension liability in accordance with GASB Statement No. 68.

<sup>7</sup>Equals net revenues available for debt service and other purposes divided by bond service requirement.

Source: Lakeland Electric



Sales projections for Fiscal year 2021 and beyond assume normal weather and minimal customer growth (approximately 1.2% each year). The projections also assume a base rate increase of 2.5% in 2023 and 2.5% in 2025. Timing and amount of a subsequent rate increase is still being evaluated by management and will depend upon the utility's financial requirements. The projected results of operations set forth in the following table were prepared by staff of Lakeland Electric based on revenue forecasts.

**Lakeland Electric  
Projected Results of Operations  
(in thousands)**

	Fiscal Year Ended September 30				
	2021	2022	2023	2024	2025
Gross Revenues					
Electric Retail- Base rate	\$ 171,678	172,769	\$ 178,186	\$ 179,426	\$ 185,164
Electric Retail-Fuel charge	112,070	119,786	120,265	111,193	111,193
Electric Wholesale	5,574	5,598	3,236	3,480	3,480
Other Electric <sup>1</sup>	22,724	27,052	25,527	18,483	18,887
Other	373	653	660	557	623
Investment income	5,155	8,666	6,033	5,170	5,248
Total gross revenues	<u>\$ 317,574</u>	<u>334,524</u>	<u>\$ 333,907</u>	<u>\$ 318,309</u>	<u>\$ 324,595</u>
Operating expenses <sup>2</sup>					
Fuel <sup>3</sup>	\$ 117,329	125,385	\$ 123,501	\$ 114,673	\$ 114,673
Energy supply	31,207	30,548	30,514	26,718	27,354
Subtotal	<u>148,536</u>	<u>155,933</u>	<u>154,015</u>	<u>141,391</u>	<u>142,027</u>
Energy Delivery	30,487	30,730	31,459	32,205	32,971
Customer service	9,427	9,654	9,879	10,109	10,345
Administrative and General	28,160	29,303	29,967	30,479	31,175
Total Operating Expense	<u>\$ 216,610</u>	<u>225,620</u>	<u>\$ 225,320</u>	<u>\$ 214,184</u>	<u>\$ 216,518</u>
Net Revenues available for debt service and other purposes	<u>\$ 100,964</u>	<u>108,904</u>	<u>\$ 108,587</u>	<u>\$ 104,125</u>	<u>\$ 108,077</u>
Bond service requirement <sup>5</sup>	35,102	35,734	34,596	33,980	33,230
Balance available for other obligations, capital improvements and expansion	<u>\$ 65,862</u>	<u>73,170</u>	<u>\$ 73,991</u>	<u>\$ 70,145</u>	<u>\$ 74,847</u>
Debt service coverage ratio from operations <sup>6</sup>	2.88	3.05	3.14	3.06	3.25

NOTE

<sup>1</sup> Other Electric Revenues includes customer connection charges and gross receipts revenues.

<sup>2</sup>Operating expenses exclude depreciation expense.

<sup>3</sup>Includes purchased power and fuel handling.

<sup>4</sup>Includes actual debt service on the Parity Obligations and the Series 2018 Bonds, as well as debt service associated with the new debt used to fund installation of Unit 3's replacement.

<sup>5</sup>Equals "Net revenues available for debt service and other purposes" divided by "Bond service requirement."

Source: Lakeland Electric

## CAPITAL IMPROVEMENT PLAN

The following table presents a summary of Lakeland Electric’s projected capital improvement requirements through Fiscal year 2025 (in thousands)

	Fiscal Year Ending September 30				
	2021	2022	2023	2024	2025
Energy Supply	\$ 23,479	\$ 22,400	\$ 17,400	\$ 17,600	\$ 18,000
Energy Delivery	18,111	23,000	23,200	18,300	18,700
Unit 3 Replacement	20,000	80,000	25,000	-	-
All Other	1,840	2,100	2,200	2,300	2,300
Total Funding	\$ 63,430	\$ 127,500	\$ 67,800	\$ 38,200	\$ 39,000

Source: Lakeland Electric

Funding for capital projects included in the above table is expected to be generated from base electric rates, proceeds of the series 2021 bonds will be used to fund installation of unit 3’s replacement.

## PENSION AND OTHER POST-EMPLOYMENT BENEFITS

See Notes N and P in “Appendix C – Audited Financial Statements of the Department of Electric Utilities for the Year Ended September 30, 2020” for information concerning the City’s pension fund and other post-employment benefits as they relate to Lakeland Electric. See also “RETIREMENT PLAN AND OTHER POST-EMPLOYMENT BENEFITS” in “Appendix A – General Information Regarding the City of Lakeland, Florida” for information concerning the City’s various pension funds and other post-employment benefits as they relate to the entire City.

## HURRICANE IRMA

Hurricane Irma made landfall in Florida on September 10, 2017. Hurricane Irma resulted in the largest storm evacuation and recovery effort in Florida’s history. Approximately two-thirds of the State’s population lost power at some point and more than 200 transmission lines and 14,000 MW of electric power supply were taken out of service or compromised. With respect to Lakeland Electric, a majority of Lakeland Electric’s customers lost power for three to twelve days because of the hurricane. Lakeland Electric incurred approximately \$10.4 million in repair, restoration, and other operating expenses because of damage caused by Hurricane Irma. On January 22, 2019, the City entered a master agreement with the Florida Department of Emergency Management (FDEM) for the receipt of federal funds from the Federal Emergency Management Agency (FEMA). Lakeland Electric has a total of eleven projects related to Hurricane Irma and to date, all projects have been submitted to FEMA for reimbursement. The agreement with FDEM will be amended as funds are obligated on a project-by-project basis. To date, \$9.9 million has been received.

## FACTORS AFFECTING THE INDUSTRY

### GENERAL

The electric utility industry is affected by a variety of factors which could impact the business affairs, financial condition, and competitiveness of an electric utility and the level of utilization of its generating facilities, including those of the City. These factors likely would affect individual utilities in different ways. Some of the more significant factors involve increased environmental

requirements and varying efforts on national and local levels to restructure the electric utility industry from a significantly regulated monopoly to an industry in which there is open competition for power supply on both the wholesale and retail level. Although recent efforts for open competition at the retail level have been limited, there is still interest by various groups for open competition. Open competition at the retail level is not expected to occur in Florida in the foreseeable future.

Factors impacting electric utilities include, but are not limited to: (1) effects of competition from other suppliers of electricity and new methods of producing low cost electricity, (2) effects of compliance with rapidly changing environmental, licensing, regulatory and legislative requirements, (3) regulatory changes and changes that might result from a comprehensive national energy policy, (4) uncertain access to low cost capital for replacement of aging fixed assets, (5) increases in operating costs, (6) availability and cost of fuel supply, (7) changes resulting from conservation and demand-side management programs on the timing and use of electric energy, (8) "self-generation" by certain industrial and commercial customers, (9) issues relating to the ability to issue or maintain tax exempt obligations, (10) shifts in availability and relative costs of various fuels, (11) the threat and impact of natural disasters such as hurricanes, (12) changes from projected load requirements. Any of these factors (as well as other factors) could influence the financial condition of any given electric utility, including the System, and likely will affect individual utilities in different ways.

The City cannot determine with certainty what effects such factors will have on its business operations and financial condition, including that of the System, but any effect(s) could be significant. The following is only a brief discussion of some of the existing regulatory matters that impact the System; however, this discussion is not intended to be comprehensive or definitive, and these matters are subject to change. Any such changes could be significant. Extensive information on the electric utility industry is, and will be, available from sources in the public domain, and potential purchasers of City bonds should obtain and review such information.

## **ENERGY POLICY ACT OF 1992**

The Energy Policy Act of 1992 (the "1992 Energy Policy Act") made fundamental changes in the federal regulation of the electric utility industry, particularly in transmission access. The purpose of these changes, in part, was to bring about increased wholesale electric competition. The 1992 Energy Policy Act provides the Federal Energy Regulatory Commission (FERC) with the authority, upon application by an electric utility, federal power marketing agency, or other non-utility power generator, to require a transmitting utility to provide transmission services to the applicant essentially on a cost-of-service basis. Municipally-owned electric utilities are transmitting utilities for purposes of these provisions of the 1992 Energy Policy Act. Currently FERC does not have the authority to regulate "retail wheeling," under which a retail customer of one utility could obtain power from another utility or non-utility power generator.

The energy efficiency title of the 1992 Energy Policy Act required states and utilities to consider adopting integrated resource planning (IRP), which allows utility investments in conservation and other demand-side management techniques to be at least as profitable as supply investments. The 1992 Energy Policy Act also established new efficiency standards and obligated states to establish commercial and residential building codes with energy efficiency standards. Additionally, the 1992 Energy Policy Act required utilities to consider energy efficiency programs

in their IRPs. The Florida public service Commission (FPSC) adopted an IRP and the City is already complying with its own IRP policy. This initiative is well institutionalized at this point.

## **ENERGY POLICY ACT OF 2005**

The Energy Policy Act of 2005 (the 2005 Energy Policy Act) provides tax incentives and loan guarantees for energy production of various types and sets reliability standards for grids. The 2005 Energy Policy Act is intended to establish a comprehensive, long-range energy policy. It provides incentives for traditional energy production as well as newer, more efficient energy technologies, and conservation.

Under the 2005 Energy Policy Act, FERC has the authority to require an otherwise non-jurisdictional owner, such as the City, owning or operating transmission facilities to provide transmission services at (1) rates that are comparable to those they charge themselves and (2) terms and conditions that are comparable to those they charged themselves and that are not unduly discriminatory or preferential. The Energy Policy Act of 2005 also provides that any load serving entity with a service obligation, including an otherwise non-jurisdictional transmission owner, is entitled to use its transmission capacity to meet its native load service obligation in preference to other uses of the grid.

The Energy Policy Act of 2005 additionally authorizes the FERC to designate an Electric Reliability Organization (ERO) that would propose reliability standards that would be reviewed by FERC before becoming final. All users, owners and operators of the bulk power system, including an otherwise non-jurisdictional transmission owner, such as the City, must comply with the standards. The ERO may delegate to a regional entity the authority to propose reliability standards to the ERO and to enforce the reliability standards.

FERC has designated the North American Electric Reliability Corporation (NERC) as the agency that oversees compliance with bulk-power system reliability standards, and in turn, NERC has designated FRCC as the regional entity responsible for monitoring compliance for registered entities in peninsular Florida, including Lakeland Electric. As a registered entity subject to NERC reliability standards, Lakeland Electric has, and in the future, anticipates increased compliance costs and exposure to significant monetary penalties for non-compliance violations, if any are discovered through self-reporting or NERC compliance monitoring activities. The regulatory framework established by the Energy Policy Act of 2005, and the related rules and standards subsequently established, result in administrative costs and systematic controls for Lakeland Electric. This is particularly true of the NERC compliance requirements.

Overall competition in the electric utility industry continues to increase. Pursuant to FERC mandates and initiatives, full open access to the electric transmission network, including the City's, is available to all electric providers seeking to transmit electricity for resale. The authority to order retail wheeling, which allows a retail customer to be located in one utility's service area and to obtain power from another utility or non-utility source, is presently specifically excluded from the enhanced authority granted to FERC under the 1992 Energy Policy Act. How quickly competition continues to be implemented and how far competition will be extended is uncertain. As a result of these market forces, the City is continuing to pursue initiatives and strategies which will result in the System maintaining a favorable market position.

The City and the System are currently in compliance with the requirements of the 1992 Energy Policy Act, the 2005 Energy Policy Act and all FERC initiatives. It is possible that new rules, regulations and initiatives will be implemented pursuant to such Acts and that one or more electric utility restructuring bills may be introduced in future sessions of Congress. The City cannot predict whether, or in what form, any rule, regulation or bill may be introduced, or whether any such item will become effective. There can, therefore, be no accurate predictions as to the effect of any such rule, regulation or law on the City and the System, but the impact could be substantial.

## **FLORIDA LEGISLATION**

The State of Florida's regulatory framework for electric utilities is principally governed by FEECA, the Florida Energy, Climate Change and Economic Security Act of 2008 (Florida Energy Act of 2008) and the Florida Energy Act of 2012 (Florida Energy Act of 2012), and the rules and regulations promulgated thereunder. Lakeland Electric currently is not subject to FEECA.

The City and the System currently follow the Florida Energy Act of 2008, the Florida Energy Act of 2012 and other Florida regulatory requirements. It is possible that one or more electric utility legislative bills may be introduced in future sessions of the Florida Legislature. The City cannot predict whether, or in what form, any bill may be introduced, or whether any such bill will be enacted into law. There can, therefore, be no assurances as to the impact of any legislation on the City and the System. It is also possible that federal action may preempt some of these state initiatives.

## **RATE REGULATION**

The City Commission, under existing Florida law, has the exclusive authority to establish the level of electric rates for the System. While the FPSC has no authority to set rates for a municipal electric utility, it does have jurisdiction over municipal electric utilities to prescribe uniform systems and classifications of accounts, to require electric power conservation and reliability, to approve territorial agreements, to settle territorial disputes, to approve the need for new steam-electric power plants and transmission lines, and to prescribe rate structures for municipal utilities. The current rate structure for the System has been approved by the FPSC.

The Florida Supreme Court, while continuing to hold that the FPSC has no authority to regulate municipal utility rates (i.e., the specific dollar amounts charged by a municipal electric utility for specific service), has held that the FPSC has jurisdiction and authority to regulate the rate structure of a municipal electric utility (i.e., the classification system used to justify charging different rates to different classes of customers). It is not clear how broadly the Court may ultimately interpret rate structures to permit additional regulation of rates of municipal utilities by FPSC.

## **ENVIRONMENTAL**

Electric utilities (including the System) are subject to continuing environmental, conservation and other regulation and permitting requirements by federal, state and local authorities. Changes to these regulations may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that the City's facilities will remain subject to the regulations currently in effect, will always be compliant with current or future regulations or will always be able to obtain or maintain all required permits. An inability to comply

with environmental standards or deadlines could result in fines and/or legal action as well as reduced operating levels or complete shutdown of individual electric generating units or water plant facilities that are not in compliance. Furthermore, clean air laws, compliance with environmental standards or deadlines may substantially increase capital and operating costs.

There has been, and continues to be, concern by individuals, the scientific community and Congress regarding environmental damage resulting from the use of fossil fuels. The System's plants use fossil fuels. Over the last few decades, there have been several legislative proposals, many enacted, and executive orders regarding the regulation of air, water and contaminants which affect the electric utility industry. It is likely that additional environmental proposals and orders will be made in the future from time-to-time with respect to the regulation of electric utilities. It is not possible to accurately predict what types of legislation may be proposed or orders may be issued or their impact on Lakeland Electric; however, impacts to Lakeland Electric's operating results and/or capital costs could be significant. Lakeland Electric will continue to monitor the legislative environment and will continue to comply with all of its regulatory requirements in the most cost-effective manner possible.

In mid-2005, EPA issued the final Clean Air Interstate Rule (CAIR) and the Clean Air Mercury Rule (CAMR). CAIR required reductions in the emissions of nitrogen oxides (NO<sub>x</sub>) and sulfur dioxide (SO<sub>2</sub>) from electric generating units (EGUs). However, CAIR was ultimately vacated and remanded to the agency by the D.C. Circuit Court of Appeals in 2008 after certain portions of the regulation were found to be unlawful. Additionally, on February 8, 2008, the D.C. Circuit Court of Appeals vacated CAMR.

After the vacatur of CAMR, the EPA finalized the Mercury Air Toxics Standards (MATS) for power plants on December 21, 2011. MATS was designed to reduce emissions of heavy metals, including mercury (Hg), arsenic (As), chromium (Cr), and nickel (Ni); and acid gases, including hydrochloric acid (HCl) and hydrofluoric acid (HF). Under MATS, EPA had to set emission standards for existing power plants that are at least as stringent as the emission reductions achieved by the average of the top 12% best controlled power plants. Existing power plants regulated by MATS generally had three years to comply. EPA also set industry-specific "new source performance standards" (NSPS) for those plants that are modified after the date of the rule or any new power plants that are covered by MATS. The compliance date for this rule was April 16, 2015. MATS currently only affect Lakeland Electric's coal-fired steam unit. In addition to the new, more stringent particulate matter (PM) and SO<sub>2</sub> emission limits, the System's coal-fired unit is now also required to comply with a new Hg limit. To comply with these new limitations, upgrades to the existing coal-fired unit scrubber were necessary and were performed in early 2015. To demonstrate compliance with the PM and Hg standards, new continuous emission monitors for these pollutants were installed in 2015.

On July 6, 2011, EPA signed its final Cross-State Air Pollution Rule (CSAPR), a new rule slated to replace CAIR, which established an emissions allowance trading program intended to reduce the interstate transport of NO<sub>x</sub> and SO<sub>2</sub> that is inhibiting downwind states' abilities to attain and maintain compliance with the particulate matter and ozone national ambient air quality standards. The rule eventually went into effect on January 1, 2015 and Florida was subject only to the ozone-season NO<sub>x</sub> trading program component of the rule. On December 3, 2015, EPA proposed a new transport rule which included EPA's latest modeling results showing that Florida does not significantly contribute to another state's air quality issues, and thus would not be subject to the rule after 2016. On September 13, 2016, EPA issued the final rule, and Florida is no longer

affected by this rule. However, it is possible but unlikely that Florida could again become subject to the rule in the future.

On September 30, 2009, EPA announced a proposal that is focused on large facilities emitting over 25,000 tons of greenhouse gases (GHG) a year. These facilities would be required to obtain permits that would demonstrate they are using the best practices and technologies to minimize GHG emissions. The rule proposed new thresholds for GHG emissions that define when Clean Air Act permits under the Prevention of Significant Deterioration (PSD) and Title V operating permits programs would be required for new or existing industrial facilities. In December 2010, the EPA issued its final rule on GHG mitigation. Under this rule, it began controlling such gases utilizing Title V of the Clean Air Act. On January 2, 2011, the EPA began implementing GHG permitting for the State of Florida. FDEP subsequently started the process of obtaining the GHG PSD permitting authority from EPA. In May 2014, EPA issued final approval of Florida's GHG PSD permitting program, meaning that FDEP now has full authority to issue GHG PSD permits for Florida sources.

On March 27, 2012, EPA proposed a rule regulating GHG emissions from new power plants that would limit CO<sub>2</sub> emissions. The rule was modified and re-proposed on September 20, 2013. The rule for new units was finalized on August 3, 2015 with minor changes. Additionally, the former President Obama ordered in June 2013 that CO<sub>2</sub> emissions guidelines for existing units be developed. In June 2014, EPA proposed the CO<sub>2</sub> emissions guidelines for existing power plants, commonly known as the Clean Power Plan ("CPP"). The guidelines were finalized on August 3, 2015. According to these guidelines, Florida would have been required to meet the final CO<sub>2</sub> emissions goal of 919 pounds per net MWh starting in 2030. However, on February 9, 2016, the Supreme Court stayed implementation of the rule, effective until all litigation is resolved. Furthermore, on April 4, 2017, pursuant to the former President Trump's Executive Order, EPA announced that it was reviewing the CPP. On October 10, 2017, EPA Administrator signed a proposed rule that would repeal it, and on December 18, 2017, EPA took a first step toward replacing the CPP by releasing an advance notice of proposed rulemaking. This notice asked the public for comments on what a CPP replacement rule should include. On August 21, 2018, EPA proposed the CPP replacement regulation referred to as the Affordable Clean Energy ("ACE") rule which would establish emission guidelines for states to develop plans to address GHG emissions from existing coal-fired power plants. The ACE rule is based on heat rate efficiency improvements that can be achieved at individual sources. With this rule, EPA is deferring to states to develop and implement their standards in a manner that best suits their unique circumstances. On July 8, 2019, EPA published the final ACE rule. ACE requires state plans to be submitted by July 8, 2022. Compliance with ACE is expected to occur upon EPA's approval of state plans, around 2024. However, on January 19, 2021 the D.C. Circuit Court vacated the ACE rule and remanded it back to EPA. Even in the event of ACE rule remaining in effect, Lakeland's coal unit would not have to comply with it due to its announced 2021 shuttering.

In 2010, EPA issued a final rule that was aimed at reducing emissions of toxic air pollutants from existing stationary reciprocating internal combustion engines ("RICE"). The RICE Rule, as it is known, became effective on May 3, 2013 for compression ignition engines (diesel-fired) and on October 19, 2013 for spark ignition engines (gasoline-fired and propane-fired). The rule has different requirements based on engines' intended use. Requirements for non-emergency engines are most stringent and include limitations such as CO emission

standards (requiring oxidation catalysts to be installed), periodic CO emissions testing, fuel restrictions (only fuel containing no more than 15 ppm sulfur, or 0.0015%, is allowed), and monitoring of catalyst inlet temperature and pressure drop. Requirements for emergency engines are essentially to keep the annual hours of operation below certain thresholds and to conduct the required engine maintenance at specified time intervals. The only requirement for startup (black start) engines is to conduct the required engine maintenance. Lakeland Electric currently has twenty-one non-emergency, three emergency, and three startup engines that are subject to the RICE Rule requirements.

In 2010, EPA proposed rules regulating the disposal of coal ash via the Coal Combustion Residual Rule. Previously, coal combustion residuals (CCR) were exempt wastes under an amendment to Resource Conservation and Recovery Act. The two options that were being considered by EPA were to regulate the ash as a Subtitle C, hazardous waste, or to regulate ash as a Subtitle D, non-hazardous waste. This rule could have impacted the beneficial use of Coal Ash as a non-hazardous waste by-product, which could have required it to be disposed of by the System in a permitted landfill rather than sold for beneficial use. On April 17, 2015, EPA published the rule in the Federal Register under the solid waste provisions (Subtitle D) of the Resource Conservation and Recovery Act, which became effective on October 4, 2016. In late 2016, Congress passed the Water Infrastructure Improvements for the Nation Act (WIIN Act) which fundamentally changed the way the CCR Rule is to be implemented. Under the WIIN Act, EPA is authorized to review and approve state CCR permit programs that are at least as protective as the federal CCR Rule. Currently, Florida has not been authorized to implement a CCR permit program. However, Florida has signaled that they plan to seek permit delegation from EPA. In response to ongoing legal challenges by environmental and industry groups, EPA initiated rulemaking in 2018 to revise aspects of the current CCR rule. This EPA rulemaking will continue through and potentially beyond 2020. In this rulemaking, EPA is considering revisions which may incorporate many flexibilities. The ultimate impact of the CCR rule will depend on the results of initial and ongoing minimum criteria assessments and the implementation of state or federal permit programs. The intent of Lakeland Electric is to sell all CCR material for beneficial use; however, because of historical accumulation of CCR materials, Lakeland Electric is subject to the rule.

The EPA published a final 316(b) rule in August 2014 that became effective on October 14, 2014. The rule establishes standards for cooling water intake structures at existing power plants to reduce the effects on aquatic life. The rule also addresses cooling water intakes for new units at existing facilities. Compliance with the rule may require changes to existing cooling water intake structures; however, the final impact of this rule will depend on the results of additional studies and how the rule is implemented by state regulators based on site-specific factors. During the next permit renewal cycle in 2021, the impacts will be fully known.

On November 3, 2015, EPA published the Steam Electric Power Generating Effluent Limitation Guidelines final rule ("ELG"). ELG regulates direct discharges to surface water from power plants under the National Pollutant Discharge Elimination System ("NPDES") and establishes standards for existing sources. The waste streams generated at Lakeland Electric are ultimately commingled on site before being conveyed to the City of Lakeland Marsh Treatment System. Specific waste streams regulated under ELG that could apply to Lakeland Electric include bottom ash transport water and flue gas desulfurization wastewaters. Per the rule, the date for compliance with ELG was originally November 1, 2018. EPA subsequently postponed the compliance dates until



November 1, 2020 to give them time to put in place a new ELG rule. A reconsideration rule was finalized on October 13, 2020. EPA added a subcategory for units ceasing the combustion of coal by 2028. Lakeland Electric is already meeting the limits for this subcategory and is planning to cease coal operations at McIntosh Power Plant before 2028. Once operations cease, the unit is no longer subject to this rule.

In the opinion of the City, Lakeland Electric is currently in material compliance with all current federal, state, and local laws, rules, regulations, orders and initiatives affecting the System. The City cannot predict whether any additional legislation, rules, regulations, orders or initiatives will become effective which will affect the Lakeland Electric's operations or what the additional capital and operating costs, if any, to Lakeland Electric might be as a result of any such action. The financial and operating impact on Lakeland Electric could be substantial

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# SUMMARIZED BOND INFORMATION – DEPARTMENT OF ELECTRIC UTILITIES

## ENERGY SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2010

\$199,300,000

### REVENUE AND REFUNDING BONDS DATED OCTOBER 20, 2010

#### *CUSIP NUMBERS*

51166FCL1	51166FCM9	51166FBS7	51166FBT5	51166FBU2
51166FBV0	51166FBW8	51166FBX6	51166FBY4	51166FBZ1
51166FCA5	51166FCB3	51166FCC1	51166FCD9	51166FCE7
51166FCF4	51166FCG2	51166FCH0	51166FCJ6	51166FCK3

#### *PURPOSE*

The Series 2010 Bonds were issued for the principal purposes of (i) financing certain capital improvements for the electric power system of the City of Lakeland, Florida (the “City”), (ii) refunding, on a current basis, a portion of the City’s outstanding Energy System Refunding Revenue Bonds, Series 1999A and refunding on an advance basis the City’s outstanding Energy System Revenue Bonds, Series 2001B, (iii) paying costs associated with the termination of a conditional bond warrant agreement, and (iv) paying certain costs and expenses related to the issuance of the Bonds.

#### *SECURITY*

The Bonds and the interest thereon are payable from the Trust Estate which consists principally of certain Revenues derived by the City from the operation of its electric power system on parity in all respects as to the lien thereon and pledge thereof granted with respect to the City’s hereinafter defined Parity Obligations.

#### *INSURANCE*

A municipal bond insurance policy from Assured Guaranty Municipal Corp., was purchased to unconditionally and irrevocably guarantee the full and complete payment required to be made by or on behalf of the City related to the Series 2010 bonds maturing in the years 2011 through 2029. The Series 2010 bonds maturing in 2036 were not insured.

#### *RATINGS*

Moody’s Investor Service: **Aa3** Standard & Poor’s Ratings: **AA** Fitch Ratings: **AA**

#### *MANDATORY REDEMPTION*

The Bonds maturing on October 1, 2036 are subject to mandatory sinking fund redemption in part, by lot, on October 1, 2030 and on each October 1, thereafter at a price of par, plus accrued interest to the date of redemption as follows:

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
October 1, 2030	\$ 6,040,000	October 1, 2031	\$ 6,360,000
October 1, 2032	6,695,000	October 1, 2033	7,045,000
October 1, 2034	7,415,000	October 1, 2035	7,800,000
October 1, 2036*	8,215,000		

\* Final maturity

**OPTIONAL REDEMPTION**

The Bonds are not subject to optional redemption prior to maturity

**AGENTS**

Registrar: The Bank of New York, New York, New York  
 Paying Agent: The Bank of New York, New York, New York  
 Trustee: The Bank of New York, New York, New York  
 Issuer's Bond Counsel: Holland & Knight LLP, Lakeland, Florida  
 Issuer's Financial Advisors: RBC Capital Markets, Jacksonville, Florida  
 Managing Underwriter: Goldman, Sachs and Company, New York, New York  
 Underwriters' Counsel: Nabors, Giblin, & Nickerson, PA, Tampa, Florida  
 Insurance: XL Capital Assurance, Inc., New York

**Summary of Future Debt Service Requirements  
 Energy System Refunding & Revenue Bonds, Series 2010**

Date	Maturity	Interest	Total
1-Oct-2020	4,695,000	2,632,025	7,327,025
1-Apr-2021		2,514,650	2,514,650
1-Oct-2021	4,925,000	2,514,650	7,439,650
1-Apr-2022		2,409,994	2,409,994
1-Oct-2022	5,140,000	2,409,993	7,549,993
1-Apr-2023		2,300,769	2,300,769
1-Oct-2023	5,355,000	2,300,769	7,655,769
1-Apr-2024		2,180,281	2,180,281
1-Oct-2024	5,595,000	2,180,281	7,775,281
1-Apr-2025		2,040,407	2,040,407
1-Oct-2025	5,885,000	2,040,407	7,925,407
1-Apr-2026		1,893,281	1,893,281
1-Oct-2026	6,180,000	1,893,281	8,073,281
1-Apr-2027		1,731,057	1,731,057
1-Oct-2027	5,180,000	1,731,057	6,911,057
1-Apr-2028		1,595,081	1,595,081
1-Oct-2028	5,450,000	1,595,081	7,045,081
1-Apr-2029		1,452,019	1,452,019
1-Oct-2029	5,745,000	1,452,018	7,197,018
1-Apr-2030		1,301,213	1,301,213
1-Oct-2030	6,040,000	1,301,212	7,341,212
1-Apr-2031		1,142,663	1,142,663
1-Oct-2031	6,360,000	1,142,662	7,502,662
1-Apr-2032		975,713	975,713
1-Oct-2032	6,695,000	975,712	7,670,712
1-Apr-2033		799,969	799,969
1-Oct-2033	7,045,000	799,968	7,844,968
1-Apr-2034		615,038	615,038
1-Oct-2034	7,415,000	615,037	8,030,037
1-Apr-2035		420,394	420,394
1-Oct-2035	7,800,000	420,394	8,220,394
1-Apr-2036		215,644	215,644
1-Oct-2036	8,215,000	215,643	8,430,643
	<u>\$ 103,720,000</u>	<u>\$ 49,808,363</u>	<u>\$ 153,528,363</u>

# ENERGY SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2016

\$138,650,000

## REVENUE AND REFUNDING BONDS DATED FEBRUARY 5, 2016

### **CUSIP NUMBERS**

51166FDM8	51166FDN6	51166FDP1	51166FDQ9	51166FDR7
51166FDS5	51166FDT3	51166FDU0	51166FDV8	51166FDW6
51166FDX4	51166FDY2	51166FDZ9	51166FEA3	51166FEB1
51166FEC9	51166FED7	51166FEE5	51166FEF2	51166FEG0
		51166FEH8		

### **PURPOSE**

The Series 2016 Bonds were issued for the principal purposes of (i) financing certain capital improvements for the electric power system of the City of Lakeland, Florida (the "City"), (ii) refunding, on a current basis, the City's outstanding Energy System Refunding Revenue Bonds, Series 2014 and refunding on an advance basis, a portion of the City's outstanding Energy System Revenue Bonds, Series 2006, and (iii) paying certain costs and expenses related to the issuance of the Bonds.

### **SECURITY**

The Bonds and the interest thereon are payable from the Trust Estate which consists principally of certain Revenues derived by the City from the operation of its electric power system on parity in all respects as to the lien thereon and pledge thereof granted with respect to the City's hereinafter defined Parity Obligations.

### **INSURANCE**

The City has not purchased bond insurance or any other form of credit enhancement for the 2016 bonds.

### **RATINGS**

Moody's Investor Service: **Aa3** Standard & Poor's Ratings: **AA** Fitch Ratings: **AA**

### **OPTIONAL REDEMPTION**

The Bonds maturing on or after October 1, 2026, are subject to redemption prior to their stated dates of maturity, at the option of the City, in whole or in part on any date on or after April 1, 2026 (in such manner of selection of maturities as the City shall determine and by lot within maturities) at a redemption price of 100% of the principal redeemed, plus interest accrued to the date of redemption.

### **AGENTS**

Registrar:	The Bank of New York, New York, New York
Paying Agent:	The Bank of New York, New York, New York
Trustee:	The Bank of New York, New York, New York
Issuer's Bond Counsel:	Holland & Knight LLP, Lakeland, Florida
Issuer's Financial Advisors:	RBC Capital Markets, Jacksonville, Florida
Managing Underwriter:	Goldman, Sachs and Company, New York, New York
Underwriters' Counsel:	Nabors, Giblin, & Nickerson, PA, Tampa, Florida

**Summary of Future Debt Service Requirements  
Energy System Refunding and Revenue Bonds, Series 2016**

Date	Maturity	Interest	Total
1-Oct-2020	4,770,000	2,579,335	7,349,335
1-Apr-2021		2,460,084	2,460,084
1-Oct-2021	9,620,000	2,460,084	12,080,084
1-Apr-2022		2,219,585	2,219,585
1-Oct-2022	10,020,000	2,219,585	12,239,585
1-Apr-2023		1,969,084	1,969,084
1-Oct-2023	10,480,000	1,969,084	12,449,084
1-Apr-2024		1,707,085	1,707,085
1-Oct-2024	10,955,000	1,707,085	12,662,085
1-Apr-2025		1,433,209	1,433,209
1-Oct-2025	11,480,000	1,433,209	12,913,209
1-Apr-2026		1,146,210	1,146,210
1-Oct-2026	12,005,000	1,146,210	13,151,210
1-Apr-2027		846,084	846,084
1-Oct-2027	12,550,000	846,084	13,396,084
1-Apr-2028		689,210	689,210
1-Oct-2028	12,820,000	689,210	13,509,210
1-Apr-2029		512,934	512,934
1-Oct-2029	8,820,000	512,934	9,332,934
1-Apr-2030		386,147	386,147
1-Oct-2030	5,965,000	386,147	6,351,147
1-Apr-2031		296,672	296,672
1-Oct-2031	1,875,000	296,672	2,171,672
1-Apr-2032		267,375	267,375
1-Oct-2032	1,935,000	267,375	2,202,375
1-Apr-2033		219,000	219,000
1-Oct-2033	2,030,000	219,000	2,249,000
1-Apr-2034		168,250	168,250
1-Oct-2034	2,135,000	168,250	2,303,250
1-Apr-2035		114,875	114,875
1-Oct-2035	2,240,000	114,875	2,354,875
1-Apr-2036		58,875	58,875
1-Oct-2036	2,355,000	58,875	2,413,875
	<u>\$ 122,055,000</u>	<u>\$ 31,568,693</u>	<u>\$ 153,623,693</u>

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**ENERGY SYSTEM REFUNDING BONDS, SERIES 2017**

\$97,000,000

**REFUNDING BOND DATED AUGUST 29, 2017**

**CUSIP NUMBER**

N/A

**PURPOSE**

The Series 2017 Bonds were issued for the principal purpose of refunding a portion of the Variable Rate Energy System Refunding Bonds, Series 2012:

**SECURITY**

The Series 2017 Bonds and the interest thereon are payable from certain revenues derived by the City from the operations of its electric power system on parity as to the lien thereon and pledge thereof granted with respect to the City’s hereinafter defined Parity Obligations. The Series 2017 Bond was issued through a direct placement and were purchased by the Bank of America, N.A.

**INSURANCE**

The City has not purchased bond insurance or any other form of credit enhancement for the 2017 Bond.

**MANDATORY REDEMPTION**

The bond maturing on October 1, 2022 is subject to mandatory sinking fund redemption in part, by lot, at a price of par, plus accrued interest to the redemption date as follows:

<u>Date</u>	<u>Principal Amount</u>
October 1, 2019	\$1,795,000
October 1, 2020	\$7,000,000
October 1, 2022	\$88,205,000

**OPTIONAL REDEMPTION**

The 2017 bond is subject to optional prepayment or redemption, in whole or in part on any business day with three business day’s advance written notice, at a redemption price equal to the principal amount being redeemed, plus accrued interest thereon, if any. If the bond is redeemed within 365 days of issuance, an additional prepayment premium will be applied, as specified in the authorizing ordinance.

**AGENTS**

- Registrar: City of Lakeland, Lakeland, Florida
- Paying Agent: City of Lakeland, Lakeland, Florida
- Trustee: NA
- Calculation Agent: Bank of America, N.A.
- Issuer’s Bond Counsel: Holland & Knight LLP, Lakeland, Florida
- Issuer’s Financial Advisors: RBC Capital Markets, Jacksonville, Florida
- Managing Underwriter: NA
- Purchaser’s Counsel: Mark E. Raymond

**SUMMARY OF FUTURE DEBT SERVICE REQUIREMENTS**

Interest on the bond is payable monthly on the first business day of each calendar month commencing October 2, 2017. The bond bears interest equal to the outstanding principle amount of the bonds times the one-month LIBOR index plus 0.52%, reset monthly.

## **SWAP AGREEMENTS**

To hedge the variable rate risk exposure related to certain variable rate Electric System bonds, the City has entered several interest rate swap agreements. These agreements, which were entered between 2001 and 2008, were related to certain prior variable rate debt, which has been refunded. The City has elected to apply the existing swap agreements to hedge the new variable rate refunding debt. In August 2017, the City issued the variable rate Energy System Refunding Bond, Series 2017 which, among other purposes, refunded the outstanding Series 2012 bonds, which were variable rate obligations. Concurrently, the City modified the terms of several of the outstanding variable rate hedges to bring them into alignment with the outstanding variable rate bonds. No termination payments were made. The existing swap agreements are summarized in the chart below.

### **Existing Swap Agreements**

Notional 9/30/2020	Counterparty	Start Date	Maturity Date	City Receives	City Pays	Fair Market Value 9/30/2020
47,860,000	Citigroup Global Markets Holdings, Inc.	1/22/2003	10/1/2037	67% of 1 mo. LIBOR	3.74%	\$(22,907,573)
14,053,000	Citigroup Global Markets Holdings, Inc.	8/29/2017	10/1/2035	67% of 1 mo. LIBOR	3.92%	(5,902,171)
24,772,000	Goldman Sachs Mitsui Marine Derivative Products, LP	10/2/2017	10/1/2035	67% of 1 mo. LIBOR	3.92%	(10,655,688)
1,520,000	Goldman Sachs Mitsui Marine Derivative Products, LP	10/2/2017	10/1/2035	67% of 1 mo. LIBOR	3.16%	(468,312)
						<u>\$(39,933,744)</u>

Source: City of Lakeland Annual report

As a result of the swap agreements, the City will receive variable rate payments equal to 67% of LIBOR times the notional amount of the swap agreements. The notional amount of the swap agreements roughly corresponds to the outstanding amount of the Series 2017 variable rate bonds. In return, the City will make fixed rate payments of between 3.163% and 3.92% times the notional amount of the swap agreements. These agreements fix the variable rate exposure of the 2017 bonds at the fixed rates noted above (plus the fixed rate spread paid on the bonds) to the extent that the variable rate payments received by the City under the swap agreements are equal to the variable rates paid by the City on the 2017 bonds. Over time the variable rates paid and received are expected to be equivalent.

The swap agreements use the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay, bankruptcy, or rating downgrades to either counterparty. As of September 30, 2020, the City was not subject to credit risk with its counterparties because the fair market values of the swap agreements were negative.

Accordingly, the market values of the derivatives are recorded as offsetting items on the balance sheet i.e. recognition of changes in fair market value are deferred.

# ENERGY SYSTEM REVENUE BONDS, SERIES 2018

\$43,945,000

## REVENUE BONDS DATED SEPTEMBER 13, 2018

### CUSIP NUMBERS

51166FEL9	51166FEP0	51166FES4	51166FEV7	51166FEY1
51166FEM7	51166FEQ8	51166FET2	51166FEW5	51166FEZ8
51166FEN5	51166FER6	51166FEU9	51166FEX3	51166FFA2
		51166FFB0		

### PURPOSE

The Series 2018 Bonds were issued for the principal purposes of (i) financing certain capital improvements to the electric power system of the City of Lakeland, Florida (the "City") and (ii) paying certain costs and expenses related to the issuance of the Bonds.

### SECURITY

The Bonds and the interest thereon are payable from the Trust Estate which consists principally of certain Revenues derived by the City from the operation of its electric power system on parity in all respects as to the lien thereon and pledge thereof granted with respect to the City's hereinafter defined Parity Obligations.

### INSURANCE

The City has not purchased bond insurance or any other form of credit enhancement for the 2016 bonds.

### RATINGS

Moody's Investor Service: **Aa3**      Standard & Poor's Ratings: **AA**      Fitch Ratings: **AA**

### OPTIONAL REDEMPTION

The Bonds maturing on or after October 1, 2029, are subject to redemption prior to their stated dates of maturity, at the option of the City, in whole or in part on any date on or after April 1, 2026 (in such manner of selection of maturities as the City shall determine and by lot within maturities) at a redemption price of 100% of the principal redeemed, plus interest accrued to the date of redemption.

### AGENTS

Registrar:	The Bank of New York Mellon, New York, New York
Paying Agent:	The Bank of New York Mellon, New York, New York
Trustee:	The Bank of New York Mellon, New York, New York
Issuer's Bond Counsel:	Holland & Knight LLP, Lakeland, Florida
Issuer's Disclosure Counsel:	Nabors, Giblin, & Nickerson, PA, Tampa, Florida
Issuer's Financial Advisors:	RBC Capital Markets, Jacksonville, Florida
Managing Underwriter:	Wells Fargo Bank, N.A., San Francisco, California
Underwriters' Counsel:	Marchena and Graham, PA, Orlando, Florida



**Summary of Future Debt Service Requirements  
Energy System Revenue Bonds, Series 2018**

Date	Maturity	Interest	Total
1-Oct-2020	2,630,000	976,156	3,606,156
1-Apr-2021		910,407	910,407
1-Oct-2021	3,995,000	910,406	4,905,406
1-Apr-2022		810,532	810,532
1-Oct-2022	2,930,000	810,531	3,740,531
1-Apr-2023		737,282	737,282
1-Oct-2023	1,985,000	737,281	2,722,281
1-Apr-2024		687,657	687,657
1-Oct-2024	1,520,000	687,656	2,207,656
1-Apr-2025		649,657	649,657
1-Oct-2025	855,000	649,656	1,504,656
1-Apr-2026		628,282	628,282
1-Oct-2026	380,000	628,281	1,008,281
1-Apr-2027		618,781	618,781
1-Oct-2027	1,345,000	618,781	1,963,781
1-Apr-2028		585,156	585,156
1-Oct-2028	1,025,000	585,156	1,610,156
1-Apr-2029		559,531	559,531
1-Oct-2029	4,870,000	559,530	5,429,530
1-Apr-2030		437,781	437,781
1-Oct-2030	4,360,000	437,781	4,797,781
1-Apr-2031		328,781	328,781
1-Oct-2031	4,875,000	328,781	5,203,781
1-Apr-2032		249,563	249,563
1-Oct-2032	4,460,000	249,562	4,709,562
1-Apr-2033		174,300	174,300
1-Oct-2033	4,050,000	174,300	4,224,300
1-Apr-2034		93,300	93,300
1-Oct-2034	-	93,300	93,300
1-Apr-2035		93,300	93,300
1-Oct-2035	-	93,300	93,300
1-Apr-2036		93,300	93,300
1-Oct-2036	2,310,000	93,300	2,403,300
1-Apr-2037		47,100	47,100
1-Oct 2037	2,355,000	47,100	2,402,100
	<u>\$ 43,945,000</u>	<u>\$ 16,385,568</u>	<u>\$ 60,330,568</u>

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# WATER UTILITIES

On December 19, 2020, the City of Lakeland (City) authorized (Task Authorization CS-20-04(m)) Chastain-Skillman, Inc. (CS) to prepare a Water System Evaluation Report for the Fiscal Year 2020 for review by bond holders. The City has requested that CSI conduct an annual independent engineering review and evaluation of its water system. This report summarizes the findings based on previous reports, interviews with City staff, water system data, and financial information provided by the City. The purpose of this review is to assess whether the water utility system is managed in a prudent manner consistent with typical utility practice.

The City's bond covenant requires third party inspections of representative water infrastructure on a biennial basis. The last inspection was completed for the FY 2019 report.

## ADMINISTRATION AND ORGANIZATION

The Water Utilities Department is headed by the Director of Water Utilities and is responsible for water and wastewater operations. The Water Utilities Department is segregated into the Water Operations Division and Wastewater Operations Division. Additional information about the organizational structure and staffing is available upon request from the City of Lakeland Finance Department. The Water Operations Division is organized under the following functional areas:

- Administration
- Engineering
- Water Distribution
- Water Production

Under Water Administration, the Assistant Director of Water Utilities, Chief Accountant, Water Utilities Compliance Manager, and the Water Utilities Smart Grid Systems Manager report to the Director of Water Utilities. Administration is staffed by 11 full-time positions (including the Director).

The Director of Water Utilities is responsible for Production and Distribution. Water Production is responsible for operation and maintenance of the wellfields, water treatment facilities, and the water booster pump stations. Currently, the Combee WTP has 6 certified operators and the Williams WTP has 14 certified operators. The staff of both treatment facilities report to the Manager of Water Production who is also a certified operator. The total Water Production staff includes 39 budgeted full-time positions.

Water Distribution is responsible for operation and maintenance of the water distribution system, as well as comprehensive meter servicing and backflow preventer programs. A leak detection program performed by this staff includes evaluating all service valves and meters over a time of three to four years. The Water Distribution staff consists of 58 full-time positions and six contract positions.

The Manager of Water Utilities Engineering is responsible for Engineering and reports directly to the Director of Water Utilities. Engineering responsibilities include designing and permitting construction of new water mains, relocation of mains, inspection of new facilities and distribution components, responses to public queries on utility locations, and coordination of work performed by consultants. The staff includes 25 full-time positions, two part-time co-op student positions and two contract position. The Engineering Division also provides similar support to the Wastewater Operations Division.

## SERVICE AREA

The water service area covers approximately 132 square miles and includes most of the City limits (the City limits has a few small areas not served by City water) and portions of unincorporated Polk County through its Chapter 180 Reserve Service Area and user agreements. Service area maps are available upon request from the City of Lakeland Finance Department. Total water distributed in FY 2020 was approximately 7.61 billion gallons.

The table below is excerpted from the City's Water Use Permit (WUP) application package submitted to the Southwest Florida Water Management District (SWFWMD) and summarizes projected population and water demand. Annual average water demand is based on a per capita demand of 150 gpd and includes residential, commercial/industrial, and institutional use. Peak month demand is based on a peaking factor of 1.2 times average annual use.

### Projected Population and Water Demand

Year	Population	Per Capita Demand (gpd)	Annual Average Use (MGD)	Peak Month Use (MGD)
2020	209,560	150	31.434	37.721
2021	212,733	150	31.910	38.292
2022	215,914	150	32.387	38.865
2023	219,103	150	32.865	39.439
2024	222,305	150	33.346	40.015
2025	225,520	150	33.828	40.594
2026	228,733	150	34.310	41.172
2027	231,957	150	34.794	41.752
2028	235,182	150	35.277	42.333
2029	238,352	150	35.753	42.903

Source: Water Utilities

Historical water utilities customer base is shown in the following table:

### Historical Water Utilities Customer Base

Fiscal Year	Inside City	Outside City	Total Customers
2020	36,858	22,665	59,523
2019	36,269	22,505	58,774
2018	35,735	22,305	58,040
2017	34,240	22,114	56,354
2016	34,711	22,039	56,750

Source: Water Utilities

## STATUS OF FACILITIES

### PERMITS AND REGULATORY STATUS

SWFWMD issued WUP No. 200004912.009 to the City for 35.03 MGD for public supply needs on December 16, 2008. This permit is for a 20-year period and provides source water for the City's projected demands through that period. On April 14, 2020 the SWFWMD approved an extension (200004912.011) to the City's Water Use permit till December 16, 2038 meeting Special Conditions #23. The City continues to supply effluent water to Tampa Electric Company (TECO) to be used for cooling water TECO's Polk Power Station. The 2020 average to TECO was 4.691 million gallons per day.

The Lakeland water system operates under Public Water System ID No. FL6531014. Unlike wastewater permits, the water system permit does not require periodic renewal. Permitting and compliance monitoring of the Lakeland water system is conducted by the Florida Department of Health in Polk County (FDOH-Polk), which was delegated the drinking water program responsibilities by the Florida Department of Environmental Protection (FDEP).

FDOH-Polk conducted the annual sanitary survey of the production wells, the treatment plants, and the distribution system on December 19, 2019. The City received an email copy of the completed Sanitary Survey Report dated January 16, 2020. The report noted two known deficiencies as follows:

- 1) A ground storage tank at the Combee water plant is leaking. A plan of action was discussed with the department prior to the sanitary survey as a result the City is required to submit regular updates. Since that time the ground storage tank was repaired by the manufacturer
- 2) The clearwell at the Williams plant needs to be refurbished. A plan of action was discussed with the department prior to the sanitary survey as a result the City is required to submit regular updates.

Water Production submitted regular updates and the repairs are now complete.

## **WATER SUPPLY**

The T.B. Williams WTP is supplied water from 13 wells (Northwest Wellfield). The wellfield is approximately bounded by Interstate 4, West 10th Street, and Providence Road. The wells have an installed capacity of 51 MGD. Normal operation of the supply wells is to rotate the wells on a weekly basis. All wells have telemetry back to the T.B. Williams WTP where each is monitored for flow rate, total volume pumped, run time, and pressure. Remote television monitoring is provided at all wells.

The Combee WTP is supplied water from one on-site and five off-site wells (Northeast Wellfield). The on-site well is rated for 3 MGD. The 863-acre Northeast Wellfield is near Old Polk City Road and Tomkow Road. Standby power generation is provided for two off-site wells, and bi-directional telemetry and remote television monitoring is provided at all wells. The five off-site wells are typically operated one at a time with each delivering approximately 2,700 gpm (4 MGD). Annual pumpage has averaged 7.7 billion gallons over the past six years.

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## Well Pumpage (In Million Gallons)

Fiscal Year	T.B. Williams WTP Wells <sup>1</sup>	Combee WTP Wells <sup>2</sup>	Total
2020	6,913.8	1,370.7	8,284.5
2019	6,649.1	1,361.2	8,010.3
2018	6,267.1	1,358.7	7,625.8
2017	6,578.4	1,245.4	7,823.8
2016	6,227.6	1,369.1	7,596.7
2015	6,139.8	1,398.0	7,537.8

<sup>1</sup>Northwest Wellfield

<sup>2</sup>Combee WTP on-side well and Northeast Wellfield

Source: Water Utilities

The water levels in the Floridan Aquifer - the source waters for the City - are expected to support the two water treatment plant facilities. Aquifer level readings have remained consistent since 1998. Additional information is available upon request through the City of Lakeland Finance Department.

## WATER TREATMENT FACILITIES

The Williams WTP has a capacity of 51 MGD and consists of the following components: pre-chlorination, split lime softening, stabilization (corrosion control), filtration, fluoridation and chlorination. Chlorine is added to the raw water to prevent bacteria/algae growth in the subsequent processes. After pre-chlorination, approximately 25% to 30% of the influent water passes through the first stage of lime softening. The remaining 70 to 75% is bypassed around the softening and filtration systems. More detailed information is available upon request through the City of Lakeland Finance Department. This split lime softening treatment serves to minimize the quantity of lime and other chemicals used in the softening process which reduces the water hardness. Chemicals are also added in the lime softening stage to minimize the potential corrosiveness of the treated water. After it is softened, water flows to the dual-media filters. There, it percolates (flows downward) through layers of anthracite coal and sand to have suspended particles removed. These filters can process 30 million gallons of water daily. After approximately 72 hours of operation, flow through the filters is restricted by suspended particles they have trapped. A filter is cleaned by backwashing it with treated water and large volumes of compressed air. This cleaning cycle uses 500,000 gallons of water which can flow into a recovery basin. The clarified water is returned to the head of the treatment plant. Solids are removed weekly from the wash water pond and sent to the sludge thickener. Lime sludge from the process is collected, thickened to 30% solids, and hauled by tanker truck to power plants to reduce sulfur dioxide air emissions from those facilities. Both softened and raw water are fluoridated and chlorinated prior to blending.

After blending, the mixed water stream is aerated to vent any trapped gasses prior to entering the 538,000-gallon clearwell. Variable-speed high-service pumps maintain a stable discharge pressure of 56 psi by pumping water into the distribution system from the clearwell through the 54-inch discharge main. Instead of pumping directly to the distribution system, water from the clearwell may be directed to either of two (2) 5-million-gallon ground storage tanks. The 10 million gallons of ground storage serves to equalize peak demands for the system's operation.

Three diesel-powered generators (two 2250 kW and one 400 kW) provide sufficient auxiliary power for all plant operations, including 10 of the raw water supply wells in the Northwest Wellfield. The 400-kW generator is dedicated to one high service pump so that water can always be pumped from the storage tanks during power outages. In addition to the auxiliary power, the City of Lakeland has installed two power feeds from separate substations into the Williams WTP with an automatic transfer switch that will transfer power loads in the event of a single power feed failure.

The Combee WTP is located on Old Combee Road, east of Lake Parker Drive in the northeast portion of the City service area. The facility can provide an average daily capacity of 8 MGD and a peak daily capacity of 12 MGD. Land is available to expand the plant to 24 MGD in the future. This additional treatment facility enhances the total system reliability. The Combee WTP uses the same treatment processes as the Williams WTP. There is currently 10 million gallons of storage. There are two lime softening units with provisions for addition of another two units of the same size as well as one filtration unit with available space for two additional filters.

Each WTP is equipped with an Emerson DeltaV™ monitoring and control system (SCADA) to assist in management of the water system. SCADA monitors and controls various treatment components (well pumpage/treatment flow rates and ground storage volumes) based on parameters in the distribution system (e.g., water pressures and flow) to optimize water supply. In addition to the plants, the SCADA system monitors and controls both wellfields and the water booster stations. Monitoring and control of all facilities is accessible at either water treatment plant.

Record drawings for each water treatment plant are available on-site and at the Water Utilities Administrative offices at 501 East Lemon Street, Lakeland, Florida. Operation and maintenance (O&M) manuals and logs are maintained on-site. The laboratory at T.B. Williams WTP conducts limited compliance testing for both water treatment plants. The laboratory is certified by FDOH (ID No. E54728). The laboratories at both facilities perform other testing for process control. Additional compliance testing not conducted at T.B. Williams is referred to a state-certified laboratory for testing.

Local utilities using groundwater typically limit water treatment to aeration and disinfection. Additional treatment is limited because of costs. The City consistently provides high quality water for its customers by expanding its treatment process to include lime softening, filtration, and fluoridation. The following table summarizes the average raw and finished water quality data for FY 2020.

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## Water Quality Data for FY 2020

Parameter <sup>2</sup>	MCL <sup>1</sup>	Combee WTP		Williams WTP	
		Raw Water	Finished Water	Raw Water	Finished Water
Total Hardness	NA	218	107	150	128
Calcium Hardness	NA	162	74	111	92
Magnesium Hardness	NA	56	33	39	35
Alkalinity	NA	219	101	147	110
Free Chlorine	4.0	-	2.5	-	2.5
Total Chlorine	NA	-	2.7	-	2.7
Chloride	250	18	24	15	22
Ammonia	NA	0.24	0.1	0.59	0.13
Turbidity, NTU	NA	0.08	0.11	0.25	0.20
Color, Units	15	12	2	4	2
pH, Units	6.5-8.5	7.37	8.01	7.77	7.83
Sulfide	NA	0.8	0.0	1.2	0.0
Iron	0.3	0.24	0.009	0.009	0.006
Fluoride	2	0.25	0.71	0.25	0.75
Phosphate	NA	0.04	0.04	0.06	0.06
Silica	NA	9	11	11	11
Sulfate	250	0.25	0	1.4	1.1
Total Dissolved Solids	500	214	137	181	155
Nitrate	10	0.01	0.01	0	0.01

<sup>1</sup>Maximum Contaminant Level

<sup>2</sup>Results in milligrams/Liter (mg/L) except as noted

Source: Water Utilities

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## WATER TRANSMISSION/DISTRIBUTION SYSTEM

The water service area encompasses an area of approximately 132 square miles. The distribution system is comprised of 1,012 miles of service piping (from 2 inches or under to 54 inches in diameter) to deliver treated water to customers. Also, 8.74 miles of raw water piping to convey water from the wellfields to the treatment plants. During the 2020 fiscal year, 78,283 feet of distribution piping were installed and 3,089 feet were removed from service (see table below). All potable water piping conforms to AWWA standards. The City operates a Geographic Information System (GIS) and uses Global Positioning System (GPS) to verify and map key water system valves and hydrant locations.

### Water Lines in System (feet)

Size (inches)	Existing	Installed 2020	Abandoned 2020	Total 2019	Raw Water
2 and under	928,505	20	0	928,525	0
2 ½ and 3	900	0	0	900	0
4	447,798	1,053	418	448,433	0
6	2,062,038	45,244	2,621	2,104,661	0
8	862,024	8,801	0	870,825	0
10	144,792	5,808	50	150,550	0
12	557,477	17,357	0	574,834	0
16	125,849	0	0	125,849	8,583
18	4,540	0	0	4,540	0
20	75,824	0	0	75,824	4,532
24	29,018	0	0	29,018	6,248
30	58,527	0	0	58,527	1,935
36	19,836	0	0	19,836	24,852
42	23,109	0	0	23,109	0
48	4,162	0	0	4,162	0
54	125	0	0	125	0
<b>Total</b>	<b>5,344,524</b>	<b>78,283</b>	<b>3,089</b>	<b>5,419,718</b>	<b>46,150</b>

Source: Water Utilities

City of Lakeland code requires individual meters be installed for each structure. Individual meters are required for each unit within a structure such as a condominium or town house. The code provides for exemptions of individual meters within certain buildings. At the end of FY 2020, there were 61,220 meters (37,894 inside City and 23,326 outside City), providing 100% coverage of water consumption. The total number of meters increased 12.8% between 2015 and 2020(see table on following page). The Water Distribution System is supported by the Water Distribution Division which provides facilities and resources to install and maintain water lines, meters, and other appurtenances. Water meters are inspected according to the following schedule:

- ¾ to 6-inch diameter – monitored remotely
- Greater than 6 -inch diameter - annually

The City complies with FDEP regulations and AWWA practices for cross-connection control to protect the water system from contamination. The City requires backflow prevention devices where the potential for backflow exists. The table on the following page summarizes the number of backflow preventers in service for the past five years. Backflow preventers are tested annually.



## Historical Number of Backflow Preventers

	Fiscal Year ended September 30,				
	2016	2017	2018	2019	2020
Backflow Preventers	5,203	5,195	5,298	5,571	5,822

Source: Water Utilities

The table below provides a breakdown of fire hydrants based on water main size. Eighty percent of the hydrants are located on either 6-inch or 8-inch water mains. The number of hydrants in the system has increased 3.75% over the past five years.

## Historical Number of Fire Hydrants by Main Size

Main Size (inches)	Fiscal Year ended September 30,				
	2016	2017	2018	2019	2020
4	64	64	64	64	63
6	2,494	2,505	2,524	2,546	2,577
8	912	916	929	950	961
10	168	171	172	172	173
12	423	424	433	431	445
16	118	119	118	118	118
18	2	2	2	2	2
20	23	23	23	23	24
24	11	11	11	11	12
30	36	36	36	36	36
36	6	6	6	6	6
42	3	3	3	3	3
48	1	1	1	1	1
Total	4,261	4,281	4,322	4,363	4,421

Source: Water Utilities

During the 2020 fiscal year, 8.28 billion gallons (22.697 mgd average) of water was pumped from the City's wellfields. The City accounted for 7.64 billion gallons (20.927 mgd average) as being placed into distribution or used in the treatment plant processes. Unaccounted-for water was 7.8% of total supplied (see table below). This percentage is below the 10% threshold imposed by SWFWMD requiring water audits. The City works to reduce unaccounted-for water usage by testing meters, eliminating unmetered services, reducing master meters, and detecting leaks. These programs, along with on-going pipeline replacement, have reduced unaccounted-for water by half since 1982.

## Historical Unaccounted-for Water

	Fiscal Year ended September 30,				
	2016	2017	2018	2019	2020
Water Produced, MG	7,646.7	7,823.8	7,625.8	8,010.0	8,284.5
Accounted-for Water, MG	6,949.2	7,368.8	7,193.5	7,278.0	7,638.5
Unaccounted-for Water, MG	697.5	455.0	432.3	732.3	646.0
Unaccounted-for Water, %	9.12%	5.82%	5.67%	9.14%	7.8%

Source: Water Utilities

The distribution system also includes four pump stations:

- Southwest Booster Station – Provides water to the high-pressure zone distribution system.
- Highlands Booster Station and Ground Storage Reservoir – Provides water to the high-pressure zone distribution system.
- Southeast Booster Station – Pumps water from the low-pressure zone to the Highlands Ground Storage Reservoir.
- Northwest Booster Station – Circulates water in the west Lakeland service area.

The existing water treatment plants deliver water at a hydraulic grade elevation of approximately 350 feet. Additional pressure must be added to the system to accommodate the need to overcome pressure losses in the system, serve higher elevations, and maintain adequate pressure to provide water for fire protection. The Southwest and Highlands booster stations provide service for the high-pressure zone located in the southeast portion of the City's service area. The Highlands Booster Station also includes a 3 MG ground storage reservoir and chlorination facilities. These two pump stations are secured with locks, fence with razor wire, cameras, and motion detectors that transmit intrusion alarms to the Williams Plant. There are two smaller booster stations, one located at the Hillsborough/Polk County line and the other at Lakeland Highlands Boulevard north of Lake Miriam Drive. The Northwest Booster Station serves to move water from the northwest portion of the service area to the southwest portion. It can also provide additional chlorination of the water for the southwest portion of the City. The Southeast Booster Station was originally installed in 2003 to provide more efficient filling of the Highlands ground storage reservoir to cope with high water demand periods.

The Southeast Booster Station consists of three can vertical turbine pumps operating on variable frequency drives. This station can operate in two modes: (1) to fill the Highlands ground storage reservoir and (2) to bypass the reservoir and pump directly into the Highlands high service pump suction. This second mode will allow the ground storage reservoir to be removed from service for maintenance.

All four booster stations are monitored and can be controlled from either WTP via the DeltaV™ system.

## **IMPROVEMENTS**

The following water production projects were recently completed or are currently underway:

- Combee GST # 2: Project construction is complete
- Williams WTP Storage Building and Entrance Relocation: Project is complete
- Williams WTP Clearwell Project: Design is complete, SRF funding is complete, owner direct purchase POs complete, construction is approx. 40% complete

The following water production projects and water transmission and distribution projects were recently completed or are currently underway:

- CWD5230 SmartGrid Installation: On going
- Lakeland/Auburndale Water Interconnection at Pace Road: Construction complete
- Scott Lake Manor 6" Fire Improvement (Martha St. Donald St & Jay St): 70% complete, project anticipated to be finished June 2021
- W. Lk Parker AC W.L. Replace (Valencia to Bonaire): 50% design

- County Line Road Water Main Extension: Construction Complete
- Replacement of Water Utilities Facility: 60% complete, project anticipated to be finished July 2021

## WATER RATES

Operation and maintenance expenses are funded primarily by user charges. Ordinance No. 5204 provides for the establishment of water fees, rates, and charges, including miscellaneous service charges, water system capacity fees, and other conditions related to water service. The City Commission has the sole authority to set and revise water fees and charges for the Lakeland system. The City assesses a meter connection and impact fees based on meter size and account classification (see tables below).

### Meter Connection Fees\*\*

Meter Size (inches)	Inside City	Outside City
¾	\$632.15	\$745.19
1	\$689.92	\$817.40
1 ½	\$947.61	\$1,139.51
2	\$1,129.59	\$1,366.99

\*\*Add-on for Electronic Read Meter-Smart Grid-Bill @ Actual Cost \$180.00

Source: Water Utilities

### Impact Fees

Account Classification	Inside City	Outside City
Detached Single-family – 325 gpd per unit	\$1,050.00	\$1,313.00
Multi-family/Attached Single-family/Mobile Homes – 244 gpd per unit	\$788.00	\$985.00
Commercial/Industrial – per gallon per day*	\$3.23	\$4.04
¾" meter for dedicated wash down to lift station (or drinking fountain) – 10 gpd	\$32.00	\$40.00

\*Fee calculated based on the average gpd capacity approved by the Capacity review committee

Water rates consist of a monthly base rate plus consumption charge. The City has adopted an inverted rate structure to comply with SWFWMD recommendations for water conservation. Under this tiered structure, increasing water usage results in higher unit rate charges. The following table summarizes the monthly base rate for residential, commercial, and irrigation accounts effective October 1, 2020.

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## Monthly Base Rate for Residential, Commercial, and Irrigation Accounts

Meter Size (inches)	Inside City	Outside City
5/8 to 3/4	\$10.40	\$14.06
1	\$28.05	\$37.86
1 ½	\$50.68	\$68.41
2	\$87.57	\$118.23
3	\$190.37	\$257.01
4	\$368.69	\$497.73
6	\$777.45	\$1,049.56
8 and above	\$1,316.45	\$1,777.20

Source: Water Utilities

## Consumption Charges for Residential Accounts

Meter Size in inches	Consumption in 1000 gals	Price per 1000 Gallons	
		Inside City	Outside City
5/8 to 3/4	0-7	\$2.29	\$3.06
	8-12	\$2.80	\$3.78
	13-19	\$3.50	\$4.73
	Above 19	\$4.55	\$6.15
1	0-19	\$2.29	\$3.06
	20-32	\$2.80	\$3.78
	33-51	\$3.50	\$4.73
	Above 51	\$4.55	\$6.15
1 1/2	0-34	\$2.29	\$3.06
	35-58	\$2.80	\$3.78
	59-93	\$3.50	\$4.73
	Above 93	\$4.55	\$6.15
2	0-59	\$2.29	\$3.06
	60-101	\$2.80	\$3.78
	102-160	\$3.50	\$4.73
	Above 160	\$4.55	\$6.15
3	0-128	\$2.29	\$3.06
	129-220	\$2.80	\$3.78
	221-348	\$3.50	\$4.73
	Above 348	\$4.55	\$6.15
4	0-248	\$2.29	\$3.06
	249-425	\$2.80	\$3.78
	426-673	\$3.50	\$4.73
	Above 673	\$4.55	\$6.15
6	0-523	\$2.29	\$3.06
	524-897	\$2.80	\$3.78
	898-1,420	\$3.50	\$4.73
	Above 1,420	\$4.55	\$6.15
8 and above	0-886	\$2.29	\$3.06
	887-1,519	\$2.80	\$3.78
	1,520-2,404	\$3.50	\$4.73
	Above 2,404	\$4.55	\$6.15

## Consumption Charges for Commercial Accounts

Meter Size in inches	Consumption in 1000 gals	Price per 1000 Gallons	
All Sizes	Not Applicable	Inside City	Outside City
		\$2.61	\$3.53

## Consumption Charges for Irrigation Accounts

Meter Size in inches	Consumption in 1000 gals	Price per 1000 Gallons	
		Inside City	Outside City
5/8 to 3/4	0-5	\$2.80	\$3.78
	6-12	\$3.50	\$4.73
	Above 12	\$4.55	\$6.15
1	0-13	\$2.80	\$3.78
	14-32	\$3.50	\$4.73
	Above 32	\$4.55	\$6.15
1 1/2	0-24	\$2.80	\$3.78
	25-59	\$3.50	\$4.73
	Above 59	\$4.55	\$6.15
2	0-42	\$2.80	\$3.78
	43-101	\$3.50	\$4.73
	Above 101	\$4.55	\$6.15
3	All Usage	\$2.61	\$3.53
4	All Usage	\$2.61	\$3.53
6	All Usage	\$2.61	\$3.53
8 and above	All Usage	\$2.61	\$3.53

Source: Water Utilities

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A comparative water and wastewater rate study for FY 2019-2020 was conducted by Ruffin Gray, Compliance Manager, Lakeland Water Utilities in December 2019. A more detailed comparison is available upon request through the City of Lakeland Finance Department. This study compared City rates to representative utilities throughout the State and included comparisons of both base and consumption rates for various customer classes. The City's rates compare favorably to other utilities. Surveyed residential rates (inside) for 10,000 gallons ranged from \$19.14 to \$96.18. The median rate surveyed was \$39.29. The City of Lakeland rate was \$33.95 (see table below). Surveyed industrial rates (inside) for 370,000 gallons ranged from \$598.23 to \$4,129.92; the City of Lakeland rate was \$910.53 (see table below).

**Residential Water-Inside Rate  
5/8"-3/4" Meter 10,000 Gallons  
FY 2019-2020**

<u>Water Utility</u>	<u>Amount</u>
City of Haines City (I)	19.14
City of Ocala (I)	20.15
Orlando Utility Commission/City of Orlando (I)	21.32
City of Auburndale (I)	22.7
Orange County	22.75
Citrus County	26.27
Marion County	26.29
City of Winter Park (I)	26.4
City of Plant City (I)	28.89
City of Tallahassee (I)	29.81
City of Sanford (I)	30.69
JEA (Jacksonville Electric Authority)	32.28
City of Tampa (I)	32.35
<b><u>City of Lakeland (I)</u></b>	<b><u>33.95</u></b>
Manatee County	34.53
Polk County	34.81
City of Winter Haven (I)	37.31
Emerald Coast Water Authority	37.82
Volusia County - West	38.85
City of Coral Springs (I)	39.73
Miami-Dade Water & Sewer Department	41.68
City of Bartow (I)	41.76
GRU (Gainesville Regional Utilities) (I)	41.95
City of Deltona (I)	45.57
City of Bradenton (I)	49.67
City of Titusville (I)	51.43
Fort Pierce Utility Authority (I)	52.14
City of Fort Lauderdale	54.71
Hillsborough County	57.09
Pinellas County	58.1
City of West Palm Beach (I)	63.11
City of Cocoa (I)	63.16
City of St. Petersburg (I)	68.9
City of Daytona Beach (I)	69.23
Charlotte County	78.64
City of Fort Myers (I)	80.74
City of Clearwater (I)	91.34
Florida Keys Aqueduct Authority	96.18

**Industrial Water-Inside Rate  
2" Meter 370,000 Gallons  
FY 2019-2020**

<u>Water Utility</u>	<u>Amount</u>
City of Ocala (I)	598.23
City of Haines City (I)	647.08
Orange County	649.19
Orlando Utility Commission/City of Orlando (I)	681.32
Marion County	693.89
JEA (Jacksonville Electric Authority)	789
City of Tallahassee (I)	811.01
Citrus County	821.67
Manatee County	899.76
<b><u>City of Lakeland (I)</u></b>	<b><u>910.53</u></b>
City of Plant City (I)	953.6
Emerald Coast Water Authority	987.55
City of Auburndale (I)	998.87
City of Coral Springs (I)	1,180.90
City of Winter Park (I)	1,425.69
GRU (Gainesville Regional Utilities) (I)	1,444.50
City of Bradenton (I)	1,500.35
Fort Pierce Utility Authority (I)	1,508.58
City of Deltona (I)	1,546.67
City of Titusville (I)	1,627.44
City of Winter Haven (I)	1,685.75
City of Sanford (I)	1,707.19
City of Bartow (I)	1,739.20
City of St. Petersburg (I)	1,827.32
Pinellas County	1,904.90
Charlotte County	1,931.99
Volusia County - West	2,019.08
City of Tampa (I)	2,098.26
City of Fort Lauderdale	2,106.39
City of Daytona Beach (I)	2,144.98
City of Cocoa (I)	2,615.21
City of West Palm Beach (I)	2,903.21
Hillsborough County	2,952.21
City of Clearwater (I)	3,151.34
Miami-Dade Water & Sewer Department	3,351.36
Polk County	3,465.38
City of Fort Myers (I)	3,615.71
Florida Keys Aqueduct Authority	4,129.92

Source: Water Utilities

## CAPITAL IMPROVEMENT PLAN

The City develops and refines a 10-year Capital Improvement Plan (CIP). The continuing preventive maintenance, renewal, and replacement activities for the water systems reflect good judgment and sound management. The Engineering Division assists the Water Operations in formulating the CIP. A detailed breakdown of the CIP is available upon request through the City of Lakeland Finance Department. Revenues are identified and expenditures are subdivided into four categories:

- Production
- Transmission and Distribution
- Engineering
- Miscellaneous

### Summary of Capital Improvement Plan for FY 2020

Expenses	FY 2020
Production	\$ 21,074,078
Transmission & Distribution	14,825,595
Engineering	3,888,583
Miscellaneous	11,910,884
Total Expense	\$ 51,699,140

Source: Water Utilities

## OPERATING STATISTICS

A 5-year history of select water system operating statistics is shown in the table below. The quantity of water sold between Fiscal Years 2016 and 2020 has fluctuated between a low of 6.95 billion gallons in FY 2016 and 7.64 billion gallons in FY 2020. In FY 2020, water sales increased by approximately 360.6 million gallons and gross revenues increased \$2.584 million over FY 2019, while operating expenses increased by \$0.624 million over the same period. The water utility revenues were sufficient to transfer \$4,540,112 to the general fund in FY 2020.

### Historical Water Utility Operating Statistics

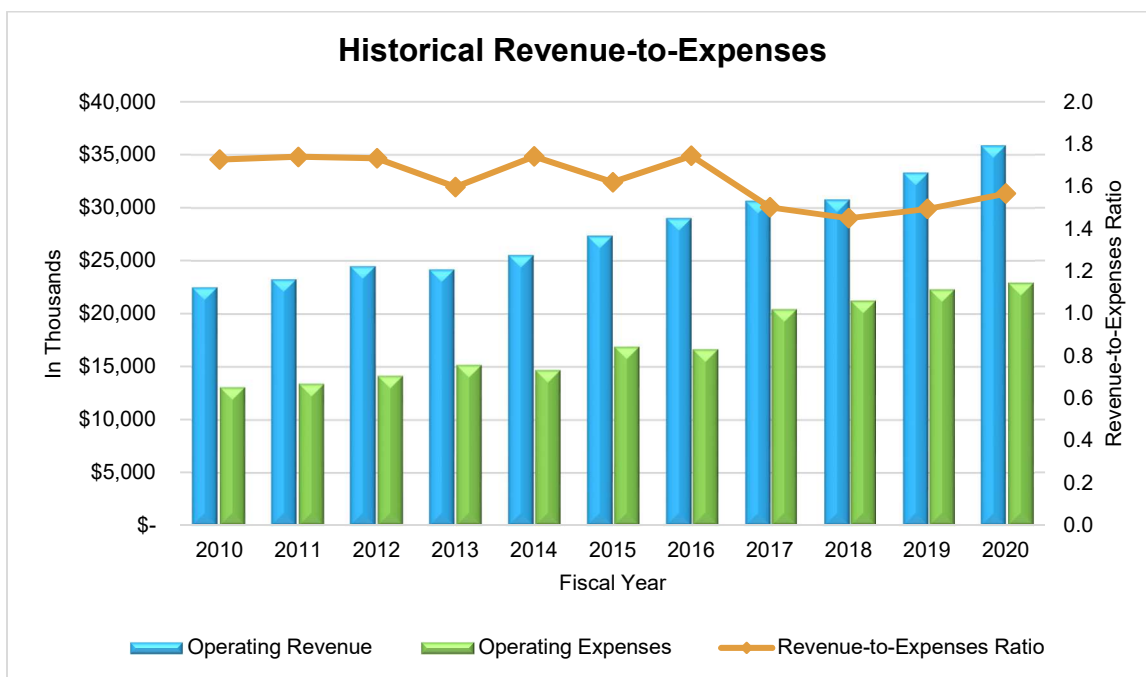
	For Fiscal Year Ended September 30,				
	2016	2017	2018	2019	2020
Water Produced <sup>1</sup>	7,646.7	7,823.8	7,625.8	8,010.3	8,284.5
Unaccounted-for Water <sup>1</sup>	(697.6)	(455.0)	(432.3)	(732.4)	(646.0)
Water Sold <sup>1</sup>	6,949.2	7,368.8	7,193.5	7,277.9	7,638.5
Customers	56,750	56,334	58,040	58,774	59,523
Gross Revenues <sup>2</sup>	\$28.250	\$30.611	\$30.754	\$33.281	\$35.865
Gross Revenues per 1,000 Gallons Water Produced	\$3.69	\$3.91	\$4.03	\$4.15	\$4.33
Operating Expenses <sup>2</sup>	\$18.938	\$21.197	\$21.199	\$22.266	\$22.890
Operating Expenses per 1,000 Gallons Water Produced	\$2.48	\$2.71	\$2.78	\$2.78	\$2.76

<sup>1</sup>In Million Gallons

<sup>2</sup>In Million Dollars

Source: Water Utilities

The graph below shows historical operating revenues and operating expenses since 2010. Operating revenue-to-expense ratios increased from 1.49 in FY 2019 to 1.57 in FY 2020. The revenue-to-expenses remain favorable.



The top ten City water customers comprised 9.8% of total water distributed in FY 2020 as shown in the table below.

### Top 10 Water Customers for FY 2020

Customer	Total Gallons <sup>1</sup>
City of Lakeland	288,228
Lakeland Regional Medical Center	148,006
Board of County Commissioners – Utilities	85,772
Florida Southern College	69,548
Tampa Main Foods LLC	40,535
Florida Governmental Utility Authority	38,900
Publix Super Markets, Inc.	38,000
Southeastern University Inc	34,733
PCSB-Polk County School Board	34,404
Pepperidge Farm, Inc.	33,407
<b>Total Water Sales for Top 10 Customers</b>	<b>811,533</b>

<sup>1</sup>In Thousand Gallons

Source: Water Utilities

A comparison of debt coverage for the past ten fiscal years is shown in the table on the following page. The comparison through the years determines the adequacy of rates and charges to meet bond covenants and coverage. The City of Lakeland’s primary means of financial expenditures for improvements to the water system is through user charges and impact fees supplemented by revenue bonds and State loans.



## Historical Debt Service Coverage Combined Water and Wastewater Utility

Fiscal Year	Test 1 <sup>1</sup>	Test 2 <sup>2</sup>
2020	5.56	6.27
2019	5.76	6.24
2018	4.75	5.15
2017	4.03	4.37
2016	5.39	5.81
2015	4.76	5.09
2014	8.28	8.71
2013	5.51	5.92
2012	4.62	4.81
2011	4.38	4.69
2010	3.74	3.97

<sup>1</sup>100% based on Net Operating Revenues

<sup>2</sup>120% Based on Net Operating Revenues Plus Available Connection Charges

Source: Water Utilities

The coverage by net operating revenues available for debt service is favorable in FY 2020 at 5.56 for the combined water and wastewater utility compared to the required coverage of 1.0. The coverage by net operating revenues plus available connection charges is 6.27 compared to the required coverage of 1.2.

## SUMMARY AND CONCLUSIONS

The CSI report concludes that the Water Utility is managed in a manner consistent with typical utility practices. The City maintains a continuous renewal and maintenance program to ensure reliable service. The water treatment facilities consistently comply with State and Federal regulatory requirements. The Water Utility appears to be in general conformance with the following American Water Works Association Standards:

- ANSI/AWWA G100-05 – Water Treatment Plant Operation and Management
- ANSI/AWWA G200-09 – Distribution Systems Operation and Management
- ANSI/AWWA G300-07 – Source Water Protection
- ANSI/AWWA G400-09 – Utility Management System
- ANSI/AWWA G410-09 – Business Practices for Operation and Management
- ANSI/AWWA G430-09 – Security Practices for Operation and Management

Revenue to Expenses ratios have consistently exceeded 1.5 the past 15 years. The ability of the City to meet debt service coverage on outstanding bonds is favorable, with net revenue to debt ratio of 5.90 for the combined water and wastewater utility. Further, the revenues have sustained on-going operation and maintenance of the water system as well as capital improvements and made contributions to the City's general fund of \$4,540,112 in FY 2020. In addition, the City's ability to raise additional revenue through user charges remains favorable as its rate schedule continues to compare well to other utilities in Florida.

# **WASTEWATER UTILITIES**

On December 19, 2020, the City of Lakeland (City) authorized (Task Authorization CS-20-05(m)) Chastain-Skillman, Inc. (CSI) to prepare the Wastewater System Evaluation Report for FY 2020. The City has requested that CSI conduct an annual independent engineering review and evaluation of its wastewater system. This report summarizes the findings based on previous reports, interviews with City staff, wastewater system data, and financial information provided by the City. The purpose of this review is to assess whether the wastewater utility system is managed in a prudent manner consistent with typical utility practice.

The City's bond covenant requires third party inspections of representative wastewater infrastructure on a biennial basis. The last inspection was completed for the FY 2019 report.

## **ADMINISTRATION AND ORGANIZATION**

The Water Utilities Department is headed by the Director of Water Utilities and is responsible for water and wastewater operations. The Water Utilities Department is segregated into the Water Operations Division and Wastewater Operations Division. Wastewater Operations is organized under (1) Administration, (2) Wastewater Collection, (3) Wastewater Treatment, and (4) Wetlands. Additional information about the organizational structure and staffing is available from the City of Lakeland Finance Department upon request.

The Director of Water Utilities is responsible for Wastewater Collection, Wastewater Treatment, and Wetlands. Wastewater Collection has responsibility for operation and maintenance of the collection and transmission system as well as electrical and mechanical maintenance of the Wastewater Treatment Plants. Collection is divided into (1) Administration, (2) Sewer Maintenance, (3) Pump Stations, (4) Instrumentation/Electrical, and (5) Pretreatment. All positions in Collection report to the Manager of Wastewater Collection who reports to the Director of Water Utilities. Collection had 51 full-time positions and three contract positions in FY 2020.

The Manager of Wastewater Treatment is responsible for operation and maintenance of the West Lakeland Wasteload Reduction Facility, the Glendale Water Reclamation Facility (WRF), and the Northside Wastewater Treatment Plant (WWTP). The Manager reports directly to the Director of Water Utilities. Wastewater Treatment had 35 full-time positions in FY 2020.

The Laboratory Division is located at the Glendale WRF and consists of one full-time wastewater chemist, one full-time laboratory technicians, and one part-time laboratory technician. The chemist reports directly to the Director of Water Utilities.

The Wetlands Group is responsible for operation and maintenance of the Constructed Wetlands Treatment System. There are eight full-time positions and one part-time college intern position at the Wetlands. An environmental scientist is responsible for operation and maintenance of the system and reports directly to the Director of Water Utilities.

## **SERVICE AREA**

The wastewater service area covers approximately 149 square miles and includes most of the City limits (the City limits has a few small areas not served by City wastewater) plus portions of

unincorporated Polk County, through its Chapter 180 Reserve Service Area and user agreements. Total wastewater treated in FY 2020 was approximately 4.27 billion gallons.

The latest population and wastewater flow projections for the service area were reported in the Updated Capacity Analysis Reports for the Northside WWTP (2018) and the Glendale WRF (2015). The population projections were based on Southwest Florida Water Management District (SWFWMD) parcel-based permanent and seasonal resident projections. The projections were then adjusted to reflect only those areas currently or planned to be served by sewer. Projected wastewater flows were then estimated based on a per capita flow rate of 163 gallons per capita per day (gpcd) for the Northside WWTP service area and 126 gpcd for the Glendale WRF service area.

The population and flow projections from the Capacity Analysis Reports are shown in the table below.

### Projected Population and Wastewater Flows

Year	Projected Population Served	Projected Wastewater Flows (MGD)
2019	96,992	14.232
2020	97,846	14.390
2021	98,318	14.495
2022	98,793	14.599
2023	99,269	14.704
2024	99,748	14.771
2025	100,230	14.839

Source: Wastewater Utilities

The 5-year historical wastewater utilities customer base is shown in the table below.

### Historical Wastewater Customer Base

End of FY	Inside City	Outside City	Total Customers
2020	47,682	2,186	49,868
2019	46,648	1,852	48,500
2018	46,041	1,826	47,867
2017	45,335	1,786	47,121
2016	46,127	1,963	48,090

Source: Wastewater Utilities

# STATUS OF FACILITIES

## PERMITS AND REGULATORY STATUS

The Glendale WRF is operating under the provisions of Florida Department of Environmental Protection (FDEP) Permit No. FL0039772. The operating permit was issued on September 30, 2015 and expires on December 2, 2020. Permit renewal activities are currently underway. The Glendale WRF, West Lakeland Wasteload Reduction Facility, and the Constructed Wetlands System operate under this permit. The current permit includes industrial reuse to the City of Lakeland McIntosh Power Generating Plant (McIntosh), Tampa Electric Company (TECO) Polk Power Station, and the Matheson Tri-Gas Facility. The permitted effluent limitations for the Glendale WRF are summarized in the table below.

### Glendale WRF Permit Limits

Parameter	Limit	
Influent Flow, MGD	12-Month Average	13.7
Effluent Carbonaceous Biochemical Oxygen Demand (CBOD5), mg/L	Annual Average	20
	Monthly Average	30
	Weekly Average	45
	Single Sample	60
Effluent Total Suspended Solids (TSS), mg/L	Annual Average	20
	Monthly Average	30
	Weekly Average	45
	Single Sample	60
Effluent pH, SU	6.0 – 8.5	
Effluent Fecal Coliform, #/100 mL	Annual Average	200
	Monthly Average	200 (Geometric Mean)
	Single Sample	800
Effluent Chlorine Residual, mg/L	Single Sample	0.5

Source: Wastewater Utility

Effluent from the Glendale WRF is pumped to the Wetlands System or reused as non-contact cooling water at McIntosh. There is no permit limit on the volume of effluent routed to McIntosh. Effluent is also routed to the Tri-Gas facility as non-contact cooling water. Water returned from McIntosh or the Tri-Gas facility is routed to the Wetlands System for final treatment before discharging to an unnamed ditch leading to the North Prong of the Alafia River or pumped by TECO to its Polk Power Station.

The Northside WWTP is operating under the provisions of FDEP Permit No. FLA012985. The permit was issued on February 25, 2019 and expires February 24, 2024. The facility is permitted for a capacity of 8.0 MGD with industrial reuse to the McIntosh Power Generating Plant for non-contact cooling water. Water returned from McIntosh is routed to the Glendale facility where it is pumped to the Wetlands System for final treatment. Northside WWTP permitted effluent limits are summarized in the table on the following page.

## Northside WRF Permit Limits

Parameter	Limit	
Influent Flow, MGD	Annual Average	8.0
Effluent Carbonaceous Biochemical Oxygen Demand (CBOD5), mg/L	Annual Average	20
	Monthly Average	30
	Weekly Average	45
	Single Sample	60
Effluent Total Suspended Solids (TSS), mg/L	Annual Average	20
	Monthly Average	30
	Weekly Average	45
	Single Sample	60
Effluent pH, SU	6.0 – 8.5	
Effluent Fecal Coliform, #/100 mL	Annual Average	200
	Monthly Average	200 (Geometric Mean)
	Single Sample	800
Effluent Chlorine Residual, mg/L	Single Sample	0.5

Source: Wastewater Utility

Permitted effluent limitations for the Wetlands are summarized in the table below. The permit has a limit for Total Maximum Daily Load (TMDL) for total nitrogen. The total nitrogen loading limit is 30.3 tons per year based on a 12-month rolling total and 20.2 tons per year as a 5-year average of the yearly averages.

## Wetland Effluent Limits

Parameter	Limit	
Flow, MGD	Annual Average	20.0
Carbonaceous Biochemical Oxygen Demand (CBOD5), mg/L	Annual Average	6
	Monthly Average	6.25
	Weekly Average	7.5
	Single Sample	10
Total Suspended Solids (TSS), mg/L	Annual Average	6
	Monthly Average	6.25
	Weekly Average	7.5
	Single Sample	10
Total Nitrogen, mg/L	Annual Average	3
	Monthly Average	3.75
	Weekly Average	4.5
	Single Sample	6
pH, SU	6.0 – 8.5	
Dissolved Oxygen, mg/L	Single Sample	5.0
Specific Conductance, umhos/cm	1275 or 1.5 Times Background	
Total Nitrogen, tons/yr.	Annual Total	30.3
	5-Year Average	20.2
Chronic Whole Effluent Toxicity	Quarterly Monitoring	NOEC: 100%

Source: Wastewater Utility

## COLLECTION AND TRANSMISSION SYSTEM

The Lakeland wastewater collection and transmission system includes approximately 331 miles of 6-inch to 48-inch diameter gravity sewer, 141 miles of 4-inch to 30-inch diameter force main, and 182 pump stations. Most of the City’s pump stations are equipped with telemetry, allowing City personnel to monitor their status and collect data from each pump station. This data is accessible from a central location at the Glendale facility. All pump stations are equipped with high wetwell level alarms. All pump stations are equipped with standby power generators or portable generator receptacles. All pump stations are protected from intrusion by locking hatch covers and electrical panels. Larger stations are equipped with additional security features such as fencing, building enclosures, intrusion alarms, and video cameras. The smaller pump stations are inspected twice per month. The master pump stations are inspected daily by Collection System personnel. The City annually funds pump, panel, and generator replacement at its pump stations. An adequate supply of replacement parts and materials are maintained at the utility’s warehouse.

The City maintains a continuous renewal and maintenance program to ensure reliable service. This program includes cleaning, video inspection, smoke testing, and lining and point repairs of sewers and manholes. The City schedules inspection and cleaning such that the entire collection system is covered in approximately 10-year cycles. The table below summarizes the maintenance activities performed on the collection and transmission system from FY 2016 through FY 2020. Approximately 19% of the collection system lines were cleaned and 1% televised in FY 2020. The City reports no increase in public complaints of odor or other issues. CIS found that the collection system appears to be well maintained and noted no are of concern.

### Collection System Maintenance (FY 2016– FY 2020)

Activity	2016	2017	2018	2019	2020
Work Orders Processed	30,555	30,223	22,122	22,816	24,940
Lines Televised (feet)	13,145	24,817	22,241	32,482	15,187
Lines Cleaned (feet)	256,314	275,989	273,233	328,010	328,010
Liners Installed (feet)	21,342	28,367	15,815	10,420	13,663

Source: Wastewater Utilities

## WASTEWATER TREATMENT FACILITIES

The City operates one pretreatment facility and two wastewater treatment facilities. To reduce the organic load on the Glendale facility, the City constructed the West Lakeland Wasteload Reduction Facility. Authority to operate the Wasteload Reduction Facility is included in the Glendale WRF operating permit. The pretreatment facility was designed to treat 1.5 MGD of high strength wastewater and reduce the organic loads, as measured by biochemical oxygen demand (CBOD5) from a concentration of 1,800 mg/L to approximately 100 mg/L. The pretreated wastewater is then discharged to the City’s sanitary sewer system and flows to the Glendale WRF for additional treatment.

The Glendale WRF is an activated sludge, biological treatment facility with a permitted treatment capacity of 13.7 MGD (12-month average daily basis). At the Glendale facility, wastewater enters the plant via gravity and flows through the influent screens. These include two automatic self-cleaning bar screens and a manually-cleaned bar screen in a bypass channel as a standby unit.

The screened influent is then pumped to two vortex-type grit chambers. From the grit chambers, influent flows to a splitter box and then to one of three primary clarifiers. The clarified primary effluent flows by gravity to an intermediate lift station, where it is pumped to a splitter box and mixed with return activated sludge and then pumped to one of three aeration tanks. The aeration tanks operate in a Modified Ludzack-Ettinger process with fine bubble diffused aeration. Mixed liquor flows from the tanks to another flow splitter box prior to entering four secondary clarifiers. Effluent is disinfected and reused for plant operations, pumped to the power plant for cooling water, or mixed with blowdown water from the power plant, prior to discharge to the Wetlands treatment system.

A portion of the treated effluent is pumped to ground storage reservoirs near the City's McIntosh Power Generation Plant where it is co-mingled with effluent from the Northside WWTP. The co-mingled effluent is utilized as non-contact cooling water at the power plant and the Matheson Tri-gas Facility. The blowdown water and other process waters are returned to the Glendale WRF, mixed with effluent from the Glendale facility, and pumped to the 1,600-acre Constructed Wetlands System for advanced treatment. The effluent is then discharged to a drainage ditch leading to the North Prong of the Alafia River or pumped to the TECO Polk Power Station. The surface water discharge from both treatment plants and the power plant is authorized under the Glendale WRF operating permit. Additional information including process flow diagrams of the treatment facilities are available through the City of Lakeland Finance Department if necessary.

The Glendale WRF is currently producing Class AA sludge because of the installation of an anaerobic digestion system completed in 2008. The upgraded biosolids handling system includes gravity belt thickeners, a feed sequencing tank (FST), and anaerobic digesters (one thermophilic and two mesophilic). Sludge collected from the primary clarifiers is wasted directly to the FST. Waste-activated sludge is thickened on the gravity belt thickeners, sent to the FST, and then to the anaerobic digesters. The digested sludge is dewatered by centrifuges.

Class AA residuals generated at the Glendale facility are transported and applied as fertilizer to sites in north Lakeland. Class AA residuals differ from Class B in that more stringent pathogen reduction limits and constituent concentrations are met. Under current FDEP rules, land application of Class AA residuals has essentially no restrictions and may occur in areas accessible to the public. Class AA residuals may possess a market value and be sold as fertilizer. Land application is conducted by the City as well as commercial haulers under contract with the City.

The Glendale facility includes a certified wastewater analysis laboratory which is well-equipped, and properly staffed and maintained (Department of Health ID No. E54180). Most of the testing needed to optimize wastewater treatment operations at the facility and demonstrate compliance with established permit limits is performed at the Glendale laboratory. The laboratory also supports some of the testing needs of the Northside WWTP and the Wetlands treatment system. Priority pollutants, oil and grease, biological assays, and some metals, are the only parameters sent to outside facilities for analysis.

The Glendale facility operated well within its permit limits in 2020. The current Updated Capacity Analysis Report (2020) for the facility projected an average influent flow of 8.73 mgd in 2020 and increasing to 9.46 mgd by 2030. The table on the next page shows the influent flow at the Glendale facility in recent years. Population and flow projections suggest the hydraulic capacity of the facility will not be reached soon. In addition, a re-rating study completed in January 2008

indicated the Glendale facility could be expanded to provide 15 MGD of treatment capacity with relatively minor operational changes and limited equipment procurement.

### Influent Flow at Glendale WRF

Fiscal Year	Influent Flow (MGD)
2020	7.63
2019	7.77
2018	8.19
2017	8.40
2016	8.87

Source: Wastewater Utilities

The table below summarizes key effluent water quality results at Glendale WRF for FY 2020. Based on a review of effluent analyses, the facility consistently meets the discharge requirements of its operating permit.

### Glendale WRF Effluent Quality Results for FY 2020

Month – Year	Average Daily Flow <sup>1</sup> MGD	CBOD <sub>5</sub> mg/L	TSS mg/L	pH SU	Fecal Coliform #/100 mL
Oct – 2019	8.35	3	3	6.9	1.00
Nov – 2019	7.77	2	2	6.9	1.00
Dec – 2019	7.16	3	2	6.8	1.00
Jan – 2020	7.13	2	2	6.7	1.00
Feb – 2020	6.97	3	3	7.0	1.00
Mar – 2020	6.50	2	3	7.0	1.00
Apr – 2020	5.97	4	3	6.9	-
May – 2020	5.99	3	2	7.0	1.00
Jun – 2020	7.06	2	2	7.0	1.00
Jul – 2020	7.99	2	2	7.0	1.00
Aug – 2020	9.12	1	1	7.0	1.00
Sep – 2020	11.49	2	2	7.0	1.00
Minimum	5.97	1	1	6.7	1.00
Maximum	11.49	4	3	7.0	1.00
Average	7.63	2	2	6.9	1.00

<sup>1</sup>Influent Flow

Source: Wastewater Utilities

The Northside WWTP is located adjacent to the McIntosh Power Generating Plant and treats wastewater generated predominantly within the northeast portion of the City service area. Figures are available from the City of Lakeland Finance Department upon request.

Force mains from the wastewater collection system discharge directly into the plant's headworks structure (process flow diagram is available through the City of Lakeland Finance Department). The headworks consist of two automatic self-cleaning bar screens, a manually-cleaned bar screen in a bypass channel, and basic grit removal. Screened and de-gritted wastewater leaving the headworks flows to two splitter boxes which route water to one of four oxidation ditches. Each ditch includes an anoxic first stage and aerobic second stage. The first stage operates at a low dissolved oxygen concentration to help biologically remove nitrogen. This first stage discharges directly to the second stage. The second stage is aerated with mechanical surface aerators. Within the basin, an internal mixed liquor recycle carries nitrogen-rich solids back to the anoxic zone. The two-stage configuration, with the internal recycle, allows the plant to nitrify in the aerated zone where oxygen is present and denitrify in the anoxic tank where oxygen is limited.



The mixed liquor from the oxidation ditch flows by gravity to four secondary clarifiers. Solids in the mixed liquor entering the clarifiers settle to the bottom where they are withdrawn to the return activated sludge (RAS) sumps. The withdrawal rate is controlled by telescoping valves in the sumps. Sludge collected in the sumps is withdrawn by the sludge pumps and most of the sludge is recycled to the pretreatment structure. A portion of the sludge is wasted to the sludge holding tanks directly from the RAS line.

Scum and other floatable materials on the clarifier surface are collected by a skimming arm and discharged to scum hoppers. The scum hoppers discharge to a scum pit, the contents of which are pumped to the sludge holding tanks.

Treated effluent leaving the clarifiers is combined and discharged to three chlorine contact chambers. From there, the disinfected effluent is then pumped to two 1.5-million-gallon effluent storage reservoirs. The effluent storage reservoirs receive all the chlorinated effluent from the Northside facility along with chlorinated effluent pumped from the Glendale facility. The effluent in the storage reservoirs is reused as make-up water at cooling towers in the McIntosh Power Plant. The system is designed to provide a constant supply for reuse. If the flow from the Northside WWTP is not sufficient to maintain the level needed in the tanks, effluent from the Glendale facility is pumped into the tanks. If the flow from the Northside WWTP exceeds the amount required to maintain the storage volume, the excess flow is bypassed to the Glendale facility's effluent holding basins.

The sludge handling system includes two aerated sludge holding tanks, a polymer feed system, two gravity belt thickeners, four autothermal thermophilic aerobic digestion reactors (ATAD), and one holding tank for digested sludge. The ATAD process is permitted for Class AA treatment of the biosolids. Class AA stabilized solids generated at the Northside WWTP are disposed of by land application and is conducted by commercial haulers under contract with the City.

The Operations Building on the Northside facility site houses administrative offices, maintenance storage space, locker rooms, rest rooms, lunch room, and training room. The building serves as facility operations and for storage of operating records, equipment manuals, and maintenance data.

The Northside facility operated well within its permit limits in 2020. The 2018 Updated Capacity Analysis Report for the facility projected an average influent flow of 5.14 mgd in 2020 and increasing to 6.21 mgd by 2028. The table below shows the influent flow at the Northside facility in recent years. Population and flow projections suggest the hydraulic capacity of the facility will not be reached soon.

### **Influent Flow at Northside WRF**

Fiscal Year	Influent Flow (MGD)
2020	4.06
2019	4.09
2018	4.07
2017	3.92
2016	3.97

Source: Wastewater Utilities

The table below summarizes key effluent water quality results at Northside WRF for FY 2020.

### Northside WRF Effluent Quality Results for FY 2020

Month – Year	Average Daily Flow <sup>1</sup> MGD	CBOD <sub>5</sub> mg/L	TSS mg/L	pH SU	Fecal Coliform #/100 mL
Oct – 2019	4.27	3	6	7.2	2
Nov – 2019	4.09	1	3	7.0	1
Dec – 2019	3.98	2	5	7.1	1
Jan – 2020	3.91	2	5	7.2	1
Feb – 2020	3.92	1	4	6.6	1
Mar – 2020	3.62	4	4	6.7	1
Apr – 2020	3.42	7	2	6.7	1
May – 2020	3.44	4	3	6.7	1
Jun – 2020	3.96	4	3	6.7	1
Jul – 2020	4.21	3	6	6.6	10
Aug – 2020	4.55	3	3	6.5	1
Sep – 2020	5.33	2	19	6.5	1
Minimum	3.42	1	2	6.5	1
Maximum	5.33	7	19	7.2	10
Average	4.06	3	5	6.8	1.88

<sup>1</sup>Influent Flow

Source: Wastewater Utilities

Record drawings for the wastewater plants are available on-site and at the Water Utilities Administrative offices at 501 East Lemon Street, Lakeland, Florida. Operation and maintenance manuals and logs are maintained on-site.

CSI noted that both treatment facilities appear to be well maintained. Both plants are operating within permitted capacity. Effluent water quality is consistently within regulation limits. No areas of concern were noted.

### CONSTRUCTED WETLANDS SYSTEM AND EFFLUENT DISPOSAL

Final effluent disposal for the City’s two treatment facilities occurs at a Constructed Wetlands System located six miles south of the Glendale facility. Excess effluent from the Northside WWTP and blowdown from the power plant and non-contact cooling water returned from the Matheson Tri-Gas Facility are discharged to the holding basins at the Glendale WRF for pumping to the Wetlands System. Effluent flow from Polk County’s Southwest Regional WWTP is also pumped to the Wetlands System for additional treatment. The County’s flow is metered separately.

The Wetlands Pump Station includes five vertical turbine pumps pumping from Glendale’s holding basin through 4.3 miles of 36-inch force main and 2.1 miles of 42-inch force main to the Constructed Wetlands System. The Wetlands System covers approximately 1,600 acres of former phosphate clay settling areas.

The Wetlands System is divided into seven cells through a series of earthen berms. The Wetlands System uses a combination of biological and physical methods to remove pollutants from the treated effluent prior to discharge to the Alafia River, a Class III surface water designated for “recreation, propagation and maintenance of a healthy, well-balanced population of fish and wildlife”.

The flow enters the Wetlands System via a cascade inlet structure which adds dissolved oxygen to the water through the turbulent fall down the structure’s 13 steps.

The aerated water passes out of the inlet structure by overflowing weirs on either side of the inlet distribution box. From this structure, the water enters two long ditches which have overflow structures at 100-foot centers. The distribution ditches provide an even distribution of water to the first wetland cell. Water meanders through the first cell and is treated by the wetland grasses and plants. The water then collects in a ditch on the western side of the cell. This ditch delivers the water to control structures. The control structures allow the water to pass through the berm to a second distribution ditch, like the ditch adjacent to the inlet structure. Water passes through Cell 2, flows to a ditch connected to control structures, and passes into Cell 3.

This general collection and pass-through scheme is repeated through the remaining cells (additional information is available through the City of Lakeland Finance Department upon request).

At the south end of the final cell, an outlet structure measures the total flow via an H flume. The water then travels through an outfall ditch to the North Prong of the Alafia River. The system is providing treatment beyond secondary levels and the effluent from this system often meets tertiary treatment levels. Blowers are provided for re-aeration of the effluent before discharging to the outfall ditch.

The Wetlands System discharged approximately 8.17 tons of total nitrogen to the Alafia River during the 2020 fiscal year. In FY 2020, TECO pumped approximately 1.7 billion gallons from the Wetlands to its Polk Power Station for use as cooling water. This provided additional beneficial reuse and decreased pollutant loading to the Alafia River. The table below summarizes key effluent water quality results for FY 2020.

### Wetlands Treatment System Effluent Quality Results for FY 2020

Mon – Year	Average Daily Flow MGD	CBOD <sub>5</sub> mg/L	TSS mg/L	Total Nitrogen mg/L	Total Phosphorus mg/L	Dissolved Oxygen mg/L	pH SU	Conductivity umhos/cm	Fecal Coliform #/100 mL	Rain inches
Oct – 2019	2.205	2.4	2.9	0.9	2.7	6.75	7.18	1179	52	6.41
Nov – 2019	-	-	-	-	-	-	-	-	-	1.23
Dec – 2019	-	-	-	-	-	-	-	-	-	3.03
Jan – 2020	-	-	-	-	-	-	-	-	-	0.48
Feb – 2020	-	-	-	-	-	-	-	-	-	2.03
Mar – 2020	-	-	-	-	-	-	-	-	-	0.06
Apr – 2020	-	-	-	-	-	-	-	-	-	4.66
May – 2020	-	-	-	-	-	-	-	-	-	4.15
Jun – 2020	6.355	1.9	4.3	1.1	3.3	6.92	7.25	1235	50	6.41
Jul – 2020	14.589	2.0	3.0	1.0	3.3	6.55	7.13	1170	55	8.64
Aug – 2020	16.671	2.2	3.0	1.1	3.1	6.60	7.18	1037	164	11.91
Sep – 2020	17.561	2.1	2.4	1.1	2.9	6.73	7.10	848	88	7.77
Average	4.782	2.1	3.1	1.0	3.1	6.71	7.17	1094	82	4.73
Minimum	0	1.9	2.4	0.9	1.3	5.55	7.10	848	50	0.06
Maximum	17.561	2.4	4.3	1.1	3.3	6.92	7.25	1235	164	11.91

Source: Wastewater Utility

A new pipeline bringing reclaimed water from Polk County Utilities (PCU) to Cell 3 has been constructed to replace the former pipeline. It has been operational since February 2018. Based on a review of effluent analyses, the Wetlands System consistently meets the discharge requirements of its operating permit.

The wetlands are now open to the public as Seven Wetlands Park. The park features 8.5 miles of trails around two of the wetlands cells, and ultimately will be expanded to 22 miles of trail when complete. The trails offer views of a diverse community of plant and animal species. The park opened in April 2018. CSI noted that the constructed wetlands system appears to be well maintained with no areas of concern noted.

## IMPROVEMENTS

In addition to routine preventive maintenance, the City continues to improve the wastewater system. The following projects were recently completed or are currently underway:

- Wastewater Collection Administration Pretreatment Building Rehab and Replace - Completed the construction of a new pretreatment lab and office space for pretreatment group.
- South Florida Ave Manhole Replacement – Phase II – Phase II of the project involved replacing 3 old flush tank manholes with traditional manholes on S. Florida Ave. The Downtown project involved 3 flush tanks as well. The Downtown project involved partially closing 3 different roads to perform the installation. This work was done during the COVID-19 pandemic shut down. The project was moved forward to take advantage of the decrease population in the downtown area due to the shutdown period.
- South Florida Ave Gravity Line Repair – Approximately 1,000 feet of defective pipe was replaced. Smaller sections are to be replaced after being identified during FY 2021.
- Southwest Lakeland Sewer Upgrade – Project is to provide additional wastewater service to the southwest part of Lakeland. Includes upsizing the existing English Oaks Lift Station and installing a second parallel force main that is larger (16-inch).
- Glendale WRF Energy Efficiencies / Digestion System Improvements (SRL) - Install facilities to capture and scrub digester gases to produce electricity with a generator. Project is completed.
- Glendale WRF Repair/Replace Splitter Box 2 – Construction of new splitter box completed.
- Glendale Lab Addition and Renovation – Addition of new a conference room, restroom space, and expansion of existing breakroom including the installment of a range, clothes washer, and clothes dryer. Project is nearly complete.
- Northside WWTP Repair of Headworks Splitter Box – Project includes rehabilitating concrete inside the headworks splitter box, replacing existing bar screens, and replacing the grit classifier. Construction has begun as of January 2021.
- Northside WWTP Pump Station Rehabilitation – Rehab and upgrade of pumps and controls at the station as well as install a new onsite generator. The generator installment is anticipated to be completed in FY 2021.
- Griffin Road 24" Sanitary Sewer - Project to replace existing gravity line still in design phase.
- Citrus Woods Emergency SFM Repair - Repair and relocation completed. Waiting on Polk County to restore ditch before final work can be done.
- Herschell manhole Emergency Repair - At the intersection of Herschell and Dade, that were 2 manholes within 3 feet of each other that brought a 24" gravity line and a 14" forcemain together to start the 36" Western Trunk line. The older manhole structure failed, and a depression opened next to one of the manholes. An emergency contractor was

brought in to bypass these manholes holes are replacing them with a single larger manhole.

- English Oaks Phase III Design - Completion of the SW Wastewater Capacity Expansion- State Revolving loan project.
- English Oaks Phase III Construction - Completion of the SW Wastewater Capacity Expansion -Construction has started, multiple year project - State Revolving loan project.
- Sewer Line Maintenance – Annual rehabilitation work on older lines by inserting a CIPP liner.

## WASTEWATER RATES

Operation and maintenance expenses are funded primarily by user charges. Ordinance No. 5204 provides for the establishment of wastewater fees, rates, and charges, including miscellaneous service charges, system capacity fees, and other conditions related to wastewater service. The City Commission has the sole authority to set and revise wastewater fees and charges for the Lakeland system.

Water pollution control charges (impact fees) are one-time charges for wastewater capacity. The impact fee for FY 2020 was \$1,916 per equivalent inside City residential connection. The tables below summarize impact fees and the rate schedule for FY 2020.

### Pollution Control/Sanitary Sewer Impact Fees for FY 2020

Description	Inside City	Outside City
Detached Single Family – 260 gpd per unit	\$1,916	\$2,395
Multi-family/Attached Single Family/Mobile Homes – 244 gpd per unit	\$1,798	\$2,248
Commercial/Industrial – per gallon per day*	\$7.37	\$9.22
BOD – per lb. per day	\$389	\$486
TSS – per lb. per day	\$90	\$113
Total N – per lb. per day	\$590	\$738

Source: Wastewater Utilities

\*Fee calculated based on the average gpd capacity approved by the Capacity review committee

### Wastewater Rate Schedule for FY 2020

Classification	Fixed Charge		Volume Charge per 1000 gals	
	Inside City	Outside City	Inside City	Outside City
Residential – Individually Metered <sup>1</sup>	\$19.51	\$24.38	\$4.37	\$5.47
Residential – Master Metered <sup>1</sup>	\$16.77	\$20.95	\$4.37	\$5.47
Commercial/Industrial Meter Size (inches)			\$4.37	\$5.47
5/8' to 3/4"	\$19.51	\$24.38	\$4.37	\$5.47
1"	\$52.62	\$65.79	\$4.37	\$5.47
1 1/2"	\$94.94	\$118.65	\$4.37	\$5.47
2"	\$211.2	\$263.93	\$4.37	\$5.47
3"	\$528.90	\$661.11	\$4.37	\$5.47
4"	\$787.88	\$984.82	\$4.37	\$5.47
6"	\$1,456.91	\$1,821.14	\$4.37	\$5.47
8" and Above	\$2,466.86	\$3,083.59	\$4.37	\$5.47

<sup>1</sup>Volume charges capped at 12,000 gallons per month per unit

Source: Wastewater Utilities

A comparative water and wastewater rate study for FY 2019-2020 was conducted by Ruffin Gray, Compliance Manager, Lakeland Water Utilities in January 2020. This study compared City rates to representative utilities throughout the State and included comparisons of both base (fixed) and volume rates. The City's rates compare favorably to other utilities. Surveyed residential rates (inside) for 12,000 gallons ranged from \$38.46 to \$219.67. The median rate surveyed was \$78.44. The City of Lakeland rate was \$70.15. Surveyed industrial rates (inside) for 150,000 gallons ranged from \$437.48 to \$2,732.65 with a median rate of \$982.03. The City of Lakeland rate was \$844.97.

**Residential Sewer-Inside Rate  
5/8"-3/4" Meter 12,000 Gallons  
FY 2019-2020**

<u>Water Utility</u>	<u>Amount</u>
City of Auburndale (I)	38.46
City of Bartow (I)	39.12
Hillsborough County	53.07
City of Ocala (I)	54.16
Marion County	56.97
Citrus County	65.08
Orange County	65.93
City of Haines City (I)	68.04
City of Winter Haven (I)	68.07
City of Winter Park (I)	68.75
City of Bradenton (I)	69.99
<b><u>City of Lakeland (I)</u></b>	<b><u>70.15</u></b>
Fort Pierce Utility Authority (I)	72.26
Manatee County	72.84
City of West Palm Beach (I)	73.17
City of Coral Springs (I)	74.82
City of Sanford (I)	75.74
City of Tampa (I)	77.81
Orlando Utility Commission/City of Orlando (I)	78.26
Volusia County - West	78.62
Polk County	81.50
JEA (Jacksonville Electric Authority)	84.30
Charlotte County	84.50
Pinellas County	84.52
GRU (Gainesville Regional Utilities) (I)	85.06
City of Plant City (I)	87.17
Miami-Dade Water & Sewer Department	89.49
City of Tallahassee (I)	95.16
Emerald Coast Water Authority	101.23
City of Cocoa (I)	106.25
City of Fort Lauderdale	106.52
City of St. Petersburg (I)	108.96
City of Titusville (I)	109.16
City of Daytona Beach (I)	123.4
Florida Keys Aqueduct Authority	124.41
City of Clearwater (I)	127.56
City of Fort Myers (I)	179.15
City of Deltona (I)	219.67

**Industrial Sewer-Inside Rate  
2" Meter 150,000 Gallons  
FY 2019-2020**

<u>Water Utility</u>	<u>Amount</u>
City of Bartow (I)	437.48
Hillsborough County	717.00
Orange County	721.76
City of Bradenton (I)	785.72
City of Winter Park (I)	812.44
City of Winter Haven (I)	817.61
Pinellas County	832.66
City of Coral Springs (I)	841.32
<b><u>City of Lakeland (I)</u></b>	<b><u>844.97</u></b>
City of Ocala (I)	861.68
Volusia County - West	882.9
City of Haines City (I)	896.42
Manatee County	913.28
City of West Palm Beach (I)	920.13
City of Sanford (I)	953.88
GRU (Gainesville Regional Utilities) (I)	958.60
Charlotte County	972.43
City of Tampa (I)	972.59
Fort Pierce Utility Authority (I)	973.84
City of Auburndale (I)	990.22
City of Plant City (I)	1,013.31
Marion County	1,041.36
JEA (Jacksonville Electric Authority)	1,071.30
City of Tallahassee (I)	1,100.87
Orlando Utility Commission/City of Orlando (I)	1,157.36
Emerald Coast Water Authority	1,180.21
City of Fort Lauderdale	1,182.57
Citrus County	1,211.70
Polk County	1,261.08
City of St. Petersburg (I)	1,274.52
City of Cocoa (I)	1,278.46
Miami-Dade Water & Sewer Department	1,306.52
City of Daytona Beach (I)	1,490.75
City of Titusville (I)	1,563.65
Florida Keys Aqueduct Authority	1,788.19
City of Fort Myers (I)	2,170.28
City of Clearwater (I)	2,476.79
City of Deltona (I)	2,732.65

Source: Wastewater Utilities

## CAPITAL IMPROVEMENT PLAN

The City develops and refines a 10-year Capital Improvement Plan (CIP). The continuing preventive maintenance, renewal, and replacement activities for the wastewater system reflect good judgment and sound management. The Engineering Division assists the Wastewater Operations in formulating the CIP. The 10-year CIP is available upon request from the City of Lakeland Finance Department. Revenues are identified and expenditures are subdivided into six categories as shown in the table below.

### Summary of Capital Improvement Plan for FY 2020

Expenses	FY 2020
Collection System	\$ 24,992,850
Pump Stations	4,970,187
Treatment Plants	9,535,232
Wetlands	1,515,886
Engineering	3,073,440
Miscellaneous	2,890,737
Total Expense	\$ 46,978,332

Source: Water Utilities

## OPERATING STATISTICS

A 5-year history of select wastewater operating statistics is shown in the following table. The quantity of wastewater treated in FY 2020 was approximately 104 million gallons less than in FY 2019. Gross revenues increased in FY 2020 by \$.09 million compared to FY 2019. Operating expenses increased by \$0.39 million over the same period.

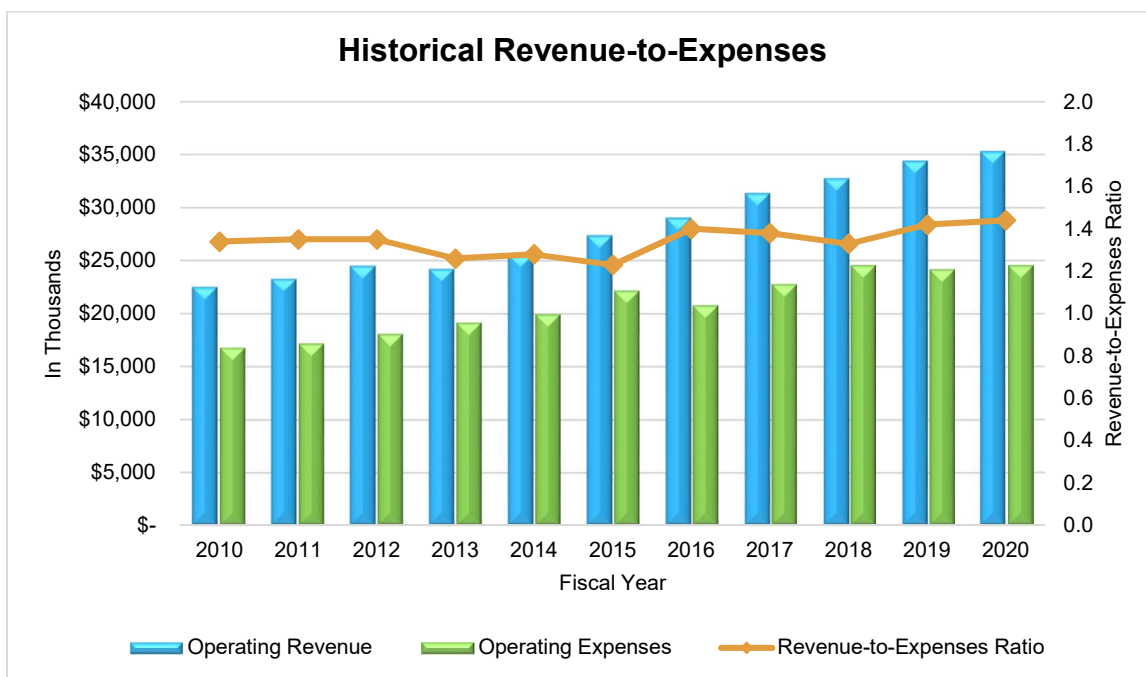
### Historical Wastewater Utility Operating Statistics

	For Fiscal Year Ended September 30,				
	2016	2017	2018	2019	2020
Wastewater Treated, Million Gallons	4,679	4,496	4,474	4,331	4,227
Customers	48,090	46,253	47,867	48,500	49,868
Gross Revenues, in Millions	\$28.991	\$31.328	\$32.702	\$34.362	\$35.262
Gross Revenues per 1000 Gallons	\$6.20	\$6.97	\$7.31	\$7.93	\$8.34
Operating Expenses, in Millions	\$20.784	\$23.129	\$24.508	\$24.144	\$24.537
Operating Expenses per 1000 Gallons	\$4.44	\$5.14	\$5.48	\$5.57	\$5.80

Source: Wastewater Utilities

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The chart below shows historical operating revenues and operating expenses since 2010. The revenue-to-expense ratio peaked in FY 2020 at 1.44. The ratios have remained stable during the last ten years, ranging from 1.23 to 1.44.



Ten City wastewater customers comprised 17.2% of total wastewater treated in FY 2020 as shown in the table below.

### Top 10 Wastewater Customers for FY 2020

Customer	Total Gallons <sup>1</sup>
Publix Super Markets, Inc.	320,343
Refresco Florida, Inc.	95,861
Lakeland Regional Health Systems Inc	84,304
Aqua Clean Environmental, Inc.	48,288
Florida Southern College	36,637
Southeastern University Inc.	36,185
Tampa Maid Foods, LLC	31,388
City of Lakeland	27,028
Polk County School Board (PCSB)	25,377
Pepperidge Farm Inc	19,718
<b>Total Wastewater Sales for Top 10 Customers</b>	<b>725,129</b>

<sup>1</sup>In Thousand Gallons

Source: Wastewater Utilities

A comparison of debt coverage for the past ten fiscal years is shown in the table on the following page. The comparison through the years determines the adequacy of rates and charges to meet bond covenants and coverage. The City of Lakeland's primary means of financial expenditures for improvements to the wastewater system is through user charges and impact fees supplemented by revenue bonds and State loans.



## Historical Debt Service Coverage Combined Water and Wastewater Utility

Fiscal Year	Test 1 <sup>1</sup>	Test 2 <sup>2</sup>
2020	5.56	6.27
2019	5.76	6.24
2018	4.77	5.18
2017	4.95	5.31
2016	4.94	5.32
2015	4.79	5.12
2014	8.06	8.50
2013	6.25	6.70
2012	4.53	4.71
2011	4.38	4.69

<sup>1</sup>100% based on Net Operating Revenues

<sup>2</sup>120% Based on Net Operating Revenues Plus Available Connection Charges

Source: Wastewater Utilities

The coverage by net operating revenues available for debt service is favorable in FY 2020 at 5.56 for the combined water and wastewater utility compared to the required coverage of 1.0. The coverage by net operating revenues plus available connection charges is 6.27 compared to the required coverage of 1.2. The wastewater contribution to the general fund in FY 2020 was \$4,536,542.

## SUMMARY AND CONCLUSIONS

The CSI report concludes that the wastewater utility is managed in a manner consistent with typical utility practices. The City maintains a continuous renewal and maintenance program to ensure reliable service. The wastewater treatment facilities consistently comply with State and Federal regulatory requirements. The wastewater utility appears to be in general conformance with the following American Water Works Association Standards:

- ANSI/AWWA G400-09 – Utility Management System
- ANSI/AWWA G410-09 – Business Practices for Operation and Management
- ANSI/AWWA G430-09 – Security Practices for Operation and Management

**SUMMARIZED BOND INFORMATION – WATER AND WASTEWATER  
 WATER AND WASTEWATER REVENUE REFUNDING AND IMPROVEMENT BONDS,  
 SERIES 2012A  
 \$37,325,000**

**SERIAL AND TERM BONDS DATED AUGUST 29, 2012**

**CUSIP NUMBERS**

511773BE2	511773BH5	511773BL6	511773BP7	511773BS1
511773BF9	511773BJ1	511773BM4	511773BQ5	511773BT9
511773BG7	511773BK8	511773BN2	511773BR3	511773BU6

**PURPOSE**

The Series 2012A Bonds were issued to (i) refund a portion of the City's outstanding Water and Wastewater System Revenue Refunding and Improvement Bonds, Refunding Series 2002, and (ii) and pay certain costs and expenses relating to the issuance of the Series 2012A Bonds.

**SECURITY**

The Series 2012A Bonds will be secured by an irrevocable, valid, and binding lien on and security interest in the Gross Revenues derived from the operation of the Water and Wastewater Systems, certain Connection charges, moneys deposited into certain funds and accounts created by the Bond Ordinance and the earnings thereon, all in the manner and to the extent provided in the Bond Ordinance.

**INSURANCE**

The City has not purchased bond insurance or any other form of credit enhancement for the 2002 bonds.

**RATINGS**

Moody's Investor Service: **Aa2** Standard & Poor's Ratings: **AA** Fitch Ratings: **AA+**

**OPTIONAL REDEMPTION**

On January 12, 2012, the City of Lakeland issued Series 2012A and B Water and Wastewater Revenue Refunding and Improvement Bonds. The Series 2012A and B bonds were used, in part, to refund, on an advance basis, the Series 2002 bonds maturing on October 1, 2013 through October 1, 2032, except for \$5,000 of bonds which matured on October 1, 2016.

In October 2019, the City of Lakeland entered into a forward delivery agreement with Bank of America, N.A. for the issuance and delivery of the Water and Wastewater Refunding Bond, Series 2021 in the amount of \$28,220,000. The bond, which will take the form of a fixed rate bank loan with Bank of America, N.A., will be issued to refund the outstanding Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2012A maturing on and after October 1, 2022 and pay the issuance costs of the 2021 Bonds. The bonds are expected to be issued on October 1, 2021.

**MANDATORY REDEMPTION**

The Series 2012A Bonds maturing on or after October 1, 2032 are subject to mandatory sinking fund redemption, in part by lot, prior to maturity on October 1, 2030, and on October 1 of each year thereafter, at a price of par accrued interest to the date of redemption, in the years and in the amounts as follows:

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
October 1, 2030	\$2,945,000	October 1, 2031	\$3,065,000
October 1, 2032*	3,185,000		

\* Final maturity

**AGENTS**

Registrar: The Bank of New York, New York, New York  
 Paying Agent: The Bank of New York, New York, New York  
 Trustee: The Bank of New York, New York, New York  
 Issuer's Bond Counsel: Holland & Knight LLP, Lakeland, Florida  
 Issuer's Financial Advisors: RBC Capital Markets, LLC, Jacksonville, Florida  
 Managing Underwriter: Citigroup  
 Underwriters' Counsel: Nabors, Giblin, & Nickerson, PA, Tampa, Florida

**Summary of Future Debt Service Requirements  
 Water and Wastewater Revenue Refunding  
 and Improvement Bonds, Series 2012A**

<u>Date</u>	<u>Maturity</u>	<u>Interest</u>	<u>Total</u>
1-Oct-2020	1,805,000	752,150	2,557,150
1-Apr-2021		707,025	707,025
1-Oct-2021	1,900,000	707,025	2,607,025
1-Apr-2022		659,525	659,525
1-Oct-2022	1,995,000	659,525	2,654,525
1-Apr-2023		609,650	609,650
1-Oct-2023	2,090,000	609,650	2,699,650
1-Apr-2024		557,400	557,400
1-Oct-2024	2,195,000	557,400	2,752,400
1-Apr-2025		502,525	502,525
1-Oct-2025	2,305,000	502,525	2,807,525
1-Apr-2026		444,900	444,900
1-Oct-2026	2,420,000	444,900	2,864,900
1-Apr-2027		384,400	384,400
1-Oct-2027	2,545,000	384,400	2,929,400
1-Apr-2028		320,775	320,775
1-Oct-2028	2,670,000	320,775	2,990,775
1-Apr-2029		254,025	254,025
1-Oct-2029	2,805,000	254,025	3,059,025
1-Apr-2030		183,900	183,900
1-Oct-2030	2,945,000	183,900	3,128,900
1-Apr-2031		125,000	125,000
1-Oct-2031	3,065,000	125,000	3,190,000
1-Apr-2032		63,700	63,700
1-Oct-2032	3,185,000	63,700	3,248,700
	<u>\$ 31,925,000</u>	<u>\$ 10,377,800</u>	<u>\$ 42,302,800</u>

**WATER AND WASTEWATER CAPITAL IMPROVEMENT REVENUE NOTE,  
SERIES 2015**

\$10,600,000

**NOTE DATED NOVEMBER 12, 2015**

***CUSIP NUMBERS***

NA

***PURPOSE***

The Series 2015 Note was issued to (i) finance certain cost of acquiring, constructing and equipping certain water and wastewater capital projects; and (ii) pay the cost of issuance of the 2015 Note. The Note takes the form of a bank loan with Bank of America, N.A.

***SECURITY***

The Series 2015 Note is secured by an irrevocable, valid, and binding lien on and security interest in the Gross Revenues derived from the operation of the Water and Wastewater systems, certain connection charges, moneys deposited into certain funds and accounts created by the Bond Ordinance and the earnings thereon, all in the manner and to the extent provided in the Bond Ordinance.

***INSURANCE***

The City has not purchased bond insurance or any other form of credit enhancement for the 2015 Note.

***RATINGS***

NA

***OPTIONAL REDEMPTION***

The series 2015 Note may be optionally redeemed or prepaid, in whole or in part, on any day prior to its maturity upon ten days' prior written notice, at the amount of principal being prepaid, plus interest accrued thereon, plus a prepayment fee, as defined in the authorizing resolution.

***MANDATORY REDEMPTION***

The Series 2015 Note is subject to mandatory redemption in the amounts and on the dates shown below:

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
October 1, 2016	\$598,757	October 1, 2017	\$613,247
October 1, 2018	628,087	October 1, 2019	643,287
October 1, 2020	658,854	October 1, 2021	674,799
October 1, 2022	691,129	October 1, 2023	707,854
October 1, 2024	724,984	October 1, 2025*	4,659,002

\*Final Maturity

**AGENTS**

Registrar: City of Lakeland, Lakeland, Florida  
Paying Agent: City of Lakeland, Lakeland, Florida  
Trustee: NA  
Issuer's Bond Counsel: Holland & Knight, LLP, Lakeland, Florida  
Issuer's Financial Advisors: RBC Capital Markets, Jacksonville, Florida  
Managing Underwriter: NA  
Purchasers' Counsel: Mark E. Raymond

**Summary of Future Debt Service Requirements  
Water and Wastewater Capital Improvement  
Revenue Note, Series 2015**

Date	Maturity	Interest	Total
1-Oct-2020	658,854	98,211	757,065
1-Apr-2021		90,239	90,239
1-Oct-2021	674,799	90,239	765,038
1-Apr-2022		82,074	82,074
1-Oct-2022	691,129	82,074	773,203
1-Apr-2023		73,711	73,711
1-Oct-2023	707,854	73,711	781,565
1-Apr-2024		65,146	65,146
1-Oct-2024	724,984	65,146	790,130
1-Apr-2025		56,374	56,374
1-Oct-2025	4,659,002	56,374	4,715,376
	<u>\$ 8,116,622</u>	<u>\$ 833,300</u>	<u>\$ 8,949,922</u>

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# **CAPITAL IMPROVEMENT REVENUE BONDS**

## **PLEDGED REVENUES**

The pledged revenues consist of “Covenant Revenues” (Non-Ad Valorem Revenues budgeted and appropriated by the City, and deposited into the Sinking Fund Account to pay the principal of, premium, if any, and interest on the various Capital Improvement Revenue Bonds) and income received from the investment of moneys deposited in the funds and accounts established under the Ordinance (ordinance 5198 enacted August 16, 2010 and subsequent amendments).

Pursuant to the Ordinance, “Non-Ad Valorem Revenues” means legally available revenues of the City derived from any source whatsoever, other than ad valorem taxation on real and personal property, which are legally available for payment by the City of debt service on the Capital Improvement Revenue Bonds and Non-Ad Valorem Revenue Obligations. “Non-Ad Valorem Revenue Obligations” means obligations evidencing indebtedness for borrowed money, including the Capital Improvement Revenue Bonds, the primary security for which is provided by a covenant of the City to budget and appropriate Non-Ad Valorem Revenues of the City for the payment of debt service on such obligations.

In certain circumstances, the City may also pledge an additional source of revenue to the Capital Improvement Revenue Bonds. The City has pledged certain Tourist Tax Development Tax revenues which are collected by Polk County, Florida and provided to the City through an interlocal agreement.

## **COVENANT TO BUDGET AND APPROPRIATE**

Until the Capital Improvement Revenue Bonds are paid or deemed paid pursuant to the provisions of the Ordinance, the City has covenanted to appropriate in its annual budget, by amendment if necessary, to the extent permitted by and in accordance with applicable law and budgetary processes, and to deposit to the credit of the Sinking Fund Account created under the Ordinance, Non-Ad Valorem Revenues of the City in an amount which is equal to the Bond Service Requirements (as is more fully described in the Ordinance) with respect to the Bonds for the applicable Fiscal Year, plus an amount sufficient to satisfy all other payment obligations of the City under the Ordinance for the applicable Fiscal Year, including without limitation, to the extent applicable, the funding or the replenishment of the subaccounts in the Reserve Account in the manner described in the Ordinance.

Such covenant and agreement on the part of the City to budget and appropriate sufficient amounts of Non-Ad Valorem Revenues shall be cumulative, and shall continue until such Non-Ad Valorem Revenues in amounts sufficient to make all required payments under the Ordinance as when due, including any delinquent payments, shall have been budgeted, appropriated and actually paid into the appropriate funds and accounts under the Ordinance; provided, however that such covenant shall not constitute a lien, either legal or equitable, or any of the City’s Non-Ad Valorem Revenues or any other revenues, nor shall it preclude the City from pledging in the future any of its Non-Ad Valorem Revenues or other revenues to other obligations, nor shall it give the Bondholders a prior claim on the Non-Ad Valorem Revenues.

All obligations of the City under the Ordinance shall be secured only by the Non-Ad Valorem Revenues budgeted, appropriated, and deposited into the funds and accounts created under the Ordinance as provided therein. Law prohibits the City from expending moneys not appropriated or more than its current budgeted revenues and surpluses. The obligation of the City to budget, appropriate, and make payments under the Ordinance from its Non-Ad Valorem Revenues is subject to the availability of the Non-Ad Valorem Revenues after satisfying funding requirements for obligations having an express lien on or pledge of such revenues and after satisfying funding requirements for essential government services of the City. The City has not covenanted to maintain any service or program now provided or maintained by the City, which generates Non-Ad Valorem Revenues.

## NON-AD VALOREM REVENUES

The following table summarizes the available Non-Ad Valorem Revenues for the past five fiscal years.

### Non-Ad-Valorem Revenues

	Fiscal Year Ended September 30,				
	2016	2017	2018	2019	2020
<b>General Fund Revenues:</b>					
Utility taxes	\$ 14,831,216	\$ 14,735,018	\$ 14,758,072	\$ 15,436,866	\$ 15,814,492
Franchise fees	242,656	234,659	247,128	265,961	221,492
State shared revenues					
Half-cent sales tax	6,202,015	6,292,201	6,586,865	6,997,382	6,894,873
Cigarette taxes	2,550,919	2,699,611	2,805,371	2,943,228	2,764,644
Mobile home license fees	217,330	232,445	246,617	260,395	267,367
Alcoholic beverage licenses	86,116	93,563	88,162	92,373	111,735
Firefighter training	36,739	69,520	64,346	70,124	74,119
Charges for services	4,247,190	5,752,946	7,043,577	6,695,201	6,454,467
Licenses & permits	4,289,098	3,886,903	4,843,389	5,040,190	1,769,820
Miscellaneous					
Interest & change in market value	1,264,937	918,353	784,240	3,132,055	(2,534,685)
Rents	57,265	159,257	157,137	175,958	180,585
Sales of fixed assets	263,487	234,131	300,000	24,096	-
Other	1,214,419	1,817,470	1,513,743	1,741,993	1,695,658
Transfers from select funds <sup>1</sup>	38,087,177	39,108,076	39,633,409	41,239,804	42,184,867
Sub-total	<u>\$ 73,590,564</u>	<u>\$ 76,234,153</u>	<u>\$ 79,072,183</u>	<u>\$ 84,115,626</u>	<u>\$ 75,899,434</u>
<b>Public Improvement Fund:</b>					
Charges for services	\$ 479,625	\$ 494,509	\$ 514,948	\$ 542,185	\$ 615,844
Sale of fixed assets	1,003,333	589,957	365,357	-	2,473,425
Interest & change in market value	2,857,560	1,615,180	829,548	1,491,807	(745,352)
Hospital lease payments	39,154,750	13,619,256	13,993,785	14,378,614	14,378,614
Other	2,728,926	4,375,256	2,232,060	2,158,494	2,216,932
Sub-total	<u>\$ 46,224,194</u>	<u>\$ 20,694,158</u>	<u>\$ 17,935,698</u>	<u>\$ 18,571,100</u>	<u>\$ 18,939,463</u>
<b>Transportation Fund:</b>					
Interest & change in market value	\$ 123,620	\$ (73,586)	\$ 74,592	\$ 446,771	\$ (1,008,219)
Other	2,010,362	4,855,590	1,394,213	41,085	69,950
Sub-total	<u>\$ 2,133,982</u>	<u>\$ 4,782,004</u>	<u>\$ 1,468,805</u>	<u>\$ 487,856</u>	<u>\$ (938,269)</u>
<b>Total non-ad valorem revenues</b>	<u><b>\$ 121,948,740</b></u>	<u><b>\$ 101,710,315</b></u>	<u><b>\$ 98,476,561</b></u>	<u><b>\$ 103,174,582</b></u>	<u><b>\$ 93,900,628</b></u>

<sup>1</sup>Includes transfers in from the Electric Utilities Fund, Water & Wastewater Utility Funds, and Solid Waste Management Fund.

Source: City of Lakeland Comprehensive Annual Financial Report for Fiscal Years 2016-2020.

The following table summarizes the total historical governmental revenues and expenses including restricted Non-Ad Valorem Revenues and other financing sources.

### Historical Governmental Revenues and Expenditures

	Fiscal Year Ended September 30,				
	2016	2017	2018	2019	2020
<u>Governmental Sources of Revenue</u>					
Ad-valorem taxes	\$ 27,350,195	\$ 29,275,040	\$ 32,089,014	\$ 34,147,251	\$ 36,362,876
Plus, legally available					
non-ad valorem revenues	121,948,740	101,710,315	98,476,561	103,174,582	93,900,628
Plus, restricted non-ad valorem revenues					
Federal grants & assistance <sup>1</sup>	1,081,515	898,350	426,055	2,883,298	4,418,346
State grants & assistance <sup>1</sup>	1,154,467	3,486,171	3,004,913	2,424,199	2,529,786
Local grants & assistance <sup>1</sup>	1,895,481	2,907,888	2,367,769	2,542,592	3,562,661
Local option gasoline tax <sup>2</sup>	5,436,168	5,584,212	5,828,014	6,060,873	5,802,331
Fines & forfeits <sup>3</sup>	2,525,373	2,444,708	2,436,143	2,557,311	2,408,213
Other governmental funds <sup>4</sup>	15,198,004	14,931,249	18,238,607	24,417,582	30,348,934
Total revenues	176,589,943	161,237,933	162,867,076	178,207,688	179,333,775
Plus, other revenue sources					
Proceeds from debt	7,470	3,302,556	1,901,613	16,181,890	47,029,530
Operating transfers in	7,197,240	10,299,237	7,528,381	9,981,607	20,935,203
Operating transfers out	(12,210,614)	(13,393,423)	(12,526,295)	(15,226,610)	(25,404,881)
Total other financing sources	(5,005,904)	208,370	(3,096,301)	10,936,887	42,559,852
Total revenues and other sources	\$ 171,584,039	\$ 161,446,303	\$ 159,770,775	\$ 189,144,575	\$ 221,893,627
<u>General Government Expenditures</u>					
General government	28,769,624	14,148,310	16,046,396	15,494,226	36,210,677
Public safety	58,731,548	61,224,273	64,305,992	66,269,747	89,142,036
Physical environment	6,803,399	8,372,184	11,753,636	7,856,165	7,923,798
Transportation	12,320,329	11,483,530	13,433,261	13,957,845	15,279,588
Economic environment	4,113,926	4,842,624	10,681,175	10,537,611	10,289,452
Human services	162,184	201,972	292,272	373,920	573,643
Culture/recreation	19,490,098	23,667,143	23,677,487	24,280,528	23,407,104
Capital outlay	36,598,813	34,608,536	9,997,104	18,854,989	15,799,434
Debt service	9,337,158	14,668,894	9,671,962	8,387,159	17,427,184
Total general expenditures	\$ 176,327,079	\$ 173,217,466	\$ 159,859,285	\$ 166,012,190	\$ 216,052,916
Fund balance, beginning of year <sup>5</sup>	\$ 100,146,422	\$ 95,403,382	\$ 83,632,219	\$ 83,543,709	\$ 106,676,094
Net change in fund balances	(4,743,040)	(11,771,163)	(88,510)	23,132,385	5,840,711
Fund balance, end of year <sup>5</sup>	\$ 95,403,382	\$ 83,632,219	\$ 83,543,709	\$ 106,676,094	\$ 112,516,805

<sup>1</sup>The use of such moneys is restricted as provided in the provisions of the respective grants and assistance.

<sup>2</sup>Local option gasoline tax revenues are restricted for transportation related expenditures.

<sup>3</sup>Fines and forfeits revenues may only be used to pay court related fees and costs.

<sup>4</sup>Represents all other restricted non-ad valorem revenues in Special Revenue and Trust funds (other than enterprise).

<sup>5</sup>Fund balance consists of aggregate balance in General Fund, Public Improvement Fund, and all other governmental funds.

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## **TOURIST DEVELOPMENT TAX**

Pursuant to Section 125.0104, Florida Statutes (Tourist Development Tax Act), the County levies a tourist development tax on the total rental charged to every lessee, tenant, or customer who rents, leases, or lets for consideration any living quarters or accommodation in any hotel, apartment, apartment hotel, motel, resort motel, apartment motel, rooming house, mobile home park, recreational vehicle park, or condominium located in the County for a term of six months or less.

### **POLK COUNTY ORDINANCE**

Polk County Ordinance 93-45 along with subsequent amendments (Ordinance), established the Lakeland Subdistrict, which includes the greater urban area surrounding the City of Lakeland. The County Subdistrict comprises the remainder of Polk County (County). The County currently levies the tourist development tax at a rate of four percent in all areas of the County. The City is designated to receive the fourth cent of the tourist development tax collected in the Lakeland Subdistrict and one-half of the fourth cent of the tourist development tax collected within the County Subdistrict (collectively referred to as the Fourth Cent Tourist Development Tax). Similarly, the County also collects a “fifth cent” of the tourist development tax.

### **INTERLOCAL AGREEMENT**

The Fourth Cent Tourist Development Tax is levied pursuant to the Tourist Development Tax Act and the County Ordinance and may be used for paying debt service on certain bonds issued for the expansion, renovation, and construction of certain city improvements. Pursuant to the Interlocal Agreement between the City and the County, the Fourth Cent Tourist Development Tax (as described above) has been pledged by the County for payment of debt service on certain bonds as follows:

- Approximately \$20.9 million, payable in annual installments from September 30, 2017 through September 30, 2036, pledged to pay a portion of the debt service on the City’s Capital Improvement Bonds, Series 2015, to fund renovations and improvements to Joker Marchant Stadium; and
- Approximately \$8.1 million, payable in annual installments through April 1, 2033, pledged to pay a portion of the debt service on the City’s Capital Improvement Bonds, Series 2017A, to fund renovations and improvements to the City’s Civic Center.

In addition, in the case of the City’s 2017A bonds, the County has also pledged a portion of the “fifth cent” of the Tourist Development Tax.

If the fourth and fifth cents of the Tourist Development Tax are insufficient to pay the amounts pledged by the County in any fiscal year, the County has agreed to carry any shortfall forward so that it is due and payable with the next annual payment. If full payment has not been made by the end of the financing period(s), the County will continue to make annual payments until the full amount has been paid.

The City and the County have also agreed that any surplus revenues generated by the fourth and fifth cents of the Tourist Development Tax, in excess of the amounts due and payable in any fiscal

year (including carried over amounts), may be used by the County for any purpose authorized by the relevant Florida Statutes.

## REVENUES GENERATED

The following table indicates the total tourist development tax revenues generated from the one-cent and one-half cent of Tourist Development Tax collected within the City and County Subdistricts for the previous ten fiscal years ended September 30.

### Tourist Development Tax Revenues

Year	Incorporated Area cent	Unincorporated Area half-cent	Total "fourth-cent"	Total "fifth-cent"
2020	341,531	1,757,614	2,099,145	2,099,145
2019	485,336	2,331,182	2,816,519	2,816,519
2018	540,998	2,161,101	2,702,100	2,702,099
2017	478,121	1,754,102	2,232,223	2,232,223
2016	418,355	1,661,853	2,080,208	2,080,208
2015	400,202	1,437,025	1,837,227	1,837,227
2014	361,867	1,214,301	1,576,168	1,576,168
2013	348,277	1,081,378	1,429,655	1,429,655
2012	225,841	1,111,062	1,336,903	1,336,903
2011	223,236	1,069,336	1,292,572	1,292,572

Source: Polk County

The total amount of tourist development tax collected within the County is subject to increase or decrease by the following:

- Legislative changes resulting in an increase or decrease in the rate at which the tourist development tax is imposed;
- Changes in the rental rates, volume and usage of the living quarters and accommodations subject to the Tourist Development Tax Act, which is affected by changes in tourist and convention destinations as well as economic conditions.

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**SUMMARIZED BOND INFORMATION – CAPITAL IMPROVEMENT  
CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS, SERIES 2010A  
\$48,490,000**

**SERIAL BONDS DATED SEPTEMBER 30, 2010**

**CUSIP NUMBERS**

511662AV0	511662AY4	511662BB3	511662BE7	511662BH0
511662AW8	511662AZ1	511662BC1	511662BF4	511662BJ6
511662AX6	511662BA5	511662BD9	511662BG2	

**PURPOSE**

The Series 2010A Bonds were issued to provide funds: (i) to currently refund certain loans (“the Sunshine State Loans”) entered by the City with the Sunshine State Government Financing Commission, which Sunshine State Loans financed various capital improvements within the City; (ii) to refund all Series 1997 Capital Improvement bonds, (iii) to fund certain capital projects, and (iv) to pay costs related to the issuance of the Series 2010A Bonds.

**SECURITY**

The Series 2010A Bonds and the interest thereon are payable from and secured by a pledge of Pledged Revenues, consisting of Non-Ad Valorem Revenues Budgeted and appropriated by the City on an annual basis and deposited into the Sinking Fund Account, as well as income received from the investment of moneys deposited in the funds and accounts established pursuant to the Ordinance, including certain Tourist Development Tax revenues, pursuant to an interlocal agreement.

**INSURANCE**

The City has not purchased bond insurance or any other form of credit enhancement for the 2010A bonds.

**RATINGS**

Moody’s Investor Service: **Aa3**    Standard & Poor’s Ratings: **N/A**    Fitch Ratings: **AA-**

**MANDATORY REDEMPTION**

The Series 2010A Bonds are not subject to mandatory redemption.

**OPTIONAL REDEMPTION**

The Series 2010A Bonds maturing on or before October 1, 2020, are not redeemable prior to their stated dates of maturity. The Series 2010A Bonds maturing on or after October 1, 2021, are subject to redemption prior to their stated dates of maturity, at the option of the City, in whole or in part on any date on or after October 1, 2020 at the redemption prices of 100% of the principal amount redeemed, plus interest accrued to the date of redemption.

**AGENTS**

Registrar: Bank of New York Trust Mellon Company N.A.,  
Jacksonville, Florida  
Paying Agent: Bank of New York Trust Mellon Company N.A.,  
Jacksonville, Florida  
Issuer's Bond Counsel: Holland & Knight LLP, Lakeland, Florida  
Issuer's Financial Advisors: RBC Capital Markets, Jacksonville, Florida  
Managing Underwriter: Goldman, Sachs and Company, New York, New York  
Underwriters' Counsel: Nabors, Giblin, & Nickerson, PA, Tampa, Florida

**Summary of Future Debt Service Requirements  
Capital Improvement Revenue and Refunding Bonds  
Series 2010A**

Date	Maturity	Interest	Total
1-Oct-2020	2,015,000	120,456	2,135,456
1-Apr-2021		90,232	90,232
1-Oct-2021	1,350,000	90,231	1,440,231
1-Apr-2022		56,482	56,482
1-Oct-2022	1,445,000	56,481	1,501,481
1-Apr-2023		28,626	28,626
1-Oct-2023	1,145,000	28,619	1,173,619
	<u>\$ 5,955,000</u>	<u>\$ 471,127</u>	<u>\$ 6,426,127</u>

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**TAXABLE CAPITAL IMPROVEMENT REVENUE AND REFUNDING  
BONDS, SERIES 2010B**

\$10,140,000

**TERM BONDS DATED SEPTEMBER 30, 2010**

***CUSIP NUMBERS***

511662AS7

***PURPOSE***

The Series 2010B Bonds were issued to provide funds: (i) to currently refund certain loans (“the Sunshine State Loans”) entered into by the City with the Sunshine State Government Financing Commission, which Sunshine State Loans financed various capital improvements within the City; (ii) to fund certain capital projects, and (iii) to pay costs related to the issuance of the Series 2010B Bonds.

***SECURITY***

The Series 2010B Bonds and the interest thereon are payable from and secured by a pledge of Pledged Revenues, consisting of Non-Ad Valorem Revenues Budgeted and appropriated by the City on an annual basis and deposited into the Sinking Fund Account, as well as income received from the investment of moneys deposited in the funds and accounts established pursuant to the Ordinance.

***INSURANCE***

The City has not purchased bond insurance or any other form of credit enhancement for the 2010B bonds.

***RATINGS***

Moody’s Investor Service: **Aa3** Standard & Poor’s Ratings: **N/A** Fitch Ratings: **AA-**

***MANDATORY REDEMPTION***

The Series 2010B Bonds maturing on October 1, 2020 are subject to mandatory sinking fund redemption in part prior to maturity, at a redemption price equal to 100% of the principal amount of the Series 2010B Bonds to be redeemed, commencing October 1, 2011 and on each October 1, thereafter, in the years and in the principal amounts shown below.

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
October 1, 2011	\$590,000	October 1, 2012	\$645,000
October 1, 2013	705,000	October 1, 2014	765,000
October 1, 2015	830,000	October 1, 2016	2,115,000
October 1, 2017	1,065,000	October 1, 2018	1,105,000
October 1, 2019	1,140,000	October 1, 2020*	1,118,000

\* Final maturity

**MAKE WHOLE OPTIONAL REDEMPTION**

The Series 2010B Bonds are subject to redemption prior to their maturity at the option of the City, in whole or in part at any time (in such manner of selection of maturities as the City shall determine), at a redemption price equal to the greater of: (i) 100% of the principal amount of the Series 2010B Bonds to be redeemed; or (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2010B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010B Bonds are to be redeemed, discounted to the date on which the Series 2010B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, At the Treasury Rate, plus 25 basis points; plus, in each case, accrued and unpaid interest on the Series 2010B Bonds to be redeemed to the redemption date.

**AGENTS**

Registrar: Bank of New York Trust Mellon Company N.A.,  
Jacksonville, Florida  
Paying Agent: Bank of New York Trust Mellon Company N.A.,  
Jacksonville, Florida  
Issuer’s Bond Counsel: Holland & Knight LLP, Lakeland, Florida  
Issuer’s Financial Advisors: RBC Capital Markets, Jacksonville, Florida  
Managing Underwriter: Goldman, Sachs and Company, New York, New York  
Underwriters’ Counsel: Nabors, Giblin, & Nickerson, PA, Tampa, Florida

**Summary of Future Debt Service Requirements  
Capital Improvement Revenue and Refunding Bonds  
Series 2010B**

<u>Date</u>	<u>Maturity</u>	<u>Interest</u>	<u>Total</u>
1-Oct-2020	1,180,000	26,001	1,206,001
	<u>\$ 1,180,000</u>	<u>\$ 26,001</u>	<u>\$ 1,206,001</u>

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**TAXABLE CAPITAL IMPROVEMENT REVENUE AND REFUNDING  
BONDS, SERIES 2010C**

\$21,115,000

**TERM BONDS DATED SEPTEMBER 30, 2010**

***CUSIP NUMBERS***

511662AT5

511662AU2

***PURPOSE***

The Series 2010C Bonds were issued to provide funds: (i) to finance various capital improvements within the City; (ii) to pay costs related to the issuance of the Series 2010C Bonds.

***SECURITY***

The Series 2010C Bonds and the interest thereon are payable from, and secured by a pledge of Pledged Revenues, consisting of Non-Ad Valorem Revenues budgeted and appropriated by the City on an annual basis and deposited into the Sinking Fund Account, as well as income received from the investment of moneys deposited in the funds and accounts established pursuant to the Ordinance.

***INSURANCE***

The City has not purchased bond insurance or any other form of credit enhancement for the 2010C bonds.

***RATINGS***

Moody's Investor Service: **Aa3** Standard & Poor's Ratings: **N/A** Fitch Ratings: **AA-**

***MANDATORY REDEMPTION***

The Series 2010C Bonds maturing on October 1, 2030 are subject to mandatory sinking fund redemption in part prior to maturity, at a redemption price equal to 100% of the principal amount of the Series 2010B Bonds to be redeemed, commencing October 1, 2024 and on each October 1, thereafter, in the years and in the principal amounts shown below.

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
October 1, 2024	\$1,250,000	October 1, 2025	\$1,305,000
October 1, 2026	1,320,000	October 1, 2027	1,370,000
October 1, 2028	1,425,000	October 1, 2029	1,480,000
October 1, 2030	1,525,000		

The Series 2010C Bonds maturing on October 1, 2040 are subject to mandatory sinking fund redemption in part prior to maturity, at a redemption price equal to 100% of the principal amount of the Series 2010B Bonds to be redeemed, commencing October 1, 2031 and on each October 1, thereafter, in the years and in the principal amounts shown on the following page.

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
October 1, 2031	\$1,445,000	October 1, 2032	\$1,500,000
October 1, 2033	1,190,000	October 1, 2034	930,000
October 1, 2035	965,000	October 1, 2036	1,000,000
October 1, 2037	1,040,000	October 1, 2038	1,080,000
October 1, 2039	1,120,000	October 1, 2040	1,170,000

**EXTRAORDINARY MAKE-WHOLE OPTIONAL REDEMPTION**

The Series 2010C Bonds are subject to extraordinary optional redemption on any business day prior to their maturity at the option of the City, in whole or in part at any time (in such manner of selection of maturities as the City shall determine), upon the occurrence of an Extraordinary Event at a redemption price equal to the greater of: (i) 100% of the principal amount of the Series 2010C Bonds to be redeemed; or (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2010C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010C Bonds are to be redeemed, discounted to the date on which the Series 2010C Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, At the Treasury Rate, plus 25 basis points; plus, in each case, accrued and unpaid interest on the Series 2010C Bonds to be redeemed to the redemption date.

The Extraordinary Event so referenced relates to future changes in the federal Build America Bond program that would adversely affect the City, including but not limited to the City's continued receipt of the federal subsidies provided for under the program.

**AGENTS**

Registrar: Bank of New York Trust Mellon Company N.A.,  
Jacksonville, Florida  
Paying Agent: Bank of New York Trust Mellon Company N.A.,  
Jacksonville, Florida  
Issuer's Bond Counsel: Holland & Knight LLP, Lakeland, Florida  
Issuer's Financial Advisors: RBC Capital Markets, Jacksonville, Florida  
Managing Underwriter: Goldman, Sachs and Company, New York, New York  
Underwriters' Counsel: Nabors, Giblin, & Nickerson, PA, Tampa, Florida

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**Summary of Future Debt Service Requirements  
Taxable Capital Improvement Revenue Bonds, Series 2010C**

Date	Maturity	Interest	Total
1-Oct-2020		410,589	410,589
1-Apr-2021		410,588	410,588
1-Oct-2021		410,589	410,589
1-Apr-2022		410,588	410,588
1-Oct-2022		410,588	410,588
1-Apr-2023		410,588	410,588
1-Oct-2023		410,588	410,588
1-Apr-2024		410,588	410,588
1-Oct-2024	1,250,000	410,589	1,660,589
1-Apr-2025		386,501	386,501
1-Oct-2025	1,305,000	386,502	1,691,502
1-Apr-2026		361,355	361,355
1-Oct-2026	1,320,000	361,355	1,681,355
1-Apr-2027		335,920	335,920
1-Oct-2027	1,370,000	335,920	1,705,920
1-Apr-2028		309,521	309,521
1-Oct-2028	1,425,000	309,522	1,734,522
1-Apr-2029		282,062	282,062
1-Oct-2029	1,480,000	282,062	1,762,062
1-Apr-2030		253,544	253,544
1-Oct-2030	1,525,000	253,544	1,778,544
1-Apr-2031		224,158	224,158
1-Oct-2031	1,445,000	224,158	1,669,158
1-Apr-2032		195,845	195,845
1-Oct-2032	1,500,000	195,845	1,695,845
1-Apr-2033		166,453	166,453
1-Oct-2033	1,190,000	166,453	1,356,453
1-Apr-2034		143,136	143,136
1-Oct-2034	930,000	143,136	1,073,136
1-Apr-2035		124,913	124,913
1-Oct-2035	965,000	124,913	1,089,913
1-Apr-2036		106,005	106,005
1-Oct-2036	1,000,000	106,005	1,106,005
1-Apr-2037		86,411	86,411
1-Oct-2037	1,040,000	86,410	1,126,410
1-Apr-2038		66,033	66,033
1-Oct-2038	1,080,000	66,032	1,146,032
1-Apr-2039		44,871	44,871
1-Oct-2039	1,120,000	44,871	1,164,871
1-Apr-2040		22,925	22,925
1-Oct-2040	1,170,000	22,920	1,192,920
	<u>\$ 21,115,000</u>	<u>\$ 9,914,596</u>	<u>\$ 31,029,596</u>

\*After receipt and application of related federal Build America Bond interest subsidy.

**CAPITAL IMPROVEMENT REFUNDING REVENUE NOTE, SERIES 2012A**  
\$15,983,000

**TERM NOTE DATED DECEMBER 20, 2012**

**CUSIP NUMBERS**

N/A

**PURPOSE**

The Series 2012A Note was issued to provide funds: (i) to refund the City's outstanding Utilities Tax Revenue Refunding Bonds, Series 2002A and 2002B; (ii) to pay costs related to the issuance of the Series 2012A Note.

**SECURITY**

The Series 2012A Note and the interest thereon are payable from and secured by a pledge of Pledged Revenues, consisting of Non-Ad Valorem Revenues Budgeted and appropriated by the City on an annual basis and deposited into the Sinking Fund Account, as well as income received from the investment of moneys deposited in the funds and accounts established pursuant to the Ordinance.

The Notes were issued as a private placement and purchased by PNC Bank, NA.

**INSURANCE**

The City has not purchased bond insurance or any other form of credit enhancement for the 2012A note.

**RATINGS**

N/A

**MANDATORY REDEMPTION**

The principal of Series 2012A Note is payable in annual installments in the amounts and on the dates set forth below.

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
October 1, 2013	\$933,000	October 1, 2014	\$1,296,000
October 1, 2015	1,321,000	October 1, 2016	1,347,000
October 1, 2017	1,370,000	October 1, 2018	1,875,000
October 1, 2019	1,908,000	October 1, 2020	1,943,000
October 1, 2021	1,977,000	October 1, 2022	2,013,000

**OPTIONAL REDEMPTION**

The Series 2012A Note is subject to prepayment, in whole or in part, on any date at the option of the City, at a Prepayment Price (as defined in the applicable Ordinance), plus interest accrued on the amount being prepaid to the date of prepayment.

**AGENTS**

Registrar: City of Lakeland, Lakeland, Florida  
Paying Agent: City of Lakeland, Lakeland, Florida  
Issuer's Bond Counsel: Holland & Knight LLP, Lakeland, Florida  
Issuer's Financial Advisors: RBC Capital Markets, Jacksonville, Florida  
Managing Underwriter: PNC Bank, National Association  
Underwriters' Counsel: Bryant Miller Olive, P.A.

**Summary of Future Debt Service Requirements  
Capital Improvement Refunding Revenue Note, Series 2012A**

Date	Maturity	Interest	Total
1-Oct-2020	1,943,000	51,914	1,994,914
1-Apr-2021		34,912	34,912
1-Oct-2021	1,977,000	34,912	2,011,912
1-Apr-2022		17,614	17,614
1-Oct-2022	2,013,000	17,613	2,030,613
	<u>\$ 5,933,000</u>	<u>\$ 156,965</u>	<u>\$ 6,089,965</u>

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## CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2015

\$51,465,000

### SERIAL BONDS DATED MAY 20, 2015

#### CUSIP NUMBERS

511662BL1	511662BP2	511662BT4	511662BW7	511662CA4
511662BM9	511662BQ0	511662BU1	511662BX5	511662CB2
511662BN7	511662BR8	511662BV9	511662BY3	511662CE6
	511662BS6		511662BZ0	

#### PURPOSE

The Series 2015 Bonds were issued to provide funds: (i) to finance various capital improvements within the City, including but not limited to improvements to Joker Marchant Stadium; and (ii) to pay costs related to the issuance of the Series 2015 Bonds.

#### SECURITY

The Series 2015 Bonds and the interest thereon are payable from and secured by a pledge of Pledged Revenues, consisting of Non-Ad Valorem Revenues Budgeted and appropriated by the City on an annual basis and deposited into the Sinking Fund Account, as well as income received from the investment of moneys deposited in the funds and accounts established pursuant to the Ordinance, including certain Tourist Development Tax revenues pursuant to an interlocal agreement.

#### INSURANCE

The City has not purchased bond insurance or any other form of credit enhancement for the bond.

#### RATINGS

Moody's Investor Service: **Aa3** Standard & Poor's Ratings: **N/A** Fitch Ratings: **AA-**

#### MANDATORY REDEMPTION

The Series 2015 Bonds maturing on October 1, 2033, are subject to mandatory sinking fund redemption prior to maturity, at a redemption price equal to the principal amount of the Series 2015 Bonds to be redeemed, commencing October 1, 2032 and on each October 1, thereafter, in the years and in the principal amounts set forth below.

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
October 1, 2032	\$2,685,000	October 1, 2033*	\$2,800,000

\* Final maturity

The Series 2015 Bonds maturing on October 1, 2036, are subject to mandatory sinking fund redemption prior to maturity, at a redemption price equal to the principal amount of the Series 2015 Bonds to be redeemed, commencing October 1, 2034 and on each October 1, thereafter, in the years and in the principal amounts set forth below.

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
October 1, 2034	\$2,895,000	October 1, 2035	\$3,010,000
October 1, 2036*	2,320,000		

\* Final maturity

**OPTIONAL REDEMPTION**

The Series 2015 Bonds maturing on or before October 1, 2024, are not redeemable prior to their stated dates of maturity. The Series 2015 Bonds maturing on or after October 1, 2025, are subject to redemption prior to their stated dates of maturity, at the option of the City, in whole or in part on any date on or after April 1, 2025 at the redemption prices of 100% of the principal amount redeemed, plus interest accrued to the date of redemption.

**AGENTS**

Registrar: Bank of New York Trust Mellon Company N.A.,  
 Jacksonville, Florida

Paying Agent: Bank of New York Trust Mellon Company N.A.,  
 Jacksonville, Florida

Issuer’s Bond Counsel: Holland & Knight LLP, Lakeland, Florida

Issuer’s Financial Advisors: RBC Capital Markets, Jacksonville, Florida

Managing Underwriter: Goldman, Sachs and Company, New York, New York

Underwriters’ Counsel: Nabors, Giblin, & Nickerson, PA, Tampa, Florida

**Summary of Future Debt Service Requirements  
 Capital Improvement Revenue Bonds, Series 2015**

Date	Maturity	Interest	Total
1-Oct-2020	4,330,000	963,719	5,293,719
1-Apr-2021		855,469	855,469
1-Oct-2021	1,785,000	855,469	2,640,469
1-Apr-2022		810,844	810,844
1-Oct-2022	1,870,000	810,844	2,680,844
1-Apr-2023		764,094	764,094
1-Oct-2023	1,965,000	764,094	2,729,094
1-Apr-2024		714,969	714,969
1-Oct-2024	2,060,000	714,969	2,774,969
1-Apr-2025		663,469	663,469
1-Oct-2025	2,035,000	663,469	2,698,469
1-Apr-2026		612,594	612,594
1-Oct-2026	2,075,000	612,594	2,687,594
1-Apr-2027		560,719	560,719
1-Oct-2027	2,180,000	560,719	2,740,719
1-Apr-2028		506,219	506,219
1-Oct-2028	2,215,000	506,219	2,721,219
1-Apr-2029		450,844	450,844
1-Oct-2029	2,325,000	450,844	2,775,844
1-Apr-2030		392,719	392,719
1-Oct-2030	2,445,000	392,719	2,837,719
1-Apr-2031		331,594	331,594
1-Oct-2031	2,570,000	331,594	2,901,594
1-Apr-2032		267,344	267,344
1-Oct-2032	2,685,000	267,344	2,952,344
1-Apr-2033		217,000	217,000
1-Oct-2033	2,800,000	217,000	3,017,000
1-Apr-2034		164,500	164,500
1-Oct-2034	2,895,000	164,500	3,059,500
1-Apr-2035		106,600	106,600
1-Oct-2035	3,010,000	106,600	3,116,600
1-Apr-2036		46,400	46,400
1-Oct-2036	2,320,000	46,400	2,366,400
	<b>\$ 41,565,000</b>	<b>\$ 15,894,475</b>	<b>\$ 57,459,475</b>

**TAXABLE CAPITAL IMPROVEMENT REFUNDING REVENUE NOTE, SERIES 2015**  
\$5,000,000

**NOTE DATED SEPTEMBER 29, 2015**

**CUSIP NUMBERS**

N/A

**PURPOSE**

The Series 2015 Notes were issued for the principal purpose of: (i) refunding a portion of the City's outstanding Capital Improvement Revenue and Refunding Bonds, Series 2010A; and (ii) paying certain costs and expenses related to the issuance of the Series 2015 Notes.

**SECURITY**

The Series 2015 Notes and the interest thereon are payable from and secured by a pledge of Pledged Revenues, consisting of Non-Ad Valorem Revenues Budgeted and appropriated by the City on an annual basis and deposited into the Sinking Fund Account, as well as income received from the investment of moneys deposited in the funds and accounts established pursuant to the Ordinance.

The Series 2015 Bonds were issued through a direct placement and purchased by the Bank of America, N.A.

**INSURANCE**

The City has not purchased bond insurance or any other form of credit enhancement for the note.

**RATINGS**

N/A

**OPTIONAL REDEMPTION**

The Series 2015 Notes are subject to redemption, in whole or in part, on or after September 1, 2016, without penalty on any interest payment date.

**AGENTS**

Registrar: City of Lakeland, Lakeland, Florida  
Paying Agent: City of Lakeland, Lakeland, Florida  
Trustee: N/A  
Calculation Agent: Bank of America, N.A.  
Issuer's Bond Counsel: Holland & Knight LLP, Lakeland, Florida  
Issuer's Financial Advisors: RBC Capital Markets, Jacksonville, Florida  
Managing Underwriter: N/A  
Purchasers' Counsel: Mark E. Raymond

**SUMMARY OF FUTURE DEBT SERVICE REQUIREMENTS**

The Series 2015 Notes pay a variable rate of interest that is equal to the one-month LIBOR index plus a fixed rate spread, as shown below. Interest is calculated and paid monthly.

<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate</u>
October 1, 2020	\$5,000,000	LIBOR rate + 1.15%

**CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2017A**

\$16,370,569

**NOTE DATED**

**CUSIP NUMBERS**

N/A

**PURPOSE**

The Series 2017A Note was issued for the purpose of (i) paying or reimbursing the costs of acquiring, constructing, extending, improving, or enlarging the City’s civic center and financing certain airport facilities; and (ii) paying the costs of issuance of the 2017A Note.

**SECURITY**

The Series 2017 Notes and the interest thereon are payable from and secured by a pledge of Pledged Revenues, consisting of Non-Ad Valorem Revenues Budgeted and appropriated by the City on an annual basis and deposited into the Sinking Fund Account, as well as income received from the investment of moneys deposited in the funds and accounts established pursuant to the Ordinance, including certain Tourist Development Tax revenues pursuant to an inter-local agreement. The Series 2017A Notes were issued through a direct placement and purchased by TD Bank, N.A.

**INSURANCE**

The City has not purchased bond insurance or any other form of credit enhancement for the note.

**RATINGS**

N/A

**OPTIONAL REDEMPTION**

The Series 2017A Note is subject to redemption, in whole or in part, upon thirty days’ written notice, subject to a fixed rate prepayment charge as specified in the Note.

**MANDATORY REDEMPTION**

The Series 2017A Note is subject to mandatory redemption in the amounts and on the dates shown below.

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
April 1, 2018	\$983,237.43	April 1, 2019	\$1,006,736.81
April 1, 2020	1,030,797.81	April 1, 2021	1,055,433.88
April 1, 2022	1,080,658.75	April 1, 2023	1,106,486.50
April 1, 2024	1,132,931.52	April 1, 2025	1,160,008.59
April 1, 2026	1,187,732.79	April 1, 2027	1,216,119.90
April 1, 2028	1,031,582.70	April 1, 2029	1,056,237.53
April 1, 2030	1,081,481.60	April 1, 2031	1,107,329.01
April 1, 2032*	1,133,794.18		

\* Final maturity

**AGENTS**

Registrar: City of Lakeland, Lakeland, Florida  
Paying Agent: City of Lakeland, Lakeland, Florida  
Trustee: NA  
Calculation Agent: NA  
Issuer's Bond Counsel: Holland & Knight, LLP, Lakeland, Florida  
Issuer's Financial Advisors: RBC Capital Markets, Jacksonville, Florida  
Managing Underwriter: NA  
Bank Counsel: Bryant Miller Olive, P.A.

**Summary of Future Debt Service Requirements  
Capital Improvement Revenue Note, Series 2017A**

<u>Date</u>	<u>Maturity</u>	<u>Interest</u>	<u>Total</u>
1-Oct-2020		161,760	161,760
1-Apr-2021	1,055,434	161,759	1,217,193
1-Oct-2021		149,031	149,031
1-Apr-2022	1,080,659	149,031	1,229,690
1-Oct-2022		135,997	135,997
1-Apr-2023	1,106,486	135,997	1,242,483
1-Oct-2023		122,653	122,653
1-Apr-2024	1,132,932	122,652	1,255,584
1-Oct-2024		108,989	108,989
1-Apr-2025	1,160,009	108,989	1,268,998
1-Oct-2025		94,999	94,999
1-Apr-2026	1,187,733	94,999	1,282,732
1-Oct-2026		80,675	80,675
1-Apr-2027	1,216,120	80,674	1,296,794
1-Oct-2027		66,007	66,007
1-Apr-2028	1,031,583	66,007	1,097,590
1-Oct-2028		53,422	53,422
1-Apr-2029	1,056,238	53,422	1,109,660
1-Oct-2029		40,536	40,536
1-Apr-2030	1,081,482	40,536	1,122,018
1-Oct-2030		27,342	27,342
1-Apr-2031	1,107,329	27,341	1,134,670
1-Oct-2031		13,833	13,833
1-Apr-2032	1,133,793	13,832	1,147,625
	<u>\$ 13,349,798</u>	<u>\$ 2,110,483</u>	<u>\$ 15,460,281</u>

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**CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2017B**

\$15,879,855

**NOTE DATED MAY 23, 2017**

**CUSIP NUMBERS**

N/A

**PURPOSE**

The Series 2017B Note was issued for the purpose of (i) paying or reimbursing the costs of financing certain airport facilities at the Lakeland Linder International Airport; and (ii) paying the costs of issuance of the 2017B Note.

**SECURITY**

The Series 2017B Note and the interest thereon are payable from, and secured by a pledge of revenues, consisting of Non-Ad Valorem Revenues budgeted and appropriated by the City on an annual basis and deposited into the Sinking Fund Account, as well as income received from the investment of moneys deposited in the funds and accounts established pursuant to the Ordinance. The Series 2017B Notes were issued through a direct placement and purchased by TD Bank, N.A.

**INSURANCE**

The City has not purchased bond insurance or any other form of credit enhancement for the note.

**RATINGS**

N/A

**OPTIONAL REDEMPTION**

The Series 2017B Note may be prepaid on any Business Day in whole or in part upon thirty days' written notice, subject to a fixed rate prepayment charge, as specified in the Note.

**MANDATORY REDEMPTION**

The Series 2017B Note is subject to mandatory redemption in the amounts and on the dates shown below.

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
April 1, 2018	\$795,480.36	April 1, 2019	\$1,159,332.60
April 1, 2020	1,187,040.65	April 1, 2021	6,292,701.04
April 1, 2022	1,929,534.48	April 1, 2023	1,239,262.72
April 1, 2024	1,064,103.50	April 1, 2025	1,089,535.65
April 1, 2026*	1,122,864.00		

\* Final maturity

**AGENTS**

Registrar: City of Lakeland, Lakeland, Florida  
Paying Agent: City of Lakeland, Lakeland, Florida  
Trustee: NA  
Calculation Agent: NA  
Issuer's Bond Counsel: Holland & Knight, LLP, Lakeland, Florida  
Issuer's Financial Advisors: RBC Capital Markets, Jacksonville, Florida  
Managing Underwriter: NA  
Underwriters' Counsel: Bryant Miller Olive, P.A.

**Summary of Future Debt Service Requirements  
Capital Improvement Revenue Note, Series 2017B**

Date	Maturity	Interest	Total
1-Oct-2020		133,749	133,749
1-Apr-2021	6,292,701	133,749	6,426,450
1-Oct-2021		67,676	67,676
1-Apr-2022	1,929,534	67,676	1,997,210
1-Oct-2022		47,416	47,416
1-Apr-2023	1,239,263	47,415	1,286,678
1-Oct-2023		34,403	34,403
1-Apr-2024	1,064,104	34,403	1,098,507
1-Oct-2024		23,230	23,230
1-Apr-2025	1,089,536	23,230	1,112,766
1-Oct-2025		11,791	11,791
1-Apr-2026	1,122,862	11,790	1,134,652
	<u>\$ 12,738,000</u>	<u>\$ 636,528</u>	<u>\$ 13,374,528</u>

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**FLORIDA REVENUE NOTE, SERIES 2019 (AMT)**

\$32,000,000

**DATED NOVEMBER 20, 2019**

**CUSIP NUMBERS**

511728AA5

**PURPOSE**

The Series 2019 Note was issued for the principal purposes of: (i) temporarily funding a portion of certain capital improvement projects at the City's Lakeland Linder International Airport, and (ii) paying certain costs and expenses related to the issuance of the Notes.

**SECURITY**

The Note and the interest thereon is payable from, and secured by a pledge of revenues, consisting of Non-Ad Valorem Revenues budgeted and appropriated by the City on an annual basis and deposited into the Sinking Fund Account, as well as income received from the investment of monies deposited in the funds and accounts established pursuant to the Ordinance. The Series 2019 Note takes the form of a line of credit with Wells Fargo Bank, N.A.

**INSURANCE**

The City has not purchased bond insurance or any other form of credit enhancement for the 2019 bonds.

**RATINGS**

N/A

**OPTIONAL REDEMPTION**

The Series 2019 Note may be prepaid on the first Business Day of any month without any prepayment charge.

**AGENTS**

Registrar:	City of Lakeland, Lakeland, Florida
Paying Agent:	City of Lakeland, Lakeland, Florida
Trustee:	NA
Issuer's Bond Counsel:	Holland & Knight LLP, Lakeland, Florida
Issuer's Disclosure Counsel:	Nabors, Giblin, & Nickerson, PA, Tampa, Florida
Issuer's Financial Advisors:	RBC Capital Markets, Jacksonville, Florida
Managing Underwriter:	NA
Bank Counsel:	Kutak Rock LLP, Kansas City, Missouri

**Summary of Future Debt Service Requirements  
Florida Revenue Note, Series 2019 (AMT)**

The Florida Revenue Note, Series 2019 is a line of credit with Wells Fargo Bank, N.A. The Notes pay a variable rate of interest each month based on the utilization of the line of credit. The Note matures on August 1, 2021. The City plans to permanently finance the projects funded by the Note prior to that date. Of the original \$32,000,000 line of credit loan, only \$19,673,597 was drawn down as of September 30, 2020.

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**TAXABLE PENSION LIABILITY REDUCTION NOTE, SERIES 2020**

\$81,000,000

**DATED MARCH 6, 2020**

**CUSIP NUMBERS**

N/A

**PURPOSE**

The Series 2020 Note was issued for the principal purposes of: (i) funding a portion of the unfunded pension obligations of the City's pension plans, and (ii) paying certain costs and expenses related to the issuance of the Notes.

**SECURITY**

The Note and the interest thereon is payable from, and secured by a pledge of revenues, consisting of Non-Ad Valorem Revenues budgeted and appropriated by the City on an annual basis and deposited into the Sinking Fund Account, as well as income received from the investment of monies deposited in the funds and accounts established pursuant to the Ordinance. The Series 2020 Note was issued through a direct placement and purchased by TD Bank, N.A.

**INSURANCE**

The City has not purchased bond insurance or any other form of credit enhancement for the 2020 bonds.

**RATINGS**

N/A

**OPTIONAL REDEMPTION**

The Series 2020 Note may be prepaid on any Business Day in whole or in part upon ten days written notice subject to the greater of: (i) one percent times the remaining term of the Note in years, or (ii) a Fixed Rate Prepayment charge, as specified in the Note.

**AGENTS**

Registrar:	City of Lakeland, Lakeland, Florida
Paying Agent:	City of Lakeland, Lakeland, Florida
Trustee:	NA
Issuer's Bond Counsel:	Holland & Knight LLP, Lakeland, Florida
Issuer's Disclosure Counsel:	Nabors, Giblin, & Nickerson, PA, Tampa, Florida
Issuer's Financial Advisors:	RBC Capital Markets, Jacksonville, Florida
Managing Underwriter:	NA
Bank Counsel:	Bryant Miller Olive PA, Tampa, Florida

**Summary of Future Debt Service Requirements**  
**Taxable Pension Liability Reduction Note, Series 2020**

Date	Maturity	Interest	Total
1-Oct-2020	5,120,000.00	1,116,225.00	6,236,225.00
1-Apr-2021		918,148.00	918,148.00
1-Oct-2021	4,455,000.00	918,148.00	5,373,148.00
1-Apr-2022		864,242.50	864,242.50
1-Oct-2022	4,640,000.00	864,242.50	5,504,242.50
1-Apr-2023		808,098.50	808,098.50
1-Oct-2023	4,825,000.00	808,098.50	5,633,098.50
1-Apr-2024		749,716.00	749,716.00
1-Oct-2024	5,020,000.00	749,716.00	5,769,716.00
1-Apr-2025		688,974.00	688,974.00
1-Oct-2025	5,215,000.00	688,974.00	5,903,974.00
1-Apr-2026		625,872.50	625,872.50
1-Oct-2026	5,420,000.00	625,872.50	6,045,872.50
1-Apr-2027		560,290.50	560,290.50
1-Oct-2027	5,630,000.00	560,290.50	6,190,290.50
1-Apr-2028		492,167.50	492,167.50
1-Oct-2028	5,845,000.00	492,167.50	6,337,167.50
1-Apr-2029		421,443.00	421,443.00
1-Oct-2029	6,065,000.00	421,443.00	6,486,443.00
1-Apr-2030		348,056.50	348,056.50
1-Oct-2030	6,295,000.00	348,056.50	6,643,056.50
1-Apr-2031		271,887.00	271,887.00
1-Oct-2031	3,445,000.00	271,887.00	3,716,887.00
1-Apr-2032		230,202.50	230,202.50
1-Oct-2032	4,245,000.00	230,202.50	4,475,202.50
1-Apr-2033		178,838.00	178,838.00
1-Oct-2033	3,255,000.00	178,838.00	3,433,838.00
1-Apr-2034		139,452.50	139,452.50
1-Oct-2034	3,615,000.00	139,452.50	3,754,452.50
1-Apr-2035		95,711.00	95,711.00
1-Oct-2035	2,355,000.00	95,711.00	2,450,711.00
1-Apr-2036		67,215.50	67,215.50
1-Oct-2036	1,995,000.00	67,215.50	2,062,215.50
1-Apr-2037		43,076.00	43,076.00
1-Oct 2037	1,455,000.00	43,076.00	1,498,076.00
1-Apr-2038		25,470.50	25,470.50
1-Oct 2038	1,455,000.00	25,470.50	1,480,470.50
1-Apr-2039		7,865.00	7,865.00
1-Oct 2039	315,000.00	7,865.00	322,865.00
1-Apr-2040		4,053.50	4,053.50
1-Oct 2040	335,000.00	4,053.50	339,053.50
	<u>\$ 81,000,000.00</u>	<u>\$ 16,197,786.00</u>	<u>\$ 97,197,786.00</u>

## **SUBSEQUENT EVENTS**

### **FLORIDA REVENUE NOTE, SERIES 2019**

In November 2019, the City of Lakeland issued a Florida Revenue Note, Series 2019. The Notes take the form of a line of credit loan from Wells Fargo Bank, National Association in an amount not to exceed \$32,000,000. Proceeds of the Notes will be used to temporarily finance improvements at Lakeland Linder International Airport and pay necessary and incidental issuance costs. Projects being financed include, but are not limited to: strengthening and rehabilitation of Runway 9-27, upgrading of its Instrument Landing System to Category II, installation of a new ramp area, and construction and improvements to certain hangars owned by the City including one such hanger leased by the National Oceanic and Atmospheric Administration.

On January 4, 2021, the City Commission approved resolution #5467 which authorized the extension of the line of credit August 1, 2021. The Notes pay a variable rate of interest based on the utilization of the line of credit. The City intends to permanently finance the projects before the expiration of the line of credit

### **LAKELAND ELECTRIC-McINTOSH UNIT #3**

Lakeland Electric, as part of its NextGen strategic plan for future generation needs had decided in 2019 to mothball McIntosh Unit #3 – a coal-fired generator co-owned with Orlando Utilities Commission in fiscal year 2024. Economic factors such as inexpensive natural gas and increased maintenance costs on the generation unit led management to alter that decision. Lakeland Electric recommended to the Utility Committee in January 2021 to shutter the plant effective March 31, 2021. The Lakeland City Commission voted on January 19, 2021, to retire McIntosh Unit #3 effective March 31, 2021.

As of February 28, 2021, the net book value of the McIntosh Unit #3 assets was approximately \$37,478,000. Also, inventory balances related to Unit #3 were approximately \$5.9 million. These amounts, less any salvage value, will be expensed in fiscal year ending September 30, 2021.

Lakeland Electric is currently working with a consultant to develop a plan and its associated costs for the future demolition of the Unit #3 assets. At this time, management cannot estimate the total of those costs.

### **LAKELAND REGIONAL HEALTH SYSTEMS (LRHS) LEASE AMENDMENT**

On March 1, 2021, the City Commission approved an amendment to the existing lease agreement between LRHS and the City of Lakeland. Under this amendment, LRHS will provide the City of Lakeland with a \$215 million lump sum prepayment for all remaining payments under the lease through 2040, the remaining term of the current lease agreement. After 2040, LRHS is obligated to pay \$10 annually in perpetuity.

## CURRENT EVENTS

### NOVEL CORONAVIRUS (COVID-19)

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. Although multiple vaccines have been granted authorization for emergency use by the US Food and Drug Administration, the outbreak of COVID-19 has affected travel, commerce and financial markets both domestic and globally, and is widely expected to have a significant impact on economies worldwide. While the potential future impact on the City cannot be predicted with any degree of reasonable certainty at this time, the continued spread of the disease, containment, and efforts designed to mitigate its effects could negatively impact the financial and operating conditions of the City.

During FY 2020, the City implemented a series of mitigating efforts to minimize revenue shortfalls and to ensure financial stability. The City thoroughly reviewed all operations, estimates, and plans to implement strategies to better navigate the financial uncertainty of the COVID-19 pandemic, ensuring the City's financial health is maintained. These strategies included \$9.7 million in budget cuts. For FY 2020, the General Fund reported an increase in fund balance of \$1.5 million. Overall revenues in the General Fund decreased by \$4.9 million from FY 2019. Additionally, expenditures, excluding the \$41.7 million in additional contributions to the pension plans, were \$2.9 lower than FY 2019.

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 impact, if any, this outbreak could potentially have on revenues such as state shared revenues, investments, and other local revenues related to economic conditions in the future. The City will continue to monitor and assess revenue and expenditure trends to ensure the level of available funds is commensurate with the level of risk associated with the level of risk associated with our revenues and expenditure variability.

The City requested and received reimbursement from Polk County for COVID-19 related purchases through September 30, 2020. Charges are continuously tracked. However, it is not certain whether any additional costs will be reimbursed at this time.

On March 11, President Biden signed the \$1.9 trillion American Rescue Plan Act of 2021 ([P.L. 11-2](#)), which established the \$362 billion Coronavirus State and Local Fiscal Recovery Fund. Of this total, \$65.1 billion is provided in direct aid to counties and additional \$1.5 billion for public lands counties.

The U.S. Department of Treasury is in the process of refining the estimates for allocations from the State and Local Fiscal Relief Funds. The current estimate for the City of Lakeland is \$24.4 million.





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# GLOSSARY OF TERMINOLOGY

## **ACCRUED INTEREST**

The interest that has accumulated since the last interest payment up to, but not including, the settlement date and that is added to the contract price of a bond transaction. There are two methods for calculating accrued interest: the 30-day-month (360-day-year) method for corporate and municipal bonds, and the actual-calendar-days (365-day-year) method for government bonds. Income bonds, bonds in default and zero-coupon bonds trade without accrued interest.

## **ADVANCE REFUNDING**

The refinancing of an existing municipal bond issue prior to its maturity or call date by using funds from the sale of a new bond issue. The proceeds of the new bond issue are used to purchase government securities, and the municipality puts the principal and interest received from these securities into an escrow account; it then uses these funds to pay off the original bond issue at the first call date.

## **AMBAC INDEMNITY CORPORATION (AMBAC)**

A corporation that offers insurance on the timely payment of principal and interest obligations of municipal securities. Bonds insured by AMBAC usually receive an AAA rating from rating services.

## **BOND**

A legal obligation (debt) of an issuing company or government to repay the principal of a loan to bond investors at a specified future date.

## **BOND COUNSEL**

A lawyer or firm experienced in the matters relating to the validity of, and the exclusion from gross income for federal income tax purposes of interest on obligations of states and their political subdivisions.

## **BOND PURCHASE AGREEMENT**

The agreement between the issuer of bonds and the underwriter or underwriters, who have agreed to purchase the bonds, setting forth the terms of the sale, including the price of the bonds, any premium or discount, the interest rate or rates, the conditions of closing, any restrictions on the liability of the issuer, and, occasionally, indemnity provisions if there is not a separate indemnity letter or agreement. (Also called “contract of purchase” or “underwriting agreement”)

## **BOND RATINGS**

Evaluations by independent rating services of a bond’s investment quality and credit worthiness.

## **BONDHOLDER**

The registered owners, or their authorized representatives, of Bonds.

## **BROKER-DEALER (BD)**

A person or firm in the business of buying and selling securities. A firm may act as both broker (agent) and dealer (principal) but not in the same transaction. Broker-Dealers normally must register with the SEC, the appropriate SROs and with any state where they do business.

**CALL FEATURES**

Provisions for the redemption by the issuer of a bond or bonds prior to the stated maturity of the securities. Provisions may be either mandatory or exercisable at the option of the issuer.

**CALL PREMIUM**

A dollar amount, usually stated as a percentage of the principal amount called, paid as a “penalty” or a “premium” for the exercise of a call provision.

**CALLABLE BOND**

A bond which may be redeemed by the issuer on a specified date(s) prior to maturity.

**CLOSING DATE**

The date on which a new bond issue is delivered to the purchaser upon payment of the purchase price and the satisfaction of all conditions specified in the bond purchase agreement.

**COMMITTEE ON UNIFORM SECURITIES IDENTIFICATION PROCEDURES (CUSIP)**

A committee that assigns identification numbers and codes to all securities, to be used when recording all buy or sell orders.

**COST OF ISSUANCE**

The costs associated with the sale of a security, including printing, legal fees, cost of ratings, and other items.

**COVENANTS**

Pledges made by an issuer regarding the operation of a project, system, or enterprise of the issuer. Such pledges are of interest to the bondholder as they assure that certain practices will be followed or avoided by the issuer.

**COVERAGE**

The margin of safety for payment of debt service, reflecting the number of times by which the annual revenues, either gross or net, exceed the annual debt service.

**DEALER**

An individual or firm that is engaged in the business of buying and selling securities for its own account, either directly or through a broker or firm, or an individual who acts as a principal and charges the customers a markup or markdown.

**DEBT FINANCING**

Raising money for working capital or for capital expenditures by selling bonds, bills, or notes to individual or institutional investors.

**DEBT SERVICE**

Required payments for interest on and retirement of the principal amount of a debt obligation.

**DEBT SERVICE ACCOUNT**

The account used to pay a municipal revenue bond's semiannual interest and principal maturing in the current year; it also serves as a sinking fund for term issues.

**DEBT SERVICE RESERVE FUND**

The account into which funds are deposited to pay one year's debt service on a municipal revenue bond.

**DEBT SERVICE SCHEDULE**

A table outlining the retirement of bonded debt over a specified period, providing for annual or semi-annual payments of principal and interest to extinguish the debt.

**DEFAULT**

Failure by the issuer to pay principal or interest promptly when due or failure to fulfill other covenants previously agreed to.

**DEFEASANCE**

The termination of a debt obligation by issuing a new debt issue or creating a trust that generates enough cash flow to provide for the payment of principal and interest.

**DENOMINATION**

The face or dollar amount for bonds which are issued.

**DIGITAL ASSURANCE CERTIFICATION (DAC)**

An Ernst & Young, LLP company that specializes exclusively in investor relations programs and compliance reporting for the municipal securities industry. DAC has a compliance reporting platform that assists issuers and other market participants with the required disclosures in accordance with SEC Rule 15c2-12, as amended.

**DISCOUNT**

The difference between the lower price paid for a security and the security's face amount at issue.

**DISCOUNT BOND**

A bond that sells for a lower price than its face value.

**EFFECTIVE DATE**

The date the registration of an issue of securities becomes effective, allowing the underwriters to sell the newly issued securities to the public and confirm sales to investors who have given indications of interest.

**END OF UNDERWRITING PERIOD**

The of (1) the time the issuer of the municipal securities delivers the securities to the Participating Underwriters or (2) the Participating Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the securities for sale to the public.

**EXEMPT SECURITY**

A security exempted from the registration requirements (although not from the antifraud requirements) of the Securities Act of 1933.

**FACE VALUE**

The dollar amount the issuer promises to pay the bondholder at maturity; also, called the par value.

## **FINAL OFFICIAL STATEMENT**

A document or set of documents prepared by an issuer of municipal securities or its representatives that is complete as of the date delivered to the Participating Underwriter(s) and that sets forth information concerning the terms of the proposed issue of securities; information, including financial information or operating data concerning such issuers of municipal securities and those other entities, enterprises, funds, accounts, and other person's material to an evaluation of the offering.

## **FINANCIAL ADVISOR**

A consultant to an issuer of municipal securities who provides the issuer with advice with respect to the structure, timing, terms, or other similar matters concerning a new issue of securities.

## **FINANCIAL GUARANTY INSURANCE CORPORATION (FGIC)**

An insurance company that offers insurance on the timely payment of interest and principal on municipal issues and unit investment trusts.

## **FINANCIAL SECURITY ASSURANCE, INC. (FSA)**

An insurance company that offers insurance on the timely payment of interest and principal on municipal issues and unit investment trusts.

## **FITCH INVESTORS SERVICE, INC.**

A rating service for corporate bonds, municipal bonds, commercial paper, and other debt obligations.

## **GENERAL OBLIGATION BOND (GO)**

A bond secured by the pledge of the issuer's full faith, credit, and usually taxing power which may be an unlimited ad valorem tax or a limited tax on real estate and personal property.

## **INDUSTRIAL DEVELOPMENT REVENUE BOND (IDB)**

A debt security issued by a municipal authority, which uses the proceeds to finance the construction or purchase of facilities to be leased or purchased by a private company. The bonds are backed by the credit of the private company which is ultimately responsible for principal and interest payments.

## **INSTITUTIONAL INVESTOR**

A person or organization that trades securities in large enough share quantities or dollar amounts that it qualifies for preferential treatment and lower commissions. An institutional order can be of any size. Institutional investors are covered by fewer protective regulations because it is assumed that they are more knowledgeable and better able to protect themselves.

## **INSURANCE COVENANT**

A provision of a municipal revenue bond's trust indenture that helps ensure the safety of the issue by promising to insure the facilities built.

## **INSURED BOND**

A bond insured as to timely payment of principal, interest, and premium by private insurers.

**INVESTMENT BANKER**

A broker dealer firm that underwrites new issues and provides financial counseling to issuers of securities. (underwriter)

**ISSUER**

A legal entity that borrows money through the issuance of debt obligations specified in section 3(a) (29) and Rule 3b-5(a) of the Act.

**MATERIAL INFORMATION**

Any information or fact that could affect an investor's decision to trade a security.

**MATURITY**

The date upon which the principal of a municipal bond becomes due and payable to the bondholders.

**MOODY'S INVESTORS SERVICES**

A rating service for corporate bonds, municipal bonds, commercial paper, and other debt obligations.

**MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION (MBIA)**

A corporation that offers insurance on the timely payment of principal and interest obligations of municipal securities. Bonds insured by MBIA usually receive AAA rating from rating services.

**MUNICIPAL BONDS**

Debt obligations issued by states, counties, cities, political subdivisions, and territories of the United States.

**MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB)**

A self-regulatory organization that regulates the issuance and trading of municipal securities. The board functions under the supervision of the SEC – it has no enforcement powers.

**NET DIRECT DEBT**

The amount of debt obligations of a municipality including general obligation bonds, notes, and short-term notes. Self-supported debt from revenue bonds is not included.

**NON-CALLABLE BOND**

A bond that cannot be called for redemption at the option of the issuer before its specified maturity date.

**PAR**

The dollar amount assigned to a security by the issuer. For a municipal security, the amount repaid to the investor when the bond matures.

**PARITY BONDS**

Municipal bonds that enjoy the same lien position as previously outstanding bonds.

**PAYMENT DATE**

The date at which the interest of a municipal bond is due to the bondholder.

**PLEGGED REVENUES**

Those revenues of an entity that are designated for the repayment of debt obligations.

**PREMIUM**

The amount that the cost price (market value) exceeds the principal amount of a municipal bond.

**PRINCIPAL**

The face amount or par value of a municipal bond, exclusive of accrued interest.

**PRIMARY OFFERING**

An offering of municipal securities directly or indirectly by, or on behalf of, an issuer of such securities. Including any remarketing of municipal securities that are either (1) accompanied by a change in the authorized denomination of such securities from \$100,000 or more to less than \$100,000, or (2) accompanied by a change in the period during which such securities may be tendered to an issuer of such securities or its designated agent for redemption or purchase from a period of nine months or less to a period of more than nine months.

**RATE COVENANT**

A covenant requiring the charging of rates or fees for the use of specific facilities or operations sufficient to achieve a stated minimum coverage.

**RATING AGENCY**

A nationally recognized agency that rates securities for safety of payment of principal, interest, or dividends at the request of the issuer.

**RATING CATEGORY**

One of the generic rating categories of any nationally recognized securities rating agency without regard to any refinement or graduation of such rating by a numerical modifier or otherwise.

**REFUNDING**

The retiring of a bond issue at the earliest call date or at maturity with funds from a new issue.

**REGISTERED BOND**

A bond that has a name printed on the certificate identifying the owner. The owner is "registered" with the issuer or its agent either as to both principal and interest, or as to principal only.

**REGISTRAR**

The issuer or agent designated by the issuer, by ordinance or resolution, to maintain the registration books for the bond issued or to perform other duties with respect to registering the transfer of bonds.

**RESERVE FUND**

A fund that may be used to pay debt service if the pledged revenue sources do not generate sufficient funds to cover debt service.

**REVENUE BOND**

A bond secured by a pledged source of revenue.

**SENIOR LIEN DEBT**

A bond issue that shares the same collateral as other issues, but has a prior claim to the collateral in the event of default.

**SERIAL BOND**

A bond that has a series of maturities at intervals during the term of the bond.

**STANDARD AND POOR'S CORPORATION (S&P)**

An independent company that rates stock, corporate, and municipal bonds based on risk profiles, and produces and tracks the S&P indexes.

**SUBORDINATED DEBT FINANCING**

A form of long-term capitalization used by broker dealers where claims of lenders are subordinated to the claims of other creditors.

**TAXABLE BOND**

Bonds on which the interest at the time of issuance is not intended to be excluded from the gross income of the holders for federal tax purposes.

**TAX-EXEMPT BOND**

A municipal bond, the interest on which is exempt from federal income tax.

**TERM BOND**

A municipal bond issue that has a single maturity.

**TRUSTEE**

A person or organization legally appointed to act on behalf of a beneficiary.

**TRUST AGREEMENT**

An agreement between an issuer and a trustee acting on behalf of bondholders (1) authorizing and securitizing the bonds, (2) containing the issuer's covenants and obligations with respect to the project and payment of debt service, (3) specifying the events of default, and (4) outlining the trustee's fiduciary responsibilities and bondholders' rights.

**UNDERWRITER**

Any person or firm that purchases from an issuer of municipal securities, or offers or sells for an issuer of municipal securities in connection with the offering of any municipal security, or participates or has a direct or indirect participation in any such undertaking; except, that such term shall not include a person whose interest is limited to a commission, concession, or allowance from an underwriter, broker, dealer, or municipal securities dealer not in excess of the usual and customary distributors' or sellers' commission, concession, or allowance.

**UNDERWRITERS' COUNSEL**

A law firm engaged to represent the interest of the underwriters in a security issue.

**VARIABLE RATE BOND**

Bonds issued with a variable, adjustable, convertible, or other similar interest rate which is not fixed in percentage at the date of issue for the entire term thereof.



**YIELD**

The net rate of return on an investment based on an annual interest rate over the term of the security; also, called yield to maturity.

**ZERO COUPON BOND/CAPITAL APPRECIATION BOND**

A bond that pays no interest that is purchased or traded at a deep discount with the full face-value redeemed at maturity.