

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

REPORT ON BASIC FINANCIAL STATEMENTS

for the

FISCAL YEAR ENDED SEPTEMBER 30, 2015



Prepared by
FINANCE DEPARTMENT

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Lakeland Community Redevelopment Agency
Lakeland, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lakeland Community Redevelopment Agency (the "Agency" or "LCRA"), a component unit of the City of Lakeland, Florida, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency, as of September 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in June 2012 the GASB issued GASB Statement No. 68, "Accounting and Financial Reporting for Pensions." Also, in November 2013 the GASB issued GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." Statements 68 and 71 are effective for the Agency's fiscal year ending September 30, 2015. These Statements replace the requirements of Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" and Statement No. 50, "Pension Disclosures." Statements 68 and 71 establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses as well as identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosures and required supplementary information requirements about pensions are also addressed. As a result, net position was restated as of October 1, 2014, for the cumulative effect of the application of this pronouncement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, schedule of LCRA's proportionate share of the net pension liability, and schedule of LCRA's contributions on pages B-1 – B-6 and F-1 – F-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The Schedule of Deposits, Withdrawals and Changes in Fund Balance – Redevelopment Trust Funds is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Deposits, Withdrawals and Changes in Fund Balance – Redevelopment Trust Funds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Deposits, Withdrawals and Changes in Fund Balance – Redevelopment Trust Funds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2016 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.


Crowe Horwath LLP

Lakeland, Florida
March 31, 2016

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis section provides a narrative overview of the City of Lakeland Community Redevelopment Agency (CRA) financial activities for fiscal year ending September 30, 2015. This discussion is broken down into three components:

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

OVERVIEW

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Agency's basic financial statements are comprised of three sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The nature of these three components of the report is described as follows:

Government-wide financial statements

There are two financial statements in this section that address the financial position and results of operations of the Agency taken as a whole: the Statement of Net Position and the Statement of Activities.

These two financial statements are prepared using the "full accrual" method (basis) of accounting. This is the same accounting method used by most private-sector companies to determine whether they earn a profit in any given year, and to measure the net worth of the company as of the end of the year. Under the full accrual basis of accounting, some cash flows into the organization and some of the cash flows out of the organization are not considered operating revenues or operating expenses and accordingly do not appear on a profit and loss statement. For example, under the full accrual basis of accounting, the purchase of capital assets (e.g. equipment, land, buildings that have a useful life beyond one year) is not considered an operating expense when purchased.

The statement of net position is similar to a balance sheet in that it separately identifies the assets (what the Agency owns) from the liabilities (what the Agency owes) and the net difference between the two. Cash, receivables, land, buildings and equipment are examples of assets. Bonds, notes, and payables are examples of liabilities. The increase or decrease in net position from one year to the next indicates whether the Agency's financial position is improving or deteriorating.

The statement of activities explains how or why the net position have increased or decreased during the year. The statement of activities resembles a profit and loss statement because it compares the total expenses of the government to the total revenues, with the difference between the two, equaling the increase or decrease in net position over the course of the year.

Fund financial statements

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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

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

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

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

Notes to the financial statements

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

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

Other required supplementary information

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONDENSED FINANCIAL INFORMATION

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

CONDENSED STATEMENT OF NET POSITION (in thousands)

	Governmental Activities	
	2015	2014
Assets		
Current assets	\$ 12,628	\$ 10,749
Capital assets	22,368	23,460
Total assets	<u>34,996</u>	<u>34,209</u>
Deferred outflows of resources - related to pensions	10	-
	<u>10</u>	<u>-</u>
Liabilities		
Current liabilities	603	653
Net pension liability	78	-
Revenue bonds payable, less current portion	4,877	5,469
Total liabilities	<u>5,558</u>	<u>6,122</u>
Deferred inflows of resources - related to pensions	2	-
	<u>2</u>	<u>-</u>
Net position		
Net Investment in capital assets	16,899	17,362
Restricted	12,547	10,725
Total net position	<u>\$ 29,446</u>	<u>\$ 28,087</u>

CONDENSED STATEMENT OF ACTIVITIES (in thousands)

	Governmental Activities	
	Fiscal Year Ended	
	2015	2014
Program Revenues:		
Capital grants and contributions	\$ -	\$ 104
General Revenues:		
Property taxes	2,745	2,638
Investment earnings	307	608
Miscellaneous	802	1,864
Total revenues	<u>3,854</u>	<u>5,214</u>
Program Expenses:		
General government	503	398
Transportation	240	478
Economic environment	1,136	3,642
Interest on long-term debt	234	321
Total expenses	<u>2,113</u>	<u>4,839</u>
Net contributions (to) / from component units	<u>(310)</u>	<u>(225)</u>
Increase in net position	1,431	150
Net position, beginning of year	28,087	27,937
Prior period adjustment (Note 2)	(72)	-
Net position, end of year	<u>\$ 29,446</u>	<u>\$ 28,087</u>

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

For the fiscal year ended September 30, 2015, the results of operations of the Agency viewed on a government-wide basis reflects relatively strong financial performance.

Restricted Assets are legally restricted for expenses for certain purposes. These consist predominately of \$12.6 million in assets held within Community Redevelopment Districts (\$11.8 million in cash and cash equivalents and \$800 thousand in mortgages receivable). In the aggregate, there was a \$1.9 million increase in the change in the value of these restricted assets from 2014 to 2015.

Current Liabilities represent obligations payable from Current Assets that are likely to be settled within the next year. These consist of approximately \$9 thousand in amounts owed to vendors, \$1,500 in undistributed payroll obligations accrued during the last pay period of the fiscal year, and \$600 thousand of principal due on long term debt and notes on October 1.

Restricted Liabilities represent obligations payable from Restricted Assets that are likely to be settled within the next year.

The Agency's statement of net position serves as a useful indicator of a government's financial position as of a specific point in time. The relative composition of assets versus liabilities as shown on this report is indicative of a healthy (versus a tenuous) financial position. This analysis is most easily accomplished by converting this data into ratios.

One such ratio reflects the ability of the government to meet immediate cash demands – the ratio of current assets to current liabilities:

A comparison of unrestricted current assets to unrestricted current liabilities as of September 30, 2015:

	2015	2014
Current assets	\$ 12,628,186	\$ 10,749,446
Current liabilities	<u>603,113</u>	<u>653,255</u>
Net current assets	<u>\$ 12,025,073</u>	<u>\$ 10,096,191</u>
Ratio	20.94	16.46

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

Another useful ratio evaluates the relationship of unpaid long term debt issued to finance capital assets. 57% of the Agency's net position reflects its net investment in capital assets net of the related debt issued to construct those capital assets.

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

	2015	2014
Capital assets	\$ 22,367,673	\$ 23,459,615
Related long term debt	<u>6,072,219</u>	<u>6,097,273</u>
Net current assets	<u>\$ 16,295,454</u>	<u>\$ 17,362,342</u>
Ratio	3.68	3.85

The total net book value of capital assets as of September 30, 2015 was \$22,367,673 which represents a decrease of \$1,091,942 for the year in net capital outlays related to land, land improvements, infrastructure improvements and land purchases.

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

The Agency has no general obligation bonded debt outstanding.

For additional information regarding capital asset and long term debt activity see the Notes to the Financial Statements under the Basic Financial Statements section of this report.

Property tax revenue was up 4.0% compared to the prior year. Total spending on governmental activities was down 56.3%.

In the aggregate, total revenues collected in FY 2015 were down 27.5% compared to 2014. Investment revenues decreased as a result of the decrease in investment market values.

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FUND FINANCIAL ANALYSIS

As noted earlier, the Agency uses fund accounting to segregate the transactions of the Agency into specific types of districts: the Downtown Redevelopment District, the Midtown Redevelopment District, the Dixieland Redevelopment District, and the Williams Redevelopment District.

The following discussion addresses significant activity within the LCRA fund:

The Downtown Redevelopment Trust Fund

The Downtown Redevelopment Trust Fund is a special district whose mission is to improve and stimulate the environment for economic development in a people-oriented Downtown community.

The Midtown Redevelopment Trust Fund

The MidTown Redevelopment Trust Fund is a special district whose mission is to work with the community to plan, facilitate and implement redevelopment activities within the MidTown CRA district in the areas of private market real estate development, public and private improvements that boost the "image" of the district, encourage networking and partnership opportunities, and to leverage time and resources to maximize impact within the district.

The Dixieland Redevelopment Trust Fund

The Dixieland Redevelopment Trust Fund is a special district whose mission is to invigorate the existing businesses, attract new businesses and investment, and provide a neighborhood commercial center for the surrounding neighborhoods.

The Williams Redevelopment Trust Fund

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

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

	<u>2015 Budget (As Amended)</u>	<u>2015 Actual</u>	<u>Variance Over/(Under)</u>
REVENUES			
Taxes	\$ 2,730,201	\$ 2,744,622	\$ 14,421
Miscellaneous	274,727	1,299,239	1,024,512
Total revenues	<u>3,004,928</u>	<u>4,043,861</u>	<u>1,038,933</u>
EXPENDITURES			
Current:			
General government	1,446,346	505,026	941,320
Transportation	3,297,239	82,817	3,214,422
Economic environment	49,777	45,273	4,504
Capital outlay	2,183,828	155,623	2,028,205
Debt service	862,105	862,105	-
Total expenditures	<u>7,839,295</u>	<u>1,650,844</u>	<u>6,188,451</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,834,367)</u>	<u>2,393,017</u>	<u>7,227,384</u>
NET TRANSFERS (TO) FROM OTHER FUNDS	<u>(310,000)</u>	<u>(310,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (5,144,367)</u>	<u>\$ 2,083,017</u>	<u>\$ 7,227,384</u>

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FUND FINANCIAL ANALYSIS (continued)

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Lakeland Community Redevelopment Agency's finances and was prepared by the Finance Department of the City. Requests for additional information should be addressed to the Finance Director at 228 South Massachusetts Ave, Lakeland, FL 33801.

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

STATEMENT OF NET POSITION
LAKELAND COMMUNITY REDEVELOPMENT AGENCY
SEPTEMBER 30, 2015

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Restricted assets (including \$603,113 of cash and cash equivalents), set aside for:	
Accounts payable	\$ 9,242
Accrued liabilities	1,597
Current portion of bonds payable	<u>592,274</u>
Total current assets	<u>603,113</u>
Noncurrent assets:	
Restricted assets (including \$11,187,868 of cash and cash equivalents)	12,025,073
Capital assets:	
Non-depreciable	15,586,628
Depreciable	
Facilities and equipment in service	8,690,399
Less accumulated depreciation	<u>(1,909,354)</u>
Total capital assets	<u>22,367,673</u>
Total noncurrent assets	<u>34,392,746</u>
Total assets	<u>34,995,859</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	<u>9,909</u>
Total deferred outflows of resources	<u>9,909</u>
LIABILITIES	
Current liabilities:	
Payable from restricted assets:	
Accounts payable	9,242
Accrued liabilities	1,597
Current portion of bonds payable	<u>592,274</u>
Total current liabilities	<u>603,113</u>
Noncurrent liabilities:	
Restricted liabilities:	
Net pension liability	78,016
Revenue bonds payable, less current portion	<u>4,876,832</u>
Total liabilities	<u>5,557,961</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	<u>1,824</u>
Total deferred inflows of resources	<u>1,824</u>
NET POSITION	
Net investment in capital assets	16,898,567
Restricted for CRA	<u>12,547,416</u>
Total net position	<u>\$ 29,445,983</u>

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

STATEMENT OF ACTIVITIES
LAKELAND COMMUNITY REDEVELOPMENT AGENCY
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		
<u>Functions/Programs:</u>	<u>Expenses</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental activities			
General government	\$ 503,176	\$ (503,176)	\$ (503,176)
Transportation	239,608	(239,608)	(239,608)
Economic environment	1,136,047	(1,136,047)	(1,136,047)
Interest on long-term debt	233,938	(233,938)	(233,938)
Total	<u>\$ 2,112,769</u>	<u>(2,112,769)</u>	<u>(2,112,769)</u>
General revenues:			
Property taxes		2,744,622	2,744,622
Investment earnings		307,464	307,464
Miscellaneous		801,747	801,747
Contributions (to) / from primary government		<u>(310,000)</u>	<u>(310,000)</u>
Total general revenues and contributions		<u>3,543,833</u>	<u>3,543,833</u>
Change in net position		1,431,064	1,431,064
Net position, beginning of year		28,086,700	28,086,700
Prior Period Adjustment (Note 2)		<u>(71,781)</u>	<u>(71,781)</u>
Net position, end of year		<u>\$ 29,445,983</u>	<u>\$ 29,445,983</u>

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	Major Funds				
	Downtown Redevelopment Trust Fund	Midtown Redevelopment Trust Fund	Dixieland Redevelopment Trust Fund	Williams Redevelopment Trust Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 236,215	\$ 10,599,630	\$ 809,118	\$ 146,018	\$ 11,790,981
Receivables, net	89,625	747,580	-	-	837,205
Total assets	<u>\$ 325,840</u>	<u>\$ 11,347,210</u>	<u>\$ 809,118</u>	<u>\$ 146,018</u>	<u>\$ 12,628,186</u>
LIABILITIES					
Accounts payable	\$ 508	\$ 8,226	\$ 508	\$ -	\$ 9,242
Accrued liabilities	93	313	1,191	-	1,597
Total liabilities	<u>601</u>	<u>8,539</u>	<u>1,699</u>	<u>-</u>	<u>10,839</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	89,625	747,580	-	-	837,205
FUND BALANCES					
Restricted for: CRA	235,614	10,591,091	807,419	146,018	11,780,142
Total fund balance	<u>235,614</u>	<u>10,591,091</u>	<u>807,419</u>	<u>146,018</u>	<u>11,780,142</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 325,840</u>	<u>\$ 11,347,210</u>	<u>\$ 809,118</u>	<u>\$ 146,018</u>	<u>\$ 12,628,186</u>

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Total Fund Balance - Governmental Funds \$ 11,780,142

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Cost of the assets 24,277,027

Accumulated depreciation (1,909,354)

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

Revenues collected more than 60 days from year end 837,205

Deferred outflows of resources related to pensions 9,909

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

Bonds payable (5,469,106)

Net pension liability (78,016)

Deferred inflows of resources related to pensions (1,824)

Net Position of Governmental Activities \$ 29,445,983

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Major Funds				
	Downtown Redevelopment Trust Fund	Midtown Redevelopment Trust Fund	Dixieland Redevelopment Trust Fund	Williams Redevelopment Trust Fund	Total Governmental Funds
REVENUES					
Property taxes	\$ 907,987	\$ 1,656,923	\$ 165,815	\$ 13,897	\$ 2,744,622
Miscellaneous	95,133	1,177,788	22,578	3,740	1,299,239
Total revenues	<u>1,003,120</u>	<u>2,834,711</u>	<u>188,393</u>	<u>17,637</u>	<u>4,043,861</u>
EXPENDITURES					
Current:					
General government	38,506	377,749	88,771	-	505,026
Transportation	16,410	63,514	2,893	-	82,817
Economic environment	-	45,273	-	-	45,273
Capital outlay	35,212	120,411	-	-	155,623
Debt service	862,105	-	-	-	862,105
Total expenditures	<u>952,233</u>	<u>606,947</u>	<u>91,664</u>	<u>-</u>	<u>1,650,844</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>50,887</u>	<u>2,227,764</u>	<u>96,729</u>	<u>17,637</u>	<u>2,393,017</u>
OTHER FINANCING SOURCES (USES)					
Transfers in:					
Transfers from primary government:	40,000	-	-	-	40,000
Total transfers in	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Transfers out:					
Transfers to primary government	(350,000)	-	-	-	(350,000)
Total transfers out	<u>(350,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(350,000)</u>
Total other financing sources (uses)	<u>(310,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(310,000)</u>
Net change in fund balances	(259,113)	2,227,764	96,729	17,637	2,083,017
FUND BALANCE, beginning of year	494,727	8,363,327	710,690	128,381	9,697,125
FUND BALANCE, end of year	<u>\$ 235,614</u>	<u>\$ 10,591,091</u>	<u>\$ 807,419</u>	<u>\$ 146,018</u>	<u>\$ 11,780,142</u>

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Net Change in Fund Balances - Total Governmental Funds. \$ 2,083,017

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

 Capital outlay 155,623

 Depreciation expense (288,812)

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

(958,754)

Certain deferred revenues that do not provide current financial resources are not reported as revenues in the governmental funds, but are included in the statement of activities.

(190,028)

Contributions to certain pension plans use current financial resources and are recorded as expenditures in the governmental funds. However, a portion of these disbursements decrease the net pension liability in the statement of activities.

1,850

Repayment of principal on other long-term debt is recorded as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

628,168

Change in net position of governmental activities

\$ 1,431,064

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

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

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

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

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

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

C. Budget Policy and Budgetary Data

The City prepares an annual operating budget for the Lakeland Community Redevelopment Agency. These budgets are prepared on the modified accrual basis of accounting. As of September 30, 2015, there were no material violations of budgetary requirements.

D. Cash and Cash Equivalents

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

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

E. Receivables

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

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

	<u>Governmental Activities</u>
Due from:	
Customers	<u>837,205</u>
	<u>\$ 837,205</u>

F. Unrestricted and Restricted Assets

In cases in which both unrestricted and restricted assets are available to finance an expense or program, the Agency's policy is to utilize restricted assets first whenever possible. Restricted assets as of September 30, 2015 are as follows:

	<u>Governmental Activities</u>
Restricted assets:	
Cash and cash equivalents	\$ 11,790,981
Accounts receivable	837,205
Total restricted assets	<u>\$ 12,628,186</u>

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets

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

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

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

Land improvements	10 - 30 years
Buildings	15 - 50 years
Improvements, other than buildings	10 - 45 years
Improvements, sewer lines	50 years
Office machines	5 - 15 years
Communications equipment	5 - 10 years
Motor vehicles	4 - 20 years
Furnishings and fixtures	5 - 25 years
Maintenance equipment, tools	5 - 15 years
Roads and alleys	20 years
Sidewalks	30 years
Storm drainage	30 years

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

H. Revenues

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

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

The property tax calendar for 2015 is as follows:

Lien date	January 1, 2015
Levy date	January 1, 2015
Due dates	November 1, 2015 through March 31, 2016
Delinquent date	April 1, 2016
Tax certificate sale	On or before June 1, 2016

In the Government-wide Statement of Activities, revenue that is derived directly from the program itself or from outside sources, if restricted to a specific program, is called program revenue. Program revenue is classified as either charges for services, operating grants or capital grants. Charges for services is revenue received by a particular function for the services that it provides to both entities outside of the City and to other City functions. Operating grant revenues come from other government entities to support the operation costs of particular functions and also from the earnings of permanent funds that are legally restricted to a particular function. Capital grants come from other government entities for the purpose of constructing or purchasing capital assets.

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Indirect Expenses

Within the government-wide Statement of Activities, indirect expenses are not allocated to the functions of governmental activities. All expenses represent only direct expenses of each function.

J. Use of Estimates

Management has made estimates and assumptions relating to the reporting of assets and liabilities in conformity with GAAP. Actual results may differ.

K. Fund Equity

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

The governmental fund balance in detail as of September 30, 2015 is as follows:

	<u>Governmental Funds</u>
Fund Balances:	
Restricted for:	
CRA	\$ 11,780,142
Total Fund Balance	<u>\$ 11,780,142</u>

There were no deficit fund balances as of September 30, 2015.

L. Miscellaneous Revenue

Miscellaneous revenues include all other revenue sources not related to property taxes and intergovernmental revenues. The miscellaneous revenues including in the Statement of Revenues, Expenditures, and Changes in Fund Balance as of September 30, 2015 includes:

Miscellaneous revenue	
Investment revenue	\$ 307,464
Rental Income	14,974
Sale of surplus property	895,583
Other revenues	81,218
Total miscellaneous revenue	<u>\$ 1,299,239</u>

M. Pensions

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – ACCOUNTING AND REPORTING CHANGES

During fiscal year 2015, the Agency (Lakeland Community Redevelopment Agency – LCRA) implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions*. This Statement replaced the requirement of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria.

Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. As a result, the LCRA must report its proportionate share of the City's collective net pension liability, pension expense, deferred outflows of resources related to pensions, and deferred inflows of resources related to pensions as determined by LCRA's proportionate share of the relative current year contributions to the Employee Retirement Plan.

The effect of the implementation is summarized as follows:

Net position, as originally reported	\$ 28,086,700
Prior period adjustment:	
Net pension liability	(81,675)
Deferred outflows of resources - contributions	9,894
Net position, as restated	<u>\$ 28,014,919</u>

New Accounting Pronouncements

In November 2013, the GASB issued Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement 68, *Accounting and Financial Reporting for Pensions*. This Statement requires state or local government employer, at transition, recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement are required to be made simultaneously with the provisions of Statement 68 effective for the City's fiscal year ending September 30, 2015. The Agency has implemented Statement No. 71 for the year ended September 30, 2015.

In March 2015, the GASB issued Statement 72, *Accounting for Certain Acquisitions of Banking or Thrift Institutions – An Amendment of APB Opinion No. 17, an Interpretation of APB Opinions 16 and 17, and an Amendment of FASB Interpretation No. 9 (Issued 2/83)*. This statement amends APB No. 17, Intangible Assets, with regard to the amortization of the unidentifiable intangible assets (i.e., goodwill) recognized in certain business combinations accounted for by the purchase method. This Statement also specifies that financial assistance granted to an enterprise by a regulatory authority in connection with a business combination shall be accounted for as part of the combination if receipt of the assistance is probable and the amount is reasonable estimable. The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2015. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

In June, 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2015. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

In June, 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2016. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

In June, 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2017. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – ACCOUNTING AND REPORTING CHANGES (continued)

In June, 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2015. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

In August, 2015, the GASB issued Statement No. 77, *Tax Abatements Disclosures*. The objective of this Statement is to require disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. Tax abatements are widely used by state and local governments, particularly to encourage economic development. The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2016. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2016. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The objective of this Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The provisions for this Statement are effective for the City's fiscal year ending September 30, 2016. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This statement amends the blending requirements for the financial presentation of component units for all state and local governments which was established in GASB Statement No. 14, *The Financial Reporting*. The provisions for this Statement are effective for the City's fiscal year ending September 30, 2017. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Deposits

The Agency's cash as of September 30, 2015, consisted on equity in pooled cash in the amount of \$11,790,981. The Agency has elected to pool its cash with the City of Lakeland. All balances are collateralized with securities held by the pledging financial institutions but not in the name of the City of Lakeland. This collateral consists of insurance provided by the FDIC and securities held by the State of Florida Public Deposit Security Trust Fund.

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

B. Cash Equivalents and Investments

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

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 4 –CAPITAL ASSETS

A. Capital Activity

Capital assets of the Agency as of September 30, 2015, consisted of the following:

	<u>October 1,</u> <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30,</u> <u>2015</u>
Governmental Activities				
Non-depreciable assets:				
Land	\$ 16,347,441	\$ -	\$ 958,754	\$ 15,388,687
Construction in process	77,530	120,411	-	197,941
Depreciable assets:				
Buildings	3,140,180	35,213	-	3,175,393
Improvements, other than buildings	550,385	-	-	550,385
Infrastructure	4,948,212	-	-	4,948,212
Equipment	16,409	-	-	16,409
	<u>25,080,157</u>	<u>155,624</u>	<u>958,754</u>	<u>24,277,027</u>
Less accumulated depreciation:				
Buildings	556,709	79,539	-	636,248
Improvements, other than buildings	104,906	52,482	-	157,388
Infrastructure	942,518	156,791	-	1,099,309
Equipment	16,409	-	-	16,409
	<u>1,620,542</u>	<u>288,812</u>	<u>-</u>	<u>1,909,354</u>
Net capital assets	<u>\$ 23,459,615</u>	<u>\$ (133,188)</u>	<u>\$ 958,754</u>	<u>\$ 22,367,673</u>

B. Depreciation Expense

Included in the government-wide Statement of Activities is depreciation expense for the year ended September 30, 2015, distributed to governmental functions as follows:

Governmental activities:	
Transportation, including depreciation of general infrastructure assets	<u>\$ 288,812</u>
Total depreciation expense - governmental activities	<u>\$ 288,812</u>

NOTE 5 –INTERFUND BALANCES AND TRANSFERS

Interfund Transfers

Interfund transfers for the year ending September 30, 2015 are presented in the following table:

<u>Interfund Transfers From:</u>	<u>Interfund Transfers To:</u>		
	<u>Primary</u> <u>Government</u>	<u>LCRA</u> <u>Funds</u>	<u>Total</u>
Primary Government	\$ -	\$ 40,000	\$ 40,000
LCRA Funds	(350,000)	-	(350,000)
Total	<u>\$ (350,000)</u>	<u>\$ 40,000</u>	<u>\$ (310,000)</u>

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM LIABILITIES

A. Totals by Activity

The following is a summary of long-term obligation transactions of the Agency for the year ended September 30, 2015. Additional details are provided on subsequent pages.

	Balance October 1, 2014	Incurred	Satisfied	Balance September 30, 2015	Amount Due within One Year
Governmental Activities:					
Revenue Bonds Payable	\$ 6,097,273	\$ -	\$ 628,167	\$ 5,469,106	\$ 592,274
	<u>\$ 6,097,273</u>	<u>\$ -</u>	<u>\$ 628,167</u>	<u>\$ 5,469,106</u>	<u>\$ 592,274</u>

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

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

<u>Unrestricted</u>	<u>Governmental Activities</u>
Current portion of bonds payable	\$ 592,274
Revenue bonds payable	4,876,832
	<u>\$ 5,469,106</u>

B. Revenue Bonds

Revenue bonds issued and outstanding as of September 30, 2015 are as follows:

Purpose	Series	Issue Amount	Maturity Date	Interest Rates	Year-end Balances
Governmental Activities:					
Capital Improvement Revenue Bonds	2010A	\$ 40,153,385	10/01/23	3.000 to 5.000	\$ 5,469,106

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

The Capital Improvement Revenue Bonds require the establishment of debt service reserve accounts and sinking funds to accumulate the funds needed to make annual debt service payments. As of September 30, 2015, the City is in compliance with all required covenants of the bond ordinances, including compliance with federal arbitrage regulations.

C. Debt Service Requirement to Maturity

The requirements to repay all long-term debt outstanding as of September 30, 2015 are summarized in the following table.

Year	Governmental Activities:	
	Principal	Interest
2016	\$ 592,274	\$ 209,954
2017	616,323	185,905
2018	641,348	160,880
2019	667,389	134,839
2020	694,488	107,740
2020-2023	2,257,284	149,398
	<u>\$ 5,469,106</u>	<u>\$ 948,716</u>

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – INTEREST EXPENSE

All interest expense of governmental activities is disclosed separately from related functional expenses on the government-wide Statement of Activities. The total amount of interest charged to expenses for the year ended September 30, 2015 is as follows:

	<u>Governmental Activities</u>
Amount charged to expense	\$ 233,938
Total	<u>\$ 233,938</u>

NOTE 8 – RISK FINANCING ACTIVITIES

The City has established a self-insurance fund for worker's compensation, general liability, public official's liability, airport liability, automobile liability, and health insurance. The purpose of this fund is to account for the cost of claims and management fees incurred in conjunction with self-insurance programs. The City makes contributions to the fund based on actuarially computed funding levels. All claims pending at September 30, 2015, have been accrued in the financial statements of the Self-Insurance Fund. An estimated liability for incurred-but-not-reported claims also has been accrued in the financial statements of the Self-Insurance Fund.

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

NOTE 9 – DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Principles

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

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

Plan Description

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

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

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

Deferred Retirement Option Plan (DROP)

A Deferred Retirement Option Plan (DROP) was enacted on December 19, 2009 by Ordinance 4727. Under this Plan, participants who have attained eligibility may continue working with the city for up to sixty months while receiving a retirement benefit that is deposited into a DROP account. At October 1, 2013 and October 1, 2014, there were 172 and 186 DROP participants respectively at the end of each year.

Cost of Living Adjustment

No cost of living increase was awarded for fiscal year 2015.

Funding Policy, Contributions Required, and Contributions Made

Under Ordinance 5287, section 23.1.1, the Plan grants the authority to the City Commission to establish and modify contribution requirements of the City and active plan members. The Plan is subject to periodic review by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute at least quarterly to the fund in an amount equal to the required city contribution as shown by the applicable actuarial valuation system. The One Time Payment to Retirees (0.22), the actuarial experience (0.59) and the Amortization Payment on UAAL (0.09) are added to the prior Contribution Rate (18.00%), less Change in Cost Sharing (0.08) and Change in Normal Cost Rate (0.28) to calculate the current year Contribution Rate of 18.54%. Contributions to the pension plan from the LCRA were \$10,088 for the year ended September 30, 2015.

At September 30, 2015, the LCRA reported a liability of \$78,016 for its proportionate share of the net pension liability of the Employees' Pension and Retirement System. The net pension liability was measured as of September 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The LCRA's portion of the net pension liability was based the LCRA's share of the actual contributions to the pension plan relative to the actual total contributions of the City of Lakeland. At September 30, 2015, LCRA's proportion was .06%, which was the same as the proportion measured as of September 30, 2014.

For the year ended September 30, 2015, the LCRA recognized pension expense of \$8,239. At September 30, 2015, the LCRA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Proportionate share of contributions	\$ 10,088	\$ -
Difference between actual and expected experience	(179)	-
Difference between projected and actual earnings	-	1,824
Total	<u>\$ 9,909</u>	<u>\$ 1,824</u>

\$10,088 reported as deferred outflows of resources related to pensions resulting from the Agency's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Fiscal year ended September 30th:	
2016	\$ 476
2017	476
2018	476
2019	475
2020	20
Thereafter	80
	<u>\$ 2,003</u>

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Assumptions

The total pension liability in the October 1, 2013 actuarial valuation rolled-forward to September 30, 2014 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.25%
Salary increases	4.0% to 14.0% depending on service, including inflation
Inflation rate	3.00%
Post-retirement benefit increases	N/A
Retirement rate	Experienced based table of rates that are specific to the type of eligibil
Mortality table	Generational RP-2000 for males and females, with adjustments for mortality improvements based on Scale AA after 2000.

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

The projected long-term real rate of return for the Plan net of investment expenses is 6.00%. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table as required by GASB 67 and 68:

<u>Asset Class (Market)</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Asset Group Contribution</u>
Domestic Equity	44.44%	7.50%	3.33%
International Equity	16.67%	8.50%	1.42%
Domestic Bonds	22.22%	2.50%	0.56%
International Bonds	5.56%	3.50%	0.19%
Real Estate	11.11%	4.50%	0.50%
Total Investments	100.00%		6.00%

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

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

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

	<u>1% Decrease Rate (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase Rate (8.25%)</u>
LCRA's proportionate share of the net pension liability	\$ 11,995	\$ 78,016	\$ 4,247

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Employee's Pension and Retirement System financial report. For more information pertaining to the aforementioned plan refer to the City of Lakeland, Florida stand-alone financial statements for the plan, which can be obtained by contacting the City of Lakeland, Finance Department, City Hall, 228 S. Massachusetts Ave., Lakeland, FL 33801-5086.

Payable to the Pension Plan

At September 30, 2015, the City reported a payable of \$46 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2015.



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CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

BUDGETARY COMPARISON SCHEDULE
 BUDGET (GAAP BASIS) AND ACTUAL
 GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Downtown Redevelopment Trust Fund			Midtown Redevelopment Trust Fund		
	Original/ Final Budget	Actual	Variance	Original/ Final Budget	Actual	Variance
REVENUES						
Taxes	\$ 919,335	\$ 907,987	\$ (11,348)	\$ 1,644,854	\$ 1,656,923	\$ 12,069
Miscellaneous	54,927	95,133	40,206	204,000	1,177,788	973,788
Total revenues	<u>974,262</u>	<u>1,003,120</u>	<u>28,858</u>	<u>1,848,854</u>	<u>2,834,711</u>	<u>985,857</u>
EXPENDITURES						
Current:						
General government	86,925	38,506	48,419	1,149,070	377,749	771,321
Transportation	62,756	16,410	46,346	2,721,623	63,514	2,658,109
Economic environment	-	-	-	49,777	45,273	4,504
Capital outlay	36,300	35,212	1,088	2,147,528	120,411	2,027,117
Debt service	862,105	862,105	-	-	-	-
Total expenditures	<u>1,048,086</u>	<u>952,233</u>	<u>95,853</u>	<u>6,067,998</u>	<u>606,947</u>	<u>5,461,051</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(73,824)</u>	<u>50,887</u>	<u>124,711</u>	<u>(4,219,144)</u>	<u>2,227,764</u>	<u>6,446,908</u>
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	40,000	40,000	-	-	-	-
Transfers to other funds	(350,000)	(350,000)	-	-	-	-
Total other financing sources (uses)	<u>(310,000)</u>	<u>(310,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(383,824)	(259,113)	124,711	(4,219,144)	2,227,764	6,446,908
FUND BALANCE, beginning of year	494,727	494,727	-	8,363,327	8,363,327	-
FUND BALANCE, end of year	<u>\$ 110,903</u>	<u>\$ 235,614</u>	<u>\$ 124,711</u>	<u>\$ 4,144,183</u>	<u>\$ 10,591,091</u>	<u>\$ 6,446,908</u>

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

BUDGETARY COMPARISON SCHEDULE
 BUDGET (GAAP BASIS) AND ACTUAL
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Dixieland Redevelopment Trust Fund			Williams Redevelopment Trust Fund		
	Original/ Final Budget	Actual	Variance	Original/ Final Budget	Actual	Variance
REVENUES						
Taxes	\$ 166,012	\$ 165,815	\$ (197)	\$ -	\$ 13,897	\$ 13,897
Miscellaneous	15,800	22,578	6,778	-	3,740	3,740
Total revenues	<u>181,812</u>	<u>188,393</u>	<u>6,581</u>	<u>-</u>	<u>17,637</u>	<u>17,637</u>
EXPENDITURES						
Current:						
General government	210,351	88,771	121,580	-	-	-
Transportation	512,860	2,893	509,967	-	-	-
Economic environment	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	<u>723,211</u>	<u>91,664</u>	<u>631,547</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(541,399)</u>	<u>96,729</u>	<u>638,128</u>	<u>-</u>	<u>17,637</u>	<u>17,637</u>
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(541,399)	96,729	638,128	-	17,637	17,637
FUND BALANCE, beginning of year	710,690	710,690	-	128,381	128,381	-
FUND BALANCE, end of year	<u>\$ 169,291</u>	<u>\$ 807,419</u>	<u>\$ 638,128</u>	<u>\$ 128,381</u>	<u>\$ 146,018</u>	<u>\$ 17,637</u>

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION FUND
SEPTEMBER 30, 2015

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

Employees' Pension & Retirement System	
Measurement date:	<u>September 30, 2014</u>
LCRA's proportion of the net pension liability	0.0643%
LCRA's portion of the net pension liability	\$ 78,016
LCRA's covered payroll	\$ 55,207
LCRA's proportionate share as a % of covered payroll	141.32%
Plan fiduciary net position as a % total pension liability	80.60%

GASB 68 was implemented in fiscal year 2015.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE OF LCRA's CONTRIBUTIONS

Employees' Pension & Retirement System						
Year Ended Sep 30th	Actuarially Determined Contribution **	Annual Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll	
2015	\$ 9,500	\$ 10,088	\$ (588)	\$ 56,662	18%	
2014	9,048	9,894	(846)	55,207	18%	

GASB 68 was implemented in fiscal year 2015.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

** The actuarially determined contribution is calculated as the actuarially determined contribution percentage multiplied by the actual pensionable payroll for the fiscal year.

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

Budgets of the City are adopted on a modified accrual basis of accounting, which is consistent with Accounting Principles Generally Accepted in the United States of America (GAAP) for governmental funds. In cases where appropriations and estimated revenues have been revised during the year, budget data represents final authorized amounts. As of September 30, 2015 there were no material violations of budgetary requirements.

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

CITY OF LAKELAND COMMUNITY REDEVELOPMENT AGENCY

SCHEDULE OF DEPOSITS, WITHDRAWALS, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Downtown Redevelopment Trust Fund	Midtown Redevelopment Trust Fund	Dixieland Redevelopment Trust Fund	Williams Redevelopment Trust Fund	Total
DEPOSITS:					
Tax Increment Revenues:					
Property taxes	\$ 907,987	\$ 1,656,923	\$ 165,815	\$ 13,897	\$ 2,744,622
Interest Income	31,602	249,544	22,578	3,740	307,464
Miscellaneous	63,531	928,244	-	-	991,775
Tranfers from other funds	40,000	-	-	-	40,000
Total revenues	<u>1,043,120</u>	<u>2,834,711</u>	<u>188,393</u>	<u>17,637</u>	<u>4,083,861</u>
WITHDRAWALS:					
General government	38,506	377,749	88,771	-	505,026
Transportation	16,410	63,514	2,893	-	82,817
Economic environment	-	45,273	-	-	45,273
Capital outlay	35,212	120,411	-	-	155,623
Debt service					
Principal	628,168	-	-	-	628,168
Interest	233,937	-	-	-	233,937
Transfers to other funds	350,000	-	-	-	350,000
Total expenditures	<u>1,302,233</u>	<u>606,947</u>	<u>91,664</u>	<u>-</u>	<u>2,000,844</u>
EXCESS (DEFICIENCY) OF DEPOSITS OVER (UNDER) WITHDRAWALS	<u>(259,113)</u>	<u>2,227,764</u>	<u>96,729</u>	<u>17,637</u>	<u>2,083,017</u>
FUND BALANCE, beginning of year	<u>494,727</u>	<u>8,363,327</u>	<u>710,690</u>	<u>128,381</u>	<u>9,697,125</u>
FUND BALANCE, end of year	<u>\$ 235,614</u>	<u>\$ 10,591,091</u>	<u>\$ 807,419</u>	<u>\$ 146,018</u>	<u>\$ 11,780,142</u>



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

Board of Commissioners
Lakeland Community Redevelopment Agency
Lakeland, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Lakeland Community Redevelopment Agency (the Agency) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 31, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Crowe Horwath LLP

Lakeland, Florida
March 31, 2016

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

SCHEDULE OF FINDINGS

YEAR ENDED SEPTEMBER 30, 2015

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

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

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

SCHEDULE OF FINDINGS

YEAR ENDED SEPTEMBER 30, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings for the year ended September 30, 2015.

Board of Commissioners
Lakeland Community Redevelopment Agency
Lakeland, Florida

Report on the Financial Statements

We have audited the financial statements of the Lakeland Community Redevelopment Agency (the "Agency") as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated March 31, 2016.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of The Financial Statements Performed in Accordance with *Government Auditing Standards*, the Schedule of Findings, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 31, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Other Matters

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

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

Purpose of this Letter

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

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

Crowe Horwath LLP

Lakeland, Florida
March 31, 2016

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
SECTION 218.415, FLORIDA STATUTES**

Board of Commissioners
Lakeland Community Redevelopment Agency
Lakeland, Florida

We have examined the Lakeland Community Redevelopment Agency's (the "Agency") compliance with Section 218.415, *Florida Statutes*, concerning the investment of public funds during the year ended September 30, 2015. Management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

In our opinion, the agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.


Crowe Horwath LLP

Lakeland, Florida
March 31, 2016



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