

ANNUAL REPORT TO BONDHOLDERS

THE CITY OF LAKELAND, FLORIDA

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2023



LAKELAND ELECTRIC BUILDING
LAKE MIRROR

Annual Report to Bondholders
of the
City of Lakeland, Florida
for the
Fiscal Year Ended September 30, 2023



Michael C. Brossart, CPA
Finance Director

Deidra M. Joseph
Assistant Finance Director

Jeffrey S. Stearns
Treasurer



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City of Lakeland

Elected Officials

(As of September 30, 2023)

H. William “Bill” Mutz
Mayor

Michael L. Musick
Commissioner

Stephanie R. Madden
Commissioner

Sarah Roberts-McCarley
Commissioner

William “Bill” W. Read
Commissioner

Chad E. McLeod
Commissioner

Sam Simmons*
Commissioner

City Administration

M. Shawn Sherrouse
City Manager

Emily Colon
Deputy City Manager

Rob Hernandez
Assistant City Manager

Michael C. Brossart
Finance Director

Palmer Davis
City Attorney

* Guy Lalonde, Jr. Commissioner effective January 2, 2024

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H. WILLIAM MUTZ
MAYOR

April 22, 2024

To: All Relevant Parties,

On behalf of the members of the City Commission, I am pleased to present the 2023 Annual Report to Bondholders. This report provides information for you, the investor, concerning the City's finances and current bond indebtedness. We are grateful for many accomplishments during the past year in the City of Lakeland and are more confident than ever about the future. It is our goal to continue to provide a high level of service to our thriving community, one of the fastest growing in the nation, at a fair price.

The City Team continues its commitment to make Lakeland a vibrant, innovative, culturally inclusive, and people-centric world-class community. We understand that to achieve this vision we must remain mission-driven, and results-oriented while remaining proactive. We work to anticipate the robust future in our comprehensive planning, visioning, and long-range financing of City infrastructure. We work to secure the future of our children and grandchildren through strategic cooperative efforts between all levels of government and private enterprise. We must develop and maintain mutually beneficial partnerships and strategic alliances to address common goals and priorities.

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

Sincerely,

H. William Mutz
Mayor

PURPOSE OF THE ANNUAL REPORT TO BONDHOLDERS

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

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

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

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INTRODUCTION

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

Included in the Annual Report to Bondholders is background information about the City and its services, key staff, and demographics. Financial information related to revenues that have been pledged to support debt service requirements on outstanding bonds is also included. Additionally, the Annual Report to Bondholders includes detailed information about each bond issue for which the City has a legal obligation. All the information is presented as of the fiscal year ended September 30, 2023, unless otherwise stated.

The City has also filed separately its Annual Comprehensive Financial Report (Annual Report) for the fiscal year ended September 30, 2023. The Annual Report is transmitted as a separate document to preserve the conciseness of the Annual Report to Bondholders (Bondholders Report) and to make pertinent financial information available that may be of interest to the reader. The Bondholder's Report is a supplementary document and should be reviewed in conjunction with, and not in lieu of the Annual Report to gain an understanding of the financial condition of the City.

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

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

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

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

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GENERAL & STATISTICAL INFORMATION

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

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

PRINCIPAL OFFICIALS

The legislative power of Lakeland is vested in a commission of seven members. The City Commission typically meets on the first and third Monday of each month in the commission chambers on the 3rd floor of City Hall at 228 South Massachusetts Avenue. The following table lists the elected officials and their service history with the City of Lakeland as of September 30, 2023.

District	Elected Official	Term Inception	Term Expiration
At large – Mayor	H. William “Bill” Mutz	January 2022	December 2025
Northwest District	*Sam Simmons	November 2022	December 2023
Northeast District	Bill Read	January 2020	December 2023
Southwest District	Sara Roberts McCarley	January 2022	December 2025
Southeast District	Michael Musick	January 2022	December 2025
At large – Commissioner	Stephanie Madden	January 2022	December 2025
At large – Commissioner	Chad McLeod	January 2020	December 2023

* Guy Lalonde, Jr. Commissioner effective January 2, 2024

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SENIOR MANAGEMENT

CITY

Shawn Sherrouse – City Manager

On October 20, 2020, Shawn was selected as City Manager for the City of Lakeland. Prior to this appointment, he served as Deputy City Manager for two years and as Assistant City Manager for two years prior to that promotion. Before his work with the City of Lakeland, Shawn was the Assistant City Manager for the City of Auburndale for 4 years and served as their Community Development Director for 6 years.

Prior to working for the City of Auburndale, Shawn was a Residential Appraisal Supervisor for the Polk County Property Appraiser's Office for over 11 years. He served in the United States Marine Corps and deployed to Iraq, Kuwait, and Saudi Arabia during Operations Desert Shield and Desert Storm. Shawn has an A.A. degree in Public Administration from Polk State College, a B.A. in Management from Warner University, and a Master of Public Administration from the University of South Florida.

Shawn has completed several leadership programs and serves as Chair of the Leadership Polk Alumni Association. He is a member of the International City/County Management Association (ICMA) and the Florida City/County Management Association (FCCMA), having previously served on the Board of Directors. Shawn was a recipient of the FCCMA B. Harold Farmer Scholarship and served as President of the ICMA Student Chapter at the University of South Florida, a student organization he co-founded. He also served as the student chapter mentor. He presently serves on the USF Master of Public Administration Advisory Board.

Emily Colón – Deputy City Manager

Emily Colón joined the City of Lakeland as Assistant City Manager on April 1, 2019 and was later promoted to Deputy City Manager on June 2, 2022. Prior to coming to Lakeland, Emily was the Program Administrator for the Internal Services Branch Departments for the Pasco County Board of County Commissioners. Additionally, in Pasco County, she served as their Interim Purchasing Director, Budget Manager, Acting Administrative Services Manager for Fleet Management, and Budget Analyst.

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

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

Emily and her family live in Lakeland. She serves on the Fiscal and Administrative Policy Committee for the Florida City/County Management Association (FCCMA) and is a member of the International City/County Management Association (ICMA). Emily also serves as President of the Suncoast Chapter Council for the American Society of Public Administration (ASPA), is a

certified Six Sigma Yellow Belt, an Examiner for the Florida Sterling Council, and an adjunct professor for the University of South Florida's School of Public Affairs.

Rob Hernandez – Assistant City Manager

Hernandez started his career in municipal government in 1994 with Broward County, Florida where he held various positions of elevated leadership including Deputy County Administrator during his 17-year tenure. During his expansive career, he also served as the Deputy County Manager for Fulton County, Georgia, Deputy City Manager for the City of Coral Springs, City Manager for the City of Savannah, Deputy City Manager for the City of Fort Lauderdale and most recently he served as the City Manager for the City of Cape Coral. He brings a wealth of local government experience to the City of Lakeland.

Hernandez is a 23-year veteran of the US Army Reserves. He holds a master's degree in Public Administration from Nova Southeastern University and a Bachelor of Public Administration degree from Florida International University. He is an International City Management Association (ICMA), credentialed manager and a member of the Florida City/County Management Association.

Michael C. Brossart – Finance Director

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

Deidra Joseph – Assistant Finance Director

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

ELECTRIC UTILITIES

Mike Beckham – General Manager, Electric Utilities

Mike Beckham assumed the General Manager's position with Lakeland Electric on October 16, 2022. He was originally hired on June 8, 2015, as Assistant General Manager. Prior to working for Lakeland Electric, Mr. Beckham worked at First Energy in Ohio where he served as Plant Manager. He also held the position of Director of Consolidated Coal Plants for First Energy where he was responsible for the business aspects of over 2,000 Megawatts of generation. Mr. Beckham also held management positions in power production at Tennessee Valley Authority, Mirant, and Southern Company. Mr. Beckham holds a Bachelor of Science Degree in Electrical Engineering from Georgia Institute of Technology and is a Registered Professional Engineer.

Gina Jacobi – Assistant General Manager, Fiscal Operations

Gina Jacobi served as Asst. GM – Fiscal Operations at Lakeland Electric from December 2014 until her retirement in March 2024. Mrs. Jacobi has more than 35 years of professional experience in finance, 25 of which were in the utility and energy sectors. Prior to joining Lakeland Electric, she served in a variety of financial management positions for PNM Resources, an investor-owned utility, located in Albuquerque, New Mexico. Mrs. Jacobi is a Certified Government Financial Manager, holds a Master's in Business Administration from Northwestern University, and a bachelor's degree in Management from Rice University.

Willem Strauss – Lakeland Electric's Controller

Willem Strauss assumed the role as Lakeland Electric's Assistant General Manager - Fiscal operations effective March 10, 2024. He was originally hired by the City of Lakeland on December 13, 2021. He was promoted to Lakeland Electric's Controller on May 8, 2022. Prior to joining the City, Mr. Strauss served as the Chief Financial Officer for the National Energy Regulator of South Africa (NERSA). He has a Bachelor's Degree in Accounting and a Bachelor's Degree in Law from the University of the Free State in South Africa. He has a Master's Degree in Tax Law from the University of Cape Town in South Africa and a Master's Degree in Business Administration from Bond University in Australia. He is also a Chartered Accountant and an International Associate Member of the American Institute of Certified Public Accountants.

WATER/WASTEWATER UTILITIES

David Bayhan – Water Utilities Director

David Bayhan originally started with the City of Lakeland's Water Department in 2000 as a part-time Engineering Technician. Bayhan continued to move up in the Water Department taking on more responsibilities and left the City of Lakeland briefly in 2015 to accept the position of Director of Water Utilities for the City of Winter Haven. He returned in 2017 and accepted the position of Assistant Director of Water Utilities in 2019. Bayhan was named Director of the utility on September 18, 2023. He graduated from USF and holds Master of Science Degree.

PUBLIC WORKS DEPARTMENT

Christopher (Heath) Frederick – Public Works Director

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

ECONOMIC CONDITION AND OUTLOOK FOR POLK COUNTY

The City of Lakeland is in Polk County Florida at the geographical center of the Sunshine State along the I-4 corridor between the major cities of Tampa and Orlando. Lakeland is the largest city in Polk County with an estimated population of 121,968 as of April 1, 2023¹ and covers an area of approximately 75 square miles.

The City of Lakeland continues to be the wholesale and retail trade center for the surrounding area which is supported primarily by Trade 16.4% (Retail 12.1% & Wholesale 4.3%); Education and Health Services 14.4 %; Professional and Business Services 13.7%; Transportation, Warehousing and Utilities 11.2%; Leisure and Hospitality services 10.9% Government 10.6%; Manufacturing 7.3%; Construction, Mining & Natural Resources 5.6%, and others 9.9.%².

The executive and administrative headquarters of Publix Supermarkets Inc., Lakeland Regional Health, Florida Citrus Mutual, The Ledger, and other companies are in the city or adjacent urban areas. Some of the major employers and their industry are Publix (groceries), Lakeland Regional Health (healthcare), GEICO (insurance), City of Lakeland (government), Watson Clinic (healthcare), Amazon (retail), Southeastern University (Education), Saddle Creek Corporation (trucking and logistics) Rooms to Go (furniture) and Advanced Auto Parts (auto parts)³.

POPULATION

The population continues to grow in Polk County with an estimated population of 797,616 as of April 2023 – a 27,597 increase from the 770,019 estimate as of April 2022 and an increase of 195,521 from the April 1, 2010, census⁴. The estimate population of City of Lakeland is 121,968 as of April 2023.

¹ https://www.bebr.ufl.edu/wp-content/uploads/2023/12/estimates_2023.pdf

² https://lakelandcdc.com/wp-content/uploads/2024/01/23_ced_demographicguide.pdf

³ https://lakelandcdc.com/wp-content/uploads/2024/01/23_ced_demographicguide.pdf

⁴ https://www.bebr.ufl.edu/wp-content/uploads/2023/12/estimates_2023.pdf

EMPLOYMENT

Employment data for the Lakeland-Winter Haven, FL Metropolitan Statistical Area shows increases in total labor force and employment with unemployment and unemployment rates increasing in 2023. In September 2023 the total workforce was 352,249 with 338,845 employed, 13,404 unemployed, and an unemployment rate of 3.8%; for comparison purposes, as of September 2022 the total workforce was 343,058 with 332,181 employed, 10,877 unemployed, and an unemployment rate of 3.2 %⁵.

HOUSING STATS

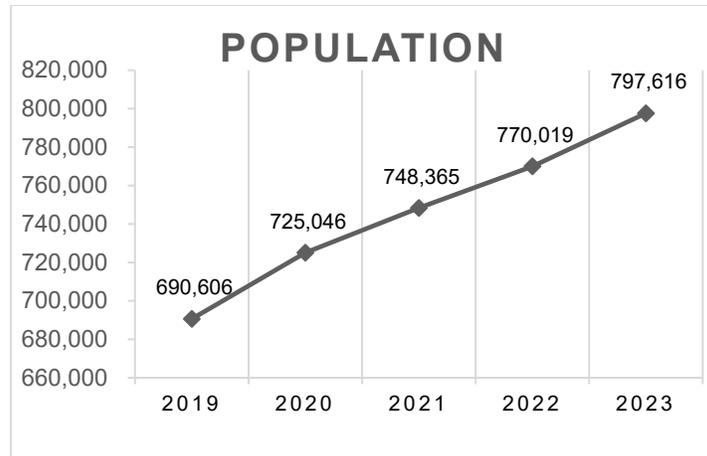
Since October 1, 2022, plans for 66 new housing developments in Polk have been approved which will generate approximately 5,722 new single-family residences⁶.

POLK COUNTY STATISTICAL AREA ECONOMIC TRENDS

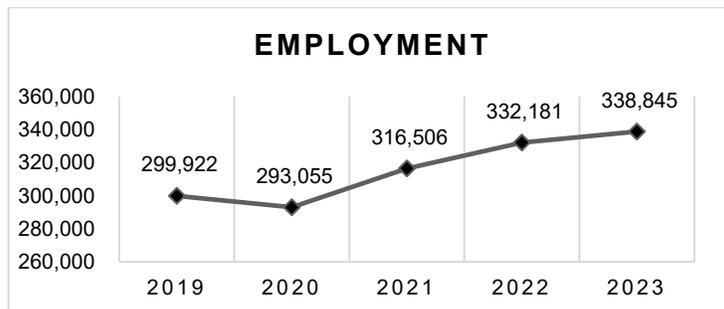
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Population ⁷	690,606	725,046	748,365	770,019	797,616
Population Change	17,578	24,484	23,319	21,654	27,297
Employment ⁸	299,922	293,055	316,506	332,181	338,845
Employment Change	9,668	(6,867)	23,451	15,675	6,664
Unemployment ⁸	10,922	24,964	15,628	10,877	13,404
Unemployment Change	(580)	14,042	(9,338)	(4,751)	2,527
Unemployment Rate ⁸	3.5%	7.8%	4.7%	3.2%	3.8%
Unemployment Rate Change	(0.3%)	4.3%	(3.1%)	(1.9%)	.6%

⁵ https://www.bls.gov/eag/eag.fl_lakeland_msa.htm#eag_fl_lakeland_msa.f.1

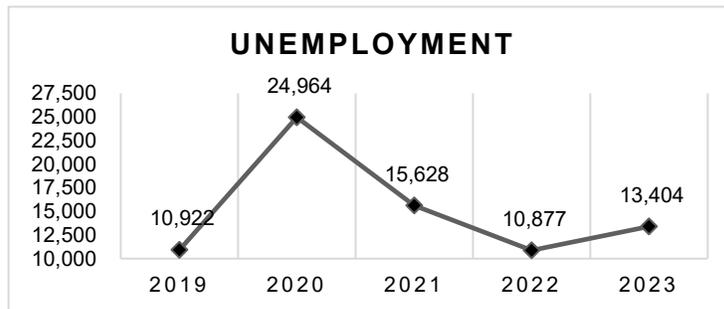
⁶ <https://www.polk-county.net/wp-content/uploads/2023/09/fy-23-24-proposed-budget.pdf>



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EDUCATION

Public schools are administered by the School Board of Polk County. The school district is the seventh largest in Florida and among the thirty largest districts in the United States and includes more than 120 schools that educate over 114,700 students⁹.

There are five colleges and universities based in Polk County. Polk State College is a public institution with a current enrollment of 14,772 students attending campuses in Winter Haven, Lakeland, Bartow, and Lake Wales¹⁰. Southeastern University is a private institution located in Lakeland with an enrollment of 8,840 students¹¹. Florida Southern College is another private

⁷ https://www.bebr.ufl.edu/wp-content/uploads/2023/12/estimates_2023.pdf

⁸ https://www.bls.gov/eag/eag_fl_lakeland_msa.htm#eag_fl_lakeland_msa.f

⁹ <https://polkschoolsfl.com/about/>

¹⁰ <https://www.polk.edu/about/>

¹¹ <https://www.usnews.com/best-colleges/southeastern-university-1521>

institution located in Lakeland with over 3,300 students enrolled¹². Florida Polytechnic University is a public university located in Lakeland with an enrollment of 1,618 students¹³. Warner University is a private institution located in Lake Wales with an enrollment of nearly 1,200 students¹⁴.

TRANSPORTATION

Public transit in Polk County is provided by the Lakeland Area Mass Transit District operating under the name Citrus Connection¹⁵. Key transportation facilities in Polk County include Strategic Intermodal System (SIS) Corridors that serve as the primary means for moving people and freight through Florida to other states and regions¹⁶. Interstate Highway 4 (I-4), Polk County Parkway, other Federal and State primary highways, and the CSX Central Florida Intermodal Logistics Center are all considered primary SIS facilities with Lakeland Linder International Airport continuing to see an increased role¹⁷.

¹² <https://www.flsouthern.edu/about-fsc.aspx>

¹³ <https://floridapoly.edu/about/facts.php/>

¹⁴ <https://www.warner.edu/the-university/who-we-are/>

¹⁵ <https://www.ridecitrus.com/about-us/>

¹⁶ <https://fdot.gov/planning/sis>

¹⁷ <http://freightmovesflorida.com/>

STATISTICAL DATA

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

Fiscal Year	Taxes	Licenses & Permits	InterGovt	Charges for Services	Fines & Forfeits	Misc.	Other Financing Sources	Total
2023	68,954	755	17,503	15,458	2,838	4,759	55,970	166,237
2022	61,505	833	16,068	12,919	2,555	(3,014)	48,259	139,125
2021	55,428	2,177	14,019	7,105	2,526	4,743	42,412	128,410
2020	52,399	1,770	16,504	6,454	2,408	(658)	81,543	160,420
2019	49,850	5,040	14,514	6,695	2,557	5,074	42,970	126,700
2018	47,094	4,843	11,504	7,044	2,436	2,755	41,938	117,614
2017	44,245	3,887	11,633	5,753	2,445	3,129	41,670	110,561
2016	42,424	4,289	11,290	4,247	2,525	2,800	40,007	107,582
2015	36,061	3,962	10,714	4,373	1,719	1,897	39,465	98,191
2014	34,713	3,563	10,382	3,994	1,860	3,205	34,887	92,604

Source: City of Lakeland Annual Comprehensive Financial Report

SCHEDULE OF PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS (MILLS \$1 PER \$1,000 VALUATION)

Fiscal Year	City of Lakeland				Polk County	Southwest Florida Water Management District	Polk County School Board	Total Direct Overlapping Rates
	Municipal	Lakeland Area Transit District	Lakeland Downtown Development District	Total				
2023	5.4323	0.5000	2.0000	7.9323	6.6920	0.2260	5.5190	20.3693
2022	5.4323	0.5000	1.8439	7.7762	6.8990	0.2535	5.8290	20.7577
2021	5.4644	0.5000	1.8439	7.8083	6.8990	0.2669	5.9350	20.9092
2020	5.4644	0.5000	1.9304	7.8948	7.1565	0.2801	6.0860	21.4174
2019	5.4644	0.5000	2.0000	7.9644	7.1565	0.2955	6.2510	21.6674
2018	5.5644	0.5000	2.0000	8.0644	6.7815	0.3131	6.5140	21.6730
2017	5.5644	0.5000	2.0000	8.0644	6.7815	0.3317	6.7970	21.9746
2016	5.5644	0.5000	2.0000	8.0644	6.7815	0.3488	7.1490	22.3437
2015	4.6644	0.5000	2.0000	7.1644	6.8665	0.3658	7.2080	21.6047
2014	4.6644	0.5000	2.0000	7.1644	6.8665	0.3818	7.5470	21.9597

Source: City of Lakeland Annual Comprehensive Financial Report

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SOCIOECONOMIC DATA¹⁸

<u>Employer</u>	<u>Type of Business</u>	2023			2014		
		<u>Employees</u>	<u>Rank</u>	<u>Percent</u>	<u>Employees</u>	<u>Rank</u>	<u>Percent</u>
Publix Supermarkets, Inc.	Grocery/Distribution	8,008	1	28.45%	8,263	1	35.27%
Lakeland Regional Health	Healthcare	6,000	2	21.31%	4,540	2	19.38%
GEICO	Insurance	3,800	3	13.50%	2,300	4	9.8%
City of Lakeland	Government	2,682	4	9.53%	2,600	3	11.10%
Amazon	Retail/Distribution	2,000	5	7.10%			
Watson Clinic	Healthcare	1,857	6	6.60%	1,600	5	6.83%
Saddle Creek Corporation	Trucking & Logistics	1,289	7	4.58%	625	9	2.67%
Southeastern University	Education	1,072	8	3.81%			
Rooms to Go Furniture	Retail/Distribution	827	9	2.94%	900	8	3.84%
Advanced Auto Parts	Retail/Distribution	615	10	2.18%			
GC Services	Call Center	-	-	-	1,000	6	4.27%
Summit Consulting	Insurance	-	-	-	1,000	7	4.27%
Stryker	Healthcare	-	-	-	600	10	2.55%
Total:		<u>28,150</u>		<u>100.0%</u>	<u>23,428</u>		<u>100.0%</u>

[remainder of page is intentionally blank]

¹⁸ <https://lakelandedc.com/major-employers/>



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FINANCIAL INFORMATION

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

CONTROLS

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

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

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

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

MILLAGE

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

	2019	2020	2021	2022	2023
Millage rate	5.4644	5.4644	5.4644	5.4323	5.4323
Gross taxable property	9,983,710,748	10,649,205,306	11,702,150,999	12,676,811,174	15,648,858,695
Less tax-exempt real property	(3,512,224,128)	(3,747,238,448)	(4,279,019,642)	(4,415,793,800)	(6,128,008,222)
Total taxable assessed value	<u>\$6,471,486,620</u>	<u>\$6,901,966,858</u>	<u>\$7,423,131,357</u>	<u>\$8,261,017,374</u>	<u>\$9,520,850,473</u>

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

UNDERLYING BASIS OF ACCOUNTING

The Governmental Accounting Standards Board (GASB) is the independent, private-sector organization based in Norwalk, Connecticut, that establishes accounting and financial reporting standards for U.S. state and local governments that follow Generally Accepted Accounting Principles (GAAP).¹⁹

The GASB standards are recognized as authoritative by state and local governments, state Boards of Accountancy, and the American Institute of Certified Public Accountants (AICPA). The GASB develops and issues accounting standards through a transparent and inclusive process intended to promote financial reporting that provides useful information to taxpayers, public officials, investors, and others who use financial reports.²⁰

The GASB does not have enforcement authority to require governments to comply with its standards.²⁰ Compliance with the GASB's standards is enforced through the audit process when auditors render opinions on the fairness of presentations in conformity with GAAP and through the laws of individual states – many of which require local governments to prepare GAAP basis financial statements.²¹ The municipal bond industry prefers that governments issuing debt prepare their financial statements on a GAAP basis.²¹

The City's financial statements are prepared in accordance with GAAP as prescribed by the GASB and are audited by an independent external audit firm. In June 1999, the GASB issued Statement 34 – *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* which established financial reporting standards for state and local governments.²¹ The City implemented the standards established by GASB 34 in the fiscal year ended September 30, 2002, and the basic financial statements now consist of the following sections:

- **Management's discussion and analysis (MD&A)** – MD&A is presented prior to and introduces the basic financial statements to provide an analytical overview of the City's financial activities.²²
- **Basic financial statements** that include the following:
 - **Government-wide financial statements** – comprised of a statement of net position and a statement of activities prepared using the economic resources measurement focus and the accrual basis of accounting to report all assets, liabilities, revenues, expenditures, and gains and losses.²² Each statement also distinguishes between the governmental and business-type activities of the City and its one discretely presented component unit by reporting each in separate columns.²² Fiduciary activities, whose resources are not available to finance City programs are excluded from the government-wide financial statements.²⁴

¹⁹ <https://www.gasb.org>

²⁰ <https://www.gasb.org/page/index?pageld=standards-guidance>

²¹ <https://www.gasb.org>

- **Fund financial statements** – consist of a series of statements that focus on information about the City’s major governmental and enterprise funds, including its blended component unit.²² Fund financial statements also report information about the City’s fiduciary funds and component units that are fiduciary in nature.²² Governmental fund financial statements (general fund, special revenue, capital projects, debt service, and permanent) are prepared using the current financial resources measurement focus and the modified accrual basis of accounting.²⁵ Proprietary (enterprise and internal service) and fiduciary (pension plan) fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.²²
- **Notes to the financial statements** – consist of notes that provide information essential to a user’s understanding of the basic financial statements.²²
- **Required supplementary information (RSI)** – In addition to MD&A, GASB 34 requires budgetary comparison schedules to be presented as RSI along with other types of data as required by previous GASB pronouncements.²²

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

MANAGEMENT’S DISCUSSION & ANALYSIS

The Management’s Discussion & Analysis (MD&A) provides an objective and easily readable analysis of the City’s financial activities based on currently known facts, decisions, or conditions and includes comparisons of the current year to the prior year based on government-wide information.²² It provides an analysis of the City’s overall financial position and results of operations to assist users in assessing whether that financial position has improved or deteriorated because of the year’s activities. It provides an analysis of significant changes that have occurred in funds and significant budget variances. Capital asset and long-term debt activity that occurred during the year is also described. The MD&A concludes with a description of currently known facts, decisions, or conditions that are expected to have a significant effect on the City’s financial position or results of operations.

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²² <https://www.gasb.org>

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE STATEMENTS

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

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

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

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

A condensed statement of net position and statement of activities for the City of Lakeland's fiscal year ended September 30, 2023, are presented in the following tables.

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CITY OF LAKELAND, FLORIDA
CONDENSED STATEMENT OF NET POSITION (in thousands)
SEPTEMBER 30, 2023

	Primary Government		Total
	Governmental	Business-type Activities	
ASSETS			
Current assets	\$ 142,938	\$ 272,914	\$ 415,852
Asset apportionments	209,840	257,297	467,137
Restricted assets	74,577	121,870	196,447
Capital assets	345,655	1,458,745	1,804,400
Other non-current assets	9,833	28,437	38,270
Total assets	<u>782,843</u>	<u>2,139,263</u>	<u>2,922,106</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	83,174	54,751	137,925
Deferred outflows of resources related to OPEB	37,987	31,915	69,902
Deferred outflows of resources related to ARO	-	5,308	5,308
Decrease in fair value of interest rate swaps	-	-	-
Unamortized loss on hedges	-	-	-
Unamortized loss (gain) on refunding	-	22,438	22,438
Total deferred outflows of resources	<u>121,161</u>	<u>114,412</u>	<u>235,573</u>
LIABILITIES			
Current liabilities	30,337	93,303	123,640
Apportioned asset liabilities	-	16,628	16,628
Restricted liabilities	5,633	30,947	36,580
Deferred credits	-	12,295	12,295
Accrued liabilities, less current portion	196,065	157,953	354,018
Long-term debt payable, less current portion	86,267	732,749	819,016
Total liabilities	<u>318,302</u>	<u>1,043,875</u>	<u>1,362,177</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	7,156	8,335	15,491
Deferred inflows of resources related to OPEB	56,526	55,107	111,633
Over-recovery of fuel	-	31,040	31,040
Solar Interconnection	-	10	10
Unamortized gain on refunding	-	797	797
Unrealized gain on hedges	-	3,586	3,586
Deferred inflows of resources related to CIAC	-	1,001	1,001
Deferred inflows of resources related to Leases	204,100	27,383	231,483
Contributions in aid of construction	-	41,051	41,051
Total deferred inflows of resources	<u>267,782</u>	<u>168,310</u>	<u>436,092</u>
NET POSITION			
Net investment in capital assets	286,307	876,319	1,162,626
Restricted	69,031	90,923	159,954
Unrestricted	(37,418)	74,248	36,830
Total net position	<u>\$ 317,920</u>	<u>\$ 1,041,490</u>	<u>\$ 1,359,410</u>

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**CITY OF LAKELAND, FLORIDA
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities							
General Government	\$ 29,582,084	\$ 526,440	\$ 123,808	\$ -	\$ (28,931,836)	-	\$ (28,931,836)
Public safety	89,327,359	10,688,113	2,987,997	996,340	(74,654,909)	-	(74,654,909)
Physical environment	8,523,284	9,218,454	-	37,702	732,872	-	732,872
Transportation	17,408,955	3,248,572	-	1,693,446	(12,466,937)	-	(12,466,937)
Economic environment	12,315,533	101,897	1,341,316	-	(10,872,320)	-	(10,872,320)
Human services	445,771	-	5,839	-	(439,932)	-	(439,932)
Culture/recreation	41,183,112	11,684,025	1,482,121	4,329,089	(23,687,877)	-	(23,687,877)
Interest on long-term debt	2,662,030	-	-	-	(2,662,030)	-	(2,662,030)
Total governmental activities:	<u>201,448,128</u>	<u>35,467,501</u>	<u>5,941,081</u>	<u>7,056,577</u>	<u>(152,982,969)</u>	<u>-</u>	<u>(152,982,969)</u>
Business-type activities							
Electric	318,484,784	389,423,404	-	-	-	70,938,620	70,938,620
Water and Wastewater	59,619,831	82,650,827	-	13,661,974	-	36,692,970	36,692,970
Parking	1,256,747	687,163	-	-	-	(569,584)	(569,584)
Lakeland Linder International Airport	15,361,699	10,372,064	-	7,742,171	-	2,752,536	2,752,536
Solid Waste	16,178,254	18,635,356	-	-	-	2,457,102	2,457,102
Total business-type activities	<u>410,901,315</u>	<u>501,768,814</u>	<u>-</u>	<u>21,404,145</u>	<u>-</u>	<u>112,271,644</u>	<u>112,271,644</u>
Total primary government	<u>612,349,443</u>	<u>537,236,315</u>	<u>5,941,081</u>	<u>28,460,722</u>	<u>(152,982,969)</u>	<u>112,271,644</u>	<u>(40,711,325)</u>
General revenues:							
Taxes:							
Property taxes					49,787,941	-	49,787,941
Motor fuel taxes					6,738,054	-	6,738,054
Utility taxes					12,338,821	-	12,338,821
Local communication service tax					4,981,733	-	4,981,733
Local business taxes					1,845,176	-	1,845,176
State shared revenue (unrestricted)					15,266,799	-	15,266,799
Tax Incremental revenues					10,640,178	-	10,640,178
Payments from Lakeland Regional Health					10,750,000	-	10,750,000
Investment earnings					33,639,236	13,571,593	47,210,829
Miscellaneous					6,880,081	1,390,372	8,270,453
Transfers from (to) other funds					44,915,424	(44,915,424)	-
Total general revenues and transfers					<u>197,783,443</u>	<u>(29,953,459)</u>	<u>167,829,984</u>
Change in net position					44,800,474	82,318,185	127,118,659
Net position, beginning of year					273,119,132	959,172,137	1,232,291,269
Net position, end of year					<u>\$ 317,919,606</u>	<u>\$1,041,490,322</u>	<u>\$1,359,409,928</u>

FUND FINANCIAL STATEMENTS

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

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

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

GOVERNMENTAL FUNDS

Within the fund financial statements, the accounting policies applied to governmental funds are intended to capture only those transactions that will occur in the short-term and the ability to finance those activities as needed. The financial focus applied to governmental funds is called the modified accrual basis of accounting. Revenues are accrued in the accounting period that they become available and measurable – generally this is revenue collected within 60 days after year end. The City accrues an asset equal to the value of all material revenue to which it is entitled. Intergovernmental revenues included in this accrual are recognized as revenue while all other types are deferred. Major sources of revenue that meet the availability criterion include investment earnings, federal and state grants, state shared revenues, and the City's share of State collected taxes. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on general long-term debt which is recognized when due and the long-term portion of accumulated unpaid vacation and sick pay which is recognized when paid.

Within governmental funds, assets and liabilities are recorded using the flow of current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". The types of governmental funds used by the City are:

- General Fund – a "catch-all" fund used to account for all financial activities and resources not required to be accounted for in other funds.
- Special Revenue Funds – account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose, such as gas taxes that are expended on transportation-related services.
- Debt Service Fund – account for the accumulation of resources needed to make that component of principal and interest payment on long-term debt which will be payable in the current year.

Condensed Governmental Funds financial statements for the fiscal year ended September 30, 2023, are presented in the following tables.

**CITY OF LAKELAND, FLORIDA
CONDENSED BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	General Fund	Public Improvement Fund	Other Governmental Funds	Total Government Funds
ASSETS	<u>\$ 106,111,701</u>	<u>\$ 212,380,297</u>	<u>\$ 85,070,021</u>	<u>\$ 403,562,019</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities	15,201,642	949,279	13,311,996	29,462,917
Deferred inflows of resources	28,461,154	193,814,480	1,649,781	223,925,415
Fund balances				
Non-spendable	39,273	-	5,862,021	5,901,294
Restricted	2,246,777	2,024,817	57,149,311	61,420,905
Committed	-	8,402,502	7,098,437	15,500,939
Assigned	18,321,927	7,189,219	-	25,511,146
Unassigned	41,840,928	-	(1,525)	41,839,403
Total fund balances	<u>62,448,905</u>	<u>17,616,538</u>	<u>70,108,244</u>	<u>150,173,687</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 106,111,701</u>	<u>\$ 212,380,297</u>	<u>\$ 85,070,021</u>	<u>\$ 403,562,019</u>

**CITY OF LAKELAND, FLORIDA
CONDENSED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	General Fund	Public Improvement Fund	Other Governmental Funds	Total Government Funds
REVENUES				
Taxes	\$ 68,953,671	\$ -	\$ 6,738,054	\$ 75,691,725
Licenses and permits	755,238	-	15,502,277	16,257,515
Intergovernmental	17,502,532	3,181,020	14,127,278	34,810,830
Charges for services	15,458,371	90,971	-	16,358,260
Fines and forfeits	2,838,056	-	13,885	2,851,726
Miscellaneous	4,758,710	44,523,349	2,410,956	51,693,015
Total revenues	<u>110,266,578</u>	<u>47,795,550</u>	<u>39,600,943</u>	<u>197,663,071</u>
EXPENDITURES				
Current	140,507,921	2,454,631	21,314,462	164,277,014
Capital outlay	10,833,557	4,092,677	5,528,711	20,604,946
Debt service	2,715,011	5,450,877	4,513,143	12,679,031
Total expenditures	<u>154,206,490</u>	<u>11,998,185</u>	<u>31,356,316</u>	<u>197,560,991</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(43,939,912)</u>	<u>35,797,365</u>	<u>8,244,627</u>	<u>102,080</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt-Internal loans	430,258	-	-	430,258
Issuance of debt- lease financings agreements	10,553,439	-	2,192,727	12,746,166
Issuance of debt- subscription obligations	150,001	-	-	150,001
Transfers from other funds-payment in lieu of taxes	44,604,341	-	-	44,604,341
Transfers from other funds	5,499,913	1,621,510	4,034,830	11,156,253
Transfers to other funds	(5,267,937)	(4,100,000)	(3,439,745)	(12,807,682)
Total other financing sources (uses)	<u>55,970,015</u>	<u>(2,478,490)</u>	<u>2,787,812</u>	<u>56,279,337</u>
Net change in fund balances	12,030,103	33,318,875	11,032,439	56,381,417
FUND BALANCE, beginning of year	50,418,802	(15,702,337)	59,075,805	93,792,270
FUND BALANCE, end of year	<u>\$ 62,448,905</u>	<u>\$ 17,616,538</u>	<u>\$ 70,108,244</u>	<u>\$ 150,173,687</u>

PROPRIETARY FUNDS

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

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

Condensed Proprietary Funds financial statements for the fiscal year ended September 30, 2023, are presented in the following tables.

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**CITY OF LAKELAND, FLORIDA
CONDENSED STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023**

	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Linder International Airport Funds	Other Enterprise Funds	Total	Internal Service Funds
ASSETS						
Current assets	\$ 186,592,404	\$ 60,085,828	\$ 8,668,266	\$ 7,359,406	\$ 262,705,904	\$ 52,372,944
Noncurrent assets						
Asset apportionment	117,591,907	55,379,325	-	38,589	173,009,821	81,266,639
Restricted assets	73,681,749	46,572,878	1,422,882	-	121,677,509	192,829
Capital assets	823,731,440	397,677,753	189,227,399	6,419,235	1,417,055,827	41,689,003
Other noncurrent assets	3,648,152	-	18,812,061	5,976,932	28,436,845	40,620,989
Total assets	<u>1,205,245,652</u>	<u>559,715,784</u>	<u>218,130,608</u>	<u>19,793,862</u>	<u>2,002,885,906</u>	<u>216,142,404</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	27,416,183	13,120,317	1,170,359	2,655,569	44,362,428	10,388,212
Deferred outflows related to OPEB	15,363,523	7,913,343	964,628	1,868,472	26,109,966	5,804,804
Deferred outflows related to ARO	3,724,065	1,584,151	-	-	5,308,216	-
Unamortized loss on refunding	22,000,141	209,633	-	-	22,209,774	228,731
Total deferred outflows of resources	<u>68,503,912</u>	<u>22,827,444</u>	<u>2,134,987</u>	<u>4,524,041</u>	<u>97,990,384</u>	<u>16,421,747</u>
LIABILITIES						
Current liabilities	55,757,818	18,194,063	5,786,947	1,068,183	80,807,011	17,446,292
Noncurrent liabilities						
Liabilities from apportioned assets	-	-	32,599,907	-	32,599,907	16,627,474
Restricted liabilities	14,182,033	16,765,249	-	-	30,947,282	-
Other noncurrent liabilities	654,332,192	132,845,324	12,897,028	8,867,544	808,942,088	102,075,587
Total liabilities	<u>724,272,043</u>	<u>167,804,636</u>	<u>51,283,882</u>	<u>9,935,727</u>	<u>953,296,288</u>	<u>136,149,353</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	4,247,258	2,073,242	133,571	453,108	6,907,179	1,427,737
Deferred inflows related to OPEB	31,165,628	10,807,328	1,022,588	2,638,047	45,633,591	9,473,038
Deferred inflows related to CIAC	1,000,791	-	-	-	1,000,791	-
Deferred inflows related to leases	1,375,495	-	19,968,808	6,037,824	27,383,127	-
Solar interconnection	10,000	-	-	-	10,000	-
Unamortized gain on refunding	-	797,304	-	-	797,304	-
Unamortized contributions in aid of						
Construction	41,051,035	-	-	-	41,051,035	-
Fuel reserve	31,040,375	-	-	-	31,040,375	-
Unrealized gain on hedges	3,586,064	-	-	-	3,586,064	-
Total deferred inflows of resources	<u>113,476,646</u>	<u>13,677,874</u>	<u>21,125,967</u>	<u>9,128,979</u>	<u>157,409,466</u>	<u>10,900,775</u>
NET POSITION						
Net investment in capital assets	350,890,638	294,316,717	185,193,223	6,387,440	836,788,018	39,531,394
Restricted, capital improvement	59,499,716	29,807,629	1,422,882	-	90,730,227	192,829
Unrestricted	25,610,521	76,939,372	(38,760,359)	(1,134,243)	62,652,291	45,789,800
Total net assets	<u>\$ 436,000,875</u>	<u>\$ 401,060,718</u>	<u>\$ 147,855,746</u>	<u>\$ 5,253,197</u>	<u>\$ 990,170,536</u>	<u>\$ 85,514,023</u>

CITY OF LAKELAND, FLORIDA
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Linder International Airport Fund	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES						
Charges for services	\$ 389,210,694	\$ 82,650,827	\$ 8,529,710	\$ 18,254,159	\$ 498,645,390	\$ 91,210,650
Lease revenue	212,710	-	1,842,354	185,899	2,240,963	-
Franchise fees-Solid waste	-	-	-	882,461	882,461	-
Total operating revenues	<u>389,423,404</u>	<u>82,650,827</u>	<u>10,372,064</u>	<u>19,322,519</u>	<u>501,768,814</u>	<u>91,210,650</u>
OPERATING EXPENSES						
Personal services	36,157,008	15,289,799	2,169,005	4,812,899	58,428,711	17,226,913
Other operating expenses	236,719,063	31,029,744	3,948,275	13,272,076	284,969,158	62,965,181
Depreciation	34,737,395	11,216,329	7,891,943	252,196	54,097,863	11,049,244
Total operating expenses	<u>307,613,466</u>	<u>57,535,872</u>	<u>14,009,223</u>	<u>18,337,171</u>	<u>397,495,732</u>	<u>91,241,338</u>
Operating income (loss)	<u>81,809,938</u>	<u>25,114,955</u>	<u>(3,637,159)</u>	<u>985,348</u>	<u>104,273,082</u>	<u>(30,688)</u>
NONOPERATING REVENUES (EXPENSES)						
Total non-operating revenues						
(expenses)	<u>(3,007,710)</u>	<u>3,383,883</u>	<u>(258,325)</u>	<u>331,023</u>	<u>448,871</u>	<u>3,094,921</u>
Income (loss) before contributions						
and transfers	<u>78,802,228</u>	<u>28,498,838</u>	<u>(3,895,484)</u>	<u>1,316,371</u>	<u>104,721,953</u>	<u>3,064,233</u>
Capital grants and contributions	-	12,627,223	7,742,171	-	20,369,394	313,839
Transfers from other funds	88,777	-	-	219,836	308,613	3,002,059
Transfers to other funds	(271,350)	(409,098)	(511,044)	(136,960)	(1,328,452)	(261,598)
Transfer to other funds-payment in lieu of taxes	(33,239,229)	(9,700,472)	-	(1,664,640)	(44,604,341)	-
Total contributions and transfers	<u>(33,421,802)</u>	<u>2,517,653</u>	<u>7,231,127</u>	<u>(1,581,764)</u>	<u>(25,254,786)</u>	<u>3,054,300</u>
Change in net position	45,380,426	31,016,491	3,335,643	(265,393)	79,467,167	6,118,533
NET POSITION, beginning of year	<u>390,620,449</u>	<u>370,044,227</u>	<u>144,520,103</u>	<u>5,518,590</u>	<u>910,703,369</u>	<u>79,395,490</u>
NET POSITION, end of year	<u>\$ 436,000,875</u>	<u>\$ 401,060,718</u>	<u>\$ 147,855,746</u>	<u>\$ 5,253,197</u>	<u>\$ 990,170,536</u>	<u>\$ 85,514,023</u>

FIDUCIARY FUNDS

Within the fund financial statements, fiduciary fund types are used to report assets that are held in trust or in an agency capacity by the City on behalf of designated beneficiaries. These consist of pension and other post-employment benefit funds maintained on behalf of retired City employees; and an agency fund use to accumulate impact fee revenues collected on behalf of Polk County, Florida. The same financial focus applied to proprietary fund types is applied to fiduciary funds. Fiduciary fund financial statements for the fiscal year ended September 30, 2023, are presented in the following tables.

**CITY OF LAKELAND, FLORIDA
CONDENSED STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2023**

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Fund	Custodial Fund
ASSETS			
Cash and cash equivalents	\$ 18,190,537	\$ 1,382,045	\$ 334,574
Investments	967,792,015	378,623	-
Prepaid expenses	850	-	-
Interest and dividends receivable	995,690	-	-
Accounts receivable	-	-	11,943
Investment sales receivable, net	469,780	-	-
Contribution's receivable	491,315	-	-
Due from other governmental units	1,376,220	-	-
Total assets	<u>989,316,407</u>	<u>1,760,668</u>	<u>\$ 346,517</u>
LIABILITIES			
Accounts payable	537,108	-	-
Benefits payable	509,004	66,636	-
Unsettled investment purchases, net	265,923	-	-
Due to other governmental units	-	-	346,517
Due to other funds	307,300	1,694,032	-
Total liabilities	<u>1,619,333</u>	<u>1,760,668</u>	<u>346,517</u>
NET POSITION			
Net position restricted for DROP benefits	27,349,557		
Net position restricted for OPEB benefits	10,486,349		
Restricted for pension benefits and other purposes	949,861,168		
Total net position	<u>\$ 987,697,074</u>		

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**CITY OF LAKELAND, FLORIDA
CONDENSED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds	Custodial Funds
ADDITIONS			
Contributions	\$ 26,645,409	\$ 806,288	\$ 6,036,258
Net Investment income	98,706,068	(7,632)	-
Miscellaneous income	196,943	-	144,524
Total additions, net	<u>125,548,420</u>	<u>798,656</u>	<u>6,180,782</u>
DEDUCTIONS			
Pension benefits paid	69,583,994	-	-
Other benefits paid	6,191,071	-	-
Refunds, former plan members	1,246,741	-	-
Impact fee remittances to the County	-	-	6,036,258
Administrative expenses	620,915	-	144,524
Other general governmental expenses	-	798,656	-
Total deductions	<u>77,642,721</u>	<u>798,656</u>	<u>6,180,782</u>
Net increase (decrease) in restricted net position	47,905,699	-	-
NET POSITION, beginning of year	939,791,375	-	-
NET POSITION, end of year	<u>\$ 987,697,074</u>	<u>\$ -</u>	<u>\$ -</u>

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NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide information that is *essential* to a user's understanding of the basic financial statements.²³ The notes are an integral part of the basic financial statements and focus on the primary government—specifically, its governmental activities, business-type activities, major funds, and non-major funds in the aggregate.²⁴ The City has one blended component unit, Lakeland Community Redevelopment Agency (LCRA), that is blended in the financial statements of the City and is disclosed in the notes to the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

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

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

SUPPLEMENTAL INFORMATION

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

COMBINING STATEMENTS

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

CASH MANAGEMENT

The City has defined cash and cash equivalents as both currency and highly liquid or short term investments that are both readily convertible to known amounts of cash or so near their maturity

²³ <http://www.gasb.org/st/summary/gstsm34.html>

²⁴ <http://www.gasb.org>

that they present insignificant risk of changes in value because of changes in interest rates.²⁴ Examples of cash and cash equivalents include: currency on hand, demand deposits, cash with paying agents, Treasury bills, commercial paper, certificates of deposit, money market funds, and cash management pools.²⁵

Several forms of legal and contractual provisions govern the types of investments in which the City may directly invest. The City has adopted an investment policy for its pooled funds pursuant to Section 218.415 of the Florida Statutes, which governs the investments of local government units in the State of Florida.²⁵ The allowable investments authorized through the adopted investment policy include direct obligations of the Federal Government, interest bearing time deposits, obligations of the Federal Farm Credit Banks, Federal Home Loan Mortgage Corporation, Federal Home Loan Bank or obligations guaranteed by the Government National Mortgage Association or the Federal National Mortgage Association, investment grade bonds and notes issued by corporations and municipalities, repurchase agreements and the Florida State Board of Administration Investment Pool (SBA).

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

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

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

The City categorizes its fair value measurements within the fair value hierarchy established by GASB Statement 72 - *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset where Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, Level 3 inputs are significant unobservable inputs.²⁶ Investment values are measured consistent with the market approach to valuation using prices and other relevant information generated by market transactions involving identical or similar assets or groups of assets. The following

²⁴ <http://www.gasb.org>

²⁵ <http://www.leg.state.fl.us/statutes>

²⁶ <https://gasb.org/page/PageContent?pageId=/standards-guidance/pronouncements/summary--statement-no-72.html&isStaticPage=true>

investments were held by the various funds of the City as of September 30, 2023, and are collateralized by registered securities held by the City or its agents in the City's name:

Total Investments by Fair Value Level

Investments by fair value level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Treasury Notes & Bonds	\$ 264,508,979	\$ 42,385,191	\$ 222,123,788	\$ -
Corporate Bonds	401,054,332	4,937,500	380,918,497	15,198,335
Foreign Corporate Bonds	5,432,500	-	5,432,500	-
Municipal Bonds	14,292,618	-	14,292,618	-
Corporate Stocks	164,353,877	163,828,994	524,883	-
Foreign Corporate Stocks	21,446,459	3,093,658	18,352,801	-
Accrued Interest Receivable	5,304,352	5,304,352	-	-
State Board of Admin LGIP	9	-	9	-
Money Market Account	146,723,683	146,723,683	-	-
Equity Mutual Funds	237,515,851	2241,714,807	12,801,044	-
Foreign Equity Mutual Funds	48,064,825	48,064,825	-	-
Fixed Income Mutual Funds	20,524,193	20,524,193	-	-
Total investments by fair value level	\$1,329,221,678	\$ 659,577,203	\$ 654,446,140	\$ 15,198,335

Investments measured at NAV	Total	Unfunded Commitments	Redemption Frequency if Currently Eligible	Redemption Period Notice
Fixed Income Strategies ¹	72,368,624	26,732,450	n/a	n/a
Real Estate Strategies ²	95,211,430	43,922,522	n/or quarterly*	n/a,30-90 days, subjective*
Private Equity Strategies ³	283,377,266	39,057,352	n/a daily or quarterly*	n/or 3-10 days*or 60 days
Alternative Investments ⁴	85,904,184	5,426,448	n/or quarterly*	n/or 60-90 days*
Total investments measured at NAV	539,861,504			
Total Investments	\$1,869,083,182	\$ 115,138,772		

¹Fixed Income Strategies – This type includes fifteen private equity fixed income type securities invested primarily in secured and unsecured debt instruments of middle market companies and institutions. These securities can include special situations like rescue financing and restructuring to optimize liquidity often with lower fee structures. These investments are typically illiquid with disbursements received as underlying assets are liquidated.

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

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

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

DEBT ADMINISTRATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(UNAUDITED) SEPTEMBER 30, 2023

Direct and Overlapping Governmental Activities Debt

Governmental Unit	Debt Outstanding	Estimated % Applicable	Estimated Share of Overlapping Debt
Tax Supported Ad Valorem Debt:			
District School Board of Polk County Bonds Payable ¹	*	16.05%	*
City Direct Debt – Governmental Activities			95,990,722
Total Direct and Overlapping Debt			<u>\$ 95,990,722</u>

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

*Information not available

Source-Polk County school Board & Polk County property Appraiser.

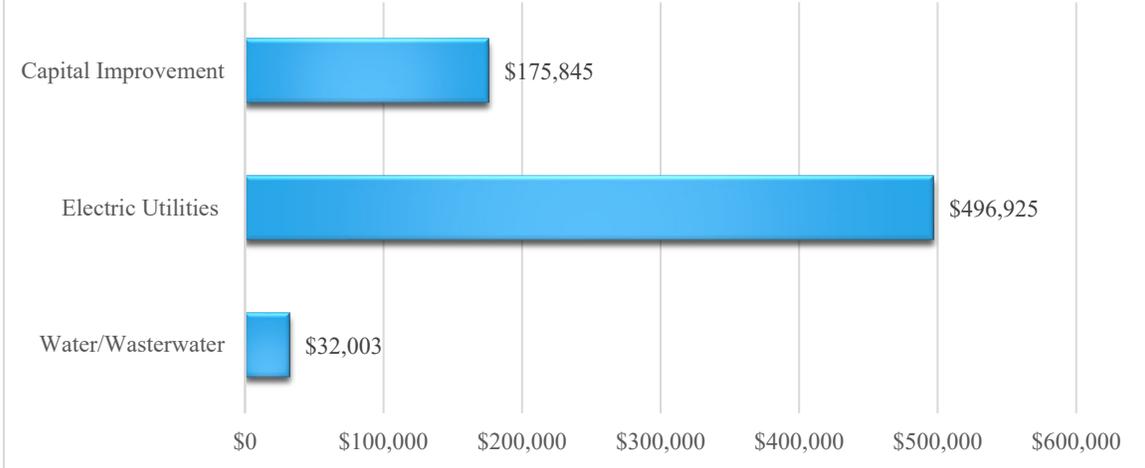
REVENUE BONDS

The City has not had any outstanding general obligation bond debt since fiscal year 1971. The following revenue bonds, including bank-loans, are outstanding for fiscal year ended September 30, 2023:

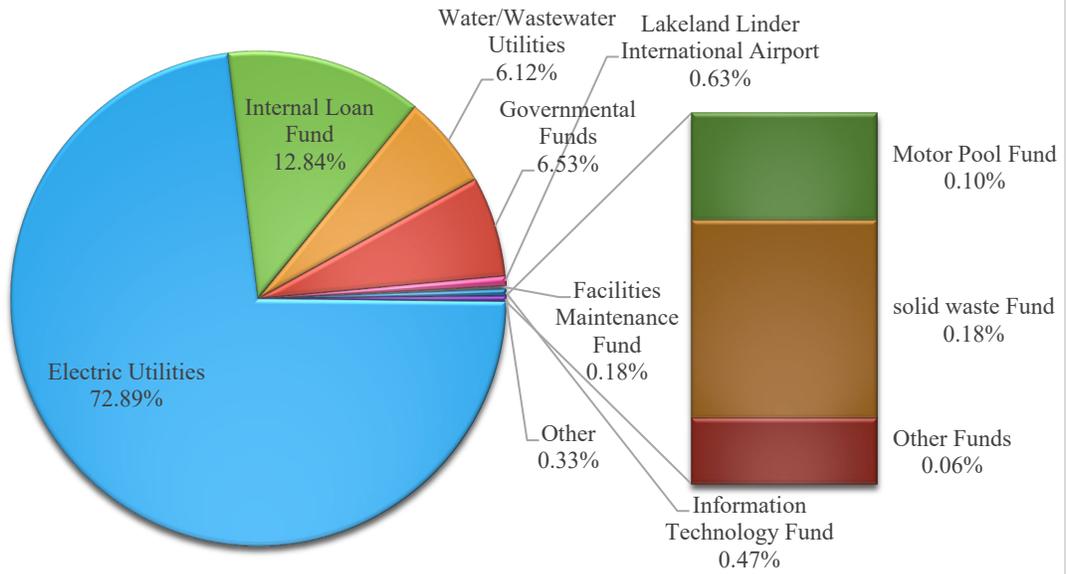
Revenue Bonds (in thousands)

Bond Issue	2022	Issued	Retired	2023
<u>Electric Utilities</u>				
Energy System Revenue and Refunding Bonds, Series 2010	\$ 94,100	\$ -	\$ 5,140	\$ 88,960
Energy System Revenue and Refunding Bonds, Series 2016	107,665	-	10,020	97,645
Energy System Refunding Bonds, Series 2017	88,205	-	88,205	-
Energy System Revenue Bonds, Series 2018	37,320	-	2,930	34,390
Energy System Revenue Bonds, Series 2021	123,295	-	1,835	121,460
Energy System Revenue and Refunding Bonds, Series 2023	-	154,470	-	154,470
Total Electric Bonds	<u>450,585</u>	<u>154,470</u>	<u>108,130</u>	<u>496,925</u>
<u>Water & Wastewater Utilities</u>				
Water & Wastewater Revenue Note, Series 2021	28,220	-	2,309	25,911
Water & Wastewater Revenue Note, Series 2015	6,783	-	691	6,092
Total Water & Wastewater Bonds	<u>35,003</u>	<u>-</u>	<u>3,000</u>	<u>32,003</u>
<u>Capital Improvement Revenue Bonds</u>				
Capital Improvement Revenue & Refunding Bonds, Series 2010C	21,115	-	-	21,115
Capital Improvement Refunding Note, Series 2012A	2,013	-	2,013	-
Capital Improvement Revenue Bonds, Series 2015	35,450	-	1,870	33,580
Florida Taxable Pension Liability Reduction Note, series 2020	71,425	-	4,640	66,785
Capital Improvement Revenue Note, Series 2017A	11,214	-	1,106	10,108
Capital Improvement Revenue Note, Series 2017B	4,516	-	1,239	3,277
Capital Improvement Revenue Note, Series 2021A	26,195	-	1,870	24,325
Capital Improvement Revenue Note, Series 2021B	15,005	-	250	14,755
Capital Improvement Revenue Note, Series 2021C	4,290	-	2,390	1,900
Total Capital Improvement Bonds	<u>191,223</u>	<u>-</u>	<u>15,378</u>	<u>175,845</u>
Total Bond Debt	<u>\$ 676,811</u>	<u>\$ 154,470</u>	<u>\$ 126,508</u>	<u>\$ 704,773</u>

Revenue Bonds Payable (in thousands) by Type as of September 30, 2023.



Revenue Bonds Payable by Funds as of September 30, 2023



SCHEDULE OF REVENUE BONDS COVERAGE – LAST TEN FISCAL YEARS

Energy Systems Revenue Bonds

Fiscal Year	Gross Revenues ¹	Operating Expenses ²	Net Operating Revenues Available for Debt Service	Principal	Interest	Total	Coverage Ratio
2023	\$ 398,956,294	\$ 272,876,071	\$ 126,080,223	\$ 19,570,000	\$ 19,850,541	\$ 39,420,541	3.20
2022	392,904,055	255,794,632	137,109,423	19,925,000	19,298,822	39,223,822	3.50
2021	337,113,104	210,460,565	126,652,539	18,540,000	15,584,792	34,124,792	3.71
2020	306,172,100	209,373,188	120,117,733	19,095,000	16,304,194	35,399,194	3.39
2019	328,008,054	209,373,188	118,634,866	20,195,000	17,306,668	37,501,668	3.16
2018	325,131,086	220,910,023	104,221,063	22,300,000	15,806,087	38,106,087	2.74
2017	312,129,802	219,734,277	92,395,525	21,250,000	17,299,223	38,549,223	2.40
2016	303,054,126	192,829,916	110,224,210	20,875,000	17,567,094	38,442,094	2.87
2015	315,889,330	213,978,944	101,910,386	16,530,000	18,575,791	35,105,791	2.90
2014	320,025,321	216,623,013	103,402,308	20,775,503	25,469,790	46,245,293	2.24

Water and Wastewater System Revenue Bonds

Fiscal Year	Gross Revenues ¹	Operating Expenses ²	Net Operating Revenues Available for Debt Service	Principal	Interest	Total	Coverage Ratio
2023	\$ 87,238,668	\$ 46,319,543	\$ 40,919,125	\$ 7,295,230	\$ 1,684,986	\$ 8,980,216	4.56
2022	68,034,733	36,426,426	31,608,307	6,660,129	1,605,825	8,265,954	3.82
2021	81,553,221	38,990,703	42,562,518	6,806,602	2,728,474	9,535,076	4.46
2020	66,279,602	38,290,093	27,989,509	2,933,854	2,098,775	5,032,629	5.56
2019	72,238,364	37,469,971	34,768,393	3,773,287	2,262,193	6,035,480	5.76
2018	65,078,959	36,912,551	28,166,408	3,643,087	2,289,362	5,932,449	4.75
2017	63,720,012	34,707,999	29,012,013	3,488,247	2,368,078	5,856,325	4.95
2016	60,567,604	31,598,007	28,969,597	3,373,757	2,490,070	5,863,827	4.94
2015	55,530,104	31,237,468	24,292,636	2,690,000	2,377,209	5,067,209	4.79
2014	54,769,116	27,976,557	26,792,559	1,510,000	1,813,722	3,323,722	8.06

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

²Excludes depreciation expense

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LOAN AND LEASE ADMINISTRATION

The City had the following loans and leases outstanding as of September 30, 2023:

Loans and Leases Outstanding

Lender	Issue Amount	Maturity Date	Interest Rate	Year-End Balance
Governmental Activities:				
Lease – Leasing2, Inc. (Gradall excavators)	\$ 784,107	11/15/2023	5.75%	\$ 100,987
Lease – Leasing2, Inc. (sweepers)	1,663,523	7/16/2024	2.80%	350,020
Lease – Leasing2, Inc. (wheel loaders)	458,389	3/15/2025	2.80%	249,458
Lease – Leasing2, Inc. (Vactor trucks)	1,079,164	4/16/2025	2.80%	432,396
Lease – Leasing2, Inc (sweepers)	2,192,727	8/03/2028	4.45%	2,192,727
AXON Enterprises-Body-Worn Camera System	10,553,439	5/01/2031	0%	8,569,227
				<u>11,894,815</u>
Business Type Activities				
Wastewater Revolving Loan Program (2006)	42,734,405	9/30/2028	2.96%	13,563,419
Wastewater Revolving Loan Program (2016)	1,301,890	4/15/2036	1.69%	480,039
Wastewater Revolving Loan Program (2017 Energy Efficiencies)	12,284,141	01/15/2040	0.0%-0.44%	10,162,619
Wastewater Revolving Loan Program (2017 English Oaks)	1,000,000	8/15/2041	1.16%	764,446
Wastewater Revolving Loan Program (2018) ¹	15,494,263	12/15/2042	0.0%-0.06%	14,567,881
Water Revolving Loan Program (2018)	778,787	10/15/2030	1.96%	622,513
Water Revolving Loan Program (Clearwell Construction) ²	19,167,295	11/15/2041	0.23%	18,006,093
Wastewater Revolving Loan Program ³	2,443,459	08/15/2044	0%	2,343,894
Wastewater Revolving Loan Program ⁴	1,106,541	10/15/2042	0%	986,900
				<u>61,497,804</u>
				<u>\$ 73,392,619</u>

¹ \$2,347 of \$15,494,263 issued during FY2023.

² \$32,843 of \$19,167,295 issued during FY2023.

³ \$262,966 of \$2,443,459 issued during FY-2023.

⁴ \$263,833 of \$1,106,541 issued during FY-2023.

LEASES

August 3, 2016, the City executed a lease-purchase agreement for a Gradall XL3100 Excavator and a Gradall XL4100 Excavator to be used by the City construction and maintenance department in the amount of \$784,107 with an interest rate of 5.75% and a maturity date of November 15, 2023. On September 16, 2019, the City also entered into a lease-purchase agreement for one Elgin Eagle and five Elgin Whirlwind Street Sweepers to clean and maintain City streets in the amount of \$1,663,523 with an interest rate of 2.80% and a maturity date of July 16, 2024. On September 16, 2019, the City entered into a lease-purchase agreement for three Volvo L60H Wheel Loaders to be used in construction project in the amount of \$458,389 with an interest rate of 2.80% and a maturity date of March 15, 2025. On September 16, 2019, the City also entered into a lease-purchase agreement for two Vactor Recyclers to clean debris from the Stormwater system in the amount of \$1,079,164 with an interest rate of 2.80% and a maturity date of April 16, 2025. On April 5th, 2023, City entered into a lease-purchase agreement for sweepers in the amount of \$2,192,727 with an interest rate of 4.45% and a maturity date of August 5th, 2028. On June 21, 2022 City entered into a lease-purchase agreement with AXON Enterprises for a Body-worn camera system for \$10,553,439 maturing on May 1, 2031.

WASTEWATER REVOLVING LOAN PROGRAM

The Florida Department of Environmental Protection (FDEP) provides low-interest loans for investments in water and sanitation infrastructure²⁷. These loans are secured by a pledge of excess revenues of the wastewater system and by a pledge of certain amounts deposited into a loan amortization account and reserve established by the City to fund the future debt service on these loans. Amounts required for deposit are classified as a restricted asset.

- January 31, 2004, the City entered an agreement with FDEP for a \$42,734,405 loan with a 2.96% interest rate and a maturity date of September 30, 2028 to finance such improvements.
- February 11, 2014, the City entered a separate agreement with FDEP for a \$1,301,890 loan with a 1.69% interest rate with a maturity date of April 15, 2036.
- October 24, 2016, the City entered into an agreement with FDEP for a \$12,284,141 loan with an interest rate of 0.440% and a maturity date of May 15, 2040.
- March 3, 2017, the City entered into an agreement with FDEP for a \$1,000,000 loan with a 1.16% interest rate and a maturity date of August 15, 2041.
- May 7, 2018, the City entered into an agreement with FDEP for a \$15,494,263 loan with a 0.00% to 0.06% interest rate and a maturity date of December 15, 2042.
- June 12, 2021, the City entered into an agreement with FDEP for a \$2,443,459 loan of which \$2,080,928 was issued with a 0% interest rate and a maturity date of August 15, 2044
- November 18, 2021, the City entered into an agreement with FDEP for a \$1,106,541 loan of which \$723,067 was issued with a 0% interest rate and a maturity date of October 15, 2042

The total amount of wastewater revolving loans outstanding as of September 30, 2023 was \$42,869,198.

WATER REVOLVING LOAN PROGRAM

The Florida Department of Environmental Protection (FDEP) provides low-interest loans for investments in water and sanitation infrastructure²⁸. These loans are secured by a pledge of excess revenues of the water system and by a pledge of certain amounts deposited into a loan amortization account and reserve established by the City to fund the future debt service on these loans. Amounts required for deposit are classified as a restricted asset.

- November 27, 2018, the City entered into an agreement with FDEP for a \$778,787 loan with a 1.96% interest rate and a maturity date of June 15, 2040.
- July 1, 2020, the City entered into an agreement with FDEP for a \$19,167,295 loan with a 0.23% interest rate and a maturity date of November 15, 2041.

The total amount of water revolving loans outstanding as of September 30, 2023, was \$18,628,606.

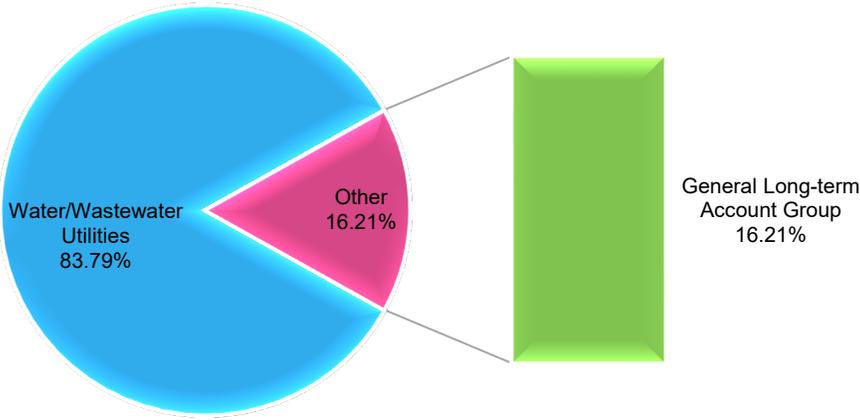
²⁷ <http://www.dep.state.fl.us/Water/wff/index.htm>

²⁸ <http://www.dep.state.fl.us/Water/wff/index.htm>

**External Loans & Leases Payable as of September 30, 2023
(excluding Water, and Wastewater Revolving Loans)**



**External Loans & Leases Payable by Fund as of
September 30, 2023
(including Wastewater Revolving Loans)**



RISK MANAGEMENT

The City is currently self-insured for worker's compensation, general liability, auto liability, public officials' liability, and pension fund trustees' liability. The City relies on the State of Florida's sovereign immunity statute which limits governmental liability to \$200,000 per person and \$300,000 for multiple claims arising out of one accident²⁹. To reduce the City's potential exposure, excess workers' compensation insurance and liability insurance has been purchased through a conventional carrier.

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

REPORTING ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lakeland, Florida, for its Annual Comprehensive Financial Report (Annual Report) for the fiscal year ended September 30, 2022. To be awarded a Certificate of Achievement for Excellence in Financial Reporting, a governmental unit must publish an easily readable and efficiently organized Annual Report, which contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements. We believe our current report continues to conform to Certificate of Achievement for Excellence in Financial Reporting Program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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²⁹ http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&URL=0700-0799/0768/Sections/0768.28.html

DEPARTMENT OF ELECTRIC UTILITIES

THE SYSTEM

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

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

As of September 30, 2023, Lakeland Electric had a budgeted staff of 412 full-time employees, including professional employees with degrees in engineering, business, and other related fields. Approximately 170 Lakeland Electric employees are covered by a collective bargaining agreement with the Utility Workers Union of America ("UWUA"), Local 604, that was entered on September 12, 2023, and expires September 30, 2026.

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

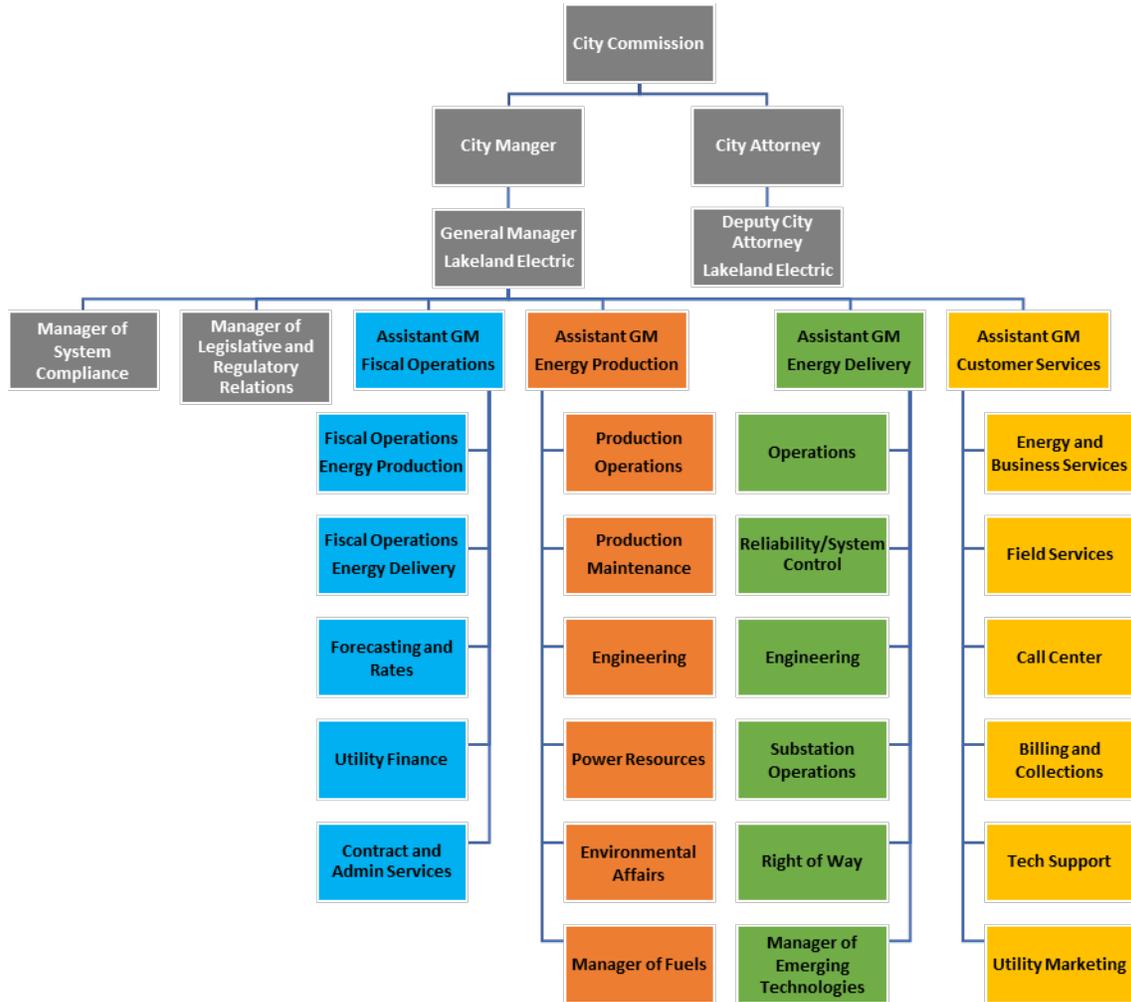
ADMINISTRATION

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

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

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

LAKELAND ELECTRIC ORGANIZATIONAL STRUCTURE



SERVICE AREA

The System service territory consists of approximately 246 square miles including the incorporated area of the City and several unincorporated communities lying within a 15-mile radius of the City. The City is bisected by Interstate 4 connecting Tampa and Orlando and is located approximately halfway between the two cities. The System's service area is bordered on the north by Withlacoochee Rural Electric Cooperative, Inc., on the south by the City of Bartow, and on the east and west by Tampa Electric Company. The City has existing territorial agreements with each of these utilities. During Fiscal Year 2023, an average of 140,282 electric accounts was served and the System experienced retail customer growth of approximately 0.9%.

GENERATION

The System's existing electric generating facilities are located on three sites, two bordering Lake Parker in the City and one site near the Lakeland Linder International Airport. The Charles Larsen Memorial Power Plant (the "Larsen Plant") is located on the southeast shore of the lake and the C. D. McIntosh Jr. Power Plant ("McIntosh Plant") is located on the north shore. The Winston Peaking Station ("Winston Plant") is in the southwestern part of the service territory near the Lakeland Linder International Airport. As of September 30, 2023, the System had a net dependable capacity of 721 MW, excluding the capacity associated with the Power Purchase Agreement with the Orlando Utilities Commission ("OUC") described below. On April 4, 2021, Lakeland Electric retired its 342 MW Unit No. 3 ("Unit No. 3"), forty percent (40%) of which was owned by OUC. Unit No. 3's capacity will be replaced with the Reciprocating Internal Combustion Engines ("RICE") Generation Units described under "PURPOSE OF THE BONDS - The Project" herein. Until the new RICE Generation Units come online (anticipated by December 2024), a portion of the capacity and power previously provided by Unit No. 3 will be provided through a 125 MW Power Purchase Agreement with OUC (the "OUC Power Purchase Agreement"). Including the capacity of the OUC Power Purchase Agreement, the System currently has a net dependable capacity of 846 MW (net winter). For the generator capacity of each facility as of September 30, 2023, see the table entitled "Existing Generation Facilities" below. See also "PURPOSE OF THE BONDS - The Project" herein for information concerning the Project and the RICE Generation Units.

LARSEN PLANT

Unit No. 8 is a GE 7EA frame gas turbine at the Larsen Plant that provides 124 MW (net winter) of combined cycle intermediate load capacity. Larsen Unit Nos. 2 and 3 gas turbines, which accounted for 27 MW of (net winter) capacity, are on long-term scheduled maintenance and not available to operate. Consequently, they have been excluded from Lakeland Electric's total net dependable capacity. The Larsen Plant site has limited growth options with the existing infrastructure.

MCINTOSH PLANT

The McIntosh Plant site consists of approximately 704 acres. The size and configuration of this site would allow for the addition of significant generation facilities using existing infrastructure. There is room for up to 1,000 MW of additional generation capacity; however, there is only enough reuse water to handle cooling for approximately 500 MW of steam generation. In Fiscal Year 2018, the City purchased a 125 MW (net winter) Siemens 501 D5A peaking unit (McIntosh Gas Turbine 2 ("MGT2")) with proceeds of the Series 2018 Bonds. This unit replaced McIntosh Unit 2, a 106 MW (net winter) gas-fired steam generating unit. The completion date and

commissioning of the MGT2 unit was June 22, 2020.

As mentioned previously, Unit No. 3, which was located at the McIntosh Plant site, was retired on April 4, 2021. Unit No. 3 primarily burned pulverized coal. Pursuant to a 50-year Participation Agreement between the City and OUC dated April 4, 1978 (the "Original Participation Agreement"), the City owned a 60% undivided interest in Unit No. 3, while OUC owned the remaining 40% share. Pursuant to the Original Participation Agreement, the City was responsible for the operation, fueling and maintenance of the unit and billed OUC for 40% of such costs.

The six (6) MAN RICE 18V51/60 20MWs Generation Units were acquired with proceeds of the Series 2021 Bonds. They are intended to replace a portion of the generation capacity of Unit No. 3 and are expected to be in service by December 2024. The RICE Generation Units will primarily use natural gas but will have the capability to use hydrogen for up to 25% of fuel needs. Currently, the use of hydrogen as a fuel source is not cost-effective.

McIntosh Plant Unit No. 5 ("Unit No. 5") is a 398 MW (net winter) combined cycle generating plant with a Siemens Westinghouse 501G high efficiency combustion turbine. Unit No. 5 became available for full load commercial operation in May 2002. In Fiscal Year 2020, Lakeland Electric upgraded Unit No. 5's combustion hardware resulting in a 9% increase in power output and improved efficiency. Lakeland Electric anticipates replacing Unit No. 5 in or around 2037, given it will have reached the end of its useful life.

On February 23, 2023, Unit No. 5 experienced a significant event resulting in a unit trip. Initial inspection was performed on February 26, 2023, revealing extensive damage to the compressor section. An initial estimate for repairs of \$4.3 million was developed and emergency authorization was approved by City management on March 2, 2023, to begin disassembly and repair work. On March 24, 2023, an additional discovery was found that required the rotor to go offsite for repairs, greatly impacting the scope and downtime. The final costs of the repairs totaled approximately \$22 million. Lakeland Electric filed an insurance claim related to the issue, however, at this time, the System cannot estimate the amount of insurance proceeds it might collect or when they may receive any proceeds. Unit No. 5 has been fully repaired and restored and is operational.

WINSTON PLANT

The Winston Plant is located near the Lakeland Linder International Airport and houses 20 diesel generators that provide a total of 50 MW (net winter) of peaking capacity designed for quick start capability. The site is designed to allow for a second facility of approximately the same size.

Units No. 3 and 5 located at the McIntosh Plant site, together with power purchased by the City from the Florida Municipal Power Pool (the "FMPP"), historically provided the required load for the System. The FMPP sells power to its members at a price that represents the direct fuel and variable operating and maintenance cost of the next most efficient unit that is available for dispatch. Accordingly, each member of the FMPP is frequently able to purchase power at a price that is substantially less than the incremental cost of all but the most efficient generation units in each member's own system. As noted above, since Unit No. 3's retirement in April 2021, capacity and power previously provided by Unit No. 3 have been provided through the OUC Power Purchase Agreement, which includes an option to extend through December 2024 with an additional option for a month-to-month term, if required. The option to extend the Agreement through December 2024 has been exercised by Lakeland Electric. As noted previously, the RICE Generation Units are expected to be in service by December 2024.

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

Unit Specific Gross Generation % by Fiscal Year

	2019	2020	2021	2022	2023
Unit No. 3 (McIntosh) ⁽¹⁾	18%	11%	17%	0%	0%
Unit No. 5 (McIntosh) ⁽²⁾	65	65	47	87	49
Other Lakeland Electric Units	5	4	9	3	6
Purchases ⁽³⁾	12	21	27	10	45
	100%	100%	100%	100%	100%

⁽¹⁾ In Fiscal Year 2020, Unit No. 3 economically cycled off January and February, underwent a scheduled major outage in March and April and experienced bearing failures requiring extended forced outages between May through August 2020. On April 4, 2021, Unit No. 3 was decommissioned. See discussion under "-- Generation" above.

⁽²⁾ In 2023, Unit 5's generation remained lower than normal due to a 117-day forced outage event on the combustion turbine compressor. This outage included a complete combustion turbine rotor exchange with all new compressor blading, a hot gas path inspection and replacement of R1 blades in the turbine. Fiscal Year 2022 outage plans included a Spring and Fall balance of plant outage. This included a borescope inspection of the combustion turbine. Outage hours totaled 1,374 in Fiscal Year 2022 versus 3,155 outage hours in Fiscal Year 2023.

⁽³⁾ Nearly all such purchases are through the FMPP. The increase in purchases in 2020 is mainly due to the forced outages experienced at Unit No. 3 during Fiscal Year 2020. Starting in 2021, the System also purchased power from OUC through the OUC Power Purchase Agreement, which will be in place until the RICE Generation Units become operational. The increase in purchases in 2023 is directly related to the forced outage event on the U5 combustion turbine during Fiscal Year 2023.

Source: Lakeland Electric

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

Capacity Factors of Lakeland Electric Generating Resources by Fiscal Year

	2019	2020	2021	2022	2023
Unit No. 3 (McIntosh) ⁽¹⁾	37%	20%	32%	0%	0%
Unit No. 5 (McIntosh) ⁽²⁾	69	71	57	67	53
Other Lakeland Electric Units	6	5	6	6	7

⁽¹⁾ In Fiscal Year 2020, Unit No. 3 economically cycled off January and February, underwent a scheduled major outage in March and April and experienced bearing failures requiring extended forced outages between May through August 2020. On April 4, 2021, Unit No. 3 was decommissioned. See discussion under "-- Generation" above.

- (2) In 2023, Unit 5's generation remained lower than normal due to a 117-day forced outage event on the combustion turbine compressor. Fiscal Year 2022 outage plans included a Spring and Fall balance of plant outage. This included a borescope inspection of the combustion turbine. Outage hours totaled 1,374 in Fiscal Year 2022 versus 3,155 outage hours in Fiscal Year 2023.

Source: Lakeland Electric.

The following table provides certain information regarding the City's existing generation facilities, as of September 30, 2023.

Existing Generation Facilities

	Fuel Type		Installed	Net Dependable Equivalent	
	Primary	Alternate		(MW)	Availability ⁽¹⁾
Larsen Plant:					
<u>Combustion Turbines</u>					
Unit 8	NG	FO2	1992	95	85.0%
<u>Steam Condensing Turbines</u>					
Unit 8	WW	FO2	1992	30	60.4
Larsen Plant Total				125	
McIntosh Plant:					
<u>Diesels</u>					
Unit 1	FO2	-	1970	2	48.3
Unit 2	FO2	-	1970	3	48.3
<u>Combustion Turbines</u>					
Unit GT1	NG	FO2	1973	19	94.1
Unit GT2	NG	FO2	2019	124	94.3
Unit 5 ⁽²⁾	NG/WW	-	2001	398	63.9
McIntosh Plant Total				546	
Winston Plant Diesel Units 1-20⁽³⁾:	FO2	-	2001	50	99.6
Total: All Plants				721	<u>73.2%</u>

Legend: CO - Coal, NG - Natural Gas, FO2 - Light Oil, WW - Wasted Heat Recovery

(1) Represents the percentage of capacity that was available for generation as of September 2023.

(2) Commercial operation commenced May 2001; it was converted to combined cycle in May 2002

(3) Each peaking unit is 2.5 MW but are combined and treated as one dispatchable unit of 50 MW capacity.

(4) The MW all plants total changed between 2022 and 2023 by 6 MWs due to peaking mod improvements on Larsen U8 combustion turbine. We recommissioned a CT inlet fogging system and installed peak fire capability with our new control system.

Source: Lakeland Electric

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SYSTEM CAPACITY AND LOAD

During Fiscal Year 2023, the System had a net dependable capacity of 721 MW. Including the 125 MW OUC Power Purchase Agreement, net dependable capacity as of September 30, 2023, was 846 MW. During Fiscal Year 2023, the System's net integrated winter peak load reached 620 MW on December 25, 2022, and its net integrated summer peak load was 752 MW on August 9, 2023.

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

Historical System Demand and Energy Load

Fiscal Year Ended September 30	Winter Peak (MW)	Percent Increase (Decrease)	Summer Peak (MW)	Percent Increase (Decrease)	NEL (GWh) ⁽¹⁾	Percent Increase (Decrease)
2023	620	(6.5) %	752 ⁽³⁾	6.8%	3,444	1.7%
2022	663	9.6	704	1.7	3,387	0.8%
2021	605	0.8	692	2.1	3,359	2.7
2020	600	10.1	678	1.6	3,271	1.1
2019	545	(22.6)	667	4.4	3,235	2.2
2018 ⁽²⁾	704	30.6	639	(0.8)	3,166	2.0
2017	539	(8.5)	644	(0.5)	3,103	(2.1)
2016	589	(10.2)	647	2.7	3,170	1.8
2015	656	13.3	630	0.5	3,113	3.3
2014	579	4.7	627	4.2	3,014	3.5

⁽¹⁾ NEL is "net energy load" and excludes sales for resale.

⁽²⁾ Winter Peak was significantly higher due to colder than normal weather.

⁽³⁾ Sumer Peak was significantly higher due to dry, hot summer weather.

Source: Lakeland Electric

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TRANSMISSION AND DISTRIBUTION SYSTEM

Lakeland Electric's transmission network is made up of 230 and 69 kilovolt ("kV") systems. There are currently 128 miles of 69 kV single and double circuit construction and all 69/12-kV substations have a minimum of two transmission sources. At present, there are a total of 28 substations (three 230/69kV, three 230/69/12 kV, one 230/12 kV, one 230/13.8 kV, and twenty 69/12 kV substations) feeding 121 12.47 kV circuits and one 13.8 kV circuit. Publix Super Market's privately owned 69/12 kV substation and its three 12.47 kV circuits are not included in the foregoing figures. There are 1,274 miles of overhead and 788 miles of underground distribution lines in service. The System currently has 28 miles of 230 kV transmission lines; approximately 11 miles reaches west from the McIntosh plant tying into the Interstate and West substations, and approximately 17 miles reaches south from McIntosh plant tying into the Eaton Park and Crews Lake substations.

INTERCONNECTIONS AND INTERCHANGE AGREEMENTS

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

The City currently has interchange agreements with the following utilities:

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

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

FUELS

OIL AND NATURAL GAS

The City has a storage capacity of 43,771 barrels for No. 2 distillate. This storage capacity affords the System a 4-day reserve for No. 2 distillate at normal burn rates. The Fuels Department tops off the tank inventory before hurricane season at the end of May and December 1 in anticipation of the winter season.

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

The Florida Gas Transmission Company ("FGT") achieved "open access" status for their natural gas pipeline on August 1, 1990. This pipeline is an underground pipeline running from east Texas across the Florida Panhandle and down through the center of the state. Much of the FGT supply comes from land-based wells. The City holds firm transportation rights under two rate classifications, FTS-1 and FTS-3, both under the jurisdiction of the FERC. The four contracts under the FTS-1 rate class expire February 2027, April 2030, July 2030, and March 2035. In November 2024, Lakeland Electric will have two contracts under the FTS-3 rate class that each expire in November 2033.

In June 2002, the Gulfstream Pipeline became operational. This pipeline crosses the Gulf of Mexico starting from the Mobile Bay region and making landfall just south of Tampa, Florida near Port Manatee. Until 2008, most of the supply sources for the Gulfstream pipeline were offshore but new pipeline interconnects by Gulfstream have increased the supply of onshore originating gas supply. Lakeland Electric is also connected to and has purchased firm transportation rights in this pipeline which provides a second source of natural gas and an additional gas supplier option. Gulfstream transportation rates are under the jurisdiction of the FERC and the City has three contracts for fixed volumes each month. These contracts are in effect through December 2027, May 2037, and May 2047.

The City secures natural gas supply by utilizing spot and baseload supply methods. This allows for the monthly variation of million Btu volumes required each month to operate while also ensuring a secure supply in place for any unforeseen events or pipeline allocations due to maintenance or other issues that may arise. Natural gas prices have declined in Fiscal Year 2023 through September 30, 2023, due to high natural gas production, low natural gas consumption, and a mild winter, creating high storage levels during the withdrawal season-ending at 1,830 billion cubic feet ("Bcf") which is more than the previous year's 1,415 Bcf. Lakeland Electric's fuel costs are presented to the City Commission at least quarterly to maintain its 15% reserve policy. The current Fiscal Year started with a \$75 per megawatt hours ("MWh") fuel rate which was lowered to \$55 per MWh in March 2023. The City's fuel hedging program is designed to minimize fuel risk volatility to manage rates within a ceiling and floor range to maintain affordable rates for the customer. For Fiscal Year 2023, the estimated hedging cost is \$25,499,425, with an annual fuel expense of \$174,255,972. The estimated weighted average net fuel cost is anticipated to be \$51.64 per MWh.

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

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

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

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

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

The commodity swap transactions require that Lakeland Electric post collateral to the extent the mark-to-market value of outstanding contracts exceeds \$25,000,000 to the benefit of its counterparties. As of September 29, 2023, Lakeland Electric's portfolio of hedge transactions consisted of commodity swap and option contracts for approximately 21 million dekatherms of natural gas which represents 36-months of hedges with a cost value of approximately \$66,156,000. To date, Lakeland Electric has not been required to post any collateral. The notional cost is \$69,846,000, and Lakeland Electric's collateral value (\$3,690,000) ended at a mark-to-market value which is below the collateral threshold.

COAL

With the decommissioning of McIntosh Unit No. 3, the City no longer purchases or burns coal. Consequently, existing coal and related transportation contracts were terminated as the City permanently ceased to operate the coal unit.

FUEL UTILIZATION

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

Historical Fuel Utilization ⁽¹⁾ As a Percent of Total Generation (MWh)

Fiscal Year Ended September 30	Coal	Oil	Natural Gas
2023	0%	0%	100%
2022	0	0	100
2021	27	1	72
2020	16	1	83
2019	28	1	71
2018	44	0	56
2017	46	1	53
2016	37	0	63
2015	28	0	72
2014	19	0	81
2013	25	0	75

⁽¹⁾ With the retirement of Unit No. 3 in April 2021, the System no longer uses coal as a fuel source. Accordingly, natural gas utilization and power purchases are expected to increase.

Source: Lakeland Electric

CONSERVATION

Lakeland Electric has been, and continues to be, dedicated to reducing the System's weather-sensitive peak demand. Lakeland Electric has either implemented or is in the process of implementing programs to promote conservation, efficient use of energy, and the reduction of weather-sensitive peak demands as reflected in the Lakeland Electric's load and energy forecast for future years. Examples of recent projects include: the funding of a conservation fund to promote energy efficiency measures and education, the expansion of the solar program to include more utility scale solar in addition to the System's five existing solar farms (currently providing 14 MW of solar), ongoing refinements and improvements of the System's Smart Grid, and testing of storage batteries for better management of solar power and peak demand. By 2030, Lakeland Electric plans to add up to 74.5 MW of solar to the System and up to 25 MW of demand-side management.

Lakeland Electric is not subject to the Florida Energy Efficiency and Conservation Act ("FEECA"), which requires electric utilities with sales greater than 2,000 GWh as of June 30, 1993, to establish numeric demand-side management goals. As of June 30, 1993, Lakeland Electric's sales were 1,966 GWh.

INDUSTRY ORGANIZATIONS

WHOLESALE POWER EXCHANGE

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

FLORIDA MUNICIPAL POWER POOL (FMPP)

On May 27, 1988, the City, the Orlando Utility Committee, and the Florida Municipal Power Agency signed an agreement and implemented the FMPP operations on July 1, 1988. On January 1, 1996, the Kissimmee Utilities Authority joined the FMPP. The FMPP was developed to produce operational savings by better utilization of FMPP members' most economical generating units and minimizing the use of less efficient units. All FMPP members share the cost of operation.

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

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

FLORIDA RELIABILITY COORDINATING COUNCIL

The North American Electric Reliability Corp. (NERC) has designated the State Emergency Response Commission (SERC) as the Electric Reliability Organization's (ERO) 'Reliability Entity,' for the state of Florida. The Florida Reliability Coordinating Council (FRCC) has been established to oversee the subregion to assure the reliability of electric power within the state. The City is a member of all FRCC Committees and has a representative on FRCC's Board of Directors. The City also participates in SERC regional and national ERO committees and working groups.

GENERATION MUTUAL AID AGREEMENT

On October 17, 2002, the City, the City of Tallahassee, the Florida Municipal Power Agency, the City of Gainesville (Gainesville Regional Utilities), the Jacksonville Electric Authority, OUC, the Municipal Electric Authority of Georgia, and the Seminole Electric Cooperative, Inc. entered a mutual aid agreement for extended generation outages. The purpose of the agreement is to provide mutual aid in the form of energy and price commitment in the event of an extended outage (over 60 days and up to 365 days) of one of the designated baseloads generating units. Accordingly, this agreement provides a physical hedge against the exposure of a volatile energy market. The agreement has been renewed several times and is currently scheduled to expire in 2027. Seminole Electric Cooperative, Inc. does not participate in the current agreement. The agreement is an example of how public power utilities work together for the benefit of their

customers and communities. To date, Lakeland Electric has not needed to utilize any generation pursuant to the agreement.

CUSTOMERS

Customers of the System are predominantly residential in number (83.7% in Fiscal Year 2023). Of the 140,282 average accounts in Fiscal Year 2023, 13,954 were commercial and industrial accounts providing approximately 33.2% of retail sales revenue. All City-owned facilities are metered and pay Lakeland Electric for services rendered on a current basis. The following table lists the ten largest users of electrical energy as of September 30, 2023, which in total represent approximately 18.3% of the total MWh sold in Fiscal Year 2023.

Ten Largest Electric Customers as of September 30, 2023

Customer	MWh used in Fiscal Year 2023	MWh used in Fiscal Year 2022	Percent Change from 2022	Percent of Total MWh Sold in 2022	Max Demand in 2022 (kW)
Publix ⁽¹⁾	195,857	198,490	(1.3%)	5.9%	19,440
Lakeland Regional Health	73,491	70,042	4.9	2.2	1,757
Owens Corning Sales	71,170	69,970	1.7	2.1	9,106
City of Lakeland	72,205	67,567	6.9	2.2	2,489
Matheson Tri Gas	64,714	63,482	1.9	1.9	8,210
Polk County School Board	43,705	45,503	(4.0)	1.3	1,271
Florida Southern College	28,789	28,812	(0.1)	0.9	4,111
Pepperidge Farms	24,810	23,856	4.0	0.8	3,720
Watson Clinic	17,661	17,364	1.7	0.5	1,290
Refresco Florida Inc	16,832	16,952	(0.7)	0.5	2,468
Totals	609,234	602,038	1.2%	18.3%	53,863

⁽¹⁾ Consists of nine supermarkets, corporate office, warehousing, production, and distribution facilities.
Source: Lakeland Electric

ELECTRIC RATES

GENERAL

The level of rates charged to each class of customer for electricity is subject to periodic cost of service studies performed by Lakeland Electric. These studies are performed a minimum of every three years and evaluate the appropriateness of the current rate structure and the equitable allocation of costs among the various customer classes. These analyses form the basis of recommended rate adjustments. During late Fiscal Year 2022, Lakeland entered into an agreement with 1898 & Co., an affiliate of Burns & McDonnell (the "Rate Consultant") to perform a cost of service and rate study. The last cost of service analysis was performed in 2018 and base rate adjustments were approved at that time for implementation by the City Commission effective October 2018. The rate increases proposed by the Rate Consultant in its 2022 rate study are being implemented in three phases, with the first phase implemented in April of 2023.

See "Electric Rates – 2022 Rate Study" below. It is the policy of the City to establish electric rates that will be adequate to meet the cash flow requirements of the System, including sufficient funds to cover annual expenditures for operations and maintenance, debt service, renewal and replacement, transfers to the City's general fund and other reserves deemed necessary by Lakeland Electric to meet future capital requirements. On an ongoing basis, Lakeland Electric will closely monitor the financial position of the System, including adequacy of cost recovery and cash balances to determine if a rate increase is warranted.

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

RATE FORMULA

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

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

FUEL CHARGE

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

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Historical Fuel Charge and Fuel Reserve Balances

Fiscal Quarter	Fuel Charge \$/MWh	Percent Increase (Decrease)	Fuel Reserve Balance (\$/Thousands)
4Q 2023	\$ 55.00	0.0%	\$ 37,599
3Q 2023	55.00	0.0	24,095
2Q 2023	55.00	(26.7)	22,181
1Q 2023	75.00	0.0	23,891
4Q 2022(2)	75.00	25.0	9,952
3Q 2022	60.00	50.0	13,357
2Q 2022	40.00	0.0	20,450
1Q 2022	40.00	0.0	25,007
4Q 2021	40.00	0.0	18,793
3Q 2021	40.00	14.3	20,153
2Q 2021	35.00	16.7	12,482
1Q 2021	30.00	7.1	15,433
4Q 2020	28.00	25.4	23,150
3Q 2020(1)	22.33	(31.8)	24,106
2Q 2020	32.75	0.0	29,762
1Q 2020	32.75	(10.3)	27,779
4Q 2019	36.50	(2.7)	29,308
3Q 2019	37.50	(3.2)	28,443
2Q 2019	38.75	0.0	27,499
1Q 2019	38.75	(4.9)	24,265

(1) Reduced fuel charge to assist customers during height of the COVID-19 pandemic.

(2) Large increase in fuel charge driven from increased U.S. Liquid Natural Gas exports to Europe from the Russian and Ukraine war, creating lower domestic storage and which drove up prices.

Source: Lakeland Electric

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COMPARISON OF RATES

A comparison of electric rates in effect as of May 31, 2023, based on the average monthly consumption levels for customers within Lakeland Electric's service territory are as follows. The charges listed in the following table include base rates plus a fuel adjustment charge.

Rate Comparison as of September 30, 2023

Florida Utilities	Residential 1,000 kWh	GS ⁽¹⁾ 1,500 kWh	GSD ⁽²⁾ 60,000 kWh 150 kW	GSLD ⁽³⁾ 200,000 kWh 500 kW
City of Lakeland	\$ 120.90	\$ 176.34	\$ 5,955.18	\$20,067.94
Florida Power and Light ⁽⁴⁾	132.50	202.19	5898.28	19,657.00
City of Bartow	111.02	180.93	5,827.30	19,375.10
Jacksonville Electric Authority	118.79	169.67	5,742.80	18,711.00
Tampa Electric Company ⁽⁴⁾	139.03	221.72	5,829.90	19,357.40
Orlando Utilities Commission	134.00	204.10	6,504.80	21,601.00
City of Tallahassee	127.92	164.67	6,166.83	20,221.70
Gainesville Regional Utility	152.63	271.75	9,108.00	29,634.50
Duke Energy ⁽⁴⁾	167.72	257.32	7,656.43	25,496.67
Average	\$133.83	\$205.41	\$6,521.06	\$21,569.15

(1) Small commercial.

(2) Large commercial.

(3) Industrial.

(4) Investor-owned utility; includes an additional customer fee related to the electric franchises granted to such investor-owned utilities.

Source: Lakeland Electric

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

Rate Comparison Breakdown by Energy and Fuel Components

Florida Utilities	Residential 1,000 kWh	GS 1,500 kWh	GSD 60,000 kWh 150 kW	GSLD 200,000 kWh 500kW
City of Lakeland - Energy	65.90	93.84	2,655.18	9,067.94
City of Lakeland - Fuel	55.00	82.50	3,300.00	11,000.00
City of Lakeland - Total	120.90	176.34	5,955.18	22,067.94
Average - Energy	86.43	132.69	3,640.12	11,977.70
Average - Fuel	46.57	71.48	2,858.93	9,516.44
Average - Total	133.83	205.41	6,521.06	21,569.15
Lakeland % of Average - Energy	76.3%	70.7%	72.9%	75.7%
Lakeland % of Average - Fuel	118.1%	115.4%	115.4%	115.6%
Lakeland % of Average - Total	90.3%	85.8%	91.3%	93.0%

Source: Lakeland Electric

2022 RATE STUDY

On May 16, 2022, the Lakeland City Commission approved a contract with the Rate Consultant to perform a cost of service and rate study. The first phase of that study was approved by the City Commission on February 20, 2023, and a 2.25% base rate increase was implemented on April 1, 2023, with subsequent 2.25% increases approved for Fiscal Years 2024 and 2025. Lakeland Electric will continue to closely monitor the financial position of the System, including adequacy of cost recovery and cash balances on an on-going basis to confirm that the implementation of the proposed rates is maintaining its financial requirements. For Fiscal Year 2024, the City Commission recently raised the amount of rate increase from 2.25% to 3.5% to account for the debt service on the Bonds. Despite the rate increase, Lakeland Electric's rates will remain in the bottom quartile within the State based on currently available information.

Historical Rate Changes

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

Historical Rate Changes - Last Ten Years

Fiscal Year	Residential			General Service		
	% Increase (Decrease) in Base Rate ⁽¹⁾	% Increase (Decrease) in Fuel Charge	% Increase (Decrease) in Total Rate	% Increase (Decrease) in Base Rate ⁽¹⁾	% Increase (Decrease) in Fuel Charge	% Increase (Decrease) in Total Rate
2023	1.6%	(26.7%)	(13.6 %)	1.4%	(26.7%)	(14%)
2022	0.0	27.6	9.9	0.0	27.6	9.9
2021	0.2	25.2	8.6	0.2	25.2	8.9
2020	1.0	(23.5)	(8.1)	1.1	(23.5)	(8.0)
2019	2.4	(4.7)	(0.4)	1.6	(4.7)	(3.3)
2018	(0.7)	9.7	3.1	0.0	9.7	2.0
2017	0.0	(6.7)	(2.6)	0.0	(6.7)	4.8
2016	0.6	(14.8)	(5.9)	(1.3)	(14.8)	(10.7)
2015	5.0	7.8	6.2	(3.1)	7.8	(2.7)
2014	0.6	0.9	0.7	0.5	0.9	4.7
2013	(0.2)	(4.1)	(1.9)	(0.2)	(4.1)	(1.0)

⁽¹⁾ Base rate includes an environmental rider which is intended to recover environmentally required costs.

Source: Lakeland Electric

PAYMENT IN LIEU OF TAXES

The City has a payment in lieu of taxes (PILOT) policy, pursuant to which Lakeland Electric transfers monthly amounts to the City's general fund from Lakeland Electric's operating revenues. As of September 30, 2023, the policy provided for a payment of \$9.96 per 1,000 KWh of retail sales. The City Commission may modify the policy at any time and from time to time. As of October 1, 2023, the payment amount increased to \$10.10 per 1,000 KWh of retail sales. The following table shows the PILOT transfers that were made to the general fund for Fiscal Years 2014 to 2023.

Historical Dividend Payments

Fiscal Year	PILOT (In thousands)	Percent Increase/(Decrease)	% Of Operating Revenues
2023	\$ 33,239	1.5%	8.5%
2022	32,757	1.0	8.4
2021	32,439	2.7	9.9
2020	31,589	2.4	10.6
2019	30,850	3.9	9.7
2018	29,702	1.6	9.4
2017	29,223	(1.2)	9.6
2016	29,584	2.2	9.9
2015	28,954	16.4	9.4
2014	24,877	5.9	8.1

Source: Lakeland Electric

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ELECTRIC SYSTEM OPERATING STATISTICS

The following table presents a history of the operation of the System for the past five Fiscal Years:

Historical Operating Statistics - Past Five Fiscal Years

<u>Description</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
60 Minute net peak demand (MW)	667	678	692	704	752
Increase/(decrease) from prior year	(5.3%)	1.6%	2.1%	1.7%	6.4%
<u>Energy Sales (GWh):</u>					
Residential	1,551	1,604	1,630	1,632	1,693
Commercial and industrial	1,545	1,527	1,586	1,616	1,540
Other	35	35	35	35	104
Total	3,131	3,166	3,251	3,283	3,337
Increase/(decrease) from prior year	2.2%	1.1%	2.7%	1.0%	1.6%
<u>Average customers for period:</u>					
Residential	109,962	112,240	114,966	116,504	117,806
Commercial and industrial	13,382	13,601	13,803	13,384	13,954
Other	8,449	8,520	8,526	9,208	8,522
Total	131,793	134,361	137,295	139,096	140,282
<u>Residential service:</u>					
Average kWh sales per customer	14,110	14,290	14,178	14,008	14,375
Average revenue per customer	\$ 1,593	\$ 1,468	\$ 1,577	\$ 1,738	\$ 1,949
Average revenue per kWh ⁽¹⁾	\$ 0.11	\$ 0.10	\$ 0.11	\$ 0.12	\$ 0.14
<u>Operating revenue (\$ 000):</u>					
Residential	\$115,869	\$118,891	\$121,439	\$123,465	\$126,315
Commercial and industrial	64,845	64,259	67,607	67,641	68,899
Other electric sales ⁽²⁾	9,189	8,937	8,573	8,311	8,707
Sales for resale	7,168	4,867	5,746	3,214	3,423
Subtotal	\$197,071	\$196,954	\$203,365	\$202,631	\$207,344
Fuel charge ⁽³⁾	112,751	96,182	120,804	178,591	176,070
Other revenues	9,321	5,509	5,574	6,040	6,009
Total electric operating revenue	\$319,143	\$298,645	\$329,743	\$387,262	\$389,423

⁽¹⁾ Average residential revenue per kWh including fuel.

⁽²⁾ Includes private area lights, streetlights, and municipal uses - excludes sales for resale.

⁽³⁾ Fuel charge was reduced in Fiscal Year 2020 in response to the COVID-19 pandemic. Additionally, fuel costs were lower than in previous years as the price of natural gas declined by approximately 30% from Fiscal Year 2019. See tables entitled "Historical Fuel Charges and Fuel Reserve Balances" and "Risk Factors" herein.

Source: Lakeland Electric

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Lakeland Electric
Summary of Results of Operations
(In thousands)

	2019	2020⁽⁷⁾	2021	2022⁽⁸⁾	2023⁽⁹⁾
Gross Revenues					
Electric retail-base rate	\$189,903	\$192,087	\$197,619	\$199,417	\$203,921
Electric retail-fuel charge	112,751	96,182	120,804	178,591	176,070
Electric wholesale	7,168	4,867	5,746	3,214	3,423
Other electric ⁽¹⁾	9,321	5,509	5,574	6,040	6,009
Other	631	1,090	1,622	1,169	1,135
Investment income ⁽²⁾	8,234	6,436	5,786	4,473	8,398
Total gross revenues	<u>\$328,008</u>	<u>\$306,171</u>	<u>\$337,151</u>	<u>\$392,904</u>	<u>\$398,956</u>
Operating expenses ⁽³⁾					
Electric production					
Fuel ⁽⁴⁾	\$120,231	\$101,536	\$125,551	\$178,648	\$175,277
Energy supply	29,155	29,658	27,331	25,297	24,574
Subtotal	<u>149,386</u>	<u>131,194</u>	<u>152,882</u>	<u>203,945</u>	<u>199,851</u>
Energy delivery	28,202	21,151	27,540	30,909	36,897
Customer service	8,610	8,893	8,136	8,407	9,146
Administrative and general ⁽⁵⁾	23,175	24,815	21,587	12,534	26,982
Total operating expense	<u>\$209,373</u>	<u>\$186,054</u>	<u>\$210,145</u>	<u>\$255,795</u>	<u>\$272,876</u>
Net Revenues Available for Debt Service and Other Purposes	<u>\$118,635</u>	<u>\$120,118</u>	<u>\$127,006</u>	<u>\$137,109</u>	<u>\$126,080</u>
Bond Service Requirement	<u>\$ 37,502</u>	<u>\$ 35,399</u>	<u>\$ 34,125</u>	<u>\$ 39,224</u>	<u>\$ 39,421</u>
Balance Available for Other Obligations, Capital Improvements and Expansion	<u>\$ 81,133</u>	<u>\$ 84,719</u>	<u>\$ 92,881</u>	<u>\$ 97,885</u>	<u>\$ 86,659</u>
Debt service coverage ratio from operations ⁽⁶⁾	3.16	3.39	3.72	3.50	3.20

NOTE: Gross revenues, operating expenses, and net revenues available for debt service and other purposes for the 2019 through 2023 Fiscal Years are derived from Lakeland Electric's audited financial statements.

(1) Other electric includes customer connection charges but excludes impact fees.

(2) Investment income excludes mark-to-market investment adjustments.

(3) Does not include depreciation expense.

(4) Includes purchased power and fuel handling.

(5) Year-over-year variances in administrative and general expenses are primarily a result of adjustments to the pension liability in accordance with GASB Statement No. 68.

(6) Equals net revenues available for debt service and other purposes divided by bond service requirement, as determined in accordance with the Bond Ordinance.

(7) Revenue from fuel charges were down in Fiscal Year 2020 as a result of a reduction in the fuel charge in response to the COVID-19 pandemic. Additionally, fuel costs were lower than in previous years as the price of natural gas declined by approximately 30% from Fiscal Year 2019

(8) Revenues from fuel charges were higher in Fiscal Years 2022 and 2023 due to the price of natural gas being much higher than in previous Fiscal Years. Similarly, fuel and purchase power costs were significantly higher due to the higher natural gas prices.

(9) Operating expenses for Fiscal Year 2023 include \$4.3 million of costs associated with power restoration following Hurricane Ian. See "RISK FACTORS" for more information concerning Hurricane Ian impacts.

Source: Lakeland Electric

The projections in the following two tables assume normal weather, an annual average load growth of 3% in Fiscal Year 2025, 1.8% in 2026, and 0.9% thereafter. Inflation is assumed at 3.2% in Fiscal Year 2024, and 2.2% in 2025 and thereafter. A 3.5% base rate increase is assumed in Fiscal Years 2024 and a 2.25% increase in 2025 and thereafter. The increases for 2024 and 2025 have already been approved by the City Commission. The projections also reflect a \$3.75 million FEMA reimbursement in 2025. Timing and amount of any subsequent rate increase is continually evaluated by management and will depend upon the System's financial requirements. The projected results of operations set forth in the following table were prepared by staff of Lakeland Electric based on revenue forecasts.

Lakeland Electric
Projected Results of Operations
(In thousands)

	Projected				
	Fiscal Year Ended September 30				
	2024	2025 ⁽⁵⁾	2026	2027	2028
Gross Revenues					
Electric Retail - Base Rate	\$207,306	\$212,642	\$220,848	\$227,779	\$233,691
Electric Retail - Fuel Rate	137,519	129,709	139,958	144,857	145,191
Electric Wholesale	1,211	7,883	13,951	14,702	14,424
Other Electric ⁽¹⁾	6,347	6,487	6,629	6,769	6,917
Other	379	5,487	396	404	413
Investment Income	5,749	8,416	7,811	7,764	7,778
Total Gross Revenues	<u>\$358,511</u>	<u>\$370,624</u>	<u>\$389,593</u>	<u>\$402,275</u>	<u>\$408,414</u>
Operating Expenses ⁽²⁾					
Fuel ⁽³⁾	\$136,860	\$137,592	153,909	\$159,559	\$159,615
Energy supply	31,869	28,270	29,366	29,992	30,634
Subtotal	<u>\$168,729</u>	<u>\$165,862</u>	<u>\$183,275</u>	<u>\$189,551</u>	<u>\$190,249</u>
Energy Delivery	35,359	35,353	36,179	37,024	37,891
Customer Service	10,495	10,624	10,925	11,192	11,455
General and Administrative	35,682	35,167	35,511	37,345	38,069
Total Operating Expenses	<u>\$250,265</u>	<u>\$247,006</u>	<u>\$266,890</u>	<u>\$275,112</u>	<u>\$277,664</u>
Net Revenues Available for Debt Service and Other Purposes	<u>\$108,246</u>	<u>\$123,618</u>	<u>\$122,703</u>	<u>\$127,163</u>	<u>\$130,750</u>
Bond Service Requirement ⁽⁴⁾	\$41,737	\$42,281	\$42,196	\$42,090	\$42,323
Balance Available for Other Obligations, Capital Improvements and Expansion	<u>\$66,509</u>	<u>\$81,337</u>	<u>\$80,507</u>	<u>\$85,073</u>	<u>\$88,427</u>
Debt Service Coverage Ratio ⁽⁶⁾	2.59	2.92	2.91	3.02	3.09

⁽¹⁾ Other Electric Revenues includes customer connection charges and gross receipts revenues.

⁽²⁾ Operating expenses exclude depreciation expense.

⁽³⁾ Includes purchased power and fuel handling.

⁽⁴⁾ Estimated debt service for the Bonds was provided by the City's financial advisor. See "DEBT SERVICE REQUIREMENTS" herein for the actual debt service on the Bonds and Parity Obligations.

⁽⁵⁾ Other revenue includes \$3.75 million FEMA reimbursement for Hurricane power restoration

⁽⁶⁾ Equals "Net Revenues Available for Debt Service and Other Purposes" divided by "Bond Service Requirement."

Source: Lakeland Electric

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

Historical and Projected Cash Balances

Historical	Fiscal Year Ended September 30,				
	2019	2020⁽¹⁾	2021	2022	2023⁽²⁾
Undesignated, unrestricted cash	\$ 52,918	\$ 50,272	\$80,299	\$55,454	\$60,434
Designated for capital improvements	85,963	72,659	66,533	90,278	106,389
Total	\$138,881	\$122,931	\$146,832	\$145,732	\$166,823

Projected	Fiscal Year Ended September 30,				
	2024	2025	2026	2027	2028
Undesignated, unrestricted cash	\$ 54,495	\$ 38,414	\$ 36,285	\$ 35,616	\$ 36,658
Designated for capital improvements	107,400	107,400	107,400	107,400	107,400
Total	\$161,895	\$145,814	\$143,685	\$143,016	\$144,058

⁽¹⁾ Decline in cash balances principally due to increased capital expenditures and mark-to-market investment adjustment. See table entitled, "Lakeland Electric Summary of Results of Operations" herein.

⁽²⁾ The increase in cash balance between Fiscal Year 2022 and Fiscal Year 2023 reflects the impact of supply chain issues on the RICE Generation Units project. In order to meet federal tax law spending requirements, proceeds of the Series 2021 Bonds were used to finance other capital expenditures which freed up unrestricted cash. This excess cash will be drawn down in Fiscal Year 2024 and Fiscal Year 2025 in connection with the completion of the RICE Generation Units project.

Source: Lakeland Electric

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

CAPITAL IMPROVEMENT PLAN

The following table presents a summary of Lakeland Electric's projected capital improvement requirements through Fiscal Year 2028 (in thousands):

	2024	2025	2026	2027	2028
Energy Supply	\$ 22,082	\$22,300	\$22,200	\$22,800	\$23,200
Energy Delivery	20,500	20,500	21,300	21,000	20,100
New Generation	65,076	4,600	-	-	-
All Other	3,300	2,200	1,500	1,700	2,700
Total	\$110,958	\$49,600	\$45,000	\$45,500	\$46,000

Source: Lakeland Electric

Funding for capital projects included in the above table is expected to be generated from base electric rates and proceeds of the Bonds. The following table presents a summary of the sources of funds Lakeland Electric currently expects to utilize for the foregoing requirements (in thousands):

	Fiscal Year Ending September 30				
	2024	2025	2026	2027	2028
Series 2021 Bonds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Series 2023 Bonds	65,076	0	0	0	0
Base Electric Rates	45,882	49,600	45,000	45,500	46,000
Total	\$110,958	\$49,600	\$45,000	\$45,500	\$46,000

Source: Lakeland Electric.

FACTORS AFFECTING THE INDUSTRY

GENERAL

The electric utility industry is affected by a variety of factors which could impact the business affairs, financial condition, and competitiveness of an electric utility and the level of utilization of its generating facilities, including those of the City. These factors likely would affect individual utilities in different ways. The primary factors currently affecting the electric utility industry include environmental regulations, reliability standards promulgated by the North American Electric Reliability Corporation ("NERC") under the jurisdiction of the FERC, and the increasing strategic and price differences among various types of fuels as well as rapidly changing business models, including deregulation. Although no state or federal legislation is pending or proposed at this time for retail competition in Florida, the electric utility industry is adapting to increasing levels of conservation, significant pressures to move to more renewable energy, pressures to be at or close to net zero carbon emissions, and the effects of climate change impacting communities and infrastructure needs while maintaining an affordable utility bill for the consumer.

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

The System and its operations are subject to federal, state and local environmental regulations which include, among other things, control of emissions of particulates, mercury, acid gases, sulfur dioxide ("SO2") and nitrogen oxide ("NOX") into the air; discharges of pollutants, including heat, into surface or ground water; the disposal of waste and reuse of products generated by combustion processes; management of hazardous materials; and the nature of

waste materials discharged from the System. Environmental regulations generally are becoming more numerous and more stringent and, as a result, may substantially increase the costs of the System's services by requiring changes in the operation of existing facilities as well as changes in the location, design, construction and operation of new facilities (including both facilities that are owned and operated by the System as well as facilities that are owned and operated by others, from which the System purchases output, services, commodities and other materials). There is no assurance that the facilities in operation, under construction or contemplated will always remain subject to the regulations currently in effect or will always be in compliance with future regulations. Compliance with applicable regulations could result in increases in the costs of construction and/or operation of affected facilities, including associated costs such as transmission and transportation, as well as limitations on the operation of such facilities. Failure to comply with regulatory requirements could result in reduced operating levels or the complete shutdown of those facilities not in compliance as well as the imposition of civil and criminal penalties.

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

FEDERAL REGULATION

The following is a general overview of certain of the federal regulations affecting the electric utility industry and the System. It is not intended to be an exhaustive discussion of all federal legislative and regulatory matters that could affect the System.

Greenhouse Gas Regulation

The Environmental Protection Agency (the "EPA") continues to develop regulations related to carbon dioxide ("CO₂") and greenhouse gas ("GHG") emissions. On June 19, 2019, the EPA issued the final Affordable Clean Energy Rule (the "ACE Rule") and formally repealed the 2015 Clean Power Plan. The ACE Rule proposed to direct states to develop a plan and establish CO₂ emission standards for individual existing coal-fired electric generating units ("EGUs") within their respective states. On January 19, 2021, the U.S. Court of Appeals for the District of Columbia Circuit issued its opinion vacating and remanding the ACE Rule while also vacating the EPA's separate action extending compliance timelines for all rules issued under section 111(d) of the Federal Clean Air Act (the "Clean Air Act"). As a result, the EPA is required to draft new GHG regulations for existing sources under the Clean Air Act.

On May 23, 2023, the EPA published proposed New Source Performance Standards (NSPS) from new, modified, and reconstructed fossil fuel-fired EGUs; proposed Emission Guidelines (EGs) for GHG emissions from existing fossil fuel-fired EGUs; and proposed repeal of the ACE Rule. The only unit impacted by these proposals is McIntosh Unit 5 as an existing combustion turbine with a rating >300 MW and capacity factor exceeding 50%. Under the proposal, Unit 5 would be required to achieve either 90% CO₂ capture by 2035 or use 30% hydrogen fuel by 2032 (96% by 2038). EPA anticipates finalizing these rules in April 2024. The impact from these proposals, if adopted as proposed, on Lakeland Electric's operating results

and/or capital costs could be significant. Lakeland Electric will continue to monitor the regulatory environment and will continue to comply with all its regulatory requirements in the most cost-effective manner possible. While Lakeland Electric's smaller generating units such as Larsen Unit 8 and MGT2 are not covered by the existing unit proposal, it is quite possible that they will be impacted by future rulemaking, as EPA is currently soliciting comments on how the agency should approach its legal obligation to establish emissions guidelines for the remaining existing fossil fuel-fired combustion turbines (<300 MW and capacity factor <50%).

Subsequent to September 30, 2023, the EPA announced on February 29, 2024, the plan to delay issuing requirements for existing natural gas-fired stationary combustion turbines under the proposed greenhouse gas rules for the power sector. The agency's latest plan is to address existing gas generation in a separate rulemaking process. Due to this change, McIntosh Unit 5 will not be affected in the upcoming new rules expected to be released in Spring 2024.

On January 27, 2021, President Biden signed executive actions that make climate change both a domestic and foreign policy goal for the United States. The executive actions, among other things, directed the Secretary of Interior to pause on entering new oil and natural gas leases on public lands or offshore waters. The executive actions also describe a plan to achieve a carbon-free electricity sector by 2035 and nationwide net-zero emissions by 2050. There have also been multiple federal legislative proposals to reduce GHG emissions and to provide for increased usage of alternative and clean energy. Congress introduced two historic bills: the Infrastructure Investment and Jobs Act of 2021 ("IIJA") and the Inflation Reduction Act of 2022 ("IRA"). The IIJA has allocated \$1.2 trillion for infrastructure spending, with \$550 billion being designated for new investments and programs. Meanwhile, the IRA offers tax credits and other incentives to promote investment in infrastructure initiatives, reducing the cost of construction and spurring job growth. Lakeland Electric is currently exploring whether it may be eligible to receive any of these benefits.

Management at Lakeland Electric continues to actively monitor these legislative proposals and activities and will participate in any proceedings, as necessary. The impact to the System will depend on the development and implementation of applicable legislation and regulations and available technologies and cannot be determined at this time.

Acid Rain Program

In 1990, legislation was enacted (the "1990 Amendments") that substantially revised the Clean Air Act. A main feature of the 1990 Amendments is the reduction of SO₂ and NO_x emissions caused by electric utility power plants, particularly those fueled by fossil fuels. The SO₂ reduction was to be achieved in two phases. Phase I addressed specific high sulfur emitting generating units named in the 1990 Amendments and became effective on January 1, 1995. Phase II capped total U.S. SO₂ emissions at 8,900,000 tons per year and became effective on January 1, 2000

Mercury and Air Toxics Standards Rule

The EPA proposed the Mercury and Air Toxics Standards Rule ("MATS Rule") to further regulate mercury and other hazardous air pollutant emissions from EGUs. The MATS Rule has been subject to substantial challenges and litigation. In April 2016, the EPA finalized its supplemental finding in response to the directives of the Supreme Court of the United States. Coal-fired Unit No. 3 was Lakeland Electric's only generating unit subject to the MATS Rule. This unit was retired in April 2021, and no part of the System is subject to the MATS Rule.

Coal Combustion Residual Regulations

On April 17, 2015, the EPA issued new rules ("CCR Rule") to regulate the disposal and beneficial use of Coal Combustion Residual ("CCR"). The CCR Rule does not require permits and does not require states to adopt or implement any of the requirements of the CCR Rule. Furthermore, the EPA cannot enforce the requirements of the CCR Rule. The CCR Rule requirements were intended to be enforced by states or citizens under the Resource Conservation and Recovery Act's citizen suit authority. On December 10, 2016, Congress passed The Water Infrastructure Improvements for the Nation Act ("WIIN Act"), which fundamentally changed the manner in which the CCR Rule is to be implemented. Under the WIIN Act, the EPA is authorized to review and approve state CCR permit programs, which have to be at least as protective as the federal CCR Rule. The Florida Department of Environmental Protection Division ("FDEP") of Waste Management's adoption of the Federal CCR Rule requirements into the Florida Administrative Code, including establishing procedures by which CCR permits will be issued to facilities in the State, became final as of November 1, 2021. On May 18, 2023, the EPA proposed additional CCR regulations under the Legacy Impoundments, Inactive Landfills and CCR Management Units ("CCRMUs"). These new proposed rules could have significant effects on Lakeland Electric. In the proposed rule, utilities are required to evaluate all historic placement of CCR material as a CCRMU. Additionally, Lakeland Electric will be required to conduct additional assessment, monitoring, and recapping of their previously closed CCR landfill. This landfill was closed in the 1990's under FDEP requirements which, at the time, did not require an impermeable cap. Costs of the additional work have not been determined but could approach \$10 million, which includes maintenance costs for 30 years. Lakeland Electric's future costs to comply include obtaining a state CCR permit which includes outside consulting and permit fees. Currently, environmental and industry groups are challenging the 2015 CCR Rule in the United States Court of Appeals for the District of Columbia Circuit. It will be likely the same groups will challenge the proposed CCR regulations once they become final. Due to the retirement of Unit No. 3, Lakeland Electric will be moving to permanently close a second CCR landfill. Closure will include design, construction of an impermeable cap, and general landfill maintenance activities. Costs to close the second landfill are estimated at \$14 million. This includes maintenance of the landfill for 30 years.

Interstate Transport Rule

Based on current modeling, the State of Florida has been determined not to be significantly contributing to any other state's ozone compliance and as such is meeting its transport-related obligations under the Cross-State Air Pollution Rule released by the EPA in July 2011. Therefore, Lakeland Electric's EGUs are not currently impacted by the Interstate Transport Rule although subsequent modeling could impact such status and require subsequent compliance measures.

Waters of the United States Rule

In 2015, the Waters of the United States Rule (the "WOTUS Rule") expanded the jurisdictional authority of the EPA and the United States Army Corp of Engineers ("USACE") including jurisdiction over compliance related to discharge from a surface water management system such as the McIntosh Plant. On April 21, 2020, the revised WOTUS Rule was published in the Federal Register, and became effective in June 2020 (the "Navigable Waters Protection Rule"). The Navigable Waters Protection Rule repeals and replaces the 2015 version of the WOTUS Rule with a rule that more narrowly defines the definition of waters of the United States and reduces the federal jurisdiction that was previously established by the 2015 version of the WOTUS Rule.

Multiple lawsuits were filed related to the Navigable Waters Protection Rule, and Lakeland Electric will continue to monitor the regulatory and judicial activities. On January 20, 2021, President Biden announced via an executive order that multiple regulations implemented under the previous administration, including the Navigable Waters Protection Rule, would be under immediate review. The final "Revised Definition of 'Waters of the United States'" rule took effect on March 20, 2023. However, the final rule is not currently operative in 27 states, including Florida, and for certain parties due to a court ordered stay of the rule. Additionally, the United States Supreme Court in its May 25, 2023, decision in the case of Sackett vs. EPA narrowed the definition of a "Waters of the United States." On August 29, 2023, the EPA and USACOE issued a final WOTUS rule conforming the definition of "Waters of the United States" to the Sackett decision. Such rule will become effective upon publication in the Federal Register

Federal Energy Regulatory Commission (FERC) and Energy Policy Acts

FERC is an independent federal agency that regulates the interstate transmission of natural gas, oil and electricity including the execution of purchased power agreements. FERC's regulatory jurisdiction does not extend to public power agencies such as Lakeland Electric. Therefore, Lakeland Electric, and other public power agencies are considered "non jurisdictional entities" and their activities, operations, and execution of purchased power agreements are exempt from FERC regulation. In respect to retail wheeling, FERC's oversight is specifically excluded under the Energy Policy Act of 1992 (the "1992 Energy Policy Act") although the FERC has determined that it has jurisdiction over the rates, terms, and conditions of retail wheeling. While several states have implemented or are in the process of implementing varying degrees of retail wheeling, Lakeland Electric is not aware of any currently pending legislation regarding retail wheeling in the State.

ENERGY POLICY ACT OF 1992

The Energy Policy Act of 1992 (the "1992 Energy Policy Act") required states and utilities to consider adopting integrated resource planning ("IRP"), which allows utility investments in conservation and other demand-side management techniques to be at least as profitable as supply investments. The 1992 Energy Policy Act also established new efficiency standards and obligated states to establish commercial and residential building codes with energy efficiency standards. Additionally, the 1992 Energy Policy Act required utilities to consider energy efficiency programs in their IRPs. The Florida Public Service Commission adopted an IRP and the City is complying with its own IRP policy.

ENERGY POLICY ACT OF 2005

The Energy Policy Act of 2005 (the "2005 Energy Policy Act") provides tax incentives and loan guarantees for energy production of various types and sets reliability standards for grids. Under the 2005 Energy Policy Act, FERC has the authority to require an otherwise non-jurisdictional owner, such as the City, owning or operating transmission facilities to provide transmission services at (1) rates that are comparable to those they charge themselves and (2) terms and conditions that are comparable to those they charged themselves and that are not unduly discriminatory or preferential.

The 2005 Energy Policy Act additionally authorizes FERC to designate an Electric Reliability Organization ("ERO") that would propose reliability standards which would be reviewed

by FERC before becoming final. All users, owners, and operators of the bulk power system, including an otherwise non-jurisdictional transmission owner such as the City, must comply with the reliability standards. The ERO may delegate to a regional entity the authority to propose reliability standards to the ERO and to enforce the reliability standards.

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

Under the 2005 Energy Policy Act, the Public Utility Regulatory Policies Act ("PURPA") of 1978 was also amended. Congress originally passed PURPA to encourage fuel diversity via alternative energy sources and to introduce competition into the electric sector. This competition came in the form of "qualifying facilities" ("QFs"). A QF is a FERC-approved electric generating facility that falls into one of two categories: (1) small power producers, which are generating facilities of 80 MW or less whose primary energy source is a renewable resource, biomass, waste, or geothermal and (2) cogeneration facilities, which sequentially produce electricity and another form of useful thermal energy. PURPA provides QFs with the right to interconnect with a utility-controlled grid and requires utilities to purchase the QF's energy and capacity (the mandatory purchase obligation) at "avoided cost." Avoided cost is what it would have cost the utility to generate or contract for the energy and capacity in the absence of the QF. Although the mandatory purchase obligation has not been used in the System's territory, the new Congressional focus on renewable energy has prompted growth of QFs and Lakeland Electric expects to see an increase in QF requests.

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

FLORIDA LEGISLATION

The State of Florida's regulatory framework for electric utilities is principally governed by FEECA, the Florida Energy, Climate Change and Economic Security Act of 2008 (Florida Energy Act of 2008) and the Florida Energy Act of 2012 (Florida Energy Act of 2012), and the rules and regulations promulgated thereunder. Lakeland Electric currently is not subject to FEECA. The System is also subject to various State rules and regulations, some of which are briefly described below. The discussion is also not intended to be exhaustive of all of the State legislative and regulatory matters that could affect the System.

RATE REGULATION

The Florida Public Service Commission ("the "FPSC") has no authority to establish the level of electric rates that are imposed by a municipal electric utility such as Lakeland Electric. Under existing Florida law, the City Commission maintains the exclusive authority to establish the level of electric rates for the System. While FPSC has limited jurisdiction over municipal electric utilities, it does have the authority to (1) prescribe uniform systems and classifications of accounts, (2) require electric power conservation and reliability, (3) approve territorial agreements, (4) settle territorial disputes, (5) approve the need for new steam-electric power plants over 75 MW and transmission lines and (6) approve rate structures excluding the jurisdiction to set rate levels.

Florida Energy Act of 2012

The Florida Energy Act of 2012 (1) appropriates funds to evaluate whether the 1980 Florida Energy Efficiency and Conservation Act ("FEECA") remains in the public interest, (2) creates a sales tax exemption for equipment used in the distribution of renewable fuels, (3) provides a renewable energy technology investment tax credit against the corporate income tax based on investment in equipment to be used in production, storage, and distribution of renewable fuels, and (4) creates a renewable energy production credit. While Lakeland Electric is not subject to the FEECA requirements, it has taken a pro-active approach with respect to conservation measures and typically meets or exceeds State requirements.

Cooling Water Intake Structure Standards

The Clean Water Act, Section 316(b) requires facilities utilizing surface water for cooling to take specific actions to comply with entrapment and entrainment of aquatic organisms. Lakeland Electric is working with the FDEP and environmental consultants to determine Lakeland Electric's best path for compliance, including on-going biologic studies. One potential compliance track could require replacing our cooling water structures at costs approaching \$1,000,000. Final direction for compliance will be determined and implemented within the next five years.

ENVIRONMENTAL

Electric utilities (including the System) are subject to continuing environmental, conservation and other regulation and permitting requirements by federal, state, and local authorities. Changes to these regulations may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that the City's facilities will remain subject to the regulations currently in effect, will always be compliant with current or future regulations or will always be able to obtain or maintain all required permits. It is always Lakeland Electric's intent to achieve environmental compliance. However, an inability to comply with environmental standards or deadlines could result in fines and/or legal action as well as reduced operating levels or complete shutdown of individual EGUs or water facilities that are not in compliance. Furthermore, compliance with environmental standards or deadlines may substantially increase capital and operating costs.

There has been, and continues to be concern by individuals, the scientific community and Congress regarding environmental damage resulting from the use of fossil fuels. The System's plants use fossil fuels. Over the last few decades, there have been several legislative proposals, many enacted, and executive orders regarding the regulation of air, water and contaminants

which affect the electric utility industry. It is likely that additional environmental proposals and orders will be made in the future from time-to-time with respect to the regulation of electric utilities. It is not possible to accurately predict what types of legislation may be proposed or orders may be issued or their impact on Lakeland Electric; however, impacts to Lakeland Electric's operating results and/or capital costs could be significant. Lakeland Electric will continue to monitor the legislative environment and will continue to comply with all of its regulatory requirements in the most cost-effective manner possible.

Environmental Justice

One of President Biden's key initiatives is environmental justice. Environmental Justice is the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies. Currently, Florida has not adopted any specific environmental justice guidance or specified any environmental justice initiatives. Lakeland Electric is committed to supporting environmental justice in our community and reducing environmental impacts from our operations.

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

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SUMMARIZED BOND INFORMATION – DEPARTMENT OF ELECTRIC UTILITIES

ENERGY SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2010

\$199,300,000

REVENUE AND REFUNDING BONDS DATED OCTOBER 20, 2010

CUSIP NUMBERS

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

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

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

MANDATORY REDEMPTION

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

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

* Final maturity

OPTIONAL REDEMPTION

The Bonds are not subject to optional redemption prior to maturity

AGENTS

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

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

<u>Date</u>	<u>Maturity</u>	<u>Interest</u>	<u>Total</u>
1-Oct-2023	5,355,000	2,300,769	7,655,769
1-Apr-2024		2,180,281	2,180,281
1-Oct-2024	5,595,000	2,180,281	7,775,281
1-Apr-2025		2,040,407	2,040,407
1-Oct-2025	5,885,000	2,040,407	7,925,407
1-Apr-2026		1,893,281	1,893,281
1-Oct-2026	6,180,000	1,893,281	8,073,281
1-Apr-2027		1,731,057	1,731,057
1-Oct-2027	5,180,000	1,731,057	6,911,057
1-Apr-2028		1,595,081	1,595,081
1-Oct-2028	5,450,000	1,595,081	7,045,081
1-Apr-2029		1,452,019	1,452,019
1-Oct-2029	5,745,000	1,452,018	7,197,018
1-Apr-2030		1,301,213	1,301,213
1-Oct-2030	6,040,000	1,301,212	7,341,212
1-Apr-2031		1,142,663	1,142,663
1-Oct-2031	6,360,000	1,142,662	7,502,662
1-Apr-2032		975,713	975,713
1-Oct-2032	6,695,000	975,712	7,670,712
1-Apr-2033		799,969	799,969
1-Oct-2033	7,045,000	799,968	7,844,968
1-Apr-2034		615,038	615,038
1-Oct-2034	7,415,000	615,037	8,030,037
1-Apr-2035		420,394	420,394
1-Oct-2035	7,800,000	420,394	8,220,394
1-Apr-2036		215,644	215,644
1-Oct-2036	8,215,000	215,643	8,430,643
	<u>\$ 88,960,000</u>	<u>\$ 35,026,281</u>	<u>\$ 123,986,281</u>

ENERGY SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2016

\$138,650,000

REVENUE AND REFUNDING BONDS DATED FEBRUARY 5, 2016

CUSIP NUMBERS

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

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

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

OPTIONAL REDEMPTION

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

AGENTS

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

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

Date	Maturity	Interest	Total
1-Oct-2023	10,480,000	1,969,084	12,449,084
1-Apr-2024		1,707,085	1,707,085
1-Oct-2024	10,955,000	1,707,085	12,662,085
1-Apr-2025		1,433,209	1,433,209
1-Oct-2025	11,480,000	1,433,209	12,913,209
1-Apr-2026		1,146,210	1,146,210
1-Oct-2026	12,005,000	1,146,210	13,151,210
1-Apr-2027		846,084	846,084
1-Oct-2027	12,550,000	846,084	13,396,084
1-Apr-2028		689,210	689,210
1-Oct-2028	12,820,000	689,210	13,509,210
1-Apr-2029		512,934	512,934
1-Oct-2029	8,820,000	512,934	9,332,934
1-Apr-2030		386,147	386,147
1-Oct-2030	5,965,000	386,147	6,351,147
1-Apr-2031		296,672	296,672
1-Oct-2031	1,875,000	296,672	2,171,672
1-Apr-2032		267,375	267,375
1-Oct-2032	1,935,000	267,375	2,202,375
1-Apr-2033		219,000	219,000
1-Oct-2033	2,030,000	219,000	2,249,000
1-Apr-2034		168,250	168,250
1-Oct-2034	2,135,000	168,250	2,303,250
1-Apr-2035		114,875	114,875
1-Oct-2035	2,240,000	114,875	2,354,875
1-Apr-2036		58,875	58,875
1-Oct-2036	2,355,000	58,875	2,413,875
	<u>\$ 97,645,000</u>	<u>\$ 17,660,934</u>	<u>\$ 115,305,934</u>

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ENERGY SYSTEM REVENUE BONDS, SERIES 2018

\$43,945,000

REVENUE BONDS DATED SEPTEMBER 13, 2018

CUSIP NUMBERS

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

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

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

OPTIONAL REDEMPTION

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

AGENTS

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

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

Date	Maturity	Interest	Total
1-Oct-2023	1,985,000	737,281	2,722,281
1-Apr-2024		687,657	687,657
1-Oct-2024	1,520,000	687,656	2,207,656
1-Apr-2025		649,657	649,657
1-Oct-2025	855,000	649,656	1,504,656
1-Apr-2026		628,282	628,282
1-Oct-2026	380,000	628,281	1,008,281
1-Apr-2027		618,781	618,781
1-Oct-2027	1,345,000	618,781	1,963,781
1-Apr-2028		585,156	585,156
1-Oct-2028	1,025,000	585,156	1,610,156
1-Apr-2029		559,531	559,531
1-Oct-2029	4,870,000	559,530	5,429,530
1-Apr-2030		437,781	437,781
1-Oct-2030	4,360,000	437,781	4,797,781
1-Apr-2031		328,781	328,781
1-Oct-2031	4,875,000	328,781	5,203,781
1-Apr-2032		249,563	249,563
1-Oct-2032	4,460,000	249,562	4,709,562
1-Apr-2033		174,300	174,300
1-Oct-2033	4,050,000	174,300	4,224,300
1-Apr-2034		93,300	93,300
1-Oct-2034	-	93,300	93,300
1-Apr-2035		93,300	93,300
1-Oct-2035	-	93,300	93,300
1-Apr-2036		93,300	93,300
1-Oct-2036	2,310,000	93,300	2,403,300
1-Apr-2037		47,100	47,100
1-Oct 2037	2,355,000	47,100	2,402,100
	<u>\$ 34,390,000</u>	<u>\$ 11,230,256</u>	<u>\$ 45,620,256</u>

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ENERGY SYSTEM REVENUE BONDS, SERIES 2021

\$123,295,000

REVENUE BONDS DATED DECEMBER 21, 2021

CUSIP NUMBERS

51166FFC8	51166FFD6	51166FFE4	51166FFF1	51166FFG9
51166FFH7	51166FFJ3	51166FFK0	51166FFL8	51166FFM6
51166FFN4	51166FFP9	51166FFQ7	51166FFR5	51166FFS3
51166FFT1	51166FFU8	51166FFV6	51166FFW4	51166FFX2

PURPOSE

The Series 2021 Bonds were issued for the principal purposes of (i) financing certain capital improvements to the electric power system of the City of Lakeland, Florida (the "City") and (ii) paying certain costs and expenses related to the issuance of the Bonds.

SECURITY

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

INSURANCE

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

RATINGS

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

MANDATORY REDEMPTION

The Bonds maturing on October 1, 2048, are subject to mandatory sinking fund redemption in part, by lot, on October 1, 2042, and on each October 1, thereafter at a price of par, plus accrued interest to the date of redemption as follows:

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
October 1, 2042	\$ 4,770,000	October 1, 2043	\$ 5,015,000
October 1, 2044	5,270,000	October 1, 2045	5,520,000
October 1, 2046	5,795,000	October 1, 2047	6,090,000
October 1, 2048*	6,390,000		

* Final maturity

OPTIONAL REDEMPTION

The Bonds maturing on or after October 1, 2032 through and including October 1, 2041, are subject to redemption prior to their stated dates of maturity, at the option of the City, in whole or in part on any date on or after October 1, 2031 (in such manner of selection of maturities as the City shall determine and by lot within maturities) at a redemption price of 100% of the principal redeemed, plus interest accrued to the date of redemption.

AGENTS

Registrar:	The Bank of New York Mellon, New York, New York
Paying Agent:	The Bank of New York Mellon, New York, New York
Trustee:	The Bank of New York Mellon, New York, New York
Issuer's Bond Counsel:	Holland & Knight LLP, Lakeland, Florida
Issuer's Disclosure Counsel:	Nabors, Giblin, & Nickerson, P.A., Tampa, Florida
Issuer's Financial Advisors:	RBC Capital Markets, Jacksonville, Florida
Managing Underwriter:	Citigroup Global Markets, Inc., Tampa, Florida
Underwriters' Counsel:	Bryant Miller Olive, P.A., Tampa, Florida

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**Summary of Future Debt Service Requirements
Energy System Revenue Bonds, Series 2021**

Date	Maturity	Interest*	Total
1-Oct-2023	1,750,000	2,933,300	4,683,300
1-Apr-2024		2,889,550	2,889,550
1-Oct-2024	2,445,000	2,889,550	5,334,550
1-Apr-2025		2,828,425	2,828,425
1-Oct-2025	3,320,000	2,828,425	6,148,425
1-Apr-2026		2,745,425	2,745,425
1-Oct-2026	4,045,000	2,745,425	6,790,425
1-Apr-2027		2,644,300	2,644,300
1-Oct-2027	4,690,000	2,644,300	7,334,300
1-Apr-2028		2,527,050	2,527,050
1-Oct-2028	5,355,000	2,527,050	7,882,050
1-Apr-2029		2,393,175	2,393,175
1-Oct-2029	5,980,000	2,393,175	8,373,175
1-Apr-2030		2,243,675	2,243,675
1-Oct-2030	7,065,000	2,243,675	9,308,675
1-Apr-2031		2,067,050	2,067,050
1-Oct-2031	2,790,000	2,067,050	4,857,050
1-Apr-2032		1,997,300	1,997,300
1-Oct-2032	3,510,000	1,997,300	5,507,300
1-Apr-2033		1,909,550	1,909,550
1-Oct-2033	4,230,000	1,909,550	6,139,550
1-Apr-2034		1,803,800	1,803,800
1-Oct-2034	4,780,000	1,803,800	6,583,800
1-Apr-2035		1,684,300	1,684,300
1-Oct-2035	5,525,000	1,684,300	7,209,300
1-Apr-2036		1,546,175	1,546,175
1-Oct-2036	6,485,000	1,546,175	8,031,175
1-Apr-2037		1,384,050	1,384,050
1-Oct-2037	7,420,000	1,384,050	8,804,050
1-Apr-2038		1,235,650	1,235,650
1-Oct-2038		1,235,650	1,235,650
1-Apr-2039		1,235,650	1,235,650
1-Oct-2039	4,235,000	1,235,650	5,470,650
1-Apr-2040		1,150,950	1,150,950
1-Oct-2040	4,395,000	1,150,950	5,545,950
1-Apr-2041		1,063,050	1,063,050
1-Oct-2041	4,590,000	1,063,050	5,653,050
1-Apr-2042		971,250	971,250
1-Oct-2042	4,770,000	971,250	5,741,250
1-Apr-2043		852,000	852,000
1-Oct-2043	5,015,000	852,000	5,867,000
1-Apr-2044		726,625	726,625
1-Oct-2044	5,270,000	726,625	5,996,625
1-Apr-2045		594,875	594,875
1-Oct-2045	5,520,000	594,875	6,114,875
1-Apr-2046		456,875	456,875
1-Oct-2046	5,795,000	456,875	6,251,875
1-Apr-2047		312,000	312,000
1-Oct-2047	6,090,000	312,000	6,402,000
1-Apr-2048		159,750	159,750
1-Oct-2048	6,390,000	159,750	6,549,750
	<u>\$ 121,460,000</u>	<u>\$ 81,778,300</u>	<u>\$ 203,238,300</u>

ENERGY SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2023

\$154,470,000

REVENUE BONDS DATED SEPTEMBER 12, 2023

CUSIP NUMBERS

51166FFY0	51166FFZ7	51166FGA1	51166FGB9	51166FGC7
51166FGD5	51166FGE3	51166FGF0	51166FGG8	51166FGH6
51166FGJ2	51166FGK9	51166FGL7	51166FGM5	51166FGN3
51166FGP8	51166FGQ6	51166FGR4	51166FGT0	51166FGS2

PURPOSE

The Series 2023 Bonds were issued for the principal purposes of (1) financing certain capital improvements to the electric power system of the City of Lakeland, Florida (the "City"), (2) refunding all of the City's outstanding City of Lakeland, Florida Variable Rate Energy System Refunding Bond, Series 2022, and (3) paying certain costs and expenses related to the issuance of the Bonds.

SECURITY

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

INSURANCE

The City has not purchased bond insurance or any other form of credit enhancement for the 2023 bonds.

RATINGS

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

MANDATORY REDEMPTION

The Bonds maturing on October 1, 2048, with a coupon of 4.25% are subject to mandatory sinking fund redemption in part, by lot, on October 1, 2046, and on each October 1, thereafter at a price of par, plus accrued interest to the date of redemption as follows:

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
October 1, 2046	\$ 7,140,000	October 1, 2047	\$ 7,440,000
October 1, 2048*	7,765,000		

* Final maturity

The Bonds maturing on October 1, 2048, with a coupon of 5.00% are subject to mandatory sinking fund redemption in part, by lot, on October 1, 2046, and on each October 1, thereafter at a price of par, plus accrued interest to the date of redemption as follows:

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
October 1, 2046	\$ 555,000	October 1, 2047	\$ 585,000
October 1, 2048	610,000		

* Final maturity

OPTIONAL REDEMPTION

The Bonds maturing on or after October 1, 2040 through and including October 1, 2048, are subject to redemption prior to their stated dates of maturity, at the option of the City, in whole or in part on any date on or after October 1, 2033 (in such manner of selection of maturities as the City shall determine and by lot within maturities) at a redemption price of 100% of the principal redeemed, plus interest accrued to the date of redemption.

AGENTS

Registrar:	The Bank of New York Mellon, New York, New York
Paying Agent:	The Bank of New York Mellon, New York, New York
Trustee:	The Bank of New York Mellon, New York, New York
Issuer’s Bond Counsel:	Holland & Knight LLP, Lakeland, Florida
Issuer’s Disclosure Counsel:	Nabors, Giblin, & Nickerson, P.A., Tampa, Florida
Issuer’s Financial Advisors:	RBC Capital Markets, Jacksonville, Florida
Managing Underwriter:	Wells Fargo Securities]
Underwriters’ Counsel:	Bryant Miller Olive, P.A., Tampa, Florida

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**Summary of Future Debt Service Requirements
Energy System Revenue and Refunding Bonds, Series 2023**

Date	Maturity	Interest*	Total
1-Apr-2024		4,156,011	4,156,011
1-Oct-2024	-	3,759,207	3,759,207
1-Apr-2025		3,759,206	3,759,206
1-Oct-2025	-	3,759,207	3,759,207
1-Apr-2026		3,759,206	3,759,206
1-Oct-2026	-	3,759,207	3,759,207
1-Apr-2027		3,759,206	3,759,206
1-Oct-2027	-	3,759,207	3,759,207
1-Apr-2028		3,759,206	3,759,206
1-Oct-2028	-	3,759,207	3,759,207
1-Apr-2029		3,759,206	3,759,206
1-Oct-2029	175,000	3,759,207	3,934,207
1-Apr-2030		3,754,831	3,754,831
1-Oct-2030	3,090,000	3,754,831	6,844,831
1-Apr-2031		3,677,581	3,677,581
1-Oct-2031	6,690,000	3,677,581	10,367,581
1-Apr-2032	-	3,510,331	3,510,331
1-Oct-2032	6,965,000	3,510,331	10,475,331
1-Apr-2033	-	3,336,206	3,336,206
1-Oct-2033	7,270,000	3,336,206	10,606,206
1-Apr-2034	-	3,154,456	3,154,456
1-Oct-2034	11,225,000	3,154,456	14,379,456
1-Apr-2035	-	2,873,831	2,873,831
1-Oct-2035	11,190,000	2,873,831	14,063,831
1-Apr-2036	-	2,594,081	2,594,081
1-Oct-2036	9,000,000	2,594,082	11,594,082
1-Apr-2037		2,369,081	2,369,081
1-Oct-2037	19,920,000	2,369,081	22,289,081
1-Apr-2038	-	1,871,081	1,871,081
1-Oct-2038	10,080,000	1,871,082	11,951,082
1-Apr-2039	-	1,619,081	1,619,081
1-Oct-2039	5,505,000	1,619,082	7,124,082
1-Apr-2040	-	1,481,456	1,481,456
1-Oct-2040	5,790,000	1,481,457	7,271,457
1-Apr-2041	-	1,336,706	1,336,706
1-Oct-2041	6,060,000	1,336,706	7,396,706
1-Apr-2042	--	1,185,206	1,185,206
1-Oct-2042	6,365,000	1,185,207	7,550,207
1-Apr-2043	-	1,026,081	1,026,081
1-Oct-2043	6,675,000	1,026,081	7,701,081
1-Apr-2044	-	859,206	859,206
1-Oct-2044	7,005,000	859,207	7,864,207
1-Apr-2045	-	684,081	684,081
1-Oct-2045	7,370,000	684,082	8,054,082
1-Apr-2046	-	518,581	518,581
1-Oct-2046	7,695,000	518,581	8,213,581
1-Apr-2047	-	352,981	352,981
1-Oct-2047	8,025,000	352,981	8,377,981
1-Apr-2048	-	180,256	180,256
1-Oct-2048	8,375,000	180,256	8,555,256
	<u>\$ 154,470,000</u>	<u>\$ 118,277,518</u>	<u>\$ 272,474,518</u>

WATER UTILITIES

On January 25, 2024, the City of Lakeland (City) authorized (Task Authorization CS-24-03(m)) Chastain-Skillman (CS) to prepare a Water System Evaluation Report for FY 2023 for review by bond holders. The City has requested that CS conduct an annual independent engineering review and evaluation of its water system. This report summarizes the findings based on previous reports, interviews with City staff, water system data, and financial information provided by the City. The purpose of this review is to assess whether the water utility system is managed in a prudent manner consistent with typical utility practice.

The City's bond covenant requires third party inspections of representative water infrastructure on a biennial basis. The last inspection was completed for the FY 2021 report. Therefore, infrastructure inspections were conducted for this report. The inspection dates were as follows:

- T.B. Williams Water Treatment Plant and Northwest Wellfield – February 12, 2024
- Water Booster Stations – February 12, 2024
- C.W. Combee Water Treatment Plant – February 12, 2024
- Northeast Wellfield – February 12, 2024
- Water Distribution – March 21, 2024

The purpose of this review is to assess whether the water utility system is managed in a prudent manner consistent with typical utility practice.

ADMINISTRATION AND ORGANIZATION

The Water Utilities Department is headed by the Director of Water Utilities and is responsible for water and wastewater operations. The Water Utilities Department is segregated into the Water Operations Division and Wastewater Operations Division. Water Operations Division is organized under the following functional areas:

- Administration
- Engineering
- Water Distribution
- Water Production

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

The Director of Water Utilities is responsible for Production and Distribution. Water Production is responsible for operation and maintenance of the wellfields, water treatment facilities, and the water booster pump stations. Currently, the Combee WTP has 9 certified operators, and the Williams WTP has 12 certified operators. The staff of both treatment facilities report to the Manager of Water Production who is also a certified operator. The total Water Production staff includes 39 budgeted full-time positions.

Water Distribution is responsible for operation and maintenance of the water distribution system, as well as comprehensive meter servicing and backflow preventer programs. A leak detection

program performed by this staff includes evaluating all service valves and meters over a period of three to four years. The Water Distribution staff consists of 62 full-time positions.

The Manager of Water Utilities Engineering is responsible for Engineering and reports directly to the Director of Water Utilities. Engineering responsibilities include designing and permitting construction of new water mains, relocation of mains, inspection of new facilities and distribution components, responses to public queries on utility locations, and coordination of work performed by consultants. The staff includes 27 full-time positions, two part-time co-op student positions. The Engineering Division also provides similar support to the Wastewater Operations Division.

SERVICE AREA

The water service area covers approximately 132 square miles and includes most of the City limits (the City limits have a few small areas not served by City water) and portions of unincorporated Polk County through its Chapter 180 Reserve Service Area and user agreements. Service area maps are available upon request from the City of Lakeland Finance Department. The total water distributed in FY 2023 was approximately 8.84 billion gallons.

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

Projected Population and Water Demand

Year	Population	Per Capita Demand (gpd)	Annual Average Use (MGD)	Peak Month Use (MGD)
2023	219,103	150	32.865	39.439
2024	222,305	150	33.346	40.015
2025	225,520	150	33.828	40.594
2026	228,733	150	34.310	41.172
2027	231,957	150	34.794	41.752
2028	235,182	150	35.277	42.333
2029*	238,684	150	35.803	42.963
2030*	242,239	150	36.336	43.603
2031*	245,846	150	36.877	44.252
2032*	249,507	150	37.426	44.911

Source: Water Utilities

*Population data provided from WUP only covers up to 2028. Subsequent values are estimated based on the growth rate.

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

Historical Water Utilities Customer Base

Fiscal Year	Inside City	Outside City	Total Customers
2023	39,804	23,895	63,699
2022	39,515	23,771	63,286
2021	37,902	23,013	60,915
2020	36,858	22,665	59,523
2019	36,269	22,505	58,774

Source: Water Utilities

STATUS OF FACILITIES

PERMITS AND REGULATORY STATUS

SWFWMD issued WUP No. 200004912.008 to the City for 35.03 MGD for public supply needs on December 16, 2008. This permit is for a 20-year period and provides source water for the City's projected demands through that period. On April 14, 2020, the SWFWMD approved an extension (200004912.011) to the City's Water Use permit until December 16, 2038, meeting Special Conditions #23. The City continues to supply effluent water to Tampa Electric Company (TECO) to be used for cooling water TECO's Polk Power Station. During Fiscal Year 2023, an average of 3.64 million gallons per day was sent to TECO.

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

On July 28, 2020, the Polk County Health Department conducted the most recent sanitary survey of the production wells, the treatment plants, and the distribution system. The City received an email copy of the completed Sanitary Survey Report dated July 29, 2022. The system was found to be substantially in compliance with no deficiencies noted.

WATER SUPPLY

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

The Combee WTP is supplied water from one on-site and five off-site wells (Northeast Wellfield). The on-site well is rated for 3 MGD. The 863-acre Northeast Wellfield is located in the vicinity of Old Polk City Road and Tomkow Road. Standby power generation is provided to the entire facility including the onsite well. The two off-site wells are also provided standby power in addition to bi-directional telemetry and remote television monitoring. The five off-site wells are typically operated one at a time with each delivering approximately 2,700 gpm (4 MGD).

During FY 2023, the Department of Environmental Protection (DEP) performed a Source Water Assessment on both the T.B. Williams and Combee water treatment plants. This evaluation is periodically conducted to identify any potential sources of contamination within the vicinity of the water supply wells and assign each source a score of low, moderate, or high based on susceptibility of potential pollution. The analysis determined 13 unique sources for potential contamination for the City of Lakeland's wells. 10 of the wells were given a moderate score for contamination susceptibility and 7 were identified with a low concern level. The assessment results are available on Florida's DEP website.

Bellow table summarizes well pumpage for the past eight years. Annual pumpage has averaged 8.03 billion gallons from 2016 to 2023.

Well Pumpage (In Million Gallons)

Fiscal Year	T.B. Williams WTP Wells ¹	Combee WTP Wells ²	Total
2023	7,489.1	1,351.7	8,840.8
2022	7,196.3	1,396.8	8,593.1
2021	7,188.5	1,366.9	8,555.4
2020	6,913.8	1,370.7	8,284.5
2019	6,649.1	1,361.2	8,010.3
2018	6,267.1	1,358.7	7,625.8
2017	6,578.4	1,245.4	7,823.8
2016	6,227.6	1,369.1	7,596.7

¹Northwest Wellfield

²Combee WTP on-side well and Northeast Wellfield

Source: Water Utilities

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

WATER TREATMENT FACILITIES

The Williams WTP has a capacity of 51 MGD and consists of the following components: pre-chlorination, split lime softening, stabilization (corrosion control), filtration, fluoridation, and chlorination. Chlorine is added to the raw water to prevent bacteria/algae growth in the subsequent processes. After perchlorinating, approximately 25% to 30% of the influent water passes through the first stage of lime softening. The remaining 70 to 75% is bypassed around the softening and filtration systems. More detailed information is available upon request through the City of Lakeland Finance Department. This split lime softening treatment serves to minimize the quantity of lime and other chemicals used in the softening process which reduces the water hardness. Chemicals are also added in the lime softening stage to minimize the potential corrosiveness of the treated water. After it is softened, water flows to the dual-media filters. There, it percolates (flows downward) through layers of anthracite coal and sand to have suspended particles removed. These filters can process 30 million gallons of water daily. After approximately 72 hours of operation, flow through the filters is restricted by trapped suspended particles. A filter is cleaned by backwashing it with treated water and large volumes of compressed air. This cleaning cycle uses 500,000 gallons of wash water which is allowed to flow into a holding pond. Water is removed weekly from the pond and sent to the sludge thickener where it is clarified and returned to the head of the treatment plant. Lime sludge produced by the softening process is also handled by the sludge thickeners. The sludge is thickened to 30% solids concentration and hauled by tanker truck to power plants to reduce sulfur dioxide air emissions from those facilities. Both softened and raw water are blended in a 21,310-gallon mixing chamber where the water is fluoridated. The blended water is then disinfected using a 179,000-gallon chlorine contact chamber.

Variable-speed high-service pumps maintain a stable discharge pressure of 50 psi by pumping water into the distribution system from the chlorine contact chamber through the 48-inch discharge main. Instead of pumping directly to the distribution system, water from the chlorine contact chamber may be directed to either of two, 5-million-gallon ground storage tanks. The 10 million gallons of ground storage serves to equalize peak demands for the system's operation. Three diesel-powered generators (two 2250 kW and one 400 kW) provide sufficient auxiliary power for all plant operations, including 10 of the raw water supply wells in the Northwest Wellfield.

The 400-kW generator is dedicated to one high service pump so that water can always be pumped from the storage tanks during power outages. In addition to the auxiliary power, the City of Lakeland has installed two power feeds from separate substations into the Williams WTP with an automatic transfer switch that will transfer power loads in the event of a single power feed failure. The Combee WTP is located on Old Combee Road, east of Lake Parker Drive in the northeast portion of the City service area. The facility can provide an average daily capacity of 8 MGD and a peak daily capacity of 12 MGD. Land is available to expand the plant to 24 MGD in the future. This additional treatment facility enhances the total system reliability. The Combee WTP uses the same treatment processes as the Williams WTP. There is currently 10 million gallons of storage. There are two lime softening units with provisions for an additional two units of the same size as well as one filtration unit with available space for two filters. Each WTP is equipped with an Emerson DeltaV™ monitoring and control system (SCADA) to assist in management of the water system. SCADA monitors and controls various treatment components (well pumpage/treatment flow rates and ground storage volumes) based on parameters in the distribution system (e.g., water pressures and flow) to optimize water supply. In addition to the plants, the SCADA system monitors and controls both wellfields and the water booster stations. Monitoring and control of all facilities is accessible at either water treatment plant.

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

Local utilities using groundwater typically limit water treatment to aeration and disinfection. Additional treatment is limited because of costs. The City consistently provides high quality water for its customers by expanding its treatment process to include lime softening, filtration, and fluoridation. The following table summarizes the average raw and finished water quality data for FY 2023.

Water Quality Data for FY 2023

Parameter ²	MCL ¹	Williams WTP		Combee WTP	
		Raw Water	Finished Water	Raw Water	Finished Water
Total Hardness	NA	153	126	217	108
Calcium Hardness	NA	114	92	164	74
Magnesium Hardness	NA	39	35	53	38
Alkalinity	NA	148	106	221	104
Free Chlorine	4.0	-	2.7	-	2.3
Total Chlorine	NA	-	2.98	-	2.5
Chloride	250	14	22	17.5	22.5
Ammonia	NA	.68	.23	.38	0.24
Turbidity, NTU	NA	0.30	0.26	0.08	0.07
Color, Units	15	7	3	14	3
pH, Units	6.5-8.5	7.81	7.9	7.42	8.05
Sulfide	NA	1.1	0.0	0.57	0.0
Iron	0.3	0.010	0.007	0.22	0.008
Fluoride	2	0.26	0.74	-	0.65
Phosphate	NA	0.34	0.21	0.31	0.15
Silica	NA	15	12	20.5	13
Sulfate	250	1.1	1.8	0.33	0.15
Total Dissolved Solids	500	180	155	210	148
Nitrate	10	0.025	0.025	0.025	0.025

¹Maximum Contaminant Level

²Results in milligrams/Liter (mg/L) except as noted (Source: Water Utilities)

WATER TRANSMISSION/DISTRIBUTION SYSTEM

The water service area encompasses an area of approximately 132 square miles. The water distribution system is comprised of 1,046 miles of service piping (from under 2 inches to 54 inches in diameter) to deliver treated water to customers. Also, 8.74 miles of raw water piping convey water from the wellfields to the treatment plants. During the 2023 fiscal year, the City installed 37,921 feet of distribution piping and removed 6,515 feet from service (see table below). All potable water piping conforms to AWWA standards. The City operates a Geographic Information System (GIS) and uses Global Positioning System (GPS) to verify and map key water system valves and hydrant locations.

Transmission/Distribution Pipe

Water Lines in System (feet)

Size (inches)	Existing 2023	Installed 2023	Abandoned 2023	Total 2023	Raw Water
2 and under	928,300	17	30	928,287	-
2 ½ and 3	1315	0	1315	-	-
4	448,351	1051	-	449,402	-
6	2,136,540	12,319	4572	2,144,287	-
8	891,547	17,074	-	908,621	-
10	150,901	4442	62	155,281	-
12	593,797	2,998	536	596,259	-
16	125,849	20	-	125,869	8,583
18	4,540	-	-	4,540	-
20	75,824	-	-	75,824	4,532
24	29,126	-	-	29,126	6,248
30	58,527	-	-	58,527	1,935
36	19,836	-	-	19,836	24,852
42	23,109	-	-	23,109	-
48	4,162	-	-	4,162	-
54	125	-	-	125	-
Total	5,490,818	37,921	6,515	5,523,255	46,150

Source: Water Utilities

City of Lakeland code requires individual meters be installed for each structure. Individual meters are required for each unit within a structure such as a condominium or town house. The code provides for exemptions of individual meters within certain buildings. At the end of FY 2023, there were 63,699 meters (39,804 inside City and 23,895 outside City), providing 100% coverage of water consumption. The total number of meters increased by 413 meters between FY2022 and FY2023. The Water Distribution System is supported by the Water Distribution Division which provides facilities and resources to install and maintain water lines, meters, and other appurtenances. Water meters are inspected according to the following schedule:

- ¾ to 6-inch diameter – Monitored remotely
- Greater than 6-inch diameter – Annually

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

Historical Number of Backflow Preventers

	Fiscal Year ended September 30,				
	2019	2020	2021	2022	2023
Backflow Preventers	5,571	5,822	5,733	5,823	5,971

Source: Water Utilities

The table below provides a breakdown of fire hydrants based on water main size. Ninety-nine percent of hydrants are located on water mains 6-inch or larger. The number of hydrants in the system has increased 5.66% over the past five years.

Historical Number of Fire Hydrants by Main Size

Main Size (inches)	Fiscal Year ended September 30,				
	2019	2020	2021	2022	2023
4	64	63	62	61	61
6	2,546	2,577	2,604	2,646	2,650
8	950	961	978	992	1027
10	172	173	174	176	177
12	431	445	477	486	493
16	118	118	118	118	118
18	2	2	2	2	2
20	23	24	24	24	24
24	11	12	12	12	12
30	36	36	36	36	36
36	6	6	6	6	6
42	3	3	3	3	3
48	1	1	1	1	1
Total	4,363	4,421	4,497	4,563	4,610

Source: Water Utilities

During the 2023 fiscal year, 8.84 billion gallons (24.221 mgd average) of water was pumped from the City’s wellfields. The City accounted for 8.14 billion gallons (22.30 mgd average) as being placed into distribution or used in the treatment plant processes. Unaccounted for water was 7.91% of total supplied (see table below). This percentage is below the 10% threshold imposed by SWFWMD requiring water audits. The City works to reduce unaccounted for water usage by testing meters, eliminating unmetered services, reducing master meters, and detecting leaks. These programs, along with on-going pipeline replacement, have reduced the percentage of unaccounted for water by half since 1982.

Historical Unaccounted-for Water

	Fiscal Year ended September 30,				
	2019	2020	2021	2022	2023
Water Produced, MG	8,010.0	8,284.5	8,555.4	8,593.1	8,840.8
Accounted-for Water, MG	7,278.0	7,638.5	7,832.8	7,858.1	8,141.6
Unaccounted-for Water, MG	732.3	646.0	722.6	735.0	699.2
Unaccounted-for Water, %	9.14%	7.8%	8.45%	8.55%	7.91%

Source: Water Utilities

The distribution system also includes four pump stations:

1. Southwest Booster Station – Provides water to the high-pressure zone distribution system.
2. Highlands Booster Station and Ground Storage Reservoir – Provides water to the high-pressure zone distribution system.
3. Southeast Booster Station – Pumps water from the low-pressure zone to the Highlands Ground Storage Reservoir.
4. Northwest Booster Station – This station circulates water in the west Lakeland service area.

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

The Southeast Booster Station consists of three vertical turbines can pumps operating on variable frequency drives. This station can operate in two modes: (1) to fill the Highlands ground storage reservoir and (2) to bypass the reservoir and pump directly into the Highlands high service pump suction. This second mode will allow the ground storage reservoir to be removed from service for maintenance. All four booster stations are monitored and can be controlled from either WTP via the DeltaV™ system.

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IMPROVEMENTS

The table below lists the status of significant water production CIP projects that were recently completed or are currently underway:

Project Name	Project Description	Current Project Status
Williams Filter Rehabilitation	This project is to rehabilitate the anthracite/silica sand and recoat the interior of the three potable water filters at the TB Williams WTP.	Currently securing funding. Project out to bid for construction
Lead and Copper Rule Compliance	This project is for impacts from changes to the EPA lead and copper rule. Including system review, corrosion control analysis, and possible corrosion control chemical feed	Applied for loan (with partial forgiveness) from SRF, awaiting scope from engineer to develop Lead Service Line Replacement Plan
CWD5230 SmartGrid Installation	This is an ongoing project to replace existing legacy water meters with new "smart" meters. The proposal also includes efforts to catalogue water service line materials to help build Lead Service Line Inventory as required by the Lead and Copper Rule Revisions.	Received proposals from RFP, finalizing contract with selected company. Project will take at least three more years to complete.
Maplewood Av 6" AC Replacement (Between E. Edgewood Drive and Glendale St.)	This project is to replace an existing 6" AC water main that has reached the end of its life cycle.	Construction should start within FY-24
Utility relocation SR33 at I-4 - Tomkow to Old Combee Interchange	This project is to relocate water mains in coordination with FDOT road/drainage project at SR33 and I-4.	In design, progress as FDOT designs the new road network. Anticipate start of FDOT construction in Fall 2024
Polk County-Bartow-US 98 Interconnect	This project will connect City of Bartow, Polk County Utilities and Lakeland in the SE quadrant of the service territory to provide system reliability.	In design, shared project being managed by Polk County

Skyview 6" FL Protection Improv/Waterview Blvd W/Add Valves	This project is to provide reliable water service along with fire protection to the residence of Skyview. Current system is not reliable and does not provide adequate fire protection.	Design Complete, awaiting construction
Indian Trails Subdivision AC Replace & Fire Improv	This project is to replace existing AC pipe at the Indian Trails subdivision. Current system at Indian Trails is not reliable and does not provide adequate fire protection.	Engineering has been completed. Construction should start during this calendar year.
Lakeland Hills Blvd (Parkview to Granada)	This project is for the relocation of water lines along Lakeland Hills Blvd. related to FDOT road widening	Awaiting construction.
Lk. Hollingsworth Dr 6" AC WL Rep (Collins Ln to Crystal Lk Dr)	This project is to replace an existing 6" AC water main that has reached the end of its life cycle.	Project is completed.
Water Main Replacement (Groups 3-5 and Group 8)	This project is to evaluate the condition of existing watermain assets and the design and construction efforts for the replacement of watermains to be replaced.	The City has hired an engineering company to evaluate the condition of existing assets (water mains) and forecast which assets are reaching the of their life cycle. Writing RFQ to select design- build firm for project.
Chestnut Rd Sidewalk Improvements	This project is related to the Polk County Sidewalk Improvement Project which requires adjustments to existing water lines.	Ready for construction as Polk County progresses their project

Bartow Hwy Widening (Edgewood Dr to Main St) Utility Adjustments	This project is related to the FDOT Road widening project which requires adjustments to existing water lines	Project on hold per FDOT (ROW issues)
W. Pipkin Widening (Medulla to Harden) LWE9592	This project is related to the Polk County Road Widening project which requires adjustments to water lines	In construction with Polk County
Southwest Water Expansion	Misc project to support new development as necessary	No current action identified

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WATER RATES

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

Meter Connection Fees**

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

**Deduct \$180.00 for manual read meter

Source: Water Utilities

Impact Fees

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

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

Water rates consist of a monthly base rate plus consumption charge. The City has adopted an inverted rate structure to comply with SWFWMD recommendations for water conservation. Under this tiered structure, increasing water usage results in higher unit rate charges. The following table summarizes the monthly base rate for residential, commercial, and irrigation accounts effective October 1, 2022. Below table summarizes consumption charges.

Monthly Base Rate for Residential, Commercial, and Irrigation Accounts

Meter Size (inches)	Inside City	Outside City
5/8 to 3/4	\$10.82	\$14.61
1	\$29.21	\$39.44
1 ½	\$52.69	\$71.14
2	\$91.10	\$122.99
3	\$198.01	\$267.31
4	\$383.46	\$517.67
6	\$808.69	\$1,091.73
8 and above	\$1,369.27	\$1,848.52

Source: Water Utilities

Consumption Charges for Residential Accounts

Meter Size in inches	Consumption in 1000 gals	Price per 1000 Gallons	
		Inside City	Outside City
5/8 to 3/4	0-7	\$2.29	\$3.06
	8-12	\$2.98	\$4.02
	13-19	\$3.89	\$5.26
	Above 19	\$5.31	\$7.17
1	0-19	\$2.29	\$3.06
	20-32	\$2.98	\$4.02
	33-51	\$3.89	\$5.26
	Above 51	\$5.31	\$7.17
1 1/2	0-34	\$2.29	\$3.06
	35-58	\$2.98	\$4.02
	59-93	\$3.89	\$5.26
	Above 93	\$5.31	\$7.17
2	0-59	\$2.29	\$3.06
	60-101	\$2.98	\$4.02
	102-160	\$3.89	\$5.26
	Above 160	\$5.31	\$7.17
3	0-128	\$2.29	\$3.06
	129-220	\$2.98	\$4.02
	221-348	\$3.89	\$5.26
	Above 348	\$5.31	\$7.17
4	0-248	\$2.29	\$3.06
	249-425	\$2.98	\$4.02
	426-673	\$3.89	\$5.26
	Above 673	\$5.31	\$7.17
6	0-523	\$2.29	\$3.06
	524-897	\$2.98	\$4.02
	898-1,420	\$3.89	\$5.26
	Above 1,420	\$5.31	\$7.17
8 and above	0-886	\$2.29	\$3.06
	887-1,519	\$2.98	\$4.02
	1,520-2,404	\$3.89	\$5.26
	Above 2,404	\$5.31	\$7.17

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Consumption Charges for Commercial Accounts

Meter Size in inches	Consumption in 1000 gals	Price per 1000 Gallons	
		Inside City	Outside City
All Sizes	Not Applicable	\$2.91	\$3.93

Consumption Charges for Irrigation Accounts

Meter Size in inches	Consumption in 1000 gals	Price per 1000 Gallons	
		Inside City	Outside City
5/8 to 3/4	0-5	\$2.98	\$4.02
	6-12	\$3.89	\$5.26
	Above 12	\$5.31	\$7.17
1	0-13	\$2.98	\$4.02
	14-32	\$3.89	\$5.26
	Above 32	\$5.31	\$7.17
1 1/2	0-24	\$2.98	\$4.02
	25-59	\$3.89	\$5.26
	Above 59	\$5.31	\$7.17
2	0-42	\$2.98	\$4.02
	43-101	\$3.89	\$5.26
	Above 101	\$5.31	\$7.17
3	All Usage	\$2.91	\$3.93
4	All Usage	\$2.91	\$3.93
6	All Usage	\$2.91	\$3.93
8 and above	All Usage	\$2.91	\$3.93

A comparative water rate study for FY 2023 was conducted by Raftelis Financial Consultants, Inc. The study evaluated the City’s water and wastewater rates through FY 2028. The results were presented to the City Manager on June 21, 2023 and completed on August 2, 2023. This study also compared City rates to representative utilities throughout the state and included comparisons of both base and consumption rates for various customer classes. The City’s existing consumption rates compared favorably to other utilities. Surveyed residential water and wastewater rates from Florida utilities for 8,000 gallons averaged \$108.36. The City of Lakeland rate was \$86.53.

In FY 2021, Lakeland’s monthly water service rates were determined to be inadequate to meet projected costs for the following three years. It was recommended that the City adopt a three-year 2% annual increase plan to all water charges and hydrant and fire protection fees. The City Commission will revisit the proposed rates each year to determine if changes are required. For the second year of the three-year rate increase plan, this study deemed the water service rates as adequate to meet the City’s projected operating, capital, and debt service costs through Fiscal Year 2024.

The water rate study determined that adjustments beyond FY 2024 may be required to meet future requirements of the utility system. The City Commission plans to revisit the proposed rates each year based on further updates to the study.

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CAPITAL IMPROVEMENT PLAN

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

Summary of Capital Improvement Plan for FY 2023

Categories	Expenses
Production	\$ 1,255,000
Transmission & Distribution	5,590,449
Engineering	2,437,000
Miscellaneous	1,972,264
Total Expense	\$ 11,254,713

Source: Water Utilities

OPERATING STATISTICS

A 5-year history of select water system operating statistics is shown in the table below. The quantity of water sold between Fiscal Years 2019 and 2023 has fluctuated between a low of 7.28 billion gallons in FY 2019 and a high of 8.14 billion gallons in FY 2023. In FY 2023, water sales increased by approximately 283 million gallons compared to FY 2022. Operating revenues increased in FY 2023 by \$2.59 million over FY 2022, while operating expenses increased by \$6.34 million over the same period. The water utility revenues were sufficient to transfer \$4,850,236 to the general fund in FY 2023.

Historical Water Utility Operating Statistics

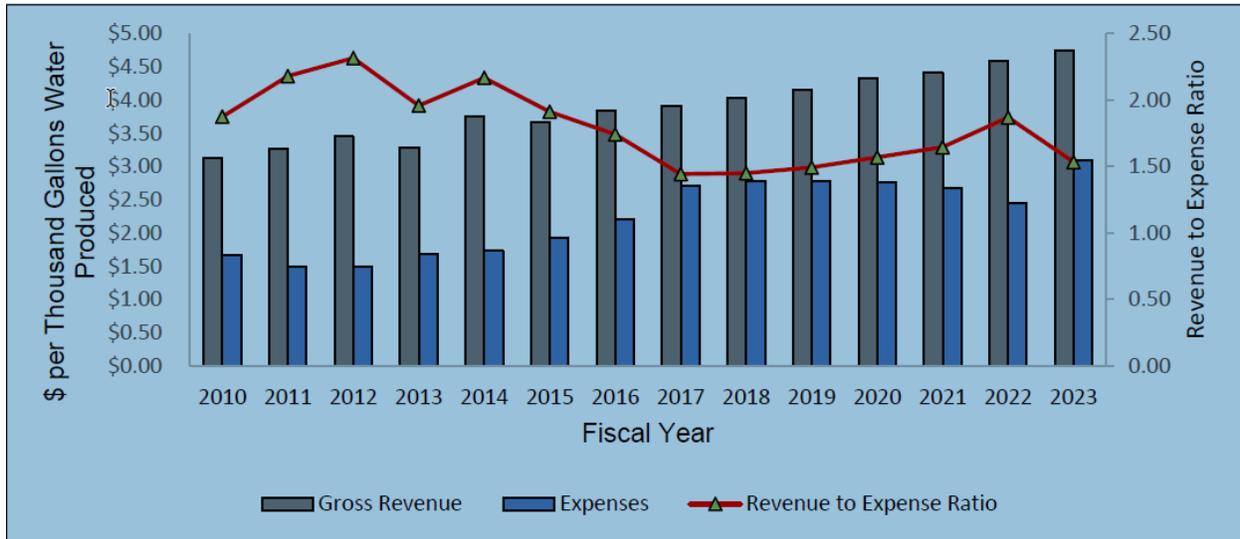
	For Fiscal Year Ended September 30,				
	2019	2020	2021	2022	2023
Water Produced ¹	8,010.3	8,284.5	8,555.4	8,593.1	8,840.8
Unaccounted-for Water ¹	(732.4)	(646.0)	(722.6)	(735.0)	(699.2)
Water Sold ¹	7,277.9	7,638.5	7,832.8	7,858.1	8,141.6
Customers	58,774	59,523	60,915	61,635	63,699
Gross Revenues ²	\$33.281	\$35.865	\$37.740	\$39.355	\$41.941
Gross Revenues per 1,000 Gallons Water Produced	\$4.15	\$4.33	\$4.41	\$4.58	\$4.74
Operating Expenses ²	\$22.266	\$22.890	\$22.956	\$21.012	\$27.348
Operating Expenses per 1,000 Gallons Water Produced	\$2.78	\$2.76	\$2.68	\$2.45	\$3.09

¹In Million Gallons

²In Million Dollars

Source: Water Utilities

The graph below shows historical gross revenues and operating expenses since 2010. Revenue-to-expense ratio slightly decreased between FY 2022 and FY 2023. However, the revenue-to-expenses still remains favorable.



The top ten City water customers comprised 10.2% of total water distributed in FY 2023 as shown in the table below.

Top 10 Water Customers for FY 2023

Customer	Total Gallons ¹
City of Lakeland	255,760
Lakeland Regional Medical Center	143,081
Board of County Commissioners – Utilities	87,334
Florida Southern College	81,113
Carlton Arms of North Lakeland	56,252
Polk County School Board	44,490
Tampa Maid Foods LLC	42,847
Publix Super Markets, Inc.	42,169
Florida Governmental Utility Authority	41,468
Owens Corning Sales LLC.	37,587
Total Water Sales for Top 10 Customers	832,101

¹In Thousand Gallons

Source: Water Utilities

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

**Historical Debt Service Coverage
Combined Water and Wastewater Utility**

Fiscal Year	Test 1 ¹	Test 2 ²
2023	4.25	4.61
2022	4.33	4.72
2021	4.79	5.34
2020	5.56	6.27
2019	5.76	6.24
2018	4.75	5.15
2017	4.03	4.37
2016	5.39	5.81
2015	4.76	5.09
2014	8.28	8.71

¹100% based on Net Operating Revenues

²120% Based on Net Operating Revenues Plus Available Connection Charges

Source: Water Utilities

The coverage by net operating revenues available for debt service is favorable in FY 2023 at 4.25 for the combined water and wastewater utility compared to the required coverage of 1.0. The coverage by net operating revenues plus available connection charges is 4.61 compared to the required coverage of 1.2.

SUMMARY AND CONCLUSIONS

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

ANSI/AWWA G100-05 – Water Treatment Plant Operation and Management

ANSI/AWWA G200-09 – Distribution Systems Operation and Management

ANSI/AWWA G300-07 – Source Water Protection

ANSI/AWWA G400-09 – Utility Management System

ANSI/AWWA G410-09 – Business Practices for Operation and Management

ANSI/AWWA G430-09 – Security Practices for Operation and Management

Revenue to Expenses ratios have consistently exceeded 1.5 the past 10 years. The ability of the City to meet debt service coverage on outstanding bonds is favorable, with net revenue to debt ratio of 4.25 for the combined water and wastewater utility. Further, the revenues have sustained capital improvements and ongoing operation and maintenance of the water system and has made contributions to the City’s general fund of \$4,850,236 in FY 2023. In addition, the City’s ability to raise additional revenue through user charges remains favorable as its rate schedule continues to compare well to other utilities in Florida.

WASTEWATER UTILITIES

On January 24, 2024, the City of Lakeland (City) authorized (Task Authorization CS-24-04(m)) Chastain-Skillman (CS) to prepare the Wastewater System Evaluation Report for FY 2023. The City has requested that CS conduct an annual independent engineering review and evaluation of its wastewater system. This report summarizes the findings based on previous reports, interviews with City staff, wastewater system data, and financial information provided by the City. The purpose of this review is to assess whether the wastewater utility system is managed in a prudent manner consistent with typical utility practice.

The City's bond covenant requires third party inspections of representative wastewater infrastructure on a biennial basis. The last inspection was completed for the FY 2021 report. Therefore, infrastructure inspections were conducted for this report.

The inspection dates were as follows:

- Glendale WRF – February 21, 2024
- West Lakeland Wasteload Reduction Facility – February 21, 2024
- Northside WWTP – February 21, 2024
- Wetlands – February 21, 2024
- Lift Stations – February 19, 2024

The purpose of this review is to assess whether the wastewater utility system is managed in a prudent manner consistent with typical utility practice.

ADMINISTRATION AND ORGANIZATION

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

The Director of Water Utilities is responsible for Wastewater Collection, Wastewater Treatment, and Wetlands. Wastewater Collection has responsibility for operation and maintenance of the collection and transmission system as well as electrical and mechanical maintenance of the Wastewater Treatment Plants. Collection is divided into (1) Administration, (2) Sewer Maintenance, (3) Pump Stations, (4) Instrumentation/Electrical, and (5) Pretreatment. All positions in Collection report to the Manager of Wastewater Collection who reports to the Director of Water Utilities. Collection had 56 full-time positions in FY 2023.

The Manager of Wastewater Treatment is responsible for operation and maintenance of the West Lakeland Wasteload Reduction Facility, the Glendale Water Reclamation Facility (WRF), and the

Northside Wastewater Treatment Plant (WWTP). The Manager reports directly to the Director of Water Utilities. Wastewater Treatment had 33 full-time positions in FY 2023.

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

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

SERVICE AREA

The wastewater service area covers approximately 149 square miles and includes most of the City limits (the City limits has a few small areas not served by City wastewater) plus portions of unincorporated Polk County, through its Chapter 180 Reserve Service Area and user agreements. Total wastewater treated in FY 2023 was approximately 4.93 billion gallons.

The latest population and wastewater flow projections for the service area were reported in the Updated Capacity Analysis Reports for the Northside WWTP (2023) and the Glendale WRF (2020). The population projections were based on Southwest Florida Water Management District (SWFWMD) parcel-based permanent and seasonal resident projections. The projections were then adjusted to reflect only those areas currently or planned to be served by sewer. Projected wastewater flows were then estimated based on a per capita flow rate of 125 gallons per capita per day (GPCD) for the Northside WWTP service area and 118 GPCD for the Glendale WRF service area.

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

Projected Population and Wastewater Flows

Year	Projected Population Served	Projected Wastewater Flows (MGD)
2023	110,299	13.49
2024	111,077	14.02
2025	111,855	14.14
2026	112,240	14.29
2027	112,624	14.43
2028	113,009	14.58
2029	113,393	14.72
2030	113,778	14.87

Source: Wastewater Utilities

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

Historical Wastewater Customer Base

Fiscal Year	Inside City	Outside City	Total Customers
2023	51,254	2,310	53,564
2022	50,873	2,270	53,143
2021	49,711	2,222	51,933
2020	47,682	2,186	49,868
2019	46,648	1,852	48,500

Source: Wastewater Utilities

STATUS OF FACILITIES

PERMITS AND REGULATORY STATUS

The Glendale WRF is operating under the provisions of Florida Department of Environmental Protection (FDEP) Permit No. FL0039772. The operating permit was issued on January 29, 2021 and will expire on January 28, 2026. The Glendale WRF, West Lakeland Wasteload Reduction Facility, and the Constructed Wetlands System operate under this permit. The current permit includes industrial reuse to the City of Lakeland McIntosh Power Generating Plant (McIntosh), Tampa Electric Company (TECO) Polk Power Station, and the Matheson Tri-Gas Facility. The permitted effluent limitations for the Glendale WRF are summarized in the table below.

Glendale WRF Permit Limits

Parameter	Limit	
Influent Flow, MGD	12-Month Average	13.7
Effluent Carbonaceous Biochemical Oxygen Demand (CBOD ₅), mg/L	Annual Average	20
	Monthly Average	30
	Weekly Average	45
	Single Sample	60
Effluent Total Suspended Solids (TSS), mg/L	Annual Average	20
	Monthly Average	30
	Weekly Average	45
	Single Sample	60
Effluent pH, SU	6.0 – 8.5	
Effluent Fecal Coliform, #/100 mL	Annual Average	200
	Monthly Average	200 (Geometric Mean)
	Single Sample	800
Effluent Chlorine Residual, mg/L	Single Sample	0.5

Source: Wastewater Utility

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

The Northside WWTP is operating under the provisions of FDEP Permit No. FLA012985. The FDEP operating permit was renewed on November 14, 2023 and is valid through February 24, 2029. The facility is permitted for a capacity of 8.0 MGD with industrial reuse to the McIntosh Power Generating Plant for non-contact cooling water. Water returned from McIntosh is routed to

the Glendale facility where it is pumped to the Wetlands System for final treatment. Northside WWTP permitted effluent limits are summarized in table below.

Northside WWTP Permit Limits

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

Source: Wastewater Utility

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

Wetland Effluent Limits

Parameter	Limit	
Flow, MGD	Annual Average	20.0
Carbonaceous Biochemical Oxygen Demand (CBOD5), mg/L	Annual Average	5
	Monthly Average	6.25
	Weekly Average	7.5
	Single Sample	10
Total Suspended Solids (TSS), mg/L	Annual Average	5
	Monthly Average	6.25
	Weekly Average	7.5
	Single Sample	10
Total Nitrogen, mg/L	Annual Average	3
	Monthly Average	3.75
	Weekly Average	4.5
	Single Sample	6
Fecal Coliform, #/100ml	Annual Average	14
	Monthly Average	14
	90 th percentile	43
Min. Total Residual Chlorine (for Disinfection), mg/L	Single Sample	86
	Single sample	0.01
Total Residual Chlorine (for Dichlorination), mg/L	Single sample	0.01
E. Coli, #/100 mL	Monthly Geometric Mean	126
	90 th percentile	410
Min. Dissolved Oxygen (mg/L)	Single Sample	5.0
pH, SU	6.0 – 8.5	
Dissolved Oxygen, mg/L	Single Sample	5.0
Specific Conductance, umhos/cm	1275- or 1.5-Times Background	
Total Nitrogen, tons/yr.	Annual Total	30.3
	5-Year Average	20.2
Chronic Whole Effluent Toxicity	Quarterly Monitoring	NOEC: 100%

Source: Wastewater Utility

COLLECTION AND TRANSMISSION SYSTEM

The Lakeland wastewater collection and transmission system includes approximately 345 miles of 2-inch to 48-inch diameter gravity sewer, 149 miles of less than 2-inch to 36-inch diameter force main, and 184 pump stations. Most of the City’s pump stations are equipped with telemetry, allowing City personnel to monitor their status and collect data from each pump station. This data is accessible from a central location at the Glendale facility. All pump stations are equipped with high wetwell level alarms and standby power generators or portable generator receptacles. Each pump station is protected from intrusion by locking hatch covers and electrical panels. Larger stations are equipped with additional security features such as fencing, building enclosures, intrusion alarms, and video cameras. The smaller pump stations are inspected twice per month. The master pump stations are inspected daily by Collection System personnel. The City annually funds pump, panel, and generator replacement at its pump stations. An adequate supply of replacement parts and materials are maintained at the utility’s warehouse.

The City maintains a continuous renewal and maintenance program to ensure reliable service. This program includes cleaning, video inspection, smoke testing, and lining and point repairs of sewers and manholes. The City schedules inspection and cleaning such that the entire collection system is covered in approximately 10-year cycles. The table below summarizes the maintenance activities performed on the collection and transmission system from FY 2019 through FY 2023. Approximately 18% of the collection system lines were cleaned and approximately 1.5% televised in FY 2023. The City reports no increase in public complaints of odor or other issues.

Collection System Maintenance (FY 2019– FY 2023)

Activity	2019	2020	2021	2022	2023
Work Orders Processed	22,816	24,940	30,559	30,562	22,189
Lines Televised (feet)	32,482	15,187	39,033	70,411	28,515
Lines Cleaned (feet)	328,010	328,010	409,708	365,047	345,147
Liners Installed (feet)	10,420	13,663	19,626	18,553	7,836

Source: Wastewater Utilities

WASTEWATER TREATMENT FACILITIES

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

The Glendale WRF is an activated sludge, biological treatment facility with a permitted treatment capacity of 13.7 MGD (12-month average daily basis). At the Glendale facility, wastewater enters the plant via gravity and flows through the influent screens. These include two automatic self-cleaning bar screens and a manually cleaned bar screen in a bypass channel as a standby unit. The screened influent is then pumped to two vortex-type grit chambers. From the grit chambers, influent flows to a splitter box and then to one of three primary clarifiers. The clarified primary effluent flows by gravity to an intermediate lift station, where it is pumped to a splitter box and

mixed with return activated sludge and then pumped to one of three aeration tanks. The aeration tanks operate in a Modified Ludzack-Ettinger process with fine bubble diffused aeration. Mixed liquor flows from the tanks to another flow splitter box prior to entering four secondary clarifiers. Effluent is disinfected and reused for plant operations, pumped to the power plant for cooling water, or mixed with blowdown water from the power plant, prior to discharge to the Wetlands treatment system.

The Glendale WRF was issued a permit modification on October 27, 2022, to add a new effluent pump station and clearwell with dual purpose to replace the plant's existing pump stations. The modification also included three new chlorine contact chambers, chlorine diffusers, modified chlorination facilities, modified yard piping to route secondary clarifier effluent to the new chlorine contact chambers, and a new effluent pipeline to connect the effluent pump station to the existing wetlands treatment system pipeline. The design of the new processes associated with the permit modification is complete and bids for the work were received in February 2024, the City is currently reviewing the bids and working on the bid award process.

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

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

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

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

The Glendale facility operated within its permit limits in FY 2023. The current Updated Capacity Analysis Report (2020) for the facility projected an average influent flow of 9.04 MGD in 2023 increasing to 9.46 MGD by 2030. The table below shows the average daily influent flow at the Glendale facility in recent years. A re-rating study completed in January 2008 indicated the Glendale facility could be expanded to provide 15 MGD of treatment capacity with relatively minor operational changes and limited equipment procurement.

Influent Flow at Glendale WRF

Fiscal Year	Influent Flow (MGD)
2023	9.29
2022	9.21
2021	7.46
2020	7.63
2019	7.77

Source: Wastewater Utilities

The table below summarizes key effluent water quality results at Glendale WRF for FY 2023. Based on a review of effluent analyses, the facility consistently meets the discharge requirements of its operating permit.

Glendale WRF Effluent Quality Results for FY 2023

Month – Year	Average Daily Flow ¹ MGD	CBOD ₅ mg/L	TSS mg/L	pH SU	Fecal Coliform #/100 mL
Oct – 2022	12.28	2	2	6.6	1.00
Nov – 2022	11.31	2	2	6.6	1.00
Dec – 2022	9.04	2	5	6.8	1.00
Jan – 2023	8.12	1	6	6.9	1.00
Feb – 2023	8.03	2	3	7.0	1.00
Mar – 2023	7.45	2	3	7.0	1.00
Apr – 2023	7.56	2	3	7.0	1.00
May – 2023	7.80	3	4	6.9	1.00
Jun – 2023	10.28	2	3	6.9	1.00
Jul – 2023	10.48	3	4	6.9	1.00
Aug – 2023	9.84	2	3	7.0	6.71
Sep – 2023	9.24	1	3	7.0	1.00
Minimum	7.45	1	2	6.6	1
Maximum	12.28	3	6	7.0	7
Average	9.29	2	3	6.9	1.48

¹Influent Flow

Source: Wastewater Utilities

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

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

zone. The two-stage configuration, with the internal recycle, allows the plant to nitrify in the aerated zone where oxygen is present and denitrify in the anoxic tank where oxygen is limited.

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

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

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

The sludge handling system includes two aerated sludge holding tanks, a polymer feed system, two gravity belt thickeners, and one holding tank for digested sludge. The thickened sludge is sent to the Glendale WWTP where it is either further digested or dewatered and sent to a landfill. An ATAD process, currently not operational at the Northside facility, is on standby and permitted for Class AA treatment of the biosolids. This provides the Northside WWTP capability to produce Class AA stabilized solids.

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

The Northside facility operated well within its permit limits in FY 2023. The 2023 Updated Capacity Analysis Report for the facility projected an average influent flow of 4.444 mgd in 2023 and increasing to 6.369 mgd by 2033. The table below shows the average daily influent flow at the Northside facility in recent years. Population and flow projections suggest the hydraulic capacity of the facility will not be reached in the near future.

Influent Flow at Northside WRF

<u>Fiscal Year</u>	<u>Influent Flow (MGD)</u>
2023	4.21
2022	4.03
2021	4.04
2020	4.06
2019	4.09

Source: Wastewater Utilities

The table below summarizes key effluent water quality results at Northside WRF for FY 2023.

Northside WWTP Effluent Quality Results for FY 2023

Month – Year	Average Daily Flow ¹ MGD	CBOD ₅ mg/L	TSS mg/L	pH SU	Fecal Coliform #/100 mL
Oct – 2022	4.26	2	3	6.9	1.03
Nov – 2022	4.28	2	9	7.0	1.08
Dec – 2022	4.03	1	2	6.9	1.08
Jan – 2023	4.01	1	2	7.1	1.00
Feb – 2023	3.99	1	3	7.1	1.00
Mar – 2023	3.96	1	4	7.2	1.15
Apr – 2023	3.86	3	4	7.4	1.23
May – 2023	3.86	2	2	7.3	1.27
Jun – 2023	4.44	1	2	7.4	1.30
Jul – 2023	4.72	2	2	7.4	1.16
Aug – 2023	4.58	2	2	7.4	1.00
Sep – 2023	4.53	2	1	7.4	1.00
Minimum	3.86	1	1	6.9	1.00
Maximum	4.72	3	9	7.4	1.30
Average	4.21	2	3	7.2	1.11

¹Influent Flow

Source: Wastewater Utilities

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

CONSTRUCTED WETLANDS SYSTEM AND EFFLUENT DISPOSAL

Final effluent disposal for the City’s two treatment facilities occurs at a Constructed Wetlands System located six miles south of the Glendale facility. Excess effluent from the Northside WWTP, blowdown from the power plant, and non-contact cooling water returned from the Matheson Tri-Gas Facility are discharged to the holding basins at the Glendale WRF for pumping to the Wetlands System. Effluent flow from Polk County’s Southwest Regional WWTP is also pumped to the Wetlands System for additional treatment. The County’s flow is metered separately. The Wetlands Pump Station includes six vertical turbine pumps pumping from Glendale’s holding basin through 4.3 miles of 36-inch and 2.1 miles of 42-inch force main to the Constructed Wetlands System. The Wetlands System covers approximately 1,600 acres of former phosphate clay settling areas.

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

The flow enters the Wetlands System via a cascade inlet structure which adds dissolved oxygen to the water through the turbulent fall down the structure’s 13 steps. The aerated water passes out of the inlet structure by overflowing weirs on either side of the inlet distribution box. From this structure, the water enters two long ditches which have overflow structures at 100-foot centers. The distribution ditches provide an even distribution of water to the first wetland cell. Water meanders through the first cell and is treated by the wetland grasses and plants. The water then collects in a ditch on the western side of the cell. This ditch delivers the water to control structures. The control structures allow the water to pass through the berm to a second distribution ditch,

similar to the ditch adjacent to the inlet structure. Water passes through Cell 2, flows to a ditch connected to control structures, and passes into Cell 3. This general collection and pass-through scheme are repeated through the remaining cells (additional information is available through the City of Lakeland Finance Department upon request).

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

The Wetlands System discharged approximately 16.86 tons of total nitrogen to the Alafia River during the 2023 fiscal year. In FY 2023, TECO pumped approximately 1.3 billion gallons from the Wetlands to its Polk Power Station for use as cooling water in FY 2023. This provided additional beneficial reuse and decreased pollutant loading to the Alafia River. The table below summarizes key effluent water quality results for FY 2023. Results for the months of January, February, and April of this fiscal year were not reported since wastewater was not discharged from the Wetlands System.

Wetlands Treatment System Effluent Quality Results for FY 2023

Mon – Year	Average Daily Flow MGD	CBOD ₅ mg/L	TSS mg/L	Total Nitrogen mg/L	Total Phosphorus mg/L	Dissolved Oxygen mg/L	pH SU	Conductivity umhos/cm	Fecal Coliform #/100 mL	Rain inches
Oct – 2022	19.514	4.8	5.4	1.2	2.8	7.9	7.1	790	32	0.2
Nov – 2022	16.098	4.9	4.2	1.1	2.8	8.1	7.2	843	27	3.7
Dec – 2022	11.999	2.4	4.0	1.5	2.4	8.2	7.0	893	9	1.2
Jan – 2023	-	-	-	-	-	-	-	-	-	2.3
Feb – 2023	-	-	-	-	-	-	-	-	-	1.3
Mar – 2023	5.852	3.0	6.7	1.1	2.6	8.2	7.5	938	19	0.3
Apr – 2023	-	-	-	-	-	-	-	-	-	3.8
May – 2023	2.697	2.0	5.8	1.3	1.8	7.2	7.8	859	-	9.5
Jun – 2023	19.355	1.9	4.0	1.1	1.9	6.5	7.7	808	13	7.6
Jul – 2023	13.769	2.4	4.2	1.2	2.0	6.3	6.9	749	55	3.5
Aug – 2023	12.177	2.1	5.1	1.1	2.0	6.4	7.1	735	41	10.7
Sep – 2023	14.398	2.5	2.9	1.0	2.2	6.8	7.2	706	63	5.0
Minimum	0.000	1.9	2.9	1.0	1.8	6.3	6.9	706	9	0.2
Maximum	19.514	4.9	6.7	1.5	2.8	8.2	7.8	938	63	10.7
Average	9.655	2.9	4.7	1.2	2.3	7.3	7.3	813	32	4.1

Source: Wastewater Utility

A pipeline bringing reclaimed water from Polk County Utilities (PCU) to Cell 3 has been constructed to replace the former pipeline. It has been operational since February 2018.

During the month of March for FY 2023, the monthly average total suspended solids was above the permitted limit. The City received a warning letter from FDEP on May 31, 2023 regarding the TSS exceedance. TSS levels were reported to be back below permitted limits during May. During the month of May 2023, effluent was discharged from the wetland without sampling for metals. The City was issued a Compliance Assistance Offer letter from FDEP on June 30, 2023, for the missed sampling. The City responded to the CAO letter on July 10, 2023 and FDEP responded on August 2, 2023 that the violation had been addressed and no further action was required.

FDEP issued a proposed consent order on December 7, 2023, to the City regarding TSS exceedances at the wetlands site and for failing to conduct a follow-up test on a failed routine toxicity test. The City provided comments and a response to the proposed consent order on December 21, 2023, stating that the TSS exceedances were due to the passing of Hurricane Ian when the City was unable to cease discharging during the time because of elevated water levels. The City provided a corrective plan to lower the TSS at the discharge point by a new dredging and sediment removal project to dredge two areas that were identified to be restricting flow and limiting the performance of the wetland treatment system. The City anticipates that the dredging will be completed by July 2024 and will notify FDEP if the anticipated timeline changes.

Based on a review of effluent analyses, the Wetlands System has historically met the discharge requirements of its operating permit but has had issues with TSS exceedances since 2022. The City has identified a project to address the TSS exceedances and is making efforts to bring the wetlands treatment system back into compliance by July 2024.

The Wetlands System is open to the public as Se7en Wetlands Park. The park features 8.5 miles of trails around two of the wetland cells, and ultimately will be expanded to 22 miles of trail when complete. The trails offer views of a diverse community of plant and animal species. The park opened in April 2018.

IMPROVEMENTS

The table below lists the status of significant wastewater CIP projects that were recently completed or are currently underway:

Status of Significant CIP Improvement Projects

Project Name	Project Description	Current Project Status
Master Plan	This project is an overall evaluation of the wastewater system to assess facilities for new growth or maintenance concerns.	Final report submitted.
FDEP-Se7en Wetlands Phase III Trail	This project is to open the remaining trails around wetlands 3 through 7 and Mulberry Park entrance. Includes trail markers, benches, signs, maps, and three bridges.	In contract negotiations. Will be taken to city commission soon. Staff are also working on additional documents needed to submit to FDEP for the NTP.
Dredging and Sediment Management	Removal of 35 years of accumulated organic sediments from priority control structures to improve function and water quality.	Anticipated completion no later than September 2024
Force Main Parkway to Glendale	This project is to redirect flow from the parkway forcemain to the Glendale plant with a new larger forcemain.	In design. Orlando Health is designing this FM for their needs.
Utility Relocation SR 33 at I-4 - Tomkow to Old Combee	This project is for the relocation of wastewater mains in coordination with FDOT road/drainage project at SR33 and I-4.	In design, FDOT designs the new road network. Anticipated start of FDOT construction Fall 2024.
Northside Pump Station Construction	This project is to rebuild the pump station, old station is undersized, and equipment is obsolete.	In construction, reviewing shop submittals and placing equipment orders.

Griffin Rd 24" Gravity Sewer Replacement - Phase 1	This project is to replace existing 24" gravity line due to structure failures preventing CIPP lining.	In construction, 50% complete.
Griffin Rd 24" Gravity Sewer Replacement - Phase 2	Replace existing line outside of Phase 1 scope due to failing concerns not identified earlier.	Project Complete
Glendale Effluent Pump Station - Design	This project covers design & construction of new effluent pump station at Glendale (reuse water to MPP and wetlands)	Contractor selected in Feb 2024.
Southwest Lakeland Sewer Upgrade	This project is to increase the wastewater capacity in the SW quadrant of the City, specifically south of Pipkin Rd and will include installation of a new pump station and force main.	Phase 1 (pump station) complete, Phase 2 (force main) in the CCNA Engineer selection stage.
Flowmeter Replacement	This multi-year project covers replacement of existing flowmeters within the collection system	Purchase of 30 flow meters complete. Remaining budget is for replacement of existing flow meters that arise during year
Western Trunk San Gully Rd Line Relocation	This project is to replace a portion of the Western Trunk sewer line currently in bad condition.	In 60% design, 30% complete
Southwest Pump Station Redirection	This project is to redirect flow from pump station to another forcemain	In Construction, additional work in final design stages, to re-bid.
Edgewood Ext. Rehab	This project covers an upgrade to older pump station.	In Final Design waiting to go out for bid.
English Oaks Phase IV - Construction	Project to install 30" FM from SW Lakeland to Glendale, PHASE IV for sections 3 & 4	Construction complete, closing project
Lakeland Central Park Upsize Reimbursement	Partnered with Developer to have a re-pump station installed. For their purposes, they could construct an 8ft x 21ft wet well and 2,640lf of 6" FM that would discharge into a City FM. City requested upsizing to a 12ft x 26ft wet well and 4,690lf 20" FM to serve as a re-pump station. The existing FM and this development would discharge into the re-pump station, lowering operating pressure upstream, and allowing for more future connections.	Construction complete, pump station in service
Glendale Effluent Pump Station - Construction	This project will build a new effluent pump station to replace the two existing pump stations that have reached the end of their useful life.	Will start after bidding and last 3 years
Northside Sludge Holding Tank Blowers and Aeration System	This is project is to replace the blowers and aeration system that have reached the end of their useful life.	This project is on hold. To be completed during the Northside dewatering upgrades CIP project

Lakeland Hills Blvd FM Reroute	This project was to redirect flows from going into a pump station to going directly into an existing FM freeing up capacity.	Project complete and in service
Regional Biosolids Handling - Design	This project is to design of new composting system for biosolids handling	Determining project requirements for conceptual engineering
Sylvester Rd and Lynncrest MH17149 to MH17030	Upsize existing 8" and 10" gravity lines to increase capacity needed to service residential and industrial customers in the area.	In design, just starting
Cypress Point Repump Station Reimbursement	Cypress Point is a new subdivision on the shore of Lake Parker near Larsen Power Plant. The collection system in this area is near capacity. The City is partnering with the Developer to upsize their station to a larger repump station. This newer, larger station is expected to serve growth in East Lakeland. The City will reimburse the developer the difference between their necessary station and the larger station	In construction, 30% complete
Bypass Pump Station Rebuild	This project was to replace the pump cans that failed and rebuild pumps.	Project Complete

WASTEWATER RATES

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

Water pollution control charges (impact fees) are one-time charges for wastewater capacity. The table below summarizes impact fees the wastewater rates for FY 2023. The volume charge for inside Volume charges is capped at 12,000 gallons per month per unit when on City water and fixed at 12,000 gallons per unit when not on City water.

Pollution Control/Sanitary Sewer Impact Fees for FY 2023

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

Source: Wastewater Utilities

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

Wastewater Rate Schedule for FY 2023

Classification	Fixed Charge		Volume Charge per 1000 gals	
	Inside City	Outside City	Inside City	Outside City
Residential – Individually Metered ¹	\$20.30	\$25.38	\$4.55	\$5.69
Residential – Master Metered ¹	\$17.46	\$21.82	\$4.55	\$5.69
Commercial/Industrial Meter Size (inches)				
5/8' to 3/4"	\$20.30	\$25.38	\$4.55	\$5.69
1"	\$54.81	\$68.51	\$4.55	\$5.69
1 1/2"	\$98.86	\$123.58	\$4.55	\$5.69
2"	\$219.85	\$274.81	\$4.55	\$5.69
3"	\$550.74	\$688.42	\$4.55	\$5.69
4"	\$820.53	\$1025.66	\$4.55	\$5.69
6"	\$1,517.22	\$1,896.53	\$4.55	\$5.69
8" and above	\$2,568.97	\$3,211.21	\$4.55	\$5.69

¹Volume charges capped at 12,000 gallons per month per unit

Source: Wastewater Utilities

A comparative wastewater rate study for FY 2023 was conducted by Raftelis Financial Consultants Inc. The study evaluated the City’s water and wastewater rates throughout FY 2028. The results were presented to the City Manager on June 21, 2023 and completed on August 2, 2023. This study also compared City rates to representative utilities throughout the state and included comparisons of both base and consumption rates for various customer classes. The City’s existing consumption rates compared favorably to other utilities. Surveyed residential water and wastewater rates from Florida utilities for 8,000 gallons averaged \$108.36. The City of Lakeland rate was \$86.53.

In FY 2021, Lakeland’s monthly wastewater utility service rates were determined to be inadequate to meet projected costs for the following three years. It was recommended that the City adopt a three-year 2% annual increase plan to all wastewater system fees. The City Commission will revisit the proposed rates each year to determine if changes are required. For the second year of the three-year rate increase plan, this study deemed the wastewater service rates as adequate to meet the City’s projected operating, capital, and debt service costs through Fiscal Year 2024.

The wastewater utility rate study determined that additional adjustments beyond FY 2024 may be required to meet future requirements of the utility system. The City Commission plans to revisit the proposed rates each year based on further updates to the study.

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CAPITAL IMPROVEMENT PLAN

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

Summary of Capital Improvement Plan for FY 2023

Expenses	FY 2023
Collection System	\$ 8,758,000
Pump Stations	1,577,500
Treatment Plants	2,175,117
Wetlands	930,000
Engineering	5,836,000
Miscellaneous	615,938
Total Expense	\$ 19,892,555

Source: Water Utilities

OPERATING STATISTICS

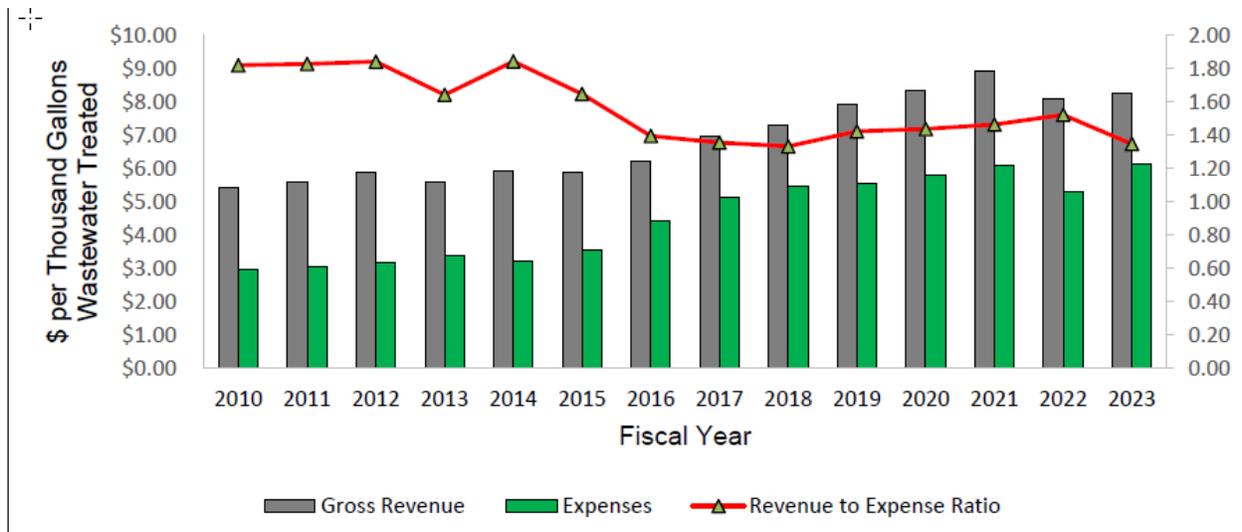
A 5-year history of select wastewater operating statistics is shown in the following table. The quantity of wastewater treated in FY 2023 was approximately 99 million gallons more than in FY2022. Gross revenues increased in FY 2023 by \$1.64 million compared to FY 2022. Operating expenses increased by \$4.53 million over the same period.

Historical Wastewater Utility Operating Statistics

	For Fiscal Year Ended September 30,				
	2019	2020	2021	2022	2023
Wastewater Treated, Million Gallons	4,331	4,227	4,198	4,829	4,928
Customers	48,500	49,868	51,933	53,143	53,564
Gross Revenues, in Millions	\$34.362	\$35.262	\$37,443	\$39.065	\$40.709
Gross Revenues per 1000 Gallons	\$7.93	\$8.34	\$8.92	\$8.09	\$8.26
Operating Expenses, in Millions	\$24.144	\$24.537	\$25.566	\$25.656	\$30.186
Operating Expenses per 1000 Gallons	\$5.57	\$5.80	\$6.09	\$5.31	\$6.13

Source: Wastewater Utilities

The chart below shows historical operating revenues and operating expenses since 2010. The revenue-to-expense ratio peaked in FY 2014 and FY 2012 at 1.85. The ratios have ranged from 1.33 to 1.84 during the last ten years.



The top ten City wastewater customers comprised 15.2% of total wastewater treated in FY 2023 as shown in the table below.

Top 10 Wastewater Customers for FY 2023

Customer	Total Gallons
Publix Super Markets, Inc.	339,875,000
Refresco Florida, Inc.	111,961,000
Florida Southern College	49,711,000
Lakeland Regional Health Systems Inc	48,337,000
Aqua Clean Environmental, Inc	45,018,000
Tampa Maid Foods, LLC.	36,204,000
Polk County School Board (PCSB).	32,056,000
City of Lakeland	31,866,000
Crown Health Care Laundry Service LLC	29,757,000
Southeastern University	26,045,000
Total Wastewater Sales for Top 10 Customers	750,830,000

Source: Wastewater Utilities

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

**Historical Debt Service Coverage
Combined Water and Wastewater Utility**

Fiscal Year	Test 1 ¹	Test 2 ²
2023	4.25	4.61
2022	4.33	4.72
2021	4.79	5.34
2020	5.56	6.27
2019	5.76	6.24
2018	4.77	5.18
2017	4.95	5.31
2016	4.94	5.32
2015	4.79	5.12
2014	8.06	8.50

¹100% based on Net Operating Revenues

²120% Based on Net Operating Revenues Plus Available Connection Charges

Source: Wastewater Utilities

The coverage by net operating revenues available for debt service is favorable in FY 2023 at 4.25 for the combined water and wastewater utility compared to the required coverage of 1.0. The coverage by net operating revenues plus available connection charges is 4.61 compared to the required coverage of 1.2. The wastewater contribution to the general fund in FY 2023 was \$4,850,236.

SUMMARY AND CONCLUSIONS

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

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

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**SUMMARIZED BOND INFORMATION – WATER AND WASTEWATER
WATER AND WASTEWATER CAPITAL IMPROVEMENT REVENUE NOTE,
SERIES 2015
\$10,600,000**

NOTE DATED NOVEMBER 12, 2015

**CUSIP NUMBERS
NA**

PURPOSE

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

SECURITY

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

INSURANCE

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

**RATINGS
NA**

OPTIONAL REDEMPTION

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

MANDATORY REDEMPTION

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

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

AGENTS

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

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

<u>Date</u>	<u>Maturity</u>	<u>Interest</u>	<u>Total</u>
1-Oct-2023	707,854	73,711	781,565
1-Apr-2024		65,146	65,146
1-Oct-2024	724,984	65,146	790,130
1-Apr-2025		56,374	56,374
1-Oct-2025	4,659,002	56,374	4,715,376
	<u>\$ 6,091,840</u>	<u>\$ 316,751</u>	<u>\$ 6,408,591</u>

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FLORIDA WATER AND SEWER REVENUE BOND, SERIES 2021
\$28,220,000

NOTE DATED OCTOBER 1, 2021

CUSIP NUMBERS

NA

PURPOSE

The Series 2021 Bond was issued to (i) refund the Series 2012A bonds maturing after October 1, 2021; and (ii) pay the cost of issuance of the 2021 Bond. The Bond takes the form of a bank loan with Bank of America, N.A.

SECURITY

The Series 2021 Bond is secured by an irrevocable, valid, and binding lien on and security interest in the Gross Revenues derived from the operation of the Water and Wastewater systems, certain connection charges, moneys deposited into certain funds and accounts created by the Bond Ordinance and the earnings thereon, all in the manner and to the extent provided in the Bond Ordinance.

INSURANCE

The City has not purchased bond insurance or any other form of credit enhancement for the 2021 Bond.

RATINGS

NA

OPTIONAL REDEMPTION

The series 2021 Bond may be optionally redeemed or prepaid, in whole or in part, on any day prior to its maturity upon ten days' prior written notice, at the amount of principal being prepaid, plus interest accrued thereon, plus a prepayment fee, as defined in the authorizing resolution.

MANDATORY REDEMPTION

The Series 2021 Bond is subject to mandatory redemption in the amounts and on the dates shown below:

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
October 1, 2022	\$ 2,309,413	October 1, 2023	\$ 2,353,160
October 1, 2024	2,403,077	October 1, 2025	2,453,791
October 1, 2026	2,505,071	October 1, 2027	2,561,678
October 1, 2028	2,613,223	October 1, 2029	2,669,601
October 1, 2030	2,725,412	October 1, 2031*	2,784,846

AGENTS

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

**Summary of Future Debt Service Requirements
Florida Water and Sewer Revenue Bond
Series 2021**

<u>Date</u>	<u>Maturity</u>	<u>Interest</u>	<u>Total</u>
1-Oct-2023	2,353,160	277,243	2,630,403
1-Apr-2024		252,064	252,064
1-Oct-2024	2,403,077	252,064	2,655,141
1-Apr-2025		226,352	226,352
1-Oct-2025	2,453,791	226,352	2,680,143
1-Apr-2026		200,096	200,096
1-Oct-2026	2,505,071	200,096	2,705,167
1-Apr-2027		173,292	173,292
1-Oct-2027	2,561,678	173,291	2,734,969
1-Apr-2028		145,882	145,882
1-Oct-2028	2,613,223	145,882	2,759,105
1-Apr-2029		117,920	117,920
1-Oct-2029	2,669,601	117,920	2,787,521
1-Apr-2030		89,356	89,356
1-Oct-2030	2,725,412	89,355	2,814,767
1-Apr-2031		60,194	60,194
1-Oct-2031	2,784,846	60,193	2,845,039
1-Apr-2032		30,396	30,396
1-Oct-2032	2,840,728	30,396	2,871,124
	<u>\$ 25,910,587</u>	<u>\$ 2,868,345</u>	<u>\$ 28,778,932</u>

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CAPITAL IMPROVEMENT REVENUE BONDS

PLEGGED REVENUES

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

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

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

COVENANT TO BUDGET AND APPROPRIATE

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

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

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

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NON-AD VALOREM REVENUES

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

Non-Ad-Valorem Revenues

	Fiscal Year Ended September 30,				
	2019	2020	2021	2022	2023
General Fund Revenues:					
Utility taxes	\$ 15,436,866	\$ 15,814,492	\$ 16,080,526	\$ 16,579,916	\$ 17,320,554
Franchise fees	265,961	221,492	296,954	344,429	367,708
State shared revenues					
Half-cent sales tax	6,997,382	6,894,873	8,110,355	9,136,337	9,633,865
Cigarette taxes	2,943,228	2,764,644	3,358,557	4,275,929	4,722,607
Mobile home license fees	260,395	267,367	273,521	295,898	276,908
Alcoholic beverage licenses	92,373	111,735	117,189	106,153	121,188
Firefighter training	70,124	74,119	65,512	75,427	75,766
Charges for services	6,695,201	6,454,467	7,105,308	12,919,321	15,458,371
Licenses & permits	5,040,190	1,769,820	2,176,718	2,302,435	2,333,036
Miscellaneous					
Interest	2,148,040	1,829,378	1,676,087	1,450,891	3,273,271
Rents	175,958	180,585	168,407	777,480	1,144,541
Sales of fixed assets	24,096	-	164,228	1,755	42,741
Other	1,741,993	1,695,658	1,950,901	1,092,694	2,331,053
Transfers from select funds ¹	41,239,804	42,184,867	43,306,724	43,936,627	44,604,341
Sub-total	<u>\$ 83,131,611</u>	<u>\$ 80,263,497</u>	<u>\$ 84,850,987</u>	<u>\$ 93,295,292</u>	<u>\$ 101,705,950</u>
Public Improvement Fund:					
Charges for services	\$ 542,185	\$ 615,844	\$ 615,588	\$ 301,249	\$ 90,971
Sale of fixed assets	-	2,473,425	-	146,335	184,000
Interest	1,235,162	1,333,733	1,169,663	1,207,743	1,268,563
Hospital lease payments	14,378,614	14,378,614	14,378,614	10,750,000 ²	10,750,000 ²
Other	2,158,494	2,216,932	2,150,662	3,120,673	2,986,322
Sub-total	<u>\$ 18,314,455</u>	<u>\$ 21,018,548</u>	<u>\$ 18,314,527</u>	<u>\$ 15,526,000</u>	<u>\$ 15,279,856</u>
Transportation Fund:					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 808,918
Interest	295,444	241,702	\$ 275,536	97,901	\$ 390,218
Other	41,085	69,950	775,712	1,052,548	43,746
Sub-total	<u>\$ 336,529</u>	<u>\$ 311,625</u>	<u>\$ 1,051,248</u>	<u>\$ 1,150,449</u>	<u>\$ 1,242,882</u>
Total non-ad valorem revenues	<u>\$ 101,782,595</u>	<u>\$ 101,593,697</u>	<u>\$ 104,216,762</u>	<u>\$ 109,971,741</u>	<u>\$ 118,228,688</u>

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

²Represents partial recognition of FY 2021 revenues not shown in the table. Does not represent actual cash receipts.

Source: City of Lakeland Annual Comprehensive Financial Report for Fiscal Years 2019-2023.

On March 1, 2021, the City Commission adopted the 9th lease amendment wherein the City received a prepayment of \$215,000,000 on September 16, 2021 to satisfy all rent and other payments owed by Lakeland Regional Medical Center for fiscal years 2022 through 2040; thereafter, total rent payments to the City will be \$10 per fiscal year. The amount of the prepayment will be recognized through 2040 as liabilities payable from apportioned assets in the Statement of Net Position through the original terms of the lease.

Notwithstanding the deferred recognition of the prepayment in future years, the \$215 million received during fiscal year 2021 constituted non-ad-valorem revenues, which are not included in the table above. The lump-sum payment received in FY 2021 was placed in a separate fund and is being invested on a long-term basis. The balance in this fund, although not pledged is legally

available to pay the debt service on non-ad valorem revenue obligations. As of September 30, 2023, the balance in the fund was \$201.48 million.

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

Historical Governmental Revenues and Expenditures

	Fiscal Year Ended September 30,				
	2019	2020	2021	2022	2023
<u>Governmental Sources of Revenue</u>					
Ad-valorem taxes	\$ 34,147,251	\$ 36,362,876	\$ 39,050,918	\$ 43,213,083	\$ 49,787,941
Plus, legally available					
non-ad valorem revenues	101,782,595	101,593,697	104,216,762	109,971,741	118,228,688
Plus, restricted non-ad valorem revenues					
Federal grants & assistance ¹	2,883,298	4,418,346	802,415	1,251,980	1,052,514
State grants & assistance ¹	2,424,199	2,529,786	3,642,897	4,622,390	2,935,933
Local grants & assistance ¹	2,542,592	3,562,661	10,278,156	3,443,911	3,451,058
Local option gasoline tax ²	6,060,873	5,802,331	6,112,157	6,400,414	6,738,054
Fines & forfeits ³	2,557,311	2,408,213	2,526,378	2,555,103	2,838,266
Other governmental funds ⁴	24,417,582	30,348,934	36,225,126	24,694,721	32,567,569
Total revenues	<u>176,815,701</u>	<u>187,026,844</u>	<u>202,854,809</u>	<u>196,153,343</u>	<u>217,600,023</u>
Plus, other revenue sources					
Proceeds from debt	16,181,890	47,029,530	3,671,882	665,317	11,133,698
Market value restatement	1,391,987	(7,693,069)	3,261,090	(52,413,045)	26,860,116
Operating transfers in	9,981,607	20,935,203	12,265,475	28,651,957	11,156,253
Operating transfers out	(15,226,610)	(25,404,881)	(17,679,622)	(26,384,159)	(12,807,682)
Total other financing sources	<u>12,328,874</u>	<u>34,866,783</u>	<u>1,518,825</u>	<u>(49,479,930)</u>	<u>36,342,385</u>
Total revenues and other sources	<u>\$ 189,144,575</u>	<u>\$ 221,893,627</u>	<u>\$ 204,373,634</u>	<u>\$ 146,673,413</u>	<u>\$ 253,942,408</u>
<u>General Government Expenditures</u>					
General government	15,494,226	36,210,677	15,567,704	19,260,294	21,019,407
Public safety	66,269,747	89,142,036	68,115,208	72,720,728	78,797,917
Physical environment	7,856,165	7,923,798	8,160,539	6,933,855	7,721,942
Transportation	13,957,845	15,279,588	13,842,561	11,775,117	11,893,299
Economic environment	10,537,611	10,289,452	9,120,459	9,958,715	11,504,510
Human services	373,920	573,643	362,708	483,390	445,771
Culture/recreation	24,280,528	23,407,104	23,461,644	31,986,044	32,894,168
Capital outlay	18,854,989	15,799,434	17,898,550	27,026,244	20,604,946
Debt service	8,387,159	17,427,184	15,859,055	17,238,767	12,679,031
Total general expenditures	<u>\$ 166,012,190</u>	<u>\$ 216,052,916</u>	<u>\$ 172,388,438</u>	<u>\$ 197,383,154</u>	<u>\$ 197,560,991</u>
Fund balance, beginning of year ⁵	\$ 83,543,709	\$ 106,676,094	\$ 112,516,805	\$ 144,502,011	\$ 93,792,270
Net change in fund balances	<u>23,132,385</u>	<u>5,840,711</u>	<u>31,985,206</u>	<u>(50,709,741)</u>	<u>56,381,417</u>
Fund balance, end of year ⁵	<u>\$ 106,676,094</u>	<u>\$ 112,516,805</u>	<u>\$ 144,502,011</u>	<u>\$ 93,792,270</u>	<u>\$ 150,173,687</u>

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

²Local option gasoline tax revenues are restricted for transportation related expenditures.

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

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

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

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TOURIST DEVELOPMENT TAX

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

POLK COUNTY ORDINANCE

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

INTERLOCAL AGREEMENT

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

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

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

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

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

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

REVENUES GENERATED

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

Tourist Development Tax Revenues

Year	Incorporated Area cent	Unincorporated Area half-cent	Total "Fourth-cent"	Total "Fifth-cent"
2023	437,123	4,425,548	4,862,671	4,862,671
2022	363,154	4,145,728	4,508,883	4,508,883
2021	324,574	2,865,975	3,190,550	3,190,550
2020	341,531	1,757,614	2,099,145	2,099,145
2019	485,336	2,331,182	2,816,519	2,816,519
2018	540,998	2,161,101	2,702,100	2,702,099
2017	478,121	1,754,102	2,232,223	2,232,223
2016	418,355	1,661,853	2,080,208	2,080,208
2015	400,202	1,437,025	1,837,227	1,837,227
2014	361,867	1,214,301	1,576,168	1,576,168
2013	348,277	1,081,378	1,429,655	1,429,655

Source: Polk County

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

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

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**SUMMARIZED BOND INFORMATION – CAPITAL IMPROVEMENT
TAXABLE CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS, SERIES
2010C**

\$21,115,000

TERM BONDS DATED SEPTEMBER 30, 2010

CUSIP NUMBERS

511662AT5

511662AU2

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

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

MANDATORY REDEMPTION

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

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

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

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

EXTRAORDINARY MAKE-WHOLE OPTIONAL REDEMPTION

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

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

AGENTS

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

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

Date	Maturity	Interest*	Total
1-Oct-2023		410,588	410,588
1-Apr-2024		410,588	410,588
1-Oct-2024	1,250,000	410,589	1,660,589
1-Apr-2025		386,501	386,501
1-Oct-2025	1,305,000	386,502	1,691,502
1-Apr-2026		361,355	361,355
1-Oct-2026	1,320,000	361,355	1,681,355
1-Apr-2027		335,920	335,920
1-Oct-2027	1,370,000	335,920	1,705,920
1-Apr-2028		309,521	309,521
1-Oct-2028	1,425,000	309,522	1,734,522
1-Apr-2029		282,062	282,062
1-Oct-2029	1,480,000	282,062	1,762,062
1-Apr-2030		253,544	253,544
1-Oct-2030	1,525,000	253,544	1,778,544
1-Apr-2031		224,158	224,158
1-Oct-2031	1,445,000	224,158	1,669,158
1-Apr-2032		195,845	195,845
1-Oct-2032	1,500,000	195,845	1,695,845
1-Apr-2033		166,453	166,453
1-Oct-2033	1,190,000	166,453	1,356,453
1-Apr-2034		143,136	143,136
1-Oct-2034	930,000	143,136	1,073,136
1-Apr-2035		124,913	124,913
1-Oct-2035	965,000	124,913	1,089,913
1-Apr-2036		106,005	106,005
1-Oct-2036	1,000,000	106,005	1,106,005
1-Apr-2037		86,411	86,411
1-Oct-2037	1,040,000	86,410	1,126,410
1-Apr-2038		66,033	66,033
1-Oct-2038	1,080,000	66,032	1,146,032
1-Apr-2039		44,871	44,871
1-Oct-2039	1,120,000	44,871	1,164,871
1-Apr-2040		22,925	22,925
1-Oct-2040	1,170,000	22,920	1,192,920
	<u>\$ 21,115,000</u>	<u>\$ 7,451,066</u>	<u>\$ 28,566,066</u>

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

CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2015

\$51,465,000

SERIAL BONDS DATED MAY 20, 2015

CUSIP NUMBERS

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

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

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

MANDATORY REDEMPTION

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

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

* Final maturity

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

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

* Final maturity

OPTIONAL REDEMPTION

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

AGENTS

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

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

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

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

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

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

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

Date	Maturity	Interest	Total
1-Oct-2023	1,965,000	764,094	2,729,094
1-Apr-2024		714,969	714,969
1-Oct-2024	2,060,000	714,969	2,774,969
1-Apr-2025		663,469	663,469
1-Oct-2025	2,035,000	663,469	2,698,469
1-Apr-2026		612,594	612,594
1-Oct-2026	2,075,000	612,594	2,687,594
1-Apr-2027		560,719	560,719
1-Oct-2027	2,180,000	560,719	2,740,719
1-Apr-2028		506,219	506,219
1-Oct-2028	2,215,000	506,219	2,721,219
1-Apr-2029		450,844	450,844
1-Oct-2029	2,325,000	450,844	2,775,844
1-Apr-2030		392,719	392,719
1-Oct-2030	2,445,000	392,719	2,837,719
1-Apr-2031		331,594	331,594
1-Oct-2031	2,570,000	331,594	2,901,594
1-Apr-2032		267,344	267,344
1-Oct-2032	2,685,000	267,344	2,952,344
1-Apr-2033		217,000	217,000
1-Oct-2033	2,800,000	217,000	3,017,000
1-Apr-2034		164,500	164,500
1-Oct-2034	2,895,000	164,500	3,059,500
1-Apr-2035		106,600	106,600
1-Oct-2035	3,010,000	106,600	3,116,600
1-Apr-2036		46,400	46,400
1-Oct-2036	2,320,000	46,400	2,366,400
	<u>\$ 33,580,000</u>	<u>\$ 10,834,036</u>	<u>\$ 44,414,036</u>

CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2017A

\$16,370,569

NOTE DATED

CUSIP NUMBERS

N/A

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

N/A

OPTIONAL REDEMPTION

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

MANDATORY REDEMPTION

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

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

* Final maturity

AGENTS

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

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

Date	Maturity	Interest	Total
1-Oct-2023		122,653	122,653
1-Apr-2024	1,132,932	122,652	1,255,584
1-Oct-2024		108,989	108,989
1-Apr-2025	1,160,009	108,989	1,268,998
1-Oct-2025		94,999	94,999
1-Apr-2026	1,187,733	94,999	1,282,732
1-Oct-2026		80,675	80,675
1-Apr-2027	1,216,120	80,674	1,296,794
1-Oct-2027		66,007	66,007
1-Apr-2028	1,031,583	66,007	1,097,590
1-Oct-2028		53,422	53,422
1-Apr-2029	1,056,238	53,422	1,109,660
1-Oct-2029		40,536	40,536
1-Apr-2030	1,081,482	40,536	1,122,018
1-Oct-2030		27,342	27,342
1-Apr-2031	1,107,329	27,341	1,134,670
1-Oct-2031		13,833	13,833
1-Apr-2032	1,133,793	13,832	1,147,625
	<u>\$ 10,107,219</u>	<u>\$ 1,216,908</u>	<u>\$ 11,324,127</u>

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CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2017B

\$15,879,855

NOTE DATED MAY 23, 2017

CUSIP NUMBERS

N/A

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

N/A

OPTIONAL REDEMPTION

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

MANDATORY REDEMPTION

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

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

* Final maturity

AGENTS

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

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

<u>Date</u>	<u>Maturity</u>	<u>Interest</u>	<u>Total</u>
1-Oct-2023		34,403	34,403
1-Apr-2024	1,064,104	34,403	1,098,507
1-Oct-2024		23,230	23,230
1-Apr-2025	1,089,536	23,230	1,112,766
1-Oct-2025		11,791	11,791
1-Apr-2026	1,122,863	11,790	1,134,652
	<u>\$ 3,276,503</u>	<u>\$ 138,847</u>	<u>\$ 3,415,350</u>

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TAXABLE PENSION LIABILITY REDUCTION NOTE, SERIES 2020

\$81,000,000

DATED MARCH 6, 2020

CUSIP NUMBERS

N/A

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

N/A

OPTIONAL REDEMPTION

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

AGENTS

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

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

Date	Maturity	Interest	Total
1-Oct-2023	4,825,000	808,099	5,633,099
1-Apr-2024		749,716	749,716
1-Oct-2024	5,020,000	749,716	5,769,716
1-Apr-2025		688,974	688,974
1-Oct-2025	5,215,000	688,974	5,903,974
1-Apr-2026		625,872	625,872
1-Oct-2026	5,420,000	625,873	6,045,873
1-Apr-2027		560,290	560,290
1-Oct-2027	5,630,000	560,291	6,190,291
1-Apr-2028		492,167	492,167
1-Oct-2028	5,845,000	492,168	6,337,168
1-Apr-2029		421,443	421,443
1-Oct-2029	6,065,000	421,443	6,486,443
1-Apr-2030		348,056	348,056
1-Oct-2030	6,295,000	348,057	6,643,057
1-Apr-2031		271,887	271,887
1-Oct-2031	3,445,000	271,887	3,716,887
1-Apr-2032		230,202	230,202
1-Oct-2032	4,245,000	230,203	4,475,203
1-Apr-2033		178,838	178,838
1-Oct-2033	3,255,000	178,838	3,433,838
1-Apr-2034		139,452	139,452
1-Oct-2034	3,615,000	139,453	3,754,453
1-Apr-2035		95,711	95,711
1-Oct-2035	2,355,000	95,711	2,450,711
1-Apr-2036		67,215	67,215
1-Oct-2036	1,995,000	67,216	2,062,216
1-Apr-2037		43,076	43,076
1-Oct 2037	1,455,000	43,076	1,498,076
1-Apr-2038		25,470	25,470
1-Oct 2038	1,455,000	25,471	1,480,471
1-Apr-2039		7,865	7,865
1-Oct 2039	315,000	7,865	322,865
1-Apr-2040		4,053	4,053
1-Oct 2040	335,000	4,054	339,054
	<u>\$ 66,785,000</u>	<u>\$ 10,708,682</u>	<u>\$ 77,493,682</u>

**CAPITAL IMPROVEMENT REVENUE AND REVENUE REFUNDING BONDS,
SERIES 2021A (NON-AMT)**

\$26,195,000

SERIAL BONDS DATED JULY 29, 2021

CUSIP NUMBERS

511662CF3	511662CG1	511662CH9	511662CJ5	511662CK2
511662CLO	511662CM8	511662CN6	511662CP1	511662CQ9
511662CR7	511662CS5	511662CT3	511662CU0	511662CV8
511662CW6	511662CX4	511662CY2	511662CZ9	511662DA3

PURPOSE

The Series 2021A Bonds were issued to provide funds: (i) to currently refund a loan entered into by the City with the State of Florida Department of Transportation, which financed various capital improvements at the City's Airport; (ii) to currently refund a portion of the Series 2010A Capital Improvement bonds; (iii) to currently refund the City's 2019 Notes related to a line of credit, which funded various capital projects at the City's Airport; (iv) to fund certain capital projects of the City, including additional projects at the City's Airport; and (v) to pay costs related to the issuance of the Series 2021A Bonds.

SECURITY

The Series 2021A Bonds and the interest thereon are payable from and secured by a pledge of Pledged Revenues, consisting of Non-Ad Valorem Revenues Budgeted and appropriated by the City on an annual basis and deposited into the Sinking Fund Account, as well as income received from the investment of moneys deposited in the funds and accounts established pursuant to the Ordinance.

INSURANCE

The City has not purchased bond insurance or any other form of credit enhancement for the 2021A bonds.

RATINGS

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

MANDATORY REDEMPTION

The Series 2021A Bonds are not subject to mandatory redemption.

OPTIONAL REDEMPTION

The Series 2021A Bonds are not subject to optional redemption.

AGENTS

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

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

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

Issuer Disclosure Counsel: Nabors, Giblin, & Nickerson, PA, Tampa, Florida

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

Managing Underwriter: Wells Fargo Securities

Underwriters' Counsel: Greenberg, Traurig, P.A.

**Summary of Future Debt Service Requirements
Capital Improvement Revenue and Refunding Bonds
Series 2021A (Non-AMT)**

Date	Maturity	Interest	Total
1-Oct-2023	1,585,000	574,075	2,159,075
1-Apr-2024		542,375	542,375
1-Oct-2024	2,485,000	542,375	3,027,375
1-Apr-2025		492,675	492,675
1-Oct-2025	2,740,000	492,675	3,232,675
1-Apr-2026		437,875	437,875
1-Oct-2026	4,350,000	437,875	4,787,875
1-Apr-2027		329,125	329,125
1-Oct-2027	1,450,000	329,125	1,779,125
1-Apr-2028		292,875	292,875
1-Oct-2028	1,260,000	292,875	1,552,875
1-Apr-2029		261,375	261,375
1-Oct-2029	995,000	261,375	1,256,375
1-Apr-2030		236,500	236,500
1-Oct-2030	1,050,000	236,500	1,286,500
1-Apr-2031		210,250	210,250
1-Oct-2031	830,000	210,250	1,040,250
1-Apr-2032		189,500	189,500
1-Oct-2032	875,000	189,500	1,064,500
1-Apr-2033		167,625	167,625
1-Oct-2033	910,000	167,625	1,077,625
1-Apr-2034		144,875	144,875
1-Oct-2034	960,000	144,875	1,104,875
1-Apr-2035		120,875	120,875
1-Oct-2035	1,010,000	120,875	1,130,875
1-Apr-2036		95,625	95,625
1-Oct-2036	1,055,000	95,625	1,150,625
1-Apr-2037		69,250	69,250
1-Oct 2037	500,000	69,250	569,250
1-Apr-2038		56,750	56,750
1-Oct 2038	525,000	56,750	581,750
1-Apr-2039		43,625	43,625
1-Oct 2039	555,000	43,625	598,625
1-Apr-2040		29,750	29,750
1-Oct 2040	580,000	29,750	609,750
1-Apr-2041		15,250	15,250
1-Oct 2041	610,000	15,250	625,250
	<u>\$ 24,325,000</u>	<u>\$ 8,046,425</u>	<u>\$ 32,371,425</u>

**CAPITAL IMPROVEMENT REVENUE AND REVENUE REFUNDING BONDS,
SERIES 2021B (AMT)**

\$15,050,000

SERIAL BONDS DATED JULY 29, 2021

CUSIP NUMBERS

511662DB1	511662DC9	511662DD7	511662DE5	511662DF2
511662DG0	511662DH8	511662DJ4	511662DK1	511662DL9
511662DM7	511662DN5	511662DP0	511662DQ8	511662DR6
511662DS4	511662DT2	511662DU9	511662DV7	511662DW5

PURPOSE

The Series 2021B Bonds were issued to provide funds: (i) to fund various capital projects at the City's Airport; and (ii) to pay costs related to the issuance of the Series 2021B Bonds.

SECURITY

The Series 2021B Bonds and the interest thereon are payable from and secured by a pledge of Pledged Revenues, consisting of Non-Ad Valorem Revenues Budgeted and appropriated by the City on an annual basis and deposited into the Sinking Fund Account, as well as income received from the investment of moneys deposited in the funds and accounts established pursuant to the Ordinance.

INSURANCE

The City has not purchased bond insurance or any other form of credit enhancement for the 2021B Bonds.

RATINGS

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

MANDATORY REDEMPTION

The Series 2021B Bonds are not subject to mandatory redemption.

OPTIONAL REDEMPTION

The Series 2021B Bonds maturing on or before October 1, 2031, are not redeemable prior to their stated dates of maturity. The Series 2010B Bonds maturing on or after October 1, 2032, are subject to redemption prior to their stated dates of maturity, at the option of the City, in whole or in part on any date on or after October 1, 2031 at the redemption prices of 100% of the principal amount redeemed, plus interest accrued to the date of redemption.

AGENTS

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

**Summary of Future Debt Service Requirements
 Capital Improvement Revenue and Refunding Bonds
 Series 2021B**

Date	Maturity	Interest	Total
1-Oct-2023	260,000	315,000	575,000
1-Apr-2024		309,800	309,800
1-Oct-2024	395,000	309,800	704,800
1-Apr-2025		301,900	301,900
1-Oct-2025	255,000	301,900	556,900
1-Apr-2026		296,800	296,800
1-Oct-2026	265,000	296,800	561,800
1-Apr-2027		290,175	290,175
1-Oct-2027	285,000	290,175	575,175
1-Apr-2028		283,050	283,050
1-Oct-2028	565,000	283,050	848,050
1-Apr-2029		268,925	268,925
1-Oct-2029	905,000	268,925	1,173,925
1-Apr-2030		246,300	246,300
1-Oct-2030	955,000	246,300	1,201,300
1-Apr-2031		222,425	222,425
1-Oct-2031	1,005,000	222,425	1,227,425
1-Apr-2032		197,300	197,300
1-Oct-2032	1,050,000	197,300	1,247,300
1-Apr-2033		176,300	176,300
1-Oct-2033	1,095,000	176,300	1,271,300
1-Apr-2034		154,400	154,400
1-Oct-2034	1,140,000	154,400	1,294,400
1-Apr-2035		131,600	131,600
1-Oct-2035	1,185,000	131,600	1,316,600
1-Apr-2036		107,900	107,900
1-Oct-2036	815,000	107,900	922,900
1-Apr-2037		91,600	91,600
1-Oct 2037	845,000	91,600	936,600
1-Apr-2038		74,700	74,700
1-Oct 2038	880,000	74,700	954,700
1-Apr-2039		57,100	57,100
1-Oct 2039	915,000	57,100	972,100
1-Apr-2040		38,800	38,800
1-Oct 2040	950,000	38,800	988,800
1-Apr-2041		19,800	19,800
1-Oct 2041	990,000	19,800	1,009,800
	<u>\$ 14,755,000</u>	<u>\$ 6,852,750</u>	<u>\$ 21,607,750</u>

**CAPITAL IMPROVEMENT REVENUE BONDS,
SERIES 2021C (FEDERALLY TAXABLE)
\$4,290,000**

SERIAL BONDS DATED JULY 29, 2021

CUSIP NUMBERS

511662DX3

511662DY1

PURPOSE

The Series 2021C Bonds were issued to provide funds: (i) to fund various capital projects at the City's Airport; and (ii) to pay costs related to the issuance of the Series 2021C Bonds.

SECURITY

The Series 2021C Bonds and the interest thereon are payable from and secured by a pledge of Pledged Revenues, consisting of Non-Ad Valorem Revenues Budgeted and appropriated by the City on an annual basis and deposited into the Sinking Fund Account, as well as income received from the investment of moneys deposited in the funds and accounts established pursuant to the Ordinance.

INSURANCE

The City has not purchased bond insurance or any other form of credit enhancement for the 2021C Bonds.

RATINGS

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

MANDATORY REDEMPTION

The Series 2021C Bonds are not subject to mandatory redemption.

MAKE WHOLE OPTIONAL REDEMPTION

The Series 2021C Bonds are subject to redemption prior to their maturity at the option of the City, in whole or in part at any time (in such manner of selection of maturities as the City shall determine), at a redemption price equal to the greater of: (i) 100% of the principal amount of the Series 2021C Bonds to be redeemed; or (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2021C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2021C Bonds are to be redeemed, discounted to the date on which the Series 2021C Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, At the Treasury Rate (as defined in the Ordinance), plus 5 basis points; plus, in each case, accrued and unpaid interest on the Series 2021C Bonds to be redeemed to the redemption date.

AGENTS

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

**Summary of Future Debt Service Requirements
Capital Improvement Revenue and Refunding Bonds
Series 2021C**

Date	Maturity	Interest	Total
10/1/2023	1,900,000	10,450	1,10,450
	\$ 1,900,000	\$ 10,450	\$ 1,910,450

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SUBSEQUENT EVENTS

OPIOID SETTLEMENTS

The National Opioids Settlements (NOS) between states, as well as state subdivisions (e.g., municipalities, counties, parishes, cities, towns, etc.) and certain special districts (e.g., school districts, fire districts and hospital districts) and various pharmaceutical companies in July 2021. Three pharmaceutical distributors, Amerisource Bergen, Cardinal Health and McKesson will pay up to \$21 billion over 18 years. Jansen (Johnson & Johnson) to pay up to \$5 billion over 9 years. Between November and December of 2022, a new NOS was reached with Teva, Allegan, CVS, Walgreens, and Walmart. However, Florida was not included in those new agreements per the settlement agreement.

The City received \$62,933 in Opioid Settlement Proceeds from Jansen Settlement during the audit period. The City also received \$106,751 in FY24 from Jansen, Walmart) and various companies identified as Distributors in the settlement; however, we do not know when or if additional settlement funds will be received. If additional funds were received, it would be immaterial to our financial statements.

CURRENT EVENTS

During December 2019, the Novel Coronavirus (COVID-19) was discovered on the continent of Asia. The COVID-19 was subsequently declared a world-wide pandemic by the World Health Organization. On March 13, 2020, the President declared a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak. Although multiple vaccines have been granted authorization for emergency use by the US Food and Drug Administration, the outbreak of COVID-19 has affected travel, commerce, and financial markets both domestic and globally, and is widely expected to have a significant impact on economies worldwide.

The City requested and received reimbursement from Polk County for COVID-19 related purchases through September 30, 2020. Charges were tracked through December 31, 2020. At the end of fiscal year 2023, \$222,581 is due from the Federal Government for COVID related expenses.

On February 24, 2022, Russia began an invasion of the nation of Ukraine, which is ongoing at this time. Much of the international community, particularly the United States and most Western European nations, have condemned Russia for its actions, accusing it of breaking international law and violating Ukrainian sovereignty. As a result, many countries have implemented economic sanctions against Russia, Russian individuals, or companies. Additionally, Israel and Hamas are currently engaged in a war arising from the terrorist attacks on Israel on October 7, 2023. These ongoing wars and the aforementioned economic sanctions have resulted in added volatility in equity and commodity markets and will likely have significant implications for economic growth and inflation going forward. The full impact of the war is unknown at this time, but could have negative implications for the City's investments, particularly those of the City's pension funds and its Public Improvement Endowment Fund.



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GLOSSARY OF TERMINOLOGY

ACCRUED INTEREST

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

ADVANCE REFUNDING

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

AMBAC INDEMNITY CORPORATION (AMBAC)

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

BOND

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

BOND COUNSEL

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

BOND PURCHASE AGREEMENT

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

BOND RATINGS

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

BONDHOLDER

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

BROKER-DEALER (BD)

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

CALL FEATURES

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

CALL PREMIUM

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

CALLABLE BOND

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

CLOSING DATE

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

COMMITTEE ON UNIFORM SECURITIES IDENTIFICATION PROCEDURES (CUSIP)

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

COST OF ISSUANCE

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

COVENANTS

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

COVERAGE

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

DEALER

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

DEBT FINANCING

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

DEBT SERVICE

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

DEBT SERVICE ACCOUNT

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

DEBT SERVICE RESERVE FUND

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

DEBT SERVICE SCHEDULE

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

DEFAULT

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

DEFEASANCE

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

DENOMINATION

The face or dollar amount for bonds which are issued.

DIGITAL ASSURANCE CERTIFICATION (DAC)

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

DISCOUNT

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

DISCOUNT BOND

A bond that sells for a lower price than its face value.

EFFECTIVE DATE

The date the registration of an issue of securities becomes effective, allowing the underwriters to sell the newly issued securities to the public and confirm sales to investors who have given indications of interest.

END OF UNDERWRITING PERIOD

The of (1) the time the issuer of the municipal securities delivers the securities to the Participating Underwriters or (2) the Participating Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the securities for sale to the public.

EXEMPT SECURITY

A security exempted from the registration requirements (although not from the antifraud requirements) of the Securities Act of 1933.

FACE VALUE

The dollar amount the issuer promises to pay the bondholder at maturity; also, called the par value.

FINAL OFFICIAL STATEMENT

A document or set of documents prepared by an issuer of municipal securities or its representatives that is complete as of the date delivered to the Participating Underwriter(s) and that sets forth information concerning the terms of the proposed issue of securities; information, including financial information or operating data concerning such issuers of municipal securities and those other entities, enterprises, funds, accounts, and other person's material to an evaluation of the offering.

FINANCIAL ADVISOR

A consultant to an issuer of municipal securities who provides the issuer with advice with respect to the structure, timing, terms, or other similar matters concerning a new issue of securities.

FINANCIAL GUARANTY INSURANCE CORPORATION (FGIC)

An insurance company that offers insurance on the timely payment of interest and principal on municipal issues and unit investment trusts.

FINANCIAL SECURITY ASSURANCE, INC. (FSA)

An insurance company that offers insurance on the timely payment of interest and principal on municipal issues and unit investment trusts.

FITCH INVESTORS SERVICE, INC.

A rating service for corporate bonds, municipal bonds, commercial paper, and other debt obligations.

GENERAL OBLIGATION BOND (GO)

A bond secured by the pledge of the issuer's full faith, credit, and usually taxing power which may be an unlimited ad valorem tax or a limited tax on real estate and personal property.

INDUSTRIAL DEVELOPMENT REVENUE BOND (IDB)

A debt security issued by a municipal authority, which uses the proceeds to finance the construction or purchase of facilities to be leased or purchased by a private company. The bonds are backed by the credit of the private company which is ultimately responsible for principal and interest payments.

INSTITUTIONAL INVESTOR

A person or organization that trades securities in large enough share quantities or dollar amounts that it qualifies for preferential treatment and lower commissions. An institutional order can be of any size. Institutional investors are covered by fewer protective regulations because it is assumed that they are more knowledgeable and better able to protect themselves.

INSURANCE COVENANT

A provision of a municipal revenue bond's trust indenture that helps ensure the safety of the issue by promising to ensure the facilities built.

INSURED BOND

A bond insured as to timely payment of principal, interest, and premium by private insurers.

INVESTMENT BANKER

A broker dealer firm that underwrites new issues and provides financial counseling to issuers of securities. (underwriter)

ISSUER

A legal entity that borrows money through the issuance of debt obligations specified in section 3(a) (29) and Rule 3b-5(a) of the Act.

MATERIAL INFORMATION

Any information or fact that could affect an investor's decision to trade a security.

MATURITY

The date upon which the principal of a municipal bond becomes due and payable to the bondholders.

MOODY'S INVESTORS SERVICES

A rating service for corporate bonds, municipal bonds, commercial paper, and other debt obligations.

MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION (MBIA)

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

MUNICIPAL BONDS

Debt obligations issued by states, counties, cities, political subdivisions, and territories of the United States.

MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB)

A self-regulatory organization that regulates the issuance and trading of municipal securities. The board functions under the supervision of the SEC – it has no enforcement powers.

NET DIRECT DEBT

The amount of debt obligations of a municipality including general obligation bonds, notes, and short-term notes. Self-supported debt from revenue bonds is not included.

NON-CALLABLE BOND

A bond that cannot be called for redemption at the option of the issuer before its specified maturity date.

PAR

The dollar amount assigned to a security by the issuer. For a municipal security, the amount repaid to the investor when the bond matures.

PARITY BONDS

Municipal bonds that enjoy the same lien position as previously outstanding bonds.

PAYMENT DATE

The date at which the interest of a municipal bond is due to the bondholder.

PLEGGED REVENUES

Those revenues of an entity that are designated for the repayment of debt obligations.

PREMIUM

The amount that the cost price (market value) exceeds the principal amount of a municipal bond.

PRINCIPAL

The face amount or par value of a municipal bond, exclusive of accrued interest.

PRIMARY OFFERING

An offering of municipal securities directly or indirectly by, or on behalf of, an issuer of such securities. Including any remarketing of municipal securities that are either (1) accompanied by a change in the authorized denomination of such securities from \$100,000 or more to less than \$100,000, or (2) accompanied by a change in the period during which such securities may be tendered to an issuer of such securities or its designated agent for redemption or purchase from a period of nine months or less to a period of more than nine months.

RATE COVENANT

A covenant requiring the charging of rates or fees for the use of specific facilities or operations sufficient to achieve a stated minimum coverage.

RATING AGENCY

A nationally recognized agency that rates securities for safety of payment of principal, interest, or dividends at the request of the issuer.

RATING CATEGORY

One of the generic rating categories of any nationally recognized securities rating agency without regard to any refinement or graduation of such rating by a numerical modifier or otherwise.

REFUNDING

The retiring of a bond issue at the earliest call date or at maturity with funds from a new issue.

REGISTERED BOND

A bond that has a name printed on the certificate identifying the owner. The owner is "registered" with the issuer or its agent either as to both principal and interest, or as to principal only.

REGISTRAR

The issuer or agent designated by the issuer, by ordinance or resolution, to maintain the registration books for the bond issued or to perform other duties with respect to registering the transfer of bonds.

RESERVE FUND

A fund that may be used to pay debt service if the pledged revenue sources do not generate sufficient funds to cover debt service.

REVENUE BOND

A bond secured by a pledged source of revenue.

SENIOR LIEN DEBT

A bond issue that shares the same collateral as other issues but has a prior claim to the collateral in the event of default.

SERIAL BOND

A bond that has a series of maturities at intervals during the term of the bond.

STANDARD AND POOR'S CORPORATION (S&P)

An independent company that rates stock, corporate, and municipal bonds based on risk profiles, and produces and tracks the S&P indexes.

SUBORDINATED DEBT FINANCING

A form of long-term capitalization used by broker dealers where claims of lenders are subordinated to the claims of other creditors.

TAXABLE BOND

Bonds on which the interest at the time of issuance is not intended to be excluded from the gross income of the holders for federal tax purposes.

TAX-EXEMPT BOND

A municipal bond, the interest on which is exempt from federal income tax.

TERM BOND

A municipal bond issue that has a single maturity.

TRUSTEE

A person or organization legally appointed to act on behalf of a beneficiary.

TRUST AGREEMENT

An agreement between an issuer and a trustee acting on behalf of bondholders (1) authorizing and securitizing the bonds, (2) containing the issuer's covenants and obligations with respect to the project and payment of debt service, (3) specifying the events of default, and (4) outlining the trustee's fiduciary responsibilities and bondholders' rights.

UNDERWRITER

Any person or firm that purchases from an issuer of municipal securities, or offers or sells for an issuer of municipal securities in connection with the offering of any municipal security, or participates or has a direct or indirect participation in any such undertaking; except, that such term shall not include a person whose interest is limited to a commission, concession, or allowance from an underwriter, broker, dealer, or municipal securities dealer not in excess of the usual and customary distributors' or sellers' commission, concession, or allowance.

UNDERWRITERS' COUNSEL

A law firm engaged to represent the interest of the underwriters in a security issue.

VARIABLE RATE BOND

Bonds issued with a variable, adjustable, convertible, or other similar interest rate which is not fixed in percentage at the date of issue for the entire term thereof.

YIELD

The net rate of return on an investment based on an annual interest rate over the term of the security; also, called yield to maturity.

ZERO COUPON BOND/CAPITAL APPRECIATION BOND

A bond that pays no interest that is purchased or traded at a deep discount with the full face-value redeemed at maturity.