

ANNUAL COMPREHENSIVE FINANCIAL REPORT

THE CITY OF LAKELAND, FLORIDA

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2025

SELECTIONS FROM
THE DOWNTOWN PUBLIC ART TRAIL

TRIBUTE TO THE VOLUNTEER SPIRIT
SCULPTOR: ALBERT PALEY

CITY OF
Lakeland
www.lakelandgov.net



ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

CITY OF LAKELAND, FLORIDA

for the

FISCAL YEAR ENDED SEPTEMBER 30, 2025



Prepared by the
FINANCE DEPARTMENT

MICHAEL C. BROSSART, CPA
Finance Director

DEIDRA M. JOSEPH
Assistant Finance Director



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INTRODUCTORY SECTION



"NO MOMMY THAT ONE"
SCULPTOR: J. SEWARD JOHNSON • MEDIUM: BRONZE

TABLE OF CONTENTS

INTRODUCTORY SECTION (UNAUDITED)

Introductory Information (Unaudited)

Table of Contents	i
Letter of Transmittal	A-1
Organization Chart	A-6
City Officials	A-8
Certificate of Achievement for Excellence in Financial Reporting	A-9

FINANCIAL SECTION

<u>Independent Auditor's Report</u>	B-1
--	-----

<u>Management's Discussion and Analysis (Unaudited)</u>	C-1
--	-----

Basic Financial Statements

Government-Wide Financial Statements:

Statement of Net Position	D-2
Statement of Activities	D-4

Fund Financial Statements:

Balance Sheet – Governmental Funds	D-6
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	D-7
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	D-8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities	D-10
Statement of Net Position – Proprietary Funds	D-12
Reconciliation of the Proprietary Funds Statement of Net Position to the Government-Wide Statement of Net Position	D-15
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	D-16
Reconciliation of the Statement of Revenues, Expenses, and Changes in Fund Net Position of the Proprietary Funds to the Statement of Activities	D-17
Statement of Cash Flows – Proprietary Funds	D-18
Statement of Fiduciary Net Position	D-20
Statement of Changes in Fiduciary Net Position	D-21

Notes to Financial Statements	E-1
--------------------------------------	-----

Required Supplementary Information

General Fund Budgetary Comparison Schedule – Budget (GAAP Basis) and Actual	F-2
Schedule of Changes in the City's Net Pension Liability and Related Ratios	F-4
Schedule of Changes in the City's Net OPEB Liability and Related Ratios	F-10
Schedule of OPEB Investment Returns	F-11
Schedule of OPEB Contributions	F-11
Schedule of Contributions from Employers and Other Contributing Entities	F-12
Notes to Required Supplementary Information	F-14

TABLE OF CONTENTS, Continued

Supplementary Information

Budgetary Comparison Schedule - Major Capital Projects Fund:

Budgetary Comparison Schedule - Budget (GAAP Basis) and Actual - Public Improvement Fund	G-1
--	-----

Combining Fund Financial Statements:

Combining Balance Sheet – Nonmajor Governmental Funds	H-2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	H-4
Budgetary Comparison Schedule – Budget (GAAP Basis) and Actual – Nonmajor Governmental Funds	H-6
Combining Statement of Net Position – Nonmajor Proprietary Funds	H-10
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Proprietary Funds	H-12
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	H-13
Combining Statement of Net Position – Internal Service Funds	H-16
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	H-18
Combining Statement of Cash Flows – Internal Service Funds	H-20
Combining Statement of Fiduciary Net Position – Trust Funds	H-24
Combining Statement of Changes in Plan Net Position – Trust Funds	H-25

Schedules:

Schedule of Long-Term Debt – All Funds	I-2
Schedule of Required Debt Payments to Maturity: Capital Improvement Revenue Bonds (series 2015); and Taxable Pension Liability Reduction Note (series 2020) Capital Improvement Revenue Note (series 2017A); and Capital Improvement Revenue Note (series 2017B); and	I-5
Water and Wastewater Revenue Refunding Bonds (series 2021); and Capital Improvement Revenue Note (series 2015); and Energy System Refunding Revenue Bonds (series 2010)	I-6
Energy System Refunding Bonds (series 2016); and Energy System Refunding Bonds (series 2018)	I-7
Energy System Revenue Bonds (series 2021); and Energy System Revenue and Refunding Bonds (series 2023)	I-8
Capital Improvement Revenue Bonds (series 2021 A, B); and Capital Improvement Revenue and Refunding Bonds (series 2025 A, B, C)	I-9
Analysis of Sinking Fund and Reserve Account Requirements	I-11
Summary of Required Debt Payments to Maturity – All Outstanding Revenue Bond Series	I-12

TABLE OF CONTENTS, Continued

STATISTICAL SECTION (UNAUDITED)

Miscellaneous Statistical Information (unaudited)

Financial Trends:

Net Position (Last Ten Fiscal Years)	J-2
Changes in Net Position (Last Ten Fiscal Years)	J-4
Fund Balances of Governmental Funds (Last Ten Fiscal Years)	J-6
Changes in Fund Balances of Governmental Funds (Last Ten Fiscal Years)	J-7

Revenue Capacity:

General Fund Property Tax Levies, Tax Collections, Assessed Valuations, and Property Tax Rates (Last Ten Fiscal Years)	J-8
Schedule of Property Tax Rates – Direct and Overlapping Governments (Last Ten Fiscal Years)	J-10
Ten Principal Taxpayers (For the Current Year and Nine Years Prior)	J-11
Lakeland Electric Utility Fund Charges for Services and Average Rates (Last Ten Fiscal Years)	J-12

Debt Capacity:

Ratios of Outstanding Debt by Type (Last Ten Fiscal Years)	J-13
Governmental Activities Tax Revenues by Source (Last Ten Fiscal Years)	J-14
Ratios of General Bonded Debt Outstanding (Last Ten Fiscal Years)	J-15
Direct and Overlapping Governmental Activities Debt	J-16
Schedule of Revenue Bonds Coverage (Last Ten Fiscal Years)	J-17

Demographic & Economic Information:

Demographic and Economic Statistics (Last Ten Fiscal Years)	J-18
Principal Employers (For the Current Year and Nine Years Prior)	J-19

Operating Information:

FTE Employees by Function (Last Ten Fiscal Years)	J-20
Operating Indicators by Function (Last Ten Fiscal Years)	J-21
Capital Assets Statistics by Function (Last Ten Fiscal Years)	J-22

Single Audit Schedules

Schedule of Expenditures of Federal Awards and State Financial Assistance	K-1
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	K-6

Independent Auditor's Reports and Schedules

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	L-1
Independent Auditor's Report on Compliance for each Major Federal Program and Major State Project; Report on Internal Control Over Compliance	L-3
Schedule of Findings and Questioned Costs	L-6
Independent Accountant's Report	L-8
Independent Auditor's Management Letter	L-9



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April 1, 2026

Honorable Mayor, Members of the City Commission and Citizens of the City of Lakeland, Florida:

It is our pleasure to submit this Annual Comprehensive Financial Report for the City of Lakeland, Florida for the fiscal year ended September 30, 2025. The organization, form and contents of this report plus the accompanying financial statements and statistical tables are prepared in accordance with the requirements of the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, and the Governmental Finance Officers Association.

This report has been prepared by the Finance Department of the City of Lakeland, which assumes full responsibility for the completeness and accuracy of the information presented herein. To provide assurance that financial data incorporated into this report is as accurate as possible, the Finance Department has adopted internal control procedures which are intended to ensure that financial transactions are recorded in a manner that is consistent with generally accepted accounting principles. These internal control procedures are also intended to prevent loss of assets due to theft or mismanagement. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

Florida Statutes require that all municipalities in the State conduct an annual financial audit of the books and records, performed by an independent certified public accountant. The City has contracted with the firm of Forvis Mazars, LLP to conduct the audit for the year ended September 30, 2025. The independent auditor's report, which indicates that the financial statements included in this document are free from material misstatement and are fairly presented in conformity with accounting principles generally accepted in the United States of America appears on page B-1 of this document.

The Management's Discussion and Analysis is intended to provide a narrative introduction, overview, and analysis of the basic financial statements. It should be read in conjunction with this letter to provide a general overview of the City's finances. This report starts on page C-1 of this bound document.

Profile of the City of Lakeland

Located between two major urban areas – Tampa and Orlando – Lakeland enjoys the quality-of-life characteristics of smaller cities, while affording easy access and the amenities of larger metropolitan areas. Per the University of Florida's Bureau of Economic & Business Research (BEBR), incorporated Lakeland's 2025 population is 124,725. The City limits include approximately 76 square miles.

The City is governed by a seven-member City Commission. This Commission employs a full-time City Manager to run the day-to-day operations of the entity. Page A-6 of this report graphically presents the Organization Chart for the City. The services provided by the City of Lakeland government are extremely diverse, ranging from traditional police, fire, public works, and an extensive parks and recreation system to utility services including electric power generation and supply, treated water, wastewater treatment, stormwater, solid waste collection, municipal parking facilities, an airport, convention center and 27-hole golf course.

Annual operating budgets are formally adopted by the City Commission. Legally authorized appropriations are prepared based on total expenses by fund and department. Any variation between the budgeted expenses and actual expenses at the fund and departmental level of detail must be authorized by the City Commission by affirmative action throughout the year.

The City of Lakeland derives its name from the 28,000 acres of 38 named lakes and numerous smaller lakes, ranging in size from 2.5 acres (Lake Blanton) to 2,272 acres (Lake Parker).

Profile of the City of Lakeland (continued)

Local Economy

Lakeland boasts many unique features, including the world's largest on-site collection of Frank Lloyd Wright-designed buildings at Florida Southern College. Lakeland hosts Florida's largest aircraft convention – the Sun 'n Fun International Fly-In & Expo – which draws more than 200,000 people and 4,000 aircrafts into the Lakeland Linder International Airport. Lakeland's annual outdoor art festival, Mayfaire by-the-Lake, began in 1971 and attracts more than 70,000 visitors and artists to the shores of Lake Morton. Bonnet Springs Park opened in Lakeland in 2022 as a 168-acre public park and has since attracted 1 million visitors annually. Last year, Bonnet Springs Park topped USA Today's readers' choice award as the "Best City Park" for 2025.

Lakeland is the spring home of the Detroit Tigers who have been training in Lakeland since 1934. The organization has a year-round presence and operates one of their minor league teams, developmental squads and rehabilitative facilities in Lakeland. During the 2025 Spring Training season, the Tigers played 14 games at Joker Marchant Stadium in Lakeland. These games were attended by more than 100,000 individuals which resulted in an overall economic impact of \$68 million.

Lakeland is home to the headquarters of Publix Super Markets, which was founded in nearby Winter Haven by Mr. George Jenkins in 1930. Publix operates 1,432 grocery stores in Florida, Georgia, South Carolina, North Carolina, Alabama, Tennessee, Virginia, and Kentucky. It is also the largest employee-owned grocery chain in the United States. Ranked as one of Fortune's Best Big Companies to work for, Publix has more than 260,000 employees and is a Fortune 100 company with \$60.2 billion in retail sales in 2024. The total taxable value of real property owned by Publix within the Lakeland city limits for 2025 is more than \$500 million.

The City also boasts in having the fifth largest hospital in Florida and the busiest single-site Emergency Department in the state – Lakeland Regional Health, an 892-bed not-for profit hospital. Lakeland is also home to Watson Clinic, LLC which provides close to 1 million outpatient visits annually.

Residential construction activity in Lakeland continues to be active. Lakeland issued 525 new single-family permits in 2025. Individually, single-family activity recorded a year-over-year increase of 67% from the permits issued in 2024. Over the past 25 years, Lakeland averaged 330 single-family permits issued annually, that figure balances the highs of 2020 and 2021 with the lows of 2011 and 2012. Considered healthy and active, Lakeland's single-family activity for 2025 was approximately 59% higher than that 25-year average. Multi-family permitting was active for 2025 with 410 new permits issued. This marked a 754% increase from the 48 recorded in 2024. Over the past 6-years, from 2020-2025, Lakeland has issued 1,960 multi-family permits for projects to be constructed within the City limits. Lakeland continues to demonstrate a great deal of core strength as the real estate market signals an expanding pattern for residential development. The right balance of a growing population, new buyers and shifting demographics have Lakeland positioned well for growth. With year-over-year home prices slowing and interest rates moderating, single and multi-family activity will remain steady with new units helping to keep pace with demand. Understanding that normalization of the economy may be sustained, many economists recognize that the biggest concerns for new residential construction in 2026 will remain to be an underabundance of qualified skilled labor, increasing costs of building supplies and materials and high interest rates.

Existing and new companies in Lakeland are helping to fuel the City's growing population, which has a direct correlation with employment opportunities and the local unemployment rate. With a stable and active job market, Lakeland's monthly unemployment rates began 2025 at 4.4% before gradually increasing to a monthly high of 6.1% in November. The relative consistency seen in local unemployment figures also mirrors the state and national economy as it is tied to Lakeland's economic outlook. Closing out 2025 at 4.9%, Lakeland's month-over-month unemployment rate was balanced by job growth that kept pace with the City's population growth.

Complimenting Lakeland's growth, the City's month-over-month labor force for 2025 experienced a slight contraction as unemployment rates increased. Starting the year with 53,967 individuals in the labor force, Lakeland's workforce grew marginally in 2025, expanding the existing labor force by approximately 200 individuals. This is better illustrated by tracking the actual number of unemployed people within the workforce. In 2025, Lakeland began the year with a monthly unemployment rate of 4.4% equating to 2,397 individuals within the local workforce seeking work. The year closed with a monthly December unemployment rate of 5.5% and 2,964 individuals unemployed and actively seeking work. This consistency illustrates Lakeland's economic health but also demonstrates the need for new job creation. As new companies locate and existing ones expand and grow their workforce, new jobs are required. These new jobs help balance available opportunities for residents, thus allowing the City's overall unemployment rate to remain stable. For 2026, Lakeland's unemployment rate will remain steady with consistent economic performance that should keep annual unemployment rates in the mid 5% range.

Profile of the City of Lakeland (continued)

Local Economy (continued)

Lakeland's industrial real estate market is heavily reliant on demand. In 2025, interest in industrial space increased year-over-year from 2024 with a few large commitments. Despite that, interest in large industrial spaces greater than 250,000 square feet continues to slow with the softening of the job market. As such, industrial construction looks to build momentum as interest in Lakeland continues to highlight opportunities in both demand and supply. Lakeland has added approximately 10 million square feet of new industrial space over the past 10 years, of which, three quarters of that has been built as speculative space. Lakeland's industrial market is positioned well, demonstrating strengths in both relative affordability and absorption. Leasing demand expanded from 2024 to 2025 but there was still a measured decline from the historic levels reached in 2020. Demand, balanced with the availability of new space, is impacting vacancy rates as less available inventory has hit the market. However, new inventory under construction, I-4, SR 33, County Line Road and Lakeland Central Park will continue to be attractive for tenants locating to and expanding within the region. In 2025, industrial vacancy rates in Lakeland dropped below 7% as less inventory became available. This decrease signals a potential need for inventory as leasing activity in the 3rd quarter of 2025 peaked at 1.7 million SF of new opportunities. A decreasing vacancy rate can have a net impact, signaling that Lakeland's industrial market is still very healthy as this rate is tied to the net volume in new industrial/warehouse/manufacturing space being permitted and constructed. For 2025, Lakeland saw 368,000 square feet of new industrial/warehouse/manufacturing space completed, and another 716,000 square feet permitted. Lakeland's consistent demand can be partially attributed to its historically attractive lease rates. However, after several years of steady interest and activity, lease rates are increasing with 2025 seeing an average asking rate of \$8.00 per square foot, which is the highest rate ever recorded in that market. This rate is driven by the market demand which correlates with the delivery of new space. Industrial developers continue to have a defined interest in Lakeland which will continue to foster speculative projects and new industrial construction in 2026.

Significant business and institutional development investments completed within the City in 2025 totaled more than \$350 million and committed to the creation of approximately 250 new jobs. As proof of Lakeland's diverse economy, a few of the examples below highlight recent industrial, office, medical, residential, and educational activities. In 2025 developers and companies completed and announced several construction projects that will add square footage and jobs in Lakeland.

Lakeland Central Park (LCP) completed the first of eight planned buildings on their \$400 million 740-acre business park. Located adjacent to the Polk Parkway in northwest Lakeland, LCP was designed to accommodate 5-million square feet of industrial space. The first 705,000 square foot spec building was purchased in 2025 for \$92 million by Ashley Furniture. Construction has begun on the next 275,000 square foot building that will be completed near the end of 2026 as a speculative building.

Publix Supermarkets completed a \$25 million renovation of their original corporate headquarters located on George Jenkins Boulevard. The building host offices for multiple departments and serves as Publix's Employment Office.

O'Reilly Auto Parts completed a \$18 million 161,000 square feet to their existing 384,000 square foot building that is located on County Line Road, just south of Publix and Amazon.

International Gaming Technologies (IGT) added an additional print line to increase production of their scratch-off lottery tickets. This \$10 million manufacturing expansion will increase employees and productivity at their Lakeland facility, which employs 300.

Lakeland YMCA completed a \$25 million renovation that included a new 2-story 40,000 square foot field house that added two basketball courts, indoor turf soccer field and an elevated indoor track. Additional improvements include a new 4,000 square-foot childcare building, 120 additional parking spaces and multiple infrastructure improvements.

International Flavors and Fragrances (IFF) completed their 30,000 square foot Citrus Innovation Center on the campus of Florida Polytechnic University in April of 2025. This \$15 million research facility will utilize IFF's natural ingredient expertise to expand their focus on flavors, fragrances, food ingredients, health and biosciences.

The Detroit Tigers and the City of Lakeland are constructing a new Player Development Academy located at Tigertown in Lakeland. The four-story, 59,000 square-foot facility will feature 76 dorm rooms, a 200-seat dining hall, player lounge and recreation area and staff office space. This \$30 million facility will serve as a year-round hub for Tigers minor league and developmental players.

Profile of the City of Lakeland (continued)

Local Economy (continued)

Publix Supermarkets purchased the former FedEx Building in downtown Lakeland in early 2023. This 142,000 square-foot existing building and the adjacent 140,000 square-foot existing Publix building are each being renovated to accommodate hundreds of new high wage jobs paying more than 200% of the county average wage of \$93,526. The buildings will serve as the IT headquarters for Publix where they plan to consolidate other IT employees into a single campus location. This project is a \$50 million capital investment and will be completed in early 2026.

Orlando Health is constructing a 7-story 360 bed hospital on an 80-acre property at the southern corner of the Polk Parkway and Lakeland Highlands Road in southeast Lakeland. This hospital will feature ICU/progressive care rooms, neonatal intensive care units (NICU), a 48-bed emergency room and support services including an imaging lab, pharmacy, dining and a gift shop. In addition, the site has six developable outparcels that could feature additional office, retail and a hotel. The hospital and initial two 3-story offices will be completed in the summer of 2026.

Central Florida Health Care is constructing a 4-story, 34,000 square-foot health clinic on a property that is currently used as a parking lot directly across N Florida Ave from Bryant Stadium. The new \$10 million clinic will provide a number of services such as Primary-care, Pediatric/Adult Dental care, Behavioral health, OB/GYN, Optometry and general Nutritional counseling.

Along with commercial and industrial uses, demand for multi-family products will bring several new projects that will offer benefits in varying parts of Lakeland's central city, stretching its geographic boundaries.

Prospect Lake Wire is a 2 Phase market rate multi-family mixed use development located adjacent to Lake Wire downtown on the former Florida Tile site. Phase I was completed in October of 2024, with 300 apartment units in four residential buildings, along with approximately 15,000 square feet of single-story retail. Phase 2 will add an additional 200+ apartments and 15,000 square feet of additional retail space.

Prose Lakeside is a new multi-family community featuring 264 1, 2 and 3 bedroom units within 17 separate buildings. Located south of the Polk parkway and west of Harden Blvd and Lakeside Village, this market rate project contains a clubhouse, pool and other amenities and was completed in the summer of 2025.

Griffin Lots is a 60-unit affordable housing project that features 1 and 2 bedrooms apartments. This 4-story poured concrete building is located on Griffin Road between N. Florida Avenue and Lakeland Hills Blvd., and was completed in the spring of 2025.

Point Grand is a 288-unit multi-family project that is being constructed on the southside of the Polk Parkway between Old Road 37 and Harden Blvd. Consisting of 1, 2 and 3 bedroom units, the project is permitted with site work for utilities and foundations currently underway. The project will be completed in the spring of 2026.

The Thelma is a 5-story traditional mixed use development that will be under construction in mid-2026. The project will contain a mix of ground floor retail with office and residential on the upper levels. At buildout, this very visible property located on Massachusetts Avenue, just north of the Lakeland Police Department and west of the Mirrorton Apartments, will contain 10,600 square feet of commercial space and 49 residential units.

With regards to higher education in Lakeland, Florida Polytechnic University completed the 40,000 square foot Wendt Engineering center in November of 2025. This \$15 million facility adds state-of-the-art laboratory space and equipment designed to expand innovation and student learning. Southeastern University broke ground on the Robert and Sandra Graper Early Childhood Center which will serve children ages zero to four through a classical education model. The Center will be completed in the fall of 2026 and will serve the community while providing valuable hands on experience to students.

Profile of the City of Lakeland (continued)

Long-term Financial Planning

The City prepares ten-year capital improvement plans for several of its Funds that identify both capital improvements and related revenue sources anticipated for the next ten annual budget cycles. Capital requirements of enterprise operations – typically utility operations such as electric, water, wastewater, and solid waste, are financed from capital reserves accumulated within those enterprise operations and obtained from the users of those services through the imposition of user fees. Capital requirements of general governmental operations are financed primarily from the proceeds from gasoline taxes and the proceeds from the pre-payment of an operating lease between the City of Lakeland and a not-for-profit entity that operates the City-owned hospital facility.

Impact Fees are also assessed on new construction within the Water and Wastewater utilities to provide a source of financing for the capital costs associated with growth. The City also levies similar impact fees to offset a portion of the capital costs of Transportation improvements, Parks and Recreation Facilities, and Public Safety.

Relevant Financial Policies

The City finances a portion of general governmental operating costs from the proceeds of transfers to the General Fund from various utility operations – primarily from an electric utility operation. These transfers finance approximately 26% of the operating costs for general governmental operations within Lakeland.

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, 2024. To be awarded a Certificate of Achievement for Excellence in Financial Reporting, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report, of which its contents conform to program standards. Such reports must satisfy both generally accepted accounting principles 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 the GFOA to determine its eligibility for another certificate.

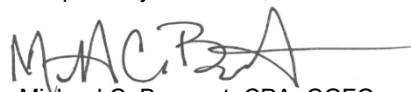
Acknowledgments

The preparation of the Annual Comprehensive Financial Report could not be achieved without many extra hours of work on the part of the City's Finance Department staff. The City is fortunate to have such a fine group of professionals who are highly skilled and complete all tasks accurately and within schedule.

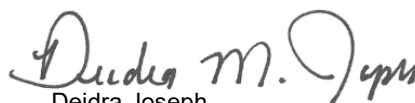
We would like to especially thank Suzette Whyte, Chief Accountant, Asha Patel, Electric Utility Controller, and Brent McLain, Chief Accountant, for their efforts in assisting the external auditors in completing the audit, and for preparation of the Annual Report. Their respective roles in coordinating the work of accountants and other professionals have proven to be invaluable to the report preparation process. We would also like to thank the external auditors, Forvis Mazars, LLP, for their cooperation, professionalism, and assistance during the audit process.

We would like to express appreciation to the City Manager, his staff, and the City Commission for their continued support of the Finance Department and for the leadership they have provided to make Lakeland such an exceptional community. This report reflects the favorable financial condition of the City, and we are proud to submit it to you for your review.

Respectfully submitted,

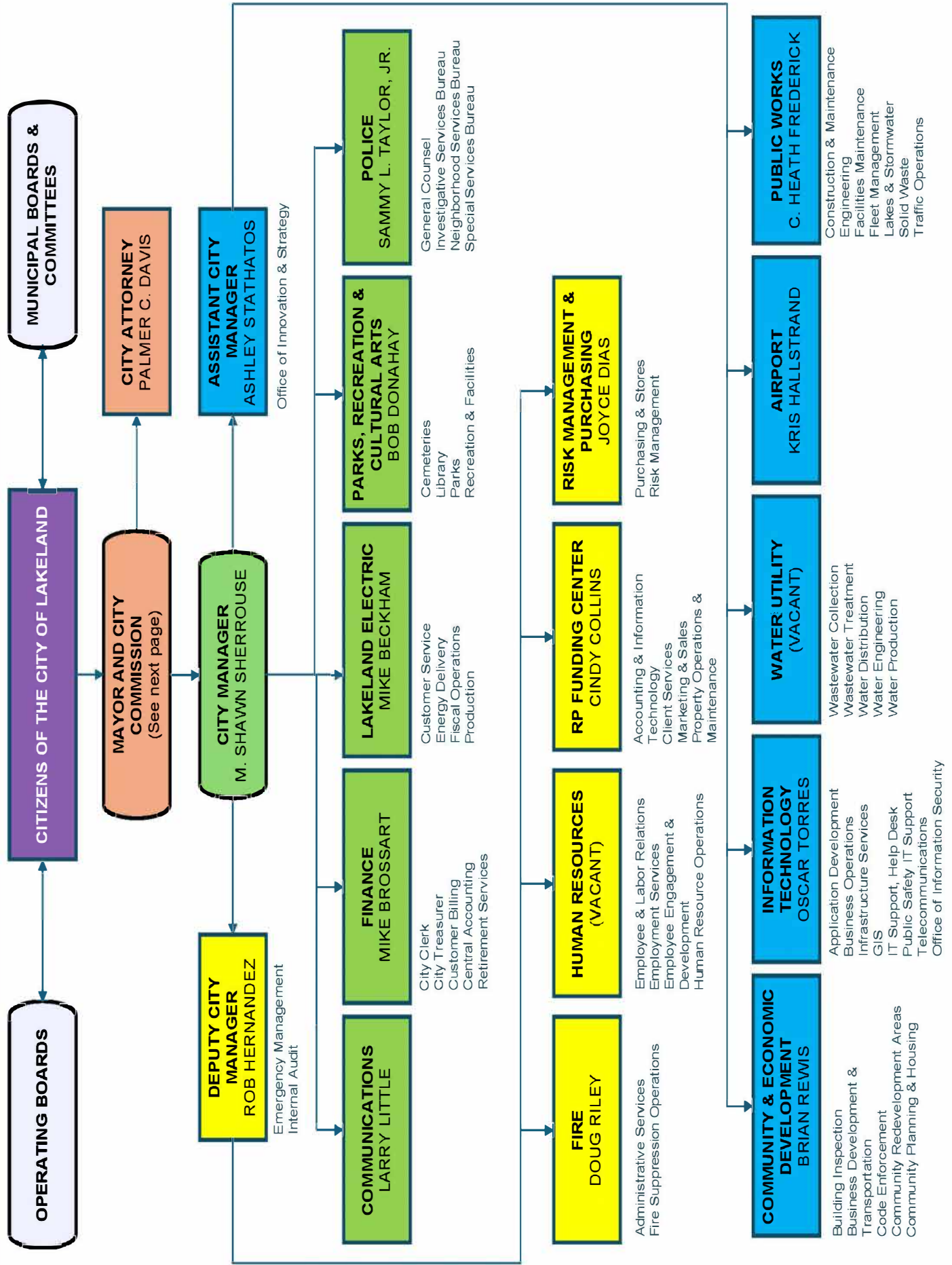


Michael C. Brossart, CPA, CGFO
Finance Director



Deidra Joseph
Assistant Finance Director

Organizational Chart



CITIZENS OF THE CITY OF LAKELAND

MAYOR AND CITY COMMISSIONERS

H. William "Bill" Mutz, Mayor (Sara Roberts McCarley, Mayor 01.05.26)

Guy Labonde, Jr.
Stephanie R. Madden
Chad E. McLeod

Michael L. Musick
Sara Roberts McCarley (Ashley Troutman 01.05.26)
William "Bill" W. Read (Terry Coney 01.05.26)

REGIONAL OR PROFESSIONAL ASSOCIATIONS

Airport Advisory Board
American Public Power Association, Policy Makers Council
Central Florida Development Council
Central Florida Regional Planning Council
Community Redevelopment Area
Enterprise Zone Development Agency
Florida League of Cities
International City/County Management Association
Lakeland Area Mass Transit District
Lakeland Chamber of Commerce
Lakeland Downtown Development Authority
Lakeland Economic Development Council
Lakeland Sister Cities, Inc.
Lakeland Vision
National League of Cities
Orlando Economic Partnership- Congress of Leaders
Polk County Tourism and Sports Marketing
Polk Regional Water Cooperative Committee
Sun n' Fun Board of Directors
Transportation Planning Organization

MUNICIPAL BOARDS & COMMITTEES

Affordable Housing Advisory
Affordable Housing Review
Airport Advisory Board
Beautification Board
Civil Service
Code Enforcement Board
Community Redevelopment Area Advisory Board
Employees' Pension Board
Firefighter's Pension Trust- Board of Trustees
Historic Preservation Board
Housing Authority Board
Mayor's Council on the Arts
Nuisance Abatement Board
Planning and Zoning Board
Police Officer's Retirement Fund
Public Employee Relations Commission
Public Improvement Endowment Fund Board
Utility Committee
Zoning Board of Adjustment and Appeals

CITY OF LAKELAND, FLORIDA

CITY OFFICIALS

September 30, 2025

COMMISSION-MANAGER FORM OF GOVERNMENT

CITY COMMISSION

H. William "Bill" Mutz, Mayor (Sara Roberts McCarley effective 01.05.26)

Guy Lalonde, Jr.

Michael L. Musick

Stephanie R. Madden

William "Bill" W. Read (Terry Coney effective 01.05.26)

Chad E. McLeod

Sara Roberts McCarley (Ashley Troutman effective 01.05.26)

CITY MANAGER

M. Shawn Sherrouse

FINANCE DIRECTOR

Michael C. Brossart, CPA

CITY ATTORNEY

Palmer C. Davis



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Lakeland
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

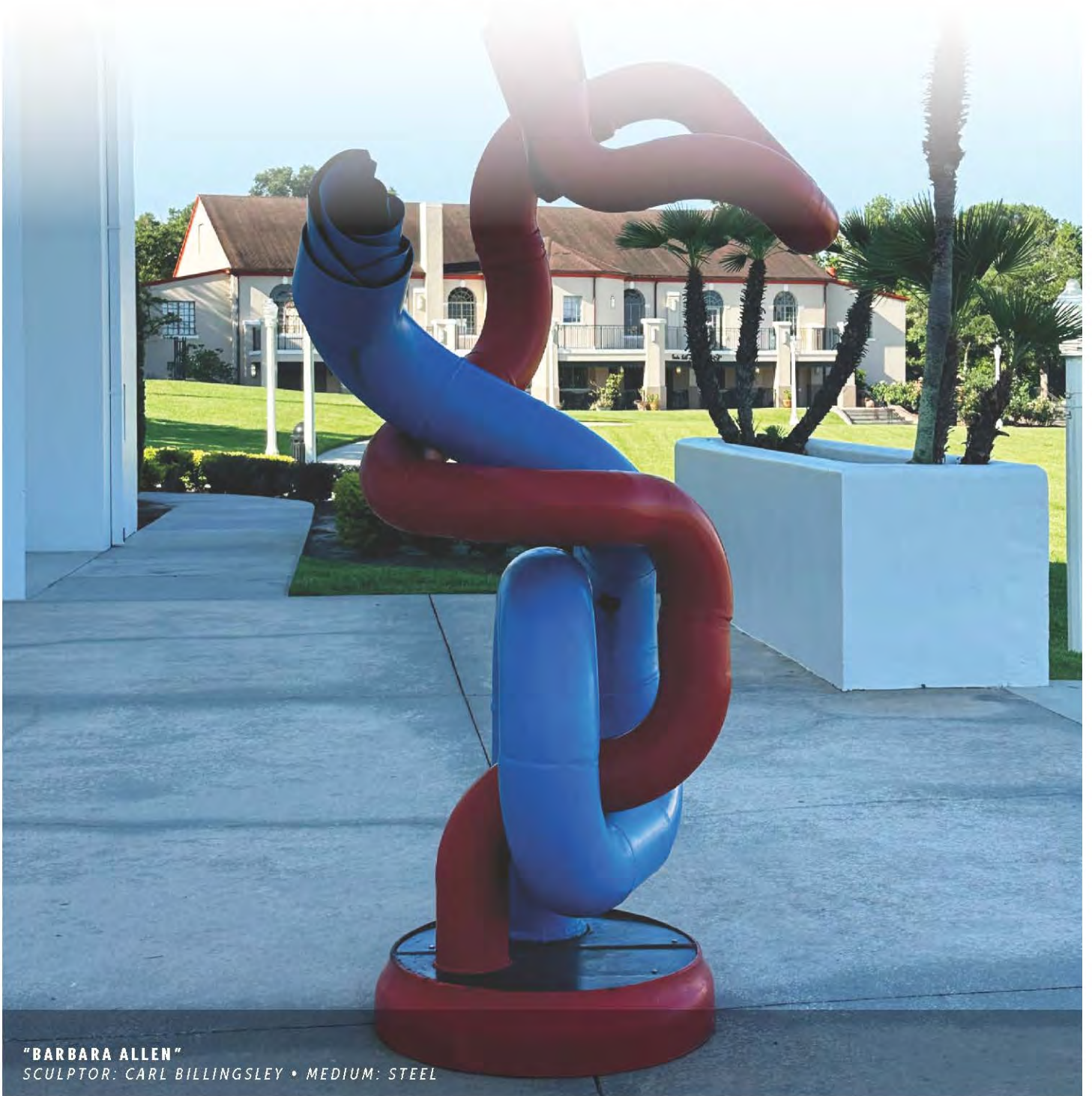
Christopher P. Morrell

Executive Director/CEO



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FINANCIAL SECTION



"BARBARA ALLEN"
SCULPTOR: CARL BILLINGSLEY • MEDIUM: STEEL

Independent Auditor's Report

Honorable Mayor and City Commission
City of Lakeland, Florida
Lakeland, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakeland, Florida (the "City") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Police Officers' Defined Benefit Retirement System of the City of Lakeland, Florida and the City of Lakeland Firefighters' Retirement System, which represent 23%, 27%, and 10% of the assets, net position, and revenues/additions of the aggregate remaining fund information, respectively. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police Officers' Defined Benefit Retirement System of the City of Lakeland, Florida and the City of Lakeland Firefighters' Retirement System, is based solely on the reports of those other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Police Officers' Defined Benefit Retirement System of the City of Lakeland, Florida and the City of Lakeland Firefighters' Retirement System were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary comparison schedule – major capital project fund, the combining and individual fund statements, the debt schedules and the schedule of expenditures of federal awards and state financial assistance as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, *Rules of the Auditor General*, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the budgetary comparison schedule – major capital project fund, the combining and individual fund statements, the debt schedules and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and the statistical sections, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

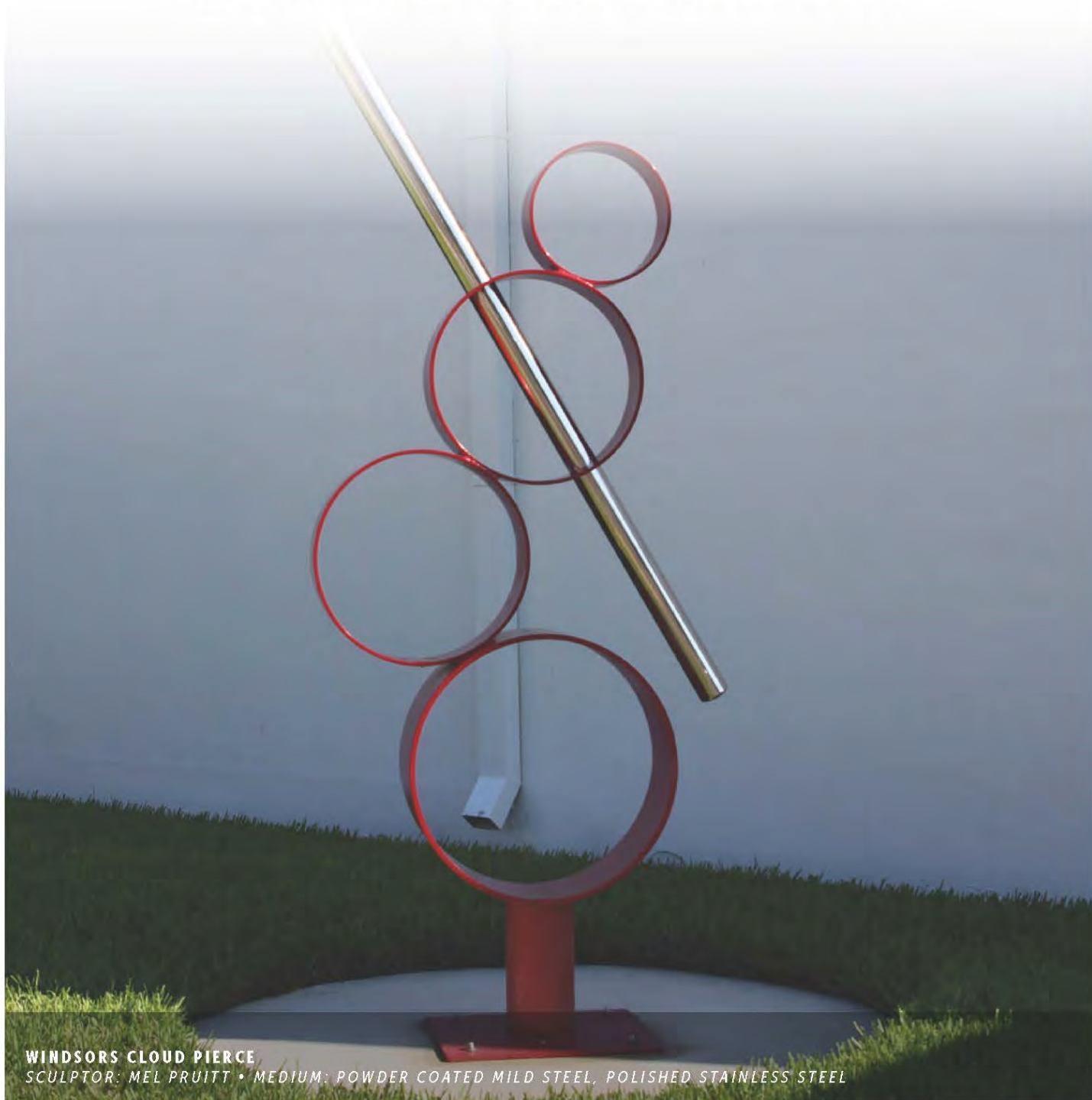
Forvis Mazars, LLP

Tampa, Florida
April 1, 2026



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MANAGEMENT'S DISCUSSION AND ANALYSIS



WINDSORS CLOUD PIERCE

SCULPTOR: MEL PRUITT • MEDIUM: POWDER COATED MILD STEEL, POLISHED STAINLESS STEEL

CITY OF LAKELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The Management's Discussion and Analysis section provides a narrative overview and analysis of the City of Lakeland's (City's) financial activities for fiscal year ending September 30, 2025. This discussion is broken down into three components:

- An overview of the financial statements, consisting of a narrative description of the type of information provided within the Annual Comprehensive Financial Report (which begins on page D-1 of this bound document).
- A concise, condensed financial information that summarizes the results of operations of the City as a whole.
- A narrative financial analysis of the City's overall financial condition and results of operations, supported by additional consolidated information about specific services provided by the City.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

These two financial statements are prepared using the "full accrual" method (basis) of accounting. This is the same accounting method used by most private-sector companies to determine whether they earn a profit in any given year, and to measure the net worth of the company as of the end of the year.

Under the full accrual basis of accounting, some cash flows into the city and some of the cash flows out are not considered operating revenues or operating expenses and accordingly do not appear on the statement of activities. For example, under the full accrual basis of accounting, the purchase of capital assets (e.g., equipment, land, buildings that have a useful life beyond one year) is not shown as an operating expense on the Statement of Activities.

On the other hand, the full accrual accounting method recognizes certain expenses that may not be funded or budgeted by the City within a given year, such as non-cash expenses like depreciation of capital assets and costs that may be incurred in one accounting cycle but are not paid until some future year.

In many cases, this full accrual method of accounting is very different than the accounting process used to budget and measure the cost of government. The annual budgets for most governmental operations only include provisions for cash outlays that will actually occur in a given year – which would include disbursements for capital assets and excludes non-cash expenses such as depreciation or expenses paid out in future years. However, the Government Accounting Standards Board ("GASB") requires that a version of the financial activity for all aspects of the city be prepared using the full accrual basis in order to provide the ability to evaluate the financial status of the city in a manner that is compatible with accounting standards normally adopted within the private sector. Hence, the Government-Wide Financial Statements on pages D-2 through D-5 are prepared on a full accrual basis.

Statement of Net Position

The statement of net position (page D-2 and D-3) is similar to a balance sheet in that it separately identifies the assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and the net difference between the two (net position). The increase or decrease in net positions from one year to the next indicates whether the City's financial position is improving or deteriorating. This statement format combines and consolidates the governmental funds' current financial resources with capital assets (including infrastructure) and long-term liabilities.

Statement of Activities

The statement of activities (pages D-4) explains how or why the net position has increased or decreased during the year. This statement is focused on both the gross and net cost of various functions (including governmental and business-type activities), which are supported by the government's general tax and other revenues. This statement is intended to summarize simplify the user's analysis of the cost of various government services and/or subsidy to various business-type activities.

The government-wide financial statements present information about the functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). Business-type activities reflect private sector type operations, where the fee for service typically covers all or most of the cost of operation, including depreciation.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)

The information in each of these two statements is separated into two categories as follows:

Governmental activities – This portion of the government-wide financial report represents those activities undertaken by the government which cannot, based on practical considerations, be financed by the imposition of a user fee assessed directly and exclusively against the users of those activities. The governmental activities reflect the City's basic services, including police, fire, public works, transportation, community and economic development, and parks, recreation, and cultural arts, that do not lend themselves to recovery of costs through direct user fees. Property, sales, utility, communication, fuel taxes, state shared revenues, and other local taxes, state and federal grants, interest income, along with utility contributions, finance the majority of these services.

Business-type activities – This portion of the government-wide financial report includes those activities such as the Electric, Water, Wastewater, and Solid Waste Utilities, Airport Operations, and Parking. The cost of providing these services is directly recovered from a user charge assessed against the users of those services.

This category also includes activities within internal service funds – which provide services such as fleet management, information technology, purchasing, and self-insurance of certain risks to city departments at cost. The value of assets, liabilities and the operating activities of these internal funds are accounted for as Business-type activities, less an allocation of those assets, liabilities and current year operations based on the relative portion of those services that are provided to Governmental activities.

FUND FINANCIAL STATEMENTS

This is the second section of the basic financial statements, which starts on page D-6. It presents information in more detail, centered on individual "Funds". For record keeping and reporting purposes, the City separates many of its unique operations into separate accounting "companies" called funds. Separating the record keeping into individual funds enables the City to maintain accounting control over resources and expenses that are dedicated to specific activities. The City also uses fund accounting to separate financial transactions as needed to ensure compliance with finance-related legal requirements imposed on the City by other governments and bond covenants.

All the funds of the City can be divided into three types: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as a balance of spendable resources available at the end of the fiscal year.

There are two types of financial statements presented for governmental funds – a balance sheet (showing assets, liabilities, and the difference between the two – technically referred to as "fund balance") and a statement of revenues, expenditures, and changes in fund balance (which is similar to a profit or loss statement). The balance sheet appears on page D-6 and the statement of revenues, expenditures, and changes in fund balance is on pages D-8 and D-9, immediately following the government-wide statements.

For purposes of preparing the financial statements for the governmental funds within this section of the report, the basis of accounting used to measure the value of assets, liabilities, revenues, and expenditures on more of a "pay as you go" basis – which is the method used to budget for these types of governmental operations. Under this accounting method, the balance sheet only includes working capital assets (cash, investments, receivables) and liabilities that are generally payable within a short period of time. The statement of revenues, expenditures, and changes in fund balance only shows all cash inflows and outflows that occur within a given year.

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

CITY OF LAKELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

FUND FINANCIAL STATEMENTS (continued)

Governmental funds (continued)

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

The City has two major governmental funds, the General Fund and the Public Improvement Fund. The General Fund serves as a "catch-all" used to capture the day-to-day operating costs associated with a variety of different programs and activities that are not financed from charges for services and other fees. The Public Improvement Fund is used to finance a variety of capital and maintenance projects, and debt service related to governmental activities of the City. These funds appear in their own separate columns on the fund financial statements. All other governmental funds of the City are consolidated into a single column of information labeled Other Governmental Funds. The activities in this column generally represent the cost of transportation capital improvements required to support general governmental activities, plus certain activities that are legally required to be accounted for separately from the "catch-all" activities reported in the General Fund.

Proprietary funds

Those services provided by the City which are classified as business-type activities in the government-wide financial statements, are labeled as proprietary funds within the fund financial statements. The basis of accounting used within these statements is the full accrual basis of accounting, wherein all assets, liabilities, and net position related to a given activity, as well as transactions, events, or interfund activity of the period that affect net position (economic resources measurement) regardless of the timing of related cash flows (accrual basis of accounting).

The major proprietary funds of the City are the Lakeland Electric Utility Fund, the Water and Wastewater Utility Fund, and the Lakeland Linder International Airport Fund. Information for these three funds is presented in three separate columns within the fund financial statements. The remaining proprietary funds of the City that account for user-financed services provided to the general public are consolidated into a single column labeled Other Enterprise Funds within these statements.

In addition, there is a separate column on these financial statements which consolidates the activities of internal service funds that are provided exclusively to support operations of the City government itself, such as a motor pool, centralized purchasing and warehousing, and a self-insurance financing pool. These services are provided to the various City functions on a cost recovery basis. These are labeled Internal Service Funds within the fund financial statements.

The statement of net position (showing assets, liabilities, and the difference between the two) for the proprietary funds appears on pages D-12 and D-13 and a statement of revenues, expenses, and changes in net position (which is similar to a profit or loss statement) is on page D-16 immediately following the governmental fund financial statements.

Fiduciary funds and Custodial fund

Fiduciary funds account for resources held for the benefit of parties outside the government. Fiduciary Funds are not included in the government-wide financial statement because the resources of those funds are not available to support the City's programs. The fiduciary financial statements immediately follow the proprietary fund financial statements. The City maintains separate funds which account for the activities of the City's pension funds, private-purpose trust funds, and a custodial fund. These activities benefit private parties such as retired City employees and other governmental entities. The fact that these services are not provided to the general public mandates their accounting in this separate section of the report. The balance sheet and statement of changes in fiduciary net position appears on pages D-20 and D-21, respectively.

NOTES TO FINANCIAL STATEMENTS

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements appear on Pages E-1 to E-82.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information related to the General Fund budgetary comparison, the City's employee pension plans and other post-employment benefits (OPEB) obligations. The combining statements of non-major governmental funds, enterprise funds, internal service funds, fiduciary funds are presented following the required supplementary information.

CITY OF LAKELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS STATEMENT ANALYSIS

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

GOVERNMENT-WIDE STATEMENT OF NET POSITION

The following condensed information is derived from the Government-Wide Financial Statements for the City of Lakeland:

CONDENSED STATEMENT OF NET POSITION (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current assets	\$ 162,080	\$ 161,967	\$ 263,521	\$ 271,722	\$ 425,601	\$ 433,689
Asset Apportionments	260,004	241,637	276,680	287,158	536,684	528,795
Restricted assets	115,772	88,480	100,559	97,031	216,331	185,511
Capital assets	343,075	344,220	1,642,864	1,556,831	1,985,939	1,901,051
Other noncurrent assets	9,266	9,659	25,569	27,697	34,835	37,356
Total assets	890,197	845,963	2,309,193	2,240,439	3,199,390	3,086,402
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources related to pensions	29,461	50,061	14,199	29,709	43,660	79,770
Deferred outflows of resources related to OPEB	16,243	22,124	14,345	19,304	30,588	41,428
Deferred outflows of resources related to ARO	-	-	3,619	2,709	3,619	2,709
Unamortized loss on refunding	-	-	15,040	17,167	15,040	17,167
Total deferred outflows of resources	45,704	72,185	47,203	68,889	92,907	141,074
LIABILITIES						
Current liabilities	30,080	27,189	117,975	123,718	148,055	150,907
Apportioned Asset liabilities	-	-	15,828	15,757	15,828	15,757
Restricted liabilities	5,904	5,770	24,628	30,658	30,532	36,428
Deferred credits	-	-	7,584	17,518	7,584	17,518
Accrued liabilities						
less current portion	107,317	173,202	98,906	140,555	206,223	313,757
Long term debt payable						
less current portion	98,151	79,743	696,850	692,086	795,001	771,829
Total liabilities	241,452	285,904	961,771	1,020,292	1,203,223	1,306,196
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources related to pensions	38,999	4,350	24,262	3,997	63,261	8,347
Deferred inflows of resources related to OPEB	46,905	49,680	40,425	42,765	87,330	92,445
Over-recovery of fuel	-	-	22,896	27,501	22,896	27,501
Solar Interconnection	-	-	10	10	10	10
Unamortized gain on refunding	-	-	4,992	-	4,992	-
Unrealized gain on hedges	-	-	3,828	7,101	3,828	7,101
Deferred inflows of resources related to CIAC	-	-	1,163	1,333	1,163	1,333
Deferred inflows of resources related to leases	181,789	192,990	24,610	26,704	206,399	219,694
Contributions in aid of construction	-	-	37,157	38,752	37,157	38,752
Total deferred inflows of resources	267,693	247,020	159,343	148,163	427,036	395,183
NET POSITION						
Net investment in capital assets	268,742	289,751	991,297	882,822	1,260,039	1,172,573
Restricted	109,932	82,768	75,932	66,372	185,864	149,140
Unrestricted	48,082	12,705	168,053	191,679	216,135	204,384
Total net position	\$ 426,756	\$ 385,224	\$ 1,235,282	\$ 1,140,873	\$ 1,662,038	\$ 1,526,097

GOVERNMENT-WIDE FINANCIAL STATEMENTS STATEMENT ANALYSIS (continued)

GOVERNMENT-WIDE STATEMENT OF NET POSITION (continued)

Normal Impacts

There are six basic normal transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net Results of Activities - which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital - which will increase current assets (i.e. cash) and long-term debt.

Spending Borrowed Proceeds on New Capital - which will reduce current assets and increase capital assets. There is a second impact; the spend down of borrowed proceeds increases related debt which has an offsetting effect on the increase in capital assets and will not change the net investment in capital assets.

Spending of Non-Borrowed Current Assets on New Capital - which will (a) reduce current assets and increase capital assets, and (b) reduce unrestricted net position and increase net investment in capital assets.

Principal Payment on Debt - which will (a) reduce current assets and reduce long-term debt, and (b) reduce unrestricted net position and increase net investment in capital assets.

Reduction of Capital Assets through Depreciation - which will reduce capital assets and net investment in capital assets.

Current Year Impacts

Governmental activities

Current Assets consist predominantly of \$77.9 million of cash and investments, \$20.6 million of receivables, \$44.8 million of assets held within internal balances of the City; and \$12.1 million in assets to liquidate current apportioned and restricted liabilities. In the aggregate, this represents an increase of \$0.1 million in the value of current assets during 2025.

Asset Apportionments represent assets that are designated by the City Commission for certain specific uses – as opposed to current assets, which generally can be used to finance the cost of any general governmental operations. Apportioned assets are comprised of approximately \$8.0 million in assets related to Stormwater Utilities Fund, \$421.9 thousand set aside to fund contributions to cultural and community agencies, \$254.7 million set aside to pay for future capital expansion, and \$421.7 thousand in cash designated for maintaining recreation facilities.

Restricted Assets are legally restricted for expenses for certain purposes. These consist predominately of \$29.5 million in assets held within Community Redevelopment Districts, \$2.3 million in assets held for community development, \$1.9 million in assets held in trust for law enforcement; \$29.1 million of unspent impact fees, \$0.6 million in assets held from building inspection revenues, \$9.0 million in assets held from transportation, \$22.4 million in assets held for capital improvement, and approximately \$8.5 million held in a fund that is used to provide perpetual maintenance of cemetery plots sold by the City. In the aggregate, there was a \$27.3 million increases in the change in the value of these restricted assets from 2024 to 2025.

Current Liabilities represent obligations payable from Current Assets that are likely to be settled within the next year. These consist of primarily \$9.1 million in amounts owed to vendors, \$6.6 million in undistributed payroll obligations accrued during the last pay period of the fiscal year, \$7.9 million of principal and interest due on long term debt and notes on October 1st.

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

Accrued Liabilities represent payroll-related obligations that are not likely to be settled within the next year. This includes approximately \$6.5 million in unpaid sick and vacation time and approximately \$77.4 million representing the actuarial accrued liability for health insurance benefits payable to employees during retirement. This obligation is the result of a state of Florida mandate, which requires that any city which offers health insurance coverage to retired employees must provide that coverage at the same health insurance premium rates applied to active employees. Since the population of retired employees is prone to higher medical costs than the population of active employees, there is an implied subsidy built into that retiree health insurance premium.

GOVERNMENT-WIDE FINANCIAL STATEMENTS STATEMENT ANALYSIS (continued)

GOVERNMENT-WIDE STATEMENT OF NET POSITION (continued)

Current Year Impacts (continued)

Governmental activities (continued)

Long-term debt payable increased by approximately \$17.1 million from 2024 to 2025 due to the issuance of capital related debt related to lease acquisitions and capital purchases and corresponding payments on long-term debt. The dollar value of those outstanding loans, notes, and bonds was approximately \$106 million as of the end of 2025. Those loans are supported by two fixed interest revenue bonds. The City's long term capital plan calls for the repayment of a little over \$37.9 million of these loans within the course of the next five years.

Business-type activities

Current Assets consist predominantly of \$121.3 million of cash and investments, \$53.5 million of receivables, \$2.2 millions of leases receivables, and \$42.5 million of inventories; less approximately \$44.8 million representing the estimated value of those assets held within internal service funds of the City that are allowable to governmental activities. In the aggregate, these assets decreased \$(8.2) million during 2025. There was a decrease of \$(10.4) million within Electric Utilities system – as a result of a decrease in liquidity from operations; there was a \$1.9 million increase within the Internal Loan Fund – as a result of the net repayment/issuance of loans during the year; and there was a \$2.5 million increase in Water Utilities resulting from an increase in liquidity from operations.

Asset Apportionments represents assets that are designated by the City Commission for certain specific uses – as opposed to current assets, which generally can be used to finance the cost of any general governmental operation. Apportioned assets are primarily comprised of \$196.6 million committed to financing the cost of capital improvements, \$49.3 million in assets held for vehicle replacements, and \$28.0 million in assets held by funds used to self-insure the city against certain risks.

Restricted Assets are legally restricted for expenses for certain purposes. These consist predominately of \$3.8 million in customer deposits collected by utility operations, \$106.7 million of unspent water and wastewater impact fees. This class of assets decreased approximately \$(3.8) million during the year, predominantly from the expenditures related to capital projects.

Current Liabilities represent obligations payable from Current Assets that are likely to be settled within the next year. These consist of primarily \$41.1 million in amounts owed to vendors, \$15.1 million in obligations accrued during the last pay period of the fiscal year, \$57.8 million in bonded debt, loans principal, leases payable, and interest payable on October 1, 2025, \$9.6 million in current obligations of the city's self-insurance program, and approximately \$0.2 million in tenant deposits held by the Lakeland Linder International Airport.

Restricted and Apportioned Liabilities represent obligations payable from Restricted and Apportioned Assets. These consist of approximately \$15.8 million in obligations of the city's self-insurance program, and \$3.8 million in customer deposits.

Accrued Liabilities represent obligations that are not likely to be settled within the next year. This includes approximately \$6 million in unpaid sick and vacation time, \$7.6 million in profits earned on settlement of a natural gas purchase agreement, approximately \$4.8 million representing the actuarial accrued liability for asset retirement obligations, and approximately \$65.9 million representing the actuarial accrued liability for health insurance benefits payable to employees during retirement. This obligation is the result of a State of Florida mandate, which requires that any city which offers health insurance coverage to retired employees must provide that coverage at the same health insurance premium rates applied to active employees. Since the population of retired employees is prone to higher medical costs than the population of active employees, there is an implied subsidy built into that retiree health insurance premium.

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CITY OF LAKELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS STATEMENT ANALYSIS (continued)

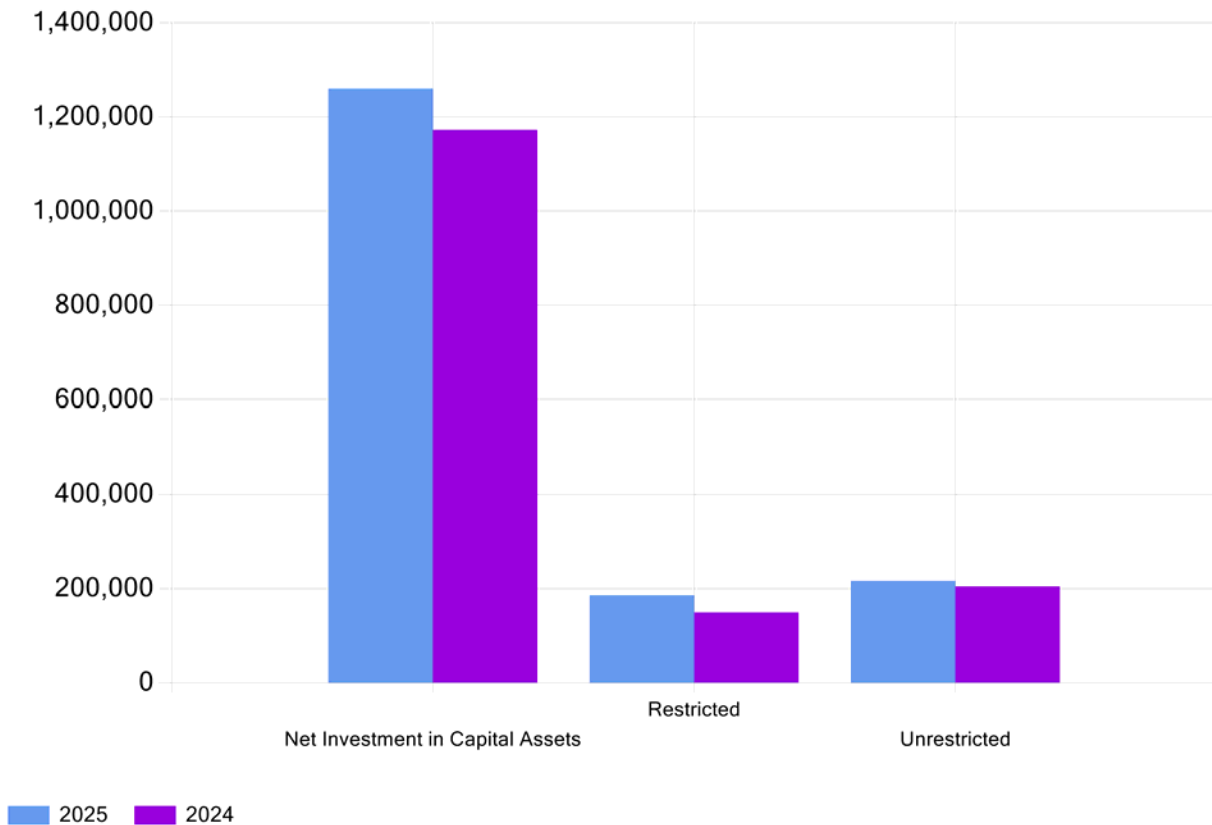
GOVERNMENT-WIDE STATEMENT OF NET POSITION (continued)

Current Year Impacts (continued)

Net Position

Increases or decreases in net position may serve over time as a useful indicator of whether a government's financial position is improving or deteriorating. For the City, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$1,662 million at September 30, 2025. This is an increase of \$136 million from FY 2024.

NET POSITION (in thousands)
Total Primary Government



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CITY OF LAKELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

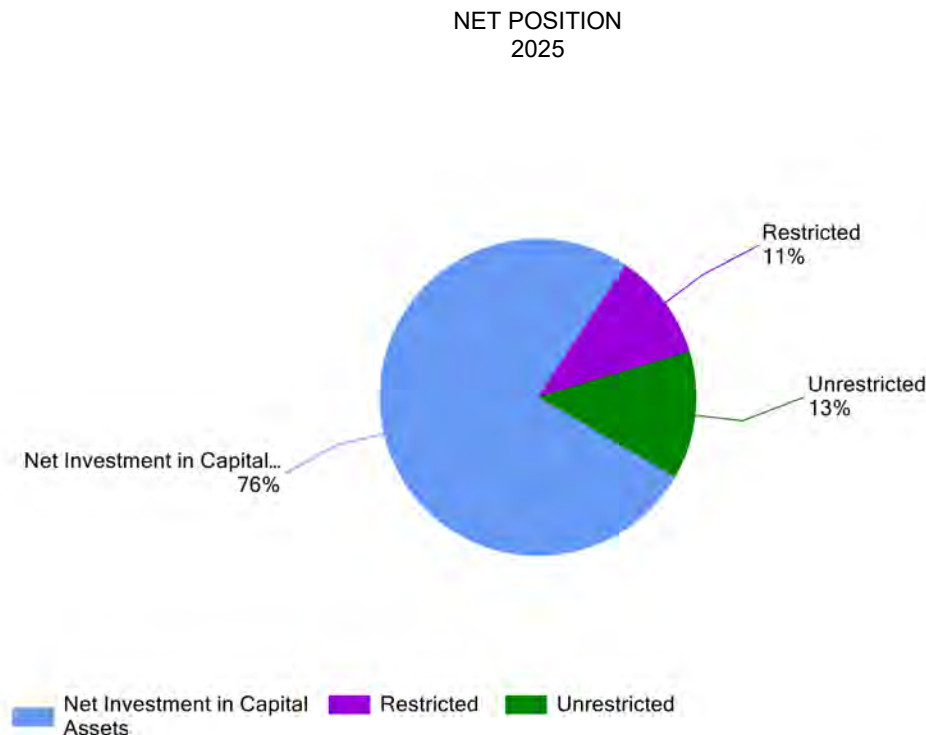
GOVERNMENT-WIDE FINANCIAL STATEMENTS STATEMENT ANALYSIS (continued)

GOVERNMENT-WIDE STATEMENT OF NET POSITION (continued)

Current Year Impacts (continued)

Net Position (continued)

Approximately 75.81 % of the City's net position reflects its investment in capital assets (i.e. land, buildings, equipment, and infrastructure, less any related debt used to acquire those assets. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from future revenues, since the capital assets themselves cannot be used to liquidate these liabilities. The total restricted net position of the City (11.18%) represents resources that are subject to external restrictions on how the resources are to be used. The remaining balance (13.00%) represents unrestricted net position.



Net investment in capital assets increased \$87.47 million (7.46 %) due to the addition of capital assets along with associated debt and scheduled annual principal payments on all debt and depreciation.

Restricted net position in business-type activities decreased \$(9.56) million (14)%, primarily due to Lakeland Electric's debt proceeds being expended in FY 2025. Restricted net position in governmental activities increase \$27.16 million (32.82%) primarily from increases in restricted assets of the CRA funds and unspent debt proceeds.

Unrestricted net position increased \$11.75 million (5.75%), due to an increase of \$35.38 million of the prior year deficit in governmental activities and a decrease of \$(23.63) million in business-type activities. The increase in governmental activities and business-type activities are primarily due to decreases in pension and OPEB liabilities.

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CITY OF LAKELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS STATEMENT ANALYSIS (continued)

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The following condensed information is derived from the Government-Wide Financial Statements for the City of Lakeland:

CHANGES IN NET POSITION (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	\$ 38,078	\$ 38,195	\$ 511,199	\$ 464,999	\$ 549,277	\$ 503,194
Operating grants and contributions	10,834	7,173	5,135	70	15,969	7,243
Capital grants and contributions	8,301	8,828	29,136	22,306	37,437	31,134
General Revenues						
Property taxes	58,906	55,882	-	-	58,906	55,882
Utility, fuel, and local business	27,459	26,408	-	-	27,459	26,408
State and local shared revenues	28,367	28,090	-	-	28,367	28,090
Rents and royalties	10,750	10,750	-	-	10,750	10,750
Investment earnings	36,789	64,587	26,249	48,932	63,038	113,519
Miscellaneous	8,218	5,795	8,002	5,185	16,220	10,980
Total revenues	227,702	245,708	579,721	541,492	807,423	787,200
Program expenses						
General government	27,725	26,798	-	-	27,725	26,798
Public safety	103,683	102,026	-	-	103,683	102,026
Physical environment	9,999	10,604	-	-	9,999	10,604
Transportation	19,904	20,292	-	-	19,904	20,292
Economic environment	21,715	16,253	-	-	21,715	16,253
Human services	568	363	-	-	568	363
Culture/recreation	47,147	44,841	-	-	47,147	44,841
Interest on long-term debt	2,448	2,497	-	-	2,448	2,497
Electric	-	-	333,542	288,539	333,542	288,539
Waste and wastewater	-	-	62,840	68,754	62,840	68,754
Parking	-	-	1,260	1,143	1,260	1,143
Lakeland Linder International Airport	-	-	22,675	20,542	22,675	20,542
Solid Waste	-	-	17,976	17,861	17,976	17,861
Total expenses	233,189	223,674	438,293	396,839	671,482	620,513
Excess before transfers	(5,487)	22,034	141,428	144,653	135,941	166,687
Transfers	47,019	45,270	(47,019)	(45,270)	-	-
Increase in net position	41,532	67,304	94,409	99,383	135,941	166,687
Net position, beginning of year	385,224	317,920	1,140,873	1,041,490	1,526,097	1,359,410
Net position, end of year	\$ 426,756	\$ 385,224	\$ 1,235,282	\$ 1,140,873	\$ 1,662,038	\$ 1,526,097

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CITY OF LAKELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS STATEMENT ANALYSIS (continued)

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (continued)

Normal Impacts

There are nine basic (normal) impacts on revenues and expenses reflected below:

Revenues

Economic Conditions - which can reflect declining, stable or growing economic environment and has a substantial impact on property, sales, gas, or other tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption.

Increase/Decrease in Commission Approved Rates - while certain tax rates are set by statute, the City Commission has authority to impose and increase/decrease rates such as millage, utilities, user fees, impact fees, and permitting fees.

Changing Patterns in Intergovernmental and Grant Revenues - certain recurring revenues (state sharing revenues, federal, state, and local grants) may experience significant changes while non-recurring, or one-time grants may distort their impact on year-to-year comparisons.

Contribution from Enterprise Utilities - the City receives an annual payment in lieu of taxes from enterprise utilities (Lakeland Electric, Water Utilities, and Solid Waste) that are in large part based on certain sales/usage by customers

Market Impacts on Investment Income - the City's investments are impacted by market conditions which may cause investment income to fluctuate from year-to-year.

Expenses

New Programs or Initiatives - within the functional expense categories (i.e. police, fire, public works, etc.) individual programs may be added or deleted to meet changing community or financial needs.

Increase/Decrease in Authorized Personnel - changes in service demands may cause the City Commission to increase/decrease authorized personnel levels.

Salary Increases - in order to attract and retain talented resource, cost of living, merit increases, and market adjustments may be necessary to maintain competitive salary ranges.

Inflation - inflation impacts several commodities and goods such as chemicals, fuels, supplies, and parts in the delivery of various municipal services.

Current Year Impacts

Governmental activities

The combined amount of tax revenue from all sources (property tax, sales tax, and utility taxes) was up 5.0% compared to the prior year due to higher than expected tax revenue collections and increased property values. Total spending on governmental activities was up 4.3% due to the \$9.5 million increases in expenses recognized as a result of the increases in personnel costs, pension and other post-employment benefits liabilities. Overall, the City's reliance on taxes as a source of revenue compared to total revenues decreased from 45.4% in 2024 to 37.9% in 2025 due to increases in interest and other revenues. For 2025, the City's property tax millage rate was 5.4323 mills.

Other operating revenue sources consist of grants, certain lease proceeds, and amounts collected directly from users of city services.

In the aggregate, total revenues collected, not including the Lakeland Regional Health lease revenue, in FY 2025 were down (7.71)% compared to 2024 because of the decrease in interest revenue due to the unfavorable decrease (52.76)% in the market value of the investment pool compared to FY 2024. Property tax revenues increased as a result of the increased property values and operating grants and contributions increased as a result of increased grant funded public safety, cultural recreation, and economic environment projects.

Total governmental expenses for 2025 were 4.3% higher compared to 2024. Direct payroll costs increased slightly during 2025 compared to 2024, as a result of cost of living adjustment and merit increases for FY 25 and the costs recognized associated with pension and other post-employment benefits increased 147.9 %.

CITY OF LAKELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS STATEMENT ANALYSIS (continued)

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (continued)

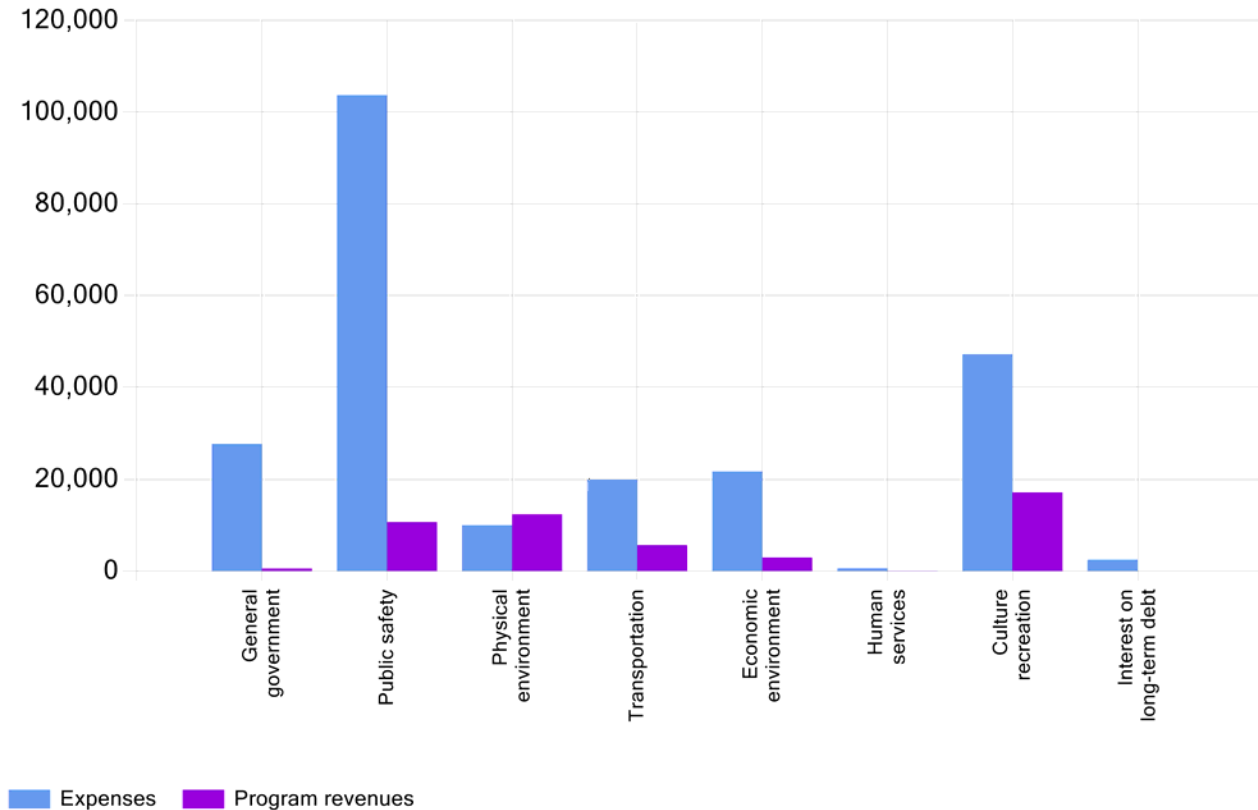
Current Year Impacts (continued)

Governmental activities (continued)

Altogether, direct revenues of the governmental activities are not sufficient to pay all related expenses. The City has historically addressed the difference by relying on a portion of profits earned from certain business-type activities – namely electric, water, wastewater, and solid waste utility services - to finance a portion of the cost of general governmental activities. These subsidies are embedded in the net amount shown as “Transfers” on the Statement of Activities. For FY 2025, these transfers amounted to a net \$47.0 million. This represents approximately 20.0% of the operating cost of general governmental activities.

The following graph is a comparison of program revenues and program expenses for all governmental activities for fiscal year 2025. This graph reflects the degree to which governmental activities are self-supporting.

EXPENSES AND PROGRAM REVENUES - Governmental Activities (in thousands)



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CITY OF LAKELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS STATEMENT ANALYSIS (continued)

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (continued)

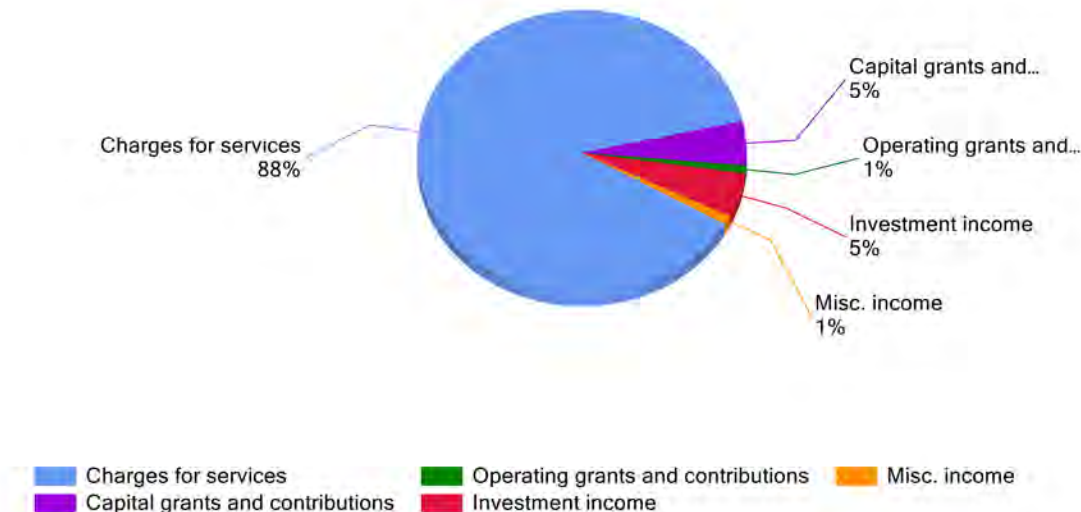
Current Year Impacts (continued)

Business-type Activities

In the aggregate, the cost of operating the business-type activities of the City is fully recovered from user charges. Those revenues also provide excess amounts available to subsidize a portion of the cost of general governmental activities and amounts necessary to finance the majority of capital improvements. The City-operated Electric Utility is the largest of the operations accounted for within the business-type activities.

For FY 2025, the net position of business-type activities increased by \$94.4 million, compared to an increase of \$99.4 million in FY 2024. Business-type revenues for FY 2025 are reflected in the chart below.

REVENUE BY SOURCE
Business-type Activities



Contributions and grants from other governments increased 30.6% during the year – predominantly the result of the increase in capital grants and contributions for electric, airport and water and wastewater operations.

Overall profitability of these business-type activities decreased from \$145 million (before transfers) in fiscal 2024 to \$141 million for 2025 primarily due to the \$41.5 increase in expenses, \$46.2 million increase in charges for services.

Of these profits, \$47.0 million was transferred to help finance the cost of general governmental activities. In the aggregate, the transfer of profits from these business type activities represented 6.8% of gross operating revenues of these business-type entities (excluding revenues associated with recovering the cost of fuel used to generate electricity).

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CITY OF LAKELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

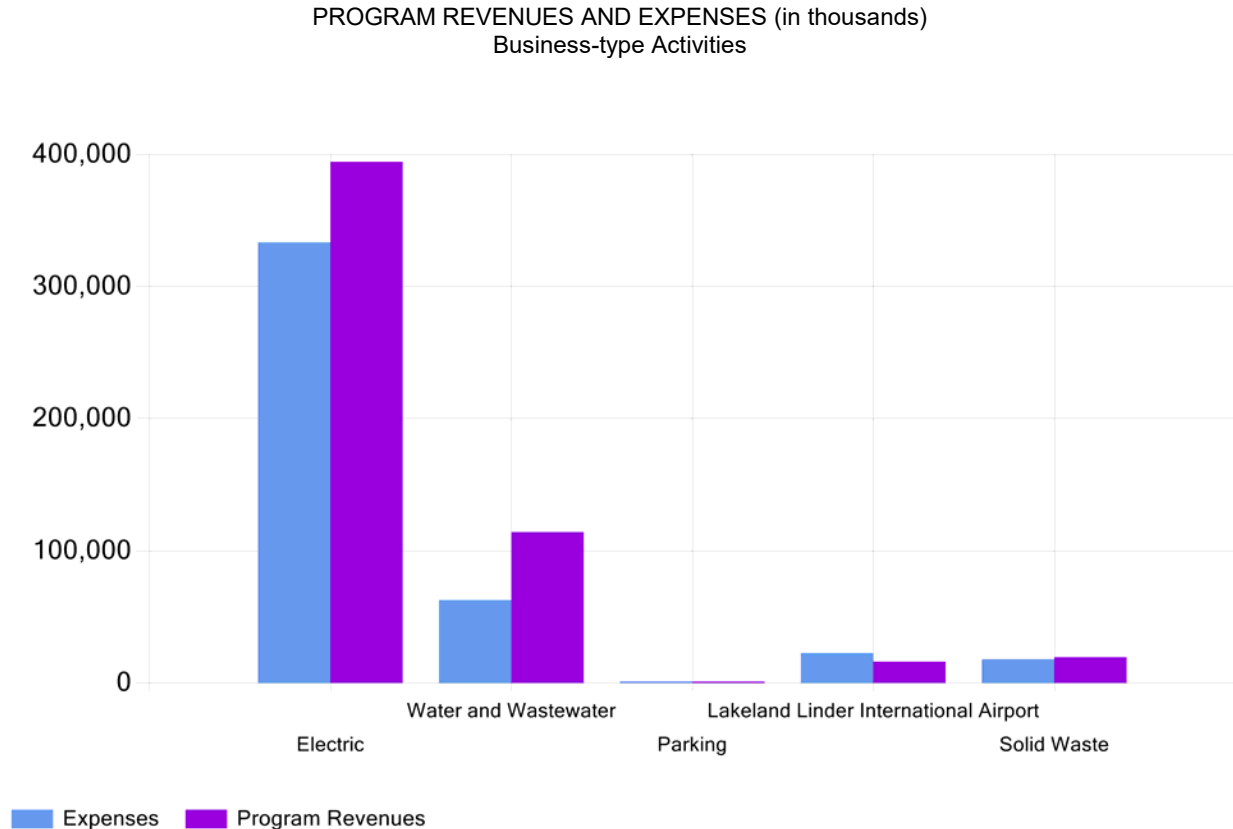
GOVERNMENT-WIDE FINANCIAL STATEMENTS STATEMENT ANALYSIS (continued)

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (continued)

Current Year Impacts (continued)

Business-type Activities (continued)

Below is a comparison of all 2025 program revenue and expenses for each business-type activity.



Other Post Employment Benefit Costs

As previously mentioned, the Statement of Net Position of both the governmental and business-type operations include approximately \$143.3 million in liabilities associated with post-employment health insurance benefits payable to retired city employees. Also included in both governmental and business-type expenses is approximately \$2.6 million of cost associated with a decrease in the unfunded portion of those OPEB costs. This cost and increase in liabilities are attributable to the fact that the City does not actuarially fund the implied cost associated with the state mandate to establish a uniform premium rate applying to both retired and active participants in the self-insured health insurance program. In lieu of funding the cost of this program in advance, the City will continue to address this cost on a “pay as you go basis”, by offsetting the annual value of that implied subsidy for retired employees with increases in the cost of health insurance assessed against active employees – and paid by both the City (as the employer) and active employees themselves.

Pension Costs

Also included in the Statement of Net Position of both the governmental and business-type operations are approximately \$45.2 million in liabilities associated with retirement benefits payable to city employees. Also, included in both governmental and business-type expenses is approximately \$11.6 million in pension costs.

CITY OF LAKELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENT ANALYSIS

This is the second section of the basic financial statements, which starts on page D-6. It presents information in more detail, centered on individual "Funds". For record keeping and reporting purposes, the City separates many of its unique operations into separate accounting "companies" called funds. Separating the record keeping into individual funds enables the City to maintain accounting control over resources and expenses that are dedicated to specific activities. The City also uses fund accounting to separate financial transactions as needed to ensure compliance with finance-related legal requirements imposed on the City by other governments and bond covenants.

All the funds of the City can be divided into three types: governmental funds, proprietary funds, and fiduciary funds.

GOVERNMENTAL FUNDS

For purposes of preparing the financial statements for the governmental funds within this section of the report, the basis of accounting used to measure the value of assets, liabilities, revenues, and expenditures on more of a "pay as you go" basis – which is the method used to budget for these types of governmental operations. Under this accounting method, the balance sheet only includes working capital assets (cash, investments, receivables) and liabilities that are generally payable within a short period of time. The statement of revenues, expenditures, and changes in fund balance only shows all cash inflows and outflows that occur within in a given year.

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

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

Major Governmental Funds

The City has two major governmental funds, the General Fund and the Public Improvement Fund. The General Fund serves as a "catch-all" used to capture the day-to-day operating costs associated with a variety of different programs and activities that are not financed from charges for services and other fees. The Public Improvement Fund is used to finance a variety of capital and maintenance projects, and debt service related to governmental activities of the City. These funds appear in own separate columns on the fund financial statements. All other governmental funds of the City are consolidated into a single column of information labeled Other Governmental Funds. The activities in this column generally represent the cost of transportation capital improvements required to support general governmental activities, plus certain activities that are legally required to be accounted for separately from the "catch-all" activities reported in the General Fund.

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CITY OF LAKELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENT ANALYSIS (continued)

GOVERNMENTAL FUNDS (continued)

Major Governmental Funds (continued)

General Fund

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

GENERAL FUND

CONDENSED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Amended Budget	2025 Actual	Variance
REVENUES				
Taxes	\$ 77,885,671	\$ 77,885,671	\$ 79,554,138	\$ 1,668,467
Licenses and permits	880,986	880,986	934,465	53,479
Intergovernmental	16,062,599	18,901,114	20,216,258	1,315,144
Charges for services	12,840,856	15,430,979	15,138,558	(292,421)
Fines and forfeits	2,659,060	3,007,520	1,759,642	(1,247,878)
Miscellaneous	4,031,313	5,507,233	8,146,739	2,639,506
Total revenues	<u>114,360,485</u>	<u>121,613,503</u>	<u>125,749,800</u>	<u>4,136,297</u>
EXPENDITURES				
General government	27,996,324	23,902,946	21,080,005	2,822,941
Public safety	89,997,333	99,998,840	97,988,213	2,010,627
Physical environment:	1,509,634	1,531,833	1,449,468	82,365
Transportation	9,699,784	9,385,354	7,033,198	2,352,156
Economic environment	6,731,013	10,172,433	6,187,297	3,985,136
Human services	430,797	423,297	396,745	26,552
Culture/Recreation	39,074,590	40,402,342	35,333,339	5,069,003
Capital outlay	341,778	6,615,726	2,525,908	4,089,818
Debt Service	575,141	2,239,886	1,999,670	240,216
Total expenditures	<u>176,356,394</u>	<u>194,672,657</u>	<u>173,993,843</u>	<u>20,678,814</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(61,995,909)</u>	<u>(73,059,154)</u>	<u>(48,244,043)</u>	<u>24,815,111</u>
OTHER FINANCING SOURCES AND USES	<u>46,944,338</u>	<u>47,868,898</u>	<u>47,584,196</u>	<u>(284,702)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (15,051,571)</u>	<u>\$ (25,190,256)</u>	<u>\$ (659,847)</u>	<u>\$ 24,530,409</u>

The condensed statement above shows the budget that was originally adopted for the General Fund as well as the "Final Budget".

Actual revenues in the aggregate were about 3.4% more than the final budget, with significant variances within the intergovernmental and miscellaneous categories. Intergovernmental revenue, which includes grants and state shared revenue, was \$1.3 million greater than budget - \$1.4 million in intergovernmental revenues were collected over the amount budgeted. Unbudgeted reimbursement from for expenses related to declared natural disasters were received and obligated from federal and state agencies in FY 2025.

Miscellaneous revenues were \$2.6 million more than the budget, primarily as a result of \$1.9 million increase in interest earnings on pooled cash held in the General Fund and.

Spending was significantly below budget; however, spending was 9.3% higher than fiscal year 2024. This is due to the increase to payroll related expenditures due to increases in wages and other benefit costs. Other operating expenses have remained relatively flat. These expenses remained flat due to budgetary operating increase for 2025 as compared to 2024 remained the same. Controllable cost expenditures were again limited to 1.50% of the previous year's original budget.

CITY OF LAKELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENT ANALYSIS (continued)

GOVERNMENTAL FUNDS (continued)

Major Governmental Funds (continued)

General Fund (continued)

For the year ended September 30, 2025, the City realized a decrease in the fund balance within the General Fund of \$(0.7) million compared to an increase of \$11.7 million in FY 2024. Property tax revenues increased \$3.0 million as property values experienced an increase of 5.3%. Total revenues were down slightly \$0.4 million primarily due to the \$0.2 million decrease in state shared revenues. Total unrestricted reserves at the end of the year were \$70.6 million, of which \$23.1 million is appropriated to balance the 2026 budget and carryovers.

Public Improvement Fund

The Public Improvement Fund is used to finance a variety of capital and maintenance projects, and debt service related to governmental activities of the City, including activities of the Police and Fire Departments; Public Works (road and drainage construction and maintenance); the Parks & Recreation Department; libraries; growth management; public utilities (such as street lighting); and general governmental City facilities. These activities are financed primarily from the hospital lease revenues and impact fee revenues.

A summary of the results of operations of this fund is as follows:

PUBLIC IMPROVEMENT FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
REVENUES		
Intergovernmental	\$ 4,047,223	\$ 3,597,616
Charges for services	181,942	181,942
Fines and forfeits	-	146
Miscellaneous	<u>37,004,468</u>	<u>54,344,494</u>
Total revenues	<u>41,233,633</u>	<u>58,124,198</u>
EXPENDITURES		
General government:	2,141,408	2,206,694
Public safety	99,089	38,092
Physical environment:	182,392	186,952
Transportation	-	-
Human services	32,205	66,885
Culture/Recreation:	3,300,146	1,204,553
Capital outlay	5,988,956	6,644,378
Debt service	<u>28,609,014</u>	<u>7,910,951</u>
Total expenditures	<u>40,353,210</u>	<u>18,258,505</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>880,423</u>	<u>39,865,693</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>46,290,905</u>	<u>2,659,569</u>
NET CHANGE IN FUND BALANCE	<u>\$ 47,171,328</u>	<u>\$ 42,525,262</u>

For the year ended September 30, 2025, the Public Improvement Fund realized an increase of \$47.2 million in fund balance due to the issuance of \$49.8 million in internal loans which remained unspent at the end of the fiscal year. Total unrestricted reserves at the end of the year were \$82.9 million. The funding level for capital projects within the Public Improvement Fund increased during the year to the planned capital projects related to loan issues.

Of the total \$82.9 million in unrestricted reserves, \$1.3 million was appropriated to balance the 2026 budget and assigned carryovers.

CITY OF LAKELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENT ANALYSIS (continued)

PROPRIETARY FUNDS

Those services provided by the City which are classified as business-type activities in the government-wide financial statements, are labeled as proprietary funds within the fund financial statements. The basis of accounting used within these statements is the full accrual basis of accounting, wherein all assets, liabilities, and net position related to a given activity, as well as transactions, events, or interfund activity of the period that affect net position (economic resources measurement) regardless of the timing of related cash flows (accrual basis of accounting).

In addition, there is a separate column on these financial statements which consolidates the activities that are provided exclusively to support operations of the City government itself, such as a motor pool, centralized purchasing and warehousing, and a self-insurance financing pool. These services are provided to the various City functions on a cost recovery basis. These are labeled Internal Service Funds within the fund financial statements.

The statement of net position (showing assets, liabilities, and the difference between the two) for the proprietary funds appears on pages D-12 and D-13 and a statement of revenues, expenses, and changes in net position (which is similar to a profit or loss statement) is on page D-16.

Major Proprietary Funds

The major proprietary funds of the City are the Lakeland Electric Utility Fund, the Water and Wastewater Utility Fund, and the Lakeland Linder International Airport Fund. Information for these three funds is presented in three separate columns within the fund financial statements. The remaining proprietary funds of the City that account for user-financed services provided to the general public are consolidated into a single column labeled Other Enterprise Funds within these statements.

Lakeland Electric - The Lakeland Electric Fund is used to account for the generation and delivery of electric power to residential and commercial customers in the greater Lakeland area. Lakeland Electric's operations consist of electric generation, transmission, and distribution. The service territory for Lakeland Electric is a predefined, 246 square mile area, encompassing all incorporated City limits and the surrounding area. The utility serves approximately 145,420 retail customers.

A summation of the results of operations for Lakeland Electric is as follows:

DEPARTMENT OF ELECTRIC UTILITIES

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FISCAL YEARS ENDED SEPTEMBER 30, 2025 AND 2024 (in thousands)

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Sales of energy - retail	\$ 380,773	\$ 339,983
Sales of energy and capacity sales - wholesale	2,725	2,784
Other operating revenue	6,249	6,095
	<u>389,747</u>	<u>348,862</u>
OPERATING EXPENSES		
Fuel and purchased power	157,263	133,889
Energy supply	30,256	29,819
Energy delivery	48,624	36,018
Customer service and accounting	10,191	10,117
State tax on electric sales	8,885	8,547
Administrative and general	17,430	18,603
Depreciation	46,155	38,253
	<u>318,804</u>	<u>275,246</u>
OPERATING INCOME	<u>70,943</u>	<u>73,616</u>
NON-OPERATING ACTIVITY:		
Investment and other income	27,937	30,606
Interest on debt	(14,086)	(14,086)
Transfers to other funds	(34,943)	(33,669)
	<u>(21,092)</u>	<u>(17,149)</u>
CHANGE IN NET POSITION	<u>\$ 49,851</u>	<u>\$ 56,467</u>

CITY OF LAKELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENT ANALYSIS (continued)

PROPRIETARY FUNDS (continued)

Major Proprietary Funds (continued)

Lakeland Electric (continued)

Net Position of Lakeland Electric:

The net position of Lakeland Electric increased by \$49.9 million during fiscal year 2025, compared to a \$57.0 million increase in fiscal year 2024, a \$7.2 million decrease. Included in this decrease is a 3.15% based rate adjustment implemented during the fiscal year and a 2.1% increase in system load. These additional revenues were largely offset by increases in operating expenses. Energy and delivery expenses increased by \$12.6 million due to restoration efforts following Hurricane Milton which impacted the City on October 9, 2024. Depreciation expense increased \$7.9 million during FY 2025 as a result of the capitalization of the McIntosh Reciprocating Engine Plant (MREP) project which was placed into service during FY 2025. The decrease in net position is also attributable to the decrease of \$10.9 million in the fair value of Lakeland Electric's pooled investments.

Financial Highlights:

Lakeland Electric's FY 25 non-fuel retail revenue (net of state tax on electric sales) increased by \$17.1 million compared to FY 24. The increase primarily reflects a 3.15% base rate adjustment in FY 25 combined with 2.1% growth in system load. Residential load increased by 2.5% while commercial and industrial grew by 18%. Customer growth of 0.9% year-over-year also contributed to the overall revenue improvement. These factors collectively resulted in a \$5.2 million favorable variance in operating income before depreciation. The increase in operating revenue was partially offset by higher energy delivery expenses as a result of restoration activities associated with Hurricane Milton.

Total non-operating revenue decreased by \$2.7 million compared to the prior fiscal year. This decrease was primarily driven by a \$10.9 million unfavorable variance in the fair value adjustment of Lakeland Electric's share of the City's pooled investments during FY 25. Investment revenue for FY 25 also declined by \$2.2 million due to lower interest rates compared to FY 24, lower cash balances caused by restoration activities associated with Hurricane Milton, and increased spending on capital assets. Fair value adjustments, up or down, are the result of interest rate fluctuations affecting the market value of fixed income securities. However, most of Lakeland Electric's investments are held to maturity. These decreases were partially offset by increases in other non-operating revenues. This improvement was largely attributable to a \$4.7 million Federal grant relating to Hurricane Ian funds that were obligated by the Federal Emergency Management Agency (FEMA) during FY 25. Also, contributing to the increase in non-operating revenues was a \$6.1 million gain on the sale of fixed assets that included insurance proceeds for Unit 5, and a gain recognized on the sale of land to the Solid Waste Department.

Lakeland Electric's non-fuel operating expenses, excluding gross receipts tax and depreciation, increased by \$11.9 million (12.6%) from \$94.6 million in FY 24 to \$106.5 million in FY 25. This increase is primarily attributable to a \$12.5 million increase in energy delivery expenses caused by restoration activities associated with Hurricane Milton. Total operating expenses, excluding fuel, taxes, and depreciation averaged \$31.54 per retail MWh in FY 25, compared to \$28.60 in FY 24.

Fuel and purchased power expense were up \$23.4 million in FY 25, primarily reflecting higher natural gas prices.

Lakeland Electric recovers fuel costs from retail customers in the form of a fuel charge that is subject to a quarterly revision based on a forecast of fuel costs for the following 12 months. As of September 30, 2025, the retail fuel charge was \$43.50 per MWh, compared to \$45.00 per MWh 12 months earlier. The fuel recovery balance represents, on an accrual basis, the cumulative difference between fuel expenses incurred to serve retail load and fuel revenues realized. Lakeland Electric began FY 25 with a cumulative over-recovered fuel position of \$42.4 million and ended the year at \$30.8 million. The fuel reserve was overfunded as of September 30, 2025, to the extent of \$7.9 million, for which a regulatory liability was recognized. See Note 1.D.16, *Regulatory Assets and Liabilities*.

Lakeland Electric recovers environmental compliance costs from retail customers in the form of an environmental compliance charge which is set annually, with the objective of achieving a zero cumulative recovery balance at the end of the subsequent budget year. An environmental compliance rate of \$1.1766 per MWh was in effect during fiscal year 2025, compared to \$1.5907 per MWh for fiscal year 2024. As of September 30, 2025, Lakeland Electric had a cumulative over-recovered environmental cost balance of \$0.4 million which was classified as a regulatory liability. Based on sales and environmental compliance expense projections, a rate of \$1.8506 per MWh was recommended for fiscal year 2026. See Note 1.D.16, *Regulatory Assets and Liabilities*.

CITY OF LAKELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENT ANALYSIS (continued)

PROPRIETARY FUNDS (continued)

Major Proprietary Funds (continued)

Lakeland Electric (continued)

Financial Highlights: (continued)

Lakeland Electric recovers energy conservation charges in a similar manner to environmental compliance charges. The conservation charge is currently a flat fee of \$0.50 per month per customer. Lakeland Electric had a cumulative over-recovered energy conservation charge balance of \$117 thousand, classified as a regulatory liability as of September 30, 2025. See Note 1.D.16, *Regulatory Assets and Liabilities*.

Lakeland Electric provides a payment in lieu of taxes (PILOT) at a rate of \$10.25 per MWh to the City of Lakeland's General Fund in the form of monthly cash transfers. The total amount of the payment in lieu of taxes in fiscal year 2025 was \$34.6 million, compared to \$33.4 million in 2024.

Capital Assets:

Lakeland Electric has historically funded the cost of capital improvements through a combination of bond financing and cash generated from retail utility rates. Cash set aside from base rates provided funding for some of the capital spending during the year.

Capital spending on depreciable assets (net of contribution in aid of construction) totaled \$236.8 million in FY 25 compared to \$122.3 million in 2024. The increase in the capital spending during fiscal year 2025 compared to fiscal year 2024 is mainly attributable to the MREP project amounting to \$189.5 million, and various energy delivery capital asset projects that were allocated to depreciable assets from construction work in progress as of September 30, 2025, due to the completion of the construction phase.

Depreciation expense, net of amortization of contributions in aid of construction, was \$46.2 million in fiscal year 2025, up \$7.9 million from 2024, reflecting the increased capital spending on depreciable assets.

Lakeland Electric recorded contributions in aid of construction from outside the Department in the amount of \$2.4 million during fiscal year 2025, compared to \$1.6 million in 2024. These amounts are included in the Utility Plant in Service balance in the Statements of Net Position. See Note 4, Capital Assets.

The total net dependable generating capacity of the production units owned by Lakeland Electric is 841 megawatts (MW). The most efficient unit in Lakeland Electric's fleet is McIntosh 5, a 398 MW combined cycle natural gas unit. Six new 20-megawatt (120 MW total) reciprocating internal combustion engine (RICE) generators became operational during the second quarter of calendar year 2025. Apart from these and other production units making up the 841 MW, capacity was also supplied through a 125 MW Power Purchase Agreement with Orlando Utilities Commission (OUC). In addition to its Power Purchase Agreement and its base load, intermediate and peaking units, Lakeland Electric shares a power pool with Florida Municipal Power Agency (FMPA) and OUC, which provides access to relatively low-cost power to supply peak demand. Lakeland Electric has sufficient resources and transmission capacity to cover its projected load requirements for at least the next five years.

Long-term Debt:

As of September 30, 2025, Lakeland Electric had \$435.3 million in net long-term bond debt outstanding compared to \$456.8 million at the end of 2024. The current portion of the long-term debt is paid on the first day of the subsequent fiscal year (October 1, 2025). Refer to Note 6, Revenue Bonds for more detailed information regarding long-term debt.

The coverage on bonded debt of Lakeland Electric was 3.06 times the annual debt service requirement for the fiscal year ended September 30, 2025. Lakeland Electric is not obligated to fund a Debt Service Reserve Fund, provided that "net revenues" equal or exceed 150 percent of the bond service requirement for each year. Based on debt service requirements and forecasted revenues and expenses, debt service coverage is expected to remain greater than 3 times the annual debt service requirement in fiscal year 2026.

CITY OF LAKELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENT ANALYSIS (continued)

PROPRIETARY FUNDS (continued)

Major Proprietary Funds (continued)

Lakeland Electric: (continued)

Long-term Debt: (continued)

In 2020, the City of Lakeland issued its Florida Taxable Pension Liability Note, Series 2020, for purposes of reducing the unfunded liabilities in the City's three pension plans. The note is secured by a pledge to budget and appropriate non-ad valorem revenues of the City. The City allocated the liability to each fund according to the fiscal year 2020 pension contributions of each department. Lakeland Electric's share of the liability was 35.34% or \$20,378,522 at the time. As of September 30, 2025, the balance of the Pension Liability Bond is \$14.3 million with a current portion payable of \$1.3 million. This debt is not included in Lakeland Electric's Debt Service Coverage calculation; however, the expenses are included as part of the calculation. Lakeland Electric sets aside apportioned funds to meet its current debt service requirements.

Economic Factors

The average demand for energy placed on the system from retail customers during Fiscal Year 2025 was 403 MW. The peak demand during the winter was 643 MW on January 22, 2025, and a summer peak demand of 753 MW was reached on July 28, 2025. Lakeland Electric expects to see a growth of approximately 1.6% in the retail customer base during fiscal year 2026. Lakeland Electric's ten largest customers account for less than 20 percent of revenue and well over half of the annual revenue comes from residential customers.

The bond ratings services of Fitch RatingsTM, Moody'sTM, and Standard & PoorsTM have assigned long-term ratings of AA, Aa2, and AA, respectively, to Lakeland Electric's energy system bonds. On December 2, 2025, Moody'sTM upgraded Lakeland Electric's bond rating from Aa3 to Aa2 with a stable outlook.

Currently Known Facts or Conditions That May Have a Significant Effect on the Net Position or Results of Operations

Lakeland Electric's rates, among all customer classes, have consistently been among the lowest in Florida for many years. Residential rates for September 2025 were in the bottom quartile of any municipal and investor-owned electric utility in the State.

Days cash is a key financial metric used as a measure of liquidity, essential for maintaining strong bond ratings. An internal goal of Lakeland Electric is to maintain at least 180 days of operating cash. At the end of FY 25, Lakeland Electric had 227 days of cash compared to 301 at the end of the previous fiscal year. The decrease in the days of cash is mainly attributable to a lower balance of cash, cash equivalents and investments brought about by increased spending on capital assets, spending on Hurricane Milton storm recovery, and an increase in the daily operating cost requirement caused by higher fuel prices for FY 25 compared to FY 24.

Lakeland Electric has been, and will continue to be, impacted by various regulatory and legislative requirements. In the opinion of Lakeland Electric, the System is currently in compliance with all current federal, state, and local environmental regulations. Lakeland Electric cannot predict at this time whether any additional legislation or rules will be enacted which might affect operations, and if such laws or rules are enacted, what the additional capital and operating costs, if any, might occur in the future because of such actions. The estimation of costs of compliance is subject to significant uncertainties and the financial impact of future proposals could be substantial.

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CITY OF LAKELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENT ANALYSIS (continued)

PROPRIETARY FUNDS (continued)

Major Proprietary Funds (continued)

Water and Wastewater Utility

A summation of the results of operations for the combined Water and Wastewater Utility is as follows:

WATER AND WASTEWATER UTILITIES FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
YEAR ENDED SEPTEMBER 30, 2025 AND 2024

	2025			2024
	Water	Wastewater	Total	Total
Operating revenues:				
Charges for services	\$ 44,286,409	\$ 45,577,731	\$ 89,864,140	\$ 85,471,452
Operating expenses:				
Personal services	6,909,539	7,209,474	14,119,013	17,198,863
Other operating expenses	15,745,903	19,137,691	34,883,594	38,667,034
Depreciation	6,012,767	6,213,608	12,226,375	11,668,859
Total operating expenses	28,668,209	32,560,773	61,228,982	67,534,756
Operating income (loss)	15,618,200	13,016,958	28,635,158	17,936,696
Nonoperating revenues (expenses)				
Investment revenue	3,034,796	4,150,789	7,185,585	14,112,155
Miscellaneous revenue	652,465	246,346	898,811	506,086
Settlements	-	-	-	3,150,659
Interest expense	(1,040,898)	(433,335)	(1,474,233)	(1,498,275)
Amortization	(28,610)	9,575	(19,035)	(1,886)
Loss on disposal of capital assets	-	(251,028)	(251,028)	(50,941)
Capital grants and contributions	7,910,156	16,563,990	24,474,146	19,103,825
	10,527,909	20,286,337	30,814,246	35,321,623
Income before transfers	26,146,109	33,303,295	59,449,404	53,258,319
Net transfers	(5,859,425)	(6,175,051)	(12,034,476)	(10,712,564)
Change in net position	\$ 20,286,684	\$ 27,128,244	\$ 47,414,928	\$ 42,545,755

Net Position of the Water and Wastewater Utility:

The net position of the Water and Wastewater Utility increased by \$47.4 million during FY 2025 compared to a \$42.5 million increase in 2024. Operating income was \$28.6 million in 2025 compared to \$17.9 million in FY 2024 even though operating revenues increased \$4.4 million due to the addition of 1,172 customers to the system and planned rate increases. The increase in operating income was primarily due to the decrease in personnel costs due to the increase in personnel costs allocated to capital projects for FY 2025 and decrease in maintenance expenses. The Water Utility System served 63,441 customers: 56,622 residential and 6,819 commercial customers for fiscal year 2025.

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CITY OF LAKELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENT ANALYSIS (continued)

PROPRIETARY FUNDS (continued)

Major Proprietary Funds (continued)

Water and Wastewater Utility (continued)

Financial Highlights:

Water revenues are based on the measured flow of water sales into each customer's facility. Total sales volume for the water system tends to fluctuate significantly from year to year – due in some degree to changes in weather patterns that affect the amount of water sold for irrigation purposes. Over the past several years, Water Utilities across the state have seen consistent and significant declines - due partially to the introduction of tiered rate structures that encourage conservation and due to the slowdown in the economy. Total gallons of water sold in FY 25 were 8.1 billion, up slightly by 0.2% from FY 24.

For Wastewater operating revenues, the gallons of water sold, upon which the majority of wastewater operating revenues are based, were 3.86 billion gallons. Residential wastewater revenues are capped at 12,000 gallons per customer/per month.

In the aggregate, operating revenues increased 5.1% due to the 2% rate increase and an additional 1,172 customers. Wastewater Pretreatment revenues from high strength commercial waste increased by 12.0% in FY 2025 primarily as a result of the increase in commercial customers and rates.

Non-operating revenues and expenses decreased by \$9.9 million. Grants and contributions increased by \$5.4 million due to increased capital contributions. Investment revenue increased by \$6.9 million due to the \$(5.7) million decrease in the fair value adjustment of Water and Wastewater Utility's share of the City's pooled investments recognized on September 30, 2025, and the \$1.2 million decrease in interest earnings on cash held by the utilities.

Operating expenses excluding depreciation were up by (12.29)% primarily due to the increase in routine repairs and maintenance and personnel costs.

Unrestricted net current assets decreased by \$(3.2) million over the course of the year, now totaling \$62.5 million. Excluding non-cash items such as depreciation and amortization expenses, the system earned an operating profit of approximately \$40.9. Of this amount, \$8.6 million was transferred to sinking funds to finance debt service obligations, and \$10.2 million was transferred to the General Fund as a payment in lieu of taxes. The utility transferred \$30.0 million from revenues to finance capital improvements for the year.

Unrestricted cash liquidity is \$105.1 million - up from \$100.4 million in FY 2024. The increase in the unrestricted cash component of this liquidity is the result of decreases in operating expenses and capital spending.

Currently Known Facts or Conditions That May Have a Significant Effect on the Net Position or Results of Operations:

The EPA finalized revisions to the National Primary Drinking Water Regulations for Lead and Copper Rule Improvements (LCRI), effective on December 30, 2024. Compliance with LCRI is required by November 1, 2027, including baseline inventory or service line and collector materials, proactive community outreach, changes to corrosion control treatments as necessary, and increase sampling and monitoring in customer homes, schools, and childcare facilities.

Revisions to the Central Florida Water Initiative (CFWI) Rules were ratified in 2021. Impacts to the City public water supply include a potential reduction to our current Upper Floridan Aquifer withdrawal limit. Limits could be reduced from our current allocation of 35.03 to 23.84 million gallons per day if the SWFWMD demonstrates that our current allocation is detrimental to other water users or water resources. In addition, new goals for per capita daily water use will require our water conservation initiatives and reuse rates continue at current levels. The City is looking at alternative water supplies in conjunction with the Polk Regional Water Cooperative as well as increasing reuse options to meet future water demands.

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CITY OF LAKELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENT ANALYSIS (continued)

PROPRIETARY FUNDS (continued)

Major Proprietary Funds (continued)

Lakeland Linder International Airport

The Lakeland Linder International Airport is used to account for activities related to the operations and maintenance of the general aviation facilities and related industrial activities of the airport. The airport is home to over 60 aviation related businesses, home of the NOAA Hurricane Hunters, an Amazon air cargo facility, and many other aviation related activities.

A summation of the results of operations for the Lakeland Linder International Airport is as follows:

LAKELAND LINDER INTERNATIONAL AIRPORT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
YEAR ENDED SEPTEMBER 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Operating revenues:		
Charges for services	\$ 11,092,407	\$ 10,907,027
Operating expenses:		
Personal services	2,671,371	2,887,824
Other operating expenses	5,014,585	4,356,688
Depreciation	12,245,231	11,895,653
Total operating expenses	<u>19,931,187</u>	<u>19,140,165</u>
Operating income (loss)	(8,838,780)	(8,233,138)
Nonoperating revenues (expenses)		
Federal, state, and local grants	368,593	70,371
Investment revenue	1,551,422	(450,026)
Miscellaneous revenue	172,841	78,317
Interest expense	(1,610,272)	(1,096,355)
Capital grants and contributions	4,662,180	3,202,011
	<u>5,144,764</u>	<u>1,804,318</u>
Income before transfers	(3,694,016)	(6,428,820)
Net transfers	(535,074)	(524,794)
Change in net position	<u>\$ (4,229,090)</u>	<u>\$ (6,953,614)</u>

Net Position of the Lakeland Linder International Airport Fund:

The net position of the Lakeland Linder International Airport decreased by \$4.2 million during FY 2025 compared to a \$7.0 million decrease in FY 2024. Operating income, excluding depreciation, was \$3.4 million compared to \$3.7 million in FY 2024. This decrease is a result of the additional personnel and operating costs as a result of increased airport operations and expansion.

Financial Highlights:

Airport revenues are primarily derived from building and land leases as well as gasoline sales and landing fees associated with aviation activities. The airport has over 60 tenants with various aviation operations including air cargo, aircraft management, defense contracting, flight training, and aircraft maintenance. Operating revenues increased slightly by \$0.2 million (1.7%) as a result of additional revenue sources related to parking concessions.

The Airport historically has financed capital projects part of the Airport's Master Plan extensively through grant partnerships with the FAA, FDOT, and local funding sources. During FY 2025, the Airport received \$4.7 million in funding from these sources.

CITY OF LAKELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FUND FINANCIAL STATEMENT ANALYSIS (continued)

PROPRIETARY FUNDS (continued)

Major Proprietary Funds (continued)

Lakeland Linder International Airport (continued)

Non-operating revenues increased by \$1.4 million. Investment revenue increased by \$2.0 million due to the increase in interest related to leases and the fair value adjustment of Airport's share of the City's pooled investments recognized on September 30, 2025.

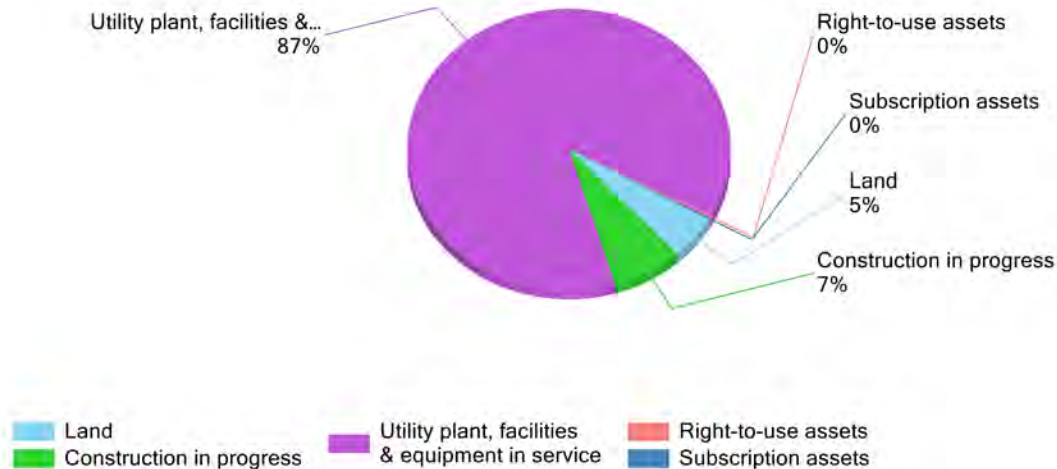
Unrestricted net current assets for the year were \$7.2, an increase of \$744.6 thousand over FY 2024. The increase was due to the increase in current assets set aside to pay \$178.8 thousand in current accrued liabilities related to capital projects and, \$577.2 thousand in current interest and principal on debt.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

Ratio of capital assets to related debt:

	Total Governmental Activities	Electric Utility	Water & Wastewater Utility	Lakeland Linder International Airport	Other Business-type Activities
Capital assets	\$ 343,075,034	\$ 928,772,501	\$ 473,547,532	\$ 178,950,281	\$ 61,593,827
Related long term debt	(74,332,765)	(535,933,854)	(111,581,880)	(2,200,704)	(1,850,734)
Net investments in capital assets	<u>\$ 268,742,269</u>	<u>\$ 392,838,647</u>	<u>\$ 361,965,652</u>	<u>\$ 176,749,577</u>	<u>\$ 59,743,093</u>
 FY 2025 Ratio	4.62	1.73	4.24	81.32	33.28
 FY 2024 Ratio	6.32	1.63	4.11	8.06	28.94



This investment in capital assets includes land, buildings, improvements, machinery and equipment, plant, distribution and generation facilities, infrastructure, right-to-use assets, and subscription-based information technology arrangements. The total book value of capital assets as of September 30, 2025, was \$1,985,939,175 which represents a net increase of \$84,888,446 (additions less retirements and depreciation) for the year.

CITY OF LAKELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

CAPITAL ASSETS (continued)

Gross capital spending for the year exceeded \$152.5 million. Major capital asset additions during the current fiscal year included the following:

- \$6.6 million in land, right of way, and construction for roadway projects
- \$4.4 million in public safety improvements
- \$3.8 million in parks and recreation facility improvements
- \$.182 million in public facility improvements
- \$3.10 million in Stormwater system improvements
- \$11.4 million for new vehicles
- \$.34 million for computers and software; system upgrades
- \$6.4 million for improvements at the city-owned airport
- \$2.0 million for Solid Waste system improvements
- \$53.3 million in water and wastewater system improvements
- \$79.9 million in electric transmission, distribution, and generation improvements

Additional information regarding the capital assets of the City can be found in Note 4 of the basic financial statements.

DEBT ADMINISTRATION

As of September 30, 2025, the City of Lakeland's total bonded and notes outstanding was \$765.1 million. This represents a net decrease of \$15.0 million compared to 2024. During the year, the City made scheduled retirements of debt of approximately \$110.6 million and had debt issuance of \$73.1 million.

Most of the long-term debt outstanding represents revenue notes and bonds issued by the Electric and Water/Wastewater Utilities. Payment of annual principal and interest on this outstanding debt is secured by a lien on the net operating revenues of those operations. Revenue bond obligations issued for the benefit of governmental activities are paid from amounts accumulated in legally required sinking funds maintained in the debt service fund. The City has no general obligation bonded debt outstanding. The City does not have any debt limitations that could affect the financing of planned facilities or services. Additional information regarding the long-term debt of the City can be found in Note 6 of the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The FY 2026 Budget is the City's financial, operational, performance management, and capital plans received from the input of the Mayor and the City Commission during the Annual Strategic Planning Retreat and Budget Workshops. The Strategic Planning Retreat allocates resources through service prioritization based on strategic alignment with the City of Lakeland strategies. Following establishment of the Strategic Plan, the budget workshop narrows strategic visioning into funding initiatives, including some specific priorities as determined by the City Commission. As a result, the FY 2026 Budget includes funding for City Commission initiatives linked to strategic objectives established in the 2023-2027 Strategic Plan in the infrastructure, economic development, affordable housing, city hall communication, parks and recreation, resiliency plans, and public safety strategic target areas.

The adopted operating budget for FY 2026 is \$815 million or 9.1% higher than the FY 2025 adopted budget of \$747 million. This increase is primarily due to the implementation of a complete wage study and a new pay system for general employees that resulted in market-based adjustments for general class employees, along with a 3% across-the-board and 2.5% to 3.0% merit increases. In addition, merit and across-the-board adjustments pursuant to negotiated collective bargaining agreements and a 7.5% increase in health insurance rates. The General Fund Budget for FY 2026 is \$183 million or 5.8% higher than the 2025 adopted budget of \$173 million due to the impact of the wage study, across-the-board, merit increases, and additional public safety expenditures added in FY 2026.

REQUESTS FOR INFORMATION

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



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BASIC FINANCIAL STATEMENTS



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CITY OF LAKELAND, FLORIDA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 77,924,821	\$ 121,345,654	\$ 199,270,475
Fuel hedge	-	5,916,814	5,916,814
Receivables			
Taxes receivable	840,206	-	840,206
Accounts receivable, net	18,384,518	53,475,432	71,859,950
Assessments receivable	757,457	-	757,457
Interest and dividends receivable	15,723	35,581	51,304
Leases receivable	495,458	2,200,139	2,695,597
Leases receivable - restricted	64,098	-	64,098
Internal balances	44,837,071	(44,837,071)	-
Due from other government units	6,674,211	115,575	6,789,786
Inventories	-	42,533,090	42,533,090
Prepaid expenses	14,593	2,657,172	2,671,765
Asset apportionments set aside for (including \$76,873,382 in cash and cash equivalents):			
Current portion of bonds payable	1,419,750	29,389,041	30,808,791
Current portion of pension bonds payable	2,861,243	2,353,757	5,215,000
Current portion of notes payable	1,011,154	5,958,444	6,969,598
Accrued interest payable	468,985	13,771,379	14,240,364
Accrued liabilities	143,253	9,595,450	9,738,703
Accounts payable	807,193	9,093,733	9,900,926
Restricted assets set aside for (including \$15,277,388 in cash and cash equivalents):			
Accrued liabilities	217,521	12,527	230,048
Accounts payable	2,324,026	6,145,522	8,469,548
Unearned revenue	2,209,014	-	2,209,014
Deposits payable	609,635	3,759,143	4,368,778
Total current assets	<u>162,079,930</u>	<u>263,521,382</u>	<u>425,601,312</u>
Noncurrent assets:			
Asset apportionments (including \$283,365,774 in cash and cash equivalents and \$244,786,616 in investments)	260,004,126	276,679,975	536,684,101
Restricted assets:			
Restricted assets (including \$200,093,443 in cash and cash equivalents and \$8,638,786 in investments)	115,555,464	100,559,278	216,114,742
Leases receivable, less current portion - restricted	216,488	-	216,488
Capital assets:			
Land	58,489,546	50,248,790	108,738,336
Construction in progress	19,784,839	126,977,673	146,762,512
Utility plant, facilities & equipment in service	602,170,969	2,623,557,756	3,225,728,725
Less accumulated depreciation	(341,109,066)	(1,163,377,823)	(1,504,486,889)
Right-to-use assets	5,258,518	1,074,775	6,333,293
Less accumulated amortization - right-to-use assets	(1,519,772)	(204,157)	(1,723,929)
Subscription assets	-	5,445,365	5,445,365
Less accumulated amortization - subscription assets	-	(858,238)	(858,238)
Total capital assets	<u>343,075,034</u>	<u>1,642,864,141</u>	<u>1,985,939,175</u>
Other noncurrent assets			
Leases receivable	9,265,577	23,468,389	32,733,966
Regulatory assets	-	2,099,244	2,099,244
Net pension asset	-	993	993
Total noncurrent assets	<u>728,116,689</u>	<u>2,045,672,020</u>	<u>2,773,788,709</u>
Total assets	<u>890,196,619</u>	<u>2,309,193,402</u>	<u>3,199,390,021</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	29,460,349	14,198,338	43,658,687
Deferred outflows of resources related to OPEB	16,243,487	14,345,116	30,588,603
Deferred outflows of resources related to ARO	-	3,619,037	3,619,037
Unamortized loss on refunding	-	15,040,008	15,040,008
Total deferred outflows of resources	<u>45,703,836</u>	<u>47,202,499</u>	<u>92,906,335</u>

CITY OF LAKELAND, FLORIDA

STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2025

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 5,630,296	\$ 25,831,442	\$ 31,461,738
Accrued liabilities	6,625,681	5,446,898	12,072,579
Deposits payable	2,730,094	164,070	2,894,164
Accrued interest payable	1,469	30,795	32,264
Financed purchases payable	1,681,801	-	1,681,801
Notes payable	-	5,191,283	5,191,283
Leases payable	448,132	35,695	483,827
Subscription liabilities payable	-	1,119,470	1,119,470
Unearned revenue	890,367	76,314	966,681
Payable from apportioned assets	6,711,578	70,161,804	76,873,382
Payable from restricted assets	5,360,196	9,917,192	15,277,388
Total current liabilities	30,079,614	117,974,963	148,054,577
Noncurrent liabilities:			
Liabilities payable from apportioned assets	-	15,828,405	15,828,405
Restricted liabilities, less current portion	5,903,974	24,627,757	30,531,731
Regulatory liabilities	-	7,583,879	7,583,879
Accrued liabilities, less current portion	6,534,331	6,391,175	12,925,506
Net pension liability	23,382,306	21,850,586	45,232,892
Net OPEB liability	77,400,186	65,886,521	143,286,707
Asset retirement obligation (ARO)	-	4,777,737	4,777,737
Financed purchases payable, less current portion	6,964,301	-	6,964,301
Lease liabilities, less current portion	1,279,398	710,755	1,990,153
Subscription liabilities, less current portion	-	1,902,931	1,902,931
Loans payable, less current portion	-	17,914,783	17,914,783
Notes payable, less current portion	6,445,746	46,538,851	52,984,597
Pension notes payable, less current portion	28,379,254	23,345,746	51,725,000
Revenue bonds payable, less current portion	55,082,483	539,248,076	594,330,559
Unamortized bond premium	-	67,188,645	67,188,645
Revenue bonds payable, plus unamortized bond premium	55,082,483	606,436,721	661,519,204
Total noncurrent liabilities	211,371,979	843,795,847	1,055,167,826
Total liabilities	241,451,593	961,770,810	1,203,222,403
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	38,999,125	24,261,828	63,260,953
Deferred inflows of resources related to OPEB	46,904,670	40,424,583	87,329,253
Deferred inflows of resources related to CIAC	-	1,162,599	1,162,599
Deferred inflows of resources related to leases	181,788,753	24,610,140	206,398,893
Solar interconnection	-	10,000	10,000
Unamortized gain on refunding	-	4,992,220	4,992,220
Regulatory asset: fuel reserve	-	22,896,549	22,896,549
Unrealized gain on hedges	-	3,828,113	3,828,113
Regulatory asset: contributions in aid of construction	-	37,157,279	37,157,279
Total deferred inflows of resources	267,692,548	159,343,311	427,035,859
NET POSITION			
Net investment in capital assets	268,742,269	991,296,969	1,260,039,238
Restricted for:			
Expendable:			
Debt service	7,220,126	-	7,220,126
Capital improvement	22,381,980	75,931,521	98,313,501
Transportation	8,458,563	-	8,458,563
Law enforcement	1,744,944	-	1,744,944
Public safety	287,668	-	287,668
Community development	265,776	-	265,776
Grant programs - public safety	143,242	-	143,242
Grant programs - physical environment	1,437,872	-	1,437,872
CRA	28,733,791	-	28,733,791
Building inspection	666,369	-	666,369
Impact fee programs	29,148,550	-	29,148,550
Donations received	1,048,709	-	1,048,709
Nonexpendable:			
Endowments	8,394,486	-	8,394,486
	109,932,076	75,931,521	185,863,597
Unrestricted	48,081,969	168,053,290	216,135,259
Total net position	\$ 426,756,314	\$ 1,235,281,780	\$ 1,662,038,094

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

CITY OF LAKELAND, FLORIDA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Functions/Programs	Program Revenues				Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 27,724,849	\$ 539,734	\$ 23,343	\$ -	\$ (27,161,772)	\$ -	\$ (27,161,772)
Public safety	103,682,419	10,656,535	5,826,193	2,091,402	(85,108,289)	-	(85,108,289)
Physical environment	9,999,624	9,378,767	-	2,984,523	2,363,666	-	2,363,666
Transportation	19,903,503	5,592,499	-	41,858	(14,269,146)	-	(14,269,146)
Economic environment	21,716,028	27,164	2,884,867	-	(18,803,997)	-	(18,803,997)
Human services	568,070	-	8,271	-	(559,799)	-	(559,799)
Culture recreation	47,146,971	11,883,334	2,090,918	3,182,953	(29,989,766)	-	(29,989,766)
Interest on long-term debt	2,447,601	-	-	-	(2,447,601)	-	(2,447,601)
Total governmental activities	233,189,065	38,078,033	10,833,592	8,300,736	(175,976,704)	-	(175,976,704)
Business-Type Activities							
Electric	333,542,411	389,747,152	4,766,429	-	-	60,971,170	60,971,170
Water and Wastewater	62,840,488	89,864,140	-	24,474,146	-	51,497,798	51,497,798
Parking	1,260,119	990,972	-	-	-	(269,147)	(269,147)
Lakeland Linder International							
Airport	22,674,825	11,092,407	368,593	4,662,180	-	(6,551,645)	(6,551,645)
Solid Waste	17,974,915	19,504,195	-	-	-	1,529,280	1,529,280
Total Business-Type Activities	438,292,758	511,198,866	5,135,022	29,136,326	-	107,177,456	107,177,456
Total Primary Government	\$ 671,481,823	\$ 549,276,899	\$ 15,968,614	\$ 37,437,062	(175,976,704)	107,177,456	(68,799,248)
General revenues:							
Taxes:							
Property taxes					58,906,331	-	58,906,331
Motor fuel taxes					6,810,179	-	6,810,179
Utility taxes					13,281,074	-	13,281,074
Local communication services taxes					5,447,514	-	5,447,514
Local business taxes					1,919,219	-	1,919,219
State shared revenues (unrestricted)					15,829,625	-	15,829,625
Tax increment revenues					12,419,261	-	12,419,261
County occupational tax					117,738	-	117,738
Lease revenue - Lakeland Regional Health					10,750,000	-	10,750,000
Investment earnings					36,790,056	26,248,812	63,038,868
Miscellaneous					8,218,390	8,001,408	16,219,798
Transfers (to) from other funds					47,019,449	(47,019,449)	-
Total general revenues and transfers					217,508,836	(12,769,229)	204,739,607
Change in Net Position					41,532,132	94,408,227	135,940,359
Net position - beginning					385,224,182	1,140,873,553	1,526,097,735
Net position - ending					\$ 426,756,314	\$ 1,235,281,780	\$ 1,662,038,094

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



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CITY OF LAKELAND, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	Public Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 78,909,447	\$ 37,318,405	\$ 92,116,727	\$ 208,344,579
Investments	4,132	244,786,616	8,634,654	253,425,402
Receivables				
Taxes receivable	840,206	-	-	840,206
Accounts receivable	18,347,115	37,545	547,727	18,932,387
Investment sales receivable, net	-	12,118	-	12,118
Assessments receivable	757,457	-	-	757,457
Interest and dividends receivable	15,231	153,288	283	168,802
Notes receivable	-	-	1,072,506	1,072,506
Leases receivable	9,478,846	282,189	280,586	10,041,621
Due from other funds	644,645	-	-	644,645
Due from other government units	6,470,016	234,390	1,970,437	8,674,843
Prepays	14,593	-	-	14,593
Total assets	<u>\$ 115,481,688</u>	<u>\$ 282,824,551</u>	<u>\$ 104,622,920</u>	<u>\$ 502,929,159</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,092,344	\$ 3,136,391	\$ 8,436,754	\$ 14,665,489
Accrued liabilities	6,626,918	91,206	3,600,028	10,318,152
Deposits payable	2,725,094	5,000	609,635	3,339,729
Due to other funds	-	-	542,329	542,329
Unearned revenues	1,181,729	6,913	1,910,739	3,099,381
Total liabilities	<u>13,626,085</u>	<u>3,239,510</u>	<u>15,099,485</u>	<u>31,965,080</u>
Deferred inflows of resources:				
Unavailable revenue	19,140,204	85	1,206,636	20,346,925
Deferred inflows of resources related to leases	9,199,529	172,271,828	317,396	181,788,753
Total deferred inflows of resources	<u>28,339,733</u>	<u>172,271,913</u>	<u>1,524,032</u>	<u>202,135,678</u>
Fund Balances:				
Nonspendable:				
Prepays	14,593	-	-	14,593
Cemetery endowment	-	-	7,982,218	7,982,218
Permanent fund principal	-	-	29,476	29,476
Total nonspendable	<u>14,593</u>	<u>-</u>	<u>8,011,694</u>	<u>8,026,287</u>
Restricted for:				
Building inspection	-	-	666,369	666,369
CRA	-	-	27,601,880	27,601,880
Law enforcement	1,744,944	-	-	1,744,944
Impact fee programs	-	-	29,148,550	29,148,550
Transportation	-	-	8,457,139	8,457,139
Capital improvement	-	22,381,980	-	22,381,980
Public safety	287,668	-	-	287,668
Donations received	684,246	-	364,463	1,048,709
Debt service	-	2,066,429	5,153,697	7,220,126
Grant programs - community development	-	-	34,463	34,463
Grant programs - law enforcement	143,242	-	-	143,242
Grant programs - physical environment	-	-	1,437,872	1,437,872
Total restricted	<u>2,860,100</u>	<u>24,448,409</u>	<u>72,864,433</u>	<u>100,172,942</u>
Committed to:				
Working capital	-	76,427,716	-	76,427,716
Stormwater	-	-	7,124,801	7,124,801
Capital improvement	-	1,212,941	-	1,212,941
Total committed	<u>-</u>	<u>77,640,657</u>	<u>7,124,801</u>	<u>84,765,458</u>
Assigned to:				
Subsequent year's expenditures	23,099,370	-	-	23,099,370
Cultural activities	421,917	-	-	421,917
Recreational facilities	1,070,552	3,406,038	-	4,476,590
Capital projects	-	1,818,024	-	1,818,024
Total assigned	<u>24,591,839</u>	<u>5,224,062</u>	<u>-</u>	<u>29,815,901</u>
Unassigned				
Total fund balances	46,049,338	-	(1,525)	46,047,813
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 115,481,688</u>	<u>\$ 282,824,551</u>	<u>\$ 104,622,920</u>	<u>\$ 502,929,159</u>

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

CITY OF LAKE LAND, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Total Fund Balances - Total Governmental Funds	\$ 268,828,401
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Amounts reported for governmental activities in the statement of net position are different because:

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

Governmental capital assets	\$ 685,703,872	
Less accumulated depreciation/amortization	<u>(342,628,838)</u>	343,075,034

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

Revenues collected more than 60 days from year end	20,346,925
Deferred outflows of resources related to pensions	29,460,349
Deferred outflows of resources related to OPEB	16,243,487

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

Accrued liability for long-term compensated absences	(6,534,331)
Deferred inflows of resources related to pensions	(38,999,125)
Net pension liability attributable to employee salaries financed from government fund types	(23,382,306)
Net OPEB liability attributable to retiree benefits financed from governmental fund types	(77,400,186)
Deferred inflows of resources related to OPEB	(46,904,670)
Bonds, loans, notes payable, lease and subscription liabilities, and lease financings	(102,712,019)

Internal Service Funds are used to account for certain operating costs that are common to all City funds, such as the cost of vehicles, insurance, and centralized purchasing. These costs are allocated to the individual funds on a pro-rata basis, however the assets of these Internal Service Funds are recognized within the business-type activities component of the Government-wide Statement of Net Position. The Internal Service Funds operated at a gain for the fiscal year. The cumulative pro-rata share of these gains/losses attributable to governmental activities has been included in the allocation of costs to the governmental activities, resulting in an uncollected receivable from the business type activities.

44,734,755

Net Position of Governmental Activities	<u><u>\$ 426,756,314</u></u>
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The accompanying notes are an integral part of the financial statements.

CITY OF LAKELAND, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Public Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
General government taxes:				
Ad-valorem taxes	\$ 58,906,331	\$ -	\$ -	\$ 58,906,331
Local option fuel taxes	-	-	6,810,179	6,810,179
Utility services taxes	13,281,074	-	-	13,281,074
Local communication services taxes	5,447,514	-	-	5,447,514
Local business taxes	1,919,219	-	-	1,919,219
Permits, fees, and special assessments:				
Building permits	-	-	3,046,427	3,046,427
Other permits	104,500	-	-	104,500
Franchise fees - gas	420,379	-	-	420,379
Impact fees	-	-	7,458,292	7,458,292
Special assessments - charges for public service	13,615	-	5,116	18,731
Inspection fees	378,325	-	90,048	468,373
Stormwater fees	-	-	8,459,633	8,459,633
Other permits, fees, and special assessments	17,646	-	23,781	41,427
Intergovernmental revenues:				
Federal grants	4,124,166	172,390	4,018,483	8,315,039
Federal financial assistance	21,568	-	711,589	733,157
State grants	182,051	1,099,996	1,071,983	2,354,030
Grants from other local units	1,196,613	2,774,837	3,616	3,975,066
State revenue sharing:				
Municipal revenue sharing	4,830,508	-	-	4,830,508
Mobile home license tax	267,011	-	-	267,011
Alcoholic beverage license tax	122,007	-	-	122,007
Sales tax	9,277,541	-	-	9,277,541
Firefighter supplemental compensation	77,055	-	-	77,055
State housing initiatives partnership (SHIP)	-	-	1,255,503	1,255,503
Local revenue sharing:				
Tax increment revenue	-	-	12,419,261	12,419,261
County occupational tax	117,738	-	-	117,738
Charges for services:				
General government:				
Other general government	101,761	-	-	101,761
Public safety:				
Law enforcement services	3,955,527	-	-	3,955,527
Fire protection	215,137	181,942	-	397,079
Protective inspection fees	(28,816)	-	-	(28,816)
Physical environment:				
Cemetery	897,038	-	-	897,038
Economic environment:				
Other economic environment charges	27,164	-	-	27,164
Culture and recreation:				
Libraries	50	-	-	50
Parks and recreation	4,408,217	-	-	4,408,217
Special recreation facilities	4,967,168	-	-	4,967,168
Transportation:				
Other transportation charges	595,312	-	977,449	1,572,761
Judgements, fines, and forfeits:				
Library fines	2,001	-	-	2,001
Local ordinance violations	1,422,024	-	2,680	1,424,704
Sale of contraband property	335,617	-	-	335,617
Miscellaneous revenues:				
Interest revenue	4,906,576	2,996,392	3,872,787	11,775,755
Interest revenue - leases	190,321	6,097	3,558	199,976
Net increase (decrease) in the fair value of investments	(999,719)	21,175,393	976,882	21,152,556
Rents and royalties	462,385	32,794	100,825	596,004
Lease revenue	524,416	10,770,885	89,407	11,384,708
Settlements	597,060	-	-	597,060
Sale of fixed assets	90,873	-	-	90,873
Sale of surplus material and scrap	23,407	40,000	269,791	333,198
Contributions and donations from private sources	222,592	384,980	5,577	613,149
Other miscellaneous revenues	2,128,828	1,597,927	2,239,792	5,966,547
Total revenues	125,749,800	41,233,633	53,912,659	220,896,092

CITY OF LAKELAND, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Public Improvement Fund	Other Governmental Funds	Total Governmental Funds
EXPENDITURES				
General government:				
Legislative	\$ 153,230	\$ -	\$ -	\$ 153,230
Executive	842,410	-	-	842,410
Financial and administrative	5,487,290	-	-	5,487,290
Investment advisor fee	-	692,228	-	692,228
Legal counsel	181,644	-	-	181,644
Comprehensive planning	3,287,885	144,980	-	3,432,865
Other general governmental services	11,127,546	1,304,200	-	12,431,746
Public safety:				
Law enforcement	58,891,164	30,730	-	58,921,894
Fire control	28,198,898	68,359	-	28,267,257
Protective inspections	1,370,150	-	3,862,196	5,232,346
Emergency and disaster relief services	9,528,001	-	-	9,528,001
Physical environment:				
Stormwater management	-	-	7,814,751	7,814,751
Conservation and resource management	5,816	-	-	5,816
Other physical environment - cemetery	1,443,652	76,625	-	1,520,277
Transportation:				
Road and street facilities	7,033,198	-	8,616,440	15,649,638
Parking facilities	-	105,767	-	105,767
Economic environment:				
Industry development	6,179,598	-	-	6,179,598
Housing and urban development	7,699	-	4,302,792	4,310,491
Community redevelopment	-	-	10,767,695	10,767,695
Cultural arts, parks, and recreation:				
Parks and recreation	23,788,027	3,119,149	-	26,907,176
Cultural services	662,176	-	-	662,176
Libraries	4,400,718	131,139	-	4,531,857
Special events	449,570	-	-	449,570
Special recreation facilities	6,032,848	49,858	-	6,082,706
Human services:				
Public assistance services	356,335	32,205	139,120	527,660
Other human service	40,410	-	-	40,410
Capital outlay	2,525,908	5,988,956	9,680,845	18,195,709
Debt service:				
Interest and other	63,867	1,213,482	1,155,106	2,432,455
Interest - leases	15,146	-	-	15,146
Principal payments	1,511,421	27,395,532	6,589,369	35,496,322
Principal payments - leases	409,236	-	-	409,236
Total expenditures	<u>173,993,843</u>	<u>40,353,210</u>	<u>52,928,314</u>	<u>267,275,367</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(48,244,043)</u>	<u>880,423</u>	<u>984,345</u>	<u>(46,379,275)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	427,999	49,763,512	2,311,487	52,502,998
Payment in lieu of taxes from enterprise operations	46,545,440	-	-	46,545,440
Transfers from other funds	6,131,613	1,194,529	8,395,398	15,721,540
Transfers to other funds	<u>(5,520,856)</u>	<u>(4,667,136)</u>	<u>(7,589,456)</u>	<u>(17,777,448)</u>
Total other financing sources (uses)	<u>47,584,196</u>	<u>46,290,905</u>	<u>3,117,429</u>	<u>96,992,530</u>
Net change in fund balances	<u>(659,847)</u>	<u>47,171,328</u>	<u>4,101,774</u>	<u>50,613,255</u>
FUND BALANCE, beginning of year	<u>74,175,717</u>	<u>60,141,800</u>	<u>83,897,629</u>	<u>218,215,146</u>
FUND BALANCE, end of year	<u>\$ 73,515,870</u>	<u>\$ 107,313,128</u>	<u>\$ 87,999,403</u>	<u>\$ 268,828,401</u>

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

CITY OF LAKE LAND, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net change in fund balances - total governmental funds \$ 50,613,255

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.

Capital outlay	\$ 18,195,709	
Depreciation expense	<u>(16,249,640)</u>	1,946,069

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

Capital assets		(3,466,057)
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The transfer of assets/liabilities from proprietary funds is not recorded as a revenue or expenditure in the governmental funds, however it is recognized as an expense in the statement of activities.

(29,634)

Recognition of long-term liabilities in governmental funds is recorded as a revenue in the governmental funds, but the proceeds result in an additional liability in the statement of net position.

(52,502,998)

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

35,496,322

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

409,236

Contributions to certain pension plans do not use current financial resources and are recorded in full as expenditures in the governmental funds, however a portion of these disbursements decrease the net pension liability in the statement of activities.

4,256,501

Contributions to the retiree benefits do not use current financial resources and are not recorded in full as expenditures in the governmental funds, however these disbursements decrease the net OPEB liability in the statement of activities.

3,466,609

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

(828,111)

In the governmental funds, personnel costs are measured by the amount of financial resources used, which does not include the increase in accrued, compensated absences. These expenses are recorded in the statement of activities.

(191,954)

The revenue and expenses of the Internal Service Funds are reported as a component of proprietary funds and accordingly are not recognized in the governmental funds. A portion of these net revenues and expenses are recorded as governmental activities in the statement of activities.

2,362,894

Change in net position of governmental activities		<u><u>\$ 41,532,132</u></u>
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The accompanying notes are an integral part of the financial statements.



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CITY OF LAKELAND, FLORIDA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Business-type Activities					
	Enterprise Funds			Other Enterprise Funds		Internal Service Funds
	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Linder International Airport Fund		Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 46,094,295	\$ 34,068,726	\$ 338,591	\$ 2,718,284	\$ 83,219,896	\$ 38,125,758
Accounts Receivable	47,853,626	4,902,329	693,555	1,019,957	54,469,467	4,140
Allowance for uncollectibles	(876,414)	(81,437)	(35,925)	(4,399)	(998,175)	-
Due from other funds	697,022	-	-	-	697,022	4,317,287
Due from other government units	-	-	-	-	-	115,575
Interest and dividends receivable	-	-	-	-	-	-
Inventories	34,981,465	6,977,567	26,055	9,526	35,581	574,058
Prepaid expenses	2,556,797	-	49,603	-	2,606,400	50,772
Fuel hedges	5,916,814	-	-	-	5,916,814	-
Leases receivable	218,079	-	1,834,983	147,077	2,200,139	-
Asset apporportionments set aside for (including \$72,942,663 in cash and cash equivalents)	21,540,000	2,819,041	-	-	24,359,041	5,030,000
Current portion of bonds payable	1,312,025	462,746	38,592	104,570	1,917,933	435,824
Current portion of pension bonds payable	-	4,659,002	1,299,442	-	5,958,444	-
Accrued interest payable	10,884,238	515,018	21,248	13,815	11,434,319	2,337,060
Accrued liabilities	117,459	94,806	-	-	212,265	9,383,185
Accounts payable	1,988,502	4,965,704	178,808	8,648	7,141,662	1,952,071
Due to other funds	-	-	2,780,859	-	2,780,859	-
Restricted assets, set aside for (including \$9,917,192 in cash and cash equivalents)	12,349	178	-	-	12,527	-
Accrued liabilities	-	5,623,974	518,860	2,688	6,145,522	-
Deposits payable	-	3,148,731	-	610,412	3,759,143	-
Total current assets	173,296,257	68,156,385	7,744,671	4,630,578	253,827,891	62,325,730
Noncurrent assets:						
Asset apporportionments (including \$266,607,064 in cash and cash equivalents)	126,322,274	57,844,648	8,185	40,563	184,215,670	89,683,446
Restricted assets (including \$95,723,310 in cash and cash equivalents)	15,173,099	57,218,372	9,543,141	18,624,666	100,559,278	-
Capital assets:						
Land	15,779,905	13,419,379	16,890,194	4,149,340	50,238,818	9,972
Construction in progress	32,905,602	85,543,592	5,010,704	669,251	124,129,149	2,848,524
Utility plant, facilities & equipment in service	1,579,978,916	633,051,313	265,592,407	11,946,810	2,490,569,446	132,988,310
Less accumulated depreciation	(704,977,624)	(258,466,752)	(108,581,679)	(8,137,421)	(1,080,163,476)	(83,214,347)
Right-to-use assets	1,012,938	-	26,442	35,395	1,074,775	-
Less accumulated amortization - right-to-use assets	(152,918)	-	(26,187)	(25,052)	(204,157)	-
Subscription assets	4,858,496	-	51,200	-	4,909,696	535,669
Less accumulated amortization - subscription assets	(632,814)	-	(12,800)	-	(645,614)	(212,624)
Total capital assets	928,772,501	473,547,532	178,950,281	8,638,323	1,589,908,637	52,955,504
Other noncurrent assets:						
Leases receivable, less current portion	982,469	-	16,801,192	5,684,728	23,468,389	-
Advances to other funds	962,291	-	-	-	962,291	69,937,560
Regulatory assets	2,099,244	-	-	-	2,099,244	-
Net pension asset	-	-	-	993	993	-
Total other noncurrent assets	4,044,004	-	16,801,192	5,685,721	26,530,917	69,937,560
Total noncurrent assets	1,074,311,878	588,610,552	205,302,799	32,989,273	1,901,214,502	212,576,510
Total assets	1,247,608,135	656,766,937	213,047,470	37,619,851	2,155,042,393	274,902,240
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources related to pensions	7,389,608	3,169,288	293,127	671,665	11,523,688	2,674,650
Deferred outflows of resources related to OPEB	7,800,443	3,096,840	150,197	621,572	11,669,052	2,676,064
Deferred outflows of resources related to ARO	2,163,794	1,455,243	-	-	3,619,037	-
Unamortized loss on refunding	15,040,008	-	-	-	15,040,008	-
Total deferred outflows of resources	32,393,853	7,721,371	443,324	1,293,237	41,851,785	5,350,714

CITY OF LAKELAND, FLORIDA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2025

	Business-type Activities					
	Enterprise Funds			Other Enterprise Funds		Internal Service Funds
	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Linder International Airport Fund		Total	
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 18,347,068	\$ 5,761,559	\$ 76,233	\$ 278,154	\$ 24,463,014	\$ 1,368,428
Accrued liabilities	3,313,183	1,005,564	172,746	195,638	4,687,131	759,767
Due to other funds	-	-	806,195	1,471,596	2,277,791	57,976
Accrued interest payable	21,071	-	-	18	21,089	9,706
Notes payable	-	5,191,283	-	-	5,191,283	-
Leases payable	27,871	-	545	7,279	35,695	-
Subscription liabilities payable	1,016,710	-	12,800	-	1,029,510	89,960
Deposits payable	-	-	162,320	-	162,320	1,750
Unearned revenue	76,314	-	-	-	76,314	-
Payable from apportioned assets:						
Bonds payable	21,540,000	2,819,041	-	-	24,359,041	5,030,000
Pension notes payable	1,312,025	462,746	38,592	104,570	1,917,933	435,824
Notes payable	-	4,659,002	1,299,442	-	5,958,444	-
Accrued interest payable	10,884,238	515,018	21,248	13,815	11,434,319	2,337,060
Accrued liabilities	117,459	94,806	-	-	212,265	9,383,185
Accounts payable	1,988,502	4,965,704	178,808	8,648	7,141,662	1,952,071
Due to other funds	-	-	2,780,859	-	2,780,859	-
Payable from restricted assets:						
Accounts payable	-	5,623,974	518,860	2,688	6,145,522	-
Accrued liabilities	12,349	178	-	-	12,527	-
Deposits payable	-	3,148,731	-	610,412	3,759,143	-
Total current liabilities	58,656,790	34,247,606	6,068,648	2,692,818	101,665,862	21,425,727
Noncurrent liabilities:						
Liabilities payable from apportioned assets:						
Accrued liabilities, less current portion	-	-	-	-	-	15,828,405
Advances from other funds, less current portion	-	-	44,226,483	-	44,226,483	-
Restricted liabilities, less current portion	15,173,099	9,454,658	-	-	24,627,757	-
Accrued liabilities, less current portion	3,589,593	1,282,020	110,012	191,067	5,172,692	1,218,483
Advances from other funds, less current portion	-	-	4,877,067	21,367,545	26,244,612	428,755
Net pension liability	12,158,049	4,943,975	111,544	634,134	17,847,702	4,002,884
Net OPEB liability	33,278,382	14,928,284	1,462,192	3,535,029	53,203,887	12,682,634
Asset retirement obligation (ARO)	2,465,337	2,312,400	-	-	4,777,737	-
Regulatory liabilities	7,583,879	-	-	-	7,583,879	-
Lease liabilities, less current portion	707,062	-	-	3,693	710,755	-
Subscription liabilities, less current portion	1,680,101	-	25,600	-	1,705,701	197,230
Loans payable, less current portion	-	17,914,783	-	-	17,914,783	-
Pension notes payable, less current portion	13,013,321	4,589,748	382,770	1,037,174	19,023,013	4,322,733
Notes payable, less current portion	-	46,358,052	180,799	-	46,538,851	-
Revenue bonds payable, less current portion	435,300,000	22,844,786	-	-	458,144,786	81,103,290
Unamortized bond premium	53,544,839	340,660	-	-	53,885,499	13,303,146
Revenue bonds payable, plus unamortized bond premium	53,544,839	340,660	-	-	53,885,499	13,303,146
Total noncurrent liabilities	578,493,662	124,969,366	51,376,467	26,768,642	781,608,137	133,087,560
Total liabilities	637,150,452	159,216,972	57,445,115	29,461,460	883,273,999	154,513,287

CITY OF LAKELAND, FLORIDA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2025

	Business-type Activities					
	Enterprise Funds			Other Enterprise Funds		Internal Service Funds
	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Linder International Airport Fund		Total	
\$	12,834,917	\$ 4,490,983	\$ 802,482	\$ 1,423,805	\$ 19,552,187	\$ 4,709,641
	20,942,105	8,989,341	785,493	2,048,540	32,765,479	7,659,104
	1,159,453	-	17,784,662	5,666,025	24,610,140	-
	1,162,599	-	-	-	1,162,599	-
	10,000	-	-	-	10,000	-
	-	769,611	-	-	769,611	4,222,609
	37,157,279	-	-	-	37,157,279	-
	22,896,549	-	-	-	22,896,549	-
	3,828,113	-	-	-	3,828,113	-
	99,991,015	14,249,935	19,372,637	9,138,370	142,751,957	16,591,354
	392,838,647	361,965,652	176,749,577	8,624,663	940,178,539	51,118,430
	-	47,763,714	9,543,141	18,624,666	75,931,521	-
	150,021,874	81,292,035	(49,619,676)	(26,936,071)	154,758,162	58,029,883
\$	542,860,521	\$ 491,021,401	\$ 136,673,042	\$ 313,258	\$ 1,170,868,222	\$ 109,148,313

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

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to pensions
Deferred inflows of resources related to OPEB
Deferred inflows of resources related to leases
Deferred inflows of resources related to CIAC
Solar interconnection
Unamortized gain on refunding
Unamortized contributions in aid of construction
Fuel reserve
Unrealized gain on hedges
Total deferred inflows of resources

NET POSITION

Net investment in capital assets
Restricted
Capital improvement
Unrestricted
Total net position

CITY OF LAKELAND, FLORIDA

RECONCILIATION OF THE PROPRIETARY FUNDS STATEMENT OF NET POSITION
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Net position - business-type activities:

Enterprise Funds	\$ 1,170,868,222
Internal Service Funds	109,148,313
	<u>1,280,016,535</u>

Amounts reported for business-type activities in the statement of net position are different because:

Internal Service Funds are recognized within the business-type activities component of the Government-Wide Statement of Net Position, however the revenues and expenses of Internal Service Funds are allocated to the governmental and proprietary fund-types on a pro-rata basis. The Internal Service Funds operated at a gain for the fiscal year. The cumulative pro-rata share of the gains/losses resulted in an unpaid liability to the governmental activities in the Government-Wide Statement of Net Position.

(44,734,755)

Net Position of Business-type Activities	<u>\$ 1,235,281,780</u>
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The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-type Activities						
	Enterprise Funds			Other Enterprise Funds			Internal Service Funds
	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Linder International Airport Fund			Total	
OPERATING REVENUES							
Charges for services	\$ 389,514,627	\$ 89,853,708	\$ 9,019,593	\$ 19,376,926	\$ 507,764,854	\$ 101,349,764	
Lease revenue	232,525	-	2,072,814	185,900	2,491,239	-	
Franchise fees - solid waste	-	-	-	932,341	932,341	-	
Special assessments - charges for public service	-	10,432	-	-	10,432	-	
Total operating revenues	389,747,152	89,864,140	11,092,407	20,495,167	511,198,866	101,349,764	
OPERATING EXPENSES							
Personal services	41,978,803	14,119,013	2,671,371	5,044,692	63,813,879	17,471,515	
Other operating expenses	230,670,872	34,883,594	5,014,585	14,349,411	284,918,462	80,097,981	
Depreciation/amortization	46,154,628	12,226,375	12,245,231	273,760	70,899,994	12,842,136	
Total operating expenses	318,804,303	61,228,982	19,931,187	19,667,863	419,632,335	110,411,632	
Operating income (loss)	70,942,849	28,635,158	(8,838,780)	827,304	91,566,531	(9,061,868)	
NONOPERATING REVENUES (EXPENSES)							
Federal grants	4,577,186	-	349,193	-	4,926,379	-	
Federal financial assistance	56,575	-	-	-	56,575	-	
State grants	132,668	-	19,400	-	152,068	-	
Fuel tax refunds and credits	-	-	-	-	-	184,007	
Interest revenue	8,690,588	5,809,505	619,527	415,271	15,534,891	5,623,207	
Interest revenue - leases	23,145	-	345,107	116,550	484,802	-	
Net increase (decrease) in the fair value of investments	7,311,617	1,376,080	586,788	(2,370,436)	6,904,049	1,525,112	
Interest income on internal loans	-	-	-	-	-	2,487,046	
Gain (loss) on disposition of capital assets	6,152,078	(251,028)	-	-	5,901,050	(71,897)	
Sale of surplus material and scrap	-	23,753	-	16,003	39,756	61,766	
Other miscellaneous revenues	993,196	383,408	57,341	19,507	1,453,452	3,887,619	
Settlements	-	-	-	-	-	138,271	
Sale of general capital assets	-	491,650	115,500	-	607,150	2,433,405	
Interest expense	(16,923,745)	(1,474,233)	(1,610,252)	(290,529)	(20,298,759)	(6,053,260)	
Interest expense - leases	(9,941)	-	(20)	(300)	(10,261)	-	
Interest expense - subscriptions	(29,088)	-	-	-	(29,088)	(9,911)	
Amortization	2,876,953	(19,035)	-	-	2,857,918	613,772	
Total nonoperating revenues (expenses)	13,851,232	6,340,100	482,584	(2,093,934)	18,579,982	10,819,137	
Income (loss) before contributions and transfers	84,794,081	34,975,258	(8,356,196)	(1,266,630)	110,146,513	1,757,269	
Capital grants and contributions							
Federal grants and donations	-	6,619,758	1,767,437	-	8,387,195	220,545	
State grants and donations	-	41,164	2,894,743	-	2,935,907	-	
Private sources	-	10,043,788	-	-	10,043,788	-	
Other non-operating sources	-	7,769,436	-	-	7,769,436	-	
Transfers from other funds	-	-	-	205,895	205,895	5,164,108	
Transfers to other funds	(333,984)	(1,843,156)	(535,074)	(556,752)	(3,268,966)	(45,129)	
Payment in lieu of taxes	(34,609,490)	(10,191,320)	-	(1,744,630)	(46,545,440)	-	
Total contributions and transfers	(34,943,474)	12,439,670	4,127,106	(2,095,487)	(20,472,185)	5,339,524	
Change in net position	49,850,607	47,414,928	(4,229,090)	(3,362,117)	89,674,328	7,096,793	
NET POSITION, beginning of year	493,009,914	443,606,473	140,902,132	3,675,375	1,081,193,894	102,051,520	
NET POSITION, end of year	\$ 542,860,521	\$ 491,021,401	\$ 136,673,042	\$ 313,258	\$ 1,170,868,222	\$ 109,148,313	

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

CITY OF LAKE LAND, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION OF THE PROPRIETARY FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Change in net position - business-type activities:

Enterprise Funds	\$ 89,674,328
Internal Service Funds	<u>7,096,793</u>
	<u>96,771,121</u>

Amounts reported for business-type activities in the statement of activities are different because:

Internal Service Funds are recognized within the business-type activities component of the Government-Wide Statement of Activities, however the revenues and expenses of Internal Service Funds are allocated to the governmental and proprietary fund-types on a pro-rata basis. A portion of the net revenues and expenses of the Internal Service Funds for the year are recorded within the Governmental Activities on the Government-Wide Statement of Activities.

(2,362,894)

Change in net position of business-type activities	<u>\$ 94,408,227</u>
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The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

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CITY OF LAKELAND, FLORIDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Under International Airport Fund	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from investing activities:						
Investment revenue	\$ 9,196,751	\$ 5,839,883	\$ 619,527	\$ 440,779	\$ 16,096,940	\$ 5,623,207
Net increase (decrease) in the fair value of cash equivalents	7,311,617	1,376,080	586,788	(2,370,436)	6,904,049	1,525,112
Cash flows provided by (used in) investing activities	16,508,368	7,215,963	1,206,315	(1,929,657)	23,000,989	7,148,319
Net increase (decrease) in cash and cash equivalents	(32,114,152)	6,178,746	(943,643)	16,908,999	(9,970,050)	3,171,107
Cash and cash equivalents, beginning of year	250,279,056	160,197,191	15,246,734	5,214,647	430,937,628	142,397,198
Cash and cash equivalents, end of year	\$ 218,164,904	\$ 166,375,937	\$ 14,303,091	\$ 22,123,646	\$ 420,967,578	\$ 145,568,305
Classified as:						
Current	\$ 46,094,295	\$ 34,068,726	\$ 338,591	\$ 2,718,284	\$ 83,219,896	\$ 38,125,758
Apportioned	156,957,842	71,079,243	3,902,499	167,596	232,107,180	107,442,547
Restricted	15,112,767	61,227,968	10,062,001	19,237,766	105,640,502	-
Total	\$ 218,164,904	\$ 166,375,937	\$ 14,303,091	\$ 22,123,646	\$ 420,967,578	\$ 145,568,305
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 70,942,849	\$ 28,635,158	\$ (8,838,780)	\$ 827,304	\$ 91,566,531	\$ (9,061,868)
Depreciation/amortization	46,154,627	12,226,375	12,245,231	273,760	70,899,993	12,842,136
Rebate on fuel taxes	-	-	-	-	-	184,007
Miscellaneous revenue	1,113,294	383,408	57,341	35,510	1,589,553	4,065,752
(Increase) decrease in receivables, net	3,145,456	(661,291)	101,271	(181,167)	2,404,269	(165,860)
(Increase) decrease in leases receivable	-	-	-	-	-	216,772
(Increase) decrease in inventory	-	-	-	-	-	-
(Increase) decrease in prepaid expenses	226,004	-	1,590,667	144,827	1,961,498	-
(Increase) decrease in net pension asset	(2,840,429)	(1,224,127)	-	-	(4,064,556)	49,031
(Increase) decrease in deferred outflows related to pensions	(1,093,153)	-	(3,739)	-	(1,096,892)	95,339
(Increase) decrease in deferred outflows related to OPEB	-	-	-	(993)	(993)	-
Increase (decrease) in fair value of derivative	7,179,051	4,426,877	194,840	755,737	12,556,505	2,953,967
Increase (decrease) in accounts payable	2,517,436	1,090,288	151,405	277,552	4,036,681	922,307
Increase (decrease) in accrued liabilities	(246,882)	-	-	-	(246,882)	-
Increase (decrease) in deferred regulatory liability	(849,161)	3,943,421	4,139	(113,309)	2,985,090	(23,430)
Increase (decrease) in fuel reserve	324,515	154,000	30,821	27,208	536,544	1,151,999
Increase (decrease) in deposits payable	(9,933,759)	-	-	-	(9,933,759)	-
Increase (decrease) in unearned revenue	(4,604,937)	-	-	-	(4,604,937)	-
Increase (decrease) in net pension liability	303,182	95,870	9,074	10,541	418,667	-
Increase (decrease) in net pension liability	50,194	-	-	-	50,194	-
Increase (decrease) in deferred inflows related to pensions	(18,629,549)	(8,456,141)	(1,000,267)	(2,116,798)	(30,202,755)	(7,246,031)
Increase (decrease) in deferred inflows related to OPEB	10,601,641	3,688,545	738,460	1,261,644	16,290,290	3,974,863
Increase (decrease) in deferred inflows related to CIAC	(1,188,215)	(514,611)	(71,462)	(131,004)	(1,905,292)	(435,325)
Increase (decrease) in deferred inflows related to leases	(170,531)	-	-	-	(170,531)	-
Increase (decrease) in net OPEB liability	(232,524)	-	(1,749,336)	(185,899)	(2,167,759)	-
Increase (decrease) in estimated liability for unpaid claims	(2,813,241)	(1,218,399)	(169,196)	(310,164)	(4,511,000)	(1,030,677)
Net cash provided by (used in) operating activities	\$ 99,955,868	\$ 42,569,373	\$ 3,290,469	\$ 574,749	\$ 146,390,459	\$ 405,403
Noncash investing, capital, or financing transactions:						
Capital grants and contributions not received	\$ -	\$ 4,634,382	\$ 424,635	\$ -	\$ 5,059,017	\$ -
Developer contributed assets	-	9,105,344	-	-	9,105,344	-
Non-debt principal balance of capital related liabilities	-	10,684,662	681,518	2,688	11,368,868	1,550,084
Net asset/liability transfer to other funds	-	-	-	-	-	29,634
Lease acquisition of capital assets	4,858,496	-	51,200	-	4,909,696	-
Capitalized interest	6,023,815	-	-	-	6,023,815	-
	\$ 10,882,311	\$ 24,424,388	\$ 1,157,353	\$ 2,688	\$ 36,466,740	\$ 1,579,718

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

CITY OF LAKELAND, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2025

	Pension and Other Employees Benefit Trust Funds	Private Purpose Trust Fund	Custodial Fund
ASSETS			
Cash and cash equivalents	\$ 11,497,059	\$ 2,350,638	\$ 1,836,251
Mutual funds	549,717,712	-	-
US government obligations	115,206,658	-	-
Real estate funds	102,964,671	-	-
Corporate notes and bonds	38,764,569	-	-
Corporate stocks	73,353,532	-	-
Alternate investments	50,586,549	-	-
Fixed income funds	92,453,213	-	-
Private equity funds	161,492,574	-	-
Consolidated fund	14,510,408	510,707	-
Interest and dividends receivable	988,862	-	-
Investment sales receivable, net	722,726	-	-
Contributions receivable	896,497	-	-
Due from other government units	36,636	-	-
Total assets	<u>1,213,191,666</u>	<u>2,861,345</u>	<u>1,836,251</u>
LIABILITIES			
Accounts payable	130,912	-	-
Benefits payable	178,232	-	-
Unsettled investment purchases, net	1,291,718	-	-
Due to other governmental units	123,889	2,861,345	1,836,251
Total liabilities	<u>1,724,751</u>	<u>2,861,345</u>	<u>1,836,251</u>
NET POSITION			
Restricted for DROP and other accounts	40,448,719	-	-
Restricted for OPEB benefits	14,446,677	-	-
Restricted for pension benefits and other purposes	1,156,571,519	-	-
Total net position	<u>\$ 1,211,466,915</u>	<u>\$ -</u>	<u>\$ -</u>

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

CITY OF LAKELAND, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Pension and Other Employees Benefit Trust Funds	Private Purpose Trust Fund	Custodial Fund
ADDITIONS			
Contributions:			
Employer	\$ 23,306,426	\$ 968,593	\$ -
Plan members	11,621,782	-	-
Impact fees	-	-	10,227,743
Local option insurance premium taxes	3,143,887	-	-
Total contributions	<u>38,072,095</u>	<u>968,593</u>	<u>10,227,743</u>
Net investment income:			
Interest and dividends	21,528,380	(112,656)	-
Net increase (decrease) in the fair value of investments	119,917,106	23,103	-
Investment advisor fee	(4,824,463)	-	-
Net investment income (loss)	<u>136,621,023</u>	<u>(89,553)</u>	<u>-</u>
Miscellaneous income:			
Other miscellaneous revenues	13,305	-	-
Total additions, net	<u>174,706,423</u>	<u>879,040</u>	<u>10,227,743</u>
DEDUCTIONS			
Pension benefits paid	69,904,374	-	-
Other benefits paid	9,183,715	-	-
Refunds, former plan members	3,306,083	-	-
Impact fee remittances to the County	-	-	10,227,743
Administrative expenses	651,620	-	-
Other general government expenses	-	879,040	-
Total deductions	<u>83,045,792</u>	<u>879,040</u>	<u>10,227,743</u>
Net increase (decrease) in restricted net position	<u>91,660,631</u>	<u>-</u>	<u>-</u>
NET POSITION, beginning of year	1,119,806,284	-	-
NET POSITION, end of year	<u>\$ 1,211,466,915</u>	<u>\$ -</u>	<u>\$ -</u>

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



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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's financial statements are prepared in accordance with accounting and financial reporting standards established by the Government Accounting Standards Board (GASB) for U.S. state and local governments that follow Generally Accepted Accounting Principles (GAAP) in the United States of America.

There are significant differences in the financing and operating environments between private and public sector entities, resulting in the unique application of accounting principles to government entities. The primary difference is the lack of a profit motive in many aspects of governmental operations, focusing instead on the best and most effective use of limited resources. Nevertheless, the GASB has endeavored to provide financial reporting standards that both satisfy the accounting needs that are unique to government entities and disclose financial information that is prepared on a basis more comparable to the more widely understood accounting practices adopted by the private sector.

In response to achieving these dual objectives, the Financial Statements include:

- A Management's Discussion and Analysis (MD&A) section providing analysis of the City's overall financial position and results of operations.
- Fund financial statements that focus on individual "major" funds of the City, with only non-major funds presented in aggregate totals. The traditional accounting policies and procedures that are unique to governmental operations are utilized within these financial statements.
- Government-wide financial statements prepared using full accrual accounting for all the City's activities, including infrastructure (roads, bridges, etc.). These statements are intended to provide accounting data that is prepared using uniform application of the same accounting and debt policies adopted by entities in the private sector.

A. Reporting Entity

The City of Lakeland, Florida (City) is a political subdivision of the State of Florida incorporated under the authority of the Laws of Florida, Chapter 4096 adopted in 1891. The City operates under a commission-manager form of government and provides the following services: public safety, transportation, electric, water, stormwater, solid waste, wastewater treatment, culture/recreation, public improvements, planning and zoning, economic development, and general administration.

Component Units – These financial statements represent the City (the primary government) and its component units (entities for which the City is considered to be financially accountable). There are three specific tests for determining whether a particular legally separate entity is a component unit of a primary government: 1) appointment of a majority of the unit's governing board, accompanied by the potential imposition of will or ongoing financial burden, 2) fiscal dependence on the primary government, and 3) the potential that exclusion would result in misleading financial reporting. Blended component units, although legally separate entities, are in substance part of the City's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. The City does not report any discretely presented component units.

Blended Component Unit

The Lakeland Community Redevelopment Agency (LCRA) was established in 1979 by the City of Lakeland, Florida (the City) under the provisions of Section 163.340, Florida Statutes. The board of directors of the Agency is comprised of the seven members of the City Commission of the City. The City has operational responsibility for the LCRA. Although legally separate, the LCRA is blended in the City's financial statements in accordance with the criteria for blending set by GASB Statement 14, as amended by GASB Statement 39 and GASB Statement 61. The City has created a total of four community redevelopment areas: Downtown (1979), Dixieland (2001), and Midtown (2001). Their purpose is to eliminate blight and slum conditions within the defined redevelopment area of the respective agency pursuant to the redevelopment plans for new residential and commercial activity. In 2016, the City Commission voted to close the Williams Community Redevelopment Area as the decision was made not to pursue the redevelopment activities for which it was designated.

Financial information for the LCRA is blended in the Financial Statements of the City. Copies of separately issued financial statements for the LCRA may be obtained from the City's Finance Department.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The City's basic financial statements are presented in two separate and distinct formats. These consist of government-wide statements (reporting the City as a whole using full accrual accounting policies) and fund financial statements (focusing on individual major funds and utilizing the traditional basis of accounting used by local governments for different fund types). The government-wide financial statements report information on all non-fiduciary activities of the primary government and its component units.

Both the government-wide and fund financial statements categorize activities as either 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 since they generally cannot pass the full cost of providing those services directly to the users of those services in the form of a user fee. The electric, water, wastewater, solid waste, parking, and airport are classified as business type activities because they are able to assess user fees intended to satisfy at least the majority of their annual operating costs. The Public Improvement Fund is used to finance a variety of capital and maintenance projects and debt service related to governmental activities of the City, including activities of the Police and Fire Departments; Public Works (road and drainage construction and maintenance); the Parks & Recreation Department; libraries; growth management; public utilities (such as street lighting); and general governmental City facilities. These activities are financed primarily from the Public Improvement Endowment Fund comprised of prepaid hospital lease revenues and impact fee revenues. The primary government is reported separately from the legally separate component units for which the City is financially accountable.

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, meaning all assets and liabilities (including capital assets and long-term debt) are included in the Statement of Net Position. This accounting methodology is more consistent with the methodology used for business accounting in the private sector than "traditional" governmental accounting methodology.

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

Because different measurement focuses and basis of accounting are used in the government-wide statement of net position than in governmental fund statements, amounts reported as *restricted fund balances* in governmental funds may be different from amounts reported as *restricted net position* in the statement of net position.

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 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/expenses. Under this basis of accounting, revenues are recorded when earned, and expenses are recorded when an obligation is incurred. These accounting methods are also more consistent with the methodologies used for business accounting in the private sector than "traditional" governmental accounting methodology.

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 the related expenses appear only once and are categorized within the appropriate functional activity.

Fund Financial Statements – These statements report information at a higher level of detail, focusing on separate reporting of individual major funds, rather than consolidating financial data into two very broad categories of governmental and business-type activities. Those funds that are considered non-major are consolidated 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 the assets, deferred outflows, liabilities, deferred inflows, reserves, fund balance/fund net position, revenues, and expenditures/expenses of each fund. GASB 34, as amended by GASB 65, sets forth the minimum criteria used to determine whether the individual funds are considered major versus non-major. The criteria are based on the value of assets and deferred outflows, liabilities and deferred inflows, revenues, and expenditures/expenses of each fund in relation to all funds taken as a whole. Based on these criteria, the City's major funds are the General Fund, Public Improvement Fund, Electric Utility Fund, Lakeland Linder International Airport Fund and Water/Wastewater Utility Fund. Detailed information on these funds is provided in the basic financial statements and the Management's Discussion and Analysis section.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Within the fund financial statements, funds are also classified into fund types. A different basis of accounting is applied to the various fund types, based on the nature of the financial information needed to sustain the types of services provided. The various funds are classified based on fund types as follows:

Fiduciary Funds – Within the fund financial statements, fiduciary fund types are used to report assets that are held in trust or in a custodial 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 a custodial fund used 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 fund types.

Because the assets accounted for within fiduciary fund types cannot be used to address activities or obligations of the City, the activities of these funds are not incorporated into the government-wide financial statements.

Governmental Funds – Within the fund financial statements, the accounting policies applied to governmental funds are intended to capture only those transactions that will occur in the short-term, and the ability to finance those activities as needed. The financial focus applied to governmental funds is called the *modified accrual* basis of accounting. Revenues are susceptible to accrual in the accounting period in which they become available and measurable, which generally means those revenues that are collected within 60 days after year end. The 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 meeting the availability criterion include investment earnings, federal, state, and local 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. Exceptions are 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 fund types, assets and liabilities are recorded using the *flow of current financial resources* measurement focus, meaning only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources".

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

General Fund – used to account for and report all financial resources not accounted for and reported in another fund.

Debt Service Fund - account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Special Revenue Funds – account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Funds – account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Permanent Funds – account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

In addition to the General Fund, the City reports the following major governmental fund:

Public Improvement Fund – a major fund used to account for and report financial resources that are restricted, committed or assigned to expenditures for general governmental capital outlays, including the acquisition or construction of capital facilities and other capital assets.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Proprietary Funds - Within the fund financial statements, the financial focus for proprietary funds is identical to the full accrual, "private sector" focus applied within the government-wide statements. Revenues are recognized when they are earned and expenses are recognized when they are incurred, without application of the "measurable and available" criteria applied to governmental funds. Accordingly, full recognition is given to capital 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 the persons using those services.

The proprietary fund types utilized by the City are broken down as follows:

Enterprise Funds – account for operations for which a fee is charged to external users for goods or services, i.e., parking, entertainment, airport, and solid waste services provided to residents in geographic areas served by the City.

The City reports the following major proprietary funds:

Department of Electric Utilities – accounts for operations in which fees are charged to external users for electric services provided within the City of Lakeland's service area.

Lakeland Linder International Airport Fund – accounts for activities related to the operations and maintenance of a general aviation facility and industrial park that serves as a hub for economic activity in the central Florida area.

Water and Wastewater Utilities – accounts for operations in which fees are charged to external users for water and wastewater services provided within the City of Lakeland's service area.

Internal Service Funds – account for operations for which a fee is charged to internal users for goods or services. This includes the administrative cost of purchasing and acquisition; the purchase, maintenance and fueling of motorized equipment used by various City departments; the cost of self-insured risk programs administered by the City; the cost of purchasing and maintaining custody of supplies and materials used by the City; the cost of purchasing and maintaining computers, networks, and software used by the City; the maintenance of City facilities; and an internal loan program. To the extent possible, the ultimate costs of these services are reported in the appropriate functional activity.

C. Budget Policy and Budgetary Data

The City prepares an annual operating budget for the two major funds, the General Fund and Public Improvement Fund (a Capital Projects Fund), and certain Special Revenue Funds and Capital Projects Funds (i.e., Transportation Fund, Community Development Fund, State Housing Initiatives Partnership Program, Neighborhood Stabilization Fund, the Stormwater Fund, the Building Inspection Fund, and the Lakeland Community Redevelopment Agency Fund). These budgets are prepared on the modified accrual basis of accounting. As of September 30, 2025, there were no material violations of budgetary requirements.

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

1. Cash and Cash Equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits, cash with paying agents, money market funds, any other instruments maturing within 90 days or less upon purchase, as well as each Fund's equity in pooled cash.

The various funds of the City have combined their resources into an investment pool for the purpose of maximizing investment earnings on daily cash balances. The investment pool is comprised of money market funds, time deposits, notes, bonds, other securities, and accrued interest. These investments are recorded at fair value. Revenue from pooled cash and investments is allocated based on the participation of each fund. Each fund's pro-rata share of pooled cash and investments is included in the caption "cash and cash equivalents". These amounts are also considered a cash equivalent because each fund can withdraw cash at any time without prior notice or penalty.

2. Investments Owned by Individual Funds

Investments owned by individual funds, comprised of time deposits, notes, bonds, and other securities, are reported at fair value. Amounts invested in money market funds are reported at fair value. Fixed income, equity and equity securities are reported at the last reported sales price. Revenue from investments owned by the individual funds is recorded in the respective fund as it is earned.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

3. Receivables

Receivables are generally attributable to services provided by the City, amounts due to the City under expenditure driven grant agreements with other governments, and accrued interest on investments. Receivables recorded in governmental fund types may be offset by deferred inflows or a restriction of fund balance depending on the revenue recognition criteria applied to those funds. The components of receivable balances include due from customers, due from commercial customers, due from vendors, due from other governments, interest receivable, and miscellaneous receivables, including liquidated damages. Receivables are reported net of allowances for uncollectible where applicable.

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Unrestricted:		
Due from:		
Taxpayers	\$ 840,206	\$ -
Other government units	6,674,211	115,575
Customers	19,141,975	53,475,432
Tenants	<u>9,776,758</u>	<u>25,704,109</u>
	36,433,150	79,295,116
Apportioned:		
Due from:		
Customers	412,719	1,784,344
Other government units	1,432,485	5,348,219
Investment managers	164,914	-
Restricted:		
Due from:		
Tenants	280,869	-
Other government units	568,147	4,703,845
Customers	<u>1,207,656</u>	<u>131,903</u>
	<u>\$ 40,499,940</u>	<u>\$ 91,263,427</u>

4. Due To/From Other Funds

Amounts receivable from, or payable to, other funds are reflected in the accounts of the fund until liquidated. Activity between funds that are representative of lending/borrowing arrangements outstanding at year end are referred to as either “due to/from other funds” (i.e. current portion) or “advances to/from other funds (i.e. non-current portion). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as “internal balances”.

5. Inventories and Prepaid Items

Inventories are valued at cost in governmental funds. In all other funds, inventories held for resale are stated at the lower of cost or market using the weighted average method. Inventory and prepaid items are recorded as expenditures (expenses) when actually used in both governmental and proprietary funds.

6. Apportioned Assets

The City has established long-range plans concerning some of its proprietary funds, internal loan funds and capital funds. As part of the plan to achieve its objectives, the City’s elected officials have apportioned certain assets that will be used to fund the cost of expansion of enterprise fund infrastructure, monies accumulated to finance replacement of capital assets at the end of their useful life, funds apportioned for payment of self-insured liability claims, and amounts set aside to pay currently maturing principal and interest on long-term debt. These assets and related liabilities are separate from other assets of the City and appear on the financial statements under the heading “asset apportionments” and “liabilities payable from apportioned assets”. Because these apportionments do not represent legal restrictions imposed by parties external from the local government, the net value of asset apportionments minus liabilities is included in the unrestricted section of net position on the Statement of Net Position.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

7. Restricted Assets

Revenue bond ordinances and certain other agreements with parties outside the City require the restriction of certain fund assets for specific purposes such as sinking and reserve accounts required to secure bonded debt; renewal, repair, expansion, and construction funds (bond proceeds) set aside to finance recurring and future capital improvements; meter deposit funds held on behalf of utility customers; and proceeds from impact fees collected for the purpose of financing utility system capacity improvements. These assets and the related liabilities are classified separately from other assets and liabilities, appearing in the accompanying Statement of Net Position under the heading "restricted assets", "liabilities payable from restricted assets", and "restricted net position".

In cases in which both unrestricted and restricted assets are available to finance an expense or program, the City's policy is to utilize restricted assets first whenever possible.

The balances of restricted asset accounts in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Debt service	\$ 13,124,100	\$ -
Capital improvements	22,381,980	106,717,327
Transportation	8,961,327	-
Customer deposits	243,099	3,759,143
Law enforcement	1,859,980	-
Public safety	287,668	-
LCRA	29,531,638	-
Building inspection	863,877	-
Grant programs	5,350,832	-
Endowments - nonspendable	8,758,949	-
Donations received	684,246	-
Impact fees	29,148,550	-
	<u>\$ 121,196,246</u>	<u>\$ 110,476,470</u>

8. Capital Assets

Capital equipment purchased with an original value of \$5,000 or more, and additions, improvements, and other capital outlays, having an original cost of \$2,500 or more that significantly extend the useful lives are capitalized. Utility plants are capitalized at cost. Capital assets used in governmental fund type operations are accounted for in the government-wide statements, rather than in the fund financial statements. Routine maintenance, repairs, renewals, and replacement costs are charged against operations.

Infrastructure assets consisting of certain improvements and additions such as roads, sidewalks and drainage systems having an original cost of \$25,000 or more are capitalized.

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

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

Land improvements	10 - 45 years
Buildings	15 - 50 years
Improvements, other than buildings	10 - 45 years
Improvements, sewer lines	40 - 90 years
Communications equipment	5 - 10 years
Motor vehicles	5 - 20 years
Furnishings and fixtures	5 - 25 years
Maintenance equipment, tools	5 - 15 years
Roads and alleys	10 - 50 years
Easements and right of ways	10 - 50 years
Sidewalks	25 - 50 years
Storm drainage	25 - 100 years
Utility plant	25 - 35 years

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

8. Capital Assets (continued)

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

Intangible Assets

In accordance with GASB, intangible assets (including right-to-use leased assets and right-to-use subscription assets) are classified as Fixed Assets (Utility Plant). Right-to-use leased assets are representative of the City's right to use an asset over the life of a lease in which it is the lessee. The asset value is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received. Right-to-use subscription assets are representative of the City's right to use another party's information technology software over the life of a subscription arrangement in which it is the subscriber. The asset value is calculated as the initial amount of the subscription liability, plus any payments made to the vendor before the subscription commencement date, plus capitalizable implementation costs incurred, minus any lease incentives received before the subscription commencement date. Intangible assets are amortized according to the City's capitalization policy. Right-to-use leased assets are amortized over the shorter of the asset's useful life or the term of the lease while right-to-use subscription assets are amortized over the shorter of the asset's useful life or the term of the subscription. The capitalization levels of the City's right-to-use leased asset and right-to-use subscription asset classes are as follows:

Leased office space	\$100,000
Leased office equipment	\$100,000
Subscription assets	\$100,000

Leases as a Lessee

The City is a lessee for noncancellable leases of land, building and equipment. The City recognizes a lease liability and an intangible right-to-use leased asset for these leases in the financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of lease payments expected to be made during the lease term. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The right-to-use lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the term of the lease.

Key estimates and judgments related to leases include how the City determines the discount rate it uses to discount the expected lease payments to present value, the lease term, and the lease payments.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided or available, the City uses the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be determined, the City generally uses its own estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are comprised of fixed payments to be made under the lease. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if it is reasonably certain that the lease will be extended.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

8. Capital Assets (continued)

Leases as a Lessor

The City is a lessor for noncancellable leases of parking spaces, land, buildings and equipment. The City recognizes a lease receivable and a deferred inflow of resources for these leases in the financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Lease payments to be received under reasonably certain extension options are also included in the measurement of the lease receivable. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as lease revenue over the term of the lease.

Key estimates and judgments related to leases include how the City determines the discount rate it uses to discount the expected lease receipts to present value, the lease term, and the lease receipts. The City uses its own estimated incremental borrowing rate as the discount rate for leases in which it is the lessor.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are comprised of fixed payments to be received under the lease. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Right-To-Use Subscription Assets

The City utilizes Subscription-Based Information Technology Arrangements (SBITA) for the right to use a vendors information technology software. The City recognizes these as a right-to-use subscription asset and the corresponding liability in the financial statements.

At the commencement of a SBITA, the City initially measures the subscription liability amount by the present value of subscription payments expected to be made during the subscription term with future payments discounted by the interest rate of the SBITA (If the interest rate is not defined by the SBITA vendor, the City uses its own incremental borrowing rate). The liability is reduced as payments are made. The subscription asset is measured as the sum of the initial subscription liability amount, payments made prior to the commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the vendor at or before the commencement of the subscription term. The amortization of the asset is recognized as an outflow of resources over the subscription term.

The subscription term includes the non-cancellable period of the subscription. In determining the subscription term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the agreement term if it is reasonably certain that the subscription will be extended.

The City monitors changes in circumstances that would require a remeasurement of its Subscription-Based Information Technology Arrangements and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

9. Bond Discounts, Bond Premiums, and Issuance Costs

In the governmental funds, bond discounts and bond premiums are treated as period costs in the year of issue. Bond premiums and discounts are shown as an "Other Financing Source/Use."

In proprietary funds (and for governmental activities, in the government-wide statements) bond discounts and bond premiums are amortized over the term of the bonds using the straight-line method, which is materially consistent with the effective interest method. Bond discounts and premiums are presented as a reduction and increase, respectively, of the face amount of the revenue bonds payable. Issuance costs, except any portion related to prepaid insurance cost are recognized as an expense in the period incurred.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

10. Unearned Revenues

In the governmental funds, certain revenue transactions have been reported as unearned revenue. Unearned revenues arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. Revenue cannot be recognized until it has been earned and is available to finance expenditures of the current period. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet or statement of net position and the revenue is recognized.

	Governmental Activities	Business-Type Activities
Unrestricted	\$ 890,367	\$ 76,314
Restricted	2,209,014	-
	<u>\$ 3,099,381</u>	<u>\$ 76,314</u>

In the proprietary funds (and for governmental activities in the government-wide statements), unearned revenue is reported regardless of its availability.

11. Compensated Absences

The City offers annual leave (vacation), sick leave, and compensatory leave. All regular, full-time and part-time employees earn annual leave based upon the number of years of service (12, 15, or 20 days). Eligible employees accrue a pro-rata portion of annual leave each biweekly pay period. Employees are allowed to carry-over a maximum of 20 days of annual leave to the following calendar year. Employees are paid for all accrued annual leave upon separation of employment. Eligible full-time, regular employees earn 12 days of sick leave each year (regular, part-time employees accrue at 50% of the annual accrual rate of 12 days). There is no limit to the number of sick days that may be accumulated. However, the maximum amount to be paid to any single employee upon termination in good standing shall not exceed \$8,000. Compensatory time may be accrued and grant to non-exempt employees in lieu of cash payment for time worked in excess of the established work period. Compensatory time is earned at a rate of one and one-half hours for each hour of overtime worked in one-half hour increments which must be used within a reasonable period after making the request. Employees, at no time, may have more than one-hundred (100) unused hours of compensatory time on the records of the City's payroll system. Upon termination of employment, compensatory time is paid for the unused compensatory time up to sixty (60) hours at a rate of compensation not less than: a) the average regular rate during the last three (3) years; or b) the final regular rate received whichever is higher. Employees who have accrued one hundred (100) unused hours of compensatory leave at the time of retirement may take forty (40) hours of time off prior to the last day of employment, or be paid.

The implementation of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences* was intended to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. Within the Government-wide Statement of Net Position, the City accrues all accumulated compensated absences that are more likely than not to be used or paid. Within the fund financial statements, the non-current portion of this liability payable from governmental funds is not recorded since it would not be paid from expendable available financial resources. Compensated absences for governmental funds are recognized when due (upon termination or resignation).

12. Interfund Activity

Interfund activity is reported as loans, provided services, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

13. Fund Equity

The implementation of Governmental Accounting Standards Board Statement No. 54, *Fund Balance* was intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types.

GASB Statement 54 differentiates how the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent in governmental funds. Fund balance shall be composed of non-spendable, restricted, committed, assigned, and unassigned amounts. These classifications reflect the nature of the funds and provide clarifications and hierarchies on the level of restrictions placed on the fund balances (i.e. internal or external restriction requirements).

The City uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. For further details of the various fund balance classifications refer to Note 12.

14. Deferred Inflows/Outflows of Resources

Within the Basic Financial Statements certain items that were previously reported as assets and liabilities are recognized as outflows of resources or inflows of resources because they result in the use of resources in the current period or the acquisition of net assets for the benefit of future periods. The unamortized loss on refunding of debt, deferred outflows of resources related to OPEB, asset retirement obligations, pension; and deferred hedging derivative outflows are classified as a deferred outflow of resources. Deferred revenues recognized in governmental fund statements, contributions in aid of construction, deferred inflows of resources related to OPEB, pensions, and leases; and deferred hedging derivative inflows of resources are classified as deferred inflows of resources. Deferred revenues related to governmental funds represent the recording of assets such as property tax receivables, lease receivables, and mortgage receivables, relating to revenues not available in the accounting period.

Lakeland Electric receives nonrefundable payments from consumers and developers for extension of electric services, and funds received from developers and customers for assets owned and maintained by Lakeland Electric. Through the use of regulatory accounting, contributions in aid of construction are recorded as a deferred inflow of resources and amortized over the estimated useful life of the corresponding assets as a reduction of depreciation expense. Fuel reserve balance represents the cumulative recovery of fuel revenues over fuel expenses up to the maximum of 15% of annual budgeted fuel expenses. A regulatory liability exists to the extent that the cumulative over-recovery of fuel charges exceeds fuel reserve.

The deferred inflows and outflows of resources balances presented in the Statement of Net Position as of September 30, 2025, are as follows:

Deferred outflows of resources:	
Unamortized loss on refunding of debt, beginning balance	\$ 17,866,034
Additions	-
Amortization	(2,826,026)
Unamortized loss on refunding of debt, ending balance	15,040,008
Deferred outflows of resources related to pensions	43,658,687
Deferred outflows of resources related to OPEB	30,588,603
Deferred outflows of resources related to ARO	3,619,037
Total deferred outflows of resources	<u>\$ 92,906,335</u>
Deferred inflows of resources:	
Unamortized gain on refunding of debt, beginning balance	\$ 697,641
Additions	4,451,709
Amortization	(157,130)
Unamortized gain on refunding of debt, ending balance	4,992,220
Deferred inflows of resources related to OPEB	87,329,253
Contributions in aid of construction	37,157,279
Deferred inflows of resources related to CIAC	1,162,599
Deferred inflows of resources related to solar interconnection	10,000
Deferred inflows of resources - unrealized gain on hedges	3,828,113
Fuel reserve balance	22,896,549
Deferred inflows of resources related to leases	206,398,893
Deferred inflows of resources related to pensions	63,260,953
Total deferred inflows of resources	<u>\$ 427,035,859</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

15. Derivatives and Hedging Activities

Derivatives have a market value, require no initial investment, and may be net settled. The City follows GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Statement No. 53 requires derivatives to be categorized as either hedging derivative instruments or investment derivatives. Hedging derivative instruments are associated with specific hedging transactions wherein the intent is to significantly reduce risks. Changes in fair value of hedges are reported as either deferred inflows or deferred outflows in the Statement of Net Position. For accounting purposes, in order to qualify as a hedge, the relationship between the derivative and the underlying asset must result in a hedge that is "effective" in mitigating risk. If the hedge transaction is considered "ineffective" the valuation of the instrument is considered investment income or loss on the Statements of Revenues, Expenses and Changes in Net Position. GASB Statement No. 53 outlines five methods for evaluating hedge effectiveness:

- Consistent Critical Terms
- Synthetic Instrument
- Dollar Offset
- Regression Analysis
- Other Quantitative Methods

For purposes of performing hedge effectiveness testing, Lakeland Electric can use any or all of the evaluation methods and is not limited to using the same method from period to period. Therefore, if the result of any one prescribed evaluation method indicates the hedge is ineffective, Lakeland Electric may apply another method to verify effectiveness. In addition, the calculations for effectiveness may be based on either a life-to-date period or be limited to the immediately preceding annual accounting period.

Fuel Hedges

To achieve its goals of minimizing volatility in both cash flow and fuel rates to the ratepayers, Lakeland Electric was hedged at various volumes for a rolling 30-month forward period with emphasis on upside protection through the purchase of swaps. Due to a depressed natural gas market, the costs of the program became significant. To control the cost of the program, Lakeland Electric's Utility Committee implemented changes to the policy in March 2010. When a swap is placed, at or near the same time, a put option will be placed to provide opportunity to participate in a downward market. Swaps should be placed at no more than a \$1/MMBTU above market and option premiums at \$0.50/MMBTU resulting in a maximum cost of \$1.50/MMBTU. Each quarter, when a fuel rate change is proposed, the next 12 months of forecasted volumes will be approximately 63% hedged as follows:

1st quarter will be 100 percent hedged
2nd quarter will be 75 percent hedged
3rd quarter will be 50 percent hedged
4th quarter will be 25 percent hedged

Fuel related derivative transactions are executed in accordance with the fuel hedging policies established by Lakeland Electric's Energy Risk Management Oversight Committee. The primary objective of these policies is to minimize exposure to natural gas price volatility for cash flow and fuel rate stabilization purposes. The Committee has a defined organizational structure and responsibilities, which include approving all brokerage relationships, counterparty credit worthiness, specific fuel volumes and financial limits in addition to overall policy compliance. Derivative instruments expose Lakeland Electric to certain risks; primarily credit risk and termination risk. These risks are not considered significant because Lakeland Electric recovers all fuel and hedging costs through the approved fuel rate and only enters contracts with a limited number of highly rated counterparties. Acquisition of these hedge transactions are managed by The Energy Authority (TEA) based on a contractual relationship created in March 2007.

TEA performs the front and back office functions associated with such trades in accordance with overall hedging policies developed jointly by TEA and the aforementioned oversight committee of Lakeland Electric. The recording of fuel derivatives, when appropriate, is included on the Statement of Net Position as either an asset or liability measured at fair value. Related gains and/or losses are deferred and recognized in the specific period in which the derivative is settled and included as part of Fuel and Purchased Power costs in the Statement of Revenues, Expenses and Changes in Net Position. The premiums associated with the purchase of options are expensed upon expiration of the option. Premiums associated with unexpired options are embedded in the valuation table displayed later in this note. The valuation of market changes for contracts entered into within Lakeland Electric's Risk Management Program resulted in a net increase of \$2,013,590 to the cost of fuel during the fiscal year ended September 30, 2025.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

15. Derivatives and Hedging Activities (continued)

Fuel Hedges (continued)

Lakeland Electric's natural gas swaps and options have been evaluated using the regression analysis method cited above. According to this method, all of Lakeland Electric's derivatives were considered to be effective. Consequently, the R-Squared relationship between the derivative based on the NYMEX index as related to physical natural gas prices based on purchased gas from Florida Gas Transmission Zones 1, 2 and 3 was 0.8 or higher with a slope between -0.8 and -1.25 with a 95 percent confidence. In addition, the effectiveness of options was assessed consistent with the objective of the derivative instrument as mentioned in the goals of hedging above. With GASB compliance, the open swaps and options valuation of (\$3,828,113) includes mark-to-market of the swaps and both intrinsic and extrinsic mark-to-market of the options.

Derivative Instruments

Natural Gas Derivative Instruments

Lakeland Electric uses Over-the-Counter (OTC) swaps, put options, swing-swaps and fixed price firm physical purchases of natural gas as tools to stabilize the cost of natural gas that will be needed by the utility in the future. Any gain or loss of the value of these derivatives are ultimately rolled into the price of natural gas burned, offsetting the volatility in the price of that fuel. These derivative instruments are classified in Level 2 of the fair value hierarchy using the market approach of valuation. Derivative instruments classified as Level 2 receive clearing house prices, which are based on models that reflect the contractual terms of the derivatives. As of September 30, 2025, Lakeland Electric had options, swaps and physical contracts outstanding in the following amounts, covering fiscal year 2026 and beyond:

<u>Fiscal Year</u>	<u>Options</u>	<u>Swaps</u>	<u>Market Value Gain (Loss)</u>	<u>Notional Amount (mmbtu)</u>
2026	\$ 8,350,000	\$ 10,650,000	\$ 3,939,487	\$ 19,000,000
2027	1,000,000	2,060,000	(81,456)	3,060,000
2028	-	700,000	(29,918)	700,000
	<u>\$ 9,350,000</u>	<u>\$ 13,410,000</u>	<u>\$ 3,828,113</u>	<u>\$ 22,760,000</u>

The fair value of all derivatives as of September 30, 2025 are as follows:

Prepaid fuel	\$ 2,088,701
Fuel hedges (deferred inflows)	3,828,113
	<u>\$ 5,916,814</u>

16. Regulatory Assets and Liabilities

GASB accounting guidance for regulated operations requires the recognition of revenues provided either before or after the costs are incurred, as assets or liabilities, in accordance with rate actions of the City Commission.

Regulatory assets and liabilities balances presented in the Statement of Net Position as of September 30, 2025, are as follows:

Regulatory assets:	
Unamortized debt issuance costs	\$ 2,099,244
	<u>\$ 2,099,244</u>
Regulatory liabilities:	
Environmental compliance charges	\$ (432,333)
Energy conservation charges	117,323
Fuel charges	7,898,889
	<u>\$ 7,583,879</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

16. Regulatory Assets and Liabilities (continued)

Unamortized debt issue costs

Lakeland Electric treats unamortized debt issuance costs as a regulatory asset as allowed for regulated operations that recover their debt issuance costs through rates. These debt issue costs are amortized using the effective interest method, over the life of the related debt.

Debt issue cost balances presented in the Statement of Net Position as of September 30, 2025 are as follows:

Beginning balance	\$ 2,346,458
Additions	-
Less	
Amortization	247,214
Ending balance	<u>\$ 2,099,244</u>

Environmental compliance and conservation charges

Accounting guidance for regulated operations allows the recognition of revenues provided either before or after the cost is incurred as assets or (liabilities) in accordance with rate actions of the City Commission. The regulatory assets/liabilities below represent the amounts due from, or (payable to) retail customers.

As of September 30, 2025 the environmental compliance and conservation charges are as follows:

Environmental compliance charge recovery:	
(Liability) balance, beginning of year	\$ (1,254,491)
Charges recovered through rates	(3,927,231)
Less environmental compliance expense	(5,614,055)
Ending balance	<u>\$ 432,333</u>
Energy conservation charge recovery:	
(Liability) asset balance, beginning of year	\$ (28,469)
Charges recovered through rates	819,858
Less future conservation charges	731,004
Ending balance	<u>\$ (117,323)</u>
Economic development charge recovery:	
(Liability) asset balance, beginning of year	\$ (1,378,133)
Charges recovered through rates	1,378,133
Less economic development costs	-
Ending balance	<u>\$ -</u>

Fuel charges

As of September 30, 2025, the cumulative over-recovery of fuel charges, in excess of the long-term fuel reserve balance (deferred inflow of resources) established by the City Commission is classified as a regulatory liability, calculated as follows:

Fuel reserve:	
Fuel reserve balance	\$ 22,896,549
Less cumulative over-recovery of fuel charges	30,795,438
Ending balance	<u>\$ (7,898,889)</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

17. Asset Retirement Obligations

Effective October 1, 2017, the City of Lakeland adopted GASB Statement No. 83, *Certain Asset Retirement Obligations (ARO)*. GASB 83 established criteria for determining the timing and pattern for recognizing a liability and the corresponding deferred outflow of resources for AROs. The Statement requires that the measurement of an ARO be based on the best estimate of the current value of outlays to be incurred when retiring the asset. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. Otherwise, the best estimate should be the most likely amount.

ARO costs should be recognized on the balance sheet as a liability and as a deferred outflow of resources (i.e., deferred cost) once the liability is both incurred and reasonably estimable. The liability shall be reduced as payment is made, and the deferred outflows of resources shall be reduced and recognized as outflows of resources (e.g., expenses) in a systematic and rational manner over the estimated useful life of the tangible capital asset.

GASB 83 also requires that the government disclose information about the nature of its AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If a government incurs an ARO (or portions thereof) but has not yet recognized the ARO because it is not reasonably estimable, the government must disclose this and the reasons why the amount is not reasonably estimable.

Procedures

Staff from various departments (e.g., legal, environmental, accounting, production, etc.) and a third-party consultant from PricewaterhouseCoopers (PwC) participated in multiple discussions to determine possible AROs at sites. There are certain asset types that have regulatory requirements related to retirement as well as certain asset types that often have retirement obligations required by permits or contracts. For those that were determined to be located at City sites, staff identified which assets have legal obligations for retirement. For those with legal retirement obligations, Staff determined if the ARO costs were reasonably estimable and, thus, the ARO liabilities should be recognized.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

17. Asset Retirement Obligations (continued)

The following types of assets were determined to have AROs:

<u>Asset</u>	<u>Deferred outflow amortization period</u>	<u>ARO cost estimate</u>
Water wells	17 years	\$ 1,872,650
Septic tanks	17 years	37,657
Storage tanks	10-25 years	1,072,230
Asbestos cement piping	25 years	935,200
Sub-total		<u>3,917,737</u>
Non-amortizing, non-accreting obligation*: McIntosh plant unit 3	N/A	860,000
Total		<u>\$ 4,777,737</u>

*Amount relates to requirement to repurchase land at end of life from joint owner at amount received from land sale at original participation. As amount is fixed, there will be no escalation in cost over remaining life of plant; and as amount involves purchase of land, no amortization of the deferred outflow to expense as land is a non-depreciable asset.

Water Wells

Florida and federal regulations provide specific requirements for the plugging of water wells upon abandonment in Florida. In Administrative Code 62-532.500(5), water wells located in the Southwest Florida Water Management District have the following specific requirement for plugging water wells upon abandonment per Florida Administrative Code 40D-3.531(3).

Staff conducted a review of all water wells installed at their sites and provided a list of applicable assets, which included the following wells:

<u>No. of Wells</u>	<u>Area/Well type</u>	<u>Average Depth (ft)</u>	<u>Unit Cost</u>	<u>Cost Estimate</u>
7	McIntosh plant/10-inch drinking water wells	600	\$ 28,096	\$ 196,672
3	McIntosh plant/24-inch drinking water wells	732	85,410	256,230
42	McIntosh plant/2-inch extracting/monitoring wells	22	555	23,310
18	McIntosh plant/4-inch monitoring wells	43	1,598	28,764
1	Larssen plant/4-inch extraction wells	1	1,526	1,526
13	Northwest wellfield/drinking wells	747	71,561	930,293
5	Northeast wellfield/drinking wells	751	33,099	165,495
1	Combee wellfield/drinking well	716	57,629	57,629
57	Monitoring wells	103	3,640	207,480
	Misc. costs			5,251
	Total			<u>\$ 1,872,650</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

17. Asset Retirement Obligations (continued)

Water Wells (continued)

The City will likely abandon these water wells with the closure of the respective facilities. Historically, the City plugs an abandoned water well at the site in order to comply with the applicable regulations. The estimated cost was determined by a cost proposal prepared by Terracon Consultants, Inc. for the plugging of a four-inch groundwater monitoring well at McIntosh Plant; from Custom Drilling Services, Inc. and CH2M Hill Engineers, Inc. for the plugging of 13 monitoring wells at the T.B. Williams Plant in 2020. To obtain additional cost data for preparing the best estimate, vendor quotes were requested from local contractors. Green Well Drilling, Inc. of Lakeland, Florida provided the abandonment costs included in the table above. The contractor noted that the Southwest Florida Water Management District may request additional abandonment requirements beyond those prescribed in F.A.C. 40D-3. Based on Green Well Drilling, Inc.'s historical experience with the District, they assumed that the most likely requirements will include filling the wells with grout to the water table and then with Portland cement from the water table to the surface. The cost estimate received in this vendor quote represents the best information currently available on which to base the ARO liability.

The City provides potable water and wastewater services to residential, commercial, and industrial customers in the Lakeland, Florida area of Polk County (part of the Southwest Florida Water Management District). The City owns and operates two facilities: the T.B. Williams Plant and the C. Wayne Combee Plant. The T.B. Williams plant includes 13 water extraction wells in the Florida aquifer and a 51 million gallon per day (gpd) treatment facility. The C. Wayne Combee Plant includes six extraction wells and the Florida aquifer and an 8 million gpd treatment facility. The City's piping system includes approximately nine miles of raw water pilings to convey water from the wells to the treatment plants and 998 miles of service piping to deliver treated water to customers. The system includes more than 54,000 active service meters, which provides 100% coverage of water consumption.

Septic Tanks

Florida regulations provide specific requirements for the abandonment of on-site sewage treatment and disposal systems upon retirement in Florida Administrative Code 64E-6.011(2). The City conducted a review of all septic tanks used at City sites and provided the following applicable assets. McIntosh Plant has four 1,250-gallon tanks, Larsen Plant has one 1,250-gallon tank, Winston Peaking Station has one 1,000-gallon tank (four of which are located beneath asphalt or concrete) and the Wetlands Effluent Treatment Facility has one 900-gallon concrete septic tank approximately 2 feet below a grass surface.

The City will abandon the septic tanks when their respective plant/facilities close. The City has not previously abandoned septic tanks at any sites. To obtain ARO cost data for abandoning the septic tanks, vendor quotes were requested from local contractors. Averett Septic Tank Co., Inc. of Lakeland, Florida provided a cost estimate to abandon the septic tanks in accordance with F.A.C. 64E-6.011(2), which is summarized in the table below. The cost estimate received in this vendor quote represents the best information currently available on which to base the ARO liability.

Number of Septic Tanks	Abandonment Cost per Tank	Cost Estimate (rounded)
6	\$ 3,762	\$ 22,572
1	12,600	12,600
Misc. costs		2,485
		<u>\$ 37,657</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

17. Asset Retirement Obligations (continued)

Asbestos Cement Pipe

Federal regulations (40 CFR Part 61, Subpart M) provide specific requirements for the abatement and disposal of asbestos-containing materials (ACMs). 40 CFR 61.150(B) states that:

1. A waste disposal site operated in accordance with the provisions of 40 CFR 61.154, or
2. An EPA-approved site that converts RACM and asbestos-containing waste material into non-asbestos (asbestos-free) material according to the provisions of 40 CFR 61.155.

The City owns and operates 14.11 miles of asbestos-cement pipe within FDOT right-of-way. Upon abandonment, the City has an obligation to remove and dispose of the piping as opposed to closing in place. FDOT's Utility Procedures Manual requires that each utility's permit includes the following statements, "all asbestos cement pipe and debris removed under the utility permit will be in accordance with the Asbestos National Emissions Standard for Hazardous Air Pollutant (NESHAP) and Title 40 Code of Federal Regulation Part 61, Subpart M."

The unit costs to remove and dispose of the asbestos cement pipelines were estimated by using necessary man hours, using internal labor rates and equipment costs, using disposal costs provided by the City's Solid Waste Department, and using grouting costs provided by a third-party vendor, KMR. The following table provides the cost estimate of the asbestos cement pipelines.

Description	Length (ft)	Unit Cost (per ft)	Cost Estimate
6 inch piping	16,000	\$ 12.62	\$ 201,920
8 inch piping	22,000	12.62	277,640
10 inch piping	14,000	12.62	176,680
12 inch piping	21,000	12.62	265,020
Misc. costs			13,940
			<u>\$ 935,200</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

17. Asset Retirement Obligations (continued)

Storage Tanks

Florida regulations provide specific requirements for out-of-service and closure requirements for storage tanks in Florida, Administrative Code 62-762.801 and 802. Lakeland Electric conducted a review of all storage tanks used at their sites and provided the following applicable assets. McIntosh Plant has sixteen tanks ranging from 5,500 to 1,106,509 gallons; Larson Plant has ten tanks ranging from 500 to 630,000 gallons; and Winston Peaking Station has three tanks ranging from 4,000 to 308,377 gallons.

No. of Tanks	Units	Unit Cost	Cost Estimate
McIntosh Plant			
1	McIntosh Gas Turbine 2	\$ 103,000	\$ 102,998
10	McIntosh RICE Engines	20,085	200,850
4	McIntosh Unit 5	17,510	70,040
1	McIntosh Diesel 1&2	103,000	103,000
Larsen Plant			
8	Larsen Unit 8	49,569	396,552
2	Larsen Gas Turbine 2&3	17,510	35,020
Winston Plant			
3	Winston Diesel	54,590	-
			163,770
			<u>\$ 1,072,230</u>

McIntosh Plant Unit 3

Lakeland Electric was given Utility Committee approval to decommission Unit 3 in March of 2021. Lakeland Electric is contractually obligated to acquire OUC's 40% ownership share of land for the amount that OUC originally paid, according to Section 19 of the *Participation Agreement Between City of Lakeland and Orlando Utilities Commission for the Joint Ownership of McIntosh Unit Three Generation Project*.

The cost to repurchase OUC's 40% share of land will be approximately \$860,000 based on the original purchase price of \$2,152,000. Because this cost is based upon a contractually agreed upon amount, these costs are considered certain, and probability weighting is not considered necessary. For more information regarding the decommission of Unit 3, see Note W.

Safeguarding Public Health and Safety

Also identified was an obligation for safeguarding the Larsen Plant based on the requirements of the plant's industrial wastewater facility permit. Lakeland Electric, however, did not recognize the ARO liability because the requirements related to safeguarding the Larsen Plant are not currently known and, as such, the costs are not reasonably estimable.

The Larsen Plant discharges its Unit 8 cooling water, intake screen wash water, and storm water from the petroleum storage areas into Lake Parker under an industrial wastewater facility permit. As such, the Larsen Plant is subject to Florida Administrative Code 62-620, Wastewater Facility and Activities Permitting, which includes requirements for the abandonment of wastewater facilities.

The Florida Department of Environmental Protection (FDEP) has not provided information regarding the tasks that will need to be performed at the Larsen Plant in order to safeguard public health and safety. Lakeland Electric currently does not anticipate that there will be a need for any infrastructure at the plant to safeguard public health and safety beyond security fencing, which already exists at the Larsen Plant. Because Lakeland Electric is currently unable to determine what additional tasks will need to be performed, Lakeland Electric currently does not consider costs for this ARO liability to be reasonably estimable.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

17. Asset Retirement Obligations (continued)

It is possible that, through discussions with FDEP, Lakeland Electric will identify additional tasks that will need to be performed to sufficiently safeguard public health and safety. If additional tasks are identified, a cost estimate will be prepared to complete these tasks and the ARO liability will be adjusted, as needed.

Subsequent ARO Measurement and Recognition

The current value of the ARO for the effects of general inflation or deflation is adjusted annually using the Consumer Price Index (CPI) as published by the United States Department of Labor Bureau of Labor Statistics to perform the annual computation of the change in the ARO liability. The statement also requires the evaluation, at least annually, of all relevant factors to determine whether the effect of one or more of those factors is expected to significantly increase or decrease the estimated outlays associated with the ARO and the re-measurement of the ARO when results of the evaluation indicate a significant change in the estimated outlays resulting from changes in prices other than inflation/deflation, changes in technology, changes in legal or regulatory requirements, changes in equipment, facilities or services needed to retire the assets. The changes in the estimated outlays will be recognized as increases or decreases in the carrying amount of the ARO liability.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Revenues, Expenditures, and Expenses

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

Revenues of proprietary fund types are categorized as either operating or non-operating. Operating revenues represent the user charges that are assessed directly to the persons benefiting from the service provided by that fund. All other revenues, including grant revenues and capital contributions, are classified as non-operating.

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

All revenues included in the classification of operating revenues, in proprietary fund types, are pledged as security for revenue bonds to the extent such indebtedness exists within each fund type, except for the indebtedness of the RP Funding Center Fund. The debt of the RP Funding Center Fund is secured by a pledge of the utility tax revenues accounted for within the General Fund.

Unearned revenues that are received prior to revenue recognition are classified as liabilities.

1. Property Taxes

The millage rate levied by the City for the fiscal year ended September 30, 2025, was 5.4323 mills. Current tax collections for the City were approximately 99.73% of the total levy. The property tax calendar provides for the tax revenue to be billed and collected within the applicable fiscal year.

The property tax calendar for revenues billed, received, and accrued for fiscal year ended September 30, 2025, is as follows:

Lien date	January 1, 2024
Levy date	January 1, 2024
Certificate of Taxable Value (DR-420)	July 1, 2024
Final public hearing to adopt proposed millage rate	September 19, 2024
Certificate of Final Taxable Value (DR-422)	September 23, 2024
Beginning of fiscal year for tax assessment	October 1, 2024
Due Dates	November 1, 2024 through March 31, 2025
Delinquent date	April 1, 2025
Tax certificate sale	On or before June 1, 2025

2. Miscellaneous Revenues

Within the Government-wide Statement of Activities, revenues are either classified as program or general revenues. Included in general revenues are miscellaneous revenues that represent revenues received outside of normal operations. The balances of miscellaneous revenues in the governmental and proprietary funds are as follows:

	Governmental Activities	Business-type Activities	Total
Misc. revenues:			
Rents and royalties	\$ 596,004	\$ -	\$ 596,004
Lease revenues	634,708	-	634,708
Settlements	597,060	-	597,060
Sales of fixed assets	90,873	607,150	698,023
Sale of surplus materials and scrap	333,198	39,756	372,954
Other miscellaneous revenues	5,966,547	7,354,502	13,321,049
	<u>\$ 8,218,390</u>	<u>\$ 8,001,408</u>	<u>\$ 16,219,798</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Revenues, Expenditures, and Expenses (continued)

3. Indirect Expenses

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

4. Expenses

Expenses of proprietary fund types are categorized as either operating or non-operating. Operating expenses represent personnel services, other expenses incurred in the normal operations of the proprietary fund, and depreciation expense. All other expenses are classified as non-operating.

F. Use of Estimates

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

G. Amortization

Bond discounts and premiums are amortized over the life of the issue using the straight-line method for all funds with the exception of Lakeland Electric which uses the effective interest rate method. The City considered the effective interest method of amortizing bond discounts and determined that no material difference results from the continued use of the straight-line method. GASB 65, which was implemented by the City for FY 2013, generally requires that unamortized debt issuance costs be expensed in the current period. However, Lakeland Electric elects to follow accounting for regulated operations under GASB 62, which allows debt issuance costs to be classified as a regulatory asset and recovered through rates over the life of the associated debt.

H. Fair Value Hierarchy

The table illustrating investment holdings by the fair value hierarchy can be found in Note 3 – Cash, Cash Equivalents and Investments.

I. Negative Fund Balances and Net Positions

At September 30, 2025, the following funds reported negative fund balance/net position.

State Housing Initiatives Partnership Program - Unassigned Fund Balance - \$(1,525) - The negative fund balance is a result of prior years' grant ineligible expenditures.

Facilities Maintenance Fund - Unrestricted Net Position - \$(4,235,252) - The negative balance is a result of the increase in the net pension and OPEB liabilities and deferred inflows of resources; and decreases in deferred outflows of resources.

Solid Waste Fund - Unrestricted Net Position - \$(26,675,721) - The negative balance is a result of the increase in internal loan debt.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 2 – ACCOUNTING AND REPORTING CHANGES

New Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The implementation of GASB 101 was implemented in the financial statements of the City for the fiscal year ended September 30, 2025 and did not have a significant impact and did not require a restatement of beginning net position.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Implementation of GASB 102 had no effect on the financial statements of the City for the fiscal year ending September 30, 2025.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Management has not determined what impact, if any, this GASB statement might have on its financial statements for the fiscal year ending September 30, 2026.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide detailed information about capital assets in the notes to the financial statements. Leased assets, intangible right-to-use assets, Public-Private and Public-Public Partnerships, availability payment arrangements, and subscription assets should be disclosed separately by major class of underlying asset in the capital assets note disclosures. This statement will also require additional disclosure for capital assets held for resale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Management has not determined what impact, if any, this GASB statement might have on its financial statements for the fiscal year ending September 30, 2026.

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Management has not determined what impact, if any, this GASB statement might have on its financial statements for the fiscal year ending September 30, 2027.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Deposits

The carrying amount of the amounts on deposit in banks, financial institutions, and cash on hand as of September 30, 2025 is as follows:

	<u>Primary Government</u>
Demand deposits	\$ 11,320,062
Cash with paying agents	54,811,502
Cash on hand	16,118
Total deposits	<u>\$ 66,147,682</u>
 Balance per bank	 <u>\$ 12,492,513</u>

All balances are collateralized with securities held by the pledging financial institutions but not in the name of the City of Lakeland. This collateral consists of insurance provided by the FDIC and securities held by the State of Florida Public Deposit Security Trust Fund.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure the City of Lakeland's deposits may not be returned. Florida Statutes Chapter 280, *Florida Security for Public Deposits Act* requires deposits by governmental units in a financial institution be held with a qualified public depository. The City of Lakeland's investment policy, in accordance with Florida Statutes, also requires the use of only authorized brokers or dealers, and institutions meeting the standards as set forth by the State of Florida and the Securities and Exchange Commission's Rule 15c3-1. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are deemed as insured or collateralized with securities held by the entity or its agent in the entity's name. As of September 30, 2025, \$12,492,513 and \$54,811,502 of the City of Lakeland's bank balance and paying agent deposits were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Primary Government</u>
Insured	\$ 787,063
Collateralized:	
Collateral held by the pledging financial institutions not in the City's name:	
Banking institutions	11,705,450
Cash with paying agents	54,811,502
Total Deposits	<u>\$ 67,304,015</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

B. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles (GAAP). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs. 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, liabilities, or groups of assets and liabilities.

Debt and equity securities classified as level 1 were valued using quoted prices as of September 30th (or the most recent market close date if the markets were closed on September 30th) in active markets.

Debt and equity securities classified as level 2 use prices from the custodian bank's external pricing vendors. The pricing methodology includes using evaluation models such as matrix pricing, actual trade data, collateral attributes, broker bids, new issue pricing, other observable market information, and alternative pricing sources if information is not available from the primary vendors.

Debt and equity securities classified as level 3 are prices from the custodian bank's external pricing vendors or an alternative pricing source, utilizing inputs such as stale prices, cash flow models, broker bids, or cost. Cost or book value may be used as an estimate of fair value when there is a lack of an independent pricing source. The following table illustrates investment holdings by the fair value hierarchy.

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	\$ 437,367,083	\$ 52,534,563	\$ 384,832,520	\$ -
Corporate Bonds	349,440,164	3,106,340	346,333,824	-
Foreign Corporate Bonds	10,192,053	-	10,192,053	-
Municipal Bonds	11,486,379	-	11,486,379	-
Corporate Stocks	169,315,982	108,061,083	35,454,963	25,799,936
Foreign Corporate Stocks	14,704,451	-	14,704,451	-
Accrued Interest Receivable	3,660,582	3,660,582	-	-
Money Market Accounts	81,608,194	81,608,194	-	-
Equity Mutual Funds	570,961,757	567,803,470	3,158,287	-
Foreign Equity Mutual Funds	69,097,333	69,097,333	-	-
Fixed Income Mutual Funds	24,193,672	24,193,672	-	-
Total Investments by fair value level	\$ 1,742,027,650	\$ 910,065,237	\$ 806,162,477	\$ 25,799,936
Derivatives/Hedges by Fair Value Level				
Fuel hedges	\$ 5,916,814	\$ -	\$ 5,916,814	\$ -
Investments Measured at the Net Asset Value (NAV)	Total	Unfunded Commitments	Redemption Frequency if Currently Eligible	Redemption Notice Period
Fixed Income Strategies ¹	\$ 80,239,291	\$ 26,138,779	n/a	n/a
Real Estate Strategies ²	78,215,816	27,171,695	n/a or quarterly*	n/a, 30-90 days, subjective*
Private Equity Strategies ³	201,283,193	62,251,354	n/a, daily or quarterly*	n/a or 3-10 days* or 60 days
Alternative Investments ⁴	75,335,405	22,349,215	n/a or quarterly*	n/a or 60-90 days*
Total investments measure at NAV	435,073,705			
Total investments and derivatives/hedges	\$ 2,183,018,169	\$ 137,911,043		

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 real estate 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 distributions 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 that invest in domestic and international equities with a variety of investment strategies. Ownership is measured in shares of partners' capital with distributions received as the underlying investments of the fund are liquidated. *These holdings are typically illiquid with distributions received as underlying assets are liquidated; however, three of these funds are eligible for daily withdrawal subject to a 3 or 10 day 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 long-term risk/reward profiles, but with more limited liquidity characteristics. Ownership is measured in shares of partners' capital with distributions received as the underlying investments of the fund are liquidated.

*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.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments

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

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

Investments - Several forms of legal and contractual provisions govern the types of investments in which the City may directly invest. Allowable investments consist of US Government obligations, US Government agency or instrumentality obligations, and the obligations of federal government sponsored enterprises (GSE), which have a liquid market with a readily determinable fair value; securities whose timely payment of principal and interest are fully guaranteed by any of the above; certificates of deposits and other evidences of deposit at financial institutions, provided that any such investments shall be in a qualified public depository (as defined in Chapter 280 of the Florida Statutes) and/or covered by FDIC insurance; investment-grade obligations of state and local governments and public authorities; repurchase agreements whose underlying purchased securities consist of the foregoing; guaranteed investment contracts (GIC) which are collateralized by the foregoing; dollar denominated money market mutual funds regulated by the SEC; local government investment pools either state administered or through joint powers statutes and other intergovernmental agreement legislation; high grade corporate debt consisting of dollar denominated debt obligations of domestic or foreign corporations, for foreign sovereignties issued in the US or foreign markets rated in the highest tier by a nationally recognized rating agency. Any such longer-term investments in this category shall be rated investment grade or better by at least two nationally recognized rating agencies, one of which shall be Moody's or Standard & Poor's; and any other qualified investment permitted under Florida Statutes in effect. The SBA is part of the Local Government Surplus Funds Trust Fund which is governed by Chapter 19-7 of the Florida Administrative Code. The pension trust funds are also authorized for investment in corporate stocks and bonds, money market funds and other qualified securities.

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. The following investments and maturities, held by the various funds of the City as of September 30, 2025, are collateralized by registered securities held by the City or its agents in the City's name:

Custodial Credit Risk - Custodial credit risk, for an investment, is the risk that, in the event of the failure of the counterparty, the City of Lakeland will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of September 30, 2025, the City of Lakeland held \$81,608,194 in Money Market Funds and \$664,252,762 in Mutual Funds. These investments are maintained in the counterparty's name rather than in the name of the City. The City of Lakeland's investment policy limits the investment in Money Market Funds and Mutual Funds to 10% of total investments in each.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments (continued)

Investment Type	Reported Amount Fair Value	Investment Maturities (in years)			
	Primary Government	Less than 1	1-5	6-10	More than 10
US Treasury Notes & Bonds	\$ 437,367,083	\$ 9,275,309	\$ 46,550,327	\$ 74,807,072	\$ 306,734,375
Corporate Bonds	349,440,164	18,630,963	53,067,592	60,664,502	217,077,107
Foreign Corporate Bonds	10,192,053	-	285,756	182,900	9,723,397
Municipal Bonds	11,486,379	2,775,969	4,788,189	438,508	3,483,713
Corporate Stocks	169,315,982	169,315,982	-	-	-
Foreign Corporate Stocks	14,704,451	14,354,823	10,286	-	339,342
Sub-total	992,506,112	214,353,046	104,702,150	136,092,982	537,357,934

Other investments are evidenced by securities that exist in physical or book entry form and thus cannot be held in the City's name or are invested in external investment pools. The breakdown of these investments, held as of September 30, 2025, is as follows:

Investment Type	Reported Amount Fair Value	Investment Maturities (in years)			
	Primary Government	Less than 1	1-5	6-10	More than 10
Accrued Interest Receivable ¹	3,660,582	3,660,582	-	-	-
Money Market Account ²	81,608,194	81,608,194	-	-	-
Equity Mutual Funds ²	570,961,757	570,961,757	-	-	-
Foreign Equity Mutual Funds ²	69,097,333	69,097,333	-	-	-
Fixed Income Mutual Funds ²	24,193,672	24,193,672	-	-	-
Fixed Income Strategies ³	80,239,291	19,674,559	46,286,114	14,278,618	-
Real Estate Strategies ³	78,215,816	41,922,124	21,021,240	15,272,452	-
Private Equity Strategies ³	201,283,193	106,973,442	-	85,844,974	8,464,777
Alternative Investments ³	75,335,405	75,335,405	-	-	-
Sub-total	1,184,595,243	993,427,068	67,307,354	115,396,044	8,464,777
Total Investments:	\$ 2,183,018,169	\$ 1,207,780,114	\$ 172,009,504	\$ 251,489,026	\$ 545,822,711

¹Represents accrued interest accounted for within the internally managed pooled investment fund and consolidated investment fund. This asset is allocated to participating funds on a pro-rata basis and is included within the investment caption.

²The rate of return on the money market funds, exchange traded funds, and mutual funds fluctuates during the year based on market conditions. Also, there is no stated maturity date for this type of investment. These funds may be invested, withdrawn, or reinvested at the City's discretion.

³The investment maturities of the fixed income strategies, real estate strategies, and private equity strategies are based principally on redemption eligibility. For funds where redemption is not known, maturities have been estimated based on past experience with similar investment funds in relation to remaining uncalled capital and typical liquidation of underlying assets.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments (continued)

Interest Rate Risk - Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The City utilizes the "segmented time distribution" method as a measure of interest rate risk.

The fair value of the City of Lakeland's fixed maturity investments fluctuates in response to changes in market interest rates. Increases in prevailing interest rates generally translate into a decrease in the fair values of those instruments. Fair values of interest rate-sensitive instruments may be affected by the credit worthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument, and other market conditions.

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City of Lakeland's investment policy structures the investment portfolio to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The City of Lakeland's investment policy limits the length of maturities of investment securities held by funds of the City, except Pension Funds or any other monies invested under separate ordinance, resolution, policy, or agreement. Unless a portion of the investment is matched to a specific cash flow and invested in cash equivalent investments, the City will not directly invest in securities maturing more than ten (10) years from the date of purchase or in accordance with state and local statutes and ordinances. However, Section IV.7.b of the policy provides for investment horizons exceeding ten years for reserve funds and non-operating funds if, in the judgment of the Investment Administrator, any such investments are sufficiently liquid to provide for unexpected use of such funds. The City owns a significant amount of mortgage-backed debt that have long legal maturities; however, these bonds actually have relatively short average lives. The investment maturity limits, and actual limits of investments held by funds of the City as of September 30, 2025, except for the aforementioned funds, are as follows:

Investment Security Maturity Limitations	Maximum Investment Maturity % of Total	Actual Investment Maturity % of Total
0-1 years	100%	54.40%
1-5 years	75%	8.98%
5-10 years	50%	11.55%
10+ years	0%*	25.07%

* Except as provided for in section IV.7.b of the Investment Policy.

Foreign Currency Risk - Foreign currency risk, for an investment, is the risk associated with currency fluctuations when an investment is denominated in a foreign currency.

The Pooled Investment Fund held \$10,062,739 (1.43%) in equity investments of foreign issuers or non-US companies. The investment policy for this fund allows investments in high grade corporate debt consisting of U.S. dollar denominated debt obligations of domestic or foreign corporations, or foreign sovereignties issued in the U.S. or in foreign markets. As of September 30, 2025, the fund's foreign investment holdings were as follows:

Foreign Investments:			
Corporate Bonds:			
Enbridge Inc 4.0 CNV CUM PFD	\$	1,927,200	USD 9/30/2099
Enbridge Inc Preferred Series 5		2,848,230	USD 9/30/2099
TransCanada Trust Convertible		4,947,967	USD 8/15/2076
Total Corporate Bonds		9,723,397	
Corporate Stocks:			
Valaris Ltd		339,342	USD N/A
Total Corporate Stocks		339,342	
Total Foreign Investments	\$	10,062,739	

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments (continued)

The investments of the City's Perpetual Care Cemetery Fund, Survivor's Benefit Fund, the Baldwin Book Fund, and the Retiree Health Healthcare Trust Fund were pooled into the Consolidated Investment Fund. Section I.2 of the investment policy provides that the funds covered under the policy can be "pooled" for investment purposes to maximize earnings and to minimize associated fees. The Consolidated Investment Fund held \$2,820,036 (11.92%) in equity investments of foreign issuers or non-US companies. The investment policy for this fund limits the investments in foreign securities up to 30% of the fair value of the equity assets held by the fund. As of September 30, 2025, the fund holdings were as follows:

Foreign Investments:

Fixed Income:

New World F2

VNGRD FTSE DEV MKTs ETF

Total Fixed Income:

Total Foreign Investments:

	Fair Value	Denomination	Maturity
\$	1,427,795	USD	N/A
	1,392,241	USD	N/A
	<u>2,820,036</u>		
\$	<u>2,820,036</u>		

The Public Improvement Endowment Fund held \$32,434,328 (13.05%) in equity investments of foreign issuers or non-US companies as follows as of September 30, 2025.

Foreign Investments:

Corporate Stocks:

Aercap Holdings Inv

Amdocs Limited Com

AON Plc

ASML Holding N.V

Bayer AG Adr

London Stock Exchange Group

Sap SE

Tawain Semiconductor Manufacturing

Total Corporate Stocks:

Equity Mutual Funds:

Fidelity Total International Index Fund

Total Equity Mutual Funds:

Private Equity:

ABS Emerging Markets Strategic Portfolio LP

WCM Focused International Growth

Total Private Equity:

Total Foreign Investments:

	Fair Value	Denomination	Maturity
\$	586,829	USD	N/A
	608,073	USD	N/A
	333,759	USD	N/A
	645,716	USD	N/A
	327,977	USD	N/A
	869,108	USD	N/A
	354,053	USD	N/A
	624,213	USD	N/A
	<u>4,349,728</u>		
	5,943,298	USD	N/A
	<u>5,943,298</u>		
	7,757,659	USD	N/A
	14,383,643	USD	N/A
	<u>22,141,302</u>		
\$	<u>32,434,328</u>		

The City of Lakeland Firefighters' Retirement System held \$29,109,594 (18.05%) in foreign securities. The investment policy for this fund limits the investments in foreign securities to 25% of the total assets held by the fund. As of September 30, 2025, the fund held the following investments in foreign securities:

Foreign Investments:

Equity Mutual Funds:

American Europacific Growth Fund

Dimension Invest Group Int'l

Total Equity Mutual Funds:

Total Foreign Investments:

	Fair Value	Denomination	Maturity
\$	13,959,719	USD	N/A
	15,149,875	USD	N/A
	<u>29,109,594</u>		
\$	<u>29,109,594</u>		

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments (continued)

The Employee Pension Fund held \$78,679,110 (9.57%) in mutual fund and equity investments of foreign issuers of non-US companies. The investment policy for this fund limits the investments in foreign securities to 25% of the total assets held by the fund. As of September 30, 2025, the Employee Pension Fund holdings were as follows:

Foreign Investments:

Private Equity:

	<u>Fair Value</u>	<u>Denomination</u>	<u>Maturity</u>
Emerging Markets Equity Series of GAM Strategies	\$ 27,180,049	USD	N/A
TS&W International Large Cap Equity Trust	-	USD	N/A
WCM Focused International Growth Fund LP	47,571,742	USD	N/A
Total Private Equity	<u>74,751,791</u>		

Corporate Stocks:

Aercap Holdings Nv	1,438,448	USD	N/A
Aon Plc	840,102	USD	N/A
Bayer AG Adr	777,130	USD	N/A
SAP SE Adr	871,639	USD	N/A

Total Corporate Stocks: 3,927,319

Total Foreign Investments: \$ 78,679,110

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments (continued)

The Municipal Police Officers' Pension Plan held \$46,544,558 (21.86%) in fixed income and equity investments of foreign issuers or non-US companies. The investment policy for this fund limits the investments in foreign securities to 25% of the total assets held by the fund. As of September 30, 2025, the fund held the following foreign investments:

Foreign Investments:

Equity Mutual Funds:

	Fair Value	Denomination	Maturity
DFA Emerging Markets Core Equity	\$ 10,179,450	USD	N/A
DFA International Value Portfolio	12,153,465	USD	N/A
MFS International Growth R5	17,654,825	USD	N/A
Total Equity Mutual Funds	<u>39,987,740</u>		

Corporate Stocks:

Aon North America Inc	10,286	USD	N/A
Aon PLC	581,225	USD	N/A
Aercap Holdings	1,042,173	USD	N/A
ASML Holding NV N Y Registry SHS	1,202,368	USD	N/A
Bayer AG	375,860	USD	N/A
London Stock Exchange Group	1,141,759	USD	N/A
SAP aDR	627,944	USD	N/A
Tawain SE	1,106,547	USD	N/A
Total Corporate Stocks	<u>6,088,162</u>		

Corporate Bonds:

Bank Nova Scotia Halifax 4.85%	10,238	USD	02/21/2030
Bank Nova Scotia B C 4.338%	9,926	USD	09/15/2031
Bank Nova Scotia B C 5.13%	51,395	USD	02/14/2031
BHP Billiton Fin USA Ltd	20,614	USD	02/21/2030
Canadian Natural Resources Ltd 3.85%	19,868	USD	6/1/2027
Canadian PAC RY Co. 4.8%	30,708	USD	03/30/2030
Enbridge Inc RED 5.3%	10,324	USD	04/05/2028
Enbridge Inc RED 6%	21,039	USD	11/15/2028
Enbridge Inc RED 3.125%	38,109	USD	11/15/2029
Johnson CTLS INTL	10,411	USD	04/19/2029
Nxp B V / Nxp Fdg Llc / Nxp Us 5.00%	20,263	USD	1/15/2033
Nxp B V / Nxp Fdg Llc / Nxp Us 4.85%	20,024	USD	08/19/2032
Nutrien Ltd Sr NT 2.95%	37,693	USD	5/13/2030
Nutrien Ltd Sr NT 4.90%	15,260	USD	3/27/2028
Rogers Communications Inc %5	40,764	USD	02/15/2029
RIO Tinto FIN USA 4.875%	20,495	USD	03/14/2030
Royal Bk Cda 4.97%	30,719	USD	05/02/2031
Royal Bk Cda 4.65%	50,574	USD	10/18/2030
Royal Bk Cda 4.969%	10,232	USD	08/02/2030
Total Corporate Bonds	<u>468,656</u>		

Total Foreign Investments	<u>\$ 46,544,558</u>
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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments (continued)

Credit Risk Credit risk is the risk of loss due to the failure of the security issuer or other counterparty.

The purpose of the City of Lakeland's investment policy is to minimize credit risk by limiting investments in securities that have higher credit risks, pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the City will do business, and diversifying the investment portfolio so that potential losses on individual securities will be minimized.

The City of Lakeland's investment policy requires the following Standard & Poor's (S&P) or Moody's uninsured credit quality ratings for fixed income securities of the Employee Pension Fund, the Municipal Police Officers' Pension Fund, the City of Lakeland Firefighters' Retirement System Fund, the Public Improvement Endowment Fund, and the Consolidated Investment Fund:

<u>Investment Class</u>	<u>S & P Rating</u>	<u>Moody's Rating</u>	<u>Maximum %</u>
Employee Pension Fund			
Fixed Income	BBB	Baa	20%
Fixed Income	Less than BBB	Less than Baa	10%
Fixed Income - Single Issuer	BBB or lower	Baa or lower	2%
Municipal Police Officers' Pension Fund			
Money Market Funds	BBB or higher	Baa or higher	85%
Firefighters' Retirement System Fund			
Money Market Funds	A-1	P-1	
Fixed Income	BBB or higher	Baa or higher	
Commercial Paper	A-1	P-1	
Money Market Funds	A-1	P-1	
Fixed Income	BBB	Baa	20%
Fixed Income	Less than BBB	Less than Baa	10%
Fixed Income - Single Issuer	BBB or lower	Baa or lower	2%

As of September 30, 2025, the City of Lakeland, Consolidated Investment Fund, Public Improvement Endowment Fund, Employee Pension Fund, Firefighters' Retirement System, and Municipal Police Officers' Pension Fund investment types had the following credit quality ratings and aggregate S&P and Moody's uninsured credit quality ratings:

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments (continued)

S&P Rating	US Government Agency Obligations		Corporate Bonds		Money Market Funds		Foreign Corporate Bonds		Municipal Bonds		Aggregate Securities	
	Fair Value	%	Fair Value	%	Fair Value	%	Fair Value	%	Fair Value	Percent	Fair Value	%
Pooled Investment Fund												
AAA	\$	0.0%	\$	3.5%	\$	100.0%	\$	0.0%	\$	0.0%	\$	11.1%
AA+ to AA-	304,091,038	100.0%	7,994,053	2.6%	-	0.0%	-	0.0%	6,072,375	56.8%	318,157,466	45.7%
A+ to A-	-	0.0%	26,417,584	8.6%	-	0.0%	-	0.0%	-	0.0%	26,417,584	3.8%
BBB+ to BBB-	-	0.0%	30,562,823	10.0%	-	0.0%	9,723,397	100.0%	1,681,516	15.7%	41,967,736	6.0%
BB+ to BB-	-	0.0%	10,415,676	3.5%	-	0.0%	-	0.0%	1,402,024	13.2%	11,817,700	1.7%
Below BB-	-	0.0%	4,865,866	1.6%	-	0.0%	-	0.0%	-	0.0%	4,865,866	0.7%
NR	-	0.0%	214,158,888	70.2%	-	0.0%	-	0.0%	1,540,248	14.3%	215,699,136	31.0%
	304,091,038	100.0%	305,128,594	100.0%	66,204,549	100.0%	9,723,397	100.0%	10,696,163	100.0%	695,843,741	100.0%
Consolidated Investment Fund												
AAA	-	0.0%	-	0.0%	291,795	100.0%	-	0.0%	-	0.0%	291,795	12.9%
AA+ to AA-	1,409,106	100.0%	158,226	28.5%	-	0.0%	-	0.0%	-	0.0%	1,567,332	69.5%
A+ to A-	-	0.0%	238,599	43.0%	-	0.0%	-	0.0%	-	0.0%	238,599	10.6%
BBB+ to BBB-	-	0.0%	158,265	28.5%	-	0.0%	-	0.0%	-	0.0%	158,265	7.0%
	1,409,106	100.0%	555,090	100.0%	291,795	100.0%	-	0.0%	-	0.0%	2,255,991	100.0%
Public Improvement Endowment Fund												
AAA	-	0.0%	-	0.0%	3,828,061	100.0%	-	0.0%	-	0.0%	3,828,061	14.2%
AA+ to AA-	22,759,745	100.0%	368,963	100.0%	-	0.0%	-	0.0%	-	0.0%	23,128,708	85.8%
A+ to A-	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
	22,759,745	100.0%	368,963	100.0%	3,828,061	100.0%	-	0.0%	-	0.0%	26,956,769	100.0%
Employee Pension Fund												
AAA	-	0.0%	1,226,730	4.1%	3,805,076	58.8%	-	0.0%	-	0.0%	5,031,806	3.9%
AA+ to AA-	94,918,603	100.0%	2,063,091	6.9%	2,751,809	41.2%	-	0.0%	-	0.0%	99,733,503	75.8%
A+ to A-	-	0.0%	15,996,583	53.3%	-	0.0%	-	0.0%	-	0.0%	15,996,583	12.2%
BBB+ to BBB-	-	0.0%	9,850,306	32.8%	-	0.0%	-	0.0%	-	0.0%	9,850,306	7.5%
NR	-	0.0%	856,795	2.9%	-	0.0%	-	0.0%	-	0.0%	856,795	0.6%
	94,918,603	100.0%	29,993,505	100.0%	6,556,885	100.0%	-	0.0%	-	0.0%	131,468,993	100.0%
Firefighters' Retirement System												
AAA	-	0.0%	-	0.0%	1,114,749	100.0%	-	0.0%	-	0.0%	1,114,749	100.0%
	-	0.0%	-	0.0%	1,114,749	100.0%	-	0.0%	-	0.0%	1,114,749	100.0%
Municipal Police Officers' Pension Fund												
AAA	-	0.0%	1,638,785	12.2%	3,612,155	100.0%	-	0.0%	284,251	36.0%	5,535,191	4.8%
AA+ to AA-	14,188,591	100.0%	352,833	2.6%	-	0.0%	-	0.0%	294,185	37.2%	14,835,609	69.5%
A+ to A-	-	0.0%	2,439,655	18.2%	-	0.0%	198,839	42.4%	46,139	5.8%	2,684,633	7.7%
BBB+ to BBB-	-	0.0%	3,923,691	29.3%	-	0.0%	229,335	48.9%	-	0.0%	4,153,026	11.3%
NR	-	0.0%	5,039,048	37.7%	-	0.0%	40,482	8.7%	165,641	21.0%	5,245,171	6.7%
	14,188,591	100.0%	13,394,012	100.0%	3,612,155	100.0%	468,656	100.0%	790,216	100.0%	32,453,630	100.0%
Total:	\$ 437,367,083		\$ 349,440,164		\$ 81,608,194		\$ 10,192,053		\$ 11,486,379		\$ 890,093,873	

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments (continued)

US Government Agency		Corporate Bonds		Money Market Funds		Foreign Corporate Bonds		Municipal Bonds		Aggregate Securities	
Moody's Rating	Obligations	Fair Value	%	Fair Value	%	Fair Value	%	Fair Value	Percent	Fair Value	%
Pooled Investment Fund											
Aaa	\$ -	\$ 11,242,541	3.7%	\$ 66,204,549	100.0%	\$ -	0.0%	\$ -	0.0%	\$ 77,447,090	10.9%
Aa1 to Aa3	304,091,038	13,909,191	4.6%	-	0.0%	-	0.0%	-	0.0%	318,000,229	45.8%
A1 to A3	-	6,100,284	2.0%	-	0.0%	-	0.0%	538,678	5.0%	6,638,962	1.0%
Baa1 to Baa3	-	38,730,903	12.7%	-	0.0%	-	0.0%	2,683,086	25.1%	41,413,989	6.0%
Ba1 to Ba3	-	4,282,429	1.4%	-	0.0%	4,947,967	50.9%	1,402,023	13.1%	10,632,419	1.5%
Below Ba3	-	14,670,014	4.8%	-	0.0%	4,775,430	49.1%	-	0.0%	19,445,444	2.8%
NR	-	216,193,232	70.8%	-	0.0%	-	0.0%	6,072,376	56.8%	222,265,608	32.0%
	304,091,038	305,128,594	100.0%	66,204,549	100.0%	9,723,397	100.0%	10,696,163	100.0%	695,843,741	100.0%
Consolidated Investment Fund											
Aaa	-	-	0.0%	291,795	100.0%	-	0.0%	-	0.0%	291,795	12.9%
Aa1 to Aa3	1,409,106	78,694	14.2%	-	0.0%	-	0.0%	-	0.0%	1,487,800	66.0%
A1 to A3	-	476,396	85.8%	-	0.0%	-	0.0%	-	0.0%	476,396	21.1%
Baa1 to Baa3	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
	1,409,106	555,090	100.1%	291,795	100.0%	-	0.0%	-	0.0%	2,255,991	100.0%
Public Improvement Endowment Fund											
Aaa	-	-	0.0%	3,828,061	100.0%	-	0.0%	-	0.0%	3,828,061	14.2%
Aa1 to Aa3	22,759,745	368,963	100.0%	-	0.0%	-	0.0%	-	0.0%	23,128,708	85.8%
A1 to A3	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
	22,759,745	368,963	100.0%	3,828,061	100.0%	-	0.0%	-	0.0%	26,956,769	100.0%
Employee Pension Fund											
Aaa	-	1,243,767	4.2%	6,556,885	100.0%	-	0.0%	-	0.0%	7,800,652	6.0%
Aa1 to Aa3	94,918,603	1,564,410	5.2%	-	0.0%	-	0.0%	-	0.0%	96,483,013	73.3%
A1 to A3	-	18,164,017	60.6%	-	0.0%	-	0.0%	-	0.0%	18,164,017	13.8%
Baa1 to Baa3	-	8,181,245	27.3%	-	0.0%	-	0.0%	-	0.0%	8,181,245	6.2%
Ba1 to Ba3	-	230,177	0.7%	-	0.0%	-	0.0%	-	0.0%	230,177	0.2%
NR	-	609,889	2.0%	-	0.0%	-	0.0%	-	0.0%	609,889	0.5%
	94,918,603	29,993,505	100.0%	6,556,885	100.0%	-	0.0%	-	0.0%	131,468,993	100.0%
Firefighters' Retirement System											
Aaa	-	-	0.0%	1,114,749	100.0%	-	0.0%	-	0.0%	1,114,749	100.0%
	-	-	0.0%	1,114,749	100.0%	-	0.0%	-	0.0%	1,114,749	100.0%
Municipal Police Officers' Pension Fund											
Aaa	-	1,601,306	12.0%	3,612,155	100.0%	-	0.0%	264,901	33.5%	5,478,362	16.9%
Aa1 to Aa3	14,188,591	333,732	2.5%	-	0.0%	71,559	15.3%	271,100	34.3%	14,864,982	45.8%
A1 to A3	-	2,750,067	20.5%	-	0.0%	147,895	31.6%	14,987	1.9%	2,912,949	9.0%
Baa1 to Baa3	-	3,476,799	26.0%	-	0.0%	249,202	53.1%	31,152	3.9%	3,757,153	11.6%
NR	-	5,232,108	39.0%	-	0.0%	-	0.0%	208,076	26.4%	5,440,184	16.7%
	14,188,591	13,394,012	100.0%	3,612,155	100.0%	468,656	100.0%	790,216	100.0%	32,453,630	100.0%
Total:	\$ 437,367,083	\$ 349,440,164		\$ 81,608,194		\$ 10,192,053		\$ 11,486,379		\$ 890,093,873	

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments (continued)

Concentration of Credit Risk The City of Lakeland limits investments to avoid over-concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities) and continuously invests a portion of the portfolio in readily available funds such as local government investment pools, money market funds or overnight repurchase agreements.

The City of Lakeland's overall investment policy concentration limits and actual concentration limits in investment types for all funds with the exception of Pension funds, the Survivors' Benefit Fund, the Baldwin Book Fund, the Cemetery Perpetual Care Fund, and the Consolidated Investment Fund. As of September 30, 2025, the investments in the Pooled Investment Fund were as follows:

Type of Security (Market)	Maximum % of Total	% of Total
US Government Obligations	100%	9.0%
Local Government Investment Pools	100%	0.0%
Federal Agency & Instrumentality Obligations	100%	34.0%
Asset Backed Securities ** excluding CMBS	25%	8.0%
High Grade Corporate Debt & CP	25%	24.0%
State and Local Government Obligations*	25%	2.0%
Collateralized Repurchase Agreements	15%	0.0%
Certificates of Deposit	10%	0.0%
Cash Equivalents (cash balance, Money Market)	N/A	9.0%
Commercial Mortgage-Backed Securities (CMBS)	N/A	12.0%
Other(Alternate FI, Mutual Fund, equity Shares)	N/A	2.0%
Other Investment Pools (rated "A" or better)	10%	0.0%

* Except as provided for in section IV.7.b

Investment policy provides discretion for temporary variances due to market changes. No investments in a single security exceeded 5% of the fixed income portfolio. No individual security should exceed the greater of 50% of the issue or \$5 million.

The City of Lakeland's Consolidated Investment Fund and Public Improvement Endowment Fund are managed in accordance with the guidelines set forth by city ordinance. The investment manager may invest in common stocks, long-term fixed income investments and cash equivalents. Fixed income securities may be US government and agency obligations, obligations guaranteed by the US government, marketable corporate bonds and notes, GNMA's, US agency collateralized mortgage-backed securities, debentures, hybrid securities, commercial paper, and CDs. Up to 10% of fixed income investments may consist of issuers not domiciled in the US. Policy allows for temporary variances due to market shifts and allows the administrator to bring investment allocations into compliance within a short-term time frame. As of September 30, 2025, these funds held investments in the following percentages:

Asset Class (Market)	Minimum %	Maximum %	Actual %
Consolidated Investment Fund			
Domestic Equity:			
Large Cap Equity	30%	50%	39.7%
Small/Mid Cap Equity	10%	20%	19.3%
International Equity	10%	25%	11.9%
Total Equity	50%	75%	70.9%
Total Alternate Investments	0%	10%	-%
Total Fixed Income (Incl. Cash)	15%	35%	29.1%
Public Improvement Endowment Fund			
Domestic Equity	25%	60%	48.3%
International Equity	15%	45%	17.2%
Private Equity	0%	35%	5.7%
Fixed Income	0%	20%	10.1%
Real Estate	0%	20%	4.5%
Infrastructure	0%	20%	14.2%

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments (continued)

The City of Lakeland's Employee Pension Fund, Firefighters' Retirement System, and Municipal Police Officers' Retirement Fund are each managed by their respective Pension Board of Trustees (Board). The Boards employ investment professionals to oversee and invest the assets of their respective funds. Assets are diversified to minimize overall portfolio risk consistent with the level of expected return to improve the long-term return potential of assets. If at the end of any calendar quarter the allocation of an asset class falls outside its allowable range (barring extenuating circumstances) the asset allocation is rebalanced into the allowable range. As of September 30, 2025, no single company's fixed securities or common stock represented more than 3% and 5% respectively of the fair value of assets in any fund. The investment allocation limits and actual percentages for these funds as of September 30, 2025 are as follows:

<u>Asset Class (Fair Value)</u>	<u>Minimum %</u>	<u>Maximum %</u>	<u>Actual %</u>
Employee Pension Fund			
Domestic Equity	27.5%	47.5%	44.5%
International Equity	10.0%	25.0%	9.7%
Private Equity	0.0%	20.0%	10.6%
Domestic Fixed Income	10.0%	40.0%	15.3%
Private Fixed Income	0.0%	15.0%	6.4%
Core Real Estate	0.0%	10.0%	2.6%
Non-Core Real Estate	0.0%	10.0%	4.6%
Private Multi-Asset	0.0%	10.0%	3.4%
Private Infrastructure	0.0%	5.0%	2.9%
Firefighters' Retirement System			
Domestic Equity	40.0%	50.0%	47.2%
International Equity	10.0%	20.0%	18.1%
Private Equity	0.0%	15.0%	3.5%
Domestic Fixed Income	15.0%	20.0%	15.0%
Private Fixed Income	0.0%	15.0%	3.8%
Infrastructure	0.0%	20.0%	9.0%
Real Estate	0.0%	15.0%	2.8%
Cash	0.0%	10.0%	0.6%
Municipal Police Officers' Retirement Fund			
Domestic Equity Index	35.0%	45.0%	44.7%
International Equity	12.5%	22.5%	18.9%
Private Equity	0.0%	20.0%	5.3%
Domestic Fixed Income	7.5%	17.5%	13.8%
Private Fixed Income	0.0%	10.0%	4.5%
Real Estate	5.0%	20.0%	7.0%
Infrastructure	0.0%	15.0%	4.8%
Total Cash Composite	0.0%	0.0%	1.0%

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Cash Equivalents and Investments (continued)

Investments and deposits are classified in the Statement of Net Position and Statement of Fiduciary Net Position as follows:

	Governmental Activities	Business-type Activities	Pension and Employee Benefits/Private Purpose Trust Funds	Custodial Funds	Total
<u>Current:</u>					
Unrestricted					
Cash and cash equivalents	\$ 77,924,821	\$ 121,345,654	\$ -	\$ -	\$ 199,270,475
Asset Apportionments					
Cash and cash equivalents	1,961,600	20,100,280	-	-	22,061,880
Cash with paying agent	4,749,978	50,061,524	-	-	54,811,502
Restricted assets					
Cash and cash equivalents	5,360,196	9,917,192	-	-	15,277,388
<u>Non-current:</u>					
Asset Apportionments					
Cash and cash equivalents	13,977,851	269,387,923	-	-	283,365,774
Investments	244,786,616	-	-	-	244,786,616
Restricted assets					
Cash and cash equivalents	104,370,133	95,723,310	13,847,697	1,836,251	215,777,391
Investments	8,638,786	-	1,199,560,593	-	1,208,199,379
	<u>\$ 461,769,981</u>	<u>\$ 566,535,883</u>	<u>\$ 1,213,408,290</u>	<u>\$ 1,836,251</u>	<u>\$ 2,243,550,405</u>
<u>Totals - all classifications</u>					
Cash and cash equivalents	\$ 203,594,601	\$ 516,474,359	\$ 13,847,697	\$ 1,836,251	\$ 735,752,908
Cash with paying agents	4,749,978	50,061,524	-	-	54,811,502
Investments	253,425,402	-	1,199,560,593	-	1,452,985,995
	<u>\$ 461,769,981</u>	<u>\$ 566,535,883</u>	<u>\$ 1,213,408,290</u>	<u>\$ 1,836,251</u>	<u>\$ 2,243,550,405</u>
<u>Totals - note disclosures</u>					
Total investments					\$ 2,177,101,355
Investments in transit - Pooled Investments					301,368
Total deposits					66,147,682
					<u>\$ 2,243,550,405</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 4 – CAPITAL ASSETS

A. Capital Activity

Capital assets of the City as of September 30, 2025, consisted of the following:

	Balance October 1, 2024	Additions	Deletions	Balance September 30, 2025
Governmental Activities				
Non-depreciable assets:				
Land	\$ 58,489,546	\$ -	\$ -	\$ 58,489,546
Construction in progress	31,522,731	14,088,637	25,826,529	19,784,839
Depreciable assets:				
Buildings	254,871,574	75,000	-	254,946,574
Improvements, other than buildings	85,514,898	4,808,952	-	90,323,850
Infrastructure	179,688,267	13,194,541	-	192,882,808
Equipment	56,929,634	8,398,926	1,310,823	64,017,737
Amortizable assets:				
Right-to-use buildings	4,569,892	374,935	100,086	4,844,741
Right-to-use equipment	424,742	-	10,965	413,777
Subscription assets	150,001	-	150,001	-
	<u>672,161,285</u>	<u>40,940,991</u>	<u>27,398,404</u>	<u>685,703,872</u>
Less accumulated depreciation:				
Buildings	138,024,115	5,955,356	-	143,979,471
Improvements, other than buildings	54,311,572	2,422,365	-	56,733,937
Infrastructure	91,774,918	4,685,798	-	96,460,716
Equipment	42,566,510	2,669,380	1,300,948	43,934,942
Less accumulated amortization:				
Right-to-use buildings	804,274	415,714	100,086	1,119,902
Right-to-use equipment	309,808	101,027	10,965	399,870
Subscription assets	150,001	-	150,001	-
	<u>327,941,198</u>	<u>16,249,640</u>	<u>1,562,000</u>	<u>342,628,838</u>
Net capital assets	<u>\$ 344,220,087</u>	<u>\$ 24,691,351</u>	<u>\$ 25,836,404</u>	<u>\$ 343,075,034</u>
Business-type Activities				
Non-depreciable assets:				
Land	\$ 48,837,888	\$ 1,726,294	\$ 315,392	\$ 50,248,790
Construction in process	238,781,531	113,553,834	225,357,692	126,977,673
Depreciable assets:				
Buildings	162,287,479	6,802,008	-	169,089,487
Improvements	163,925,953	472,180	-	164,398,133
Machinery and equipment	161,308,352	23,968,918	8,952,775	176,324,495
Electric transmission and distribution	698,669,706	24,833,759	44,907	723,458,558
Water transmission and distribution	203,163,866	7,722,530	5,355	210,881,041
Pumping stations	45,346,180	5,485,866	-	50,832,046
Sewer lines	143,378,493	4,976,399	-	148,354,892
Sewer plants	97,525,544	59,452	-	97,584,996
Electric and water plant in service	683,859,584	209,124,816	10,350,292	882,634,108
Amortizable assets:				
Right-to-use buildings	1,530,706	-	517,767	1,012,939
Right-to-use equipment	99,647	-	37,811	61,836
Subscription assets	1,830,007	4,909,696	1,294,338	5,445,365
	<u>2,650,544,936</u>	<u>403,635,752</u>	<u>246,876,329</u>	<u>2,807,304,359</u>
Less accumulated depreciation:				
Buildings	87,729,943	5,405,256	-	93,135,199
Improvements	61,954,274	5,293,364	-	67,247,638
Machinery and equipment	99,566,849	18,593,419	8,879,834	109,280,434
Electric transmission and distribution	319,627,165	19,399,228	-	339,026,393
Water transmission and distribution	74,236,989	4,051,093	5,355	78,282,727
Pumping stations	16,427,511	1,086,617	-	17,514,128
Sewer lines	50,857,549	3,111,424	-	53,968,973
Sewer plants	51,735,873	1,323,480	-	53,059,353
Electric and water plant in service	330,132,772	28,350,938	6,620,732	351,862,978
Less accumulated amortization:				
Right-to-use buildings	245,894	49,856	142,832	152,918
Right-to-use equipment	72,863	16,187	37,811	51,239
Subscription assets	1,126,612	1,025,965	1,294,339	858,238
	<u>1,093,714,294</u>	<u>87,706,827</u>	<u>16,980,903</u>	<u>1,164,440,218</u>
Net capital assets	<u>\$ 1,556,830,642</u>	<u>\$ 315,928,925</u>	<u>\$ 229,895,426</u>	<u>\$ 1,642,864,141</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 4 - CAPITAL ASSETS (continued)

B. Depreciation/Amortization Expense

Included in the Government-wide Statement of Activities is depreciation/amortization expense for the year ended September 30, 2025, distributed to governmental and business-type functions as follows:

Governmental activities:	
General government	\$ 2,368,560
Public safety	1,279,517
Physical environment	590,829
Transportation, including depreciation of general infrastructure assets	4,388,759
Economic environment	695,738
Culture/recreation	6,926,237
Total depreciation/amortization expense - governmental activities	<u>\$ 16,249,640</u>
Business-type activities:	
Electric	\$ 50,119,325
Water and Wastewater	12,226,375
Parking	178,116
Lakeland Linder International Airport	12,245,231
Solid Waste	95,644
Internal Service Funds	12,842,136
	<u>87,706,827</u>
Contributions in aid of construction - Lakeland Electric Utilities	<u>(3,964,697)</u>
Total depreciation/amortization expense - business-type activities	<u>\$ 83,742,130</u>

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

A. Interfund Receivables and Payables

Individual fund interfund receivables and payables at September 30, 2025 are presented in the following table.

Advances from and Due to other funds	Advances to and Due from other funds			
	General Fund	Department of Electric Utilities	Internal Service Funds	Totals
Major Funds:				
Lakeland Linder International Airport Fund	\$ -	\$ -	\$ 52,690,604	\$ 52,690,604
Nonmajor Enterprise Funds	102,316	1,659,313	21,077,512	22,839,141
Internal Service Funds	-	-	486,731	486,731
Nonmajor Governmental Funds	542,329	-	-	542,329
Totals	<u>\$ 644,645</u>	<u>\$ 1,659,313</u>	<u>\$ 74,254,847</u>	<u>\$ 76,558,805</u>

The interfund balance of the Internal Service Funds represents the unpaid component of internal loans issued from an internal service fund to finance various capital and operating projects. Of this amount, \$69,937,560 is to be repaid over a period exceeding one year. The interfund balance of the Department of Electric Utilities represents unpaid component of a loan issued to Solid Waste to finance a capital project. Of this amount, \$962,291 is to be repaid over a period exceeding one year.

The interfund balance of the General Fund represents the unpaid component of amounts transferred to cover cash deficits in other funds.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 5 - INTERFUND BALANCES AND TRANSFERS (continued)

B. Interfund Transfers

Interfund transfers for the year ending September 30, 2025 are presented in the following table:

Interfund Transfers From:	Interfund Transfers To:					Total
	General Fund	Public Improvement Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 4,590,086	\$ -	\$ 930,770	\$ 5,520,856
Public Improvement Fund	4,570,262	-	-	25,874	71,000	4,667,136
Nonmajor Governmental Funds	906,447	1,194,529	3,780,312	180,021	1,528,147	7,589,456
Department of Electric Utilities	34,672,124	-	-	-	271,350	34,943,474
Water & Wastewater Utilities Fund	10,191,320	-	-	-	1,843,156	12,034,476
Lakeland Linder International						
Airport Fund	524,030	-	-	-	11,044	535,074
Nonmajor Enterprise Funds	1,812,870	-	25,000	-	463,512	2,301,382
Internal Service Funds	-	-	-	-	45,129	45,129
Total	<u>\$ 52,677,053</u>	<u>\$ 1,194,529</u>	<u>\$ 8,395,398</u>	<u>\$ 205,895</u>	<u>\$ 5,164,108</u>	<u>\$ 67,636,983</u>

The transfers to the General Fund are made for the purpose of subsidizing recurring operating losses incurred within the fund for those programs and activities do not generate sufficient dedicated revenues to finance those costs in their entirety. \$46,545,440 of the transfers from enterprise funds represent payments in lieu of taxes. Transfers to the Internal Service Funds, Public Improvement Fund, and Non-major Governmental and Enterprise Funds are intended to finance capital acquisitions accounted for in those funds. There are no other significant transfers occurring on a routine basis.

NOTE 6 – LONG-TERM LIABILITIES

A. Totals by Activity

The following is a summary of long-term liability transactions of the City for the year ended September 30, 2025. Additional details are provided on subsequent pages.

	Balance October 1, 2024	Incurred/ Transferred	Satisfied	Balance September 30, 2025	Amount Due within One Year
Governmental Activities:					
Notes payable from direct borrowings	\$ 42,439,204	\$ -	\$ 3,741,807	\$ 38,697,397	\$ 3,872,397
Revenue bonds payable	33,140,800	52,502,998	29,141,565	56,502,233	1,419,750
Financed purchases payable	11,152,063	-	2,505,961	8,646,102	1,681,801
Leases payable	1,732,198	404,568	409,236	1,727,530	448,132
Net pension liability (asset)	82,888,036	20,371,657	79,877,387	23,382,306	-
Net OPEB liability	83,971,800	6,272,022	12,843,636	77,400,186	-
Compensated absences	8,451,041	416,217	767	8,866,491	2,332,160
Total Governmental Activities:	<u>263,775,142</u>	<u>79,967,462</u>	<u>128,520,359</u>	<u>215,222,245</u>	<u>9,754,240</u>
Business-type Activities:					
Notes payable from direct borrowings	111,700,020	1,013,040	29,324,979	83,388,081	13,503,484
Revenue bonds payable	557,736,627	58,252,002	47,351,512	568,637,117	29,389,041
Unamortized bond premium	72,297,888	5,973,130	11,082,373	67,188,645	-
Loans payable	5,117,171	13,810,652	1,013,040	17,914,783	-
Leases payable	1,193,998	(404,568)	42,980	746,450	35,695
Subscription liabilities	625,084	3,186,164	788,847	3,022,401	1,119,470
Net pension liability (asset)	59,299,372	8,956,096	46,405,875	21,849,593	-
Net OPEB liability	71,428,198	5,289,044	10,830,721	65,886,521	-
Compensated absences	7,172,407	303,130	45,850	7,429,687	1,038,512
Total Business-type Activities:	<u>886,570,765</u>	<u>96,378,690</u>	<u>146,886,177</u>	<u>836,063,278</u>	<u>45,086,202</u>
	<u>\$ 1,150,345,907</u>	<u>\$ 176,346,152</u>	<u>\$ 275,406,536</u>	<u>\$ 1,051,285,523</u>	<u>\$ 54,840,442</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (continued)

A. Totals by Activity (continued)

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

Long-term liabilities payable from the resources of business-type activities are paid from the net revenues generated by those activities.

Other long-term liabilities of governmental activities consisting of compensated absences are repaid as employees separate from service, using current revenues of the general fund as the funding source.

The net OPEB and pension liabilities of governmental activities have been liquidated in prior years using revenues of the general fund, LCRA, stormwater, building inspection, and community development funds.

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

	Governmental Activities	Business-type Activities	Total
<u>Current</u>			
Notes payable	\$ -	\$ 5,191,283	\$ 5,191,283
Financed purchases payable	1,681,801	-	1,681,801
Leases payable	448,132	35,695	483,827
Subscription liabilities	-	1,119,470	1,119,470
Payable from apportioned assets:			
Current portion of revenue bonds payable	1,419,750	29,389,041	30,808,791
Current portion of pension notes payable	2,861,243	2,353,757	5,215,000
Current portion of notes payable	1,011,154	5,958,444	6,969,598
Accrued Liabilities:			
Compensated absences	2,332,160	1,038,512	3,370,672
<u>Non-current</u>			
Loans payable	-	17,914,783	17,914,783
Financed purchases payable	6,964,301	-	6,964,301
Leases payable	1,279,398	710,755	1,990,153
Subscription liabilities	-	1,902,931	1,902,931
Revenue bonds payable	55,082,483	539,248,076	594,330,559
Unamortized bond premium	-	67,188,645	67,188,645
Pension notes payable	28,379,254	23,345,746	51,725,000
Notes payable	6,445,746	46,538,851	52,984,597
Accrued liabilities:			
Compensated absences	6,534,331	6,391,175	12,925,506
Net pension liability	23,382,306	21,849,593	45,231,899
Net OPEB liability	77,400,186	65,886,521	143,286,707
	<u>\$ 215,222,245</u>	<u>\$ 836,063,278</u>	<u>\$ 1,051,285,523</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (continued)

B. Revenue Bonds, Notes, Loans Outstanding

The City's outstanding notes from direct borrowings related to governmental activities of \$38,697,397 and outstanding bonds of \$56,502,233 contain provisions that in the event of default, outstanding amounts become immediately due if the City is unable to make a payment and are subject to acceleration clauses in the event material adverse changes occur.

The City's outstanding notes from direct borrowings related to business-type activities of \$83,388,081, loans payable of \$17,914,783 and outstanding bonds of \$568,637,117 contain provisions that in the event of default, outstanding amounts become immediately due if the City is unable to make a payment and are subject to acceleration clauses and/or cancelations of the lines of credit in the event material adverse changes occur.

The City has an unused line of credit from Water and Wastewater Revolving Loan program of \$3.02 million.

Revenue bonds, notes, and loans issued and outstanding as of September 30, 2025, are as follows:

PRIMARY GOVERNMENT: Governmental Activities:	Purpose	Amount Issued	Maturity Date	Interest Rate	Year-end Balance
<u>Direct Borrowings</u>					
Florida Taxable Pension Liability Reduction Note, Series 2020	Pension Liability	\$ 44,441,173	10/01/40	2.4200	\$ 31,240,497
Capital Improvement Refunding Note, Series 2017A	Refunding	14,741,138	04/01/32	2.4400	7,456,900
Total Direct Borrowings		<u>59,182,311</u>			<u>38,697,397</u>
<u>Bonds</u>					
Capital Improvement Revenue and Refunding Bonds, Series 2025A	Capital Improvement, Refunding	41,680,003	10/01/45	5.000	31,502,233
Capital Improvement Revenue and Refunding Bonds, Series 2025C	Capital Improvement, Refunding	25,000,000	10/01/40	5.699	25,000,000
Total Bonds		<u>66,680,003</u>			<u>56,502,233</u>
Total Governmental Activities		<u>\$ 125,862,314</u>			<u>\$ 95,199,630</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (continued)

B. Revenue Bonds, Notes, Loans Outstanding (continued)

	Purpose	Amount Issued	Maturity Date	Interest Rate	Year-end Balance
Business Type Activities:					
<u>Direct Borrowings</u>					
Water and Wastewater Capital Improvement Note, Series 2015	Capital Improvements	\$ 10,600,000	10/01/26	2.420	\$ 4,659,002
Wastewater Revolving Loan Program	Capital Improvements	42,734,405	09/30/28	2.960	8,718,698
Wastewater Revolving Loan Program	Capital Improvements	1,301,890	04/15/36	1.690	224,746
Wastewater Revolving Loan Program	Capital Improvements	1,000,000	08/15/40	1.160	687,070
Wastewater Revolving Loan Program	Capital Improvements	12,284,141	01/15/40	0.000 to 0.440	8,974,284
Wastewater Revolving Loan Program	Capital Improvements	15,494,263	12/15/42	0.000 to 0.600	13,075,773
Water Revolving Loan Program	Capital Improvements	778,787	10/15/30	1.960	465,309
Water Revolving Loan Program	Capital Improvements	19,167,295	11/15/41	0.230	16,152,909
Wastewater Revolving Loan Program	Capital Improvements	2,443,459	08/15/44	0.000	2,271,233
Wastewater Revolving Loan Program	Capital Improvements	1,106,541	10/15/42	0.000	979,313
Capital Improvement Revenue Note, Series 2017A	Capital Improvements	16,370,569	04/01/32	2.440	357,378
Capital Improvement Revenue Note, Series 2017B	Capital Improvements	15,879,855	04/01/26	2.440	1,122,863
Florida Taxable Pension Liability Reduction Note, Series 2020	Pension Liability	37,970,471	10/01/40	2.420	25,699,503
Total Direct Borrowings		<u>177,131,676</u>			<u>83,388,081</u>
<u>Loans Payable</u>					
Wastewater Revolving Loan Program	Capital Improvements	931,700	10/15/37	0.000	234,511
Wastewater Revolving Loan Program	Capital Improvements	20,000,000	03/15/46	0.680	17,680,272
Total Loans Payable		<u>20,931,700</u>			<u>17,914,783</u>
<u>Bonds</u>					
Energy System Revenue and Refunding Bonds, Series 2010	Refunding Capital	199,300,000	10/01/36	4.000 to 5.250	78,010,000
Capital Improvement Revenue Bonds, Series 2015	Improvements	51,465,000	10/01/36	2.000 to 5.000	2,035,000
Energy System Revenue and Refunding Bonds, Series 2016	Refunding Capital	138,650,000	10/01/36	2.000 to 5.000	76,210,000
Energy System Revenues Bonds, Series 2018	Refunding Capital	43,945,000	10/01/37	3.250 to 5.000	30,885,000
Energy System Revenue Bonds, Series 2021	Improvements	123,295,000	10/01/48	4.000 to 5.000	117,265,000
Energy System Revenue and Refunding Bonds, Series 2023	Improvements, Refunding	154,470,000	10/01/48	4.250 to 5.000	154,470,000
Water and Wastewater System Revenue Refunding Bonds, Series 2021	Refunding Capital	28,220,000	10/01/32	2.140	21,154,350
Capital Improvement Revenue and Refunding Bonds, Series 2021A	Improvements, Refunding Capital	26,195,000	10/01/36	2.500 to 5.000	20,255,000
Capital Improvement Revenue and Refunding Bonds, Series 2021B	Improvements, Refunding Capital	15,005,000	10/01/36	2.500 to 5.000	14,100,000
Capital Improvement Revenue and Refunding Bonds, Series 2025A	Improvements, Refunding Capital	26,330,520	10/01/45	5.000	36,508,290
Capital Improvement Revenue and Refunding Bonds, Series 2025B	Improvements, Refunding Capital	13,000,000	10/01/45	5.043	13,000,000
Capital Improvement Revenue and Refunding Bonds, Series 2025C	Improvements, Refunding Capital	4,744,477	10/01/44	5.699	4,744,477
Total Bonds		<u>824,619,997</u>			<u>568,637,117</u>
Total Business-Type Activities		<u>1,022,683,373</u>			<u>669,939,981</u>
TOTAL PRIMARY GOVERNMENT		<u>\$ 1,148,545,687</u>			<u>\$ 765,139,611</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (continued)

B. Revenue Bonds, Notes, Loans Outstanding (continued)

The occurrence of certain events may constitute default on long-term debt. Events of Default with finance-related consequences for revenue bonds, notes, and loans issued and outstanding as of September 30, 2025, are as follows:

	Bonds Governmental activities	Direct Borrowings							
		Governmental activities				Business-type activities			
		CAP Revenue Bonds, Series 2025	CAP Revenue Note, Series 2017A	Reduction Note, Series 2020	Florida Taxable Pension Liability Reduction Note, Series 2020	Water Wastewater CAP, Series 2015	CAP Revenue Note, Series 2017A & B	Reduction Note, Series 2020	Florida Taxable Pension Liability Reduction Note, Series 2020
Events of Default with finance-related consequences:									
Non-payment of principal and/or interest when due	X		X	X		X	X	X	X
Failure to make required sinking/reserve fund deposits	X					X			
Bankruptcy filings, not discharged	X		X	X		X	X	X	X
Proceedings affecting the composition of debts or claims to pledged revenues	X		X	X		X	X	X	X
Final judgement that would materially affect the ability to meet obligations									
Non-performance of or compliance with any term, provision, or covenant not cured			X	X		X	X	X	X
False or incorrect representations made on behalf of the City to the creditor									
Long-term credit rating on non-ad valorem revenues obligations is less than a Baa1/BBB+				X				X	X
Issuer shall file petition seeking reorganization				X				X	
Failure to complete the project for which the bonds are issued in a reasonable time				X				X	
Charges for any violations of criminal law involving the use of proceeds not withdrawn or dismissed						X			X

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (continued)

B. Revenue Bonds, Notes, Loans Outstanding (continued)

Bonds															Loans
Business-type activities															
Water and															
CAP	Energy	Energy	Energy	Wastewater											
Revenue and	System	System	System	System											
Refunding	Revenue and	Revenue and	Revenue and	Revenue and											
Bond, Series	Refunding	Refunding	Refunding	Refunding											
2025	2010	2015	2016	2021 A,B, & C	2021	2018	2021	2021	2018	2021	2021	2021	2023	2023	

Events of Default with finance-related consequences:

- Non-payment of principal and/or interest when due
- Failure to make required sinking/reserve fund deposits
- Bankruptcy filings, not discharged
- Proceedings affecting the composition of debts or claims to pledged revenues
- Final judgement that would materially affect the ability to meet obligations
- Non-performance of or compliance with any term, provision, or covenant not cured
- False or incorrect representations made on behalf of the City to the creditor
- Adjudged insolvent, not set aside or stayed
- Additional indebtedness that results or entitles any creditor to cause an acceleration of payment on additional indebtedness
- Failure to complete the project for which the bonds are issued in a reasonable time
- Payment of or security for the bonds materially adversely affected not remedied
- Charges for any violations of criminal law involving the use of proceeds not withdrawn or dismissed
- Issuer shall file petition seeking reorganization

Subjective acceleration clauses:

Determination by the creditor, in its sole discretion, that the occurrence of any events that substantially diminish the ability to make payments or honor the obligations under the agreement

As of September 30, 2025, the City was in compliance with all required covenants of the bond ordinances, including compliance with federal arbitrage regulations.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (continued)

C. Revenue Bonds, Notes Outstanding

Capital Improvement Revenue Bonds, Series 2015

In May 2015, the City issued the Capital Improvement Revenue Bonds, Series 2015, in the amount of \$51,465,000 to pay a variety of capital improvement projects within the City, including the renovation of Joker Marchant Stadium, the spring training facility for the Detroit Tigers professional baseball team and to pay certain costs and expenses relating to the issuance of the Series 2015 note. The series will mature on October 1, 2036. Principal payments are payable on October 1 of each year and interest payments are payable October 1 and April 1 of each year. The total remaining principal and interest requirement of these bonds aggregate to \$2,085,875.

Capital Improvement Revenue Notes, Series 2017A and 2017B

In May 2017, the City issued the Series 2017A and 2017B Capital Improvement Revenue Notes in the amounts of \$16,370,569 and \$15,879,855 respectively. The 2017A Notes were issued to fund improvements at the City's civic center and certain improvements at the Lakeland Linder International Airport. The 2017A Notes bear interest at the rate of 2.44% and mature on April 1, 2032. The 2017B Notes were issued to fund certain other improvements at the Lakeland Linder International Airport. The 2017B Notes bear interest at the rate of 2.10% and mature on April 1, 2026. Both the 2017A and 2017B Notes are payable from non-ad valorem revenues of the City. In addition, the 2017A Notes are payable, in part, from certain tourist development tax revenues payable to the City by Polk County. The total remaining principal and interest requirement of these bonds aggregate to \$9,714,347.

Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2021

The Series 2021 Bonds are secured by an irrevocable, valid, and binding lien on and security interest in the gross revenues derived from the operation of the City's Water and Wastewater Utility system, certain connection charges, moneys deposited into certain funds and accounts created by the Bond Ordinance and the earnings thereon, on parity with the Series 2012 Bonds that are subject to optional and mandatory redemption payable on October 1 of each year, all of which were refunded in connection with the issuance of the Series 2021 Bonds, all in the manner and to the extent provided in the Bond Ordinance. Principal and interest paid for the current year and total net customer revenues were \$18,555,779 and \$55,908,530 respectively.

In October 2019, The City of Lakeland entered into a forward delivery agreement with Bank of America, N.A. for the issuance and delivery of the Water and Wastewater Refunding Bond, Series 2021 in the amount of \$28,220,000. The bond refunded the outstanding Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2012A maturing on and after October 1, 2021 and paid the issuance costs of the 2021 Bonds. The bonds were issued on October 1, 2021. These bonds will mature on October 1, 2032. The Series 2012 Bonds are subject to optional and mandatory redemption payable October 1 of each year. Interest on the Series 2021 Bonds is payable on October 1 and April 1 of each year. The total remaining principal and interest requirement for these bonds aggregate to \$23,014,971.

Water and Wastewater Revenue Note, Series 2015

In November 2015, the City issued the Water and Wastewater Revenue Note, Series 2015 in the amount of \$10,600,000 to finance the construction and acquisition of improvements to the City's Water and Wastewater Systems and to pay certain costs and expenses relating to the issuance of the Series 2015 Note. The series will mature on October 1, 2025. Principal payments are payable on October 1 of each year and interest payments are payable October 1 and April 1 of each year. The total remaining principal and interest requirement of these bonds aggregate to \$4,715,376.

Energy System Refunding and Revenue Bonds, Series 2010

In October 2010, the City issued the Energy System Revenue and Refunding Bonds, Series 2010 in the amount of \$199,300,000 to (1) finance certain capital improvements to the electric power system of the City, (2) to refund on a current basis, a portion of the City's outstanding Electric and Water Refunding Revenue Bonds, Series 1999A and to refund on an advance basis, all of the City's outstanding Energy System Revenue Bonds, Series 2001B, (3) to pay costs associated with the termination of a conditional bond warrant agreement, and (4) to pay certain costs and expenses related to the issuance of the bonds. The Series 2010 Bonds bear fixed rate interest ranges from 4.00% to 5.25%, and mature in serial installments on October 1, 2036. Principal payments are payable October 1 of each year and interest payments are payable October 1 and April 1 of each year. The remaining principal and interest requirement for these bonds aggregate to \$104,334,544.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (continued)

C. Revenue Bonds, Notes Outstanding (continued)

Energy System Revenue and Refunding Bonds, Series 2016

In February 2016, the City issued the Energy System Revenue and Refunding Bonds, Series 2016 in the amount of \$138,650,000. The Series 2016 Bonds refunded all of the Series 2014 Bonds, a portion of the outstanding Series 2006 Bonds, and provided \$37.4 million in proceeds to fund Electric System capital projects. The Series 2016 Bonds bear fixed interest rates ranging from 2.00% to 5.00%, and mature from October 1, 2016 through October 1, 2036. In concert with the refunding of the 2014 bonds, which were variable rate obligations, the City terminated portions of three associated floating-to-fixed interest rate swaps. The refunding portion of the transaction did not produce net present value savings or a material economic gain or loss; rather, it was designed to restructure and simplify the Electric System's debt profile. Principal payments are payable October 1 of each year and interest payments are payable October 1 and April 1 of each year. The remaining principal and interest requirements for these bonds aggregate to \$87,054,472.

Energy System Revenue Bonds, Series 2018

In September 2018, the City issued the Energy System Revenue Bonds, Series 2018 in the amount of \$43,945,000. Proceeds of the bonds were used to fund various capital projects for Lakeland Electric, including the acquisition and installation of a 125 megawatt peaking unit. The 2018 bonds mature in serial installments on October 1, 2020, through October 1, 2037. The bonds bear interest rates of between 3.25% and 5.00%, with interest payable on April 1 and October 1 of each year. The remaining principal and interest payments for these bonds aggregate to \$39,353,006.

Energy System Revenue Bonds, Series 2021

In December 2021, the City issued the Energy System Revenue Bonds, Series 2021 in the amount of \$123,295,000. Proceeds of the bonds were used to finance the acquisition and installment of new electric generation units and the acquisition, construction and equipping of certain other capital improvements to the electric power system of the City and paying certain costs and expenses related to the issuance of the bonds. The 2021 bonds mature in serial installments on October 1, 2022 through October 1, 2048. The bonds bear interest rates between 4.00% and 5.00%, with interest payable on April 1 and October 1 of each year. The remaining principal and interest payments for these bonds aggregate to \$187,502,475.

Energy System Revenue and Refunding Bonds, Series 2023

In September 2023, the City issued the Energy System Revenue and Refunding Bonds, Series 2023 in the amount of \$154,470,000. The Series 2023 Bonds refunded all the Variable Rate Energy System Refunding Bonds, Series 2022 and provided \$66,265,000 in proceeds to fund Electric System capital projects. The Series 2023 Bonds bear fixed interest rates ranging from 4.25% to 5.00%, and mature in serial installments from October 1, 2029, through October 1, 2048. In concert with the refunding of the Series 2022 Bonds, which were variable rate obligations, the City terminated all of the associated floating-to-fixed interest rate swaps. The remaining principal and interest payments for these bonds aggregate to \$261,073,094.

The Electric and Energy bonds series are secured by a pledge of operating revenues of the Electric Utility. The total principal and interest remaining to be paid on all the Electric Revenue Bonds is \$679,317,591. Principal and interest paid for the current year and total net customer revenues were \$131,570,835 and \$124,293,174 respectively.

Florida Taxable Pension Liability Reduction Note, Series 2020

In March 2020, the City issued the Taxable Pension Liability Reduction Note, Series 2020 in the amount of \$81,000,000. The Note is secured by a pledge to budget and appropriate non-ad valorem revenues of the City. The Note, which was issued in the form of a bank loan from Toronto Dominion Bank, N.A, pays interest on April 1 and October 1 of each year at a fixed rate of 2.42%. The note amortizes, paying interest on October 1 of each year, with a final maturity of October 1, 2040. Proceeds of the Note were used to reduce the unfunded liabilities in the City's three pension plans and to pay associated cost of issuance. Issuance of the note resulted in present value savings of approximately \$27.1 million. The required contributions to the various pension plans will be reduced by amounts exceeding the allocable debt service on the bonds. The remaining principal and interest payments for this note aggregate to \$64,652,178.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (continued)

C. Revenue Bonds, Notes Outstanding (continued)

Capital Improvement Revenue and Refunding Bonds, Series 2021 A, B, & C

In July 2021, the City issued the Capital Improvement Revenue and Refunding Bonds, Series A, B and C in an aggregate principal amount of \$45,490,000. The bonds are secured by a pledge to budget and appropriate non-ad valorem revenues of the City. The bonds pay interest on April 1 and October 1 of each year, beginning on October 1, 2021, with a final maturity of October 1, 2041. The bonds, which were sold at a premium, generated approximately \$55.3 million of proceeds which will fund a variety of projects including numerous projects at the City's Lakeland Linder International Airport, the current refunding of certain prior loans and bonds, and several other projects of the City. The bonds were sold at an all-in true interest cost of 1.86% and have debt service payments totaling approximately \$63.5 million through final maturity. The remaining principal and interest payments for these bonds aggregate to \$45,866,175. The current refunding resulted in a net positive cash difference of \$606,066 and an economic gain of \$524,445.

Capital Improvement Revenue and Refunding Bonds, Series 2025 A, B, & C

In June 2025, the City issued the Capital Improvement Revenue and Refunding Bonds, Series A, B, and C in an aggregate principal amount of \$72,520,000. The bonds are secured by a pledge to budget and appropriate non-ad valorem revenues of the City. The bonds pay interest on April 1 and October 1 of each year, beginning October 1, 2025 with a final maturity of October 1, 2045. The bonds, which were sold at a premium, generated approximately \$116.7 million in proceeds which financed the refunding of certain prior notes and bonds, numerous projects at the City's Lakeland Linder International Airport, the construction of a new solid waste facility, and certain other projects of the City. The bonds were sold at an all-in true interest costs of 4.58% and have debt service payments of approximately \$167.7 million through final maturity. The remaining principal and interest payments for these bonds aggregate to \$167,749,567.

As of September 30, 2025, the City is in compliance with all required covenants of the bond ordinances, including compliance with federal arbitrage regulations.

D. Loans Payable

The debt service requirements of promissory notes are not secured by pledges of any specific revenue sources of the City. Annual debt service payments are made from a variety of non-ad valorem revenues.

State of Florida Revolving Loan Program

The State of Florida Revolving Loan Program provides low-interest loans for planning, designing, and constructing water pollution control and public water facilities. Currently, the City has eleven loans outstanding. The loan program operates on a reimbursement basis. When proceeds are remitted, the loans accrue interest based upon the rate approved by the State at the date of closing. The liability due to the State is the loan amount (as amended) plus accrued interest.

At September 30, 2025, the City had total loans outstanding of \$69,464,118 payable to the State. The loans are secured by a pledge of excess revenues of the Wastewater and Water Utility systems and by a pledge of certain amounts deposited into a loan amortization account and loan amortization reserve established by the City for the purpose of funding future debt service on the loans. Amounts required for deposit are classified as restricted assets.

As of September 30, 2025, the City is in compliance with all covenants of these loan agreements.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (continued)

E. Conduit Debt

The City has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. This includes bonds issued to finance capital improvements at the Lakeland Regional Health Systems having an unmatured principal balance of \$203,205,000 as of September 30, 2025.

Neither the City nor any political subdivision thereof is obligated in any manner for repayment of these bonds.

F. Debt Service Requirement to Maturity

The requirements to repay all long-term debt outstanding as of September 30, 2025, are summarized in the following tables.

Governmental Activities								
Year	Direct Borrowings		Bonds Payable		Other Loans Payable		Total Government Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 3,872,397	\$ 902,677	\$ 1,419,750	\$ 2,505,280	\$ -	\$ -	\$ 5,292,147	\$ 3,407,957
2027	4,009,038	807,732	7,829,673	2,378,398	-	-	11,838,711	3,186,130
2028	4,120,520	709,449	3,223,703	2,285,530	-	-	7,344,223	2,994,979
2029	4,263,134	608,102	4,764,840	2,028,340	-	-	9,027,974	2,636,442
2030	4,409,084	503,262	3,413,630	1,846,200	-	-	7,822,714	2,349,462
2031-2035	13,683,355	1,226,035	18,221,641	7,007,950	-	-	31,904,996	8,233,985
2036-2040	4,156,075	212,346	9,840,186	3,580,754	-	-	13,996,261	3,793,100
2041-2045	183,794	2,225	7,788,810	1,016,945	-	-	7,972,604	1,019,170
	<u>\$ 38,697,397</u>	<u>\$ 4,971,828</u>	<u>\$ 56,502,233</u>	<u>\$ 22,649,397</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,199,630</u>	<u>\$ 27,621,225</u>

Business-Type Activities								
Year	Direct Borrowings		Bonds Payable		Other Loans Payable		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 13,503,484	\$ 951,122	\$ 29,389,041	\$ 24,663,358	\$ -	\$ -	\$ 42,892,525	\$ 25,614,480
2027	7,765,583	743,667	27,175,398	24,541,577	828,168	118,820	35,769,149	25,404,064
2028	6,843,834	617,806	30,377,975	23,157,782	833,809	113,179	38,055,618	23,888,767
2029	6,956,293	509,175	30,058,383	22,089,432	862,940	107,500	37,877,616	22,706,107
2030	5,589,539	398,865	32,760,971	20,779,701	868,658	101,781	39,219,168	21,280,347
2031-2035	21,976,700	1,096,341	155,494,345	82,046,837	4,430,435	421,761	181,901,480	83,564,939
2036-2040	16,021,103	247,098	130,369,814	44,630,686	4,532,447	272,849	150,923,364	45,150,633
2041-2045	4,731,545	8,216	74,741,190	23,020,966	4,616,146	118,795	84,088,881	23,147,977
2046-2050	-	-	58,270,000	5,315,093	942,180	4,808	59,212,180	5,319,901
	<u>\$ 83,388,081</u>	<u>\$ 4,572,290</u>	<u>\$ 568,637,117</u>	<u>\$ 270,245,432</u>	<u>\$ 17,914,783</u>	<u>\$ 1,259,493</u>	<u>\$ 669,939,981</u>	<u>\$ 276,077,215</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 7 – INTEREST EXPENSE

All interest expense of governmental activities is disclosed separately from related functional expenses on the Government-wide Statement of Activities. Interest expense of business-type activities is consolidated into the functional expense categories on the Government-wide Statement of Activities. The total amount of interest charged to expense and the total amount capitalized for the year ended September 30, 2025, is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Amount charged to expense:		
Long-term debt	\$ 2,432,455	\$ 26,352,019
Leases	15,146	10,261
Subscriptions	-	38,999
Add: interest expense capitalized	-	6,023,815
Total	<u>\$ 2,447,601</u>	<u>\$ 32,425,094</u>

NOTE 8 – LEASES

A. Financed Purchases Payable

Included in the financed purchases payable is the carrying value of capital purchase contracts that the City has entered into for the acquisition of maintenance equipment for the benefit of the Golf Course, two Gradall excavators and three Wheel loaders to assist Construction and Maintenance with projects, street sweepers for street sweeping operations, law enforcement body-worn camera system, and various HVAC equipment purchases and installations at the RP Funding Center. Information about these financed purchases are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets acquired under financed purchases program:			
Machinery and equipment:			
Original cost	\$ 17,936,927	\$ -	\$ 17,936,927
Carrying value	11,402,448	-	11,402,448
Current depreciation expense	1,477,457	-	1,477,457
Finance purchases obligations remaining to be paid:	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current	\$ 1,681,801	\$ -	\$ 1,681,801
Long-Term	6,964,301	-	6,964,301
	<u>\$ 8,646,102</u>	<u>\$ -</u>	<u>\$ 8,646,102</u>
Future minimum payments:	<u>Total</u>	<u>Interest</u>	<u>Net</u>
2026	\$ 1,681,801	\$ 95,641	\$ 1,586,160
2027	1,709,041	68,401	1,640,640
2028	1,584,996	40,014	1,544,982
2029-2033	3,670,264	28,430	3,641,834
	<u>\$ 8,646,102</u>	<u>\$ 232,486</u>	<u>\$ 8,413,616</u>

The following is a summary of the financed purchases liability transactions of the City for the year ended September 30, 2025.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Finance purchases payable:			
Beginning balance	\$ 11,152,063	\$ -	\$ 11,152,063
Issued	-	-	-
Satisfied	2,505,961	-	2,505,961
Ending Balance	<u>\$ 8,646,102</u>	<u>\$ -</u>	<u>\$ 8,646,102</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 8 – LEASES (continued)

B. Lessee Leases

The City is a lessee in many non-cancellable leases in the form of equipment, vehicles, parking spaces, and buildings ranging from over one year to thirty years. Lease liability had a balance of \$2,926,196 on October 1, 2024, with total reductions of \$452,216. Total payments made for the fiscal year ended September 30, 2025, amounted to \$467,676 inclusive of interest of \$15,460 at rates ranging from 0.5520% to 2.9507%. As of September 30, 2025, the values of the right-to-use assets and their accumulated amortization were \$6,333,293 and \$1,723,929 respectively. The difference between the lease liability and right-to-use assets is due to prepayment of \$2.5M lease consideration for Summit Consulting at the commencement of parking/building lease in FY22. Also, the lease liability payable had a balance of \$2,473,980 as of September 30, 2025. The expected principal and interest payments to maturity are summarized in the tables below.

Principal and Interest Requirements to Maturity

Year	Business-Type Activities		Total Payments
	Principal Payments	Interest Payments	
2026	\$ 35,695	\$ 9,728	\$ 45,423
2027	33,069	9,219	42,288
2028	30,935	8,817	39,752
2029	32,551	8,373	40,924
2030	34,223	7,927	42,150
2031-2035	243,940	7,460	251,400
2036-2040	261,389	29,430	290,819
2041-2045	74,648	14,422	89,070
	<u>\$ 746,450</u>	<u>\$ 95,376</u>	<u>\$ 841,826</u>

Year	Governmental Activities		Total
	Principal Payments	Interest Payments	
2026	\$ 448,132	\$ 9,435	\$ 457,567
2027	355,348	6,952	362,300
2028	369,299	4,909	374,208
2029	384,179	2,789	386,968
2030	105,157	1,240	106,397
2031-2035	44,240	3,760	48,000
2036-2040	21,175	425	21,600
	<u>\$ 1,727,530</u>	<u>\$ 29,510</u>	<u>\$ 1,757,040</u>

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$ 1,732,198	\$ 1,193,998	\$ 2,926,196
Issued/Transferred	404,568	(404,568)	-
Satisfied	409,236	42,980	452,216
Ending Balance	<u>\$ 1,727,530</u>	<u>\$ 746,450</u>	<u>\$ 2,473,980</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 8 – LEASES (continued)

C. Lessor Leases

The City is a lessor in many noncancellable leases of parking spaces, land space and land improvements, office spaces, cell tower spaces, fiber infrastructure, hangers, event spaces and buildings for terms ranging from over one (1) year to seventy-five (75) years. A lease receivable had a balance of \$37,964,291 on October 1, 2024, with additions of \$579,422 and reduction of \$2,833,564 during the year. Total payments received for fiscal year end September 30, 2025, amounted to \$14,560,725 inclusive of interest of \$684,778 at rates ranging from 0.2900% to 4.1700%. The City recognized lease revenue of \$13,875,947. As of September 30, 2025, the value of the lease receivables and deferred inflow of resources are \$35,710,149 and \$206,398,893 respectively. The large difference between the lease receivable and deferred inflow of resources is due to prepayment of \$215 million lease consideration paid by Lakeland Regional Health and \$200,000 lease consideration paid by Joe G. Tedder Tax Collector for parking spaces.

Principal and Interest Expected to Maturity

Year	Business-Type Activities		Total Payments
	Principal Payments	Interest Payments	
2026	\$ 2,200,139	\$ 453,348	\$ 2,653,487
2027	2,198,579	419,530	2,618,109
2028	2,191,250	386,375	2,577,625
2029	2,146,084	353,600	2,499,684
2030	1,313,918	325,249	1,639,167
2031-2035	5,108,170	1,315,107	6,423,277
2036-2040	2,413,933	943,255	3,357,188
2041-2045	912,131	812,479	1,724,610
2046-2050	1,022,783	701,826	1,724,609
2051-2055	1,103,925	577,489	1,681,414
2056-2060	1,096,068	462,085	1,558,153
2061-2065	779,211	362,275	1,141,486
2066-2070	459,507	299,530	759,037
2071-2075	443,202	256,012	699,214
2076-2080	490,777	208,437	699,214
2081-2085	543,458	155,756	699,214
2086-2090	601,794	97,419	699,213
2091-2095	643,599	32,849	676,448
	<u>\$ 25,668,528</u>	<u>\$ 8,162,621</u>	<u>\$ 33,831,149</u>

Fiscal Year	Governmental Activities		Total Payments
	Principal Payments	Interest Payments	
2026	\$ 559,556	\$ 191,575	\$ 751,131
2027	568,928	181,975	750,903
2028	533,184	172,427	705,611
2029	486,810	163,931	650,741
2030	422,763	155,829	578,592
2031-2035	2,071,818	658,398	2,730,216
2036-2040	2,246,980	448,020	2,695,000
2041-2045	2,478,766	216,234	2,695,000
2046-2050	550,597	24,403	575,000
2051-2055	34,214	10,786	45,000
2056-2060	37,887	7,113	45,000
2061-2065	41,954	3,046	45,000
2066-2070	8,164	84	8,248
	<u>\$ 10,041,621</u>	<u>\$ 2,233,821</u>	<u>\$ 12,275,442</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 8 – LEASES (continued)

D. Variable Lease

The City has some leases which were excluded from Governmental Accounting Standards Board Statement No. 87, *Leases*, as the receipts from lease depended on future performance of gross sales or receipts. Those leases are considered as variable leases and are excluded from the measurement of lease receivables and deferred inflow of resources. The amount of variable rent recognized in fiscal year ending September 30, 2025, is \$119,116.

E. Regulated Leases

The City has many regulated leases belonging to Lakeland Linder Airport which were determined per GASB Statement No. 87. Based on the statement, all leases that are aeronautical leases are considered to be regulated leases due to the regulatory obligations of the FAA and FDOT airport leases. An aeronautical use of an airport is any activity that involves, makes possible, or is required for the safety of or is otherwise directly related to the operation of an aircraft. This would include services provided by airlines related to the movement of passengers, baggage, and cargo. In addition to commercial operations, private hangars or storage of aircraft would be excluded from GASB Statement No. 87.

The following activities, commonly conducted on airports are aeronautical activities within this definition:

- Aircraft sales and services.
- Airframe, powerplant and accessory maintenance and repair services.
- Aircraft rental services.
- Flight training services.
- Aircraft charter and air taxi services.
- Avionics, instrument maintenance and repair services.
- Aerial applications (crop dusting, firefighting, etc.)
- Aviation fuels and petroleum products sales.
- Sale of aircraft parts.
- Sale, rental or sublease of aircraft hangar, parking, and tie-down space.
- Air carrier operations.
- Air freight or cargo operations.
- Banner towing and aerial advertising.
- Aircraft storage, hangar, tiedown, parking.
- Office and shop rental/subleasing.
- Ground servicing of air carrier aircraft.
- Aerial photography or survey.
- Aircraft washing and cleaning services (interior and exterior).
- Any other activities which, because of their direct relationship to the operation or repair of aircraft can be appropriately regarded as aeronautical activities.

One of the Regulated leases - Hanger Lease leased to Foster's Aircraft Refinishing, Inc. for both fixed monthly payment and variable based on 13% - 15% of gross sales as mentioned in lease agreement. Fixed monthly lease revenue will increase annually based on CPI which was included in revenue recognized in amount below. The variable portion of lease revenue recognized during FY 25 is \$75,947.

Total revenue recognized for regulated leases for fiscal year end September 30, 2025, amounted to \$8,349,698.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 8 – LEASES (continued)

E. Regulated Leases (continued)

The Future Minimum Expected Receipts Until Maturity are presented in the table below:

<u>Future Minimum Expected Receipts Until Maturity</u>	
Year	<u>Business-Type Activities</u>
2026	\$ 8,440,165
2027	8,011,369
2028	7,929,336
2029	7,853,726
2030	7,662,244
2031-2035	37,807,923
2036-2040	32,382,514
2041-2045	14,166,493
2046-2050	9,056,459
2051-2055	2,170,853
2056-2060	1,219,516
2061-2065	735,790
2066-2070	633,124
2071	7,481
	<u>\$ 138,076,993</u>

F. Subscription Liabilities

As of October 1, 2022, the City of Lakeland implemented the requirements of GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, additional subscription liabilities were recorded in the amount of \$3,186,164. Total payments made for the fiscal year ended September 30, 2025 amounted to \$806,774 inclusive of interest of \$17,927 at rates ranging from 0.0000% to 3.4450%. As of September 30, 2025, the values of the right-to-use assets and its accumulated amortization were \$5,445,365 and \$858,238 respectively and value of subscription liability was \$3,022,401. The expected principal and interest payments to maturity is summarized in the tables below.

<u>Principal and Interest Requirements to Maturity</u>			
Year	<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal Payments</u>	<u>Interest Payments</u>	
2026	\$ 1,119,470	\$ 53,468	\$ 1,172,938
2027	943,810	44,101	987,911
2028	553,252	24,019	577,271
2029	227,123	9,903	237,026
2030	178,746	4,361	183,107
	<u>\$ 3,022,401</u>	<u>\$ 135,852</u>	<u>\$ 3,158,253</u>

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Beginning balance	\$ -	\$ 625,084	\$ 625,084
Issued	-	3,186,164	3,186,164
Satisfied	-	788,847	788,847
Ending balance	<u>\$ -</u>	<u>\$ 3,022,401</u>	<u>\$ 3,022,401</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 9 – DONOR RESTRICTED ENDOWMENTS

The City is the recipient of donor restricted endowments used to finance maintenance of a mausoleum located at a City-owned cemetery, to finance maintenance of City-owned cemeteries, and to purchase reading materials for the City-owned library system. Total assets held by the City for these endowments equaled \$8,758,949 and total nonspendable fund balances were \$8,011,694 and total restricted fund balances were \$364,463 as of September 30, 2025. The dollar value of net change in fund balances experienced a net increase of \$699,778 for the year ended September 30, 2025.

Funds are expended in accordance with the terms of the original endowments, which were established by City Ordinance. Expenditure of investment income and other appreciation is controlled by the City's Parks, Recreation and Cultural Arts Department, subject to the scrutiny of the City's Finance Department.

The net position is reported in the Government-wide Statement of Net Position under Governmental Activities as restricted for endowments – nonexpendable, and as a component of nonspendable fund balance and as a component of restricted fund balance of "Other Governmental Funds" within the Governmental Funds in the Fund Financial Statements.

NOTE 10 – RISK FINANCING ACTIVITIES

The City has established a self-insurance fund for worker's compensation, general liability, automobile liability, prescriptions, and health insurance. Significant losses from other forms of risk, including property damage, are covered by commercial insurance. Settlements exceeded the cost of insurance coverage in Fiscal Year 2016-2017 as a result of the McIntosh Power Plant Unit 5 GSU Transformer claim. Settlements have not exceeded the cost of insurance coverage in Fiscal Years 2019-2020, 2020-2021, 2021-2022, 2022-2023, 2023-2024 nor 2024-2025.

At year-end, claim expense accounts and liabilities are adjusted in the health insurance and self-insurance reserves to accrue any changes in unpaid claims outstanding at year-end and the estimated liability for incurred but not reported claims (IBNR). The IBNR includes known and unknown loss events and expected future development on claims already reported.

The IBNR reserve for the self-insurance reserve portion of the fund is the actuarially determined funding requirement minus any unpaid claims outstanding at year-end (current liability). As of September 30, 2025, the current claims due within one year for the self-insurance reserve portion are \$6,830,829. The IBNR reserve for the health insurance reserve portion of the fund is actuarially determined, plus any unpaid claims outstanding at year-end (current liability). As of September 30, 2025, the claims due within one year for the health insurance reserve portion are \$2,740,138. City policy requires that all claims be submitted to the administrator within 90 days of the date of service. Claims received after that period will not be paid. However, any possible liability related to any such claim must be recognized. Expenses resulting from these claims could be incurred over subsequent periods.

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 \$435,000. As of September 30, 2025, the City paid \$1,194,052 in premiums for its stop-loss insurance policy and no amounts were deducted from claims liability.

All claims pending and a provision for incurred but not reported claims have been accrued in the financial statements of the self-insurance fund. A reconciliation of the change in the aggregate liabilities reported as liabilities payable from apportioned assets in the Basic Financial Statements of the self-insurance fund as of September 30, 2025, is as follows:

	<u>2025</u>	<u>2024</u>
Claims liability at beginning of year	\$ 23,971,137	\$ 24,591,621
Claims incurred during the year	(45,862,469)	(43,970,324)
Changes in the estimate for claims	1,210,946	479,890
Claims payments	46,079,758	42,869,950
Claims liability at end of year	<u>\$ 25,399,372</u>	<u>\$ 23,971,137</u>
Amount due within one year		
Self insurance reserve	\$ 6,830,829	\$ 6,418,360
Health insurance reserve	2,740,138	2,129,774
Total amount due within one year	<u>\$ 9,570,967</u>	<u>\$ 8,548,134</u>

The claims liability, self-insurance reserve and health insurance reserve are included in the accrued liabilities and accounts payable in the Self-Insurance Internal Service Fund.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 11 – UTILITY PLANT PARTICIPATION AGREEMENT

On April 4, 1978, the City entered into a fifty-year participation agreement with the Orlando Utilities Commission (OUC). Under the terms of this agreement, the City of Lakeland has a 60% interest and OUC a 40% interest in McIntosh Unit 3, a 365 MW coal-fired steam generating unit. OUC constructed, at its expense, a 230 KV transmission line to deliver its share of the output to its service area. The City of Lakeland issued revenue bonds to cover a portion of its initial investment in the plant. OUC also issued revenue bonds to cover a portion of its investment in the plant and the cost of its 230 KV transmission line. Each participant is solely responsible for its debt issued.

The City has operational control of this project and accounts for its undivided ownership interest based on its pro-rata share of the project's construction costs and operating expenses. There were no capital costs related to the OUC partnership and Lakeland Electric fiscal year 2025. Shared operating expenses for the fiscal years ending September 30, 2025 were as follows:

	<u>City Share</u>	<u>OUC Share</u>	<u>Total</u>
McIntosh unit #3 fuel expense	\$ 1,571	\$ 1,048	\$ 2,619
McIntosh unit #3 direct operating & maintenance expenses	55,149	36,766	91,915
Other shared operating & administrative expenses	2,111,274	1,407,516	3,518,790
	<u>\$ 2,167,994</u>	<u>\$ 1,445,330</u>	<u>\$ 3,613,324</u>

There are no separate financial statements issued for the utility participation agreement.

Unit #3 was decommissioned in Fiscal Year 2021.

NOTE 12 – FUND BALANCES

Fund Balance – As defined by the Governmental Accounting, Auditing, and Financial Reporting of the Government Finance Officers Association, fund balance is “the difference between assets, deferred outflows, deferred inflows, and liabilities reported in a governmental fund.” In accordance with GASB 54, the funds balances of governmental funds are classified as follows:

- Non-spendable Fund Balance – Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. This includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.
- Restricted Fund Balance – Amounts that are restricted for a specific purpose when constraints are (a) externally imposed by creditors (through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed Fund Balance – Amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action (ordinance) of the City Commission, the City's highest level of decision making authority.
- Assigned Fund Balance – Spendable amounts established by Management of the City (i.e., City Manager or designee), per the City's expenditure and budgetary policy, intended to be used for specific purposes, but are neither restricted nor committed. Assigned fund balance includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds (Debt Service, Capital Projects, and Special Revenue Funds), other than the general fund that are not classified as non-spendable and are neither restricted or committed and (b) amounts in the general fund intended to be used for a specific purpose.

Unassigned Fund Balance – The residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

A. Non-Spendable Fund Balance

Non-Spendable fund balance as of September 30, 2025, is described below:

Prepays – this represents the value of non-current resources of which the expenditures will be recognized in subsequent periods.

Permanent Fund Principal – this represents the principal amounts of permanent funds that are legally or contractually required to remain intact.

Cemetery Endowment – represents earnings set aside to fund maintenance of all City-owned cemeteries after all lots are sold that are contractually required to remain intact.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 12 - FUND BALANCES (continued)

B. Restricted Fund Balance

Restricted fund balance as of September 30, 2025, is described below:

Restricted for Building Inspection - this represents unexpended resources from building inspection fees collected used to finance building inspection expenses as defined by State Legislature.

Restricted for CRA – this represents unexpended resources from property taxes within the Lakeland Community Redevelopment Districts used to finance redevelopment plans of the Agency for residential and commercial activities.

Restricted for Law Enforcement – this represents the value of contraband seized by the Lakeland Police Department. The use of which is restricted by state law.

Restricted for Impact Fee Programs – this represents resources from impact fee collections on new construction projects used to finance transportation, police, fire, and parks & recreation capital related expenditures pursuant to Article VIII of the Florida Constitution and Chapters 163 and 166, Florida Statutes to allocate the fair share of the cost of new public facilities to new users.

Restricted for Transportation – this represents resources such as state and local gas taxes, developer contributions, grants, impact fees, and other revenues used to finance transportation construction and maintenance capital projects.

Restricted for Capital Improvement - this represents unexpended resources from bond proceeds issued to finance certain capital related expenditures.

Restricted for Public Safety - this represents proceeds from Opioid settlements received from the state restricted for public safety purposes.

Restricted for Donations Received – this represents unexpended net position derived contributions and donations given to the City and spendable amounts of permanent funds legally or contractually maintained for specified purposes such as for the purchase of certain books and periodicals, maintenance of certain parks, and maintenance of the Scott Morris Mausoleum.

Restricted for Debt Service – this represents resources accumulated for and the payment of general long-term debt principal and interest.

Restricted for Grant Programs - Community Development – this represents unexpended net position derived from federal and state grant revenues used to finance housing related expenditures.

Restricted for Grant Programs - Law Enforcement - this represents unexpended net position derived from federal and state grant revenues used to finance law enforcement related expenditures.

Restricted for Grant Programs - Physical Environment - this represents unexpended net position derived from federal and state grant revenues used to finance physical environment related expenditures.

C. Committed Fund Balances

Committed fund balances in the Fund Financial Statements are as follows:

Stormwater – this represents stormwater revenues used to finance stormwater related maintenance and capital expenditures.

Working Capital – this represents revenues designated by the City Commission for long-term investments.

Capital Improvement – this represents accumulated resources designated by the City Commission for specific capital improvements.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 12 - FUND BALANCES (continued)

D. Assigned Fund Balances

Assigned fund balances in the Fund Financial Statements are as follows:

Subsequent Year's Expenditure – represents the subsequent year's budget fund balance of the General Fund assigned by City Management as set forth in the annual budget (and any amendments thereto) to appropriate a portion of the existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues.

Cultural Activities – funds assigned by the City Commission to strengthen the cultural organizations of Lakeland; to make their programs more accessible to Lakeland citizens; and to enrich the lives of the citizens.

Capital Projects – funds assigned by the City Commission to finance various construction and maintenance capital projects.

Recreational Facilities – revenues assigned by the City Commission for the purpose of capital recreational expenditures.

E. Unassigned Fund Balances

Unassigned fund balances in the Fund Financial Statements are as follows:

General Fund – represents the residual classification for the general fund. This classification represents fund balance that have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The governmental fund balance in detail as of September 30, 2025, is as follows:

	<u>General Fund</u>	<u>Public Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Nonspendable:				
Cemetery endowment	\$ -	\$ -	\$ 7,982,218	\$ 7,982,218
Permanent fund principal	-	-	29,476	29,476
Prepays	14,593	-	-	14,593
Restricted for:				
CRA	-	-	27,601,880	27,601,880
Law enforcement	1,744,944	-	-	1,744,944
Impact fee programs	-	-	29,148,550	29,148,550
Transportation	-	-	8,457,139	8,457,139
Capital improvement	-	22,381,980	-	22,381,980
Donations received	684,246	-	364,463	1,048,709
Public safety	287,668	-	-	287,668
Grant Programs:				
Community development	-	-	34,463	34,463
Law enforcement	143,242	-	-	143,242
Physical environment	-	-	1,437,872	1,437,872
Debt service	-	2,066,429	5,153,697	7,220,126
Building inspection	-	-	666,369	666,369
Committed to:				
Stormwater	-	-	7,124,801	7,124,801
Working Capital	-	76,427,716	-	76,427,716
Capital improvement	-	1,212,941	-	1,212,941
Assigned to:				
Subsequent year's expenditures	23,099,370	-	-	23,099,370
Cultural activities	421,917	-	-	421,917
Recreational facilities	1,070,552	3,406,038	-	4,476,590
Capital Projects	-	1,818,024	-	1,818,024
Unassigned	46,049,338	-	(1,525)	46,047,813
Total fund balance	<u>\$ 73,515,870</u>	<u>\$ 107,313,128</u>	<u>\$ 87,999,403</u>	<u>\$ 268,828,401</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 13 – DEFINED BENEFIT PENSION PLANS

The City maintains three separate single employer defined benefit pension plans for its employees. These plans were established by and are subject to modifications in funding levels and benefits, by ordinance as approved by the City Commission. All three plans are subject to periodic review by an independent actuary. This review is used to determine the required funding level upon which the City bases its annual contributions to the Employees' Pension and Retirement System, the Police Officers' Defined Benefit Retirement System, and the Firefighters' Retirement System.

The City obtains annual reviews from independent actuaries. Each year, the actuary completes a review utilizing census data covering both retired and active members of each plan and balance sheet data regarding net position of the plan based on an effective date of October 1 of the year just ended. Those reports are generally issued within 6 months of the end of the fiscal year. Any changes in the funding requirements as identified in each actuarial review are applied to the City's budget year commencing immediately after the report issuance. The funding requirements for FY25 were based off the actuarial report with an effective date of October 1, 2023.

The City of Lakeland implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* in 2015. With the new reporting change, the City recognizes the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense associated with each plan. Decisions regarding the allocations are made by the administrators of the pension plans, not by the City of Lakeland's management. For more information, pertaining to the Plans, refer to the City of Lakeland, Florida stand-alone financial statements for each plan, which can be obtained by contacting the City of Lakeland, Finance Department, City Hall, 228 S. Massachusetts Ave., Lakeland, FL 33801-5086.

On-behalf Payments - Within the basic financial statements, the proceeds of the excise tax from the State of Florida in the City of Lakeland Firefighters' Retirement System and the Police Officers' Defined Benefit Retirement System are recorded as operating grants and contributions and public safety expenses in the amounts of \$1,475,575 and \$1,668,312 respectively in the Government-wide Statement of Activities.

For the fiscal year ended September 30, 2025, the City recognized an aggregate pension expense of \$11,567,583.

A. Employees' Pension and Retirement System

Summary of Significant Accounting Principles

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

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

Plan Description

The City of Lakeland Employees' Pension and Retirement System administers the City of Lakeland Employees' Pension Plan – a single employer defined benefit pension plan that provides pension benefits for all full-time, regular employees of the City. The authority for the establishment and amendment of the Plan, benefits, vesting, and contributions are established by City Ordinances. Government plans are not subject to the provisions of the Employee's Retirement Income Security Act of 1974 (ERISA). Management of the plan is vested in the Employees' Pension Board, which is comprised of seven active members serving staggered three-year terms; three of which are elected by plan members, three appointed by the City Commission and one appointed by the board.

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

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

A. Employees' Pension and Retirement System (continued)

Pension plan membership for the Plan as of the actuarial valuation date October 1, 2023, is shown in the following table.

Active plan members	1,372
Retirees and beneficiaries	1,385
DROP Participants	134
Terminated vested plan members	189
Transferred members	52
	<u>3,132</u>

Deferred Retirement Option Plan (DROP)

DROP allows members to continue working while their monthly pension benefit is deposited into a DROP account. Once a member enters the DROP, the decision is irrevocable. On June 5, 2023, Ordinance 5989 was passed and certified which allowed an extension of the DROP period from sixty months to ninety-six months. The member remains an active employee of the City and agrees to terminate active service no later than ninety-six months following the date of entry into the DROP. Nothing prohibits a member from terminating service prior to completing ninety-six months in the DROP. If a member chooses to continue employment beyond the ninety-six months, then beginning on the 97th month, the DROP account will no longer be credited with the monthly pension benefits or interest. At October 1, 2023, there were 134 DROP participants.

Cost of Living Adjustment

No cost of living increase was awarded for fiscal year 2025.

Funding Policy, Contributions Required, and Contributions Made

As a result of the renegotiation of the lease agreement between the hospital and the City, the City received a one-time \$15 million payment from Lakeland Regional Health Systems (LRH), effective October 1, 2015. The purpose of the payment was to compensate the City for agreeing to cap the growth in the hospital's lease payments for the next 25 years. The City Commission expressed an interest in investing the one-time payment on a long-term basis so that a significant amount would accrue by the time the lease needs to be renegotiated in 25 years. In lieu of creating a new investment fund, the Commission approved an alternative plan per Resolution No. 5242 whereby the \$15 million was sent to the Employee Pension Fund as an advance payment against the employer's share of the unfunded pension liability. In return for this advance payment, the City (as the employer) will receive an annual credit of \$1,546,989 against its regular payment into the fund. This credit will be consistent with the current amortization schedule and methodology for the Fund's unfunded liability. The budgetary savings from this reduced annual payment are channeled into a separate investment fund so that the City can recoup its initial payment, plus interest.

The alternative plan will NOT affect employee contribution rates into the pension fund. They will remain unchanged. The alternative plan can be thought of as paying off a mortgage or a credit card balance early. Once the obligation is paid off, the monthly payments (which include interest) no longer have to be made. The monthly savings can then be put in a savings account for the future.

In FY 2020, the City issued a Pension Liability Reduction Note in the amount of \$81 million and contributed \$57.7 million of the proceeds to the plan as advance payment against the employer's and employees' unfunded share of the unfunded pension liability. In return for this advance payment, the City (as the employer) and the employees will receive an annual credit against the regular payment.

On February 21, 2022, the City adopted Ordinance No. 5745, wherein the remaining credit balance from the proceeds of the Pension Obligation Bonds (\$50,661,662) was added to the asset value of the plan as of September 30, 2021. This resulted in the following revisions in actuarial assumptions and methods:

- The new actuarial valuation as of October 1, 2021, was used to determine the contribution rates for the fiscal years ending September 30, 2022, and September 30, 2023.
- The full amount of the remaining credit balance from the proceeds of the Pension Obligation Bonds as of September 30, 2021, was included in the plan assets and no longer serves as an annual offset to the required employee contribution.
- The actuarial value of the assets was set equal to the market value of assets as of October 1, 2021.
- The investment return assumption was lowered from 7.25% net of investment expenses to 6.75% of net investment expenses.
- Effective October 1, 2021, after the assumption and method changes, the unfunded actuarial accrued liability (UAAL) amortization bases were combined and offset, in accordance with the methodology described for combining and offsetting amortization bases under Internal Revenue Code Section 412(b).
- The contribution rates for the previous fiscal year were used as the base amounts for cost sharing.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

A. Employees' Pension and Retirement System (continued)

Funding Policy, Contributions Required, and Contributions Made (continued)

The City obtains an annual review by an independent actuary utilizing census data covering both retired and active plan members and balance sheet data regarding net position of the Plan based on an effective date of October 1 with the report being issued within 6 months of the fiscal year. This review is used to determine the required funding level upon which the City bases its annual contribution to the Employees' Pension and Retirement System for the budget year commencing after the issuance of that report. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The contribution rate for FY25 was calculated as follows:

Actuarially determined employer contribution	\$ 9,338,326
Contribution rate last year	6.95%
Change in cost sharing	2.91%
Credit balance	(1.63)%
Net employer contribution rate	8.23%
Employee contribution rates:	
Plan A/B	8.91%
Plan C	4.16%

The contributions developed are calculated based on payments to the Plan at the end of each biweekly pay period. For the fiscal year ending September 30, 2025, the amount contributed by the City plus \$1,546,989 for the application of the credit balance must equal at least 9.86% of covered payroll. For the year ended September 30, 2025, the City contributed \$8,798,429 and the employees contributed \$5,621,116, including buybacks.

Net Pension Liability

The City's actuarial valuation date is October 1, 2023 and net pension liability was measured as of September 30, 2024.

Actuarial assumptions. The total pension liability in the October 1, 2023, actuarial evaluation rolled-forward to September 30, 2024, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.75%
Salary increases	4.0% to 12.50% depending on service, including inflation
Inflation rate	2.50%
Post-retirement benefit increases	N/A
Retirement rate	(1)
Mortality table	PUB-2010 Headcount Weighted General Below Median Employee Table (for pre-retirement mortality) and the PUB-2010 Headcount Weighted General Below Median Table (post-retirement mortality), with mortality improvements projected to all future years using scale MP-2018.

(1) Experienced-based table of rates that are specific to the type of eligibility condition.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

A. Employees' Pension and Retirement System (continued)

Net Pension Liability (continued)

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

The projected long-term real rate of return for the Plan net of investment expenses is 6.75%. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of measurement date September 30, 2024 (see the discussion of the pension plan's investment policy) are summarized in the following table as required by GASB 67 and 68:

<u>Asset Class (Fair Value)</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Asset Group Contribution</u>
Domestic Equity	47.50%	7.50%	3.563%
International Equity	12.50%	8.50%	1.063%
Domestic Bonds	25.00%	2.50%	0.625%
Real Estate	15.00%	4.50%	0.675%
Total Investments	100.00%		5.926%

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the plan members' contributions will be made at the current contribution rate and the City's contributions will be made at the rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments (6.75%) was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a) - (b)</u>
Beginning balances	\$ 785,314,550	\$ 690,183,168	\$ 95,131,382
Changes for the year:			
Service cost	11,871,300	-	11,871,300
Interest	52,012,624	-	52,012,624
Difference between actual & expected experience	6,590,346	-	6,590,346
Contribution - employer	-	6,768,289	(6,768,289)
Contribution - employee	-	4,381,067	(4,381,067)
Net investment income	-	120,891,656	(120,891,656)
Other (adjustment to DROP balance, misc. income)	-	174	(174)
Benefit payments	(51,608,879)	(51,608,879)	-
Refunds	(1,648,029)	(1,648,029)	-
Administrative expense	-	(304,091)	304,091
Net Changes	<u>17,217,362</u>	<u>78,480,187</u>	<u>(61,262,825)</u>
Ending Balances	<u>\$ 802,531,912</u>	<u>\$ 768,663,355</u>	<u>\$ 33,868,557</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

A. Employees' Pension and Retirement System (continued)

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate.

	<u>1% Decrease Rate (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase Rate (7.75%)</u>
City's net pension liability (asset)	\$ 118,068,722	\$ 33,868,557	\$ (37,014,210)

Changes in Assumptions

There were not revisions in the actuarial assumptions or methods since the previous valuation.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Employee's Pension and Retirement System financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2025, the City recognized pension expenses of \$6,141,374. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between actual and expected experience	\$ 4,900,514	\$ 1,117,204
Net Difference between projected and actual earnings	-	37,295,837
Changes of Assumptions	9,058,331	666,331
Contributions Subsequent to the Measurement Date	8,798,429	-
Total	<u>\$ 22,757,274</u>	<u>\$ 39,079,372</u>

\$8,798,429 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date of the net pension liability but before the end of the current fiscal year will be recognized as a reduction of the net pension liability in the year ending September 30, 2026, rather than the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Total</u>
2026	\$ (4,489,943)
2027	12,583,138
2028	(18,086,551)
2029	(15,127,171)
	<u>\$ (25,120,527)</u>

Payable to the Pension Plan

At September 30, 2025, the City reported a payable of \$579,927 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2025.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

B. Police Officers' Defined Benefit Retirement System

Summary of Significant Accounting Principles

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

The accrual basis of accounting is used for the Plan. Under the accrual basis of accounting, revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the liability is incurred. Plan participant contributions are recognized in the period in which the contributions are due. City contributions to the plan as calculated by the Plan's actuary, are recognized as revenue when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investments in common stock and bonds traded on a national securities exchange are valued at the last reported sales price on the last business day of the year; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean between the past reported bid and asked prices; investments in securities not having an established market value are valued at fair value as determined by the Board of Trustees. The fair value of an investment is the amount that the Plan could reasonably expect to receive for it in an orderly transaction between market participants at the measurement date. Purchases and sales of investments are recorded on a trade date basis.

Investment income is recognized on the accrual basis as earned. Unrealized appreciation in fair value of investments includes the difference between cost and fair value of investments held. The net realized and unrealized investment appreciation or depreciation for the year is reflected in the Statement of Changes in Fiduciary Net Position.

Plan Description

The Plan is a defined benefit pension plan covering all full-time police officers of the City of Lakeland as established by local law subject to the provisions of Chapter 185 of the State of Florida Statutes. Participation in the Plan is required as a condition of employment. The Plan provides for pension, death, and disability benefits.

The Plan, in accordance with the above statutes, is governed by a five-member pension board. Two police officers who are elected by a majority of the members of the Plan, two City residents, and a fifth member elected by the other four members constitute the pension board. The City and the Plan participants are obligated to fund all Plan costs based upon actuarial valuations. The City is authorized to establish benefit levels, and the Board of Trustees approves the actuarial assumptions used in the determination of contribution levels.

On June 1, 2009 the Lakeland City Commission adopted ordinances 5096 and 5095 - which removed all active and retired police officers from the City of Lakeland Employees' Pension Plan (the General Plan) and transferred those individuals to an amended version of the Police Officers' Supplemental Pension and Retirement System (the Supplemental Plan) - which had the effect of creating an entirely new replacement plan called the Police Officers' Retirement System (the Police Plan).

Under the terms of this change, all retired police officers and/or their beneficiaries who were receiving benefits from the General Plan and/or the Supplemental Plan as of the effective date of the transfer would from that point forward be paid the exact same level of combined benefits from the Police Plan. All future retired police officers and/or their beneficiaries will receive their retirement benefits exclusively from the Police Plan based on a new defined benefit calculation formula that replaces the benefit formulas that previously existed within the General Plan and the Supplemental Plan.

Three Tier Structure - The current members of the plan have the option of making an election of one of the following 3 tiers within 45 days of the effective date of the Police Plan. Tier 2 is the only option for officers hired after May 20, 2009.

Tier 1 - these members shall have benefits accrued under the provisions of the City of Lakeland Employees' Pension and Retirement System, the City of Lakeland Police Officers' Supplemental Pension and Retirement System (PORF) and the Lakeland Police Officers' Share Benefit Plan frozen as of the effective date of the Police Plan. On and after the effective date of the system, Tier 1 members shall be subject to the same provisions as Tier 2 members except as otherwise provided. These members shall be eligible to have benefits accrued in the PORF included in the City of Lakeland Employees' Pension and Retirement System Section 23.4.5 DROP upon attainment of age sixty (60).

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

B. Police Officers' Defined Benefit Retirement System (continued)

Plan Description (continued)

Tier 2 - these members shall be subject to the provisions of the City of Lakeland Police Officers' Retirement System not including those administered pursuant to other City of Lakeland Plans or Systems for Tier 1 or Tier 3 members.

Tier 3 – these members who are DROP participants pursuant to Section 23.4.5 of the City of Lakeland Employees' Pension and Retirement System and making contributions to the City of Lakeland Police Officers' Supplemental Pension and Retirement System (PORF) which contributions shall continue after the effective date of the City of Lakeland Police Officers' Retirement System in an amount calculated annually by the system's actuary and shall be administered pursuant to the provisions of those systems. These members shall be eligible to have benefits accrued in the PORF included in the Section 23.4.5 DROP upon attainment of age sixty (60).

Pension plan membership for the Plan as of the actuary report dated October 1, 2023, is shown in the following table.

Active plan members	221
Retirees and beneficiaries	239
DROP Participants	22
Terminated vested plan members	36
	<u>518</u>

Deferred Retirement Option Plan (DROP)

Any participant who is eligible to receive a normal retirement pension benefit may elect to participate in a deferred retirement option plan (DROP) while continuing his or her active employment as a police officer. Upon participation in the DROP, the participant becomes a retiree for all plan purposes so that he or she ceases to accrue any further benefits under the pension plan. Normal retirement payments that would have been payable to the participant as a result of retirement are accumulated and invested in the DROP to be distributed to the participant upon his or her termination of employment. Participation in the DROP ceases for a member after 96 months. At October 1, 2023, there were 22 DROP participants.

Post Retirement Investment Account (PRIA)

During the fiscal year ended September 30, 2017, the PRIA was established. In lieu of receiving a payment from the DROP Plan, a retiree terminating his employment as a police officer may elect to defer receipt of DROP Plan payments and elect to participate in the PRIA. A retiree who elects to participate in the PRIA may participate in the PRIA for sixty months after separation from service or the end of the quarter in which the retiree reaches age sixty-five.

Partial Lump Sum Option Plan (PLOP)

A participant that does not elect to participate in the DROP may elect to receive an initial lump-sum payment equal to 5%, 10%, 15% or 20% of the participant's accrued benefit with the remaining 95%, 90%, 85% or 80%, respectively, payable in a form selected by the participant.

Cost of Living Adjustment

No cost of living increase was awarded for the fiscal year 2025.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

B. Police Officers' Defined Benefit Retirement System (continued)

Funding Policy, Contributions Required, and Contributions Made

The Tier 2 participant contribution rate is re-determined each year, such that the increase in the City's required contribution and the participant's required contribution are equal. The required participant's contribution rate for Tier 2 was 16.48% of salary for the period of October 1, 2024, through September 30, 2025.

Pursuant to Chapter 185 of the Florida Statutes, a premium tax on certain casualty insurance contracts written on City of Lakeland properties is collected by the State and is remitted to the Plan. The City is required to contribute the remaining amounts necessary to finance the benefits through periodic contributions of actuarially determined amounts.

The Fund may also accept rollover contributions from participants' other qualified deferred compensation plans. Rollover contributions may be used to purchase additional credited service. Participants are immediately vested in rollover contributions.

A rehired member may buy back not more than 5 years of continuous past service by paying into the Plan the amount of contributions that the participant would otherwise have paid for such continuous past service, plus the interest that would have been earned had such funds been invested by the Plan during that time.

The City's funding policy is to make an actuarially computed annual contribution to the Plan in an amount, such that when combined with participants' contributions and the State insurance excise tax rebate, all participants' benefits will be fully provided for by the time that they retire.

The City's actuarially determined contribution rate for the year ended September 30, 2025, was 19.36%.

For the year ended September 30, 2025, the City contributed \$2,965,792, that State insurance premium tax was \$1,668,312, and the employees contributed \$3,921,594.

Net Pension Liability (Asset)

The City's actuarial valuation date is October 1, 2023, rolled forward to September 30, 2024, and net pension liability was measured as of September 30, 2024.

Actuarial assumptions. The total pension liability in the October 1, 2023, actuarial evaluation rolled-forward to September 30, 2024, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.75%
Salary increases	Service based
Inflation rate	2.50%
Mortality table	
Active employees	Female: PubS.H-2010 for Employees, set forward one year. Scale MP-2018. Male: PubS.H-2010 for Employees, set forward one year. Scale MP-2018.
Retired pensioners	Female: PubS.H-2010 for Healthy Retirees, set forward one year. Scale MP-2018. Male: PubS.H-2010 for Healthy Retirees, set forward one year. Scale MP-2018.
Beneficiaries	Female: PubG.H-2010 for Healthy Retirees. Scale MP-2018. Male: PubG.H-2010 for Healthy Retirees, set back one year. Scale MP-2018.
Disabled pensioners	Female: 80% PubG.H-2010, Scale MP-2018. Male: 20% PubS.H-2010, Scale MP-2018.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

B. Police Officers' Defined Benefit Retirement System (continued)

Net Pension Liability (Asset) (continued)

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

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of measurement date September 30, 2024, are summarized in the following table:

Asset Class (Fair Value)	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	40.00%	7.50%
International equity	17.50%	8.50%
Broad market fixed income	12.50%	2.50%
Private fixed income	5.00%	2.50%
Real estate	5.00%	4.50%
Private equity	10.00%	8.50%
Infrastructure	10.00%	4.50%
TOTAL	100.00%	

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the plan members' contributions will be made at the current contribution rate and the City's contributions will be made at the rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments (6.75%) was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Changes for the year:			
Service cost	\$ 4,181,205	\$ -	\$ 4,181,205
Interest	13,100,396	-	13,100,396
Share plan allocation	416,045	-	416,045
Contribution - employer	-	2,002,909	(2,002,909)
Contribution - employee	-	2,436,055	(2,436,055)
Contribution - state	-	1,533,546	(1,533,546)
Projected earnings on investments	-	10,981,426	(10,981,426)
Difference between actual & expected experience	2,187,851	-	2,187,851
Difference between projected & actual earnings	-	23,304,016	(23,304,016)
Assumptions changes	717,312	-	717,312
Benefit payments	(11,160,687)	(11,160,687)	-
Contributions - buy back	223,983	223,983	-
Administrative expense	-	(194,459)	194,459
Net Change	9,666,105	29,126,789	(19,460,684)
Total - Beginning	194,753,880	165,267,126	29,486,754
Total - Ending	\$ 204,419,985	\$ 194,393,915	\$ 10,026,070

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

B. Police Officers' Defined Benefit Retirement System (continued)

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate.

	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
City's net pension liability (asset)	\$ 31,339,758	\$ 10,026,070	\$ (7,728,563)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Police Officers' Benefit Retirement System financial report.

Changes in Assumptions

The City's total pension liability as of September 30, 2024 measurement date reflects the following assumption changes:

- The assumed salary increase rates were adjusted upward for members with 5-9 years of service and downward for members with 10 or more years of service.
- The assumed retirement rates were changed.
- The assumed termination rates were changed to be based on service rather than age.
- The assumed disability rates were increased by a factor of three.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2025, the City recognized pension expenses of \$2,842,590. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 4,634,104	\$ -
Difference between actual and expected experience	3,309,862	85,321
Changes of assumptions	5,274,823	-
Net difference between projected and actual earnings	-	14,096,480
Total	<u>\$ 13,218,789</u>	<u>\$ 14,181,801</u>

\$4,634,104 reported as deferred outflows of resources related to pensions resulting from City and State contributions subsequent to the measurement date of the net pension liability but before the end of the current fiscal year will be recognized reduction of the net pension liability in the year ending September 30, 2026, rather than the current fiscal period. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended September 30th:	
2026	\$ 188,513
2027	3,822,546
2028	(5,528,404)
2029	(4,079,771)
	<u>\$ (5,597,116)</u>

Payable to the Pension Plan

At September 30, 2025, the City reported a payable of \$147,511 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2025.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 13 - DEFERRED BENEFIT PENSION PLANS (continued)

C. Firefighters' Retirement System

Summary of Significant Accounting Principles

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

Basis of accounting is the method by which revenues and expenses are recognized in the accounts and are reported in the financial statements. The accrual basis of accounting is used for the Plan. Under the accrual basis of accounting, revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the liability is incurred. Plan member contributions are recognized in the period in which the contributions are due. City contributions to the Plan as calculated by the Plan's actuary, are recognized as revenue when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investments in common stock and bonds traded on a national securities exchange are valued at the last reported sales price on the last business day of the year; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean between the past reported bid and asked prices; investments in securities not having an established value are valued at fair value as determined by the Board of Trustees. The fair value of an investment is the amount that the Plan could reasonably expect to receive for it in a current sale between a willing buyer and a willing seller, other than in a forced or liquidation sale. Purchases and sales of investments are recorded on a trade date basis.

Investment income is recognized on the accrual basis as earned. Unrealized appreciation in fair value of investments includes the difference between cost and fair value of investments held. The net realized and unrealized investment appreciation or depreciation for the year is reflected in the Statement of Changes in Fiduciary Net Position.

Plan Description

The Plan is a pension trust fund (fiduciary fund type) of the City which accounts for the single employer defined benefit pension plan for all City Firefighters. The provisions of the Plan provide for retirement, disability, and survivor benefits.

On November 19, 2012, the Lakeland City Commission adopted ordinance 5341 - which removed all active and retired firefighters from the City of Lakeland Employees' Pension Plan (the General Plan) and transferred those individuals to an amended version of the Firefighters' Supplemental Pension Plan (the Supplemental Plan) - which had the effect of creating an entirely new replacement plan called the Firefighters' Retirement System (the Fire Plan).

Under the terms of this change, all retired firefighters and/or their beneficiaries who were receiving benefits from the General Plan and/or the Supplemental Plan as of the effective date of the transfer would from that point forward be paid the exact same level of combined benefits from the Fire Plan. All future retired firefighters and/or their beneficiaries will receive their retirement benefits exclusively from the Fire Plan based on a new defined benefit calculation formula that replaces the benefit formulas that previously existed within the General Plan and the Supplemental Plan.

In conjunction with the change, certain assets and liabilities of the General Plan were transferred to the Fire Plan. The value of the assets transferred was based on the relative percentage of the actuarial accrued liability (EAN method) payable from the General Plan that was determined to be attributable to both active and retired firefighters as of September 30, 2012.

The restructured Plan is a defined benefit pension plan covering all full-time firefighters of the City of Lakeland, Florida (City). Participation in the Plan is required as a condition of employment. The Plan provides for pension, death and disability benefits. In addition, the Plan is a local law plan subject to provisions of Chapter 175 of the State of Florida Statutes.

The Plan, in accordance with the above statutes, is governed by a five-member pension board. Two firefighters are elected by a majority of the members of the Plan, two are City residents, and a fifth member elected by the other four members constitute the pension board. The City and the Plan participants are obligated to fund all Plan costs based upon actuarial valuations. The City is authorized to establish benefit levels, and the Board of Trustees approves the actuarial assumptions used in the determination of contribution levels.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 13 - DEFERRED BENEFIT PENSION PLANS (continued)

C. Firefighters' Retirement System

Plan Description (continued)

Pension Benefits - The pension plan provides retirement, death, and disability benefits for its participants. A participant may retire early after reaching age 50 and accumulating 10 or more years of credited service; normal retirement age is 55 and completing 10 years of credited service or after reaching age 52 with 25 years of credited service.

The amount of the normal retirement benefit is as follows:

A member who began employment as a firefighter prior to October 1, 2003, and retires on or after the normal retirement date shall receive a monthly benefit of 3.30 percent of average final compensation for each year of credited service. A member who began employment as a firefighter on or after October 1, 2003, and retires on or after the normal retirement date shall receive a monthly benefit of 3.0 percent of average final compensation for each year of credited service. The monthly benefit shall commence on the first day of the month coincident with or next following a member's retirement and be continued thereafter during the member's lifetime, ceasing upon death, but with 120 monthly payments guaranteed in any event.

Disability Benefits - A member having 10 or more years of credited service or a member who becomes totally and permanently disabled in the line of duty regardless of length of service, may retire from the City if the member becomes totally and permanently disabled as defined in subsection (b) by reason of any cause other than a cause set out in subsection at on or after the effective date of the plan. Such retirement shall herein be referred to as "disability retirement". The applicable disability presumptions in Florida Statutes 112 and 175, in effect at the time of disability shall apply.

Death Benefits - If the participant dies prior to retirement, the beneficiary shall receive the following benefit:

- (1) Prior to Vesting. The beneficiary of a deceased member who was not yet vested or who has no surviving spouse, shall receive a refund of 100% of the member's accumulated contributions without interest.
- (2) Deceased Firefighters with Ten or More Years Credited Service. For any actively employed member who has ten or more years of credited service as of his date of death, his or her beneficiary is entitled to the benefits otherwise payable to the member at early or normal retirement age.

Pension plan membership for the Plan as of the actuary report dated October 1, 2023, is shown in the following table.

Active plan members	179
Retirees and beneficiaries	118
DROP participants	10
Terminated vested plan members	18
	<u>325</u>

Deferred Retirement Option Plan (DROP)

Any eligible participant may elect to participate in a deferred retirement option plan (DROP) while continuing his or her active employment as a firefighter. Upon participation in the DROP, the participant becomes a retiree for all plan purposes so that he or she ceases to accrue any further benefits under the pension plan. Normal retirement payments that would have been payable to the participant as a result of retirement are accumulated and invested in the DROP to be distributed to the participant upon his or her termination of employment. An eligible member may participate in DROP for a maximum of ninety-six months or any time before and must provide a thirty-day advance notice. Ordinance No. 23-023 Amending Section 23.4.5 of Article II of Division II of the Charter of the City expanded the DROP period and amended terminology; provided for codification; provided for severability; repealed all ordinances in conflict herewith and provided an effective date.

Back DROP

An eligible member may elect the Back-DROP option and must immediately retire and terminate city employment and is not eligible to participate in DROP or PLOP. Under this option, a member receives a lump sum amount equal to up to ninety-six months of retirement benefits plus interest at a rate of 3% per annum, upon entry into the DROP, deposited into the DROP account. The member's monthly benefit is actuarially reduced to reflect the actuarial cost to the system of the lump sum amount. The monthly pension benefit is calculated based on the benefit levels in place on the date the member first became eligible for DROP.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 13 - DEFERRED BENEFIT PENSION PLANS (continued)

C. Firefighters' Retirement System

Plan Description (continued)

Partial Lump Sum (PLOP)

A member with twenty-five (25) or more years of credited service who is eligible for normal or early retirement may, at the time of retirement or entry into DROP, elect to receive or have deposited into the member's DROP account, up to a maximum of twenty percent (20%) in five percent increments, of the total actuarial equivalent value of the member's accrued benefit paid as a lump sum, with the remaining percentage paid in a monthly amount in accordance with the option selected by the member. The benefit amount of the member who has attained age 50 but is not eligible for normal retirement upon electing a partial lump sum option shall be reduced in accordance with the terms of the Plan. The benefit amount of a member who elects a partial lump sum option prior to age 50 shall be actuarially reduced to reflect the actuarial cost to the system of the partial lump sum option.

Cost of Living Adjustment

No cost of living increase was awarded for the fiscal year 2025.

Funding Policy, Contributions Required, and Contributions Made

As of September 30, 2025, participants were required to contribute 10.77% of their annual earnings to the Plan. The exception is for members that were already participating in the Employees' DROP Plan.

Prior to October 1, 1995, contributions to the Plan were made on an after-tax basis. Subsequent to this date, contributions are made on a pre-tax basis pursuant to an amendment to the Plan terms. These contributions are designated as employee contributions under Section 414(h)(2) of the Internal Revenue Code. Contribution requirements of the Plan's participants are established and may be amended by the City of Lakeland, Florida.

The City's funding policy is to make actuarially computed monthly contributions to the Plan in amounts, such that when combined with participants' contributions and the State insurance excise tax rebate, all participants' benefits will be fully provided for by the time that they retire.

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

The City's actuarially determined contribution rate for the year ended September 30, 2025, was 20.35%. For the year ended September 30, 2025, the City contributed \$2,590,132, the State insurance premium tax was \$1,475,575, and the employees contributed \$1,995,988.

Net Pension Liability (Asset)

The City's net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the October 1, 2023, actuarial evaluation updated to September 30, 2024, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.00%
Salary increases	Age based
Inflation rate	2.50%
Mortality table	
Active employees	Female: PubS.H-2010 for employees, set forward one year. Scale MP-2018. Male: PubS.H-2010 for employees, set forward one year. Scale MP-2018.
Retired pensioners	Female: PubS.H-2010 for Healthy Retirees, set forward one year. Scale MP-2018. Male: PubS.H-2010 for Healthy Retirees, set forward one year. Scale MP-2018.
Beneficiaries	Female: PubG.H-2010 for Healthy Retirees. Scale MP-2018. Male: PubG.H-2010 for Healthy Retirees, set back one year. Scale MP-2018.
Disabled pensioners	80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees. Scale MP-2018.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

C. Firefighters' Retirement System (continued)

Net Pension Liability (Asset) (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of measurement date September 30, 2024, are summarized in the following table:

Asset Class (Fair Value)	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	45.00%	7.50%
International Equity	15.00%	8.50%
Broad Market Fixed Income	15.00%	2.50%
Private Fixed Income	5.00%	2.50%
Private Equity	5.00%	8.50%
Real Estate	5.00%	4.50%
Infrastructure	10.00%	4.50%
TOTAL	100.00%	

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Changes for the year:			
Service cost	\$ 3,650,901	\$ -	\$ 3,650,901
Interest	9,753,914	-	9,753,914
Share plan allocation	320,561	-	320,561
Contribution - employer	-	2,176,205	(2,176,205)
Contribution - employee	-	1,554,783	(1,554,783)
Contribution - state	-	1,374,679	(1,374,679)
Projected earnings on investments	-	8,433,557	(8,433,557)
Difference between actual & expected experience	814,489	-	814,489
Difference between projected & actual earnings	-	16,160,996	(16,160,996)
Assumption changes	(1,255,422)	-	(1,255,422)
Benefit payments	(7,503,132)	(7,503,132)	-
Administrative expenses	-	(183,777)	183,777
Net Change	5,781,311	22,013,311	(16,232,000)
Total - Beginning	139,329,703	121,760,431	17,569,272
Total - Ending	\$ 145,111,014	\$ 143,773,742	\$ 1,337,272

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City's net pension liability (asset)	\$ 17,165,847	\$ 1,337,272	\$ (11,935,829)

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

C. Firefighters' Retirement System (continued)

Changes in Assumptions

The City's total pension liability as of the September 30, 2024 measurement date reflects the following assumption changes:

- The assumed salary increase rates were changed, adjusted upward for younger participants and downward for older participants.
- The assumed retirement rates were changed, generally lower than previously assumed.
- The assumed withdrawal rates were changed to be based on service rather than age.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued City of Lakeland's Firefighters' Retirement System financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2025, the City recognized pension expenses of \$2,583,619. At September 30, 2025, the City reported deferred outflows and deferred inflow of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 4,065,707	\$ -
Difference between actual and expected experience	1,352,347	1,182,889
Changes in assumptions	2,264,570	1,098,496
Net difference between projected and actual earnings	-	7,718,395
Total	<u>\$ 7,682,624</u>	<u>\$ 9,999,780</u>

\$4,065,707 reported as deferred outflows of resources related to pensions resulting from City and State contributions subsequent to the measurement date of the net pension liability but before the end of the current fiscal year will be recognized as a reduction of the net pension liability in the year ending September 30, 2026, rather than the current fiscal period. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Fiscal year ended September 30th:	
2026	\$ (1,001,986)
2027	2,259,349
2028	(3,971,744)
2029	(3,395,224)
2030	(163,024)
Thereafter	(110,234)
	<u>\$ (6,382,863)</u>

Payable to the Pension Plan

At September 30, 2025, the City reported a payable of \$108,901 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2025.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

D. Condensed Financial Information

The aggregate net pension liability, deferred inflows of resources related to pensions, deferred outflows of resources related to pensions, and pension expense for the City as of September 30, 2025, are as follows:

	Employees' Pension and Retirement System	Police Officers' Defined Benefit Retirement System	Firefighters' Retirement System	Total
Deferred outflows of resources related to pensions	\$ 22,757,274	\$ 13,218,789	\$ 7,682,624	\$ 43,658,687
Net pension liability (asset)	33,868,557	10,026,070	1,337,272	45,231,899
Deferred inflows of resources related to pensions	39,079,372	14,181,801	9,999,780	63,260,953
Pension expense	6,141,374	2,842,590	2,583,619	11,567,583

Condensed financial data for the City's Defined Benefit Pension Plans for the year ended September 30, 2025, is presented below:

<u>Condensed Statement of Net Position</u>			
	Employees' Pension and Retirement System	Police Officers' Defined Benefit Retirement System	Firefighters' Retirement System
Assets	\$ 823,663,488	\$ 213,490,998	\$ 161,466,614
Liabilities	828,731	720,608	51,523
Net Position			
Restricted for DROP benefits	26,915,165	9,910,489	3,623,065
Restricted for pension benefits	795,919,592	202,859,901	157,792,026
	<u>\$ 822,834,757</u>	<u>\$ 212,770,390</u>	<u>\$ 161,415,091</u>

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

D. Condensed Financial Information (continued)

	Condensed Statement of Changes in Plan Net Position		
	Employees' Pension and Retirement System	Police Officers' Defined Benefit Retirement System	Firefighters' Retirement System
Additions			
Contributions	\$ 14,419,545	\$ 8,555,698	\$ 6,061,695
Investment income	93,145,079	23,419,104	18,830,007
All other	14	13,291	-
Total additions	<u>107,564,638</u>	<u>31,988,093</u>	<u>24,891,702</u>
Deductions			
Benefits paid	50,162,995	13,099,855	7,034,654
Refunds, former employees	2,929,211	305,628	71,244
All other	301,030	206,135	144,455
Total deductions	<u>53,393,236</u>	<u>13,611,618</u>	<u>7,250,353</u>
Change in net position	54,171,402	18,376,475	17,641,349
Net position, beginning of year	768,663,355	194,393,915	143,773,742
Net position, end of year	<u>\$ 822,834,757</u>	<u>\$ 212,770,390</u>	<u>\$ 161,415,091</u>

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

NOTE 14 – DEFINED CONTRIBUTION PENSION PLAN

The Police Officers' Defined Benefit Retirement System (PODBRS) included a defined contribution Share plan component as of September 30, 2010. In subsequent years, the PODBRS Board will determine Share allocations based on election made by the participants in the plan and their service during the plan year.

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

The assets of the City's Alternate Pension Plan were transferred to a third party administrator in the name of the participants. The City no longer has any fiduciary responsibilities concerning the plan. The City's involvement in the plan is limited to remitting the amounts paid by the participants to a third party.

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CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS

A. Health Insurance Trust Fund

Plan Description

Effective October 1, 2017, the Retiree Healthcare Trust Fund adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement replaces Statement No. 45, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*. In addition to the relevant disclosures within this note, the City's financial statements reflect a long-term liability of \$77,400,186 and \$65,886,521, and related expenses of \$1,390,004 and \$1,172,155 in governmental and business-type activities respectively, resulting from the adoption.

In addition to providing pension benefits, the City Commission has agreed to offer subsidized post-employment health care benefits to former employees who are receiving retirement benefits from the City in conjunction with the Employees' Pension and Retirement System Plan.

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

Funding Policy and Contributions Made

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

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

For the year ended September 30, 2025, the City contributed \$8,952,073 and the employees contributed \$83,084.

Plan Membership

A summary of the current active and inactive employees and the criteria of the classes participating in the Plan is as follows:

Active plan members	2,071
Inactive plan members participating in the health plan	539
Inactive plan members currently receiving a subsidy	1,244

	Normal Retirement	Early Retirement
General Employees:		
Hired before October 1, 2003	60 + 10 years	50 + 10 years or 30 years
Hired after September 30, 2003	62 + 10 years	52 + 10 years or 30 years
Hired after February 25, 2012	62 + 5 years	52 + 5 years
Firefighters	55 + 10 years or 25 years	50 + 10 years
Police	55 + 10 years or 25 years	50 + 10 years

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS (continued)

A. Health Insurance Trust Fund (continued)

Actuarial assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of actuarial methods and assumptions used including techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events into the future as such these actuarial amounts are subject to continual valuation.

Significant Assumptions: The date of the actuarial valuation on which the Plan's liability was determined is September 30, 2025. The following actuarial assumptions were applied.

Actuarial cost method	Entry age normal
Valuation Date	October 1, 2023
Measurement Date	Rolled Forward to September 30, 2025
Discount rate:	
Implicit	4.49%
Explicit	6.84%
Health care cost trend rate:	
Pre-Medicare medical & Rx benefits	
Select	7.00%
Ultimate	4.50%
Salary changes	3.5% per annum
Postemployment benefit changes	N/A
Mortality rates	PUB-2010, projected forward using SOA Scale MP-2021
Long-term expected rate of return	tax-exempt, high quality municipal bond
Asset valuation	fair market value
Date of experience study	24 months ending September 30, 2024

The total OPEB liability was determined by an actuarial valuation as of October 1, 2023, using the previously listed actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. The discount rate, the medical trend rates, the plan participation assumption, retirement rates, and termination rates are the only applicable changes in the evaluation.

Interest rates

Discount (or interest) rates are used to reflect the time value of money. Discount rates are used in determining the present value of the valuation date of future cash flows currently expected to be required to satisfy the postretirement benefit obligation. The long-term expected rate of return using arithmetic mean on OPEB investments was determined using the rate of return on the municipal bond rate - 4.47% blended with the expected rate of return on trust assets.

The discount rate used to measure the total OPEB liability was 4.49% for the implicit subsidy and 6.84% for the explicit subsidy. The discount rate increased from 3.98%. The municipal bond rate used in the discount rate of 3.98% is average yield of two 20-year bond indices (S&P Municipal Bond High Grade Index - 4.50% and Fidelity GO AA 20-year - 4.44%).

The annual money-weighted rate of return that expresses investment performance, net of investment expense, adjusted for changes in the amount actually invested was 9.37%.

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS (continued)

A. Health Insurance Trust Fund (continued)

Investments

Investments are held in the City's Consolidated Investment Fund. For information regarding the Consolidated Fund's investment policies, asset allocations, and descriptions of significant investments, refer to Note 3.C.

Concentration

The Plan's investment in the consolidated fund comprised of more than 5% of the Plan's total fiduciary net position. However, no individual investment of the Plan's share of the consolidated fund (2%) comprised of more than 5% of the Plan's total fiduciary net position.

The rate of return for the assets of the Trust as of September 30, 2025, are summarized in the following table.

<u>Asset Allocation:</u>	<u>%</u>	<u>Returns (with inflation)</u>	<u>Balance</u>	<u>% of Net Position</u>
Consolidated funds	102.59%	6.75%	\$ 14,510,408	100%
Money market funds	-2.93%	3.00%	(123,889)	-1%
Cash	0.00%	0.00%	123,889	1%
Accounts receivable	0.34%	0.00%	60,158	0%
Total	100.00%		\$ 14,570,566	100%

Rate of Return

For the year ended September 30, 2025, the annual rate of return (with inflation) was 6.84%.

Projected Benefit Payments

The long-term expected rate of return is used for the first two years of the benefit payments. Thereafter, the municipal bond rate index is applied to the remainder of the life of the Plan.

Net OPEB Liability

The components of the Net OPEB Liability for the Health Insurance Trust Fund as September 30, 2025, were as follows:

Total OPEB Liability	\$ 157,733,384
Fiduciary Net Position	14,446,677
Net OPEB Liability	<u>\$ 143,286,707</u>

Fiduciary Net Position as a percentage of the Total OPEB Liability 9.16%

Changes in Net OPEB Liability

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Beginning balances.	\$ 168,375,270	\$ 12,975,272	\$ 155,399,998
Changes for the year:			
Service cost	5,177,161	-	5,177,161
Interest cost	7,362,701	-	7,362,701
Benefit payments	(8,790,585)	(8,790,585)	-
Changes in assumptions	(14,391,163)	-	(14,391,163)
Difference between expected and actual experience	-	-	-
Contributions - employers	-	8,952,073	(8,952,073)
Contributions - employees	-	83,084	(83,084)
Investment income	-	1,226,833	(1,226,833)
Net changes	<u>(10,641,886)</u>	<u>1,471,405</u>	<u>(12,113,291)</u>
Ending balances	<u>\$ 157,733,384</u>	<u>\$ 14,446,677</u>	<u>\$ 143,286,707</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS (continued)

A. Health Insurance Trust Fund continued)

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

The sensitivity of the net OPEB liability to a discount rate 1% (5.49%) higher and 1% lower (3.49%) than the discount rate of 4.49% follows:

Discount Rate	Net OPEB Liability	% Difference
5.49%	\$ 119,732,906	84%
4.49%	143,286,707	N/A
3.49%	173,460,891	121%

Sensitivity to the net OPEB liability to changes in the healthcare cost trend rate

The sensitivity of the net OPEB liability using healthcare cost trend rates 1% higher and 1% lower than the current trend rates is as follows:

Trend	Net OPEB Liability	% Difference
1% decrease	\$ 117,934,477	82%
Current trend	143,286,707	N/A
1% increase	176,155,681	123%

Changes in Assumptions

The following assumption changes were since the prior evaluation:

- The discount rate for the implicit subsidy was increased from 3.98% to 4.49% from the prior measurement date.

Plan Fiduciary Net Position

The Plan does not issue a stand-alone publicly available financial report. In accordance with the requirements of Governmental Accounting Standards Board Statement No. 75, *Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans*, the City includes the Plan and in accordance with the requirements of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, the City includes the required disclosures and required supplementary information in its annual financial statements and presents the results of the Lakeland Retiree Healthcare Trust as a fiduciary fund.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended September 30, 2025, the City recognized OPEB expenses of \$2,562,159. At September 30, 2025, the City reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings	\$ -	\$ 1,065,228
Difference between actual and expected experience	6,924,106	31,793,339
Changes in assumptions	23,664,497	54,470,686
Total	<u>\$ 30,588,603</u>	<u>\$ 87,329,253</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS (continued)

A. Health Insurance Trust Fund continued)

Other amounts reported as deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Fiscal year ended September 30th:

2026	\$	(14,480,738)
2027		(12,070,734)
2028		(11,937,703)
2029		(10,395,963)
2030		(5,925,191)
Thereafter		(4,930,321)
	\$	<u><u>(59,740,650)</u></u>

Financial Statements

STATEMENT OF PLAN NET POSITION
RETIREE HEALTH CARE TRUST FUND
September 30, 2025

ASSETS	
Consolidated Fund	\$ 14,510,408
Contributions	60,158
Total assets	<u>14,570,566</u>
LIABILITIES	
Due to primary government	123,889
Total liabilities	<u>123,889</u>
NET POSITION	
Restricted for	
other post employment benefits	14,446,677
	<u>\$ 14,446,677</u>

STATEMENT OF CHANGES IN PLAN NET POSITION
RETIREE HEALTH CARE TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

ADDITIONS	
Contributions:	
Employer	\$ 8,952,073
Plan members	83,084
Total contributions	<u>9,035,157</u>
Net investment income:	
Net increase in the fair value of investments	656,419
Interest and dividends	570,414
Net investment income	<u>1,226,833</u>
Total additions, net	<u>10,261,990</u>
DEDUCTIONS	
Benefits paid	8,790,585
Total deductions	<u>8,790,585</u>
Change in net position	1,471,405
NET POSITION, beginning of year	12,975,272
NET POSITION, end of year	<u>\$ 14,446,677</u>

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS (continued)

B. Survivor Benefit Trust Fund

The City Commission through Ordinance No. 3434 established the Employees' Survivor's Benefit Fund to provide a life insurance benefit of 12 times the monthly retiree benefits up to \$150,000 to eligible beneficiaries of certain retirees meeting eligibility requirements, upon the death of any employee who is regularly retired and currently receiving a pension benefit under the City of Lakeland Employees' Pension Fund. The City pays an annual insurance premium to the underwriter who assumes the liability for benefit payments to beneficiaries. The City paid \$879,040 in insurance premiums for fiscal year 2025.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

A. Litigation

Various suits and claims arising in the ordinary course of operations are pending against the City. The ultimate effect of such would not result in losses which would materially affect the financial position of the City or materially compromise its operations. The City relies upon the sovereign immunity protection afforded to local governments under Section 768.28, Florida Statutes, which limits the collection of any judgment to \$200,000 per person and to \$300,000 arising out of the same incident or occurrence. Some cases which arise out of police activity represent a possibility of exposure that would exceed sovereign immunity limits, although the City carries excess coverage for that risk.

B. Contractual Commitments

At September 30, 2025, the City's Fleet Management Operations had \$6,845,487.60 in outstanding contracts to purchase motor vehicles.

Lakeland Electric has contracts for the supply and transportation of natural gas requiring the purchase and transportation of a minimum and a maximum number of cubic feet of natural gas per year.

Lakeland Electric has contracts for the purchase/sale and delivery of electric energy setting a maximum number of megawatts available for purchase.

Lakeland Electric has a long-term service agreement with Siemens/Westinghouse to provide labor, parts, and materials to cover all planned annual outages for McIntosh Unit 5, a 398 MW combined cycle gas turbine unit. In April 2020, the Lakeland City Commission approved changes to the contract, which included a revised payment schedule. During fiscal year 2025, milestone payments of \$7,495,006 were made under the contract. The agreement, which is scheduled to run through 2031, includes annual milestone payments, and an economic index escalation factor. Future base payments per the schedule, including escalation, are as follows:

Year	Operating	Capital	Total
2026	\$ 434,478	\$ 2,181,285	\$ 2,615,763
2027	440,126	2,209,642	2,649,768
2028	445,847	2,238,367	2,684,214
2029	451,643	2,267,466	2,719,109
2030-2031	920,977	20,779,763	21,700,740
	<u>\$ 2,693,071</u>	<u>\$ 29,676,523</u>	<u>\$ 32,369,594</u>

Lakeland Electric entered into a total of five Solar Energy Participation Agreements (SEPA's) with Sun Edison, LLC from 2009 through 2016. As of September 30, 2025, Sun Edison's former ownership interests were assigned as follows:

Location	SEPA Owner	COD	Years	MWs/AC	Rate
Airport I	EDP Renewables	12/22/2011	25	2.25	\$ 190.00
Airport II	Renewable Holdco I, LLC	9/16/2012	25	2.75	176.50
Airport III	Clearway Energy Group, LLC	12/21/2016	25	3.15	112.52
RP Funding Center	EDP Renewables	4/4/2010	20	0.25	280.99
West Bella Vista	Brookfield Renewable	7/6/2015	25	6.00	112.52

Lakeland Electric has no equity interest in and assumes no financial responsibility for the solar generation systems, four of which are located on properties owned by the City of Lakeland. The West Bella Vista property is owned by the vendor. Solar energy system installations are as follows: the roof of the RP Funding Center, the runway protection zones of the Lakeland Linder International Airport, and 70 acres adjacent to the Sutton Electric Substation. Four of the SEPA's are in effect for twenty-five years and one is at twenty years at a fixed price per MWh with no price escalation clauses. Lakeland Electric's purchases under the SEPA's for the current year were as follows:

	2025
Sales Revenue	\$ 2,548,254
MegaWatts Sold	19,134
Average per MW	\$ 133.18

CITY OF LAKELAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 16 - COMMITMENTS AND CONTINGENCIES (continued)

B. Contractual Commitments (continued)

Lakeland Electric participates in federal and state programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. In the opinion of management, no significant contingent liabilities exist related to compliance with the rules and regulations governing the respective grants. No provision has therefore been recorded in the accompanying financial statements for such contingencies.

The City has active construction projects as of September 30, 2025. The projects include infrastructure projects, construction of existing streets, wastewater treatment facilities, and electric plant. The commitments of major construction projects and capital outlay issued by the City which have not been completed as of September 30, 2025, are as follows:

Transportation/street projects	\$ 158,563	*
Public Improvement projects	3,794,598	*
Public Safety projects	625,157	*
Airport projects	2,276,923	*
Stormwater projects	7,600,756	*
Wastewater treatment facilities projects	42,090,139	*
Water Distribution projects	6,278,081	*
McIntosh unit 5 renewal and replacement projects	319,316	*
McIntosh gas turbine 2 projects	185,635	*
Larsen unit 8 renewal and replacement projects	69,375	*
McIntosh new generation	331,320	*
Other power production plant improvements	607,582	*
Energy delivery capital projects	563,617	*
Building improvement projects	448,674	*
Equipment	36,876	*
	<u>\$ 65,386,612</u>	

*The amounts reported are included in the outstanding encumbrances.

C. Encumbrances

The City had the following encumbrances outstanding as of September 30, 2025, that were not reported as designations.

The following is a summary of the City's encumbrances for Business-Type Activities:

Lakeland Linder International Airport Fund	\$ 674,755
Electric Utility Fund	128,726,476
Water and Wastewater Utilities	59,132,589
Internal Service Funds	8,607,429
Nonmajor Enterprise Funds	674,755
Total	<u>\$ 197,816,004</u>

The following is a summary of the City's encumbrances for Governmental Activities:

Stormwater Fund	\$ 12,707,795
Public Improvement Fund	4,058,672
General Fund	3,097,129
All Other Governmental Funds	1,216,719
Total	<u>\$ 21,080,315</u>

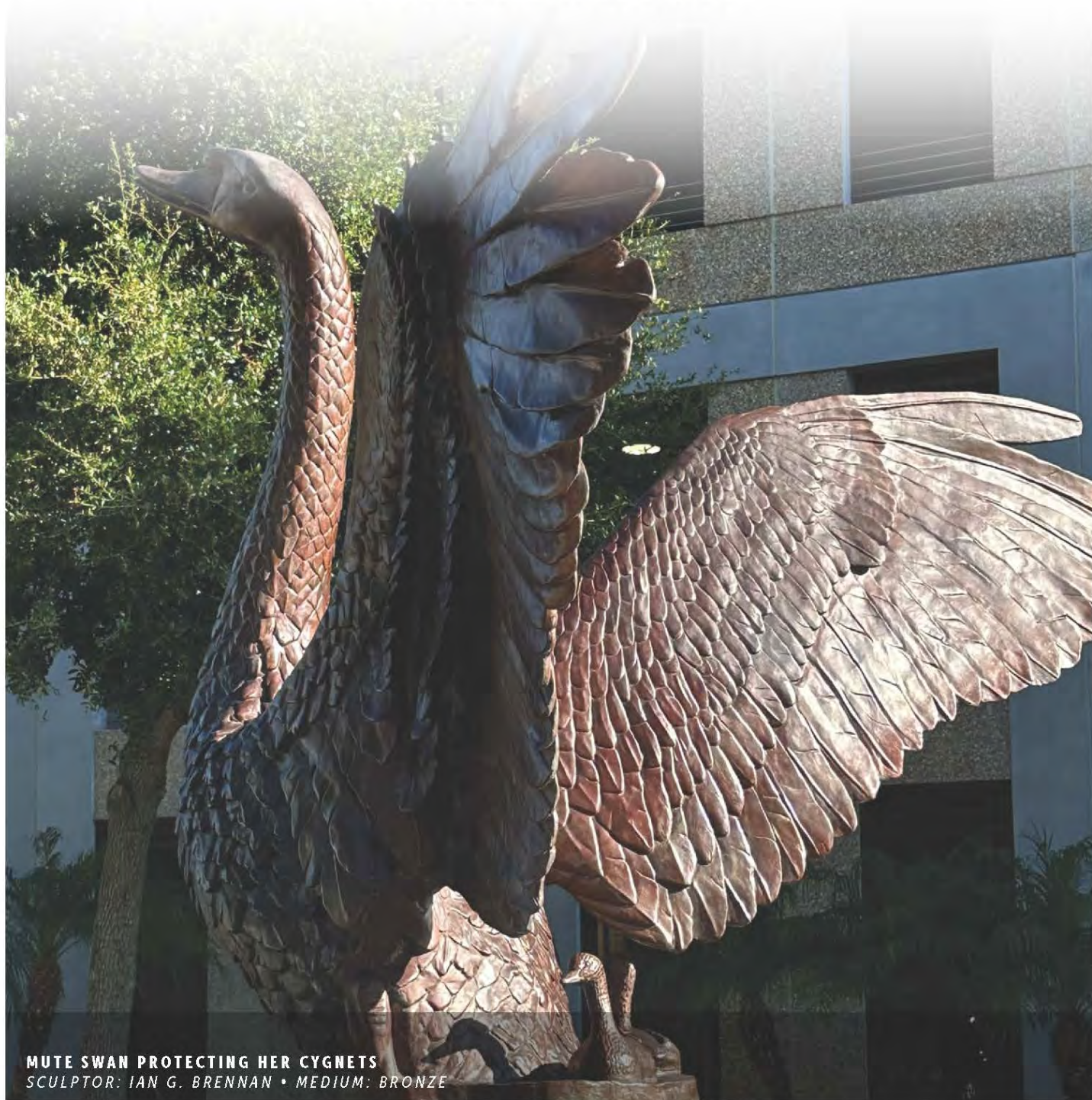
In addition to the commitments for capital projects, Lakeland Electric had other outstanding purchase orders in the amount of \$25,507,117 as of September 30, 2025, of which \$111,994,491 represents contracts for the procurement and transportation of fuel and purchased power. It is management's opinion that Lakeland Electric is in compliance with the requirements of all the aforementioned contractual commitments.

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REQUIRED SUPPLEMENTARY INFORMATION



MUTE SWAN PROTECTING HER CYGNETS
SCULPTOR: IAN G. BRENNAN • MEDIUM: BRONZE



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CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Amended Budget	2025 Actual	Variance
REVENUES				
General government taxes:				
Ad-valorem taxes	\$ 58,180,965	\$ 58,180,965	\$ 58,906,331	\$ 725,366
Utility services taxes	12,453,392	12,453,392	13,281,074	827,682
Local communication services tax	5,378,724	5,378,724	5,447,514	68,790
Occupational license tax	1,872,590	1,872,590	1,919,219	46,629
Permits, fees, and special assessments:				
Other permits	120,000	120,000	104,500	(15,500)
Franchise fees - gas	394,000	394,000	420,379	26,379
Charges for public service	17,846	17,846	13,615	(4,231)
Inspection fees	343,500	343,500	378,325	34,825
Other permits, fee, and special assessments	5,640	5,640	17,646	12,006
Intergovernmental revenues:				
Federal grants	11,500	2,203,531	4,124,166	1,920,635
Federal financial assistance	-	-	21,568	21,568
State grants	162,000	658,484	182,051	(476,433)
Grants from other local units	1,100,000	1,250,000	1,196,613	(53,387)
State revenue sharing:				
Municipal revenue sharing	4,852,681	4,852,681	4,830,508	(22,173)
Mobile home license tax	304,510	304,510	267,011	(37,499)
Alcoholic beverage license	124,390	124,390	122,007	(2,383)
Sales tax	9,331,018	9,331,018	9,277,541	(53,477)
Firefighter supplemental	76,500	76,500	77,055	555
Local revenue sharing:				
County occupational tax	100,000	100,000	117,738	17,738
Charges for services:				
General government:				
Other general government	123,570	124,204	101,761	(22,443)
Public safety:				
Law enforcement services	1,557,106	3,777,364	3,955,527	178,163
Fire protection	310,000	310,000	215,137	(94,863)
Protective inspection fee	241,482	241,482	(28,816)	(270,298)
Physical environment:				
Cemetery	965,943	965,943	897,038	(68,905)
Economic environment:				
Other economic environment charges	64,800	64,800	27,164	(37,636)
Culture and recreation:				
Libraries	-	-	50	50
Parks and recreation	4,079,449	4,448,680	4,408,217	(40,463)
Special recreation facilities	4,927,019	4,927,019	4,967,168	40,149
Transportation:				
Other transportation charges	571,487	571,487	595,312	23,825
Judgements, fines, and forfeits:				
Library fines	1,500	1,500	2,001	501
Local ordinance violations	2,657,560	2,670,403	1,422,024	(1,248,379)
Sale of contraband property	-	335,617	335,617	-
Miscellaneous revenue:				
Interest revenue	2,182,700	3,047,261	4,906,576	1,859,315
Interest revenue - leases	-	181,561	190,321	8,760
Net increase (decrease) in the fair value of investments	-	-	(999,719)	(999,719)
Rents and royalties	1,080,455	383,294	462,385	79,091
Lease revenue	-	515,600	524,416	8,816
Settlements	50,000	100,000	597,060	497,060
Sale of fixed assets	7,500	7,900	90,873	82,973
Sale of surplus material and scrap	2,000	2,000	23,407	21,407
Contributions and donations from private sources	20,000	196,565	222,592	26,027
Other miscellaneous revenues	688,658	1,073,052	2,128,828	1,055,776
Total revenues	114,360,485	121,613,503	125,749,800	4,136,297

CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Amended Budget	2025 Actual	Variance
EXPENDITURES				
General government:				
Legislative	\$ 199,852	\$ 200,638	\$ 153,230	\$ 47,408
Executive	1,020,488	998,618	842,410	156,208
Financial and administrative	7,861,258	6,320,675	5,487,290	833,385
Legal counsel	648,121	647,921	181,644	466,277
Comprehensive planning	3,472,883	3,623,634	3,287,885	335,749
Other general governmental services	14,793,722	12,111,460	11,127,546	983,914
Public safety:				
Law enforcement	58,781,683	59,815,917	58,891,164	924,753
Fire control	29,595,141	29,002,472	28,198,898	803,574
Protective inspections	1,620,509	1,652,449	1,370,150	282,299
Emergency and disaster relief services	-	9,528,002	9,528,001	1
Physical environment:				
Conservation and resource management	21,620	34,250	5,816	28,434
Cemetery	1,488,014	1,497,583	1,443,652	53,931
Transportation:				
Road and street facilities	9,699,784	9,385,354	7,033,198	2,352,156
Economic environment:				
Industry development	6,731,013	8,387,093	6,179,598	2,207,495
Housing and urban development	-	1,785,340	7,699	1,777,641
Culture/Recreation:				
Parks and recreation	26,705,725	26,987,515	23,788,027	3,199,488
Cultural services	669,427	669,965	662,176	7,789
Libraries	4,490,245	5,380,276	4,400,718	979,558
Special events	485,450	640,843	449,570	191,273
Special recreation facilities	6,723,743	6,723,743	6,032,848	690,895
Human services:				
Public assistance services	380,932	380,932	356,335	24,597
Other human service	49,865	42,365	40,410	1,955
Capital outlay	341,778	6,615,726	2,525,908	4,089,818
Debt Service				
Interest and other	489,477	304,083	63,867	240,216
Interest - leases	-	15,146	15,146	-
Principal payments	85,664	1,511,421	1,511,421	-
Principal payments - leases	-	409,236	409,236	-
Total expenditures	<u>176,356,394</u>	<u>194,672,657</u>	<u>173,993,843</u>	<u>20,678,814</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(61,995,909)</u>	<u>(73,059,154)</u>	<u>(48,244,043)</u>	<u>24,815,111</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	426,038	427,999	1,961
Payment in lieu of taxes from enterprise operations	46,095,915	46,162,699	46,545,440	382,741
Interfund transfers in	6,353,399	6,868,229	6,131,613	(736,616)
Interfund transfers out	(5,504,976)	(5,588,068)	(5,520,856)	67,212
Total other financing sources (uses)	<u>46,944,338</u>	<u>47,868,898</u>	<u>47,584,196</u>	<u>(284,702)</u>
Net change in fund balances	<u>(15,051,571)</u>	<u>(25,190,256)</u>	<u>(659,847)</u>	<u>24,530,409</u>
FUND BALANCE, beginning of year	74,175,717	74,175,717	74,175,717	-
FUND BALANCE, end of year	<u>\$ 59,124,146</u>	<u>\$ 48,985,461</u>	<u>\$ 73,515,870</u>	<u>\$ 24,530,409</u>

CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2025

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

EMPLOYEE PENSION

Measurement date:	09/30/2024	09/30/2023	09/30/2022	09/30/2021	9/30/2020
Total pension liability:					
Service cost	\$ 11,871,300	\$ 11,020,014	\$ 10,284,774	\$ 11,509,354	\$ 11,756,329
Interest and dividends	52,012,624	51,311,940	52,150,852	52,595,158	51,567,067
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	6,590,346	(97,033)	(4,190,581)	(467,936)	1,237,889
Changes in assumptions	-	-	36,233,330	(13,992,987)	-
Benefit payments, including refunds of member contributions	(53,256,908)	(52,154,500)	(56,563,126)	(52,531,624)	(47,735,865)
Net change in total pension liability	17,217,362	10,080,421	37,915,249	(2,888,035)	16,825,420
Total pension liability, beginning	785,314,550	775,234,129	737,318,880	740,206,915	723,381,495
Total pension liability, ending	802,531,912	785,314,550	775,234,129	737,318,880	740,206,915
Plan fiduciary net position:					
Contributions, employer	6,768,289	6,463,659	6,393,795	9,145,617	67,857,723
Contributions, members	4,381,067	4,227,756	4,894,277	6,575,253	7,049,066
Net investment income (loss)	120,891,656	65,850,493	(99,415,519)	169,700,507	51,347,570
Benefit payments, including refunds of member contributions	(53,256,908)	(52,154,500)	(56,563,126)	(52,531,624)	(47,735,865)
Administrative expenses	(304,091)	(256,365)	(259,797)	(275,837)	(792,308)
Other (adjustment to DROP balance, misc. income)	174	1,066	5,453	1,027	13,035
Net change in plan fiduciary net position	78,480,187	24,132,109	(144,944,917)	132,614,943	77,739,221
Plan fiduciary net position, beginning	690,183,168	666,051,059	810,995,976	678,381,033	600,641,812
Plan fiduciary net position, ending	768,663,355	690,183,168	666,051,059	810,995,976	678,381,033
City's net pension liability (asset), ending	\$ 33,868,557	\$ 95,131,382	\$ 109,183,070	\$ (73,677,096)	\$ 61,825,882
Plan fiduciary net position as a % of total pension liability (asset)	95.78%	87.89%	85.92%	109.99%	91.65%
Actual covered payroll as of year-end	\$ 95,090,370	\$ 87,307,445	\$ 81,948,283	\$ 84,323,438	\$ 88,716,247
City's net pension liability (asset) as a % of covered payroll	35.62%	108.96%	133.23%	(87.37)%	69.69%

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CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2025

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)

EMPLOYEE PENSION

Measurement date:	09/30/2019	09/30/2018	09/30/2017	09/30/2016	09/30/2015
Total pension liability:					
Service cost	\$ 11,588,821	\$ 11,698,378	\$ 12,438,914	\$ 12,454,643	\$ 12,479,291
Interest and dividends	50,814,102	49,542,535	47,570,311	46,369,839	45,023,294
Changes in benefit terms	-	-	-	(1,360,522)	-
Differences between expected and actual experience	(4,906,876)	472,973	2,417,270	(189,908)	(2,104,773)
Changes in assumptions	-	-	7,390,055	-	-
Benefit payments, including refunds of member contributions	(46,819,788)	(41,311,167)	(42,434,673)	(38,965,501)	(34,634,781)
Net change in total pension liability	10,676,259	20,402,719	27,381,877	18,308,551	20,763,031
Total pension liability, beginning	712,705,236	692,302,517	664,920,640	646,612,089	625,849,058
Total pension liability, ending	723,381,495	712,705,236	692,302,517	664,920,640	646,612,089
Plan fiduciary net position:					
Contributions, employer	15,783,779	15,473,351	14,739,830	29,175,783	15,697,557
Contributions, members	7,755,783	7,593,222	7,600,019	7,468,541	7,394,407
Net investment income	14,670,276	50,694,933	67,569,392	33,659,515	6,072,542
Benefit payments, including refunds of member contributions	(46,819,788)	(41,311,167)	(42,434,673)	(38,965,501)	(34,634,781)
Administrative expenses	(252,466)	(222,991)	(241,172)	(246,010)	(217,810)
Other (adjustment to DROP balance, misc. income)	67,916	113,957	-	-	-
Net change in plan fiduciary net position	(8,794,500)	32,341,305	47,233,396	31,092,328	(5,688,085)
Plan fiduciary net position, beginning	609,436,312	577,095,007	529,861,611	498,769,283	504,457,368
Plan fiduciary net position, ending	600,641,812	609,436,312	577,095,007	529,861,611	498,769,283
City's net pension liability (asset), ending	\$ 122,739,683	\$ 103,268,924	\$ 115,207,510	\$ 135,059,029	\$ 147,842,806
Plan fiduciary net position as a % of total pension liability (asset)	83.03%	85.51%	83.36%	79.69%	77.14%
Actual covered payroll as of year-end	\$ 87,469,893	\$ 84,816,890	\$ 84,102,850	\$ 80,397,748	\$ 79,725,716
City's net pension liability (asset) as a % of covered payroll	140.32%	121.76%	136.98%	167.99%	185.44%

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CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2025

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)

	POLICE PENSION				
Measurement date:	09/30/2024	09/30/2023	09/30/2022	09/30/2021	09/30/2020
Total pension liability:					
Service cost	\$ 4,181,205	\$ 4,169,110	\$ 3,887,719	\$ 3,143,936	\$ 3,144,551
Interest and dividends	13,100,396	12,660,379	12,090,310	12,180,790	12,080,337
Contributions - buy back	223,983	35,374	66,040	192,729	490,380
Gain sharing reserve	-	-	-	-	-
Share plan allocation	416,045	325,906	236,844	172,883	185,109
Change in benefit terms	-	-	-	-	-
Differences between expected and actual experience	2,187,851	1,280,144	3,165,982	(426,607)	(251,665)
Changes in assumptions	717,312	-	10,521,697	2,461,481	(1,606,578)
Benefit payments, including refunds of member contributions	(11,160,687)	(12,767,781)	(11,125,288)	(12,859,673)	(12,544,600)
Net change in total pension liability	9,666,105	5,703,132	18,843,304	4,865,539	1,497,534
Total pension liability, beginning	194,753,880	189,050,748	170,207,444	165,341,905	163,844,371
Total pension liability, ending	204,419,985	194,753,880	189,050,748	170,207,444	165,341,905
Total pension liability:					
Contributions, employer	2,002,909	1,651,758	2,240,500	1,926,208	20,759,745
Contributions, members	2,436,055	2,200,318	2,332,699	2,421,184	2,364,906
Contributions - buy back	223,983	35,374	66,040	192,729	490,380
Contribution - state	1,533,546	1,353,269	1,175,145	1,047,223	1,071,675
Projected earnings on investments	10,981,426	10,141,351	12,196,705	11,463,557	9,938,013
Difference between projected & actual earnings	23,304,016	8,523,314	(36,233,064)	24,162,525	7,244,501
Benefit payments, including refunds of member contributions	(11,160,687)	(12,767,781)	(11,125,288)	(12,859,673)	(12,544,600)
Administrative expenses	(194,459)	(215,253)	(200,392)	(174,055)	(192,889)
Other adjustments	-	-	-	12,686	2,154
Plan fiduciary net position, beginning	29,126,789	10,922,350	(29,547,655)	28,192,384	29,133,885
Plan fiduciary net position, ending	165,267,126	154,344,776	183,892,431	155,700,047	126,566,162
City's net pension liability (asset), ending	194,393,915	165,267,126	154,344,776	183,892,431	155,700,047
	\$ 10,026,070	\$ 29,486,754	\$ 34,705,972	\$ (13,684,987)	\$ 9,641,858
Plan fiduciary net position as a % of total pension liability (asset)	95.10%	84.86%	81.64%	108.04%	94.17%
Actual covered payroll as of year-end	\$ 17,811,115	\$ 18,516,343	\$ 17,471,418	\$ 16,308,460	\$ 15,230,301
City's net pension liability (asset) as a % of covered payroll	56.29%	159.25%	198.64%	(83.91)%	63.31%

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CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2025

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)

	POLICE PENSION				
Measurement date:	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Total pension liability:					
Service cost	\$ 2,981,852	\$ 2,805,388	\$ 2,795,894	\$ 2,476,007	\$ 2,550,144
Interest and dividends	11,838,085	11,392,047	11,149,058	10,566,141	10,243,851
Contributions - buy back	61,436	93,102	162,221	183,211	140,261
Gain sharing reserve	-	(425,192)	425,192	-	-
Share plan allocation	153,150	114,527	77,471	-	-
Change in benefit terms	-	-	40	-	-
Differences between expected and actual experience	(333,367)	1,397,788	(808,693)	(2,463,567)	(754,860)
Changes in assumptions	-	-	3,019,734	4,080,663	-
Benefit payments, including refunds of member contributions	(10,723,070)	(9,173,523)	(7,542,647)	(7,725,690)	(8,580,144)
Net change in total pension liability	3,978,086	6,204,137	9,278,270	7,116,765	3,599,252
Total pension liability, beginning	159,866,285	153,662,148	144,383,878	137,267,113	133,667,861
Total pension liability, ending	163,844,371	159,866,285	153,662,148	144,383,878	137,267,113
Total pension liability:					
Contributions, employer	3,206,499	3,339,013	2,691,292	2,686,671	2,463,702
Contributions, members	2,595,033	2,419,597	2,024,438	2,029,605	1,931,359
Contributions - buy back	61,436	93,102	162,221	183,211	140,261
Contribution - state	1,007,757	930,510	856,398	796,486	744,499
Projected earnings on investments	9,401,271	8,479,280	8,465,385	8,100,346	8,387,978
Difference between projected & actual earnings	(4,691,229)	661,130	4,247,590	671,935	(10,027,714)
Benefit payments, including refunds of member contributions	(10,723,070)	(9,173,523)	(7,542,647)	(7,725,690)	(8,580,144)
Administrative expenses	(190,932)	(195,309)	(198,498)	(162,180)	(167,667)
Other adjustments	1,339	7,924	3,202	2,451	598
Plan fiduciary net position, beginning	668,104	6,561,724	10,709,381	6,582,835	(5,107,126)
Plan fiduciary net position, ending	125,898,058	119,336,334	108,626,953	102,044,118	107,151,246
City's net pension liability (asset), ending	\$ 37,278,209	\$ 33,968,227	\$ 34,325,814	\$ 35,756,925	\$ 35,222,995
Plan fiduciary net position as a % of total pension liability (asset)	77.25%	78.75%	77.66%	75.23%	74.34%
Actual covered payroll as of year-end	\$ 15,323,527	\$ 14,765,970	\$ 14,698,821	\$ 14,554,279	\$ 14,868,655
City's net pension liability (asset) as a % of covered payroll	243.27%	230.04%	233.53%	245.68%	236.89%

GASB 68 was implemented in fiscal year 2015. Schedule shows information for 10 years.

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CITY OF LAKELAND, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2025**

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)

	FIRE PENSION				
Measurement date:	09/30/2024	09/30/2023	09/30/2022	09/30/2021	09/30/2020
Total pension liability:					
Service cost	\$ 3,650,901	\$ 3,336,799	\$ 3,177,900	\$ 2,897,022	\$ 2,698,861
Interest and dividends	9,753,914	9,340,518	9,018,999	8,745,108	8,467,625
Share plan allocation	320,561	243,922	115,439	82,952	43,881
Contributions - buy back	-	131,452	-	11,779	-
Differences between expected and actual experience	814,489	(755,352)	(1,286,705)	373,602	587,818
Changes in assumptions	(1,255,422)	-	-	4,693,999	885,002
Benefit payments, including refunds of member contributions	(7,503,132)	(5,908,454)	(7,274,329)	(7,172,804)	(6,431,100)
Net change in total pension liability	5,781,311	6,388,885	3,751,304	9,631,658	6,252,087
Total pension liability, beginning	139,329,703	132,940,818	129,189,514	119,557,856	113,305,769
Total pension liability, ending	145,111,014	139,329,703	132,940,818	129,189,514	119,557,856
Plan fiduciary net position:					
Contributions, employer	2,176,205	1,956,280	1,774,003	1,912,761	6,201,637
Contributions, members	1,554,783	1,463,908	1,207,662	1,213,041	1,163,231
Contributions - buy back	-	-	-	11,779	-
Contribution - state	1,374,679	1,221,400	964,435	899,460	821,319
Net investment income	24,594,553	13,092,443	(20,821,834)	25,814,202	10,641,525
Benefit payments, including refunds of member contributions	(7,503,132)	(5,908,454)	(7,274,329)	(7,172,804)	(6,431,100)
Administrative expenses	(183,777)	(149,297)	(161,315)	(155,566)	(177,508)
Other (Adjustment to DROP Balance, misc. income)	-	-	189,618	-	-
Net change in plan fiduciary net position	22,013,311	11,676,280	(24,121,760)	22,522,873	12,219,104
Plan fiduciary net position, beginning	121,760,431	110,084,151	134,205,911	111,683,038	99,463,934
Plan fiduciary net position, ending	143,773,742	121,760,431	110,084,151	134,205,911	111,683,038
City's net pension liability (asset), ending	\$ 1,337,272	\$ 17,569,272	\$ 22,856,667	\$ (5,016,397)	\$ 7,874,818
Plan fiduciary net position as a % of total pension liability (asset)	99.08%	87.39%	82.81%	103.88%	93.41%
Actual covered payroll as of year-end	\$ 15,817,210	\$ 15,220,215	\$ 13,385,155	\$ 13,087,543	\$ 12,750,808
City's net pension liability (asset) as a % of covered payroll	8.45%	115.43%	170.76%	(38.33)%	61.76%

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CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2025

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)

	FIRE PENSION				
Measurement date:	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Total pension liability:					
Service cost	\$ 2,514,114	\$ 2,479,249	\$ 2,181,230	\$ 2,228,737	\$ 2,049,136
Interest and dividends	7,957,155	7,520,669	7,283,494	6,882,719	6,634,089
Share plan allocation	23,245	-	-	-	-
Contributions - buy back	63,495	-	170,424	119,786	16,519
Differences between expected and actual experience	2,181,248	1,979,479	(414,996)	229,162	(643,439)
Changes in assumptions	-	-	-	1,835,684	-
Benefit payments, including refunds of member contributions	(5,804,264)	(6,643,739)	(5,846,514)	(5,682,715)	(4,158,978)
Net change in total pension liability	6,934,993	5,335,658	3,373,638	5,613,373	3,897,327
Total pension liability, beginning	106,370,776	101,035,118	97,661,480	92,048,107	88,150,780
Total pension liability, ending	113,305,769	106,370,776	101,035,118	97,661,480	92,048,107
Plan fiduciary net position:					
Contributions, employer	1,833,070	1,575,442	1,410,862	1,558,306	1,533,254
Contributions, members	1,083,921	948,721	697,667	748,173	925,075
Contributions - buy back	63,495	-	170,424	119,786	16,519
Contribution - state	780,047	731,610	726,180	776,564	754,489
Net investment income	3,778,950	7,255,560	9,599,190	6,402,044	(1,125,224)
Benefit payments, including refunds of member contributions	(5,804,264)	(6,643,739)	(5,846,514)	(5,682,715)	(4,158,978)
Administrative expenses	(117,069)	(125,572)	(110,237)	(119,359)	(95,290)
Other (Adjustment to DROP Balance, misc. income)	-	-	100	3,266	100
Net change in plan fiduciary net position	1,618,150	3,742,022	6,647,672	3,806,065	(2,150,055)
Plan fiduciary net position, beginning	97,845,784	94,103,762	87,456,090	83,650,025	85,800,080
Plan fiduciary net position, ending	99,463,934	97,845,784	94,103,762	87,456,090	83,650,025
City's net pension liability (asset), ending	\$ 13,841,835	\$ 8,524,992	\$ 6,931,356	\$ 10,205,390	\$ 8,398,082
Plan fiduciary net position as a % of total pension liability (asset)	87.78%	91.99%	93.14%	89.55%	90.88%
Actual covered payroll as of year-end	\$ 12,406,692	\$ 11,735,762	\$ 11,091,670	\$ 10,415,009	\$ 10,942,161
City's net pension liability (asset) as a % of covered payroll	111.57%	72.64%	62.49%	97.99%	76.75%

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CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2025

OPEB

Measurement date:	09/30/2025	09/30/2024	09/30/2023	09/30/2022	09/30/2021	09/30/2020	09/30/2019	09/30/2018	9/30/2017
Total OPEB liability:									
Service cost	\$ 5,177,161	\$ 5,875,936	\$ 4,797,208	\$ 8,019,991	\$ 9,675,719	\$ 8,424,404	\$ 6,608,098	\$ 7,461,585	\$ 7,162,205
Interest and dividends	7,362,701	6,959,808	7,173,865	5,743,174	6,040,753	5,908,323	8,567,130	8,045,959	8,573,827
Assumption changes or other inputs	(14,391,163)	(14,655,902)	(2,889,284)	(54,957,132)	57,491,826	17,841,558	28,389,473	(17,759,019)	(13,961,000)
Differences between expected and actual experience	-	-	10,835,343	-	(77,240,439)	-	(27,686,720)	-	-
Benefit payments	(8,790,585)	(9,348,238)	(6,191,071)	(6,010,359)	(5,628,006)	(5,497,628)	(6,256,300)	(8,099,526)	(8,100,958)
Net change in total OPEB liability	(10,641,886)	(11,168,396)	13,726,061	(47,204,326)	(9,660,147)	26,676,657	9,621,681	(10,351,001)	(6,325,926)
Total OPEB liability, beginning	168,375,270	179,543,666	165,817,605	213,021,931	222,682,078	196,005,421	186,383,740	196,734,741	203,060,667
Total OPEB liability, ending	157,733,384	168,375,270	179,543,666	165,817,605	213,021,931	222,682,078	196,005,421	186,383,740	196,734,741
Plan fiduciary net position:									
Contributions, employer	8,952,073	9,249,429	5,965,715	5,704,783	5,320,784	5,402,393	6,197,320	8,250,441	8,100,958
Contributions, employee	83,084	88,637	105,972	117,214	135,134	157,469	178,448	-	-
Net investment income	1,226,833	2,499,095	1,294,344	(2,220,180)	2,067,980	687,703	653,377	625,619	989,661
Benefit payments	(8,790,585)	(9,348,238)	(6,191,071)	(6,010,359)	(5,628,006)	(5,497,628)	(6,256,300)	(8,099,526)	(8,100,958)
Net change in plan fiduciary net position	1,471,405	2,488,923	1,174,960	(2,408,542)	1,895,892	749,937	772,845	776,534	989,661
Plan fiduciary net position, beginning	12,975,272	10,486,349	9,311,389	11,719,931	9,824,039	9,074,102	8,301,257	7,524,723	6,535,062
Plan fiduciary net position, ending	14,446,677	12,975,272	10,486,349	9,311,389	11,719,931	9,824,039	9,074,102	8,301,257	7,524,723
City's net OPEB liability, ending	\$ 143,286,707	\$ 155,399,998	\$ 169,057,317	\$ 156,506,216	\$ 201,302,000	\$ 212,858,039	\$ 186,931,319	\$ 178,082,483	\$ 189,210,018
Plan fiduciary net position as a % of total OPEB liability	9.16%	7.71%	5.84%	5.62%	5.50%	4.41%	4.63%	4.45%	3.82%
Actual covered payroll as of September 30th	\$ 153,490,320	\$ 153,490,320	\$ 203,857,939	\$ 131,197,000	\$ 127,375,719	\$ 133,983,300	\$ 129,452,490	\$ 128,224,000	\$ 123,888,256
City's net OPEB as a % of covered payroll	93.35%	101.24%	82.93%	119.29%	158.04%	158.87%	144.40%	138.88%	152.73%

GASB 75 was implemented in fiscal year 2017. Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

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CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2025

SCHEDULE OF OPEB INVESTMENT RETURNS

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Annual Money-weighted Rate of Return,									
Net of Investment Expense	9.37%	3.88%	13.60%	10.80%	9.70%	12.70%	7.90%	8.30%	15.10%

SCHEDULE OF OPEB CONTRIBUTIONS

Year Ended September 30th	Statutorily Determined Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2025	\$ 2,302,355	\$ 8,952,073	\$ (6,649,718)	\$ 153,490,320	5.83%
2024	2,302,355	9,249,429	(6,947,074)	153,490,320	6.03%
2023	3,057,869	5,965,715	(2,907,846)	203,857,939	2.93%
2022	1,967,955	5,704,783	(3,736,828)	131,197,000	4.35%
2021	1,910,636	5,320,785	(3,410,149)	127,375,719	4.18%
2020	2,009,745	5,402,393	(3,392,648)	133,983,000	4.03%
2019	1,941,787	6,197,320	(4,255,533)	129,452,490	4.79%
2018	1,923,360	8,250,441	(6,327,081)	128,224,000	6.43%
2017	1,853,329	8,100,958	(6,247,629)	123,888,256	6.54%

GASB 75 was implemented in fiscal year 2017. Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

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CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2025

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES

Employees' Pension & Retirement System						
Year Ended Sep 30th	Actuarily Determined Contribution *	Annual Actual Contribution **	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll	
2025	\$ 10,068,734	\$ 8,798,429	\$ 1,270,305	\$ 102,116,981	8.62%	
2024	8,301,389	6,768,289	1,533,100	95,090,370	7.12%	
2023	7,901,324	6,463,659	1,437,665	87,307,445	7.40%	
2022	6,588,642	6,393,795	194,847	81,948,283	7.80%	
2021	16,299,721	9,145,617	7,154,104	84,323,438	10.85%	
2020	17,086,749	67,857,723	(50,770,974)	88,716,247	76.49%	
2019	17,214,075	15,783,779	1,430,296	87,469,893	18.04%	
2018	16,751,336	15,473,351	1,277,985	84,816,890	18.24%	
2017	16,206,619	14,739,830	1,466,789	84,102,850	17.53%	
2016	15,181,468	29,175,783	(13,994,315)	80,367,748	36.30%	

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

** A portion of the Plan's credit balance was applied to meet the remainder of the actuarially determined contribution for the fiscal years ending September 30, 2017, 2018, 2019, 2020, 2021. The remaining amount of the credit balance was included in the plan assets as of September 30, 2021 and no longer serves as an offset to the required employee contribution.

The City contributed \$15 million to the Employee Pension Fund in FY 2016 as an advance payment against the employer's share of the unfunded pension liability. In return for this advance payment, the City (as the employer) will receive an annual credit against its regular payment into the fund. As a result of the \$15,000,000 advance payment, a contribution deficiency will be reflected in future years through FY 2031 as the credit will be amortized over the next 15 years.

Police Officers' Defined Benefit Retirement System						
Year Ended Sep 30th	Actuarily Determined Contribution **	Annual Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll (1)	Contributions as a % of Covered Payroll	
2025	\$ 4,373,899	\$ 4,634,104	\$ (260,205)	\$ 22,592,451	20.51%	
2024	2,874,714	3,536,455	(661,741)	17,811,115	19.86%	
2023	2,605,249	2,679,121	(73,872)	18,516,343	14.47%	
2022	2,458,229	2,867,164	(408,935)	17,471,418	16.41%	
2021	4,517,444	4,437,842	79,602	16,308,460	27.21%	
2020	3,997,954	4,056,074	(58,120)	15,230,301	26.63%	
2019	3,197,995	3,206,499	(8,504)	15,323,527	20.93%	
2018	3,340,179	3,339,013	1,166	14,765,970	22.61%	
2017	2,775,136	2,691,292	83,844	14,698,821	18.31%	
2016	2,514,511	2,686,671	(172,160)	14,554,279	18.46%	

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

1)The Covered Employee payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

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CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2025

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES (continued)

Firefighters'
Retirement System

Year Ended Sep 30th	Actuarily Determined Contribution **	Annual Actual Contributions *	Contribution Deficiency (Excess)	Covered Payroll (1)	Contributions as a % of Covered Payroll
2025	\$ 3,703,376	\$ 4,065,707	\$ (362,331)	\$ 17,869,322	22.75%
2024	3,222,426	3,551,151	(328,725)	15,817,210	22.45%
2023	2,934,335	3,245,870	(311,535)	15,220,215	21.33%
2022	2,126,667	1,774,003	352,664	13,385,155	13.25%
2021	2,116,101	1,912,761	203,340	13,087,543	14.62%
2020	1,968,893	6,201,637	(4,232,744)	12,750,808	48.64%
2019	2,485,855	1,833,070	652,785	12,406,692	14.77%
2018	1,923,080	1,575,442	347,638	11,735,762	13.42%
2017	1,410,862	1,410,862	-	11,091,670	12.72%
2016	1,558,306	1,558,306	-	10,415,009	14.96%

* For plan year ending September 30, 2025, \$303,297 was attributable to the Pension Obligation Note.

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

GASB 68 was implemented in fiscal year 2015. Schedule shows information for 10 years.

	Employee's Pension and Retirement System	Police Officers' Defined Benefit Retirement System	Firefighters' Retirement System
Methods and Assumptions used to determine contribution rates:			
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level % of pay, closed	Level % of Pay, Closed	Level % of Pay, Closed
Remaining amortization period	20 years	15 Years	20 years
Asset valuation method	5-year smooth market	5-Year smooth	4-Year Smooth
Inflation	2.50%	2.50%	2.50%
	4.00% to 12.5% depending on	Service based, 4.75% - 20.00%	Age based, 5%-15%
Salary increases	service, including inflation		
Investment rate of return	6.75%	6.75%	7.00%
Retirement age	Experienced based table of rates that are specific to the type of eligibility condition.	Aged 50 or 10 years of service	50 or 10 years of service
Mortality	PUB-2010 Headcount Weighted General Below Median Employee Male Table (pre-retirement), the PUB-2010 headcount Weighted General Below Median Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Headcount Weighted General Below Median Retiree Female Table (post-retirement); set back one year for males and future improvements in mortality projected to all future years after 2010 using scale MP-2018.	Active and Retired: PubS.H-2010, set forward one year; Beneficiary Lives: Female: PubG.H-2010 for Healthy Retirees, Male: PubG.H-2010 for Healthy Retirees, set back one year. Disabled Lives: 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disable Retirees. All rates for healthy lives are projected generationally with Mortality Improvement Scale MP-2018.	Active and Retired: PubS.H-2010, set forward one year; Beneficiary Lives: Female: PubG.H-2010 for Healthy Retirees, Male: PubG.H-2010 for Healthy Retirees, set back one year. Disabled Lives: 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disable Retirees. All rates for healthy lives are projected generationally with Mortality Improvement Scale MP-2018.

The City issued a Pension Liability Reduction Note and contributed the proceeds, \$57.7 million - Employee Pension Plan, \$18.9 million - Police Officers' Retirement System, and \$4.4 million - Firefighters' Retirement System in FY 2020 as an advanced payment against the employer's and employees' unfunded share of the unfunded pension liability. In return for this advance payment, the City (as the employer) and the employees will receive an annual credit against the regular payment into the fund. As a result of the advance payment, a contribution deficiency will be reflected in future years through FY 2040 as a credit amortized each year. The actual employer contribution for the Employee, Police, and Fire Plans reflects the proceeds from the Pension Liability Reduction Note deposited into the Plan's assets.

CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2025

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETS

Budgets of the City are adopted on a modified accrual basis of accounting, which is consistent with Generally Accepted Accounting Principles (GAAP). In cases where appropriations and estimated revenues have been revised during the year, budget data represents final authorized amounts. As of September 30, 2025, there were no material violations of budgetary requirements.

GENERAL, POLICE, AND FIRE PENSION PLANS

Within the basic financial statements, the proceeds of the excise tax from the State of Florida in the City of Lakeland Firefighters' Retirement System and the Police Pension Plan are recorded as operating grants and contributions and public safety expenses in the Government-wide Statement of Activities.

Changes in assumptions/inputs:

September 30, 2025

Employees' Pension and Retirement System

- There were no revisions in actuarial assumptions or methods since the previous valuation.

Police Officers' Defined Benefit Retirement System

- There were no revisions in actuarial assumptions or methods since the previous valuation.

Firefighters' Retirement System

- There were no revisions in actuarial assumptions or methods since the previous valuation.

September 30, 2024

Employees' Pension and Retirement System

- There were no revisions in actuarial assumptions or methods since the previous valuation.

Police Officers' Defined Benefit Retirement System

- There were no revisions in actuarial assumptions or methods since the previous valuation.

Firefighters' Retirement System

- There were no revisions in actuarial assumptions or methods since the previous valuation.

September 30, 2023

Employees' Pension and Retirement System

- As mandated by FS Chapter 112.63(1)(f), the mortality tables were updated to those used by the Florida Retirement System (FRS).
- The full amount of the remaining credit balance from the proceeds of the Pension Obligation Note as of September 30, 2021 (\$50,661,662) was included in the plan assets and no longer services as an annual offset to the required employer contribution.
- The actuarial value of assets was set equal to the market value of assets as of October 1, 2021.
- The investment return assumption was lowered from 7.25% net of investment expenses to 6.75% net of investment expenses.
- The UAAL amortization bases were combined and offset, in accordance with the methodology described for combining and offsetting amortization bases under Internal Revenue Code Section 412(b).

Police Officers' Defined Benefit Retirement System

- As mandated by FS Chapter 2015-157, the assumed rates of mortality were changed to the rates used in Millman's July 1, 2021 FRS valuation report with the appropriate adjustments made based on plan demographics.
- The investment return assumption was lowered from 7.35% net of investment expenses to 6.75% net of investment expenses.

Firefighters' Retirement System

- There were no revisions in actuarial assumptions or methods since the previous valuation.

CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2025

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (continued)

GENERAL, POLICE, AND FIRE PENSION PLANS (continued)

September 30, 2022

Employees' Pension and Retirement System

- There were no revisions in actuarial assumptions or methods since the previous valuation.

Police Officers' Defined Benefit Retirement System

- There were no revisions in actuarial assumptions or methods since the previous valuation.

Firefighters' Retirement System

- The investment return assumption was changed from 7.35% per year (gross of expenses) to 7.00% per year (net of investment related expenses).

September 30, 2021

Employees' Pension and Retirement System

- There were no revisions in actuarial assumptions or methods since the previous valuation.

Police Officers' Defined Benefit Retirement System

- As mandated by FS Chapter 2015-157, the assumed rates of mortality were changed to the rates used in Millman's July 1, 2019 FRS valuation report with the appropriate adjustments made based on plan demographics.

Firefighters' Retirement System

- As mandated by FS Chapter 2015-157, the assumed rates of mortality were changed to the rates used in Millman's July 1, 2019 FRS valuation report with the appropriate adjustments made based on plan demographics.
- The investment return assumption was changed from 7.50% per year (gross of expenses) to 7.35% per year (net of investment related expenses).

September 30, 2020

Employees' Pension and Retirement System

- There were no revisions in actuarial assumptions or methods since the previous valuation.

Police Officers' Defined Benefit Retirement System

- There were no revisions in actuarial assumptions or methods since the previous valuation.

Firefighters' Retirement System

- There were no revisions in actuarial assumptions or methods since the previous valuation.

September 30, 2019

Employees' Pension and Retirement System

- There were no revisions in actuarial assumptions or methods since the previous valuation.

Police Officers' Defined Benefit Retirement System

- The payroll growth assumption utilized in amortizing the Unfunded Actuarial Accrued Liability was changed from 2.12% to 1.62% in conjunction with the valuation report. This assumption will be reduced by 0.5% in each future valuation report until it reaches the actual historical 10-year average growth of the non-DROP valuation payroll.

Firefighters' Retirement System

- There were no revisions in actuarial assumptions or methods since the previous valuation.

September 30, 2018

Employees' Pension and Retirement System

- Adoption of the RP2000 Generational Mortality Table
- Salary increases assumption was changed to the service based rates
- The assumed inflation rate was lowered from 3.0% to 2.5%
- The payroll growth rate was lowered from 3.5% to 2.5%
- The amortization period for all existing UAAL bases was shortened to 20 years
- The administrative expense assumption was changed from 0.1% of payroll to average of the actual administrative expenses paid in the prior two fiscal years
- The assumed rate of normal retirement, early retirement, and employment termination were changed

CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2025

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (continued)

GENERAL, POLICE, AND FIRE PENSION PLANS (continued)

September 30, 2018 (continued)

Police Officers' Defined Benefit Retirement System

- Adoption of the RP2000 Generational Mortality Table
- The assumed rates of mortality were changed
- The assumed rates of individual salary increases were changed from 6.0% to aged based assumptions
- The assumed rates of termination were increased by 10% at each age
- The payroll growth assumption utilized in amortizing the Unfunded Actuarial Accrued Liability was changed from 2.62% to 2.12% in conjunction with the valuation report. This assumption will be reduced by 0.5% in each future valuation report until it reaches the actual historical 10-year average growth of the non-DROP valuation payroll

September 30, 2017

Police Officers' Defined Benefit Retirement System

- The payroll growth assumption utilized in amortizing the Unfunded Actuarial Accrued Liability was changed from 3.01% to 2.62% in conjunction with the valuation report. This assumption will be reduced by 0.5% in each future valuation report until it reaches the actual historical 10-year average growth of the non-DROP valuation payroll.

Firefighters' Retirement System

- Assumed interest was changed to 7.50%
- Assumed salary increase was changed to 6.0%

For additional information regarding pensions please refer to Note 13 in the notes to the Basic Financial Statements.

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

OPEB

For additional information regarding the OPEB Trust Fund please refer to Note 15 in the notes to the Basic Financial Statements.

Changes in assumptions/inputs:

The following assumption changes are reflected in the calculation of the actuarially determined contributions:

September 30, 2025

The determination of the September 30, 2025 results relies on the following significant assumptions.

- The discount rate assumption increased from 3.98% to 4.49%.
- The difference between expected earnings on investments of 6.84% and actual earnings of 9.37% increased the plan assets.

September 30, 2024

The determination of the September 30, 2024 results relies on the following significant assumptions.

- The discount rate assumption decreased from 4.09% to 3.98%.
- The difference between expected earnings on investments of 6.84% and actual earnings of 3.88% decreased the plan assets.
- The trend rate was updated from 6.50% to 7.005%.

September 30, 2023

The determination of the September 30, 2023 results relies on the following significant assumptions.

- The discount rate for the implicit subsidy was increased from 4.02% to 4.09% from the prior measurement date.
- The mortality projection scale was updated from MP-2020 to MP-2021.
- The termination rates for general employees were updated based on the October 1, 2022 pension evaluation.
- The initial year medical trend rate was updated from 6.75% to 6.50% for pre-Medicare costs and from 5.75% to 5.50% for post-Medicare costs to reflect the current trend study.

September 30, 2022

The determination of the September 30, 2022 results relies on the following significant assumptions.

- The discount rate for the implicit subsidy was increased from 2.26% to 4.02% from the prior measurement date.
- The discount rate for explicit subsidy was decreased 7.22% to 6.84% from the prior measurement date.
- The plan participation assumption was updated from 62% to 72%.
- The initial year medical trend rate was updated from 7.0% to 6.75% for pre-Medicare costs and from 6.0% to 5.75% for post-Medicare costs to reflect the generally low claims experience environment.

CITY OF LAKELAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION AND OPEB FUNDS
SEPTEMBER 30, 2025

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (continued)

OPEB (continued)

September 30, 2021

The determination of the September 30, 2021 results relies on the following significant assumptions.

- The discount rate for implicit subsidy benefits was updated from 2.21% at the beginning of the fiscal year to 2.26% at the end of the fiscal year.
- The discount rate for explicit subsidy benefits was updated from 7.21% at the beginning of the fiscal year to 7.22% at the end of the fiscal year.
- The plan participation assumption was updated from 62% to 72%.
- The health care cost trend rate was updated from 6.0% to 7.0% for pre-Medicare costs and from 5.0% to 6.0% for post-Medicare costs. The stop-loss trend rate was updated from 6.0% to 7.0% and administrative fees trend was updated from 5.0% to 4.0%.
- The retirement rates for Police and General employees have been updated since 2019, based on the October 1, 2020 pension valuation for each.
- The termination rates for Police, Fire, and General employees have been updated based on the October 1, 2020 pension valuation for each.

September 30, 2020

The determination of the September 30, 2020 results relies on the following significant assumptions.

- Discount rate for the implicit liability was updated from 2.66% to 2.21%.
- The initial year medical trend rate was updated from 6.5% to 6.0% for pre-Medicare costs and from 5.5% to 5.0% for post-Medicare costs.
- Termination Tables - Based on 2018 Lakeland General/Firefighters/Police Retirement System Actuarial Valuations
- Retirement Tables - Based on 2018 Lakeland General/Firefighters/Police Retirement System Actuarial Valuations

September 30, 2019

The discount rate was updated from 4.18% to 2.66% for the implicit liability, and from 6.96% to 7.21% for the explicit liability.

- The termination rates assumption for Police was updated based on the 2018 Lakeland Retirement System Actuarial Valuation.
- The ACA Excise Tax on high-cost employer sponsored healthcare plans is no longer applicable as the bill which repealed it passed on December 20, 2019.
- The mortality assumption was updated from the RP-2014 base mortality with generational scale MP-2016 to the Pub-2010 base table with generational scale MP-2019 to reflect the Society of Actuaries' recent mortality study.
- The initial year medical trend rate was updated from 6.0% to 6.5% for pre-Medicare costs and from 5.0% to 5.5% for post-Medicare costs to reflect the generally low claims experience environment.

September 30, 2018

The discount rate was changed from 3.63% to 4.18% for the implicit liability.

September 30, 2017

The mortality table was updated to a generational table.

- The amortization method was changed from the projected unit credit method to the entry age normal method per GASB 75.
- The marriage assumption was updated to reflect the current retiree/spouse mix.

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SUPPLEMENTARY INFORMATION



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SCULPTOR: JEROME SOBLE • MEDIUM: ALUMINUM & STAINED GLASS

CITY OF LAKELAND, FLORIDA

SUPPLEMENTARY INFORMATION
PUBLIC IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Amended Budget	2025 Actual	Variance
REVENUES				
Intergovernmental:				
Federal grants	\$ -	\$ 172,390	\$ 172,390	\$ -
State grants	1,000,000	1,502,474	1,099,996	(402,478)
Grants from other local units	2,399,095	2,810,558	2,774,837	(35,721)
Charges for services:				
Public safety - fire protection	125,000	125,000	181,942	56,942
Judgements, fines, and forfeits:				
Miscellaneous revenue:				
Interest revenue	-	-	2,996,392	2,996,392
Interest revenue - leases	-	-	6,097	6,097
Net increase (decrease) in the fair value of investments	-	-	21,175,393	21,175,393
Rents and royalties	-	-	32,794	32,794
Lease revenue	-	-	10,770,885	10,770,885
Sale of surplus material and scrap	-	7,500	40,000	32,500
Contributions and donations from private sources	266,667	346,667	384,980	38,313
Other miscellaneous revenues	-	10,957	1,597,927	1,586,970
Total revenues	<u>3,790,762</u>	<u>4,975,546</u>	<u>41,233,633</u>	<u>36,258,087</u>
EXPENDITURES				
Current:				
General government:				
Financial and administrative - investment advisor fee	-	692,228	692,228	-
Comprehensive planning	-	157,193	144,980	12,213
Other general governmental services	1,710,496	3,359,875	1,304,200	2,055,675
Public safety:				
Law enforcement	-	32,986	30,730	2,256
Fire control	30,000	97,822	68,359	29,463
Physical environment:				
Cemetery	68,600	98,241	76,625	21,616
Transportation:				
Road and street facilities	-	2,400	-	2,400
Parking facilities	92,700	105,767	105,767	-
Culture and recreation:				
Parks and recreation	1,455,983	3,941,128	3,119,149	821,979
Libraries	180,000	1,224,408	131,139	1,093,269
Special recreational facilities	252,000	238,387	49,858	188,529
Human services:				
Public assistance services	165,000	165,000	32,205	132,795
Capital outlay	4,064,850	42,794,269	5,988,956	36,805,313
Interest and other	1,535,763	1,705,804	1,213,482	492,322
Principal payments	4,475,446	28,251,407	27,395,532	855,875
Total expenditures	<u>14,030,838</u>	<u>82,866,915</u>	<u>40,353,210</u>	<u>42,513,705</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(10,240,076)</u>	<u>(77,891,369)</u>	<u>880,423</u>	<u>78,771,792</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	49,763,513	49,763,512	(1)
Interfund transfers in	725,000	4,361,854	1,194,529	(3,167,325)
Interfund transfers out	(4,601,262)	(6,969,925)	(4,667,136)	2,302,789
Total other financing sources (uses)	<u>(3,876,262)</u>	<u>47,155,442</u>	<u>46,290,905</u>	<u>(864,537)</u>
NET CHANGE IN FUND BALANCE	<u>(14,116,338)</u>	<u>(30,735,927)</u>	<u>47,171,328</u>	<u>77,907,255</u>
FUND BALANCE, beginning of year	<u>60,141,800</u>	<u>59,871,800</u>	<u>60,141,800</u>	<u>270,000</u>
FUND BALANCE, end of year	<u>\$ 46,025,462</u>	<u>\$ 29,135,873</u>	<u>\$ 107,313,128</u>	<u>\$ 78,177,255</u>



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COMBINING FUND FINANCIAL STATEMENTS



WINDOW

SCULPTOR: ROBERT WICK • MEDIUM: BRONZE

NON-MAJOR FUNDS

OTHER GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for proceeds from certain specific revenue sources for purposes other than debt service or capital projects. These funds are recorded separately as directed by legal requirements, regulatory provisions, or administrative action. As with the General Fund, the primary accounting focus is on the sources and uses of available funds and the financial activity is reported using the modified accrual basis accounting.

Community Development Fund – The Federal Department of Housing and Urban Development provides funds for improvement projects and economic development assistance in low to moderate-income areas and down payment assistance to first time home buyers.

State Housing Initiatives Partnership Program – The Florida Housing Finance Corporation through the local housing assistance trust fund provides funds for emergency repairs, new construction, rehabilitation, and other assistance in very low to moderate-income areas.

Neighborhood Stabilization Program – The Federal Department of Housing and Urban Development provides funds for the purchase and rehabilitation of foreclosed homes in low to moderate-income areas.

Stormwater Fund – Revenues, received primarily through the collection of residential and commercial fees as well as transfers from the Transportation Fund for drainage and lake projects, are used for projects approved by the City Commission for stormwater capital activities.

Building Inspection Fund - Revenues received from building permit and inspection fees, for the purposes of funding the costs of administering building inspection and permitting municipal services and the enforcement thereof, of the Florida Building Code.

Lakeland Community Redevelopment Agency – Revenues that are received primarily from the tax increment of the special taxing district established for the purpose of revitalizing the downtown Lakeland area.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Transportation Fund – Major sources of revenues for the Transportation Fund include taxes levied on motor fuels and impact fees. These revenues are used for projects approved by the City Commission, such as street improvements.

Impact Fee Fund – The Impact Fee Fund is used to account for impact fees collected for transportation, law enforcement, fire protection, and parks and recreation.

PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Cemetery Perpetual Care Fund – When the corpus of this fund is sufficient, it will be used to account for the accumulation of resources used to maintain all City-owned cemeteries.

Scott Morris Mausoleum Fund – This fund accounts for a contribution to provide maintenance of the Scott Morris Mausoleum.

Webster Book Fund – This fund accounts for a bequest received by the City to purchase nonfiction books and periodicals for the City of Lakeland Public Library.

Baldwin Book Fund – This fund accounts for a bequest received by the City to purchase general science and wholesome fiction books for the City of Lakeland Public Library.

CITY OF LAKELAND, FLORIDA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	Debt Service Fund	Capital Projects Funds			Special Revenue Funds				
	Florida Taxable Pension Liability Reduction, Series 2024	Transportation Fund	Impact Fee Fund	Community Development Fund	State Housing Initiative Program	Neighborhood Stabilization Program	Building Inspection Fund		
ASSETS									
Cash and cash equivalents	\$ 14,296,925	\$ 8,762,087	\$ 29,148,550	\$ 132,060	\$ 1,406,461	\$ 390,335	\$ 863,877		
Investments	-	-	-	-	-	-	-		
Accounts receivable	-	1,424	-	-	-	-	-		
Interest and dividends receivable	-	-	-	-	-	-	-		
Notes receivable	-	-	-	58,627	14,674	-	-		
Leases receivable	-	-	-	-	-	-	-		
Due from other government units	-	197,816	-	-	73,839	-	-		
Total assets	\$ 14,296,925	\$ 8,961,327	\$ 29,148,550	\$ 456,984	\$ 1,494,974	\$ 390,335	\$ 863,877		
LIABILITIES									
Accounts payable	\$ 5,903,974	\$ 143,279	\$ -	\$ 37,110	\$ 112,632	\$ -	\$ 5,374		
Accrued liabilities	3,239,254	59,033	-	14,907	1,129	-	136,815		
Deposits payable	-	300,452	-	-	-	-	55,319		
Due to other funds	-	-	-	159,537	-	-	-		
Unearned revenues	-	-	-	152,340	1,368,064	390,335	-		
Total liabilities	9,143,228	502,764	-	363,894	1,481,825	390,335	197,508		
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	-	1,424	-	58,627	14,674	-	-		
Deferred inflows of resources related to leases	-	-	-	-	-	-	-		
Total deferred inflows of resources	-	1,424	-	58,627	14,674	-	-		
FUND BALANCES									
Nonspendable:									
Cemetery endowment	-	-	-	-	-	-	-		
Permanent fund principal	-	-	-	-	-	-	-		
Restricted for:									
Building inspection	-	-	-	-	-	-	666,369		
CRA	-	-	-	-	-	-	-		
Impact fee programs	-	-	29,148,550	-	-	-	-		
Transportation	-	8,457,139	-	-	-	-	-		
Donations received	-	-	-	-	-	-	-		
Debt service	5,153,697	-	-	-	-	-	-		
Grant programs - community development	-	-	-	34,463	-	-	-		
Grant programs - physical environment	-	-	-	-	-	-	-		
	5,153,697	8,457,139	29,148,550	34,463	-	-	666,369		
Committed to:									
Stormwater	-	-	-	-	-	-	-		
Unassigned	-	-	-	-	-	-	-		
Total fund balances	5,153,697	8,457,139	29,148,550	34,463	(1,525)	-	666,369		
Total liabilities, deferred inflows of resources, and fund balances	\$ 14,296,925	\$ 8,961,327	\$ 29,148,550	\$ 456,984	\$ 1,494,974	\$ 390,335	\$ 863,877		

CITY OF LAKELAND, FLORIDA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2025

	Special Revenue Funds		Permanent Funds					Total Nonmajor Governmental Funds
	Stormwater Fund	Lakeland Community Redevelopment Agency	Cemetery Perpetual Care Fund	Scott Morris Mausoleum Fund	Webster Book Fund	Baldwin Book Fund		
ASSETS								
Cash and cash equivalents	\$ 8,556,903	\$ 28,435,234	\$ -	\$ 94,539	\$ 29,756	\$ -	\$ 92,116,727	
Investments	-	-	8,365,010	-	-	269,644	8,634,654	
Accounts receivable	412,577	133,726	-	-	-	-	547,727	
Interest and dividends receivable	-	283	-	-	-	-	283	
Notes receivable	-	999,205	-	-	-	-	1,072,506	
Leases receivable	-	280,586	-	-	-	-	280,586	
Due from other government units	1,432,485	-	-	-	-	-	1,970,437	
Total assets	\$ 10,401,965	\$ 29,849,034	\$ 8,365,010	\$ 94,539	\$ 29,756	\$ 269,644	\$ 104,622,920	
LIABILITIES								
Accounts payable	\$ 1,452,940	\$ 781,445	\$ -	\$ -	\$ -	\$ -	\$ 8,436,754	
Accrued liabilities	143,253	5,637	-	-	-	-	3,600,028	
Deposits payable	243,099	10,765	-	-	-	-	609,635	
Due to other funds	-	-	382,792	-	-	-	542,329	
Unearned revenues	-	-	-	-	-	-	1,910,739	
Total liabilities	1,839,292	797,847	382,792	-	-	-	15,099,485	
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	1,131,911	-	-	-	-	1,206,636	
Deferred inflows of resources related to leases	-	317,396	-	-	-	-	317,396	
Total deferred inflows of resources	-	1,449,307	-	-	-	-	1,524,032	
FUND BALANCES								
Nonspendable:								
Cemetery endowment	-	-	7,982,218	-	-	-	7,982,218	
Permanent fund principal	-	-	-	4,476	15,000	10,000	29,476	
	-	-	7,982,218	4,476	15,000	10,000	8,011,694	
Restricted for:								
Building inspection	-	-	-	-	-	-	666,369	
CRA	-	27,601,880	-	-	-	-	27,601,880	
Impact fee programs	-	-	-	-	-	-	29,148,550	
Transportation	-	-	-	-	-	-	8,457,139	
Donations received	-	-	-	90,063	14,756	259,644	364,463	
Debt service	-	-	-	-	-	-	5,153,697	
Grant programs - community development	-	-	-	-	-	-	34,463	
Grant programs - physical environment	1,437,872	-	-	-	-	-	1,437,872	
	1,437,872	27,601,880	-	90,063	14,756	259,644	72,864,433	
Committed to:								
Stormwater	7,124,801	-	-	-	-	-	7,124,801	
	7,124,801	-	-	-	-	-	7,124,801	
Unassigned	-	-	-	-	-	-	(1,525)	
Total fund balances	8,562,673	27,601,880	7,982,218	94,539	29,756	269,644	87,999,403	
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,401,965	\$ 29,849,034	\$ 8,365,010	\$ 94,539	\$ 29,756	\$ 269,644	\$ 104,622,920	

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Debt Service Fund		Capital Projects Funds		Special Revenue Funds			
	Florida Taxable Pension Liability Reduction, Series 2024		Transportation Fund	Impact Fee Fund	Community Development Fund	State Housing Initiative Partnership Program	Neighborhood Stabilization Program	Building Inspection Fund
REVENUES								
General government taxes:								
Local option fuel taxes	\$	-	\$	-	\$	-	\$	-
Permits, fees, and special assessments:								
Building permits	-	-	-	7,458,292	-	-	-	3,048,427
Impact fees	-	-	5,116	-	-	-	-	-
Charges for public service	-	-	-	-	-	-	-	-
Inspection fees	-	-	-	-	-	-	-	90,048
Stormwater fees	-	-	-	-	-	-	-	-
Other permits, fees, and special assessments	-	-	4,365	-	-	-	-	-
Intergovernmental revenues:								
Federal grants	-	-	26,325	-	1,998,278	-	-	-
Federal financial assistance	-	-	-	-	711,589	-	-	-
State grants	-	-	9,956	-	-	-	-	-
Grants from other local units	-	-	-	-	-	-	-	-
State revenue sharing:								
State housing initiatives partnership (SHIP)	-	-	-	-	-	1,255,503	-	-
Local revenue sharing:								
Tax increment revenues	-	-	-	-	-	-	-	-
Charges for services:								
Other transportation charges	-	-	977,449	-	-	-	-	-
Judgements, fines, and forfeits:								
Local ordinance violations	-	-	-	-	-	-	-	-
Miscellaneous revenues								
Interest revenue	298,637		282,816	1,184,139	59,175	72,171	(21,870)	45,476
Net revenue - leases	-		-	-	-	-	-	-
Net increase (decrease) in the fair value of investments	(73,377)		187,237	(126,883)	4,340	-	-	71,305
Rents and royalties	-		-	-	-	-	-	-
Lease revenue	-		-	-	-	-	-	-
Sale of surplus material and scrap	-		-	-	-	-	-	-
Contributions and donations from private sources	1,275,427		5,577	-	-	-	-	-
Other miscellaneous revenues	34,065		34,065	-	149,614	177,763	21,870	268,799
Total revenues	1,500,687		8,343,085	8,515,548	2,922,996	1,505,437	-	3,522,055
EXPENDITURES								
Current:								
Public safety:								
Protective inspections	-		-	-	-	-	-	3,862,196
Physical environment:								
Stormwater management	-		-	-	-	-	-	-
Transportation:								
Road and street facilities	-		8,616,440	-	-	-	-	-
Economic environment:								
Housing and urban development	-		-	-	2,797,355	1,505,437	-	-
Community redevelopment	-		-	-	-	-	-	-
Human services:								
Public assistance services	-		-	-	139,120	-	-	-
Capital outlay	-		5,334,846	-	-	-	-	-
Debt service:								
Interest and other	756,022		-	-	-	-	-	-
Principal payments	2,861,243		-	-	-	-	-	-
Total expenditures	3,617,265		13,951,286	-	2,936,475	1,505,437	-	3,862,196
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,116,578)		(5,608,201)	8,515,548	(13,479)	-	-	(340,141)
OTHER FINANCING SOURCES (USES)								
Issuance of debt	-		-	-	-	-	-	-
Interfund transfers in	3,617,265		4,696,346	-	-	-	-	-
Interfund transfers out	-		(229,801)	(4,666,617)	(12,596)	-	-	(45,948)
Total other financing sources (uses)	3,617,265		4,466,545	(4,666,617)	(12,596)	-	-	(45,948)
Net change in fund balances	1,500,687		(1,141,656)	3,848,931	(26,075)	-	-	(386,089)
FUND BALANCE, beginning of year	3,653,010		9,598,795	25,299,619	60,538	(1,525)	-	1,052,458
FUND BALANCE, end of year	5,153,697		8,457,139	29,148,550	34,463	(1,525)	-	666,369

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue Funds			Permanent Funds				Total NonMajor Governmental Funds
	Stormwater Fund	Lakeland Community Redevelopment Agency		Cemetery Perpetual Care Fund	Scott Morris Mausoleum Fund	Webster Book Fund	Baldwin Book Fund	
REVENUES								
General government taxes:								
Local option fuel taxes	\$	-	\$	-	\$	-	\$	6,810,179
Permits, fees, and special assessments:								
Building permits	-	-	-	-	-	-	-	3,046,427
Impact fees	-	-	-	-	-	-	-	7,458,292
Charges for public service	-	-	-	-	-	-	-	5,116
Inspection fees	-	-	-	-	-	-	-	90,048
Stormwater fees	8,459,633	-	-	-	-	-	-	8,459,633
Other permits, fees, and special assessments	19,416	-	-	-	-	-	-	23,781
Intergovernmental revenues:								
Federal grants	1,993,880	-	-	-	-	-	-	4,018,483
Federal financial assistance	-	-	-	-	-	-	-	711,589
State grants	987,027	75,000	-	-	-	-	-	1,071,983
Grants from other local units	3,616	-	-	-	-	-	-	3,616
State revenue sharing:								
State housing initiatives partnership (SHIP)	-	-	-	-	-	-	-	1,255,503
Local revenue sharing:								
Tax increment revenues	-	12,419,261	-	-	-	-	-	12,419,261
Charges for services:								
Other transportation charges	-	-	-	-	-	-	-	977,449
Judgements, fines, and forfeits:								
Local ordinance violations	2,680	-	-	-	-	-	-	2,680
Miscellaneous revenues								
Interest revenue	434,801	1,183,273	318,377	3,813	1,200	10,779		3,872,787
Interest revenue - leases	-	3,558	-	-	-	-		3,558
Net increase (decrease) in the fair value of investments	372,914	149,693	378,415	810	230	12,198		976,882
Rents and royalties	-	100,825	-	-	-	-		100,825
Lease revenue	-	89,407	-	-	-	-		89,407
Sale of surplus material and scrap	269,791	-	-	-	-	-		269,791
Contributions and donations from private sources	-	-	-	-	-	-		5,577
Other miscellaneous revenues	7,622	304,632	-	-	-	-		2,239,792
Total revenues	12,551,380	14,325,649	696,792	4,623	1,430	22,977		53,912,659
EXPENDITURES								
Current:								
Public safety:								
Protective inspections	-	-	-	-	-	-		3,862,196
Physical environment:								
Stormwater management	7,814,751	-	-	-	-	-		7,814,751
Transportation:								
Road and street facilities	-	-	-	-	-	-		8,616,440
Economic environment:								
Housing and urban development	-	-	-	-	-	-		4,302,792
Community redevelopment	-	10,767,695	-	-	-	-		10,767,695
Human services:								
Public assistance services	-	-	-	-	-	-		139,120
Capital outlay	3,102,302	1,243,697	-	-	-	-		9,680,845
Debt service:								
Interest and other	399,084	-	-	-	-	-		1,155,106
Principal payments	3,728,126	-	-	-	-	-		6,589,369
Total expenditures	15,044,263	12,011,392	-	-	-	-		52,928,314
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,492,883)	2,314,257	696,792	4,623	1,430	22,977		984,345
OTHER FINANCING SOURCES (USES)								
Issuance of debt								
Interfund transfers in	2,311,487	-	-	-	-	-		2,311,487
Interfund transfers out	-	-	81,787	-	-	-		8,395,398
Total other financing sources (uses)	(1,509,035)	(1,017,628)	(107,231)	(600)	-	-		(7,589,456)
Net change in fund balances	802,452	(1,017,628)	(25,444)	(600)	-	-		3,117,429
	(1,690,431)	1,296,629	671,348	4,023	1,430	22,977		4,101,774
FUND BALANCE, beginning of year	10,253,104	26,305,251	7,310,870	90,516	28,326	246,667		83,897,629
FUND BALANCE, end of year	\$ 8,562,673	\$ 27,601,880	\$ 7,982,218	\$ 94,539	\$ 29,756	\$ 269,644		\$ 87,999,403

CITY OF LAKELAND, FLORIDA

BUDGETARY COMPARISON SCHEDULE
BUDGET (GAAP BASIS) AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Transportation Fund			Community Development Fund			State Housing Initiative Partnership Program		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Local option fuel taxes	\$ 6,795,445	\$ 6,810,179	\$ 14,734	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for public service	5,000	5,116	116	-	-	-	-	-	-
Other permits, fee, and special assessments	-	4,365	4,365	-	-	-	-	-	-
Federal grants	197,814	26,325	(171,489)	3,921,654	1,998,278	(1,923,376)	-	-	-
Federal financial assistance	-	-	-	766,368	711,589	(54,779)	-	-	-
State grants	425,320	9,956	(415,364)	-	-	-	-	-	-
SHIP	-	-	-	-	-	-	3,360,607	1,255,503	(2,105,104)
Other transportation charges	807,585	977,449	169,864	-	-	-	-	-	-
Interest revenue	150,000	282,816	132,816	211,028	59,175	(151,853)	72,171	72,171	-
Net increase (decrease) in the fair value of investments	-	187,237	187,237	-	4,340	4,340	-	-	-
Contributions and donations from private sources	5,577	5,577	-	-	-	-	-	-	-
Other miscellaneous revenues	8,500	34,065	25,565	149,614	149,614	-	177,762	177,763	1
Total revenues	8,395,241	8,343,085	(52,156)	5,048,664	2,922,996	(2,125,668)	3,610,540	1,505,437	(2,105,103)
EXPENDITURES									
Current:									
Road and street facilities	9,574,751	8,616,440	958,311	-	-	-	-	-	-
Housing and urban development	-	-	-	4,959,741	2,797,355	2,162,386	3,610,544	1,505,437	2,105,107
Public assistance services	-	-	-	151,028	139,120	11,908	-	-	-
Capital outlay	12,702,840	5,334,846	7,367,994	-	-	-	-	-	-
Principal payments	1,500,000	-	1,500,000	-	-	-	-	-	-
Total expenditures	23,777,591	13,951,286	9,826,305	5,110,769	2,936,475	2,174,294	3,610,544	1,505,437	2,105,107
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(15,382,350)	(5,608,201)	9,774,149	(62,105)	(13,479)	48,626	(4)	-	4
OTHER FINANCING SOURCES (USES)									
Interfund transfers in	9,851,904	4,696,346	(5,155,558)	-	-	-	-	-	-
Interfund transfers out	(738,223)	(229,801)	508,422	(12,596)	(12,596)	-	-	-	-
Total other financing sources (uses)	9,113,681	4,466,545	(4,647,136)	(12,596)	(12,596)	-	-	-	-
NET CHANGE IN FUND BALANCE	(6,268,669)	(1,141,656)	5,127,013	(74,701)	(26,075)	48,626	(4)	-	4
FUND BALANCE, beginning of year	9,598,795	9,598,795	-	60,538	60,538	-	(1,525)	(1,525)	-
FUND BALANCE, end of year	\$ 3,330,126	\$ 8,457,139	\$ 5,127,013	\$ (14,163)	\$ 34,463	\$ 48,626	\$ (1,529)	\$ (1,525)	\$ 4

CITY OF LAKELAND, FLORIDA

BUDGETARY COMPARISON SCHEDULE
BUDGET (GAAP BASIS) AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Neighborhood Stabilization Program			Building Inspection Fund			Stormwater Fund		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Building permits	\$ -	\$ -	\$ -	\$ 2,194,841	\$ 3,046,427	\$ 851,586	\$ -	\$ -	\$ -
Inspection fees	-	-	-	285,000	90,048	(194,952)	-	-	-
Stormwater fees	-	-	-	-	-	-	8,805,947	8,459,633	(346,314)
Other permits, fee, and special assessments	-	-	-	-	-	-	24,000	19,416	(4,584)
Federal grants	168,744	-	(168,744)	-	-	-	42,231,391	1,993,880	(40,237,511)
State grants	-	-	-	-	-	-	6,264,280	987,027	(5,277,253)
Grants from other local units	-	-	-	-	-	-	7,085	3,616	(3,469)
Local ordinance violations	-	-	-	-	-	-	10,000	2,680	(7,320)
Interest revenue	-	-	-	-	-	-	246,000	434,801	188,801
Net increase (decrease) in the fair value of investments	199,721	(21,870)	(221,591)	65,000	45,476	(19,524)	-	-	-
Sale of surplus material and scrap	-	-	-	-	71,305	71,305	-	372,914	372,914
Other miscellaneous revenues	-	-	-	-	-	-	-	269,791	269,791
Total revenues	21,870	21,870	-	52,650	268,799	216,149	2,200	7,622	5,422
	390,335	-	(390,335)	2,597,491	3,522,055	924,564	57,590,903	12,551,380	(45,039,523)
EXPENDITURES									
Current:									
Protective inspections	-	-	-	4,063,539	3,862,196	201,343	-	-	-
Stormwater management	-	-	-	-	-	-	14,740,964	7,814,751	6,926,213
Housing and urban development	390,335	-	-	-	-	-	-	-	-
Capital outlay	-	-	390,335	-	-	-	45,418,698	3,102,302	42,316,396
Interest and other	-	-	-	-	-	-	399,085	399,084	1
Principal payments	-	-	-	-	-	-	3,728,127	3,728,126	1
Total expenditures	390,335	-	390,335	4,063,539	3,862,196	201,343	64,286,874	15,044,263	49,242,611
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	(1,466,048)	(340,141)	1,125,907	(6,695,971)	(2,492,883)	4,203,088
OTHER FINANCING SOURCES (USES)									
Issuance of debt	-	-	-	-	-	-	2,311,487	2,311,487	-
Interfund transfers out	-	-	-	(46,145)	(45,948)	197	(1,812,227)	(1,509,035)	303,192
Total other financing sources (uses)	-	-	-	(46,145)	(45,948)	197	499,260	802,452	303,192
NET CHANGE IN FUND BALANCE	-	-	-	(1,512,193)	(386,089)	1,126,104	(6,196,711)	(1,690,431)	4,506,280
FUND BALANCE, beginning of year	-	-	-	1,052,458	1,052,458	-	10,253,104	10,253,104	-
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ (459,735)	\$ 666,369	\$ 1,126,104	\$ 4,056,393	\$ 8,562,673	\$ 4,506,280

CITY OF LAKELAND, FLORIDA

BUDGETARY COMPARISON SCHEDULE
BUDGET (GAAP BASIS) AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Lakeland Community Redevelopment Agency		
	Budget	Actual	Variance
REVENUES			
State grants	\$ -	\$ 75,000	\$ 75,000
Shared revenues from other local units - tax increment revenues	12,560,946	12,419,261	(141,685)
Interest revenue	474,000	1,183,273	709,273
Interest revenue - leases	-	3,558	3,558
Net increase (decrease) in the fair value of investments	-	149,693	149,693
Rents and royalties	162,000	100,825	(61,175)
Lease revenue	-	89,407	89,407
Other miscellaneous revenues	244,683	304,632	59,949
Total revenues	13,441,629	14,325,649	884,020
EXPENDITURES			
Community redevelopment	23,724,780	10,767,695	12,957,085
Capital outlay	6,410,064	1,243,697	5,166,367
Interest and other	575,000	-	575,000
Total expenditures	30,709,844	12,011,392	18,698,452
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,268,215)	2,314,257	19,582,472
OTHER FINANCING SOURCES (USES)			
Interfund transfers out	(1,178,554)	(1,017,628)	160,926
Total other financing sources (uses)	(1,178,554)	(1,017,628)	160,926
NET CHANGE IN FUND BALANCE	(18,446,769)	1,296,629	19,743,398
FUND BALANCE, beginning of year	26,305,251	26,305,251	-
FUND BALANCE, end of year	<u>\$ 7,858,482</u>	<u>\$ 27,601,880</u>	<u>\$ 19,743,398</u>

NON-MAJOR FUNDS

PROPRIETARY FUNDS

PROPRIETARY FUNDS

Proprietary funds are used to account for business-type activities and include both Enterprise funds and Internal Service funds.

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The primary customer of enterprise funds is the general public and the intent is that the costs relating to providing certain goods or services are primarily recovered through user fees and charges.

Parking System Fund – This fund accounts for operating and maintaining parking facilities throughout the City, including three municipal parking garages.

Solid Waste Management Fund – This fund accounts for all activities necessary to provide refuse collection, disposal services and recycling to residents of the City.

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Business-type Activities Enterprise Funds		
	Parking System Fund	Solid Waste Management Fund	Total Other Proprietary Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 2,718,284	\$ 2,718,284
Accounts receivable	103,384	916,573	1,019,957
Allowance for uncollectibles	(4,366)	(33)	(4,399)
Interest and dividends receivable	9,526	-	9,526
Leases receivable	147,077	-	147,077
Asset apportionments set aside for (including \$127,033 in cash and cash equivalents)			
Current portion of pension bonds payable	7,439	97,131	104,570
Accrued interest payable	983	12,832	13,815
Accounts payable	8,648	-	8,648
Restricted set aside for (including \$613,100 in cash and cash equivalents)			
Accounts payable	-	2,688	2,688
Deposits payable	-	610,412	610,412
Total current assets	<u>272,691</u>	<u>4,357,887</u>	<u>4,630,578</u>
Non-current assets:			
Assets apportionments (including \$40,563 in cash and cash equivalents)	40,563	-	40,563
Restricted assets (including \$18,624,666 in cash and cash equivalents)	-	18,624,666	18,624,666
Capital assets:			
Land	1,553,061	2,596,279	4,149,340
Construction in progress	-	669,251	669,251
Utility plant, facilities & equipment in service	8,137,907	3,808,903	11,946,810
Less accumulated depreciation	(5,924,909)	(2,212,512)	(8,137,421)
Right-to-use asset	-	35,395	35,395
Less accumulated amortization - right-to-use assets	-	(25,052)	(25,052)
Total capital assets	<u>3,766,059</u>	<u>4,872,264</u>	<u>8,638,323</u>
Other noncurrent assets:			
Leases receivable, less current portion	5,684,728	-	5,684,728
Net pension asset	993	-	993
Total other noncurrent assets	<u>5,685,721</u>	<u>-</u>	<u>5,685,721</u>
Total noncurrent assets	<u>9,492,343</u>	<u>23,496,930</u>	<u>32,989,273</u>
Total assets	<u>9,765,034</u>	<u>27,854,817</u>	<u>37,619,851</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	37,263	634,402	671,665
Deferred outflows of resources related to OPEB	31,713	589,859	621,572
Total deferred outflows of resources	<u>68,976</u>	<u>1,224,261</u>	<u>1,293,237</u>

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2025

	Business-type Activities Enterprise Funds		
	Parking System Fund	Solid Waste Management Fund	Total Other Proprietary Funds
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,669	\$ 276,485	\$ 278,154
Accrued liabilities	10,893	184,745	195,638
Due to other funds	102,316	1,369,280	1,471,596
Accrued interest payable	-	18	18
Leases payable	-	7,279	7,279
Current portion payable from apportioned assets			
Pension notes payable	7,439	97,131	104,570
Accrued interest payable	983	12,832	13,815
Accounts payable	8,648	-	8,648
Current portion payable from restricted assets			
Accounts payable	-	2,688	2,688
Deposits payable	-	610,412	610,412
Total current liabilities	<u>131,948</u>	<u>2,560,870</u>	<u>2,692,818</u>
Noncurrent liabilities:			
Accrued liabilities, less current portion	3,436	187,631	191,067
Advances from other funds, less current portion	-	21,367,545	21,367,545
Net pension liability	-	634,134	634,134
Net OPEB liability	209,326	3,325,703	3,535,029
Lease liability, less current portion	-	3,693	3,693
Pension notes payable, less current portion	73,780	963,394	1,037,174
Total noncurrent liabilities	<u>286,542</u>	<u>26,482,100</u>	<u>26,768,642</u>
Total liabilities	<u>418,490</u>	<u>29,042,970</u>	<u>29,461,460</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	124,154	1,299,651	1,423,805
Deferred inflows of resources related to OPEB	119,632	1,928,908	2,048,540
Deferred inflows of resources related to leases	5,666,025	-	5,666,025
Total deferred inflows of resources	<u>5,909,811</u>	<u>3,228,559</u>	<u>9,138,370</u>
NET POSITION			
Net investment in capital assets	3,766,059	4,858,604	8,624,663
Restricted			
Capital improvement	-	18,624,666	18,624,666
Unrestricted	(260,350)	(26,675,721)	(26,936,071)
Total net position	<u>\$ 3,505,709</u>	<u>\$ (3,192,451)</u>	<u>\$ 313,258</u>

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-type Enterprise Funds		
	Parking System Fund	Solid Waste Management Fund	Total Other Proprietary Funds
OPERATING REVENUES			
Charges for services	\$ 805,072	\$ 18,571,854	\$ 19,376,926
Lease revenue	185,900	-	185,900
Franchise fees - solid waste	-	932,341	932,341
Total operating revenues	<u>990,972</u>	<u>19,504,195</u>	<u>20,495,167</u>
OPERATING EXPENSES			
Personal services	279,017	4,765,675	5,044,692
Other operating expenses	801,020	13,548,391	14,349,411
Depreciation/amortization	178,116	95,644	273,760
Total operating expenses	<u>1,258,153</u>	<u>18,409,710</u>	<u>19,667,863</u>
Operating income (loss)	<u>(267,181)</u>	<u>1,094,485</u>	<u>827,304</u>
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	(6,425)	421,696	415,271
Interest revenue - leases	116,550	-	116,550
Net increase (decrease) in the fair value of investments	23,441	(2,393,877)	(2,370,436)
Sale of surplus material and scrap	-	16,003	16,003
Other miscellaneous revenues	2,086	17,421	19,507
Interest expense	(1,966)	(288,563)	(290,529)
Interest expense - leases	-	(300)	(300)
Total nonoperating revenues (expenses)	<u>133,686</u>	<u>(2,227,620)</u>	<u>(2,093,934)</u>
Income (loss) before transfers	<u>(133,495)</u>	<u>(1,133,135)</u>	<u>(1,266,630)</u>
Transfers from other funds	205,895	-	205,895
Transfers to other funds	(93,990)	(462,762)	(556,752)
Payment in lieu of taxes	-	(1,744,630)	(1,744,630)
Total transfers	<u>111,905</u>	<u>(2,207,392)</u>	<u>(2,095,487)</u>
Change in net position	<u>(21,590)</u>	<u>(3,340,527)</u>	<u>(3,362,117)</u>
NET POSITION, beginning of year	3,527,299	148,076	3,675,375
NET POSITION, end of year	<u>\$ 3,505,709</u>	<u>\$ (3,192,451)</u>	<u>\$ 313,258</u>

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Business-type Activities Enterprise Funds		
	Parking System Fund	Solid Waste Management Fund	Total Other Proprietary Funds
Cash flows from operating activities:			
Receipts from customers	\$ 928,960	\$ 19,375,871	\$ 20,304,831
Payments for interfund services	(75,625)	(6,566,580)	(6,642,205)
Payments to suppliers	(918,610)	(6,900,245)	(7,818,855)
Payments to employees	(296,570)	(4,972,452)	(5,269,022)
Cash flows provided by (used in) operating activities	<u>(361,845)</u>	<u>936,594</u>	<u>574,749</u>
Cash flows from noncapital financing activities:			
Interest paid on customer deposits	-	(25,508)	(25,508)
Transfers from other funds	102,316	-	102,316
Transfers to other funds	(197,393)	(2,207,392)	(2,404,785)
Payments on and maturities of pension obligation notes	(7,161)	(93,499)	(100,660)
Interest paid on pension obligation notes	(2,052)	(26,796)	(28,848)
Cash flows provided by (used in) noncapital financing activities	<u>(104,290)</u>	<u>(2,353,195)</u>	<u>(2,457,485)</u>
Cash flows from capital financing activities:			
Interest received on leases	116,707	-	116,707
Proceeds from issuance of Interfund loans	-	21,077,512	21,077,512
Transfers from other funds for capital purposes	205,895	-	205,895
Payments on and maturities of long-term debt	-	(10,036)	(10,036)
Interest paid on long-term debt issued to finance capital assets	-	(263,216)	(263,216)
Purchase of capital assets	(42,137)	(363,333)	(405,470)
Cash flows provided by (used in) capital financing activities	<u>280,465</u>	<u>20,440,927</u>	<u>20,721,392</u>
Cash flows from investing activities:			
Investment revenue	(6,425)	447,204	440,779
Net increase (decrease) in the fair value of cash equivalents	23,441	(2,393,877)	(2,370,436)
Cash flows provided by investing activities	<u>17,016</u>	<u>(1,946,673)</u>	<u>(1,929,657)</u>
Net increase (decrease) in cash and cash equivalents	(168,654)	17,077,653	16,908,999
Cash and cash equivalents, beginning of year	226,287	4,988,360	5,214,647
Cash and cash equivalents, end of year	<u>\$ 57,633</u>	<u>\$ 22,066,013</u>	<u>\$ 22,123,646</u>
Classified as:			
Current	\$ -	\$ 2,718,284	\$ 2,718,284
Apportioned	57,633	109,963	167,596
Restricted	-	19,237,766	19,237,766
Total	<u>\$ 57,633</u>	<u>\$ 22,066,013</u>	<u>\$ 22,123,646</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (267,181)	\$ 1,094,485	\$ 827,304
Depreciation/amortization	178,116	95,644	273,760
Miscellaneous revenue	2,086	33,424	35,510
(Increase) decrease in receivables, net	(18,468)	(162,699)	(181,167)
(Increase) decrease in leases receivable	144,827	-	144,827
(Increase) decrease in net pension asset	(993)	-	(993)
(Increase) decrease in deferred outflows related to pension	29,899	725,838	755,737
(Increase) decrease in deferred outflows related to OPEB	17,255	260,297	277,552
Increase (decrease) in accounts payable	(193,811)	80,502	(113,309)
Increase (decrease) in accrued liabilities	(5,885)	33,093	27,208
Increase (decrease) in deposits payable	-	10,541	10,541
Increase (decrease) in net OPEB liability	(19,282)	(290,882)	(310,164)
Increase (decrease) in net pension liability	(148,768)	(1,968,030)	(2,116,798)
Increase (decrease) in deferred inflows related to pensions	114,404	1,147,240	1,261,644
Increase (decrease) in deferred inflows related to OPEB	(8,145)	(122,859)	(131,004)
Increase (decrease) in deferred inflows related to leases	(185,899)	-	(185,899)
Net cash provided by (used in) operating activities	<u>\$ (361,845)</u>	<u>\$ 936,594</u>	<u>\$ 574,749</u>
Noncash investing, capital, or financing transactions:			
Non-debt principal balance of capital related liabilities	\$ -	\$ 2,688	\$ 2,688
Net noncash investing, capital, or financing transactions	<u>\$ -</u>	<u>\$ 2,688</u>	<u>\$ 2,688</u>



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NON-MAJOR FUNDS

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

Internal service funds account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis.

Purchasing and Stores Fund – This fund accounts for the costs of purchasing and maintaining custody of supplies and materials. Services provided are billed based on an estimate of actual cost, including operating expenses, and overhead.

Fleet Management Fund – This fund accounts for purchasing and maintaining automotive equipment used by other City departments. User charges are assessed to cover actual costs, including operating expenses, overhead, and depreciation.

Facilities Maintenance Fund – This fund accounts for the cost of maintenance and janitorial services for all City-owned buildings. User charges are assessed to cover actual costs, including operating expenses, and overhead.

Information Technology Fund – This fund accounts for the cost of the information services incurred in providing network services, telephone, radio communications, and general computer services and supplies. User charges are assessed to cover actual costs, including operating expenses, overhead, and depreciation.

Self-Insurance Fund – This fund accounts for the cost of claims and management fees incurred in providing employee health insurance, workers' compensation, general liability, public officials' liability, airport general liability, automobile liability and trustee and fiduciary liability for the City of Lakeland.

Internal Loan Fund – This fund accounts for internal loans that are made to other funds of the City of Lakeland for the purpose of financing capital acquisition costs that the City has determined should not be financed through the traditional tax-free debt market. All loans are interest bearing with defined repayment terms.

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Purchasing And Stores Fund	Fleet Management Fund	Facilities Maintenance Fund	Information Technology Fund	Self- Insurance Fund	Internal Loan Fund	Total Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 459,466	\$ 1,905,946	\$ 3,310,155	\$ 2,907,162	\$ -	\$ 29,543,029	\$ 38,125,758
Accounts receivable	-	4,140	-	-	-	-	4,140
Due from other funds	-	-	-	-	-	4,317,287	4,317,287
Due from other government units	-	115,575	-	-	-	-	115,575
Inventories	534,833	39,225	-	-	-	-	574,058
Prepaid expenses	-	-	-	50,772	-	-	50,772
Asset apportionments set aside for (including \$19,138,140 in cash and cash equivalents)	-	-	-	-	-	-	-
Current portion of bonds payable	24,716	52,649	99,227	259,232	-	5,030,000	5,030,000
Accrued interest payable	3,265	6,956	13,109	34,248	-	2,279,482	2,337,060
Accrued liabilities	-	-	-	-	9,383,185	-	9,383,185
Accounts payable	-	1,539,384	-	224,905	187,782	-	1,952,071
Total current assets	1,022,280	3,663,875	3,422,491	3,476,319	9,570,967	41,169,798	62,325,730
Noncurrent assets:							
Asset apportionments (including \$88,304,407 in cash and cash equivalents)	-	49,307,533	-	12,356,917	28,018,996	-	89,683,446
Capital assets:							
Land	-	9,972	-	-	-	-	9,972
Construction in progress	-	334,355	-	2,514,169	-	-	2,848,524
Utility plant, facilities & equipment in service	3,572,911	98,181,194	758,696	30,475,509	-	-	132,988,310
Less accumulated depreciation	(2,652,698)	(55,488,956)	(452,352)	(24,620,341)	-	-	(83,214,347)
Subscription assets	-	-	-	535,669	-	-	535,669
Less accumulated amortization - subscription assets	-	-	-	(212,624)	-	-	(212,624)
Total capital assets	920,213	43,036,565	306,344	8,692,382	-	-	52,955,504
Other noncurrent assets:							
Advances to other funds	-	-	-	-	-	69,937,560	69,937,560
Total other noncurrent assets	-	-	-	-	-	69,937,560	69,937,560
Total noncurrent assets	920,213	92,344,098	306,344	21,049,299	28,018,996	69,937,560	212,576,510
Total assets	1,942,493	96,007,973	3,728,835	24,525,618	37,589,963	111,107,358	274,902,240
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows of resources related to pensions	183,178	328,315	579,386	1,583,771	-	-	2,674,650
Deferred outflows of resources related to OPEB	162,834	267,867	618,066	1,627,297	-	-	2,676,064
Total deferred outflows of resources	346,012	596,182	1,197,452	3,211,068	-	-	5,350,714

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Purchasing And Stores Fund	Fleet Management Fund	Facilities Maintenance Fund	Information Technology Fund	Self- Insurance Fund	Internal Loan Fund	Total Internal Service Funds
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 55,489	\$ 334,733	\$ 252,419	\$ 597,488	\$ -	\$ 128,299	\$ 1,368,428
Accrued liabilities	18,384	117,860	178,203	445,320	-	-	759,767
Due to other funds	-	31,549	-	26,427	-	-	57,976
Accrued interest payable	-	-	-	9,706	-	-	9,706
Subscription liability payable	-	-	-	89,960	-	-	89,960
Deposits payable	1,750	-	-	-	-	-	1,750
Payable from apportioned assets:							
Bonds payable	-	-	-	-	-	5,030,000	5,030,000
Pension notes payable	24,716	52,649	99,227	259,232	-	-	435,824
Accrued interest payable	3,265	6,956	13,109	34,248	-	2,279,482	2,337,060
Accrued liabilities	-	-	-	-	9,383,185	-	9,383,185
Accounts payable	-	1,539,384	-	224,905	187,782	-	1,952,071
Total current liabilities	103,604	2,083,131	542,958	1,687,286	9,570,967	7,437,781	21,425,727
Noncurrent liabilities:							
Liabilities payable from apportioned assets							
Accrued liabilities, less current portion	-	-	-	-	15,828,405	-	15,828,405
Advances from other funds, less current portion	68,149	163,227	230,532	756,575	-	-	1,218,483
Net pension liability	-	344,623	-	84,132	-	-	428,755
Net OPEB liability	253,360	417,079	689,824	2,642,621	-	-	4,002,884
Subscription liability, less current portion	811,177	1,528,507	3,247,516	7,095,434	-	-	12,682,634
Pension notes payable, less current portion	-	-	-	197,230	-	-	197,230
Revenue bonds payable, less current portion	245,152	522,205	984,179	2,571,197	-	-	4,322,733
Unamortized bond premium	-	-	-	-	-	81,103,290	81,103,290
Total noncurrent liabilities	1,377,838	2,975,641	5,152,051	13,347,189	15,828,405	13,303,146	133,087,560
Total liabilities	1,481,442	5,058,772	5,695,009	15,034,475	25,399,372	101,844,217	154,513,287
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows of resources related to pensions	256,702	707,998	1,268,522	2,476,419	-	-	4,709,641
Deferred inflows of resources related to OPEB	489,020	891,702	1,891,664	4,386,718	-	-	7,659,104
Deferred inflows - unamortized gain on refunding	-	-	-	-	-	4,222,609	4,222,609
Total deferred inflows of resources	745,722	1,599,700	3,160,186	6,863,137	-	4,222,609	16,591,354
NET POSITION							
Net investment in capital assets	920,213	41,497,181	306,344	8,394,692	-	-	51,118,430
Restricted	(858,872)	48,448,502	(4,235,252)	(2,555,618)	12,190,591	5,040,532	58,029,883
Unrestricted	61,341	89,945,683	(3,928,908)	5,839,074	12,190,591	5,040,532	109,148,313
Total net position	\$	\$	\$	\$	\$	\$	\$

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Purchasing And Stores Fund	Fleet Management Fund	Facilities Maintenance Fund	Information Technology Fund	Self- Insurance Fund	Internal Loan Fund	Total Internal Service Funds
OPERATING REVENUES							
Charges for services	\$ 3,179,503	\$ 23,996,319	\$ 8,726,948	\$ 23,934,690	\$ 41,512,304	\$ -	\$ 101,349,764
OPERATING EXPENSES							
Personal services	1,194,486	2,223,358	4,305,228	9,748,443	-	-	17,471,515
Other operating expenses	1,963,580	9,360,377	3,935,746	13,796,265	51,042,013	-	80,097,981
Depreciation/amortization	111,765	10,234,922	24,820	2,470,629	-	-	12,842,136
Total operating expenses	3,269,831	21,818,657	8,265,794	26,015,337	51,042,013	-	110,411,632
Operating income (loss)	(90,328)	2,177,662	461,154	(2,080,647)	(9,529,709)	-	(9,061,868)
NONOPERATING REVENUES							
(EXPENSES)							
Fuel tax refunds and credits	-	184,007	-	-	-	-	184,007
Interest revenue	17,374	2,072,641	130,100	602,733	1,552,720	1,247,639	5,623,207
Net increase (decrease) in the fair value of investments	10,765	375,769	27,259	275,837	674,730	160,752	1,525,112
Interest income on internal loans	-	-	-	-	-	2,487,046	2,487,046
Gain (loss) on disposition of capital assets	-	(97,183)	-	(4,348)	29,634	-	(71,897)
Sale of surplus material and scrap	33,867	5,995	-	21,904	-	-	61,766
Other miscellaneous revenues	279	-	-	23,912	3,863,428	-	3,887,619
Settlements	-	-	-	-	138,271	-	138,271
Sale of general capital assets	-	2,433,405	-	-	-	-	2,433,405
Interest expense	(6,530)	(19,981)	(26,218)	(98,840)	-	(5,901,691)	(6,053,260)
Interest expense - subscriptions	-	-	-	(9,911)	-	-	(9,911)
Amortization	-	-	-	-	-	613,772	613,772
Total nonoperating revenues (expenses)	55,755	4,954,653	131,141	811,287	6,258,783	(1,392,482)	10,819,137
Income (loss) before transfers	(34,573)	7,132,315	592,295	(1,269,360)	(3,270,926)	(1,392,482)	1,757,269
Capital grants and contributions:							
Federal grants and donations	-	-	-	-	-	-	-
Transfers from other funds	-	4,092,634	-	1,071,474	-	220,545	220,545
Transfers to other funds	(7,507)	(6,540)	(2,967)	-	(28,115)	-	(45,129)
Total contributions and transfers	(7,507)	4,086,094	(2,967)	1,071,474	(28,115)	220,545	5,339,524
Change in net position	(42,080)	11,218,409	589,328	(197,886)	(3,299,041)	(1,171,937)	7,096,793
NET POSITION, beginning of year	103,421	78,727,274	(4,518,236)	6,036,960	15,489,632	6,212,469	102,051,520
NET POSITION, end of year	\$ 61,341	\$ 89,945,683	\$ (3,928,908)	\$ 5,839,074	\$ 12,190,591	\$ 5,040,532	\$ 109,148,313



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CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Purchasing and Stores Fund	Fleet Management Fund	Facilities Maintenance Fund	Information Technology Fund	Self-Insurance Fund	Internal Loan Fund	Total Internal Service Funds
Cash flows from operating activities:							
Receipts for interfund services	\$ 3,213,370	\$ 24,219,086	\$ 8,726,948	\$ 23,934,690	\$ 45,348,143	\$ -	\$ 105,442,237
Payments to suppliers	(919,893)	(8,704,302)	(3,061,633)	(10,710,159)	(49,319,837)	-	(72,715,824)
Payments for interfund services	(996,461)	(446,148)	(913,461)	(3,000,364)	(293,940)	-	(5,650,374)
Payments to employees	(1,266,909)	(2,314,345)	(4,450,634)	(10,145,766)	-	-	(18,177,654)
Cash flows provided by (used in) operating activities	30,107	12,754,291	301,220	78,401	(4,265,634)	-	8,898,385
Cash flows from noncapital financing activities:							
Transfers to other funds	(7,507)	(6,540)	(2,967)	-	(28,115)	-	(45,129)
Payments on and maturities of pension obligation notes	(23,792)	(50,681)	(95,516)	(249,539)	-	-	(419,528)
Interest paid on pension obligation notes	(6,818)	(14,525)	(27,374)	(71,516)	-	-	(120,233)
Cash flows provided by (used in) noncapital financing activities	(38,117)	(71,746)	(125,857)	(321,055)	(28,115)	-	(584,890)
Cash flows from capital financing activities:							
Interest received on internal loans	-	-	-	-	-	2,487,046	2,487,046
Repayments on and maturities of long-term debt - governmental funds	-	-	-	-	-	29,141,566	29,141,566
Proceeds from repayments of interfund loans	-	-	-	-	-	4,969,170	4,969,170
Issuance of long-term debt - governmental funds	-	-	-	-	-	(52,502,998)	(52,502,998)
Issuance of interfund loans	-	-	-	-	-	(41,126,367)	(41,126,367)
Payments on and maturities of interfund loans	-	(31,300)	-	(1,031,738)	-	-	(1,063,038)
Interest paid on long-term debt issued to finance capital assets	(1,531)	(6,069)	-	(50,068)	-	(4,457,689)	(4,515,357)
Debt issue costs	-	-	-	-	-	(1,093,775)	(1,093,775)
Proceeds from the issuance of long-term debt	-	-	-	-	-	111,871,963	111,871,963
Payments on and maturities of long-term debt	(45,700)	-	-	(292,194)	-	(48,365,978)	(48,703,872)
Transfers from other funds for capital purposes	-	4,092,634	-	1,071,474	-	-	5,164,108
Proceeds from rebates on interest payments	-	-	-	-	-	376,908	376,908
Proceeds from the sale of capital assets	-	2,165,080	-	21,904	-	-	2,186,984
Purchase of capital assets	-	(18,604,403)	(181,663)	(696,979)	-	-	(19,483,045)
Cash flows provided by (used in) capital financing activities	(47,231)	(12,384,058)	(181,663)	(977,601)	-	1,299,846	(12,290,707)
Cash Flows from investing activities:							
Investment revenue	17,374	2,072,641	130,100	602,733	1,552,720	1,247,639	5,623,207
Net increase (decrease) in the fair value of cash equivalents	10,765	375,769	27,259	275,837	674,730	160,752	1,525,112
Cash flows provided by (used in) investing activities	28,139	2,448,410	157,359	878,570	2,227,450	1,408,391	7,148,319
Net increase (decrease) in cash and cash equivalents	(27,102)	2,746,897	151,059	(341,685)	(2,066,299)	2,708,237	3,171,107
Cash and cash equivalents, beginning of year	514,549	49,797,246	3,271,432	15,964,661	38,705,036	34,144,274	142,397,198
Cash and cash equivalents, end of year	\$ 487,447	\$ 52,544,143	\$ 3,422,491	\$ 15,622,976	\$ 36,638,737	\$ 36,852,511	\$ 145,568,305

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025 (CONTINUED)

	Purchasing and Stores Fund	Fleet Management Fund	Facilities Maintenance Fund	Information Technology Fund	Self-Insurance Fund	Internal Loan Fund	Total Internal Service Funds
Classified as:							
Current	\$ 459,466	\$ 1,905,946	\$ 3,310,155	\$ 2,907,162	\$ -	\$ 29,543,029	\$ 38,125,758
Appportioned	27,981	50,638,197	112,336	12,715,814	36,638,737	7,309,482	107,442,547
Total	\$ 487,447	\$ 52,544,143	\$ 3,422,491	\$ 15,622,976	\$ 36,638,737	\$ 36,852,511	\$ 145,568,305
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ (90,328)	\$ 2,177,662	\$ 461,154	\$ (2,080,647)	\$ (9,529,709)	\$ -	\$ (9,061,868)
Depreciation/amortization	111,765	10,234,922	24,820	2,470,629	-	-	12,842,136
Rebate on fuel taxes	-	184,007	-	-	-	-	184,007
Miscellaneous revenue	34,146	5,995	-	23,912	4,001,699	-	4,065,752
(Increase) decrease in receivables, net	-	-	-	-	(165,860)	-	(165,860)
(Increase) decrease in due from other governments	-	216,772	-	-	-	-	216,772
(Increase) decrease in inventory	19,183	29,848	-	-	-	-	49,031
(Increase) decrease in prepaid expenses	-	-	-	95,339	-	-	95,339
(Increase) decrease in deferred outflows related to pensions	233,532	303,712	654,518	1,762,205	-	-	2,953,967
(Increase) decrease in deferred outflows related to OPEB	68,784	125,849	222,857	504,817	-	-	922,307
Increase (decrease) in accounts payable	27,355	(5,258)	(39,348)	(25,365)	19,186	-	(23,430)
Increase (decrease) in accrued liabilities	(577)	25,247	46,153	77,529	1,003,647	-	1,151,999
Increase (decrease) in net pension liability	(479,661)	(960,311)	(1,829,145)	(3,976,914)	-	-	(7,246,031)
Increase (decrease) in net OPEB liability	(76,865)	(140,635)	(249,042)	(564,135)	-	-	(1,030,677)
Increase (decrease) in estimated liability for unpaid claims	215,239	615,882	1,114,439	2,029,303	405,403	-	405,403
Increase (decrease) in deferred inflows related to pensions	(32,466)	(59,401)	(105,186)	(238,272)	-	-	3,974,863
Increase (decrease) in deferred inflows related to OPEB	-	-	-	-	-	-	(435,325)
Net cash provided by (used in) operating activities	\$ 30,107	\$ 12,754,291	\$ 301,220	\$ 78,401	\$ (4,265,634)	\$ -	\$ 8,898,385
Noncash investing, capital, or financing transactions:							
Non-debt principal balance of capital related liabilities	\$ -	\$ 1,539,584	\$ -	\$ 10,500	\$ -	\$ -	\$ 1,550,084
Net asset transfer to other funds, a noncash capital activity	-	-	-	-	29,634	-	29,634
Lease acquisition of capital assets	-	-	-	-	-	-	-
	\$ -	\$ 1,539,584	\$ -	\$ 10,500	\$ 29,634	\$ -	\$ 1,579,718



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NON-MAJOR FUNDS

FIDUCIARY FUNDS

FIDUCIARY FUNDS

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. Fiduciary funds include both pension trust funds and other employee benefit trust fund.

Pension and Other Employees Benefit Trust Funds:

Employees' Pension and Retirement System – This fund accounts for the accumulation of resources used for retirement payments for City employees. Resources for retirement benefits are contributed by the employer and employees at a rate determined by actuarial valuation.

Police Officers' Defined Benefit Retirement System – This fund accounts for the accumulation of resources used for retirement annuity payments to police officers. Resources are contributed by the City and police officers at a rate determined by actuarial valuation and by the State of Florida from proceeds of an excise tax imposed by the City on casualty insurance companies.

Firefighters' Supplemental Pension Plan – This fund accounts for the accumulation of resources used for retirement annuity and death benefit payments for firefighters. Resources are contributed by the City and firefighters at a rate determined by actuarial valuation and by the State of Florida from the proceeds of an excise tax imposed by the City on fire insurance companies. The tax is collected by the State of Florida and remitted to the fund.

Retiree Healthcare Trust Fund – This fund accounts for the accumulation of resources used for health insurance payments for eligible retirees.

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
TRUST FUNDS
SEPTEMBER 30, 2025

	Pension and Other Employees Benefit Trust Funds					
	Police Officers'					
	Employees Pension and Retirement System	Defined Benefit Retirement System	Firefighters' Retirement System	Retiree Healthcare Trust Fund	Total Trust Funds	
ASSETS						
Cash and cash equivalents	\$ 6,556,885	\$ 3,825,425	\$ 1,114,749	\$ -	\$ -	\$ 11,497,059
Mutual funds	322,999,333	115,972,317	110,746,062	-	-	549,717,712
US government obligations	94,918,604	20,288,054	-	-	-	115,206,658
Real estate funds	58,899,946	25,105,660	18,959,065	-	-	102,964,671
Corporate notes and bonds	29,993,504	8,771,065	-	-	-	38,764,569
Corporate stocks	43,888,170	29,465,362	-	-	-	73,353,532
Alternate investments	50,586,549	-	-	-	-	50,586,549
Fixed income funds	52,291,901	9,698,760	30,462,552	-	-	92,453,213
Private equity funds	161,492,574	-	-	-	-	161,492,574
Consolidated fund	-	-	-	14,510,408	-	14,510,408
Interest and dividends receivable	770,343	179,870	38,649	-	-	988,862
Investment sales receivable, net	685,752	36,974	-	-	-	722,726
Contributions receivable	579,927	147,511	108,901	60,158	-	896,497
Due from other government units	-	-	36,636	-	-	36,636
Total assets	823,663,488	213,490,998	161,466,614	14,570,566	-	1,213,191,666
LIABILITIES						
Accounts payable	\$ -	\$ 101,375	\$ 29,537	\$ -	\$ -	\$ 130,912
Benefits payable	-	156,246	21,986	-	-	178,232
Unsettled investment purchases, net	828,731	462,987	-	-	-	1,291,718
Due to other governmental units	-	-	-	123,889	-	123,889
Total liabilities	828,731	720,608	51,523	123,889	-	1,724,751
NET POSITION						
DROP and other accounts	26,915,165	9,910,489	3,623,065	-	-	40,448,719
OPEB benefits	-	-	-	14,446,677	-	14,446,677
Pension benefits and other purposes	795,919,592	202,859,901	157,792,026	-	-	1,156,571,519
Total net position	\$ 822,834,757	\$ 212,770,390	\$ 161,415,091	\$ 14,446,677	\$ -	\$ 1,211,466,915

CITY OF LAKELAND, FLORIDA

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Pension and Other Employees Benefit Trust Funds				
	Employees Pension and Retirement System	Police Officers' Defined Benefit Retirement System	Firefighters' Retirement System	Retiree Healthcare Trust Fund	Total Trust Funds
ADDITIONS					
Contributions:					
Employer	\$ 8,798,429	\$ 2,965,792	\$ 2,590,132	\$ 8,952,073	\$ 23,306,426
Plan members	5,621,116	3,921,594	1,995,988	83,084	11,621,782
Insurance premium taxes - State of Florida	-	1,668,312	1,475,575	-	3,143,887
Total contributions	14,419,545	8,555,698	6,061,695	9,035,157	38,072,095
Net investment income:					
Interest and dividends	13,574,150	4,713,974	2,669,842	570,414	21,528,380
Net increase (decrease) in the fair value of investments	83,896,448	19,096,593	16,267,646	656,419	119,917,106
Investment advisor fee	(4,325,519)	(391,463)	(107,481)	-	(4,824,463)
Net investment income (loss)	93,145,079	23,419,104	18,830,007	1,226,833	136,621,023
Other miscellaneous revenues	14	13,291	-	-	13,305
Total additions	107,564,638	31,988,093	24,891,702	10,261,990	174,706,423
DEDUCTIONS					
Pension benefits paid	50,162,995	12,833,661	6,907,718	-	69,904,374
Other benefits paid	-	266,194	126,936	8,790,585	9,183,715
Refunds, former plan members	2,929,211	305,628	71,244	-	3,306,083
Administrative expense	301,030	206,135	144,455	-	651,620
Total deductions	53,393,236	13,611,618	7,250,353	8,790,585	83,045,792
CHANGE IN NET POSITION					
RESTRICTED	54,171,402	18,376,475	17,641,349	1,471,405	91,660,631
NET POSITION, beginning of year	768,663,355	194,393,915	143,773,742	12,975,272	1,119,806,284
NET POSITION, end of year	\$ 822,834,757	\$ 212,770,390	\$ 161,415,091	\$ 14,446,677	\$ 1,211,466,915



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SCHEDULES



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CITY OF LAKELAND, FLORIDA

SCHEDULE OF LONG-TERM DEBT - ALL FUNDS
SEPTEMBER 30, 2025

	Interest Rate	Date		Original Issue Amount	Outstanding October 1, 2024	Issued During Year	Retired During Year	Outstanding September 30, 2025	Interest Payable in Future Years	Principal and Interest Payable in Future Years
		Issue	Final Maturity							
GOVERNMENTAL FUNDS										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	\$ 44,441,173	\$ 33,994,752	\$ -	\$ 2,754,255	\$ 31,240,497	\$ 4,231,335	\$ 35,471,832
Capital Improvement Revenue Note, Series 2017A	2.440	05-23-17	04-01-32	14,741,138	8,444,452	-	987,552	7,456,900	740,493	8,197,393
Financed purchases payable:										
Leasing2 - Wheel loaders	2.800	09-16-19	03-15-25	458,389	185,719	-	185,719	-	-	-
Leasing2 - Vactor Trucks	2.800	09-16-19	04-16-25	1,079,164	262,442	-	262,442	-	-	-
Leasing2 - Sweepers	4.450	04-05-23	08-05-28	2,192,727	2,192,727	-	856,592	1,336,135	114,075	1,450,210
Leasing2 - Gradall Telescope Excavators	4.406	10-02-23	12-19-30	1,073,825	1,013,101	-	130,055	883,046	118,411	1,001,457
Axon Enterprises - Body-worn Camera System	0.00	06-21-22	05-01-31	10,553,439	7,498,074	-	1,071,153	6,426,921	-	6,426,921
Internal Loans	1.530 to 4.000	03-31-05	09-30-36	66,680,003	33,140,800	52,502,998	29,141,565	56,502,233	22,649,397	79,151,630
				141,219,858	86,732,067	52,502,998	35,389,333	103,845,732	27,853,711	131,699,443
DEPARTMENT OF ELECTRIC UTILITIES										
Energy System Revenue and Refunding Bonds, Series 2016	2.000 to 5.000	02-05-16	10-01-36	138,650,000	87,165,000	-	10,955,000	76,210,000	10,844,472	87,054,472
Energy System Revenue and Refunding Bonds, Series 2010	4.000 to 5.250	10-01-10	10-01-36	199,300,000	83,605,000	-	5,595,000	78,010,000	26,324,544	104,334,544
Energy System Revenue Bonds, Series 2018	3.250 to 5.000	09-27-18	10-01-37	43,945,000	32,405,000	-	1,520,000	30,885,000	8,468,006	39,353,006
Energy System Revenue Bonds, Series 2021	4.000 to 5.000	12-01-21	10-01-48	123,295,000	119,710,000	-	2,445,000	117,265,000	70,237,475	187,502,475
Energy System Revenue and Refunding Bonds, Series 2023	4.250 to 5.000	09-12-23	10-01-48	154,470,000	154,470,000	-	-	154,470,000	106,603,094	261,073,094
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	20,378,522	15,588,311	-	1,262,965	14,325,346	1,940,281	16,265,627
				680,038,522	492,943,311	-	21,777,965	471,165,346	224,417,872	695,583,218
LAKELAND LINDER INTERNATIONAL AIRPORT FUND										
Capital Improvement Revenue Note, Series 2017B	2.440	05-23-17	04-01-26	15,879,855	2,212,399	-	1,089,536	1,122,863	23,581	1,146,444
Internal Loans	4.000	09-30-10	09-30-35	68,394,696	36,547,882	20,048,855	3,906,133	52,690,604	16,183,856	68,874,460
Capital Improvement Revenue Note, Series 2017A	2.440	05-23-17	04-01-27	1,629,431	529,835	-	172,457	357,378	13,132	370,510
City of Lakeland Revenue Note, Series 2024	variable	09-06-24	09-06-25	20,000,000	20,000,000	-	20,000,000	-	-	-
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	599,408	458,511	-	37,149	421,362	57,070	478,432
				106,503,390	59,748,627	20,048,855	25,205,275	54,592,207	16,277,639	70,869,846
WATER AND WASTEWATER UTILITIES										
Capital Improvement Revenue and Refunding Bonds, Series 2010C	5.929 to 6.029	09-30-10	10-01-40	5,209,023	5,209,023	-	5,209,023	-	-	-
Water and Wastewater System Revenue Refunding Bonds, Series 2021	2.140	10-01-21	10-01-32	28,220,000	23,557,427	-	2,403,077	21,154,350	1,860,621	23,014,971
Water and Wastewater Revenue Note, Series 2015	2.420	11-12-15	10-01-25	10,600,000	5,383,986	-	724,984	4,659,002	56,374	4,715,376
Capital Improvement Revenue and Refunding Bonds, Series 2025A	5.000	06-25-25	10-01-45	4,509,477	-	4,509,477	-	4,509,477	1,637,636	6,147,113

(Table Continued on the Next Page)

CITY OF LAKELAND, FLORIDA

SCHEDULE OF LONG-TERM DEBT - ALL FUNDS (continued)
SEPTEMBER 30, 2025

	Interest Rate	Date		Original Issue Amount	Outstanding October 1, 2024	Issued During Year	Retired During Year	Outstanding September 30, 2025	Interest Payable in Future Years	Principal and Interest Payable in Future Years
		Issue	Final Maturity							
WATER AND WASTEWATER UTILITIES (continued)										
Drinking Water Revolving Loan Program - DW 530661	0.230	07-01-20	11-15-41	\$ 19,167,295	\$ 17,080,566	\$ -	\$ 927,657	\$ 16,152,909	\$ 326,080	\$ 16,478,989
Clean Water Revolving Loan Program - CW 530630	0.000 to 0.440	10-24-16	01-15-40	12,284,141	9,568,688	-	594,404	8,974,284	57,787	9,032,071
Clean Water Revolving Loan Program - 2006 SRF	2.960	01-31-04	09-30-28	42,734,405	11,169,180	-	2,450,482	8,718,698	439,006	9,157,704
Clean Water Revolving Loan Program - CW 530651	0.000 to 0.060	05-07-18	12-15-42	15,494,263	13,821,885	-	746,112	13,075,773	18,380	13,094,153
Drinking Water Revolving Loan Program - DW 530660	1.960	11-27-18	06-15-40	778,787	544,677	-	79,368	465,309	27,804	493,113
Clean Water Revolving Loan Program - CW 530650	1.160	03-03-17	08-15-40	1,000,000	726,028	-	38,958	687,070	67,715	754,785
Clean Water Revolving Loan Program - CW 530610	1.690	02-11-14	04-15-36	1,301,890	353,634	-	128,888	224,746	61,588	286,334
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	7,187,425	5,497,937	-	445,443	5,052,494	684,329	5,736,823
Clean Water Revolving Loan Program - CW 530652	0.000	02-24-21	08-15-44	2,443,459	2,343,894	-	72,661	2,271,233	-	2,271,233
Clean Water Revolving Loan Program - CW 530670	0.000	11-18-21	10-15-42	1,106,541	1,013,040	-	33,727	979,313	-	979,313
Drinking Water Revolving Loan Program - LS 530680	0.680	04-15-24	03-15-46	931,700	-	234,511	-	234,511	-	234,511
Clean Water Revolving Loan Program - CW 530671	0.680	04-15-24	03-15-46	20,000,000	4,104,131	13,576,141	-	17,680,272	1,259,493	18,939,765
				172,968,406	100,374,096	18,320,129	13,854,784	104,839,441	6,496,813	111,336,254
PARKING FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	115,539	88,380	-	7,161	81,219	10,999	92,218
				115,539	88,380	-	7,161	81,219	10,999	92,218
SOLID WASTE FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	1,508,650	1,154,024	-	93,499	1,060,525	143,642	1,204,167
Internal Loans	4.460	06-01-25	09-30-45	22,739,512	-	22,739,512	2,687	22,736,825	10,892,988	33,629,813
				24,248,162	1,154,024	22,739,512	96,186	23,797,350	11,036,630	34,833,980
PURCHASING AND STORES FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	383,899	293,660	-	23,792	269,868	36,553	306,421
				383,899	293,660	-	23,792	269,868	36,553	306,421
FACILITIES MAINTENANCE FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	1,541,199	1,178,922	-	95,516	1,083,406	146,745	1,230,151
				1,541,199	1,178,922	-	95,516	1,083,406	146,745	1,230,151
MOTOR POOL FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	817,758	625,535	-	50,681	574,854	77,864	652,718
Internal Loans	1.530	08-01-21	09-30-36	500,000	407,472	-	31,300	376,172	33,360	409,532
				1,317,758	1,033,007	-	81,981	951,026	111,224	1,062,250
INFORMATION TECHNOLOGY FUND										
Florida Taxable Pension Liability Reduction Note, Series 2020	2.420	03-06-20	10-01-40	4,026,427	3,079,968	-	249,539	2,830,429	383,360	3,213,789
Internal Loans	4.000	09-30-10	09-30-25	14,250,000	1,142,297	-	1,031,738	110,559	9,507	120,066
				18,276,427	4,222,265	-	1,281,277	2,940,988	392,867	3,333,855

(Table Continued on the Next Page)

CITY OF LAKELAND, FLORIDA

SCHEDULE OF LONG-TERM DEBT - ALL FUNDS (continued)
SEPTEMBER 30, 2025

	Interest Rate	Date		Original Issue Amount	Outstanding October 1, 2024	Issued During Year	Retired During Year	Outstanding September 30, 2025	Interest Payable in Future Years	Principal and Interest Payable in Future Years
		Issue	Final Maturity							
INTERNAL LOAN FUND										
Capital Improvement Revenue and Refunding Bonds, Series 2021A	4.00 to 5.00	07-29-21	10-01-41	\$ 26,195,000	\$ 22,740,000	\$ -	\$ 2,485,000	\$ 20,255,000	\$ 5,894,925	\$ 26,149,925
Capital Improvement Revenue and Refunding Bonds, Series 2021B	4.00 to 5.00	07-29-21	10-01-41	15,005,000	14,495,000	-	395,000	14,100,000	5,616,250	19,716,250
Capital Improvement Revenue Bonds, Series 2015	2.00 to 5.00	05-20-15	10-01-36	51,465,000	31,615,000	-	29,580,000	2,035,000	50,875	2,085,875
Capital Improvement Revenue and Refunding Bonds, Series 2010C	5.929 to 6.029	09-30-10	10-01-40	15,905,977	15,905,977	-	15,905,977	-	-	-
Capital Improvement Revenue and Refunding Bonds, Series 2025A	5.000	06-25-25	10-01-45	68,010,523	-	68,010,523	-	68,010,523	30,282,975	98,293,498
Capital Improvement Revenue and Refunding Bonds, Series 2025B	5.043	06-25-25	10-01-45	13,000,000	-	13,000,000	-	13,000,000	8,105,533	21,105,533
Capital Improvement Revenue and Refunding Bonds, Series 2025C	5.699	06-25-25	10-01-44	25,235,000	-	25,235,000	-	25,235,000	16,968,423	42,203,423
				214,816,500	84,755,977	106,245,523	48,365,977	142,635,523	66,918,981	209,554,504
				\$ 1,398,429,660	\$ 832,524,336	\$ 219,857,017	\$ 146,179,247	\$ 906,202,106	\$ 353,700,034	\$ 1,259,902,140
TOTAL ALL FUNDS										

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CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY
SEPTEMBER 30, 2025

CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2015

<u>Fiscal Year</u>	<u>INTERNAL LOAN FUND</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025-26	\$ 2,035,000	\$ 50,875	\$ 2,085,875
TOTALS	<u>\$ 2,035,000</u>	<u>\$ 50,875</u>	<u>\$ 2,085,875</u>

TAXABLE PENSION LIABILITY REDUCTION NOTE, SERIES 2020

<u>Fiscal Year</u>	<u>GOVERNMENTAL FUNDS</u>			<u>ENTERPRISE FUNDS</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025-26	\$ 2,861,243	\$ 721,399	\$ 3,582,642	\$ 2,353,757	\$ 593,447	\$ 2,947,204
2026-27	2,973,717	650,795	3,624,512	2,446,283	535,368	2,981,651
2027-28	3,088,937	577,435	3,666,372	2,541,063	475,022	3,016,085
2028-29	3,206,896	501,258	3,708,154	2,638,104	412,353	3,050,457
2029-30	3,327,602	422,190	3,749,792	2,737,398	347,309	3,084,707
2030-31	3,453,793	340,135	3,793,928	2,841,207	279,809	3,121,016
2031-32	1,890,122	275,473	2,165,595	1,554,878	226,616	1,781,494
2032-33	2,329,046	224,422	2,553,468	1,915,954	184,619	2,100,573
2033-34	1,785,877	174,632	1,960,509	1,469,123	143,658	1,612,781
2034-35	1,983,395	129,025	2,112,420	1,631,605	106,139	1,737,744
2035-36	1,292,084	89,389	1,381,473	1,062,916	73,537	1,136,453
2036-37	1,094,572	60,513	1,155,085	900,428	49,779	950,207
2037-38	798,296	37,611	835,907	656,704	30,936	687,640
2038-39	798,296	18,292	816,588	656,704	15,044	671,748
2039-40	172,827	6,541	179,368	142,173	5,378	147,551
2040-41	183,794	2,225	186,019	151,206	1,829	153,035
TOTALS	<u>\$ 31,240,497</u>	<u>\$ 4,231,335</u>	<u>\$ 35,471,832</u>	<u>\$ 25,699,503</u>	<u>\$ 3,480,843</u>	<u>\$ 29,180,346</u>

CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2017A

<u>Fiscal Year</u>	<u>AIRPORT PORTION</u>			<u>GOVERNMENTAL PORTION</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025-26	\$ 176,579	\$ 8,720	\$ 185,299	\$ 1,011,154	\$ 181,278	\$ 1,192,432
2026-27	180,799	4,412	185,211	1,035,321	156,937	1,192,258
2027-28	-	-	-	1,031,583	132,014	1,163,597
2028-29	-	-	-	1,056,238	106,844	1,163,082
2029-30	-	-	-	1,081,482	81,072	1,162,554
2030-31	-	-	-	1,107,329	54,683	1,162,012
2031-32	-	-	-	1,133,793	27,665	1,161,458
TOTALS	<u>\$ 357,378</u>	<u>\$ 13,132</u>	<u>\$ 370,510</u>	<u>\$ 7,456,900</u>	<u>\$ 740,493</u>	<u>\$ 8,197,393</u>

CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2017B

<u>Fiscal Year</u>	<u>AIRPORT PORTION</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025-26	\$ 1,122,863	\$ 23,581	\$ 1,146,444
TOTALS	<u>\$ 1,122,863</u>	<u>\$ 23,581</u>	<u>\$ 1,146,444</u>

CITY OF LAKELAND, FLORIDA
SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY (CONTINUED)
SEPTEMBER 30, 2025

WATER AND WASTEWATER REVENUE REFUNDING BONDS, SERIES 2021

Fiscal Year	WATER UTILITIES PORTION		
	Principal	Interest	Total
2025-26	\$ 2,453,791	\$ 426,448	\$ 2,880,239
2026-27	2,505,071	373,388	2,878,459
2027-28	2,561,678	319,173	2,880,851
2028-29	2,613,223	263,802	2,877,025
2029-30	2,669,601	207,276	2,876,877
2030-31	2,725,412	149,549	2,874,961
2031-32	2,784,846	90,589	2,875,435
2032-33	2,840,728	30,396	2,871,124
TOTALS	<u>\$ 21,154,350</u>	<u>\$ 1,860,621</u>	<u>\$ 23,014,971</u>

CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2015

Fiscal Year	WATER UTILITIES PORTION			WASTEWATER UTILITIES PORTION		
	Principal	Interest	Total	Principal	Interest	Total
2025-26	\$ 4,259,002	\$ 51,534	\$ 4,310,536	\$ 400,000	\$ 4,840	\$ 404,840
TOTALS	<u>\$ 4,259,002</u>	<u>\$ 51,534</u>	<u>\$ 4,310,536</u>	<u>\$ 400,000</u>	<u>\$ 4,840</u>	<u>\$ 404,840</u>

ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2010

Fiscal Year	Principal	Interest	Total
2025-26	\$ 5,885,000	\$ 3,933,688	\$ 9,818,688
2026-27	6,180,000	3,624,338	9,804,338
2027-28	5,180,000	3,326,138	8,506,138
2028-29	5,450,000	3,047,100	8,497,100
2029-30	5,745,000	2,753,231	8,498,231
2030-31	6,040,000	2,443,875	8,483,875
2031-32	6,360,000	2,118,375	8,478,375
2032-33	6,695,000	1,775,681	8,470,681
2033-34	7,045,000	1,415,006	8,460,006
2034-35	7,415,000	1,035,431	8,450,431
2035-36	7,800,000	636,038	8,436,038
2036-37	8,215,000	215,643	8,430,643
TOTALS	<u>\$ 78,010,000</u>	<u>\$ 26,324,544</u>	<u>\$ 104,334,544</u>

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CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY (CONTINUED)
SEPTEMBER 30, 2025

ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2016

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025-26	\$ 11,480,000	\$ 2,579,419	\$ 14,059,419
2026-27	12,005,000	1,992,294	13,997,294
2027-28	12,550,000	1,535,293	14,085,293
2028-29	12,820,000	1,202,144	14,022,144
2029-30	8,820,000	899,081	9,719,081
2030-31	5,965,000	682,819	6,647,819
2031-32	1,875,000	564,047	2,439,047
2032-33	1,935,000	486,375	2,421,375
2033-34	2,030,000	387,250	2,417,250
2034-35	2,135,000	283,125	2,418,125
2035-36	2,240,000	173,750	2,413,750
2036-37	2,355,000	58,875	2,413,875
TOTALS	<u>\$ 76,210,000</u>	<u>\$ 10,844,472</u>	<u>\$ 87,054,472</u>

ENERGY SYSTEM REFUNDING BONDS, SERIES 2018

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025-26	\$ 855,000	\$ 1,277,937	\$ 2,132,937
2026-27	380,000	1,247,063	1,627,063
2027-28	1,345,000	1,203,937	2,548,937
2028-29	1,025,000	1,144,688	2,169,688
2029-30	4,870,000	997,313	5,867,313
2030-31	4,360,000	766,562	5,126,562
2031-32	4,875,000	578,344	5,453,344
2032-33	4,460,000	423,862	4,883,862
2033-34	4,050,000	267,600	4,317,600
2034-35	-	186,600	186,600
2035-36	-	186,600	186,600
2036-37	2,310,000	140,400	2,450,400
2037-38	2,355,000	47,100	2,402,100
TOTALS	<u>\$ 30,885,000</u>	<u>\$ 8,468,006</u>	<u>\$ 39,353,006</u>

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CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY (CONTINUED)
SEPTEMBER 30, 2025

ENERGY SYSTEM REVENUE BONDS, SERIES 2021

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025-26	\$ 3,320,000	\$ 5,573,850	\$ 8,893,850
2026-27	4,045,000	5,389,725	9,434,725
2027-28	4,690,000	5,171,350	9,861,350
2028-29	5,355,000	4,920,225	10,275,225
2029-30	5,980,000	4,636,850	10,616,850
2030-31	7,065,000	4,310,725	11,375,725
2031-32	2,790,000	4,064,350	6,854,350
2032-33	3,510,000	3,906,850	7,416,850
2033-34	4,230,000	3,713,350	7,943,350
2034-35	4,780,000	3,488,100	8,268,100
2035-36	5,525,000	3,230,475	8,755,475
2036-37	6,485,000	2,930,225	9,415,225
2037-38	7,420,000	2,619,700	10,039,700
2038-39	-	2,471,300	2,471,300
2039-40	4,235,000	2,386,600	6,621,600
2040-41	4,395,000	2,214,000	6,609,000
2041-42	4,590,000	2,034,300	6,624,300
2042-43	4,770,000	1,823,250	6,593,250
2043-44	5,015,000	1,578,625	6,593,625
2044-45	5,270,000	1,321,500	6,591,500
2045-46	5,520,000	1,051,750	6,571,750
2046-47	5,795,000	768,875	6,563,875
2047-48	6,090,000	471,750	6,561,750
2048-49	6,390,000	159,750	6,549,750
TOTALS	<u>\$ 117,265,000</u>	<u>\$ 70,237,475</u>	<u>\$ 187,502,475</u>

ENERGY SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2023

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025-26	\$ -	\$ 7,518,413	\$ 7,518,413
2026-27	-	7,518,413	7,518,413
2027-28	-	7,518,413	7,518,413
2028-29	-	7,518,413	7,518,413
2029-30	175,000	7,514,038	7,689,038
2030-31	3,090,000	7,432,412	10,522,412
2031-32	6,690,000	7,187,912	13,877,912
2032-33	6,965,000	6,846,537	13,811,537
2033-34	7,270,000	6,490,662	13,760,662
2034-35	11,225,000	6,028,287	17,253,287
2035-36	11,190,000	5,467,912	16,657,912
2036-37	9,000,000	4,963,163	13,963,163
2037-38	19,920,000	4,240,162	24,160,162
2038-39	10,080,000	3,490,163	13,570,163
2039-40	5,505,000	3,100,538	8,605,538
2040-41	5,790,000	2,818,163	8,608,163
2041-42	6,060,000	2,521,912	8,581,912
2042-43	6,365,000	2,211,288	8,576,288
2043-44	6,675,000	1,885,287	8,560,287
2044-45	7,005,000	1,543,288	8,548,288
2045-46	7,370,000	1,202,663	8,572,663
2046-47	7,695,000	871,563	8,566,563
2047-48	8,025,000	533,237	8,558,237
2048-49	8,375,000	180,255	8,555,255
TOTALS	<u>\$ 154,470,000</u>	<u>\$ 106,603,094</u>	<u>\$ 261,073,094</u>

CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY (CONTINUED)
SEPTEMBER 30, 2025

CAPITAL IMPROVEMENT REVENUE BONDS

SERIES 2021A				SERIES 2021B		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2025-26	\$ 2,740,000	\$ 930,550	\$ 3,670,550	\$ 255,000	\$ 598,700	\$ 853,700
2026-27	4,350,000	767,000	5,117,000	265,000	586,975	851,975
2027-28	1,450,000	622,000	2,072,000	285,000	573,225	858,225
2028-29	1,260,000	554,250	1,814,250	565,000	551,975	1,116,975
2029-30	995,000	497,875	1,492,875	905,000	515,225	1,420,225
2030-31	1,050,000	446,750	1,496,750	955,000	468,725	1,423,725
2031-32	830,000	399,750	1,229,750	1,005,000	419,725	1,424,725
2032-33	875,000	357,125	1,232,125	1,050,000	373,600	1,423,600
2033-34	910,000	312,500	1,222,500	1,095,000	330,700	1,425,700
2034-35	960,000	265,750	1,225,750	1,140,000	286,000	1,426,000
2035-36	1,010,000	216,500	1,226,500	1,185,000	239,500	1,424,500
2036-37	1,055,000	164,875	1,219,875	815,000	199,500	1,014,500
2037-38	500,000	126,000	626,000	845,000	166,300	1,011,300
2038-39	525,000	100,375	625,375	880,000	131,800	1,011,800
2039-40	555,000	73,375	628,375	915,000	95,900	1,010,900
2040-41	580,000	45,000	625,000	950,000	58,600	1,008,600
2041-42	610,000	15,250	625,250	990,000	19,800	1,009,800
TOTALS	<u>\$ 20,255,000</u>	<u>\$ 5,894,925</u>	<u>\$ 26,149,925</u>	<u>\$ 14,100,000</u>	<u>\$ 5,616,250</u>	<u>\$ 19,716,250</u>

CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS, SERIES 2025A

INTERNAL LOAN FUND				WATER UTILITIES FUND		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2025-26	\$ 1,419,750	\$ 2,562,130	\$ 3,981,880	\$ 365,250	\$ 163,106	\$ 528,356
2026-27	3,773,675	3,235,196	7,008,871	281,325	200,179	481,504
2027-28	3,969,490	3,041,617	7,011,107	295,510	185,758	481,268
2028-29	4,090,306	2,840,123	6,930,429	309,694	170,627	480,321
2029-30	4,294,939	2,630,492	6,925,431	325,061	154,758	479,819
2030-31	4,496,937	2,410,695	6,907,632	338,063	138,180	476,243
2031-32	4,618,486	2,182,810	6,801,296	321,514	121,690	443,204
2032-33	4,838,119	1,946,395	6,784,514	336,881	105,230	442,111
2033-34	4,584,041	1,710,841	6,294,882	265,959	90,159	356,118
2034-35	4,568,143	1,482,036	6,050,179	206,857	78,339	285,196
2035-36	4,793,687	1,247,990	6,041,677	216,313	67,760	284,073
2036-37	4,214,231	1,022,792	5,237,023	225,769	56,708	282,477
2037-38	2,132,410	864,126	2,996,536	237,590	45,124	282,714
2038-39	2,235,590	754,926	2,990,516	249,410	32,949	282,359
2039-40	2,344,952	640,412	2,985,364	260,048	20,213	280,261
2040-41	2,470,767	520,019	2,990,786	274,233	6,856	281,089
2041-42	1,655,000	416,875	2,071,875	-	-	-
2042-43	1,745,000	331,875	2,076,875	-	-	-
2043-44	1,830,000	242,500	2,072,500	-	-	-
2044-45	1,920,000	148,750	2,068,750	-	-	-
2045-46	2,015,000	50,375	2,065,375	-	-	-
TOTALS	<u>\$ 68,010,523</u>	<u>\$ 30,282,975</u>	<u>\$ 98,293,498</u>	<u>\$ 4,509,477</u>	<u>\$ 1,637,636</u>	<u>\$ 6,147,113</u>

CITY OF LAKELAND, FLORIDA

SCHEDULE OF REQUIRED DEBT PAYMENTS TO MATURITY (CONTINUED)
SEPTEMBER 30, 2025

CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS, SERIES
2025B

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025-26	\$ -	\$ 499,727	\$ 499,727
2026-27	395,000	644,312	1,039,312
2027-28	415,000	624,063	1,039,063
2028-29	435,000	602,812	1,037,812
2029-30	455,000	580,563	1,035,563
2030-31	480,000	557,187	1,037,187
2031-32	500,000	532,688	1,032,688
2032-33	525,000	507,062	1,032,062
2033-34	550,000	480,188	1,030,188
2034-35	580,000	451,937	1,031,937
2035-36	610,000	422,188	1,032,188
2036-37	640,000	390,937	1,030,937
2037-38	670,000	358,188	1,028,188
2038-39	705,000	323,812	1,028,812
2039-40	740,000	287,688	1,027,688
2040-41	775,000	249,812	1,024,812
2041-42	815,000	209,044	1,024,044
2042-43	860,000	165,075	1,025,075
2043-44	905,000	119,875	1,024,875
2044-45	950,000	73,500	1,023,500
2045-46	995,000	24,875	1,019,875
TOTALS	<u>\$ 13,000,000</u>	<u>\$ 8,105,533</u>	<u>\$ 21,105,533</u>

CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS, SERIES
2025C

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025-26	\$ -	\$ 1,053,795	\$ 1,053,795
2026-27	825,000	1,341,093	2,166,093
2027-28	860,000	1,322,345	2,182,345
2028-29	900,000	1,301,613	2,201,613
2029-30	940,000	1,239,199	2,179,199
2030-31	985,000	1,193,633	2,178,633
2031-32	1,030,000	1,144,919	2,174,919
2032-33	1,085,000	1,092,717	2,177,717
2033-34	1,135,000	1,036,641	2,171,641
2034-35	1,195,000	976,143	2,171,143
2035-36	1,260,000	910,873	2,170,873
2036-37	1,325,000	840,855	2,165,855
2037-38	1,395,000	765,820	2,160,820
2038-39	1,475,000	685,578	2,160,578
2039-40	1,560,000	599,732	2,159,732
2040-41	1,645,000	508,041	2,153,041
2041-42	1,740,000	408,173	2,148,173
2042-43	1,845,000	299,779	2,144,779
2043-44	1,960,000	184,736	2,144,736
2044-45	2,075,000	62,738	2,137,738
TOTALS	<u>\$ 25,235,000</u>	<u>\$ 16,968,423</u>	<u>\$ 42,203,423</u>

CITY OF LAKELAND, FLORIDA

ANALYSIS OF SINKING FUND AND RESERVE ACCOUNT REQUIREMENTS
SEPTEMBER 30, 2025

CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS, SERIES 2025

FUNDS REQUIRED, all series	\$ 3,278,532	\$ -	\$ 3,278,532
FUNDS AVAILABLE			
Cash with paying agent	3,278,532	-	3,278,532
Total funds available	3,278,532	-	3,278,532
FUNDING OVER REQUIREMENTS	\$ -	\$ -	\$ -

CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS, SERIES 2015

FUNDS REQUIRED, all series	\$ 2,774,969	\$ -	\$ 2,774,969
FUNDS AVAILABLE			
Cash with paying agent	2,774,969	-	2,774,969
Total funds available	2,774,969	-	2,774,969
FUNDING OVER REQUIREMENTS	\$ -	\$ -	\$ -

WATER AND WASTEWATER REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2021

FUNDS REQUIRED, all series	\$ 2,680,143	\$ -	\$ 2,680,143
FUNDS AVAILABLE			
Cash with paying agent	2,680,143	-	2,680,143
Total funds available	2,680,143	-	2,680,143
FUNDING OVER REQUIREMENTS	\$ -	\$ -	\$ -

CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS, SERIES 2021 A, B, C

FUNDS REQUIRED, all series	\$ 3,789,575	\$ -	\$ 3,789,575
FUNDS AVAILABLE			
Cash with paying agent	3,789,575	-	3,789,575
Total funds available	3,789,575	-	3,789,575
FUNDING OVER REQUIREMENTS	\$ -	\$ -	\$ -

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CITY OF LAKELAND, FLORIDA

SUMMARY OF REQUIRED DEBT PAYMENTS TO MATURITY
ALL OUTSTANDING REVENUE BOND SERIES
2026 TO 2049

ANNUAL PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending Sept 30th	Capital Improvement Revenue Bonds Series 2015	Capital Improvement Revenue Note Series 2017A	Capital Improvement Revenue Note Series 2017B	Water and Wastewater Capital Improvement Revenue Note Series 2015	Water and Wastewater Revenue Refunding and Improvement Bonds Series 2021	Florida Taxable Pension Liability Reduction Note Series 2020	Capital Improvement Revenue Bonds Series 2021	Energy System Refunding and Revenue Bonds Series 2010
2026	\$ 2,085,875	\$ 1,377,731	\$ 1,146,444	\$ 4,715,376	\$ 2,880,239	\$ 6,529,846	\$ 4,524,250	\$ 9,818,688
2027	-	1,377,469	-	-	2,878,459	6,606,163	5,968,975	9,804,337
2028	-	1,163,597	-	-	2,880,851	6,682,457	2,930,225	8,506,138
2029	-	1,163,082	-	-	2,877,025	6,758,611	2,931,225	8,497,100
2030	-	1,162,554	-	-	2,876,877	6,834,499	2,913,100	8,498,231
2031	-	1,162,012	-	-	2,874,961	6,914,944	2,920,475	8,483,876
2032	-	1,161,458	-	-	2,875,435	3,947,089	2,654,475	8,478,375
2033	-	-	-	-	2,871,124	4,654,041	2,655,725	8,470,681
2034	-	-	-	-	-	3,573,290	2,648,200	8,460,006
2035	-	-	-	-	-	3,850,164	2,651,750	8,450,431
2036	-	-	-	-	-	2,517,926	2,651,000	8,436,038
2037	-	-	-	-	-	2,105,292	2,234,375	8,430,643
2038	-	-	-	-	-	1,523,547	1,637,300	-
2039	-	-	-	-	-	1,488,336	1,637,175	-
2040	-	-	-	-	-	326,919	1,639,275	-
2041	-	-	-	-	-	339,054	1,633,600	-
2042	-	-	-	-	-	-	1,635,050	-
2043	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-
2047	-	-	-	-	-	-	-	-
2048	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-
	\$ 2,085,875	\$ 8,567,903	\$ 1,146,444	\$ 4,715,376	\$ 23,014,971	\$ 64,652,178	\$ 45,866,175	\$ 104,334,544

CITY OF LAKELAND, FLORIDA

SUMMARY OF REQUIRED DEBT PAYMENTS TO MATURITY
ALL OUTSTANDING REVENUE BOND SERIES (CONTINUED)
2026 TO 2049

ANNUAL PRINCIPAL AND INTEREST REQUIREMENTS (Continued)

Fiscal Year Ending Sept 30th	Energy System Refunding and Revenue Bonds Series 2016	Energy System Refunding Bonds Series 2018	Energy System Revenue Bonds Series 2021	Energy System Refunding and Revenue Bonds Series 2023	Capital Improvement Revenue and Refunding Bonds Series 2025A	Capital Improvement Revenue and Refunding Bonds Series 2025B	Capital Improvement Revenue and Refunding Bonds Series 2025C	Total
2026	\$ 14,059,419	\$ 2,132,937	\$ 8,893,850	\$ 7,518,413	\$ 4,510,236	\$ 499,727	\$ 1,053,795	\$ 71,746,826
2027	13,997,294	1,627,063	9,434,725	7,518,413	7,490,375	1,039,312	2,166,093	69,908,678
2028	14,085,293	2,548,937	9,861,350	7,518,413	7,492,375	1,039,063	2,182,345	66,891,044
2029	14,022,144	2,169,688	10,275,225	7,518,413	7,410,750	1,037,812	2,201,613	66,862,688
2030	9,719,081	5,867,313	10,616,850	7,689,038	7,405,250	1,035,563	2,179,199	66,797,555
2031	6,647,819	5,126,562	11,375,725	10,522,412	7,383,875	1,037,187	2,178,633	66,628,481
2032	2,439,047	5,453,344	6,854,350	13,877,912	7,244,500	1,032,688	2,174,919	58,193,592
2033	2,421,375	4,883,862	7,416,850	13,811,537	7,226,625	1,032,062	2,177,717	57,621,599
2034	2,417,250	4,317,600	7,943,350	13,760,662	6,651,000	1,030,188	2,171,641	52,973,187
2035	2,418,125	186,600	8,268,100	17,253,287	6,335,375	1,031,937	2,171,143	52,616,912
2036	2,413,750	186,600	8,755,475	16,657,912	6,325,750	1,032,188	2,170,873	51,147,512
2037	2,413,875	2,450,400	9,415,225	13,963,163	5,519,500	1,030,937	2,165,855	49,729,265
2038	-	2,402,100	10,039,700	24,160,162	3,279,250	1,028,188	2,160,820	46,231,067
2039	-	-	2,471,300	13,570,163	3,272,875	1,027,688	2,159,732	25,629,239
2040	-	-	6,621,600	8,605,538	3,265,625	1,027,688	2,159,732	23,646,377
2041	-	-	6,609,000	8,608,163	3,271,875	1,024,812	2,153,041	23,639,545
2042	-	-	6,624,300	8,581,912	2,071,875	1,024,044	2,148,173	22,085,354
2043	-	-	6,593,250	8,576,288	2,076,875	1,025,075	2,144,779	20,416,267
2044	-	-	6,593,625	8,560,287	2,072,500	1,024,875	2,144,736	20,396,023
2045	-	-	6,591,500	8,548,288	2,068,750	1,023,500	2,137,738	20,369,776
2046	-	-	6,571,750	8,572,663	2,065,375	1,019,875	-	18,229,663
2047	-	-	6,563,875	8,566,563	-	-	-	15,130,438
2048	-	-	6,561,750	8,558,237	-	-	-	15,119,987
2049	-	-	6,549,750	8,555,255	-	-	-	15,105,005
	\$ 87,054,472	\$ 39,353,006	\$ 187,502,475	\$ 261,073,094	\$ 104,440,611	\$ 21,105,533	\$ 42,203,423	\$ 997,116,080



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STATISTICAL SECTION



ROMERO BRITTO SWAN
SCULPTOR: ROMERO BRITTO

STATISTICAL SECTION

The Statistical Section of the City of Lakeland's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

MISCELLANEOUS STATISTICAL INFORMATION (UNAUDITED)

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

REVENUE CAPACITY

These schedules contain information to help the reader assess the City's most significant local governmental revenue source, the property tax.

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

CITY OF LAKELAND, FLORIDA

NET POSITION (UNAUDITED)
LAST TEN FISCAL YEARS
(accrual basis)

Fiscal Year	Net investment in capital assets		Restricted		Unrestricted		Primary Government		Total Primary Government Net Position
	Governmental activities	Business-type activities	Governmental activities	Business-type activities	Governmental activities	Business-type activities	Net investment in capital assets	Restricted	Unrestricted
2025	\$ 268,742,269	\$ 991,296,969	\$ 109,932,076	\$ 75,931,521	\$ 48,081,969	\$ 168,053,290	\$ 1,260,039,238	\$ 185,863,597	\$ 216,135,259
2024	289,750,574	882,822,092	82,768,038	66,372,449	12,705,570	191,679,012	1,172,572,666	149,140,487	204,384,582
2023	286,306,706	876,319,412	69,031,170	90,923,056	(37,418,270)	74,247,854	1,162,626,118	159,954,226	36,829,584
2022	287,967,269	774,954,642	58,679,299	118,038,928	(73,527,436)	66,178,567	1,062,921,911	176,718,227	(7,348,869)
2021	243,921,500	805,613,729	70,539,421	36,094,361	(45,891,831)	88,876,140	1,049,535,229	106,633,782	42,984,309
2020	232,860,437	735,396,768	52,383,910	20,803,512	(63,831,755)	113,130,956	968,257,205	73,187,422	49,299,201
2019	231,111,874	648,046,011	47,988,773	34,039,825	(55,546,472)	126,164,698	879,157,885	82,028,598	70,618,226
2018	240,598,093	582,728,794	40,711,580	48,399,026	(74,555,186)	97,047,111	823,326,887	89,110,606	22,491,925
2017	239,979,947	580,365,594	38,513,166	22,526,785	(4,985,851)	150,877,622	820,345,541	61,039,951	145,891,771
2016	219,338,182	562,480,632	46,257,829	21,540,948	(5,069,285)	140,628,243	781,818,814	67,798,777	135,558,958
									985,176,549



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CITY OF LAKELAND, FLORIDA

CHANGES IN NET POSITION (UNAUDITED)

LAST TEN FISCAL YEARS

(accrual basis)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	\$ 30,451,530	\$ 15,803,840	\$ 17,906,099	\$ 16,319,619	\$ 34,235,593	\$ 16,174,598	\$ 18,803,359	\$ 29,582,084	\$ 26,798,038	\$ 27,724,849
Public safety	62,767,315	67,759,386	69,232,703	71,097,550	71,119,985	72,577,164	64,455,365	89,327,359	102,026,398	103,682,419
Physical environment	7,981,243	10,026,332	12,805,678	8,668,344	8,106,601	8,999,820	7,396,796	8,523,284	10,603,978	9,999,624
Transportation	16,541,996	17,587,164	19,656,493	19,778,854	17,265,328	19,012,926	15,181,750	17,408,955	20,292,056	19,903,503
Economic environment	4,665,615	5,379,589	11,142,361	13,763,670	17,889,013	9,989,204	10,783,421	12,315,533	16,253,376	21,716,028
Human services	162,184	201,972	292,275	373,920	573,643	362,718	483,390	445,771	362,549	568,070
Culture/recreation	22,312,077	30,923,273	28,793,914	30,625,340	24,202,293	29,201,982	35,472,224	41,183,112	44,840,487	47,146,971
Interest on long-term debt	1,352,883	2,501,490	2,214,004	2,218,809	2,861,288	3,036,744	2,954,895	2,662,030	2,497,124	2,447,601
Total governmental activities	146,234,843	150,183,046	162,043,527	162,846,106	176,253,724	159,355,156	155,531,200	201,448,128	223,674,006	233,189,065
Business-type activities:										
Electric	252,575,808	273,135,947	272,008,503	265,080,934	243,589,216	262,057,211	302,539,018	318,484,784	288,538,852	333,542,411
Water and Wastewater	42,993,126	47,965,952	47,584,042	48,033,439	48,487,729	49,489,370	48,352,682	59,619,831	68,753,802	62,840,488
Parking	1,042,575	1,424,789	923,119	881,288	961,975	1,061,669	1,074,777	1,256,747	1,143,349	1,260,119
RP Funding Center	8,842,716	9,924,255	9,876,304	9,932,582	9,171,187	7,425,644	(4,939)	-	-	-
Lakeland Linder International Airport	8,945,961	9,049,549	9,896,981	11,255,395	10,436,999	10,698,350	14,062,194	15,361,699	20,542,066	22,674,825
Solid Waste	12,058,132	13,598,326	13,198,164	14,069,745	14,724,333	14,957,027	14,580,836	16,178,254	17,859,897	17,974,915
Cleveland Heights Golf Course	2,534,521	20,181	-	-	-	-	-	-	-	-
Total business-type activities	328,992,839	355,118,999	353,487,113	349,259,383	327,371,439	345,689,271	380,604,568	410,901,315	396,837,966	438,292,758
Total primary government	\$ 475,227,682	\$ 505,302,045	\$ 515,530,640	\$ 512,105,489	\$ 503,625,163	\$ 505,044,427	\$ 536,135,768	\$ 612,349,443	\$ 620,511,972	\$ 671,481,823
Program revenues										
Governmental activities:										
Charges for services	\$ 1,828,094	\$ 1,888,223	\$ 3,095,262	\$ 1,896,455	\$ 1,725,466	\$ 2,133,817	\$ 519,564	\$ 526,440	\$ 549,634	\$ 539,734
General government	7,495,330	6,778,946	9,977,945	10,443,148	11,853,449	11,093,374	10,304,463	10,688,113	11,752,255	10,656,535
Public safety	-	-	288,969	75,237	77,776	86,948	93,007	101,897	44,197	27,164
Economic environment	5,178,153	5,869,182	6,777,128	7,126,864	7,561,346	8,105,887	8,736,647	9,218,454	9,365,922	9,378,767
Physical environment	1,606,156	1,543,805	1,804,320	2,101,731	3,913,636	6,069,310	3,663,133	3,248,572	5,857,061	5,592,499
Transportation	2,970,870	4,190,440	4,678,777	4,473,179	5,084,323	6,351,816	10,456,899	11,684,025	10,626,384	11,883,334
Culture/recreation	9,713,034	5,802,190	5,684,903	8,235,574	11,891,625	7,386,346	6,037,717	5,941,081	7,172,738	10,833,592
Operating grants and contributions	2,153,019	7,542,427	4,224,508	3,690,672	3,751,079	13,185,774	8,632,724	7,056,577	8,827,559	8,300,736
Capital grants and contributions	30,944,656	33,615,213	36,531,812	38,042,860	45,858,700	54,413,272	48,444,154	48,465,159	54,195,750	57,212,361
Total governmental activities										

CITY OF LAKELAND, FLORIDA

CHANGES IN NET POSITION (UNAUDITED)
LAST TEN FISCAL YEARS (CONTINUED)
 (accrual basis)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Business-type activities:										
Charges for services										
Electric	\$ 296,552,463	\$ 303,483,541	\$ 315,042,404	\$ 319,143,719	\$ 298,645,218	\$ 329,713,024	\$ 387,261,749	\$ 389,423,404	\$ 348,861,835	\$ 389,747,152
Water and Wastewater	57,241,393	61,939,546	63,456,824	67,643,347	71,126,878	75,182,288	78,420,261	82,650,827	85,471,452	89,864,140
Parking	784,689	800,453	799,871	825,835	703,034	165,658	686,156	687,163	718,227	990,972
RP Funding Center	5,423,307	5,097,975	5,339,318	5,285,122	3,358,455	2,358,538	-	-	-	-
Lakeland Linder International Airport	4,491,436	5,194,038	6,470,785	6,734,444	7,378,421	9,853,642	10,450,864	10,372,064	10,907,027	11,092,407
Solid Waste	15,417,836	15,940,869	16,197,970	16,709,706	16,701,143	17,238,176	18,223,927	18,635,356	19,040,182	19,504,195
Cleveland Heights Golf Course	1,289,155	-	-	-	-	-	-	-	-	-
Operating grants and contributions	55,845	181,127	284,665	410,542	308,847	132,820	148,000	-	70,371	5,135,022
Capital grants and contributions	16,039,633	19,343,540	15,016,255	20,204,845	48,728,779	33,030,166	16,796,801	21,404,145	22,305,836	29,136,326
Total business-type activities	397,295,757	411,981,089	422,608,092	436,957,560	446,950,775	467,674,112	511,987,758	523,172,959	487,374,930	545,470,214
Total primary government	\$ 428,240,413	\$ 445,596,302	\$ 459,139,904	\$ 475,000,420	\$ 492,809,475	\$ 522,687,384	\$ 560,431,912	\$ 571,638,118	\$ 541,570,680	\$ 602,682,575
Net (expense) revenue										
Governmental activities	\$ (115,290,187)	\$ (116,567,833)	\$ (125,511,715)	\$ (124,803,246)	\$ (130,395,024)	\$ (104,941,884)	\$ (107,087,046)	\$ (152,982,969)	\$ (169,478,256)	\$ (175,976,704)
Business-type activities	68,302,918	56,862,090	69,120,979	87,698,177	119,579,336	122,584,841	131,383,190	112,271,644	90,536,964	107,177,456
Total primary government	\$ (46,987,269)	\$ (59,705,743)	\$ (56,390,736)	\$ (37,105,069)	\$ (10,815,688)	\$ 17,642,957	\$ 24,296,144	\$ (40,711,325)	\$ (78,941,292)	\$ (68,799,248)
General Revenues										
Governmental activities:										
Property taxes	\$ 30,912,106	\$ 33,362,591	\$ 37,045,511	\$ 40,355,438	\$ 43,066,426	\$ 46,338,892	\$ 43,213,083	\$ 49,787,941	\$ 55,881,984	\$ 58,906,331
Gas taxes	5,436,168	5,584,212	5,828,014	6,060,873	5,802,331	6,112,157	6,400,414	6,738,054	6,674,427	6,810,179
Utility taxes	15,073,871	14,969,677	15,005,200	15,702,827	16,035,984	16,377,480	16,579,916	17,320,554	18,108,409	18,728,588
Local business taxes	-	-	-	-	-	-	1,712,338	1,845,176	1,625,551	1,919,219
State shared revenues (unrestricted)	9,093,120	9,387,340	9,791,361	10,363,502	10,112,738	11,925,134	13,951,744	15,266,799	16,004,489	15,829,625
Tax increment revenues	-	-	-	-	-	-	7,928,438	10,640,178	12,085,172	12,419,261
County occupational tax	-	-	-	-	-	-	-	-	-	117,738
Lease revenue - Lakeland	-	-	-	-	-	-	-	-	-	-
Regional Health	28,254,750	13,619,256	13,993,785	14,378,614	14,378,614	14,378,614	10,750,000	10,750,000	10,750,000	10,750,000
Investment earnings	7,330,101	4,757,400	3,755,981	12,057,306	(10,828,784)	13,547,307	(57,714,908)	33,639,236	64,587,564	36,790,056
Miscellaneous	6,904,306	9,390,690	5,483,906	5,718,650	11,130,984	4,804,281	7,401,185	6,880,081	5,794,857	8,218,390
Transfers	34,057,221	38,477,203	35,494,449	36,965,724	38,555,148	38,614,517	61,414,878	44,915,424	45,270,379	47,019,449
Total governmental activities	137,061,643	129,548,369	126,398,207	141,602,934	128,253,441	152,098,382	111,637,088	197,783,443	236,782,832	217,508,836
Business-type activities:										
Tourism taxes	319,440	1,379,040	459,655	614,076	-	-	-	-	-	-
Investment earnings	10,776,341	8,013,419	8,095,653	26,067,869	(21,982,147)	21,264,127	(43,030,232)	13,571,593	48,931,680	26,248,812
Miscellaneous	2,862,238	1,342,832	3,222,413	2,661,205	2,038,661	2,435,159	2,211,311	1,390,372	5,184,966	8,001,408
Special item	-	-	-	-	-	(46,416,616)	-	-	-	-
Transfers	(34,057,221)	(38,477,203)	(35,494,449)	(36,965,724)	(38,555,148)	(38,614,517)	(61,990,635)	(44,915,424)	(45,270,379)	(47,019,449)
Total business-type activities	(20,099,202)	(27,741,912)	(23,716,728)	(7,622,574)	(58,498,634)	(61,331,847)	(102,809,556)	(29,953,459)	8,846,267	(12,769,229)
Total primary government	\$ 116,962,441	\$ 101,806,457	\$ 102,681,479	\$ 133,980,360	\$ 69,754,807	\$ 90,766,535	\$ 8,827,532	\$ 167,829,984	\$ 245,629,099	\$ 204,739,607
Change in net position										
Governmental activities	\$ 21,771,456	\$ 12,980,536	\$ 886,492	\$ 16,799,688	\$ (2,141,583)	\$ 47,156,498	\$ 4,550,042	\$ 44,800,474	\$ 67,304,576	\$ 41,532,132
Business-type activities	48,203,716	29,120,178	45,404,251	80,075,603	61,080,702	61,252,994	28,573,634	82,318,185	99,383,231	94,408,227
Total primary government	\$ 69,975,172	\$ 42,100,714	\$ 46,290,743	\$ 96,875,291	\$ 58,939,119	\$ 108,409,492	\$ 33,123,676	\$ 127,118,659	\$ 166,687,807	\$ 135,940,359

CITY OF LAKELAND, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ 10,101	\$ 10,966	\$ 14,848	\$ 113,329	\$ 9,599	\$ -	\$ 1,088,275	\$ 39,273	\$ 43,945	\$ 14,593
Restricted	1,756,600	1,618,870	1,570,238	4,127,507	2,367,984	2,569,000	2,344,826	2,246,777	2,746,523	2,860,100
Assigned	9,003,579	8,227,224	8,702,544	10,654,807	9,520,703	6,386,744	15,964,092	18,321,927	22,440,779	24,591,839
Unassigned	13,664,847	15,664,488	11,700,633	13,677,130	18,207,050	32,945,512	31,021,609	41,840,928	48,944,470	46,049,338
Total general fund	24,435,127	25,521,548	21,988,263	28,572,773	30,105,336	41,901,256	50,418,802	62,448,905	74,175,717	73,515,870
Other governmental funds										
Nonspendable, reported in										
Permanent funds	4,432,060	4,924,414	5,282,291	5,520,391	5,726,057	6,761,320	5,355,658	5,862,021	7,340,346	8,011,694
Prepaids	160	66	201	821	204	-	-	-	-	-
Restricted, reported in										
Special revenue funds	12,423,425	10,681,968	8,077,156	9,143,927	13,147,910	16,024,593	16,838,299	21,263,278	30,200,565	29,740,584
Capital projects funds	26,476,694	20,072,417	24,274,072	27,997,771	29,524,844	42,620,176	28,519,319	32,755,340	34,898,414	59,987,669
Debt service fund	-	-	-	-	349,873	1,122,121	3,946,837	4,876,732	5,711,077	7,220,126
Permanent funds	199,162	217,041	231,321	250,147	254,407	301,016	252,233	278,778	336,033	364,463
Committed, reported in										
Special revenue funds	3,954,698	3,696,602	4,707,680	5,861,602	4,966,473	5,554,267	6,536,396	7,098,437	7,470,786	7,124,801
Capital projects funds	1,818,335	3,909,623	5,494,483	7,598,489	10,082,903	12,936,598	-	8,402,502	50,313,263	77,640,657
Assigned, reported in										
Capital projects funds	21,672,921	14,632,775	13,489,767	21,731,698	18,360,323	17,282,189	-	7,189,219	7,770,470	5,224,062
Unassigned	(9,200)	(24,235)	(1,525)	(1,525)	(1,525)	(1,525)	(18,075,274)	(1,525)	(1,525)	(1,525)
Total other governmental funds	70,968,255	58,110,671	61,555,446	78,103,321	82,411,469	102,600,755	43,373,468	87,724,782	144,039,429	195,312,531
Total governmental funds	\$ 95,403,382	\$ 83,632,219	\$ 83,543,709	\$ 106,676,094	\$ 112,516,805	\$ 144,502,011	\$ 93,792,270	\$ 150,173,687	\$ 218,215,146	\$ 268,828,401

CITY OF LAKELAND, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
REVENUES										
Taxes	\$ 51,422,145	\$ 53,916,480	\$ 57,878,725	\$ 62,119,138	\$ 64,904,741	\$ 68,828,529	\$ 67,905,751	\$ 75,691,725	\$ 82,290,371	\$ 86,364,317
Permits & fees	4,289,098	3,886,903	4,843,389	5,040,190	6,031,326	5,640,659	17,984,132	16,257,515	18,846,190	20,017,762
Intergovernmental	15,147,483	18,190,572	16,949,916	19,770,829	23,209,039	29,130,084	32,134,640	34,810,830	40,187,490	43,743,916
Charges for services	12,264,132	13,924,987	17,743,319	18,518,614	21,775,114	25,642,585	13,220,570	16,358,260	15,457,829	16,297,949
Fines and forfeitures	2,525,373	2,458,706	2,454,914	2,557,811	2,409,556	2,557,908	2,569,011	2,851,726	3,891,434	1,762,322
Miscellaneous	52,854,535	29,752,209	23,363,404	28,961,303	18,819,132	31,009,420	(34,010,433)	51,693,015	76,175,993	52,709,826
Total revenues	138,502,766	122,129,857	123,233,667	136,967,885	137,148,908	162,809,185	99,803,671	197,663,071	236,849,307	220,896,092
EXPENDITURES										
General government	28,769,624	14,148,310	16,046,396	15,494,226	36,210,677	15,567,704	19,260,294	21,019,407	24,301,627	23,221,413
Public safety	58,731,548	61,224,273	64,305,992	66,269,747	89,142,036	68,115,208	72,720,728	78,797,917	88,343,989	101,949,498
Physical environment	6,803,399	8,372,184	11,753,636	7,856,165	7,923,798	8,160,539	6,933,855	7,721,942	9,481,680	9,340,844
Transportation	12,320,329	11,483,530	13,433,261	13,957,845	15,279,588	13,842,561	11,775,117	11,893,299	14,893,738	15,755,405
Economic environment	4,113,926	4,842,624	10,681,175	10,537,611	10,289,452	9,120,459	9,858,715	11,504,510	14,569,880	21,257,784
Human services	162,184	201,972	292,272	373,920	573,643	362,718	483,390	445,771	362,549	568,070
Culture/recreation	19,490,098	23,667,143	23,677,487	24,280,528	23,407,104	23,461,644	31,986,044	32,894,168	34,987,438	38,633,485
Capital outlay	36,598,813	34,608,536	9,997,104	18,854,989	15,799,434	17,898,550	27,026,244	20,604,946	14,999,124	18,195,709
Debt service										
Principal	7,988,031	12,173,785	7,484,339	6,174,731	14,572,296	12,822,311	14,328,316	10,017,001	11,747,225	35,905,558
Interest	1,349,127	2,495,109	2,207,623	2,212,428	2,854,888	3,036,744	2,910,451	2,662,030	2,497,124	2,447,601
Total expenditures	176,327,079	173,217,466	159,859,285	166,012,190	216,052,916	172,388,438	197,283,154	197,560,991	216,184,374	267,275,367
Excess (deficiency) of revenues over (under) expenditures	(37,824,313)	(51,087,609)	(36,625,618)	(29,044,305)	(78,904,008)	(9,579,253)	(97,479,483)	102,080	20,664,933	(46,379,275)
OTHER FINANCING SOURCES (USES)										
Proceeds from issuance of long-term debt	7,470	3,302,556	1,901,613	16,181,890	47,029,530	3,671,882	665,317	13,326,425	4,205,567	52,502,998
Transfers from other funds	45,284,417	49,407,313	47,161,790	51,221,411	63,120,070	55,572,199	72,588,584	55,760,594	63,169,452	62,266,980
Transfers to other funds	(12,210,614)	(13,393,423)	(12,526,295)	(15,226,611)	(25,404,881)	(17,679,622)	(25,808,402)	(12,807,682)	(19,998,493)	(17,777,448)
Transfer to fiduciary funds	-	-	-	-	-	-	(575,757)	-	-	-
Total other financing sources and (uses)	33,081,273	39,316,446	36,537,108	52,176,690	84,744,719	41,564,459	46,869,742	56,279,337	47,376,526	96,992,530
Net change in fund balances	\$ (4,743,040)	\$ (11,771,163)	\$ (88,510)	\$ 23,132,385	\$ 5,840,711	\$ 31,985,206	\$ (50,609,741)	\$ 56,381,417	\$ 68,041,459	\$ 50,613,255
Debt Service as a percentage of noncapital expenditures	7%	11%	6%	6%	9%	10%	10%	7%	7%	15%

CITY OF LAKELAND, FLORIDA

GENERAL FUND PROPERTY TAX LEVIES, TAX COLLECTIONS,
ASSESSED VALUATIONS AND PROPERTY TAX RATES (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year Ending September 30	Total Taxable (1)				Less: Tax Exempt Real Property	Total Taxable Assessed Value
	Real Property	Tangible Property	Railroad Property	Adjustments		
2025	\$ 16,608,081,471	\$ 1,243,852,338	\$ 13,602,798	\$ -	\$ 6,629,621,872	\$ 11,235,914,735
2024	16,358,141,770	1,203,270,741	13,616,408	(35,541,539)	6,869,247,333	10,670,240,047
2023	14,520,352,988	1,122,706,648	14,047,122	(8,248,063)	6,128,008,222	9,520,850,473
2022	11,620,302,540	1,059,608,161	13,183,790	(16,283,317)	4,415,793,800	8,261,017,374
2021	10,752,512,282	961,955,290	11,794,459	(24,111,032)	4,279,019,642	7,423,131,357
2020	9,724,231,389	926,883,021	10,377,204	(12,286,308)	3,747,238,448	6,901,966,858
2019	9,083,228,824	880,100,017	10,605,009	9,776,898	3,512,224,128	6,471,486,620
2018	8,275,942,113	845,944,658	9,819,966	(12,758,422)	3,158,285,650	5,960,662,665
2017	7,470,286,970	855,102,507	9,518,567	(8,299,667)	2,869,022,296	5,457,586,081
2016	6,978,652,027	849,218,740	8,893,616	(8,883,088)	2,742,795,786	5,085,085,509

(1) The State of Florida, by statute, requires property appraisers to assess all property within the State at 100% of market value. Therefore, the assessed valuation and estimated actual value are the same.

(2) Total property tax levy minus any discounts given to taxpayers. Therefore, the realized tax rate may be less than the tax rate used to assess property taxes.

Source: Polk County Property Appraiser

Total Direct Tax Rate	Total Tax Levy (2)	Collected Within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Tax Collections
		Amount	Percent of Levy		
7.932	\$ 57,985,017	\$ 57,831,334	99.73	\$ 1,014,087	\$ 58,845,421
7.932	55,065,748	54,916,571	99.73	901,913	55,818,484
7.932	49,134,110	49,040,607	99.81	692,383	49,732,990
7.776	43,491,519	42,536,841	97.80	624,513	43,161,353
7.808	39,075,565	38,959,663	99.70	41,772	39,001,435
7.895	37,715,108	36,212,165	96.02	79,405	36,291,570
7.964	35,362,791	33,996,760	96.14	90,411	34,087,171
8.064	31,962,315	31,888,967	99.77	133,363	32,022,330
8.064	29,269,819	29,137,412	99.55	85,883	29,223,295
8.064	27,282,157	27,165,521	99.57	126,554	27,292,075

CITY OF LAKELAND, FLORIDA

SCHEDULE OF PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year Ending September 30	MILLS (\$1 PER \$1,000 VALUATION)									
	City of Lakeland									
	Municipal	Lakeland Area Mass Transit District	Lakeland Downtown Development District	Total	County	Southwest Florida Water Management District	Polk County School Board	Total Direct & Overlapping Rates		
2025	\$ 5.4323	\$ 0.500	\$ 2.0000	\$ 7.932	\$ 6.6348	\$ 0.1909	\$ 5.296	\$ 20.054		
2024	5.4323	0.500	2.0000	7.932	6.6852	0.2043	5.408	20.230		
2023	5.4323	0.500	2.0000	7.932	6.6920	0.2260	5.519	20.369		
2022	5.4323	0.500	1.8439	7.776	6.8990	0.2535	5.829	20.758		
2021	5.4644	0.500	1.8439	7.808	6.8990	0.2669	5.935	20.909		
2020	5.4644	0.500	1.9304	7.895	7.1565	0.2801	6.086	21.417		
2019	5.4644	0.500	2.0000	7.964	7.1565	0.2955	6.251	21.667		
2018	5.5644	0.500	2.0000	8.064	6.7815	0.3131	6.514	21.673		
2017	5.5644	0.500	2.0000	8.064	6.7815	0.3317	6.797	21.975		
2016	5.5644	0.500	2.0000	8.064	6.7815	0.3488	7.149	22.344		

Source: Polk County Property Appraiser

CITY OF LAKELAND, FLORIDA

TEN PRINCIPAL TAXPAYERS (UNAUDITED)
SEPTEMBER 30, 2025 for the Current Year and Nine Years Prior

Taxpayer Name	Type of Business	2025			2016		
		Assessed Value of Real and Personal Property	Rank	Percentage of Total Assessed Value of Real and Personal Property	Assessed Value of Real and Personal Property	Rank	Percentage of Total Assessed Value of Real and Personal Property
Publix Supermarkets, Inc.	Retail/Distribution-Grocery	\$ 503,778,666	1	4.48%	\$ 270,357,349	1	5.32%
Amazon	Retail/Distribution	197,720,596	2	1.76%	63,403,939	2	1.25%
RTG Furniture Corporation	Retail/Distribution-Furniture	151,789,163	3	1.35%	52,886,884	3	1.04%
Bridgewater Grand, LLC	Colleges & Universities	76,953,356	4	0.68%			
Centerstate Logistics Park East	Retail/Distribution	72,060,992	5	0.64%			
Watson Clinic	Medical Facility	70,578,780	6	0.63%	49,475,368	4	0.97%
Pepperidge Farm	Retail/Distribution-Bakery	67,833,749	7	0.60%	35,606,177	7	0.70%
VR Lakeland Limited Partnership	Real Estate-Apartment Complex	67,337,272	8	0.60%			
Lakeland Property Partners, LLC	Real Estate	66,886,307	9	0.60%			
Sealy Allen K Breed Highway, LLC	Real Estate-Apartment Complex	64,262,543	10	0.57%			
Casto Oakbridge Venture LTD	Real Estate				46,038,060	5	0.91%
Lakeland Square Mall, LLC	Retail/General Merchandise				42,274,375	6	0.83%
Verizon	Telecommunications				35,355,692	8	0.70%
Walmart	Retail/Distribution-Grocery				33,531,331	9	0.66%
MIC VM LLC	Real Estate-Apartment Complex				30,492,131	10	0.60%
		<u>\$ 1,339,201,424</u>		<u>11.92%</u>	<u>\$ 659,421,306</u>		<u>12.97%</u>

Source: Polk County Property Appraiser

CITY OF LAKELAND, FLORIDA

LAKELAND ELECTRIC UTILITY FUND (UNAUDITED)
CHARGES FOR SERVICES AND AVERAGE RATES
LAST TEN FISCAL YEARS

Fiscal Year Ending September 30	Charges for Services								Rates*				
	Public				Other				Total Charges for Services	Residential	General Service	General Service Demand	General Service Large Demand
	Commercial and Industrial Sales	Public Street and Highway Lighting	Authority Sales Intra City	Sales for Resale	Fuel Charges	Lease Revenue	Operating Revenue						
2025	\$ 137,784,922	\$ 73,808,878	\$ 5,411,926	\$ 3,792,351	\$ 2,725,257	\$ 159,975,119	\$ 232,525	\$ 6,016,174	\$ 389,747,152	\$ 0.07448	\$ 0.06325	\$ 0.05063	\$ 0.04110
2024	128,341,478	66,537,551	5,344,930	3,510,509	2,784,073	136,248,078	232,525	5,861,816	348,860,960	0.07297	0.06179	0.04915	0.03987
2023	126,315,367	68,899,178	5,219,146	3,488,473	3,422,975	176,069,723	212,710	5,795,832	389,423,404	0.07032	0.05935	0.04787	0.03851
2022	123,465,226	67,640,741	5,189,946	3,120,506	3,213,695	178,591,197	291,017	5,749,421	387,261,749	0.07040	0.05926	0.04760	0.03842
2021	120,794,089	68,251,370	5,189,422	3,383,808	5,745,751	120,804,200	-	5,544,384	329,713,024	0.07039	0.05940	0.04788	0.03839
2020	118,892,028	64,258,553	5,391,779	3,544,986	4,866,507	96,182,030	-	5,509,335	298,645,218	0.07032	0.05920	0.04839	0.03877
2019	115,869,121	64,845,169	5,515,676	3,673,175	7,167,768	112,751,785	-	9,321,025	319,143,719	0.06964	0.05841	0.04748	0.03840
2018	108,822,625	62,817,789	5,467,882	3,516,727	7,952,236	119,043,795	-	7,421,350	315,042,404	0.06796	0.05636	0.04644	0.03734
2017	105,596,437	62,532,243	5,474,740	3,367,713	4,642,718	114,583,411	-	7,286,279	303,483,541	0.06850	0.05725	0.04708	0.03773
2016	110,895,061	60,749,309	5,423,535	3,446,418	5,788,651	102,787,515	-	7,461,974	296,552,463	0.06825	0.05723	0.04692	0.03806

* Average revenue billed per kwh (\$/kwh) excluding fuel inside the City.

Source: Lakeland Electric

CITY OF LAKELAND, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-Type Activities							% of Personal Income	Per Capita	
	Loans Payable	Financed Purchases Payable	Lease Liability	Subscription Liabilities	Notes Payable	Bonds Payable	Loans Payable	Bonds and Notes Payable	Financed Purchases Payable	Lease Liability	Subscription Liabilities			Total Primary Government
2025	\$ -	\$ 8,646,102	\$ 1,727,530	\$ -	\$ 38,697,397	\$ 56,502,233	\$ 17,914,783	\$ 719,213,843	\$ -	\$ 746,450	\$ 3,022,401	\$ 846,470,739	*	\$ 6,787
2024	-	11,152,063	1,732,198	-	42,439,204	33,140,800	5,117,171	741,734,535	-	1,193,998	625,084	837,135,053	15%	6,764
2023	-	11,894,815	2,060,231	75,501	46,050,972	35,909,203	8,128,432	756,784,761	-	1,304,046	769,278	862,901,738	16%	7,075
2022	-	1,809,210	517,246	-	49,538,725	38,816,105	38,063,546	689,023,244	-	3,404,170	-	821,172,246	16%	6,827
2021	-	2,845,144	-	-	40,584,119	48,222,001	42,975,225	557,145,294	125,344	-	-	691,897,127	13%	5,943
2020	59,126	3,846,994	-	-	48,332,033	48,923,188	33,448,329	536,499,532	246,955	-	-	671,356,157	15%	6,146
2019	173,701	4,812,212	-	-	5,582,762	55,415,542	42,959,695	485,983,241	364,943	-	-	595,292,096	14%	5,535
2018	1,921,466	-	-	-	1,368,107	52,687,486	37,995,293	528,160,108	-	-	-	622,132,460	17%	5,892
2017	2,185,781	-	-	-	2,616,803	56,889,791	30,927,443	514,756,073	139,046	-	-	607,514,937	17%	5,831
2016	1,192,854	-	-	-	4,817,594	63,979,671	30,155,243	509,520,735	1,617,931	-	-	611,284,028	17%	5,963

* Information not available.

Source: City of Lakeland Annual Report

CITY OF LAKELAND, FLORIDA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE (UNAUDITED)
LAST TEN FISCAL YEARS
(accrual basis)

Fiscal Year	State Shared Revenues											Total
	Property Tax	Utility & Communication Service Tax	Motor Fuel Tax	Franchise Tax*	Local Business Tax*	Half Cent Sales Tax	State Revenue Sharing	Mobile Home License Fees	Alcoholic Beverage Tax	Firefighters' Compensation Tax	SHIP	
2025	\$ 58,906,331	\$ 18,728,588	\$ 6,810,179	\$ -	\$ 1,919,219	\$ 9,277,541	\$ 4,830,508	\$ 267,011	\$ 122,007	\$ 77,055	\$ 1,255,503	\$ 102,193,942
2024	55,881,984	18,108,409	6,674,427	-	1,625,551	9,570,235	4,732,375	283,394	129,196	78,635	1,210,654	98,294,860
2023	49,787,941	17,320,554	6,738,054	-	1,845,176	9,633,865	4,722,607	276,908	121,188	75,766	436,465	90,958,524
2022	43,213,083	16,579,916	6,400,414	-	1,712,338	9,136,337	4,275,929	295,898	106,153	75,427	62,000	81,857,495
2021	46,338,892	16,080,526	6,112,157	296,954	-	8,110,355	3,358,557	273,521	117,189	65,512	-	80,753,663
2020	43,066,426	15,814,492	5,802,331	221,492	-	6,894,873	2,764,644	267,367	111,735	74,119	-	75,017,479
2019	40,355,438	15,436,866	6,060,873	265,961	-	6,997,382	2,943,228	260,395	92,373	70,124	-	72,482,640
2018	37,045,511	14,758,072	5,828,014	247,128	-	6,586,865	2,805,371	246,617	88,162	64,346	-	67,670,086
2017	33,362,591	14,735,018	5,584,212	234,659	-	6,292,201	2,699,611	232,445	93,563	69,520	-	63,303,820
2016	30,912,106	14,831,215	5,436,168	242,656	-	6,202,015	2,550,919	217,330	86,116	36,740	-	60,515,265

Source: City of Lakeland Annual Report

* Effective FY22, franchise fees are classified as permits, fees, and special assessments; and occupational licenses are classified as local business taxes.

CITY OF LAKELAND, FLORIDA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING (UNAUDITED)
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Bonded Debt</u>	<u>Less: Amounts Accumulated and Available in Debt Service and Other Funds</u>	<u>Total</u>	<u>Legally Available & Pledged Revenues</u>	<u>Ratio of Debt to Pledged Revenues</u>	<u>Per Capita¹</u>
2025	\$ 95,199,630	\$ 7,220,126	\$ 87,979,504	\$ 114,509,910	0.77	\$ 705
2024	75,580,004	5,711,077	69,868,927	114,040,340	0.61	560
2023	81,960,175	4,876,732	77,083,443	109,678,053	0.70	632
2022	88,354,830	3,946,837	84,407,993	100,738,473	0.84	702
2021	88,806,120	3,075,188	85,730,932	321,633,347	0.27	736
2020	97,255,221	5,937,425	91,317,796	104,079,983	0.88	836
2019	60,998,304	1,889,942	59,108,362	101,782,595	0.58	550
2018	54,055,593	1,863,692	52,191,901	99,688,388	0.52	494
2017	59,506,594	-	59,506,594	102,371,278	0.58	571
2016	68,797,265	-	68,797,265	121,068,668	0.57	671

Source: City of Lakeland Annual Report

¹City of Lakeland, Community Development

CITY OF LAKE LAND, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)
SEPTEMBER 30, 2025

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated % Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Tax Supported Ad Valorem Debt:			
District School Board of Polk County Bonds Payable	*	18.86%	*
City Direct Debt - Governmental Activities			<u>105,466,274</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 105,466,274</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.

Source: Polk County School Board
Polk Country Property Appraiser

* Information not available

CITY OF LAKELAND, FLORIDA

SCHEDULE OF REVENUE BONDS COVERAGE (UNAUDITED)
LAST TEN FISCAL YEARS

ENERGY SYSTEM REVENUE BONDS

Fiscal Year	Gross Revenues ¹	Operating Expenses ²	Net Operating Revenues Available for Debt Service	Principal	Interest	Total	Coverage
2025	\$ 404,220,510	\$ 272,649,675	\$ 131,570,835	\$ 21,540,000	\$ 21,421,806	\$ 42,961,806	3.06
2024	361,286,282	236,993,108	124,293,174	20,515,000	22,844,361	43,359,361	2.87
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	186,054,367	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

WATER AND WASTEWATER SYSTEM REVENUE BONDS

Fiscal Year	Gross Revenues	Operating Expenses ²	Net Revenues Available for Debt Service	Principal	Interest	Total	Coverage
2025	\$ 104,911,137	\$ 49,002,607	\$ 55,908,530	\$ 17,299,231	\$ 1,256,548	\$ 18,555,779	3.01
2024	100,528,881	55,865,897	44,662,984	8,490,413	1,321,884	9,812,297	4.55
2023	84,440,435	46,319,543	38,120,892	7,295,230	1,684,986	8,980,216	4.24
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

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

²Excludes depreciation expense.

Source: City of Lakeland Annual Report

CITY OF LAKELAND, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population¹</u>	<u>Personal Income</u>	<u>Per Capita Personal Income²</u>	<u>Median Age³</u>	<u>School Enrollment⁴</u>	<u>Unemployment Rate¹</u>
2025	124,725	* \$ -	* \$ -	39.00	35,127	4.90%
2024	123,760	5,726,870,240	46,274	40.60	39,762	4.30%
2023	121,968	5,419,038,240	44,430	40.60	40,981	3.50%
2022	120,279	5,198,819,217	43,223	40.88	40,090	5.30%
2021	116,421	5,070,833,076	43,556	41.00	41,231	7.90%
2020	109,238	4,343,302,880	39,760	41.00	41,330	7.40%
2019	107,552	3,941,673,248	36,649	41.00	39,704	3.80%
2018	105,586	3,744,396,318	35,463	41.30	38,684	4.00%
2017	104,185	3,564,481,405	34,213	40.55	37,536	4.80%
2016	102,507	3,505,636,893	34,199	39.60	38,207	5.20%

¹City of Lakeland, Community Development

² US Bureau of Economic Analysis

³Lakeland Economic Development Council Demographics

⁴Polk County School Board

* Information not available

CITY OF LAKELAND, FLORIDA

PRINCIPAL EMPLOYERS (UNAUDITED)
SEPTEMBER 30, 2025

For the Current Year and Nine Years Prior

Employer	Type of Business	2025			2016		
		Employees	Rank	% of Total	Employees	Rank	% of Total
Publix Supermarkets, Inc.	Retail/Distribution-Grocery	8,008	1	28.63%	8,200	1	31.49%
Lakeland Regional Health	Healthcare - Hospital, Medical Clinic	6,000	2	21.45%	5,500	2	21.13%
Government Employees Insurance Co. (GEICO)	Insurance	3,300	3	11.80%	2,800	3	10.76%
City of Lakeland	Government	2,721	4	9.73%	2,600	4	9.99%
Amazon	Retail/Distribution	2,000	5	7.15%	900	8	3.46%
Watson Clinic	Medical Clinic	1,857	6	6.64%	1,600	5	6.15%
Saddle Creek Logistics	Trucking & Logistics	1,289	7	4.61%	680	10	2.61%
Southeastern University	Education	1,072	8	3.83%			
Midstate Machine & Fab.	Fabrication/machining	900	9	3.22%			
Rooms To Go	Retail/Distribution	827	10	2.96%	900	8	3.46%
GC Services	Telemarketing				1,000	7	3.84%
Sykes	Telemarketing				1,150	6	4.42%
Stryker	Healthcare				700	9	2.69%
Total		<u>27,974</u>		<u>100.00%</u>	<u>26,030</u>		<u>100.00%</u>

Source: Lakeland Economic Development Council

CITY OF LAKELAND, FLORIDA

FTE EMPLOYEES BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS

Function:	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government	238	278	282	285	282	266	265	283	283	288
Public safety										
Law enforcement										
Officers	234	239	237	240	240	236	247	250	250	258
Civilians	103	118	111	100	106	113	112	111	119	111
Fire control										
Firefighters and Officers	145	165	168	171	168	168	177	190	190	203
Civilians	13	5	6	6	7	6	6	6	5	6
Physical environment	7	7	8	8	10	10	25	27	26	27
Transportation	98	105	104	115	106	104	83	96	102	101
Economic environment	57	60	61	67	62	62	62	69	69	68
Culture/recreation	231	248	243	245	228	226	267	254	261	261
Electric	530	507	501	484	465	383	364	368	373	392
Water and Wastewater	197	203	201	209	205	211	212	225	229	227
Parking	4	5	5	4	5	4	5	5	5	5
RP Funding Center	50	50	48	50	42	40	-	-	-	-
Lakeland Linder International Airport	14	15	15	15	17	18	18	22	30	35
Solid Waste	62	62	61	63	59	61	59	63	62	65
Cleveland Heights Golf Course	12	-	-	-	-	-	-	-	-	-

Source: City of Lakeland Payroll

CITY OF LAKELAND, FLORIDA

OPERATING INDICATORS BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public safety										
Law enforcement										
Arrests	4,646	5,654	5,100	6,306	3,822	3,879	6,573	5,238	5,711	5,155
Traffic citations	10,649	9,585	9,484	11,409	7,115	8,599	5,455	13,774	9,565	14,941
Fire control										
Calls for service	24,262	24,940	25,314	25,736	26,245	26,640	28,291	27,277	28,474	27,314
Inspections	4,604	3,802	3,204	3,685	3,160	2,870	4,989	7,209	5,967	7,455
Physical environment										
Cemetery										
Burials	407	392	421	434	421	520	472	473	423	447
Spaces sold	312	368	408	426	462	623	645	503	569	470
Transportation										
Street resurfacing (miles)	23.8	21.7	32.0	11.2	30.0	34.9	40.0	41.9	55.2	71
Culture/recreation										
Parks										
Field rentals	7,103	6,484	6,150	6,785	4,821	6,963	2,040	8,264	9,490	12,176
Swimming Pools										
Attendance/use	93,822	84,359	95,611	95,572	54,311	105,823	68,882	100,392	98,295	106,902
Aquatic programs/events	33	29	30	33	-	-	-	-	-	780
Community centers										
Attendance/use	459,808	388,109	350,554	385,755	185,981	172,340	246,935	316,698	457,972	378,526
Facility rentals	1,759	2,000	1,111	896	510	291	-	760	664	972
Economic environment										
Building permits issued	6,776	7,203	9,235	8,427	9,027	9,482	9,161	9,232	7,220	8,274
Electric										
New connections ¹	1,810	1,949	1,648	1,610	2,568	2,934	2,310	1,725	2,681	1,254
Number of customers	126,775	128,535	130,183	131,793	134,361	137,295	139,605	141,373	144,166	145,420
Energy sales (gWh)	3,066	3,004	3,064	3,131	3,166	3,359	3,296	3,337	3,306	3,376
Water and Wastewater										
New connections	533	612	472	570	685	1,392	720	480	721	666
Number of customers	55,712	56,750	57,222	57,533	58,285	59,187	61,635	61,576	62,775	63,411
Peak month peak day pumping ²	27	33	29	32	29	35	29	30	33	32
Average daily sewage treatment ²	12.84	12.95	14.75	11.84	11.66	11.47	13.23	13.50	14.01	14.67
Parking										
Parking violations	6,538	5,556	7,534	4,733	4,202	5,180	5,161	5,873	4,262	3,673
RP Funding Center										
Number of events	450	414	371	277	185	219	245	237	172	147
Lakeland Linder International Airport										
Daily average traffic count	333	338	383	344	309	360	394	448	408	432
Solid Waste										
Refuse collected (tons/day)	196	284	261	221	221	327	267	328	324	335
Recyclables collected (tons/day)	22	31	22	21	19	27	20	27	28	35
Number of customers										
Commercial	5,224	5,314	5,436	5,535	5,621	5,724	5,846	5,900	5,928	5,983
Residential	46,531	48,657	50,095	51,277	52,679	54,252	55,848	56,838	58,276	5,908
Cleveland Heights Golf Course										
Number of memberships	93	75	66	58	52	45	53	81	100	165
Number of tournaments/outings	38	47	39	30	19	33	37	35	37	39
Rounds of golf played	63,829	67,860	64,460	57,396	65,271	74,631	87,231	75,985	70,671	75,232

¹Net of new connections and disconnections of service.

²Measured in millions of gallons per day.

- Information not available.

Note: Indicators are not available for the general government function.

Source: City of Lakeland Departments.

CITY OF LAKELAND, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety										
Law enforcement										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	155	159	154	160	176	171	180	185	195	185
Fire control										
Fire stations	7	7	7	7	7	7	7	7	7	7
Transportation										
Streets (miles)	399	400	400	401	404	418	396	396	396	883
Traffic signals	174	174	174	174	174	174	177	176	176	164
Culture/Recreation										
Parks acreage	769	769	736	741	1,857	1,958	1,958	1,191	1,243	1,243
Parks	60	60	56	56	57	58	58	57	58	58
Swimming pools	2	2	2	2	2	2	2	2	2	3
Tennis courts	37	37	37	37	37	37	34	34	34	34
Pickleball courts	-	-	-	-	-	-	28	28	28	28
Community centers	3	3	3	3	4	4	2	1	1	2
Special recreational facilities	5	5	5	5	5	5	6	7	9	6
Electric										
Power plants	3	3	3	3	3	3	3	3	3	3
Distribution stations	25	25	25	25	25	25	25	25	25	31
Miles of service lines	2,084	2,100	2,111	2,131	2,160	2,180	2,196	2,196	2,228	2,090
Water and Wastewater										
Miles of service lines	998	998	1,002	1,012	1,026	1,035	1,040	1,046	1,051	1,057
Fire hydrants	4,266	4,261	4,281	4,363	4,421	4,497	4,563	4,610	4,661	4,730
Maximum daily capacity ¹	59	59	59	59	59	59	59	59	59	59
Maximum daily treatment ¹	35	35	35	35	35	35	35	35	35	35
Parking										
Parking garages	3	3	3	3	3.5	3.5	3.5	3.5	3.5	2.5
Surface lots	13	11	10	10	10	10	10	13	13	13
RP Funding Center										
Sports arenas	1	1	1	1	1	1	1	1	1	1
Theatres	1	1	1	1	1	1	1	1	1	1
Other rental facilities	9	9	8	10	10	10	10	10	10	10
Lakeland Linder International Airport										
Terminals	1	1	1	1	1	1	1	1	1	1
Hangers	100	100	100	110	110	112	113	113	113	113
Runways	2	2	2	2	2	3	3	3	3	3
Solid Waste										
Refuse trucks	47	54	54	57	59	60	60	60	60	71
Cleveland Heights Golf Course										
Acreage	286	286	286	286	286	286	265	270	215	215
Clubhouse facilities	1	1	1	1	1	1	1	1	1	1

¹Measured in millions of gallons per day

Note: No capital asset indicators are available for the general government, economic environment, or physical environment functions.

Source: City of Lakeland Departments

CITY OF LAKELAND, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2025

EXPENDITURES OF FEDERAL AWARDS

DEPARTMENT OF AGRICULTURE - FOOD AND NUTRITION SERVICE

Indirect Programs:

Child and Adult Care Food Program:
Passed through the Florida Department of Health
Child and Adult Care Food Program

	A-5449	10.558	\$	8,272	\$	-	\$	-
TOTAL DEPARTMENT OF AGRICULTURE - FOOD AND NUTRITION SERVICE				8,272		-		-

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Direct Programs:

CDBG - Entitlement/Special Purpose Grants Cluster:

Community Development Block Grants
Community Development Block Grants
Community Development Block Grants
Community Development Block Grants
COVID-19 - Community Development Block Grants

Total CDBG - Entitlement/Special Purpose Grants Cluster

B-21-MC-12-0011	14.218	112,396	-	-	-	-	-	-
B-22-MC-12-0011	14.218	492,196	-	-	-	-	-	-
B-23-MC-12-0011	14.218	149,670	-	-	-	-	-	-
B-24-MC-12-0011	14.218	474,744	-	-	-	-	45,191	-
B-20-MW-12-0011	14.218	18,095	-	-	-	-	-	-
		1,247,101	-	-	-	-	45,191	-

Home Investment Partnerships Program (HOME):

Home Investment Partnerships Program
Home Investment Partnerships Program
Home Investment Partnerships Program
Home Investment Partnerships Program
Home Investment Partnerships Program
Home Investment Partnerships Program
Home Investment Partnerships Program-ARP Administration
Total HOME Investment Partnership Program

M-20-MC-12-0228	14.239	131,403	-	-	-	-	-	-
M-21-MC-12-0228	14.239	87,037	-	-	-	-	-	-
M-22-MC-12-0228	14.239	282,089	-	-	-	-	-	-
M-23-MC-12-0228	14.239	200,000	-	-	-	-	-	-
M-24-MC-12-0228	14.239	68,743	-	-	-	-	-	-
M-21-MP-12-0228	14.239	693,494	-	-	-	-	-	-
		1,462,766	-	-	-	-	-	-

Indirect Programs:

CDBG - State's Program and Non-Entitlement Grant:
Pass through the State of Florida Department of Economic Opportunity
Community Development Block Grant Mitigation Program
Total CDBG-State's Program and Non-Entitlement Grants

MT047	14.228	1,993,880	-	-	-	-	-	-
		1,993,880	-	-	-	-	-	-
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		4,703,747	-	-	-	-	45,191	-

DEPARTMENT OF THE INTERIOR

Indirect Programs:

Historic Preservation Fund Grants-in-Aid:
Pass through the Florida Department of State
Resurvey Historic District Phase I

23.h.sm.200.105	15.904	100,000	-	-	-	-	-	-
		100,000	-	-	-	-	-	-
TOTAL DEPARTMENT OF THE INTERIOR			-	-	-	-	-	-

See accompanying notes to Schedule of Expenditures of Federal Award and State Financial Assistance.

CITY OF LAKELAND, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

EXPENDITURES OF FEDERAL AWARDS (continued)

DEPARTMENT OF JUSTICE

Direct Programs:

Edward Byrne Memorial Justice Assistance Grant Program:
Police Forensic Lab - Equipment Upgrade

Contract/Grant Number	AL/CSFA Number	Current Year Expenditures	Outstanding Loan Balance	Transfers to Subrecipients
15PBJA-24-GG-04929-JAGX	16.738	\$ 30,195	\$ -	\$ -

Indirect Programs:

Edward Byrne Memorial Justice Assistance Grant Program:
Passed through the Florida Department of Law Enforcement
Personal Protective Equipment

15PBJA-23-GG-02972-MUMU	16.738	20,367	-	-
		50,562	-	-

Total Edward Byrne Memorial Justice Assistance Grant Program

Crime Victim Assistance:

Passed through the Florida Office of the Attorney General
FOAG Crime Victim Assistance (VOCA)

VOCA-C-2024	16.575	146,251	-	-
		146,251	-	-
		196,813	-	-

TOTAL DEPARTMENT OF JUSTICE

FEDERAL DEPARTMENT OF TRANSPORTATION - FEDERAL AVIATION ADMINISTRATION

Direct Programs:

Airport Improvement Program and COVID-19 Airport Programs:

ARFF Equipment

Taxiway A Shoulders

Terminal Area Master Plan

Airport and Terminal Area Study Project

3-12-0041-050-2023	20.106	859,216	-	-
3-12-0041-052-2024	20.106	908,221	-	-
3-12-0041-054-2024	20.106	258,031	-	-
3-12-0041-051-2024	20.106	91,162	-	-
		2,116,630	-	-

TOTAL FEDERAL DEPARTMENT OF TRANSPORTATION - FEDERAL AVIATION ADMINISTRATION

FEDERAL DEPARTMENT OF TRANSPORTATION - FEDERAL HIGHWAY ADMINISTRATION

Indirect Programs:

Highway Planning and Construction:

Passed through the Florida Department of Transportation

Josephine Sidewalk (Central Avenue to Pinewood Avenue)

Chase Street Tail

Fiber Optic - Maintenance/Lease

Total Highway Planning and Construction

444209-1-58-01	20.205	26,325	-	-
446318-1-38-01	20.205	9,956	-	-
197620-4-8B-01	20.205	20,278	-	-
		56,559	-	-

Recreational Trails Program:

Passed through the Florida Department of Environmental Protection

FDEP-Se7en Wetlands Phase III Trail

Total Recreational Trails Program

12RECT019/T19005	20.219	212,500	-	-
		212,500	-	-

TOTAL FEDERAL DEPARTMENT OF TRANSPORTATION - FEDERAL HIGHWAY ADMINISTRATION - HIGHWAY PLANNING AND CONSTRUCTION CLUSTER

TOTAL FEDERAL DEPARTMENT OF TRANSPORTATION

		269,059	-	-
		2,385,689	-	-

See accompanying notes to Schedule of Expenditures of Federal Award and State Financial Assistance

CITY OF LAKELAND, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

EXPENDITURES OF FEDERAL AWARDS (continued)

FEDERAL DEPARTMENT OF THE TREASURY

Direct Programs:

Coronavirus State and Local Fiscal Recovery Funds:
Coronavirus State and Local Fiscal Recovery Funds
Western Trunk San Gully Rd Line Relocation

TOTAL FEDERAL DEPARTMENT OF THE TREASURY

FEDERAL DEPARTMENT OF HOMELAND SECURITY

Direct Programs:

Disaster Grants - Public Assistance (Presidentially Declared Disasters):
DR-4673 - Hurricane Ian

Indirect Programs:

Disaster Grants - Public Assistance (Presidentially Declared Disasters):
Passed through the Florida Division of Emergency Management
COVID-19 Public Assistance - COVID 19 Emergency Funds

TOTAL FEDERAL DEPARTMENT OF HOMELAND SECURITY

ENVIRONMENTAL PROTECTION AGENCY

Indirect Programs:

Passed through the Florida Department of Environmental Protection
Clean Water State Revolving Fund:
Glendale Effluent Pump Station - Construction

Drinking Water State Revolving Fund:
Lead Service Lines

TOTAL ENVIRONMENTAL PROTECTION AGENCY

DEPARTMENT OF ENERGY

Direct Programs:

Energy Efficiency and Conservation Block Grants:
Fletcher Park Lighting

TOTAL DEPARTMENT OF ENERGY

TOTAL EXPENDITURES OF FEDERAL AWARDS

	Contract/Grant Number	AL/CSFA Number	Current Year Expenditures	Outstanding Loan Balance	Transfers to Subrecipients
	20-1982-0-1-806	21.027	\$ 1,691,401	\$ -	\$ -
	20-1982-0-1-806	21.027	6,333,743	-	-
			8,025,144	-	-
	Z2936	97.036	6,943,938	-	-
	Z1795	97.036	27,399	-	-
			6,971,337	-	-
	WW 530671	66.458	13,576,141	4,104,131	-
	LS 530680	66.468	234,511	-	-
			13,810,652	4,104,131	-
	IA-000000087	81.128	172,390	-	-
			172,390	-	-
			\$ 36,374,044	\$ 4,104,131	\$ 45,191

See accompanying notes to Schedule of Expenditures of Federal Award and State Financial Assistance

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CITY OF LAKELAND, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION

Direct Programs:

Statewide Water Quality Restoration Projects:

Lake Bonnet Algae

Lake Parker Shoreline Restoration

Total Statewide Water Quality Restoration Projects

Grants and Aids to Local Governments and Nonstate Entities - Fixed Capital
Outlay Local Parks:

Se7en Wetlands Educational Center

Innovative Technologies Programs:

Lake Bonnet Algae

TOTAL FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION

FLORIDA HOUSING AND FINANCE CORPORATION

Direct Programs:

State Housing Initiatives Partnership Program (SHIP):

State Housing Initiatives Partnership Program (SHIP)

State Housing Initiatives Partnership Program (SHIP)

State Housing Initiatives Partnership Program (SHIP)

State Housing Initiatives Partnership Program (SHIP)

TOTAL FLORIDA HOUSING AND FINANCE CORPORATION

FLORIDA DEPARTMENT OF TRANSPORTATION

Direct Programs:

Aviation Grant Programs:

ILS Upgrade to Cat III

ARFF Equipment

Security Enhancements and Upgrades

AWOS Replacement

Taxiway A Shoulders

Terminal Area Master Plan

Airport and Terminal Area Study Project

Light Tower Light Plants Equipment

Total Aviation Grant Programs

TOTAL FLORIDA DEPARTMENT OF TRANSPORTATION

See accompanying notes to Schedule of Expenditures of Federal Award and State Financial Assistance

	Contract/Grant Number	AL/CSFA Number	Current Year Expenditures	Outstanding Loan Balance	Transfers to Subrecipients
	INV38	37.039	\$ 450,000	\$ -	-
	WRP07	37.039	8,694	-	-
			<u>458,694</u>	<u>-</u>	<u>-</u>
	L2034	37.085	41,164	-	-
	INV38	37.103	528,333	-	-
			<u>1,028,191</u>	<u>-</u>	<u>-</u>
	SHIP 22/23	40.901	323,498	-	-
	SHIP 23/24	40.901	564,769	-	-
	SHIP 24/25	40.901	240,967	-	-
	SHIP 25/26	40.901	126,269	-	-
			<u>1,255,503</u>	<u>-</u>	<u>-</u>
	445718-1-94-01	55.004	2,500,000	-	-
	453044-1-94-01	55.004	191,465	-	-
	453094-1-94-01	55.004	104,141	-	-
	453399-1-94-01	55.004	4,567	-	-
	452133-1-94-01	55.004	50,326	-	-
	455570-1-94-01	55.004	14,335	-	-
	454471-1-94-01	55.004	5,065	-	-
	453310-1-94-01	55.004	44,244	-	-
			<u>2,914,143</u>	<u>-</u>	<u>-</u>
			<u>2,914,143</u>	<u>-</u>	<u>-</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

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NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

SEPTEMBER 30, 2025

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state activities of the City of Lakeland, Florida. This schedule summarizes the expenditures incurred under all federal programs and state projects by the City of Lakeland, Florida for the fiscal year ended September 30, 2025. For purposes of this schedule, federal programs and state projects include all grants and contracts entered into directly between the City and agencies and departments of the federal and state government with expenditures during the fiscal year ended September 30, 2025. Federal programs and state projects passed through to other government agencies, if any, are also included in the schedule. Grant-related expenditures for the governmental fund types are presented using the modified accrual basis of accounting. Grant-related expenditures for the proprietary fund types are presented using the accrual basis of accounting.

The information in these schedules is presented in accordance with the requirements of 2 CFR 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Section 215.97, *Florida Statutes*, and Chapter 10.550, *Rules of the State of Florida Auditor General*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The City maintains separate grant-related accounts in the general ledger system. Individual grant revenue and expense accounts are assigned at the time the City is awarded a grant and it is approved by the City Commission. All grant revenues and eligible expenses are recorded in the individual accounts. The City's accounting policies relating to encumbrances, receivables, and designations of fund balance, and other financial matters are applied to the grant accounts.

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agency as a result of an audit or any claim for reimbursement to the grantor agencies, the expenditures would become a liability of the City. All grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations. Expenditures are recognized following the cost principles contained in the Uniform Guidance. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

There were no non-cash awards or Federal Insurance maintained in the current year.

NOTE B - LOAN PAYABLE

The City enters into low interest loan agreements with the State of Florida Department of Environmental Protection to finance the cost of specified capital improvements to the water and wastewater systems. These loans carry a fixed interest rate of 0.00% - 2.960% and are to be repaid over a period of 20 years. The loans are secured by a pledge of excess revenues of the water and wastewater systems, and by a pledge of certain amounts, deposited into a loan amortization account and loan amortization reserve established by the City for the purpose of funding future debt service on the loans. Amounts required for deposit are classified as restricted assets.

The proceeds from the loans are disbursed to the City on a reimbursement basis as eligible construction expenditures are incurred. The total amount of the loans outstanding at September 30, 2025 is \$17,914,783.

NOTE C - PRIOR YEAR EXPENDITURES

The amounts reported on the SEFA for State Assistance for Fentanyl Eradication (SAFE) in Florida (CFSA 71.122) as current year expenditures includes a reduction of \$2,247 for expenses incurred in prior fiscal years that were ineligible grant expenditures as a result of grant amendments in the current year.

The amounts reported on the SEFA for the State Aviation Grant Programs (CFSA 55.004) as current year expenditures includes \$2,500,000 for expenses incurred in prior fiscal years that are now eligible grant expenditures as a result of grant amendments in the current year.

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**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditor's Report

Honorable Mayor and City Commission
City of Lakeland, Florida
Lakeland, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakeland, Florida (the "City") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 1, 2026. Our report includes a reference to other auditors who audited the financial statements of the Police Officers' Defined Benefit Retirement System of the City of Lakeland, Florida and the City of Lakeland Firefighters' Retirement System, as described in our report on City' financial statements. The financial statements of the Police Officers' Defined Benefit Retirement System of the City of Lakeland, Florida and the City of Lakeland Firefighters' Retirement System were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Police Officers' Defined Benefit Retirement System of the City of Lakeland, Florida and the City of Lakeland Firefighters' Retirement System or that are reported on separately by those auditors who audited the financial statements of the Police Officers' Defined Benefit Retirement System of the City of Lakeland, Florida and the City of Lakeland Firefighters' Retirement System.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Forvis Mazars, LLP

Tampa, Florida
April 1, 2026

Report on Compliance for Each Major Federal Program and Major State Project and Report on Internal Control Over Compliance

Independent Auditor's Report

Honorable Mayor and City Commission
City of Lakeland, Florida
Lakeland, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of Lakeland, Florida (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements identified as subject to audit in the Department of Financial Services State Projects *Compliance Supplement* that could have a direct and material effect on each of its major federal programs and major state projects for the year ended September 30, 2025. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Our responsibilities under those standards, the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rule of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Honorable Mayor and City Commission
City of Lakeland, Florida

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Forvis Mazars, LLP

**Tampa, Florida
April 1, 2026**

City of Lakeland, Florida
Schedule of Findings and Questioned Costs
Year Ended September 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards and State Projects

Internal control over major federal programs and state projects:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Type of auditor’s report issued on compliance for major federal programs and state projects:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or Chapter 10.557, Rules of the Auditor General?? ☐ Yes ☒ No

Identification of major federal programs and major state projects:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	Home Investment Partnerships Program
20.106	Airport Improvement Program
66.458	Clean Water State Revolving Fund
<u>CSFA Number</u>	<u>Name of State Project</u>
55.004	Aviation Grant Programs

Dollar threshold used to distinguish between Type A and Type B programs:

Federal \$1,091,221
State \$750,000

Auditee qualified as a low-risk auditee? ☒ Yes ☐ No

Section II – Financial Statement Findings

No matters are reported.

Section III – Federal Award and State Financial Assistance Findings and Questioned Costs

No matters are reported.

Section IV – Prior Year Audit Findings

No matters are reported.

Independent Accountant's Report

The Honorable Mayor and City Commission
City of Lakeland, Florida
Lakeland, Florida

We have examined the City of Lakeland, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2025. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with those requirements, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

Forvis Mazars, LLP

**Tampa, Florida
April 1, 2026**

Independent Auditor's Management Letter

Honorable Mayor and City Commission
City of Lakeland, Florida
Lakeland, Florida

Report on the Financial Statements

We have audited the basic financial statements of the City of Lakeland, Florida (the "City") as of and for the year ended September 30, 2025, and have issued our report thereon dated April 1, 2026. Our report also includes a reference to other auditors, who audited the financial statements of Police Officers' Defined Benefit Retirement System of the City of Lakeland, Florida and the City of Lakeland Firefighters' Retirement System, as described in our report on the City's financial statements.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; Title 2 *U.S. Code of Federal Regulations, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have also issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance and Report on the Schedule of Expenditures of Federal Awards and State Financial Assistance in Accordance with the Uniform Guidance Chapter 10.550, *Rules of the Auditor General*; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated April 1, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, requires us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based, in part, on representations made by management and the review of financial information provided by same.

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the City's boundaries during the fiscal year under audit.

Special District Component Units

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Lakeland Community Redevelopment Agency reported:

- (A) The total number of district employees compensated in the last pay period of the district's fiscal year as 6 FTE.
- (B) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 0.
- (C) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$483,729.
- (D) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$0.
- (E) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as listed below:
 - o Vanguard Room Incentive \$75,000
 - o Hadley's Inspiration Academy Incentive \$165,000
 - o CRA Property Improvements \$68,998
 - o N Scott Ave/Emma Street Sidewalks \$258,872
 - o Lakehurst Sidewalk \$209,074
- (F) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as \$0.

Additional Matters

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

Purpose of this Letter

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

Forvis Mazars, LLP

**Tampa, Florida
April 1, 2026**