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CITY OF LAKELAND, FLORIDA
ANNUAL REPORT
TO BONDHOLDERS

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30,

2019

CITY OF
Lakeland
www.lakelandgov.net

Annual Report to Bondholders

of the

City of Lakeland, Florida

for the

Fiscal Year Ended September 30th, 2019

Michael C. Brossart, CPA
Finance Director

Deidra M. Joseph
Assistant Finance Director

Jeffrey S. Stearns
Treasurer

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City of Lakeland

Elected Officials

(as of September 30, 2019)

H. William "Bill" Mutz
Mayor

Scott Franklin
Commissioner

Stephanie Madden
Commissioner

Sarah R. McCarley
Commissioner

Bill Read
Commissioner

Justin M. Troller
Commissioner

Phillip E. Walker
Commissioner

City Administration

Tony Delgado
City Manager

Shawn Sherrouse
Deputy City Manager

Emily Colón
Assistant City Manager

Michael Brossart
Finance Director

Tim McCausland
City Attorney

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MAYOR'S LETTER

April 30, 2020

On behalf of the members of the City Commission I am pleased to present the 2019 Annual Report to Bondholders. This report provides information to you, the investor, concerning the City's finances and current bond indebtedness. We are proud of our many accomplishments during the past year in the City of Lakeland and are excited for the future. It is our goal to continue providing a high level of service to our thriving community at a fair price.

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

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

Sincerely,

H. William Mutz
Mayor

PURPOSE OF THE ANNUAL REPORT TO BONDHOLDERS

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

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

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

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INTRODUCTION

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

Included in the Annual Report to Bondholders is background information about the City and its services, key staff, and demographics. Financial information related to revenues that have been pledged to support debt service requirements on outstanding bonds is also included. Additionally, the Annual Report to Bondholders includes detailed information about each bond issue for which the City has a legal obligation. All the information is presented as of the fiscal year ended September 30, 2019 unless otherwise stated.

The City is also filing separately its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2019. The CAFR is transmitted as a separate document to preserve the conciseness of the Annual Report to Bondholders and to make pertinent financial information available that may be of interest to the reader. The Annual Report to Bondholders is a supplementary document and should be reviewed in conjunction with, and not in lieu of the CAFR to gain an understanding of the financial condition of the City.

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

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

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

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

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GENERAL & STATISTICAL INFORMATION

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

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

PRINCIPAL OFFICIALS

The legislative power of Lakeland is vested in a commission of seven members. The City Commission typically meets on the first and third Monday of each month in the commission chambers on the 3rd floor of City Hall at 228 South Massachusetts Avenue. The following table lists the elected officials and their service history with the City of Lakeland as of September 30, 2019.

District	Elected Official	Term Inception	Term Expiration
At large – Mayor	H. William Mutz	January 2018	December 2021
Northwest District	Phillip Walker*	January 2010	December 2019
Northeast District	Bill Read**	January 2016	December 2019
Southwest District	Sara R. McCarley	January 2019	December 2021
Southeast District	Scott Franklin	January 2018	December 2021
At large – Commissioner	Stephanie Madden	January 2018	December 2021
At large – Commissioner	Justin Troller***	January 2008	December 2019

*Re-elected and sworn in January 2020 to a term expiring in December 2023.

**Re-elected and sworn in January 2020 to a term expiring in December 2023.

***Subsequently replace by Chad McLeod who was elected to the position in the fall of 2019 and sworn in January 2020 to a term expiring in December 2023.

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SENIOR MANAGEMENT

CITY

Anthony J. Delgado – City Manager

Tony accepted the role of City Manager on January 4, 2016. He began work with the City of Lakeland in January 1997 as Assistant Director for the RP Funding Center (formerly The Lakeland Center) and later became the Assistant City Manager in November 2000. He has a Bachelor of Science degree in Parks & Community/Commercial Recreation from Southern Illinois University.

Tony is active in numerous community service boards throughout Lakeland. He has served the community as a board member for Lakeland Vision, Polk Vision and The Polk Museum of Art and in the past sat on the boards of the Central Florida Speech and Hearing Center, United Way, VISTE and the InnerAct Alliance.

Tony is a Certified Public Manager from Florida State University. He is a graduate of Leadership Lakeland XVIII and Leadership Polk Class II, and has been the Chairman of Leadership Lakeland Class XXIV and Chairman of Leadership Polk Class VII.

Shawn Sherrouse – Deputy City Manager

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

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

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

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

Emily Colón – Assistant City Manager

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

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

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

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

Michael C. Brossart – Finance Director

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

Deidra Joseph – Assistant Finance Director

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

ELECTRIC UTILITIES

Joel Ivy – General Manager, Electric Utilities

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

Gina Jacobi – Assistant General Manager, Fiscal Operations

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

WATER/WASTEWATER UTILITIES

Bill Anderson – Director of Water Utilities

Bill Anderson began his career with the City of Lakeland in 2000 as an Environmental Technician III at the Wetlands Treatment System (Se7en Wetlands). He was named the Environmental Scientist in 2006 overseeing wetland treatment operations for 10 years before being named Assistant Director of Water Utilities in 2016. He was named the Director of Water Utilities effective June 12, 2018.

PUBLIC WORKS DEPARTMENT

Christopher (Heath) Frederick – Public Works Director

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

ECONOMIC CONDITION AND OUTLOOK FOR POLK COUNTY

The City of Lakeland is in Polk County Florida at the geographical center of the Sunshine State along the I-4 corridor between the major cities of Tampa and Orlando. Lakeland is the largest city in Polk County with an estimated population of 107,552 as of April 1, 2019[1] and covers an area of approximately 75 square miles.

The City of Lakeland continues to be the wholesale and retail trade center for the surrounding area which is supported by primarily by Trade 18.2% (Retail 13.6% & Wholesale 4.6%); Professional and Business Services; 14.5%, Education and Health Services 14.1%; Government 12.2%; Leisure and Hospitality services 10.1%; Manufacturing 7.9% and Transportation, Warehousing and Utilities 7.5%[2].

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

POPULATION

The population continues to grow in Polk County with an estimated population of 690,606 as of April 2019 – a 17,578 increase from the 673,028 estimated in April 2018 and an increase of 88,511 from the April 1, 2010 census[4].

EMPLOYMENT

Employment data for the Lakeland-Winter Haven, FL Metropolitan Statistical Area continues to show increases in total labor force and employment with unemployment and unemployment rates decreasing in 2019. In September 2019 the total workforce was 307,277 with 296,451 employed, 10,826 unemployed, and an unemployment rate of 3.5%; for comparison purposes, as of September 2018 the total workforce was 301,756 with 290,254 employed, 11,502 unemployed, and an unemployment rate of 3.8%[5].

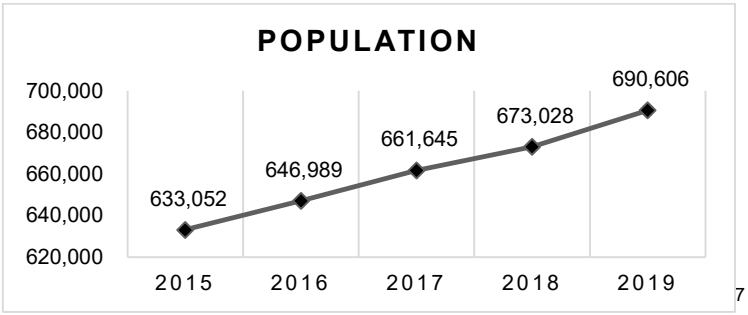
HOUSING STARTS

There were 3,038 single-residential building permits issued in Polk County during fiscal year 2019. This represents an increase of 18% compared to the 2,574 such permits issued in fiscal year 2018[6].

[1] https://www.bebr.ufl.edu/sites/default/files/Research%20Reports/estimates_2019.pdf
[2] https://lakelandedc.com/wp-content/uploads/2019/08/19DemoGuide-small.pdf
[3] https://lakelandedc.com/wp-content/uploads/2019/08/19DemoGuide-small.pdf
[4] https://www.bebr.ufl.edu/sites/default/files/Research%20Reports/estimates_2019.pdf
[5] https://www.bls.gov/eag/eag.fl_lakeland_msa.htm
[6] http://www.polkcountyclerk.net/CAFR-PAFR/

POLK COUNTY STATISTICAL AREA ECONOMIC TRENDS

	2015	2016	2017	2018	2019
Popluation[7]	633,052	646,989	661,645	673,028	690,606
Population Change	9,878	13,937	14,656	11,383	17,578
Employment[8]	263,400	273,731	285,100	290,254	296,451
Employment Change	5,915	10,331	11,369	5,154	6,197
Unemployment[8]	17,783	16,730	13,869	11,502	10,826
Unemployment Change	(2,621)	(1,053)	(2,861)	(2,367)	(676)
Unemployment Rate[8]	6.3%	5.8%	4.6%	3.8%	3.5%
Unemployment Rate Change	(1.0%)	(0.5%)	(1.2%)	(0.8%)	(0.3%)
Total Housing Starts[9]	1,524	1,722	2,162	2,574	3,038



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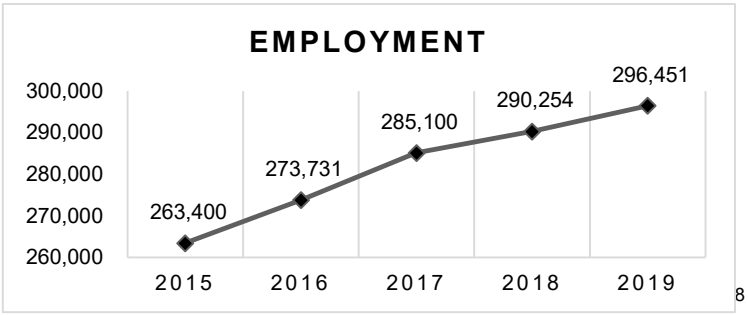

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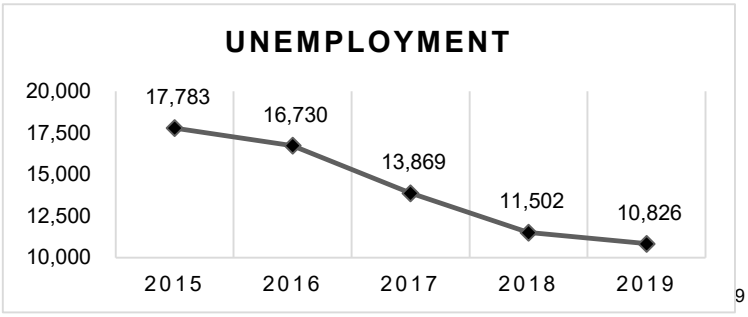

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[7] https://www.bebr.ufl.edu/sites/default/files/Research%20Reports/estimates_2018.pdf
[8] https://data.bls.gov/timeseries
[9] http://www.polkcountyclerk.net/CAFR-PAFR/

EDUCATION

Public schools are administered by the School Board of Polk County. The school district is the seventh largest in Florida and among the thirty largest in the United States and includes more than 150 schools that educate over 104,000 students[10]. Within the district are 65 elementary schools, 5 elementary/middle schools, 9 elementary/middle/high schools, 20 middle schools, 4 middle/high schools, 16 high schools, 10 conversion charter schools, 20 charter schools, 2 head start centers, 3 career centers, 2 adult schools, 4 alternative education schools, 4 department of juvenile justice centers, 2 private department of juvenile justice centers, an adult jail center, and 2 residential programs[11].

There are five colleges and universities based in Polk County. Polk State College is a public institution with a current enrollment of 15,647 students attending campuses in Winter Haven, Lakeland, Bartow, and Lake Wales[12]. Southeastern University is a private institution located in Lakeland with an enrollment of 8,759 students[13]. Florida Southern College is another private institution located in Lakeland with over 3,500 students enrolled[14]. Florida Polytechnic University is a public university located in Lakeland with an enrollment of 1,339 students[15]. Warner University is a private institution located in Lake Wales with an enrollment of nearly 1,200 students[16].

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

TRANSPORTATION

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

[10] https://polkschoolsfl.com/about/
[11] https://polkschoolsfl.com/wp-content/uploads/mainsite/2019-2020Type-SchoolList.pdf
[12] https://www.polk.edu/about/
[13] https://www.usnews.com/best-colleges/southeastern-university-1521
[14] https://www.flsouthern.edu/about-fsc.aspx
[15] https://floridapoly.edu/about/facts//
[16] https://www.warner.edu/about/our-story/overview-accreditation/
[17] https://mylrh.org/fast-facts/
[18] http://www.ridecitrus.com/about-us/
[19] https://freightmovesflorida.com/wp-content/uploads/2016/09/FDOT_D1_FMTP.pdf
[20] https://freightmovesflorida.com/wp-content/uploads/2016/09/FDOT_D1_FMTP.pdf

STATISTICAL DATA

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

Fiscal Year	Taxes	Licenses & Permits	InterGovt	Charges for Services	Fines & Forfeits	Misc.	Other Financing Sources	Total
2019	49,850	5,040	14,514	6,695	2,557	5,074	42,970	126,700
2018	47,094	4,843	11,504	7,044	2,436	2,755	41,938	117,614
2017	44,245	3,887	11,633	5,753	2,445	3,129	41,670	110,561
2016	42,424	4,289	11,290	4,247	2,525	2,800	40,007	107,582
2015	36,061	3,962	10,714	4,373	1,719	1,897	39,465	98,191
2014	34,713	3,563	10,382	3,994	1,860	3,205	34,887	92,604
2013	33,932	3,146	9,878	4,018	1,304	1,213	33,981	87,472
2012	32,994	2,809	9,532	3,781	1,351	2,993	34,247	87,706
2011	34,523	2,820	8,901	3,618	1,771	2,906	34,680	89,219
2010	34,832	2,838	8,951	3,424	3,357	3,360	35,678	92,440

Source: City of Lakeland CAFR

SCHEDULE OF PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS (MILLS $1 PER $1,000 VALUATION)[21]

	City of Lakeland								
Fiscal Year	Municipal	Lakeland Area Mass Transit District	Lakeland Downtown Development District	Total	Polk County	Southwest Florida Water Management District	Polk County School Board	Peace River Water Basin	Total Direct Overlapping Rates
2019	5.4644	0.5000	1.9304	7.8948	7.1565	0.2801	6.0860	-	21.4174
2018	5.4644	0.5000	2.0000	7.9644	7.1565	0.2955	6.2510	-	21.6674
2017	5.5644	0.5000	2.0000	8.0644	6.7815	0.3131	6.5140	-	21.6730
2016	5.5644	0.5000	2.0000	8.0644	6.7815	0.3490	7.1490	-	22.3439
2015	4.6644	0.5000	2.0000	7.1644	6.8670	0.3660	7.2080	-	21.6054
2014	4.6644	0.5000	2.0000	7.1644	6.8670	0.3820	7.5470	-	21.9604
2013	4.6644	0.5000	1.9950	7.1594	6.8670	0.3930	7.6700	-	21.9114
2012	4.1644	0.5000	2.0000	6.6644	6.8670	0.3930	7.6700	-	21.5944
2011	4.1644	0.5000	1.8740	6.5384	6.8670	0.3770	7.7920	0.1830	21.7574
2010	3.6538	0.5000	1.8740	6.0278	6.8670	0.3870	7.5860	0.1830	21.0508

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[21] https://www.polkpa.org/Downloads/Files/finalmillage.pdf?v=0001

SOCIOECONOMIC DATA[22]

		2019			2010		
Employer	Type of Business	Employees	Rank	Percent	Employees	Rank	Percent
Publix Supermarkets, Inc.	Grocery/Distribution	9,536	1	35.8%	8,063	1	35.7%
Lakeland Regional Health	Healthcare	5,500	2	20.7%	4,540	2	20.1%
GEICO	Insurance	2,800	3	10.5%	2,005	4	8.9%
City of Lakeland	Government	2,532	4	9.5%	2,600	3	11.5%
Watson Clinic	Healthcare	1,600	5	6.0%	1,600	5	7.1%
Sykes	Call Center	1,150	6	4.3%			
GC Services	Call Center	1,000	7	3.8%	1,000	6	4.4%
Amazon	Retail/Distribution	900	8	3.4%			
Rooms to Go Furniture	Retail/Distribution	900	9	3.4%	900	7	4.0%
Stryker	Medical Device	700	10	2.6%			
Summit Consulting	Insurance				654	8	2.9%
Saddle Creek Corporation	Trucking & Logistics				625	9	2.8%
Ascent Healthcare Solutions	Healthcare				600	10	2.6%
	Total:	26,618		100.0%	21,218		100.0%

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[22] https://www.lakelandgov.net/media/7311/18-demographic-guide.pdf

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FINANCIAL INFORMATION

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

CONTROLS

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

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

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

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

MILLAGE

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

	2015	2016	2017	2018	2019
Millage rate	4.6644	5.5644	5.5644	5.4644	5.4644
Gross taxable property	7,237,817,467	7,827,881,295	8,326,608,377	9,118,948,315	9,983,710,748
Less tax exempt real property	(2,529,644,082)	(2,742,795,786)	(2,869,022,296)	(3,158,285,650)	(3,512,224,128)
Total taxable assessed value	$4,708,173,385	$5,085,085,509	$5,457,586,081	$5,960,662,665	$6,471,486,620

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

UNDERLYING BASIS OF ACCOUNTING

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

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

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

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

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

[23] http://www.gasb.org/jsp/GASB/Page/GASBSectionPage&cid=1176168081485
[24] http://www.gasb.org/jsp/GASB/Document_C/GASBDocumentPage&cid=1176156714895
[25] http://www.gasb.org/jsp/GASB/Document_C/GASBDocumentPage?cid=1176160029121

- ***Fund financial statements*** **–** consist of a series of statements that focus on information about the City's major governmental and enterprise funds, including its blended component unit.[25] Fund financial statements also report information about the City's fiduciary funds and component units that are fiduciary in nature.[25] Governmental fund financial statements (general fund, special revenue, capital projects, debt service, and permanent) are prepared using the current financial resources measurement focus and the modified accrual basis of accounting.[25] Proprietary (enterprise and internal service) and fiduciary (pension plan) fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.[25]
- ***Notes to the financial statements*** **–** consist of notes that provide information essential to a user's understanding of the basic financial statements.[26]

- **Required supplementary information (RSI) –** In addition to MD&A, GASB 34 requires budgetary comparison schedules to be presented as RSI along with other types of data as required by previous GASB pronouncements.[25]

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

MANAGEMENT'S DISCUSSION & ANALYSIS

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE STATEMENTS

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

[26] http://www.gasb.org/jsp/GASB/Document_C/GASBDocumentPage?cid=1176160029121

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

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

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

A condensed statement of net position and statement of activities for the City of Lakeland's fiscal year ended September 30, 2019 are presented in the following tables.

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CITY OF LAKELAND, FLORIDA
CONDENSED STATEMENT OF NET POSITION (in thousands)
SEPTEMBER 30, 2019

	Primary Government		
	Governmental	Business-type Activities	Total
ASSETS			
Current assets	$ 108,459	$ 238,697	$ 347,156
Asset apportionments	16,520	205,716	222,236
Restricted assets	48,210	50,698	98,908
Capital assets	297,077	1,205,172	1,502,249
Other non-current assets	-	1,241	1,241
Total assets	470,266	1,701,524	2,171,790
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	23,506	16,486	39,992
Deferred outflows of resources related to OPEB	14,048	13,966	28,014
Deferred outflows of resources related to ARO	-	3,267	3,267
Decrease in fair value of interest rate swaps	-	33,652	33,652
Unamortized loss (gain) on refunding	19	26,404	26,423
Total deferred outflows of resources	37,573	93,775	131,348
LIABILITIES			
Current liabilities	15,851	94,568	110,419
Apportioned asset liabilities	-	16,153	16,153
Restricted liabilities	222	16,659	16,881
Deferred credits	-	43,992	43,992
Accrued liabilities, less current portion	175,067	173,274	348,341
Long-term debt payable, less current portion	61,510	531,215	592,725
Total liabilities	252,650	875,861	1,128,511
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	10,530	16,762	27,292
Deferred inflows of resources related to OPEB	21,105	25,894	46,999
Over-recovery of fuel	-	19,095	19,095
Gain on hedges	-	2,187	2,187
Contributions in aid of construction	-	47,249	47,249
Total deferred inflows of resources	31,635	111,187	142,882
NET POSITION			
Net investment in capital assets	231,112	648,046	879,158
Restricted	47,989	34,040	82,029
Unrestricted	(55,547)	126,165	70,618
Total net position	$ 223,554	$ 808,251	$ 1,031,805

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CITY OF LAKELAND, FLORIDA
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Primary Government: Governmental Activities	Net Revenue (Expense) and Changes in Net Position: Primary Government: Business-type Activities	Net Revenue (Expense) and Changes in Net Position: Primary Government: Total
Primary government:							
Governmental activities							
General government	$ 16,319,619	$ 1,896,455	$ 32,275	$ -	$ (14,390,889)	$ -	$ (14,390,889)
Public safety	71,097,550	10,443,148	2,180,272	-	(58,474,130)	-	(58,474,130)
Physical environment	8,668,344	7,126,864	2,252,481	248,569	959,570	-	959,570
Transportation	19,778,854	2,101,731	1,074,108	815,600	(15,787,415)	-	(15,787,415)
Economic environment	13,763,670	75,237	1,308,668	-	(12,379,765)	-	(12,379,765)
Human services	373,920	-	-	-	(373,920)	-	(373,920)
Culture/recreation	30,625,340	4,473,179	1,387,770	2,626,503	(22,137,888)	-	(22,137,888)
Interest on long-term debt	2,218,809	-	-	-	(2,218,809)	-	(2,218,809)
Total governmental activities:	162,846,106	26,116,614	8,235,574	3,690,672	(124,803,246)	-	(124,803,246)
Business-type activities							
Electric	265,080,934	319,143,719	-	-	-	54,062,785	54,062,785
Water and Wastewater	48,033,439	67,643,347	12,080	7,657,847	-	27,279,835	27,279,835
Parking	887,288	825,835	-	-	-	(61,453)	(61,453)
RP Funding Center	9,932,582	5,285,122	49,995	294,702	-	(4,302,763)	(4,302,763)
Lakeland Linder International Airport	11,255,395	6,734,444	348,467	12,252,296	-	8,079,812	8,079,812
Solid Waste	14,069,745	16,709,706	-	-	-	2,639,961	2,639,961
Total business-type activities	349,259,383	416,342,173	410,542	20,204,845	-	87,698,177	87,698,177
Total primary government	$ 512,105,489	$ 442,458,787	$ 8,646,116	$ 23,895,517	$ (124,803,246)	$ 87,698,177	$ (37,105,069)
General revenues:							
Taxes:							
Property taxes					40,355,438	-	40,355,438
Franchise taxes					265,961	-	265,961
Motor fuel taxes					6,060,873	-	6,060,873
Utility taxes					15,436,866	-	15,436,866
Tourism taxes					-	614,076	614,076
State shared revenue (unrestricted)					10,363,502	-	10,363,502
Payments from Lakeland Regional Health					14,378,614	-	14,378,614
Investment earnings					12,057,306	26,067,869	38,125,175
Miscellaneous					5,718,650	2,661,205	8,379,855
Transfers from (to) other funds					36,965,724	(36,965,724)	-
Total general revenues and transfers					141,602,934	(7,622,574)	133,980,360
Change in net position					16,799,688	80,075,603	96,875,291
Net position, beginning of year					206,754,487	728,319,991	935,074,478
Prior period adjustment (note 2 in CAFR)					-	(145,060)	(145,060)
Net position, end of year					$ 223,554,175	$ 808,250,534	$ 1,031,804,709

FUND FINANCIAL STATEMENTS

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

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

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

GOVERNMENTAL FUNDS

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

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

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

Condensed Governmental Funds financial statements for the fiscal year ended September 30, 2019 are presented in the following tables.

CITY OF LAKELAND, FLORIDA
CONDENSED BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Public Improvement Fund	Other Governmental Funds	Total Government Funds
ASSETS	$ 62,068,698	$ 32,502,062	$ 50,000,392	$ 144,571,152
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities	8,349,837	833,424	2,415,639	11,598,900
Deferred inflows of resources	25,146,088	200,000	950,070	26,296,158
Fund balances				
Non-spendable	113,329	-	5,521,212	5,634,541
Restricted	4,127,507	2,138,451	35,253,394	41,519,352
Committed	-	7,598,489	5,861,602	13,460,091
Assigned	10,654,807	21,731,698	-	32,386,505
Unassigned	13,677,130	-	(1,525)	13,675,605
Total fund balances	28,572,773	31,468,638	46,634,683	106,676,094
Total liabilities, deferred inflows of resources and fund balances	$ 62,068,698	$ 32,502,062	$ 50,000,392	$ 144,571,152

CITY OF LAKELAND, FLORIDA
CONDENSED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Public Improvement Fund	Other Governmental Funds	Total Government Funds
REVENUES				
Taxes	$ 49,850,078	$ -	$ 12,269,060	$ 62,119,138
Licenses and permits	5,040,190	-	-	5,040,190
Intergovernmental	14,514,459	2,228,812	3,027,558	19,770,829
Charges for services	6,695,201	542,185	11,281,228	18,518,614
Fines and forfeits	2,557,311	-	500	2,557,811
Miscellaneous	5,074,102	18,028,915	5,858,286	28,961,303
Total revenues	83,731,341	20,799,912	32,436,632	136,967,885
EXPENDITURES				
Current	118,490,549	1,505,870	18,773,623	138,770,042
Capital outlay	1,032,017	12,449,091	5,373,881	18,854,989
Debt service	593,955	6,424,496	1,368,708	8,387,159
Total expenditures	120,116,521	20,379,457	25,516,212	166,012,190
Excess (deficiency) of revenues over (under) expenditures	(36,385,180)	420,455	6,920,420	(29,044,305)
OTHER FINANCING SOURCES (USES)				
Issuance of internal loans	-	12,553,014	-	12,553,014
Obligations under capital leases	886,189	-	2,742,687	3,628,876
Transfers from other funds	46,628,549	3,705,479	887,383	51,221,411
Transfers to other funds	(4,545,048)	(6,254,891)	(4,426,672)	(15,226,611)
Total other financing sources (uses)	42,969,690	10,003,602	(796,602)	52,176,690
Net change in fund balances	6,584,510	10,424,057	6,123,818	23,132,385
FUND BALANCE, beginning of year	21,988,263	21,044,581	40,510,865	83,543,709
FUND BALANCE, end of year	$ 28,572,773	$ 31,468,638	$ 46,634,683	$ 106,676,094

PROPRIETARY FUNDS

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

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

Condensed Proprietary Funds financial statements for the fiscal year ended September 30, 2019 are presented in the following tables.

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CITY OF LAKELAND, FLORIDA
CONDENSED STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Department of Electric Utilities	Water and Wastewater Utilities	Other Enterprise Funds	Total	Internal Service Funds
ASSETS					
Current assets	$ 170,291,279	$ 45,115,163	$ 20,890,664	$ 236,297,106	$ 36,010,426
Noncurrent assets					
Asset apportionment	118,774,351	59,136,414	7,134,599	185,045,364	69,736,070
Restricted assets					
Capital assets	681,817,771	317,661,094	164,418,435	1,163,897,300	41,274,665
Other noncurrent assets	1,241,338	-	-	1,241,338	19,445,034
Total assets	972,124,739	421,912,671	192,443,698	1,586,481,108	166,466,195
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	7,862,003	3,681,590	1,668,197	13,211,790	3,274,406
Deferred outflows related to OPEB	6,549,328	3,141,039	1,517,154	11,207,521	2,758,114
Deferred outflows related to ARO	1,623,194	1,644,049	-	3,267,243	-
Unamortized loss (gain) on refunding	24,254,970	1,551,105	114,188	25,920,263	483,321
Hedge derivative outflows	33,652,445	-	-	33,652,445	-
Total deferred outflows of resources	73,941,940	10,017,783	3,299,539	87,259,262	6,515,841
LIABILITIES					
Current liabilities	55,770,672	11,697,322	12,389,993	79,857,987	18,068,985
Noncurrent liabilities					
Liabilities from apportioned assets	-	-	-	-	16,152,911
Restricted liabilities	13,237,008	2,923,924	497,518	16,658,450	-
Other noncurrent liabilities	530,732,672	120,183,438	59,957,186	710,873,296	57,053,656
Total liabilities	599,740,352	134,804,684	72,844,697	807,389,733	91,275,552
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pensions	9,846,421	2,398,851	1,503,634	13,748,906	3,013,326
Deferred inflows of resources related to OPEB	14,579,664	4,041,893	2,436,417	21,057,974	4,836,485
Unamortized contributions in aid of Construction	47,249,282	-	-	47,249,282	-
Unrealized gain on hedges	2,186,812	-	-	2,186,812	-
Fuel reserve	19,094,941	-	-	19,094,941	-
Total deferred inflows of resources	92,957,120	6,440,744	3,940,051	103,337,915	7,849,811
NET POSITION					
Net investment in capital assets	248,056,353	225,247,894	133,467,099	606,771,346	41,274,665
Restricted, capital improvement	16,647,464	16,924,653	467,708	34,039,825	-
Unrestricted	88,665,390	48,512,479	(14,976,318)	122,201,551	32,582,008
Total net assets	$ 353,369,207	$ 290,685,026	$ 118,958,489	$ 763,012,722	$ 73,856,673

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CITY OF LAKELAND, FLORIDA
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Department of Electric Utilities	Water and Wastewater Utilities	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES					
Charges for services	$ 319,143,719	$ 67,643,347	$ 29,555,107	$ 416,342,173	$ 82,790,658
OPERATING EXPENSES					
Personal services	47,022,964	12,903,243	10,026,379	69,952,586	16,188,469
Other operating expenses	162,350,224	24,566,728	19,138,404	206,055,356	57,602,454
Depreciation	40,406,665	8,939,628	6,044,370	55,390,663	9,836,604
Total operating expenses	249,779,853	46,409,599	35,209,153	331,398,605	83,627,527
Operating income (loss)	69,363,866	21,233,748	(5,654,046)	84,943,568	(836,869)
NONOPERATING REVENUES (EXPENSES)					
Total non-operating revenues (expenses)	(1,913,752)	5,350,725	2,940,498	6,377,471	11,231,182
Income (loss) before contributions and transfers	67,450,114	26,584,473	(2,713,548)	91,321,039	10,394,313
Capital grants and contributions	-	7,657,847	12,546,998	20,204,845	-
Transfers from other funds	-	-	4,372,282	4,372,282	2,865,915
Transfers to other funds	(31,281,242)	(9,478,843)	(2,232,429)	(42,992,514)	(210,934)
Total contributions and transfers	(31,281,242)	(1,820,996)	14,686,851	(18,415,387)	2,654,981
Change in net position	36,168,872	25,033,477	11,973,303	72,905,652	13,049,294
NET POSITION, beginning of year	317,253,250	266,013,694	106,985,186	690,252,130	60,807,379
Prior period adjustment (CAFR Note 2)	(52,915)	(92,145)	-	(145,060)	-
NET POSITION, end of year	$ 353,369,207	$ 290,955,026	$ 118,958,489	$ 763,012,722	$ 73,856,673

FIDUCIARY FUNDS

Within the fund financial statements, fiduciary fund types are used to report assets that are held in trust or in an agency capacity by the City on behalf of designated beneficiaries. These consist of pension and other post-employment benefit funds maintained on behalf of retired City employees; and an agency fund use to accumulate impact fee revenues collected on behalf of Polk County, Florida. The same financial focus applied to proprietary funds types is applied to fiduciary funds. Fiduciary fund financial statements for the fiscal year ended September 30, 2019 are presented in the following table.

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CITY OF LAKELAND, FLORIDA
CONDENSED STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2019

	Pension and Other Employee Benefit Trust Funds	Agency Fund
ASSETS		
Cash and cash equivalents	$ 10,496,171	$ 8,022,273
Investments	825,630,502	-
Prepaid expenses	2,250	-
Receivables	1,171,840	-
Contributions	1,506,216	-
Due from other governmental units	780,047	-
Total assets	839,587,026	$ 8,022,273
LIABILITIES		
Accounts payable	957,549	-
Unsettled investment purchases	553,771	-
Due to other governmental units	-	8,022,273
Due to other funds	598,335	-
Total liabilities	2,109,655	$ 8,022,273
NET POSITION		
Net position restricted for DROP benefits	31,141,137	
Net position restricted for OPEB benefits	9,074,102	
Restricted for pension benefits and other purposes	797,262,132	
Total net position	$ 837,477,371	

CITY OF LAKELAND, FLORIDA
CONDENSED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Pension and Other Employee Benefit Trust Funds
ADDITIONS	
Contributions	$ 40,546,588
Net investment income	23,734,304
Miscellaneous income	69,255
Total additions, net	64,350,147
DEDUCTIONS	
Benefits paid	68,159,751
Refunds, former plan members	1,443,672
Administrative expenses	530,918
Other	720,603
Total deductions	70,854,944
Net increase (decrease) in restricted net position	(6,504,797)
NET POSITION, beginning of year	843,982,168
NET POSITION, end of year	$ 837,477,371

NOTES TO THE FINANCIAL STATEMENTS

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

REQUIRED SUPPLEMENTAL INFORMATION

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

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

SUPPLEMENTAL INFORMATION

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

COMBINING STATEMENTS

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

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[27] http://www.gasb.org/st/summary/gstsm34.html

CASH MANAGEMENT

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

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

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

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

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

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

[28] http://www.gasb.org/jsp/GASB/Document_C/GASBDocumentPage?cid=1176160030344&acceptedDisclaimer

[29] http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&URL=0200-0299/0218/Sections/0218.415.html

Level 3 inputs are significant unobservable inputs.[30] Investment values are measured consistent with the market approach to valuation using prices and other relevant information generated by market transactions involving identical or similar assets or groups of assets. The following investments were held by the various funds of the City as of September 30, 2019 and are collateralized by registered securities held by the City or its agents in the City's name:

Total Investments by Fair Value Level

Investments by fair value level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Treasury Notes	$ 921,621	$ -	$ 921,621	$ -
US Treasury Bonds	12,022,161	11,675,199	346,962	-
Federal Farm Credit Bank	25,263,741	-	25,263,741	-
Federal Home Loan Bank	5,719,948	-	5,719,948	-
Federal Home Loan Mortgage Corp.	47,754,227	-	47,754,227	-
Federal National Mortgage Assn.	63,200,061	-	63,200,061	-
Federal Agencies Mortgage Backed	24,736,958	-	24,736,958	-
Corporate Bonds	110,778,093	-	92,027,905	18,750,188
Corporate Mortgage Backed Securities	184,953,430	-	160,630,474	24,322,956
Foreign Corporate Bonds	29,624,037	5,912,570	23,711,467	-
Municipal Bonds	38,434,943	-	38,434,943	-
Corporate Stocks	206,089,905	205,979,108	110,797	-
Foreign Corporate Stocks	11,912,552	3,539,705	8,372,847	-
Accrued Interest Receivable	3,261,910	3,261,910	-	-
State Board of Admin LGIP	9	-	9	-
Money Market Account	57,387,156	57,387,156	-	-
Exchange Traded Funds	3,918,968	3,918,968	-	-
Foreign Exchange Traded Funds	610,860	610,860	-	-
Mutual Funds	194,664,450	170,826,428	15,133,994	8,704,028
Foreign Mutual Funds	69,027,573	64,629,399	4,398,174	-
Total investments by fair value level	$1,090,282,603	$ 527,741,303	$ 510,764,128	$ 51,777,172

Investments measured at NAV	Total	Unfunded Commitments	Redemption Frequency if Currently Eligible	Redemption Period Notice
Fixed Income Strategies[1]	24,244,585	4,740,477	n/a or quarterly*	100 days*
Real Estate Strategies[2]	70,300,972	17,033,046	n/a or quarterly*	30 days*
Private Equity Strategies[3]	128,373,413	35,918,082	varies*	5-10 days*
Alternative Investments[4]	22,513,586	14,865,699	n/a*	n/a*
Total investments measured at NAV	245,432,556	72,557,304		
Total Investments	$1,335,718,159	$ 72,557,304		

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

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

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

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

[30] http://gasb.org/jsp/GASB/Document_C/GASBDocumentPage?cid=1176165840291&acceptedDisclaimer=true

DEBT ADMINISTRATION

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)

Direct and Overlapping Governmental Activities Debt

Governmental Unit	Debt Outstanding	Estimated % Applicable	Estimated Share of Overlapping Debt
Tax Supported Ad Valorem Debt:			
District School Board of Polk County Bonds Payable[1]	$ 371,610,834	13.46%	$ 50,018,818
City Direct Debt – Governmental Activities			65,965,073
Total Direct and Overlapping Debt			$ 115,983,891

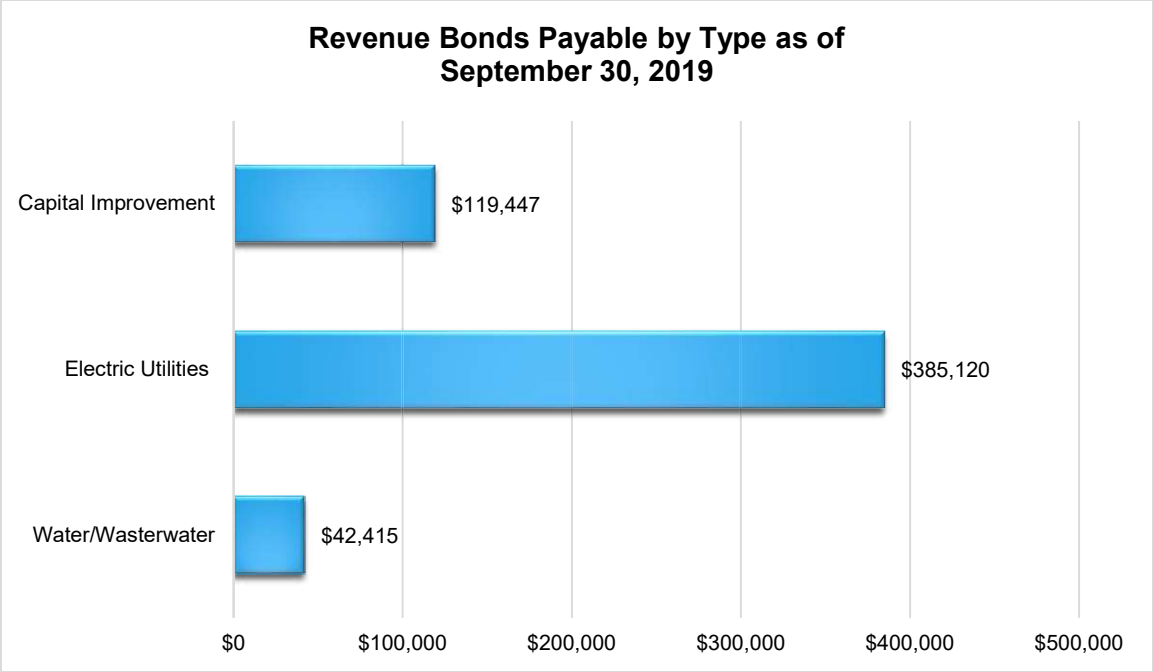
[1]The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by dividing the City's taxable assessed values by the County's total taxable assessed value.

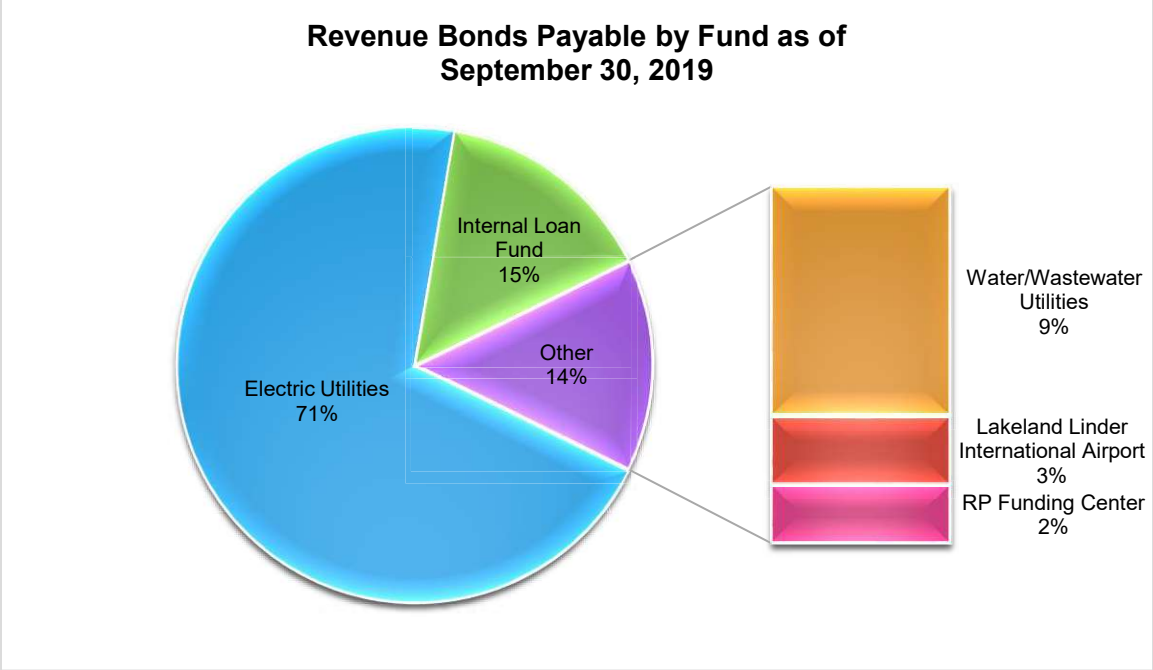
REVENUE BONDS

The City has not had any outstanding general obligation bond debt since fiscal year 1971. The following revenue bonds, including bank-loans, are outstanding for fiscal year ended September 30, 2019:

Revenue Bonds (in thousands)

Bond Issue	2018	Issued	Retired	2019
Electric Utilities				
Energy System Revenue and Refunding Bonds, Series 2010	$ 135,510	$ -	$ 17,950	$ 117,560
Energy System Revenue and Refunding Bonds, Series 2016	130,965	-	4,350	126,615
Energy System Refunding Bonds, Series 2017	97,000	-	-	97,000
Energy System Revenue Bonds, Series 2018	43,945	-	-	43,945
Total Electric Bonds	407,420	-	22,300	385,120
Water & Wastewater Utilities				
Water & Wastewater Revenue Refunding and Improvement Bonds, Series 2012A	35,320	-	1,665	33,655
Water & Wastewater Revenue Note, Series 2015	9,388	-	628	8,760
Total Water & Wastewater Bonds	44,708	-	2,293	42,415
Capital Improvement Revenue Bonds				
Capital Improvement Revenue & Refunding Bonds, Series 2010A	11,780	-	2,855	8,925
Capital Improvement Revenue & Refunding Bonds, Series 2010B	3,425	-	1,105	2,320
Capital Improvement Revenue & Refunding Bonds, Series 2010C	21,115	-	-	21,115
Capital Improvement Refunding Note, Series 2012A	9,716	-	1,875	7,841
Capital Improvement Revenue Bonds, Series 2015	48,580	-	2,640	45,940
Taxable Capital Improvement Refunding Revenue Note, Series 2015	5,000	-	-	5,000
Capital Improvement Revenue Note, Series 2017A	15,387	-	1,006	14,381
Capital Improvement Revenue Note, Series 2017B	15,084	-	1,159	13,925
Total Capital Improvement Bonds	130,087	-	10,640	119,447
Total Bond Debt	$ 582,215	$ -	$ 35,233	$ 546,982


Revenue Bonds Payable by Type as of September 30, 2019
Capital Improvement
$119,447
Electric Utilities
$385,120
Water/Wasterwater
$42,415
$0
$100,000
$200,000
$300,000
$400,000
$500,000


Revenue Bonds Payable by Fund as of September 30, 2019
Internal Loan Fund 15%
Other 14%
Electric Utilities 71%
Water/Wastewater Utilities 9%
Lakeland Linder International Airport 3%
RP Funding Center 2%

SCHEDULE OF REVENUE BONDS COVERAGE – LAST TEN FISCAL YEARS

Energy Systems Revenue Bonds

Fiscal Year	Gross Revenues[1]	Operating Expenses[2]	Net Operating Revenues Available for Debt Service	Principal	Interest	Total	Coverage Ratio
2019	$ 333,291,588	$ 209,373,188	$ 123,918,400	$ 20,195,000	$ 17,415,419	$ 37,610,419	3.29
2018	320,463,612	220,910,023	99,553,589	22,300,000	15,806,087	38,106,087	2.61
2017	309,315,618	219,734,277	89,581,341	21,250,000	17,299,223	38,549,223	2.32
2016	303,347,574	192,829,916	110,517,658	20,875,000	17,567,094	38,442,094	2.87
2015	313,729,994	215,211,535	98,518,459	16,530,000	18,575,791	35,105,791	2.81
2014	321,886,606	216,676,686	105,209,920	20,775,503	25,469,790	46,245,293	2.28
2013	302,803,530	212,530,976	90,272,554	20,313,195	26,313,189	46,626,384	1.94
2012	298,933,627	201,280,148	97,653,479	24,456,267	25,040,946	49,497,213	1.97
2011	349,649,942	241,985,273	107,664,669	23,632,510	27,423,459	51,055,969	2.11
2010	361,827,646	251,861,002	109,966,644	21,992,218	27,974,283	49,966,501	2.20

Water and Wastewater System Revenue Bonds

Fiscal Year	Gross Revenues[1]	Operating Expenses[2]	Net Operating Revenues Available for Debt Service	Principal	Interest	Total	Coverage Ratio
2019	$ 72,238,364	$ 37,469,971	$ 34,768,393	$ 3,773,287	$ 2,262,193	$ 6,035,480	5.76
2018	65,078,959	36,912,551	28,166,408	3,643,087	2,289,362	5,932,449	4.75
2017	63,720,012	34,707,999	29,012,013	3,488,247	2,368,078	5,856,325	4.95
2016	60,567,604	31,598,007	28,969,597	3,373,757	2,490,070	5,863,827	4.94
2015	55,530,104	31,237,468	24,292,636	2,690,000	2,377,209	5,067,209	4.79
2014	54,769,116	27,976,557	26,792,559	1,510,000	1,813,722	3,323,722	8.06
2013	48,878,811	28,161,365	20,717,446	1,490,000	1,823,257	3,313,257	6.25
2012	52,702,160	26,117,153	26,585,007	4,390,000	1,485,113	5,875,113	4.53
2011	50,495,118	25,248,944	25,246,174	3,165,000	2,604,107	5,769,107	4.38
2010	46,941,005	25,386,062	21,554,943	3,010,000	2,754,607	5,764,607	3.74

[1]Contractual net revenues available for debt service per the bond covenant includes net revenues from operating
[2]Excludes depreciation expense

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LOAN AND LEASE ADMINISTRATION

The City had the following loans and leases outstanding as of September 30, 2019:

Loans and Leases Outstanding

Lender	Issue Amount	Maturity Date	Interest Rate	Year-End Balance
Governmental Activities:				
Lease – Canon Financial Services	$ 7,275	11/1/2020	12.947%	$ 2,521
Lease – Konica Minolta Business Solutions	9,175	4/1/2020	3.269%	1,855
Lease – Leasing2, Inc. (Gradall excavators)	784,107	11/15/2023	5.75%	518,561
Lease – Leasing2, Inc. (golf course maintenance equipment)	427,800	7/17/2022	3.99%	321,884
Lease – Leasing2, Inc. (sweepers)	1,663,523	7/16/2024	2.80%	1,663,523
Lease – Leasing2, Inc. (wheel loaders)	458,389	3/15/2025	2.80%	458,389
Lease – Leasing2, Inc. (Vactor trucks	1,079,164	4/16/2025	2.80%	1,079,164
Lease – PNC Equipment Finance, LLC (E-Z-Go golf carts)	421,951	7/17/2022	3.290%	302,335
Lease – Santander Leasing, LLC.	252,000	11/15/2021	2.68%	114,105
Loan – Key Government Finance, Inc.	975,000	3/21/2021	4.24%	173,701
Loan – U.S. Bancorp Government Leasing & Finance, Inc.	1,280,000	2/10/2022	3.07%	349,875
				4,985,913
Business Type Activities				
U.S. Bancorp Government Leasing & Finance, Inc.	1,166,640	2/10/2022	3.07%	364,943
Wastewater Revolving Loan Program (2006)	42,734,405	9/30/2028	2.96%	22,603,041
Wastewater Revolving Loan Program (2016)	1,649,093	10/15/2035	1.69%	981,376
Wastewater Revolving Loan Program (2017 Energy Efficiencies)[1]	12,284,141	1/15/2040	0.44%	11,578,397
Wastewater Revolving Loan Program (2017 English Oaks)[2]	1,000,000	8/15/2039	1.16%	781,559
Wastewater Revolving Loan Program (2018)[3]	10,843,750	12/15/2042	1.16%	3,739,264
Water Revolving Loan Program (2018)[4]	1,050,000	12/15/2042	1.16%	413,994
				40,462,574
				$ 45,448,487

[1]$11,578,397 of $12,284,141 issued as of September 30, 2019.
[2]$781,559 of $1,000,000 issued as of September 30, 2019.
[3]$3,739,264 of $10,843,750 issued as of September 30, 2019.
[4]$413,994 of $1,050,000 issued as of September 30, 2019.

CANON FINANCIAL SERVICES, INC.

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

KONICA MINOLTA BUSINESS SOLUTIONS

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

LEASING 2, INC.

August 3, 2016 the City executed a lease-purchase agreement for a Gradall XL3100 Excavator an a Gradall XL4100 Excavator to be used by the City construction and maintenance department in the amount of $784,107 with an interest rate of 5.75% and a maturity date of November 15, 2023. On December 7, 2018 the City executed a lease-purchase agreement for golf course maintenance equipment in the amount of $427,800 with an interest rate of 3.99% and a maturity date of July 17, 2022. On September 16, 2019, the City also entered into a lease-purchase agreement for one Elgin Eagle and five Elgin Whirlwind Street Sweepers to clean and maintain

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

PNC EQUIPMENT FINANCE, LLC

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

SANTANDER LEASING, LLC

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

KEY GOVERNMENT FINANCE, INC.

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

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

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

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WASTEWATER REVOLVING LOAN PROGRAM

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

- January 31, 2004 the City entered an agreement with FDEP for a $42,734,405 loan with a 2.96% interest rate and a maturity date of September 30, 2028 to finance such improvements.
- February 11, 2014 the City entered a separate agreement with FDEP for a $1,649,093 loan with a 1.69% interest rate with a maturity date of October 15, 2035.
- October 24, 2016 the City entered into an agreement with FDEP for a $12,284,141 loan with an interest rate of 0.440% and a maturity date of January 15, 2040.
- March 3, 2017 the City entered into an agreement with FDEP for a $1,000,000 loan with a 1.16% interest rate and a maturity date of May 15, 2038.
- May 7, 2018 the City entered into an agreement with FDEP for a $10,843,750 loan with a 1.16% interest rate and a maturity date of December 15, 2042.
- May 7, 2018 the City entered into an agreement with FDEP for a $1,050,000 loan with a 1.16% interest rate and a maturity date of December 15, 2042.

The total amount of wastewater revolving loans outstanding as of September 30, 2019 is $40,097,631 with an additional $8,664,677 available for drawdown.

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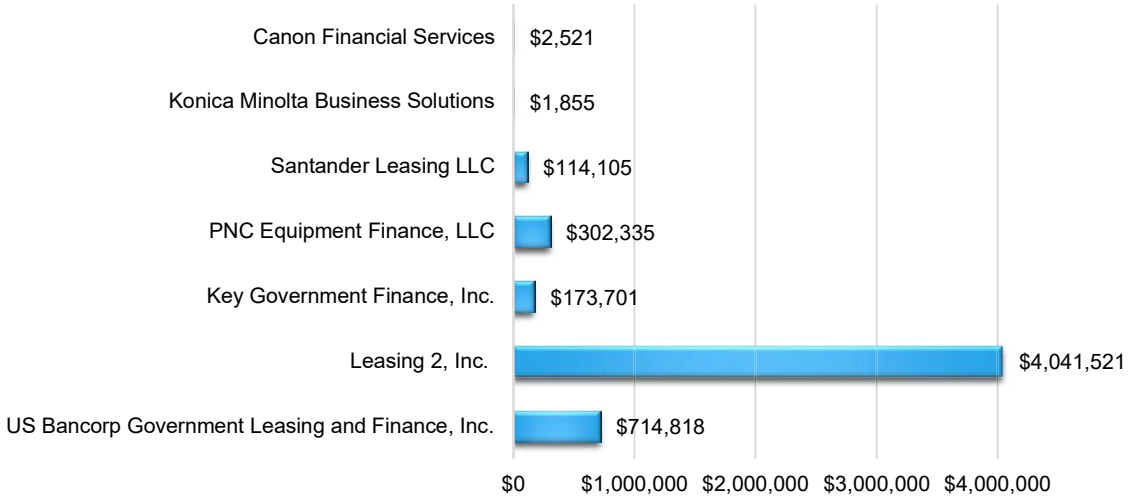
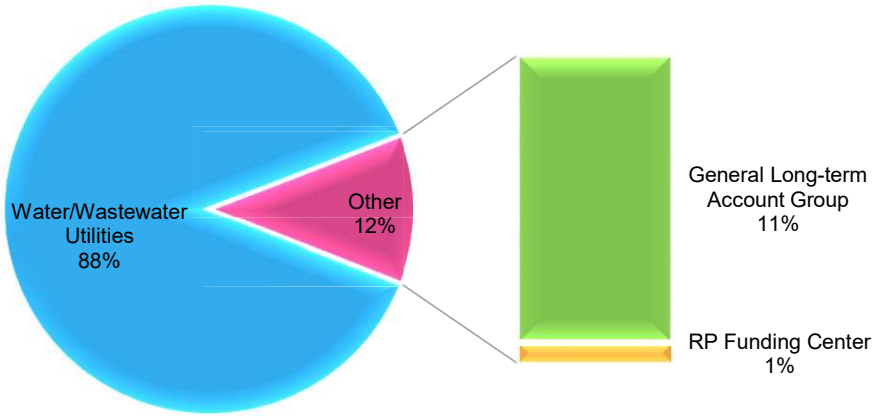
[31] http://www.dep.state.fl.us/Water/wff/index.htm

External Loans & Leases Payable by Lender as of September 30, 2019 (excluding Wastewater Revolving Loans)

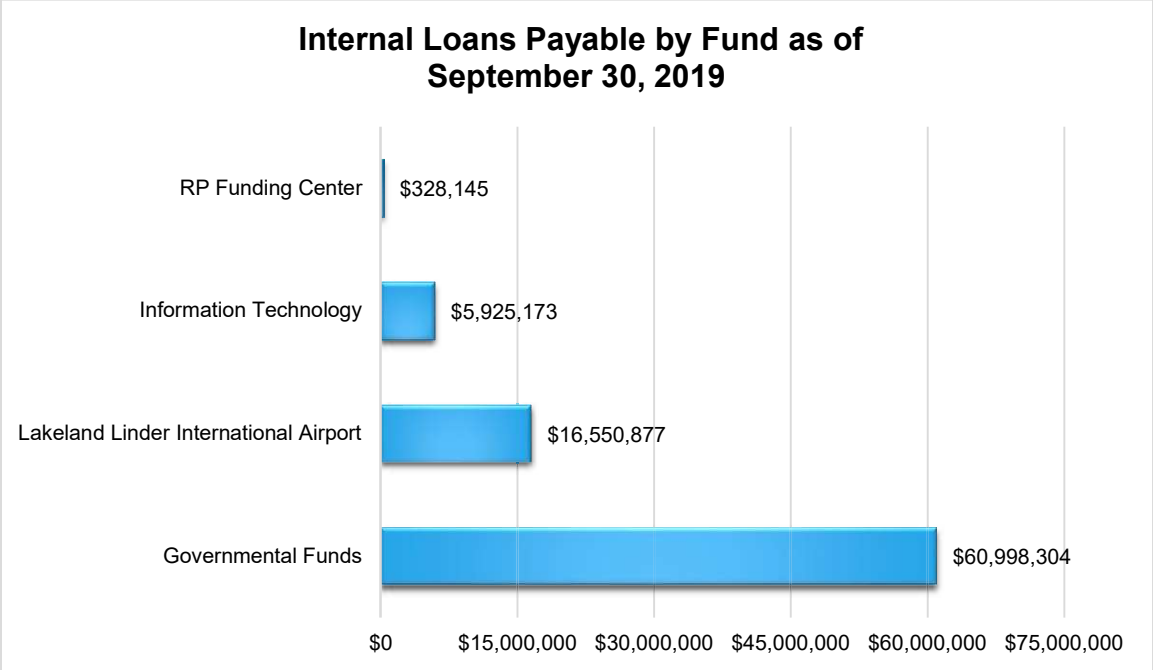


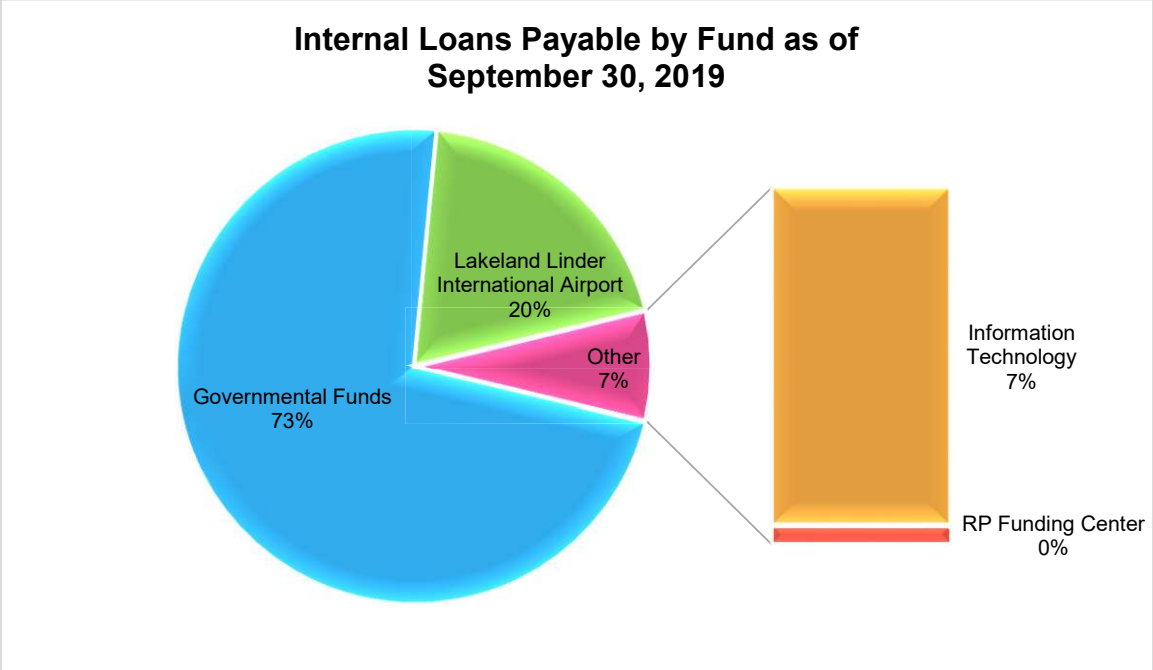
External Loans & Leases Payable by Fund as of September 30, 2019 (including Wastewater Revolving Loans)



INTERNAL LOAN FUND

The City created an Internal Loan Fund during fiscal year 1996 to finance relatively short-term capital projects. The corpus of this Fund was established from surplus revenue of the general government. These internal loans provide an alternative financing mechanism to the bond market and the associated costs incurred with the issuance of bonds. The breakdown of internal loans outstanding as of September 30, 2019 are as follows:





All Required Debt Payments to Maturity as of September 30, 2019

Year	Principal	Interest	Total
Governmental Activities:			
2020-2034	$ 20,610,201	$ 8,063,786	$ 28,673,987
2025-2029	23,739,227	6,401,789	30,141,016
2030-2034	11,650,453	2,260,040	13,910,493
2035-2039	5,172,124	236,125	5,408,249
Total Governmental Activities	61,172,005	16,961,740	78,133,745
Total Business-Type Activities:			
2020-2024	156,815,685	80,983,528	237,799,213
2025-2029	128,536,863	50,132,810	178,669,673
2030-2034	129,823,972	26,236,051	156,060,023
2035-2039	110,462,094	5,915,925	116,378,019
2040-2044	3,304,322	91,545	3,395,867
Total Business-Type Activities	528,942,936	163,359,859	692,302,795
Total Outstanding:	$ 590,114,941	$ 180,321,599	$ 770,436,540

Source: City of Lakeland CAFR

RISK MANAGEMENT

The City is currently self-insured for worker's compensation, general liability, auto liability, public officials' liability, and pension fund trustees' liability. The City relies on the State of Florida's sovereign immunity statute which limits governmental liability to $200,000 per person and $300,000 for multiple claims arising out of one accident[32]. To reduce the City's potential exposure, excess workers' compensation insurance and liability insurance has been purchased through a conventional carrier.

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

REPORTING ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lakeland, Florida, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 20178. To be awarded a Certificate of Achievement for Excellence in Financial Reporting, a governmental unit must publish an easily readable and efficiently organized CAFR, which contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements. We believe our current report continues to conform to Certificate of Achievement for Excellence in Financial Reporting Program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

DEPARTMENT OF ELECTRIC UTILITIES

GENERAL

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

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

As of September 30, 2019, Lakeland Electric had a staff of 493 (483 full-time, 10 part-time), including professional employees with degrees in engineering, business and other related fields.

Approximately 250 Lakeland Electric employees are covered by a collective bargaining agreement (CBA) with the Utility Workers Union of America, Local 604 that was entered on May 6, 2019 and will expire September 30, 2020.

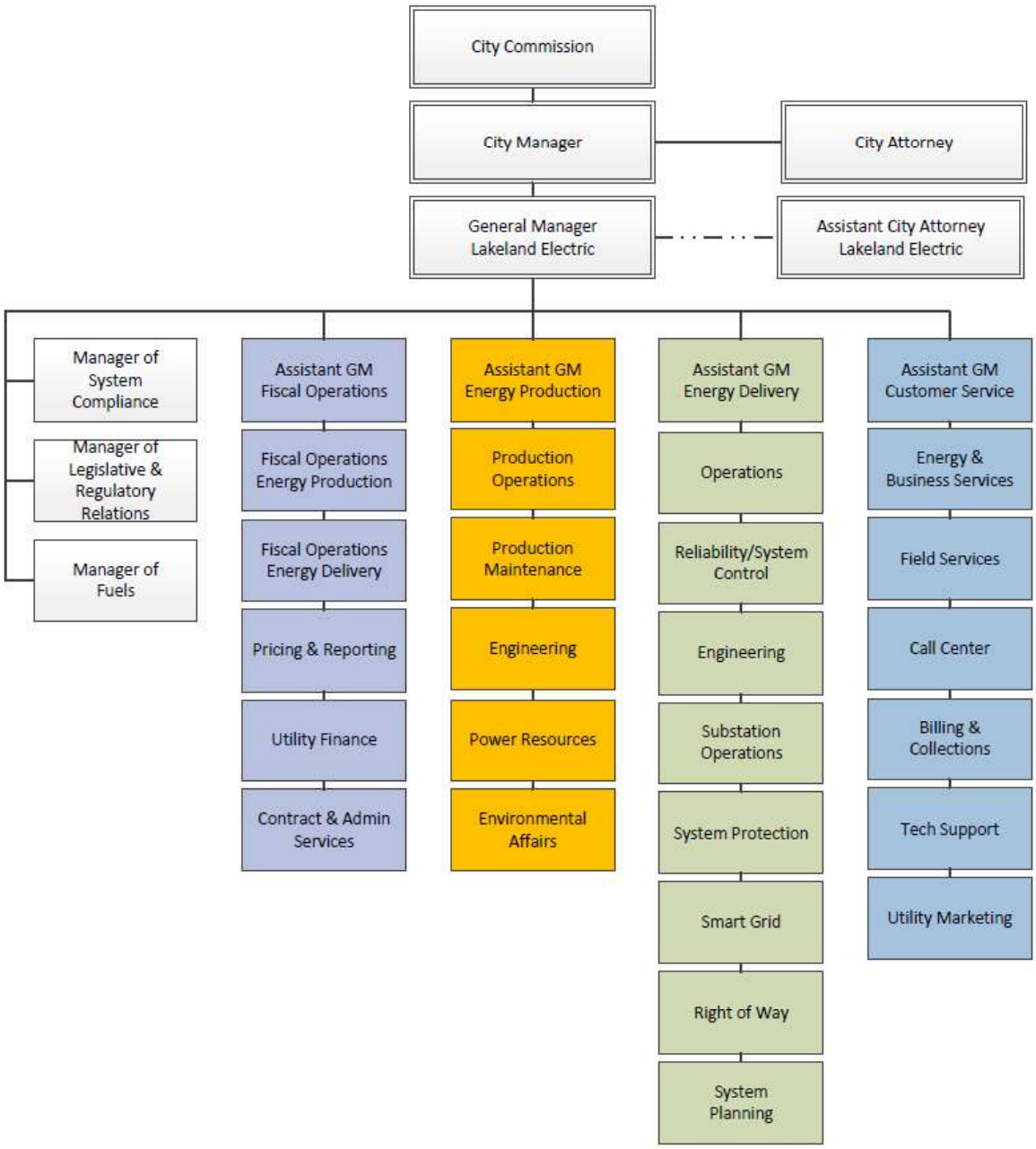
Annual financial statements covering the operations of Lakeland Electric are prepared by Lakeland Electric's Fiscal Operations Division in accordance with Generally Accepted Accounting Principles in the United States of America, as required by the Governmental Accounting Standards Board (GASB). Lakeland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

ADMINISTRATION

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

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

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


City Commission
City Manager
City Attorney
General Manager Lakeland Electric
Assistant City Attorney Lakeland Electric
Manager of System Compliance
Manager of Legislative & Regulatory Relations
Manager of Fuels
Assistant GM Fiscal Operations
Fiscal Operations Energy Production
Fiscal Operations Energy Delivery
Pricing & Reporting
Utility Finance
Contract & Admin Services
Assistant GM Energy Production
Production Operations
Production Maintenance
Engineering
Power Resources
Environmental Affairs
Assistant GM Energy Delivery
Operations
Reliability/System Control
Engineering
Substation Operations
System Protection
Smart Grid
Right of Way
System Planning
Assistant GM Customer Service
Energy & Business Services
Field Services
Call Center
Billing & Collections
Tech Support
Utility Marketing

SERVICE AREA

The System service territory consists of approximately 246.25 square miles including the incorporated area of the City and several unincorporated communities lying within a 15-mile radius of the City. The City is bisected by Interstate 4 connecting Tampa and Orlando and is located approximately halfway between the two cities. The System's service area is bordered on the north by Withlacoochee Rural Electric Cooperative, Inc., on the south by the City of Bartow, and on the east and west by Tampa Electric Company. The City has existing territorial agreements with each of these utilities. During fiscal year 2019, an average of 131,793 electric accounts was served and the system experienced retail customer growth of 1.2%.

GENERATION

The System's existing electric generating facilities are located on three sites, two bordering Lake Parker in the City and one site near the Lakeland airport. The Larsen Memorial Plant is located on the southeast shore of the lake and the McIntosh Plant is located on the north shore. The Winston Plant is in the southwestern part of the service territory near the Lakeland airport. As of September 30, 2019, the System had a net dependable capacity of 890 Megawatts (MW) and a nameplate generator winter capacity of 920 MW (nameplate capacities are used throughout this section). For generator capacity of each facility see the table entitled "Existing Generation Facilities" on page 43.

LARSEN PLANT

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

MCINTOSH PLANT

The McIntosh Plant site consists of approximately 450 acres. The size and configuration of this site would allow for the addition of significant generation facilities using existing infrastructure. There is room for up to 1,000 MW of additional generation capacity; however, there is only enough reuse water to handle cooling for approximately 500 MW of steam generation. In fiscal year 2018 the City purchased a 125 MW peaking unit [McIntosh Gas Turbine 2 (MGT2)] with proceeds of the Series 2018 Bonds. This unit will replace McIntosh Unit 2, a 106 MW (winter) gas-fired steam generating unit that is currently not operational. The expected completion date and commissioning of the MGT2 unit is anticipated to occur in the spring of 2020.

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

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

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

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

McIntosh Plant Unit No. 5, is a 365 MW (winter) combined cycle generating plant with a Siemens Westinghouse 501G high efficiency combustion turbine. Unit No. 5 became available for full load commercial operation in May 2002.

WINSTON PLANT

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

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

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

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Unit Specific Gross Generation % by Fiscal Year

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

[1]Unit 3 generation was significantly lower during 2014 because of an extended outage which began in February 2014 and lasted through the remainder of the Fiscal Year.

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

[3]Nearly all such purchases are through the Florida Municipal Power Pool.

Source: Lakeland Electric

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

Capacity Factors of Lakeland Electric Generating Resources by Fiscal Year

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

Source: Lakeland Electric

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The following table shows certain information regarding the City's existing generation facilities, as of September 30, 2019.

Existing Generation Facilities

	Fuel Type			Net Dependable Equivalent	
	Primary	Alternate	Installed	(MW)	Availability[1]
Larsen Plant:					
Combustion Turbines					
Unit 2	NG	FO2	1962	14	0.00%
Unit 3	NG	FO2	1962	13	99.16%
Unit 8	NG	FO2	1992	93	75.59%
Steam Condensing Turbines					
Unit 8	WW	FO2	1992	31	75.98%
Larsen Plant Total				151	
McIntosh Plant:					
Diesels					
Unit 1	FO2	-	1970	2	86.25%
Unit 2	FO2	-	1970	3	94.50%
Combustion Turbines					
Unit 1	NG	FO2	1973	19	96.58%
Unit 5[2]	NG/WW	-	2001	354	91.17%
Steam Condensing Turbines					
Unit 2	NG	FO6	1976	106	0.00%
Unit 3[3]	CO	NG	1982	205	60.86%
McIntosh Plant Total				689	
Winston Plant Diesel Units 1-20[4]:	FO2	-	2001	50	94.35%
Total: All Plants				890	70.40%

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

[1]Represents the percentage of the capacity that was available for generation.
[2]Commercial operation commenced May 2001; it was converted to combined cycle in May 2002.
[3]Reflects City's 60% share.
[4]Each peaking unit is 2.5 MW, but are combined and treated as one dispatch-able unit of 50 MW capacity.

Source: Lakeland Electric

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SYSTEM CAPACITY AND LOAD

During fiscal year 2019 the System had a net dependable capacity of 890 MW. During fiscal year 2019 the System's net integrated winter peak load reached 545 MW on January 29, 2019 and its net integrated summer peak load was 667 MW on June 25, 2019. Except for incidental power purchases, Lakeland Electric has historically generated the System's total energy requirements.

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

Historical System Demand and Energy Load

Fiscal Year Ended September 30	Winter Peak (MW)	Percent Increase (Decrease)	Summer Peak (MW)	Percent Increase (Decrease)	NEL (GWh)[1]	Percent Increase (Decrease)
2019	545	(22.6%)	667	4.7%	3,208	2.4%
2018	704	30.6%	637	(0.9%)	3,133	2.0%
2017	539	(8.5%)	643	(0.5%)	3,072	(3.1%)
2016	589	(10.2%)	646	2.5%	3,170	1.8%
2015	656	13.3%	630	0.5%	3,113	3.3%
2014	579	4.7%	627	4.2%	3,014	3.5%
2013	553	(9.6%)	602	2.4%	2,911	1.6%
2012	612	(13.7%)	588	(3.8%)	2,865	(3.3%)
2011	709	(11.8%)	611	(4.2%)	3,012	(3.3%)
2010	804	13.2%	638	2.1	3,116	4.8%

[1]NEL is “net energy load” and excludes sales for resale.

Source: Lakeland Electric

TRANSMISSION AND DISTRIBUTION SYSTEM

Lakeland Electric’s transmission network is made up of 230 and 69 kilovolt (kV) systems. There are currently 128 miles of 69 kV single and double circuit construction and all 69/12-kV substations have a minimum of two transmission sources. At present, there are a total of 24 distribution substations (three 230/69/12 kV, one 230/12 kV, one 230/13.8 kV, and nineteen 69/12 kV) feeding 118 12.47 kV circuits and one 13.8 kV circuit. Publix Super Market's privately owned 69/12 kV substation and its three 12.47 kV circuits are not included in the foregoing figures. There are 1,274 miles of overhead and 701 miles of underground distribution lines in service. The System currently has 28 miles of 230 kV transmission lines; approximately 11 miles reaches west from the McIntosh plant tying into the Interstate and West substations, and approximately 17 miles reaches south from McIntosh plant tying into the Eaton Park and Crews Lake substations.

INTERCONNECTIONS AND INTERCHANGE AGREEMENTS

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

The City currently has interchange agreements with the following utilities:

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

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

FUELS

OIL AND NATURAL GAS

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

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

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

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

Port Manatee. Until 2008, most of the supply sources for the Gulfstream pipeline were offshore, but new pipeline interconnects by Gulfstream have increased the supply of on-shore originating gas supply. Lakeland Electric is also connected to and has purchased firm transportation rights in this pipeline to provide a second source of natural gas while giving access to additional gas suppliers. Also, this second pipeline reduces the risk of interruption of the gas supply. Gulfstream transportation rates are under the jurisdiction of the Federal Energy Regulatory Commission and the City has three contracts for fixed volumes each month. These contracts are in effect through May 2022 and December 2027, and May 2037.

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

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

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

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

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

The commodity swap transactions require that Lakeland Electric post collateral to the extent the mark-to-market value of outstanding contracts exceeds $25,000,000 to the benefit of its counterparties. As of September 30, 2019, Lakeland Electric's portfolio of hedge transactions consisted of commodity swap and option contracts for approximately 15.6 million dekatherms of natural gas which represents 36-months of hedges with a cost value of approximately $36,808,976. To date, Lakeland Electric has not been required to post any collateral. The notional cost is $36,808,976, so Lakeland Electric’s collateral value ended at a negative ($2,186,011) mark-to-market value which is below the threshold.

COAL

The City estimates that McIntosh Unit No. 3 will burn approximately 600,000 to 60,000 tons of coal per year. Normally a 40 to 75-day coal supply reserve (100,000-180,000 tons) is maintained at the McIntosh Plant. On May 6, 2019 the City entered into a three-year contract for Illinois Basin coal for 455,000 tons annually that began on January 1, 2020 and expires December 31, 2022. Following an RFP process in late 2018, the City also entered into a two-year contract totaling 90,000 tons of low-sulfur coal for blending purposes with the coals from Eastern Kentucky (Central Appalachian) that ends December 31, 2020 and a contract for 102,000 tons from Indiana (Illinois Basin) expiring December 31, 2019.

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

The City renewed its CSX contract for another four years and now expires December 31, 2023. Under the terms of the contract with CSX, the City pays a monthly capacity charge to eliminate any minimum tonnage requirements. The GATX railcar lease agreement remains in effect until September 30, 2020. The City has a third train leased from another utility effective September 5, 2017 to September 30, 2023. All trains may be subleased to other shippers when not being utilized by Lakeland Electric. To reduce leasing costs, the utility subleased one train set to Orlando Utility Commission and one to Columbia Resources Group when Lakeland Electric did not need the sets.

FUEL UTILIZATION

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

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

Fiscal Year Ended September 30	Coal	Oil	Natural Gas
2019	28%	1%	71%
2018	44%	0%	56%
2017	46%	0%	54%
2016	37%	0%	63%
2015	28%	0%	72%
2014	19%	0%	81%
2013	25%	0%	75%
2012	21%	0%	79%
2011	35%	0%	65%
2010	35%	0%	65%
2009	59%	1%	40%

Source: Lakeland Electric

CONSERVATION

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

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

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

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INDUSTRY ORGANIZATIONS

WHOLESALE POWER EXCHANGE

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

FLORIDA MUNICIPAL POWER POOL (FMPP)

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

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

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

FLORIDA RELIABILITY COORDINATING COUNCIL

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

GENERATION MUTUAL AID AGREEMENT

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

CUSTOMERS

Customers of the System are predominantly residential in number (83.5% in fiscal year 2019). Of the 131,806 average accounts in fiscal year 2019, 13,316 were commercial and industrial accounts providing approximately 44.6% of retail sales revenue. All City-owned facilities are metered and pay Lakeland Electric for services rendered on a current basis. The following table lists the ten largest users of electrical energy as of September 30, 2019, which in total represent approximately 18.52% of the total MWh sold in Fiscal Year 2019.

Ten Largest Electric Customers as of September 30, 2019

Customer	MWh used in Fiscal Year 2019	MWh used in Fiscal Year 2018	Percent Change from 2018	Percent of Total MWh Sold in 2019	Max Demand in 2019 (kW)
Publix[1]	190,507	199,745	(4.62%)	6.06%	19,483
Lakeland Regional Health	70,929	65,550	8.21%	2.26%	1,729
City of Lakeland	69,108	69,444	(0.48%)	2.20%	2,444
Owens Corning Sales	59,851	51,473	16.28%	1.90%	9,173
Matheson Tri Gas	58,666	57,467	2.09%	1.87%	7,907
Polk County School Board	45,853	43,590	5.19%	1.46%	1,207
Florida Southern College	28,247	27,408	3.06%	0.90%	4,145
Pepperidge Farms	24,157	22,007	9.77%	0.77%	3,768
Keymark Corp	17,501	17,626	(0.71%)	0.56%	2,582
Watson Clinic	17,380	17,474	(0.54%)	0.55%	1,345
Totals	582,199	571,784	1.82%	18.53%	53,783

[1]Consists of nine supermarkets, corporate office, warehousing, production, and distribution facilities.

Source: Lakeland Electric

ELECTRIC RATES

GENERAL

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

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

RATE FORMULA

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

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

FUEL CHARGE

October 1, 2015 the Lakeland City Commission enacted ordinance 5537 which provides for a fuel reserve balance sufficient to establish reserves in the amount of 15% of the subsequent twelve-month period of fuel costs ($18.0 million in FY2019) to offset costs associated with fuel inventories and prepaid fuel hedging. A regulatory liability exists to the extent that the cumulative over-recovered fuel charges exceeds the 15% fuel reserve. No less than quarterly, Lakeland Electric prepares a fuel cost forecast for the next twelve months. This forecast considers projected system average fuel costs, energy generation, power purchases and an amount sufficient to establish the fuel reserve.

Historical Fuel Charge and Reserve Balances

Fiscal Quarter	Fuel Charge $/MWh	Percent (Decrease)	Fuel Reserve ($Thousands)
4Q 2019	$ 36.50	(2.7%)	$ 29,308
3Q 2019	37.50	(3.2%)	28,443
2Q 2019	38.75	0.0%	27,499
1Q 2019	38.75	(4.9%)	24,265
4Q 2018	40.75	0.0%	24,733
3Q 2018	40.75	5.2%	19,959
2Q 2018	38.75	0.0%	17,001
1Q 2018	38.75	0.0%	17,747
4Q 2017	38.75	2.6%	21,955
3Q 2017	37.75	10.2%	20,347
2Q 2017	34.25	0.0%	20,387
1Q 2017	34.25	0.0%	23,566

Source: Lakeland Electric

COMPARISON OF RATES

A comparison of electric rates in effect as of September 30, 2019 based on the average monthly consumption levels for customers within Lakeland Electric's service territory are as follows. The charges listed in the following table include basic rates plus a fuel adjustment charge.

Rate Comparison as of September 30, 2019

Florida Utilities	Residential 1,000 KWh	GS[1] 1,500 kWh	GSD[2] 60,000 kWh 150 kW	GSLD[3] 200,000 kWh 500 kW
City of Bartow	$ 99.40	$ 163.50	$ 5,130.10	$ 17,051.10
City of Lakeland	100.60	146.14	4,778.39	16,103.98
Florida Power and Light[4]	103.24	155.77	4,939.09	16,728.82
Orlando Utilities Commission	106.00	163.96	5,022.20	16,652.00
Tampa Electric Company[4]	107.05	164.60	5,104.47	16,839.45
Jacksonville Electric Authority	108.50	155.64	5,345.20	17,951.00
City of Tallahassee	109.07	139.99	5,233.38	17,154.78
Gainesville Regional Utility	126.37	226.15	7,537.00	24,465.00
Duke Energy[4]	132.99	209.01	5,473.18	20,310.62
Average	$ 110.36	$ 169.42	$ 5,473.18	$ 18,139.64

[1]Small commercial
[2]Large commercial
[3]Industrial
[4]Investor-owned utility; includes an additional customer fee related to the electric franchises granted to such investor-owned utilities

Source: Lakeland Electric

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

Rate Comparison Breakdown by Energy and Fuel Components

Florida Utilities	Residential 1,000 kWh	GS 1,500 kWh	GSD 60,000 kWh 150 kW	GSLD 200,000 kWh 500kW
City of Lakeland - Energy	64.10	91.39	2,588.39	8,803.98
City of Lakeland - Fuel	36.50	54.75	2,190.00	7,300.00
City of Lakeland - Total	100.60	146.14	4,778.39	16,103.98
Average - Energy	76.57	117.10	3,382.85	11,172.13
Average - Fuel	33.78	52.31	2,090.32	6,967.51
Average - Total	110.36	169.42	5,473.18	18,139.64
Lakeland % of Average - Energy	83.7%	78.0%	76.5%	78.8%
Lakeland % of Average - Fuel	108.0%	104.7%	104.8%	104.8%
Lakeland % of Average - Total	91.2%	86.3%	87.3%	88.8%

Source: Lakeland Electric

Lakeland Electric's aggregate rates are lower than many other Florida utilities included in the rate comparison even though Lakeland is one of the smaller utilities listed. This competitive advantage concerning fuel is a direct result of efficiency and effectiveness efforts such as selling and releasing pipeline capacity during unit outages, maintaining a diversified generation mix to take advantage of the lowest generation cost and being a partner in the Florida Municipal Power Pool.

2018 RATE STUDY

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

HISTORICAL RATE CHANGES

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

Historical Rate Changes – Last Ten Years

	Residential			General Service		
Fiscal Year	% Increase (Decrease) in Base Rate	% Increase (Decrease) in Fuel Charge	% Increase (Decrease) in Total Rate	% Increase (Decrease) in Base Rate	% Increase (Decrease) in Fuel Charge	% Increase (Decrease) in Total Rate
2019	2.4%	(10.4%)	(2.7%)	1.6%	(10.4%)	(3.3%)
2018	0.0%	5.2%	1.9%	0.0%	5.2%	2.0%
2017	0.0%	13.1%	4.6%	0.0%	13.1%	4.8%
2016	(1.3%)	(23.6%)	(10.5%)	(1.3%)	(23.6%)	(10.7%)
2015	5.9%	(2.2%)	2.4%	(3.1%)	(2.2%)	(2.7%)
2014	0.6%	10.9%	4.8%	0.5%	10.9%	4.7%
2013	(0.2%)	(2.2%)	(1.0%)	(0.2%)	(2.3%)	(1.0%)
2012	(0.2%)	(16.5%)	(7.7%)	(0.2%)	(16.5%)	(7.5%)
2011	0.0%	(1.2%)	(0.6%)	0.0%	(1.2%)	(0.6%)
2010	1.8%	(6.4%)	(2.2%)	4.4%	(6.4%)	(0.8%)

Source: Lakeland Electric

DIVIDEND POLICY

The City has a dividend policy pursuant to which Lakeland Electric transfers monthly amounts to the City's general fund from Lakeland Electric's operating revenues. As of September 30, 2019 the policy provided for a $9.96 per 1,000 KWh of retail sales. The City Commission may modify the dividend policy at any time and from time to time. The following table shows the general fund dividend transfers for the fiscal years 2010-2019.

Historical Dividend Payments

Fiscal Year	Dividend (in thousands)	Percent Increase/(Decrease)	% of Operating Revenues
2019	$ 30,850	3.72%	9.7%
2018	29,701	1.64%	9.4%
2017	29,223	(1.22%)	9.6%
2016	29,584	2.18%	9.9%
2015	28,954	16.39%	9.4%
2014	24,877	5.95%	8.1%
2013	23,481	1.20%	7.8%
2012	23,192	(4.20%)	8.0%
2011	24,200	(3.80%)	7.1%
2010	25,155	6.50%	7.1%

Source: Lakeland Electric

ELECTRIC SYSTEM OPERATING STATISTICS

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

Historical Operating Statistics – Past Five Fiscal Years

	Fiscal Year Ended September 30				
	2015	2016	2017	2018	2019
60 Minute net peak demand (MW)	627	646	643	704	550
Increase/(decrease) from prior year	4.2%	1.5%	(0.5%)	9.5%	(21.9%)
Energy Sales (GWh):					
Residential	1,452	1,483	1,447	1,489	1,551
Commercial and industrial	1,504	1,532	1,522	1,540	1,545
Other	35	35	35	35	35
Total	2,991	3,050	3,004	3,064	3,131
Increase/(decrease) from prior year	3.3%	2.0%	(1.5%)	2.0%	2.2%
Average customers for period:					
Residential	103,964	105,613	107,213	108,539	109,962
Commercial and industrial	12,764	12,861	12,954	13,241	13,382
Other	8,237	8,301	8,368	8,403	8,449
Total	124,965	126,775	128,535	130,183	131,793
Residential service:					
Average kWh sales per customer	13,966	14,042	13,496	13,721	14,110
Average revenue per customer	$ 1,677	$ 1,597	$ 1,483	$ 1,552	$ 1,593
Average revenue per kWh[1]	$ 0.1201	$ 0.1137	$ 0.1099	$ 0.1131	$ 0.1129
Operating revenue ($ 000):					
Residential	$ 107,753	$ 110,895	$ 105,597	$ 108,823	$ 115,869
Commercial and industrial	60,360	60,749	62,532	62,818	64,845
Other electric sales[2]	8,809	8,870	8,843	8,985	9,189
Sales for resale	5,521	5,789	4,643	7,952	7,168
Subtotal	$ 182,443	$ 186,303	$ 181,615	$ 188,578	$ 197,071
Fuel charge	120,033	102,788	114,583	119,043	112,752
Other revenues	7,026	7,462	7,286	7,421	9,321
Total electric operating revenue	$ 309,502	$ 296,553	$ 303,484	$ 315,042	$ 319,144

[1]Average residential revenue per KWh including fuel.
[2]Includes private area lights, street lights, and municipal uses – excludes sales for resale.

Source: Lakeland Electric

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

Historical and Projected Cash Balances (in thousands)

Historical	2015	2016	2017	2018	2018
Undesignated, unrestricted cash	$ 70,792	$ 72,532	$ 55,491	$ 44,340	$ 52,918
Designated for capital improvements	36,560	57,953	70,475	79,139	85,963
Total	$ 107,352	$ 130,485	$ 125,966	$ 123,479	$ 138,881

Projected	2020	2021	2022	2023	2023
Undesignated, unrestricted cash	$ 45,328	$ 46,181	$ 43,556	$ 41,315	$ 38,407
Designated for capital improvements	73,634	75,018	70,756	67,114	62,391
Total	$ 118,962	$ 121,199	$ 114,312	$ 108,429	$ 100,798

Source: Lakeland Electric

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

The following table provides a summary of financial results of Lakeland Electric for the Fiscal Years 2015 through and including 2019. Such financial results were derived from audited financial statements.

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Lakeland Electric
Summary of Results of Operations
(in thousands)

	Fiscal Year Ended September 30				
Gross Revenues	2015	2016	2017	2018	2019
Electric retail base rate[1]	$ 176,897	$ 180,514	$ 176,971	$ 180,626	$ 189,903
Electric retail-fuel charge	120,058	102,788	114,583	119,044	112,751
Electric wholesale	5,521	5,789	4,644	7,952	7,168
Other electric[2]	7,027	7,462	7,286	7,421	9,321
Other	772	514	544	521	631
Investment income	3,455	6,281	5,288	4,900	13,516
Total gross revenues	$ 313,730	$ 303,348	$ 309,316	$ 320,464	$ 333,290
Operating expenses[3]					
Electric production fuel[4]	$ 124,528	$ 109,466	$ 120,510	$ 127,076	$ 120,231
Energy supply[5]	27,859	26,370	29,371	30,131	29,155
Subtotal	152,387	135,836	149,881	157,207	149,386
Energy delivery	23,405	23,860	31,752	30,398	28,202
Customer service	6,583	7,041	8,025	8,433	8,610
Administrative and general[6]	31,604	26,093	30,076	24,872	23,175
Total operating expense	$ 213,979	$ 192,830	$ 219,734	$ 220,910	$ 209,373
Net revenues available for debt service and other purposes	$ 99,751	$ 110,518	$ 89,582	$ 99,554	$ 123,917
Bond service requirement	35,123	38,442	38,549	38,106	37,610
Balance available for other obligations, capital improvements and expansion	$ 64,628	$ 72,076	$ 51,033	$ 61,448	$ 86,307
Debt service coverage ratio from operations[7]	2.84	2.87	2.32	2.61	3.29

NOTE: Gross revenues, operating expenses, and net revenues available for debt service and other purposes for the 2014 through 2018 fiscal years are derived from Lakeland Electric's audited financial statements.

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

[2]Other electric includes customer connection charges but excludes impact fees.

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

[4]Includes purchased power and fuel handling.

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

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

[7]Equals net revenues available for debt service and other purposes divided by bond service requirement.

Sales projections for fiscal year 2020 and beyond assume normal weather and minimal customer growth (approximately 1% each year). The projections also reflect the approved 3% increase in base rates effective at the beginning of fiscal years 2019 and an assumed 3.5% base rate increase in Fiscal Year 2023. Timing and amount of a subsequent rate increase is still being evaluated by management and will depend upon the utility's financial requirements. In addition, Fiscal Year 2021 assumes reimbursement of 65% of Hurricane Irma restoration costs from the Federal Emergency Management Agency (FEMA). See "Hurricane Irma" on page 59. The projected results of operations set forth in the following table were prepared by staff of Lakeland Electric based on revenue forecasts.

Lakeland Electric
Projected Results of Operations
(in thousands)

	Fiscal Year Ended September 30				
Gross Revenues	2020	2021	2022	2023	2024
Electric retail base rate[1]	$ 196,715	$ 195,670	$ 193,868	$ 199,938	$ 199,501
Electric retail-fuel charge	95,742	94,104	98,384	101,555	102,703
Electric wholesale	1,451	6,813	5,181	5,367	6,565
Other electric[2]	6,666	12,374	6,164	6,261	6,386
Other	301	441	414	385	414
Investment income	7,747	6,849	6,787	6,463	6,189
Total gross revenues	$ 308,622	$ 316,251	$ 310,798	$ 319,969	$ 321,758
Operating expenses[3]					
Electric production fuel[4]	$ 103,807	$ 107,458	$ 104,073	$ 106,551	$ 108,913
Energy supply	31,422	32,103	32,948	33,938	34,170
Subtotal	135,229	139,561	137,021	140,489	143,083
Energy delivery	31,894	31,704	32,486	33,287	34,109
Customer service	9,459	9,589	9,820	10,057	10,300
Administrative and general	30,265	30,648	31,235	32,067	32,686
Total operating expense	$ 206,847	$ 211,502	$ 210,562	$ 215,900	$ 220,178
Net revenues available for debt service and other purposes	$ 101,775	$ 104,749	$ 100,236	$ 104,069	$ 101,580
Bond service requirement[5]	36,986	35,034	33,661	32,333	31,197
Balance available for other obligations, capital improvements and expansion	$ 64,789	$ 69,715	$ 66,575	$ 71,736	$ 70,383
Debt service coverage ratio from operations[6]	2.75	2.99	2.98	3.22	3.26

[1]Includes base rate increase of 3.5% in 2023.

[2]Other electric revenues includes customer connection charges and gross receipts revenues. Fiscal Year 2021 assumes reimbursement of $65% of Hurricane Irma related restoration costs.

[3]Operating expenses exclude depreciation expense.

[4]Includes purchased power and handing.

[5]Includes actual debt service on the Parity Obligations and the Series 2018 Bonds, as well as debt service associated with the new debt to fund installation of Unit 3's replacement.

[6]Equals "Net revenues available for debt service and other purposes" divided by "Bond service requirement."

Source: Lakeland Electric

CAPITAL IMPROVEMENT PLAN

The following table presents a summary of Lakeland Electric's projected capital improvement requirements through fiscal year 2024 (in thousands):

	Fiscal Year Ending September 30				
	2020	2021	2022	2023	2024
Energy Supply	$ 38,275	$ 19,736	$ 19,452	$ 19,896	$ 20,833
Energy Delivery	18,279	18,507	20,447	20,541	20,816
Unit 3 Replacement	22,000	22,000	33,000	33,000	-
All Other	2,820	2,471	1,630	1,922	1,432
Total Funding	$ 81,374	$ 62,714	$ 74,529	$ 75,359	$ 43,081

Source: Lakeland Electric

Funding for capital projects included in the above table is expected to be generated from base electric rates, proceeds of the 2018 bonds and debt used to fund installation of Unit 3's replacement.

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

See Notes N and P in "Appendix C – Audited Financial Statements of the Department of Electric Utilities for the Year Ended September 30, 2019" for information concerning the City's pension fund and other post-employment benefits as they relate to Lakeland Electric. See also "RETIREMENT PLAN AND OTHER POST-EMPLOYEMENT BENEFITS" in "Appendix A – General Information Regarding the City of Lakeland, Florida" for information concerning the City's various pension funds and other post-employment benefits as they relate to the entire City.

HURRICANE IRMA

Hurricane Irma made landfall in Florida on September 10, 2017. Hurricane Irma resulted in the largest storm evacuation and recovery effort in Florida's history. Approximately two-thirds of the State's population lost power at some point and more than 200 transmission lines and 14,000 MW of electric power supply were taken out of service or compromised. With respect to Lakeland Electric, a majority of Lakeland Electric's customers lost power for three to twelve days as a result of the hurricane. Lakeland Electric incurred approximately $10.4 million in repair, restoration, and other operating expenses as a result of damage caused by Hurricane Irma. On January 22, 2019, the City entered a master agreement with the Florida Department of Emergency Management (FDEM) for the receipt of federal funds from the Federal Emergency Management Agency (FEMA). Lakeland Electric has a total of eleven projects related to Hurricane Irma and to date, all projects have been submitted to FEMA for reimbursement. The agreement with FDEM will be amended as funds are obligated on a project-by-project basis. To date, $948,850 has been obligated for reimbursement to the City of Lakeland.

FACTORS AFFECTING THE INDUSTRY

GENERAL

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

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

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

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

ENERGY POLICY ACT OF 1992

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

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

to consider energy efficiency programs in their IRPs. The FPSC adopted an IRP and the City is already complying with its own IRP policy. This initiative is well institutionalized at this point.

ENERGY POLICY ACT OF 2005

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

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

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

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

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

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

FLORIDA LEGISLATION

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

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

RATE REGULATION

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

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

ENVIRONMENTAL

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

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

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

In mid-2005, EPA issued the final Clean Air Interstate Rule (CAIR) and the Clean Air Mercury Rule (CAMR). CAIR required reductions in the emissions of nitrogen oxides (NOx) and sulfur dioxide (SO_2) from electric generating units (EGUs). However, CAIR was ultimately vacated and remanded to the agency by the D.C. Circuit Court of Appeals in 2008 after certain portions of the regulation were found to be unlawful. Additionally, on February 8, 2008, the D.C. Circuit Court of Appeals vacated CAMR.

After vacating CAMR, the EPA finalized the Mercury Air Toxics Standards (MATS) for power plants on December 21, 2011. MATS was designed to reduce emissions of heavy metals, including mercury (Hg), arsenic (As), chromium (Cr), and nickel (Ni); and acid gases, including hydrochloric acid (HCl) and hydrofluoric acid (HF). Under MATS, EPA had to set emission standards for existing power plants that are at least as stringent as the emission reductions achieved by the average of the top 12% best controlled power plants. Existing power plants regulated by MATS generally had three years to comply. EPA also set industry-specific "new source performance standards" (NSPS) for those plants that are modified after the date of the rule or any new power plants that are covered by MATS. The compliance date for this rule was April 16, 2015. MATS primarily affects Lakeland Electric's coal-fired steam unit, while its other oil/gas-fired steam unit will remain exempt as long as it primarily fires natural gas. In addition to the new, more stringent particulate matter (PM) and SO_2 emission limits, the System's coal-fired unit is now also required to comply with a new Hg limit. To comply with these new limitations, upgrades to the existing coal-fired unit scrubber were necessary and were performed in early 2015. To demonstrate compliance with the PM and Hg standards, new continuous emission monitors for these pollutants were installed in 2015. There have been numerous challenges to MATS and litigation continues, but the majority of MATS requirements are currently effective.

On July 6, 2011, EPA signed its final Cross-State Air Pollution Rule (CSAPR), a new rule slated to replace CAIR, which established an emissions allowance trading program intended to reduce the interstate transport of NOx and SO_2 that is inhibiting downwind states' abilities to attain and maintain compliance with the particulate matter and ozone national ambient air quality standards. The rule eventually went into effect on January 1, 2015 and Florida was subject only to the ozone-season NOx trading program. On December 3, 2015, EPA proposed a new transport rule which included EPA's latest modeling results showing that Florida does not significantly contribute to

another state's air quality issues, and thus would not be subject to the rule after 2016. On September 13, 2016, EPA issued the final rule, and Florida is no longer affected; however, it is possible but fairly unlikely that Florida could again become subject to the rule in the future.

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

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

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

On March 27, 2012, EPA proposed a rule regulating GHG emissions from new power plants that would limit CO_2 emissions. The rule was modified and re-proposed on September 20, 2013. The rule for new units was finalized on August 3, 2015 with minor changes. Additionally, then President Obama ordered in June 2013 that CO_2 emissions guidelines for existing units be developed. In June 2014, EPA proposed the CO_2 emissions guidelines for existing power plants, commonly known as the Clean Power Plan (CPP). The guidelines were finalized on August 3, 2015. According to these guidelines, Florida would have been required to meet the final CO_2 emissions goal of 919 pounds per net MWh starting in 2030; however, on February 9, 2016, the Supreme Court stayed implementation of the rule, effective until all litigation is resolved. Furthermore, on April 4, 2017, pursuant to President Trump's Executive Order, EPA announced that it was reviewing the CPP. On October 10, 2017, EPA Administrator Pruitt signed a proposed rule that would repeal it, and on December 18, 2017, EPA took a first step toward potentially replacing the CPP by releasing an advance notice of proposed rulemaking. This notice asked the public for comments on what a CPP replacement rule should include. On August 21, 2018, EPA proposed the CPP replacement regulation referred to as the Affordable Clean Energy (ACE) rule which would establish emission guidelines for states to develop plans to address GHG emissions from existing coal-fired power plants. The ACE rule is based on heat rate efficiency improvements that can be achieved at individual sources. With this proposal, EPA is deferring to states to develop and implement their standards in a manner that best suits their unique circumstances. On July 8, 2019 FPA published the final ACE rule. ACE requires state plan to be submitted by July 8, 2022. Compliance with ACE is expected to occur upon EPA's approval of state plans around 2024. Lakeland's coal unit may or may not have to comply with this rule, depending on its potential retirement date.

In 2010, EPA issued a final rule that was aimed at reducing emissions of toxic air pollutants from existing stationary reciprocating internal combustion engines (RICE). The RICE Rule, as it is known, became effective on May 3, 2013 for compression ignition engines (diesel-fired) and on October 19, 2013 for spark ignition engines (gasoline-fired and propane-fired). The rule has different requirements based on engines' intended use. Requirements for the 21 non-emergency engines are most stringent and include limitations such as CO emission standards (requiring oxidation catalysts to be installed), periodic CO emissions testing, fuel restrictions (only fuel containing no more than 15 ppm sulfur, or 0.0015%, is allowed), and monitoring of catalyst inlet temperature and pressure drop. Requirements for the three emergency engines are essentially to keep the annual hours of operation below certain thresholds and to conduct the required engine maintenance at specified time intervals. The only requirement for the three startup (black start) engines is to conduct the required engine maintenance.

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

compliance dates until November 1, 2020 to give them time to put in place a new ELG rule. A proposed reconsideration rule was published in the Federal Register on November 22, 2019. Once public comments have been reviewed, a final rule is likely to be issued in summer or fall 2020. The definitive impact to Lakeland Electric will be better understood once the final rule is published.

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

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SUMMARIZED BOND INFORMATION – DEPARTMENT OF ELECTRIC UTILITIES

ENERGY SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2010

$199,300,000

REVENUE AND REFUNDING BONDS DATED OCTOBER 20, 2010

CUSIP NUMBERS

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

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

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

MANDATORY REDEMPTION

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

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

* Final maturity

OPTIONAL REDEMPTION

The Bonds are not subject to optional redemption prior to maturity

AGENTS

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

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

Date	Maturity	Interest	Total
1-Oct-2019	$ 13,840,000	$ 2,978,025	$ 16,818,025
1-Apr-2020		2,632,025	2,632,025
1-Oct-2020	4,695,000	2,632,025	7,327,025
1-Apr-2021		2,514,650	2,514,650
1-Oct-2021	4,925,000	2,514,650	7,439,650
1-Apr-2022		2,409,994	2,409,994
1-Oct-2022	5,140,000	2,409,993	7,549,993
1-Apr-2023		2,300,769	2,300,769
1-Oct-2023	5,355,000	2,300,769	7,655,769
1-Apr-2024		2,180,281	2,180,281
1-Oct-2024	5,595,000	2,180,281	7,775,281
1-Apr-2025		2,040,407	2,040,407
1-Oct-2025	5,885,000	2,040,407	7,925,407
1-Apr-2026		1,893,281	1,893,281
1-Oct-2026	6,180,000	1,893,281	8,073,281
1-Apr-2027		1,731,057	1,731,057
1-Oct-2027	5,180,000	1,731,057	6,911,057
1-Apr-2028		1,595,081	1,595,081
1-Oct-2028	5,450,000	1,595,081	7,045,081
1-Apr-2029		1,452,019	1,452,019
1-Oct-2029	5,745,000	1,452,018	7,197,018
1-Apr-2030		1,301,213	1,301,213
1-Oct-2030	6,040,000	1,301,212	7,341,212
1-Apr-2031		1,142,663	1,142,663
1-Oct-2031	6,360,000	1,142,662	7,502,662
1-Apr-2032		975,713	975,713
1-Oct-2032	6,695,000	975,712	7,670,712
1-Apr-2033		799,969	799,969
1-Oct-2033	7,045,000	799,968	7,844,968
1-Apr-2034		615,038	615,038
1-Oct-2034	7,415,000	615,037	8,030,037
1-Apr-2035		420,394	420,394
1-Oct-2035	7,800,000	420,394	8,220,394
1-Apr-2036		215,644	215,644
1-Oct-2036	8,215,000	215,643	8,430,643
	$ 117,560,000	$ 55,418,413	$ 172,978,413

ENERGY SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2016

$138,650,000

REVENUE AND REFUNDING BONDS DATED FEBRUARY 5, 2016

CUSIP NUMBERS

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

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

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

OPTIONAL REDEMPTION

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

AGENTS

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

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

Date	Maturity	Interest	Total
1-Oct-2019	$ 4,560,000	$ 2,693,334	$ 7,253,334
1-Apr-2020		2,579,335	2,579,335
1-Oct-2020	4,770,000	2,579,335	7,349,335
1-Apr-2021		2,460,084	2,460,084
1-Oct-2021	9,620,000	2,460,084	12,080,084
1-Apr-2022		2,219,585	2,219,585
1-Oct-2022	10,020,000	2,219,585	12,239,585
1-Apr-2023		1,969,084	1,969,084
1-Oct-2023	10,480,000	1,969,084	12,449,084
1-Apr-2024		1,707,085	1,707,085
1-Oct-2024	10,955,000	1,707,085	12,662,085
1-Apr-2025		1,433,209	1,433,209
1-Oct-2025	11,480,000	1,433,209	12,913,209
1-Apr-2026		1,146,210	1,146,210
1-Oct-2026	12,005,000	1,146,210	13,151,210
1-Apr-2027		846,084	846,084
1-Oct-2027	12,550,000	846,084	13,396,084
1-Apr-2028		689,210	689,210
1-Oct-2028	12,820,000	689,210	13,509,210
1-Apr-2029		512,934	512,934
1-Oct-2029	8,820,000	512,934	9,332,934
1-Apr-2030		386,147	386,147
1-Oct-2030	5,965,000	386,147	6,351,147
1-Apr-2031		296,672	296,672
1-Oct-2031	1,875,000	296,672	2,171,672
1-Apr-2032		267,375	267,375
1-Oct-2032	1,935,000	267,375	2,202,375
1-Apr-2033		219,000	219,000
1-Oct-2033	2,030,000	219,000	2,249,000
1-Apr-2034		168,250	168,250
1-Oct-2034	2,135,000	168,250	2,303,250
1-Apr-2035		114,875	114,875
1-Oct-2035	2,240,000	114,875	2,354,875
1-Apr-2036		58,875	58,875
1-Oct-2036	2,355,000	58,875	2,413,875
	$ 126,615,000	$ 36,841,362	$ 163,456,362

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ENERGY SYSTEM REFUNDING BONDS, SERIES 2017

$97,000,000

REFUNDING BOND DATED AUGUST 29, 2017

CUSIP NUMBER

N/A

PURPOSE

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

SECURITY

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

INSURANCE

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

MANDATORY REDEMPTION

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

Date	Principal Amount
October 1, 2019	$1,795,000
October 1, 2020	$7,000,000
October 1, 2022	$88,205,000

OPTIONAL REDEMPTION

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

AGENTS

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

SUMMARY OF FUTURE DEBT SERVICE REQUIREMENTS

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

SWAP AGREEMENTS

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

Existing Swap Agreements

Notional 9/30/2018	Counterparty	Start Date	Maturity Date	City Receives	City Pays	Fair Market Value 9/30/20189
47,860,000	Citigroup Global Markets Holdings, Inc.	1/22/2003	10/1/2037	67% of 1 mo. LIBOR	3.74%	$(19,129,319)
14,053,000	Citigroup Global Markets Holdings, Inc.	8/29/2017	10/1/2035	67% of 1 mo. LIBOR	3.92%	(5,044,131)
24,772,000	Goldman Sachs Mitsui Marine Derivative Products, LP	10/2/2017	10/1/2035	67% of 1 mo. LIBOR	3.92%	(9,097,370)
1,520,000	Goldman Sachs Mitsui Marine Derivative Products, LP	10/2/2017	10/1/2035	67% of 1 mo. LIBOR	3.16%	(381,625)
						$(33,652,445)

Source: City of Lakeland CAFR

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

The swap agreements use the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay, bankruptcy, or rating downgrades to either counterparty. As of September 30, 2019, the City was not subject to credit risk with its counterparties because the fair market values of the swap agreements were negative.

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

ENERGY SYSTEM REVENUE BONDS, SERIES 2018

$43,945,000

REVENUE BONDS DATED SEPTEMBER 13, 2018

CUSIP NUMBERS

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

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

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

OPTIONAL REDEMPTION

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

AGENTS

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

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

Date	Maturity	Interest	Total
1-Oct-2019	$ -	$ 976,156	$ 976,156
1-Apr-2020		976,157	976,157
1-Oct-2020	2,630,000	976,156	3,606,156
1-Apr-2021		910,407	910,407
1-Oct-2021	3,995,000	910,406	4,905,406
1-Apr-2022		810,532	810,532
1-Oct-2022	2,930,000	810,531	3,740,531
1-Apr-2023		737,282	737,282
1-Oct-2023	1,985,000	737,281	2,722,281
1-Apr-2024		687,657	687,657
1-Oct-2024	1,520,000	687,656	2,207,656
1-Apr-2025		649,657	649,657
1-Oct-2025	855,000	649,656	1,504,656
1-Apr-2026		628,282	628,282
1-Oct-2026	380,000	628,281	1,008,281
1-Apr-2027		618,781	618,781
1-Oct-2027	1,345,000	618,781	1,963,781
1-Apr-2028		585,156	585,156
1-Oct-2028	1,025,000	585,156	1,610,156
1-Apr-2029		559,531	559,531
1-Oct-2029	4,870,000	559,530	5,429,530
1-Apr-2030		437,781	437,781
1-Oct-2030	4,360,000	437,781	4,797,781
1-Apr-2031		328,781	328,781
1-Oct-2031	4,875,000	328,781	5,203,781
1-Apr-2032		249,563	249,563
1-Oct-2032	4,460,000	249,562	4,709,562
1-Apr-2033		174,300	174,300
1-Oct-2033	4,050,000	174,300	4,224,300
1-Apr-2034		93,300	93,300
1-Oct-2034		93,300	93,300
1-Apr-2035		93,300	93,300
1-Oct-2035		93,300	93,300
1-Apr-2036		93,300	93,300
1-Oct-2036	2,310,000	93,300	2,403,300
1-Apr-2037		47,100	47,100
1-Oct 2037	2,355,000	47,100	2,402,100
	$ 43,945,000	$ 18,337,881	$ 62,282,881

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WATER UTILITIES

On December 19, 2019, the City of Lakeland (City) authorized (Task Authorization CS-20-04(m)) Chastain-Skillman, Inc. (CS) to prepare a Water System Evaluation Report for the Fiscal Year 2019 for review by bond holders. The City has requested that CSI conduct an annual independent engineering review and evaluation of its water system. This report summarizes the findings based on previous reports, interviews with City staff, water system data, and financial information provided by the City.

The City's bond covenant requires third party inspections of representative water infrastructure on a biennial basis. The last inspection was completed for the FY 2017 report. Therefore, inspections were conducted of the following facilities for this report. The inspection dates were as follows:

- T.B. Williams Water Treatment Plant and Northwest Wellfield – February 24, 2020
- Water Booster Stations – February 24, 2020
- C.W. Combee Water Treatment Plant – February 24, 2020
- Northeast Wellfield – February 24, 2020
- Water Distribution – March 4, 2020

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

ADMINSTRATION AND ORGANIZATION

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

- Administration
- Engineering
- Water Distribution
- Water Production

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

The Director of Water Utilities is responsible for Production and Distribution. Water Production is responsible for operation and maintenance of the wellfields, water treatment facilities, and the water booster pump stations. Currently, the Combee WTP has 9 certified operators and the Williams WTP has 16 certified operators. The staff of both treatment facilities report to the Manager of Water Production who is also a certified operator. The total Water Production staff includes 39 budgeted full-time positions.

Water Distribution is responsible for operation and maintenance of the water distribution system, as well as comprehensive meter servicing and backflow preventer programs. A leak detection program performed by this staff includes evaluating all service valves and meters over a time

period of three to four years. The Water Distribution staff consists of 58 full-time positions and six contract positions.

The Manager of Water Utilities Engineering is responsible for Engineering and reports directly to the Director of Water Utilities. Engineering responsibilities include designing and permitting construction of new water mains, relocation of mains, inspection of new facilities and distribution components, responses to public queries on utility locations, and coordination of work performed by consultants. The staff includes 23 full-time positions, two part-time co-op student positions and one contract position. The Engineering Division also provides similar support to the Wastewater Operations Division.

SERVICE AREA

The water service area covers approximately 132 square miles and includes most of the City limits (the City limits has a few small areas not served by City water) and portions of unincorporated Polk County through its Chapter 180 Reserve Service Area and user agreements. Service area maps are available upon request from the City of Lakeland Finance Department. Total water distributed in FY 2019 was approximately 7.28 billion gallons.

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

Projected Population and Water Demand

Year	Population	Per Capita Demand (gpd)	Annual Average Use (MGD)	Peak Month Use (MGD)
2019	206,391	150	30.959	37.150
2020	209,560	150	31.434	37.721
2021	212,733	150	31.910	38.292
2022	215,914	150	32.387	38.865
2023	219,103	150	32.865	39.439
2024	222,305	150	33.346	40.015
2025	225,520	150	33.828	40.594
2026	228,733	150	34.310	41.172
2027	231,957	150	34.794	41.752
2028	235,182	150	35.277	42.333

Source: Water Utilities

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

Historical Water Utilities Customer Base

Fiscal Year	Inside City	Outside City	Total Customers
2019	36,269	22,505	58,774
2018	35,735	22,305	58,040
2017	34,240	22,114	56,354
2016	34,711	22,039	56,750
2015	33,324	20,998	54,322

Source: Water Utilities

STATUS OF FACILITIES

PERMITS AND REGULATORY STATUS

SWFWMD issued WUP No. 200004912.009 to the City for 35.03 MGD for public supply needs on December 16, 2008. This permit is for a 20-year period and provides source water for the City's projected demands through that period.

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

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

1) A ground storage tank at the Combee water plant is leaking. A plan of action was discussed with the department prior to the sanitary survey as a result the City is required to submit regular updates. A second ground storage tank is currently operating normally allowing the leaking tank to be out of service while it is repaired.

2) The clearwell at the Williams plant needs to be refurbished. A plan of action was discussed with the department prior to the sanitary survey as a result the City is required to submit regular updates.

Water Production will continue to submit regular updates as the repairs progress. With only the two listed deficiencies, the inspection was fairly positive.

WATER SUPPLY

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

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

Well Pumpage (In Million Gallons)

Fiscal Year	T.B. Williams WTP Wells[1]	Combee WTP Wells[2]	Total
2019	6,649.1	1,361.2	8,010.3
2018	6,267.1	1,358.7	7,625.8
2017	6,578.4	1,245.4	7,823.8
2016	6,227.6	1,369.1	7,596.7
2015	6,139.8	1,398.0	7,537.8
2014	6,122.2	1,369.1	7,491.3

[1]Northwest Wellfield
[2]Combee WTP on-side well and Northeast Wellfield

Source: Water Utilities

The water levels in the Floridan Aquifer - the source waters for the City - are expected to support the two water treatment plant facilities. Aquifer level readings have remained fairly consistent since 1998. The City's production wells were found to be in good to excellent condition by CSI. The wellheads appear to be well maintained. No areas of concern were noted. Additional information is available upon request through the City of Lakeland Finance Department.

WATER TREATMENT FACILITIES

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

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

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

The Combee WTP is located on Old Combee Road, east of Lake Parker Drive in the northeast portion of the City service area. The facility can provide an average daily capacity of 8 MGD and a peak daily capacity of 12 MGD. Land is available to expand the plant to 24 MGD in the future. This additional treatment facility enhances the total system reliability. The Combee WTP uses the same treatment processes as the Williams WTP. There is currently 10 million gallons of storage; however, one 5-million-gallon tank is currently out of service for repair. There are two lime softening units with provisions for addition of another two units of the same size as well as one filtration unit with available space for two additional filters.

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

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

Local utilities using groundwater typically limit water treatment to aeration and disinfection. Additional treatment is limited because of costs. The City consistently provides high quality water for its customers by expanding its treatment process to include lime softening, filtration, and fluoridation. The following table summarizes the average raw and finished water quality data for FY 2019.

Water Quality Data for FY 2019

Parameter[2]	MCL[1]	Combee WTP		Williams WTP	
		Raw Water	Finished Water	Raw Water	Finished Water
Total Hardness	NA	215	118	151	130
Calcium Hardness	NA	161	81	111	94
Magnesium Hardness	NA	49	37	41	36
Alkalinity	NA	219	111	146	112
Free Chlorine	4.0	-	2.3	-	2.3
Total Chlorine	NA	-	2.5	-	2.55
Chloride	250	19	24	15	23
Ammonia	NA	0.22	0.1	0.56	0.11
Turbidity, NTU	NA	0.94	0.11	0.14	0.20
Color, Units	15	13.6	2	4	2
pH, Units	6.5-8.5	7.55	8.02	7.72	7.80
Sulfide	NA	0.67	0.0	1.3	0.0
Iron	0.3	0.25	0.006	0.008	0.006
Fluoride	2	0.25	0.71	0.25	0.78
Phosphate	NA	0.06	0.05	0.06	0.06
Silica	NA	12	11	9	11
Sulfate	250	0.48	0.1	2.2	2.7
Total Dissolved Solids	500	214	143	166	139
Nitrate	10	0.01	0.02	0	0.01

[1]Maximum Contaminant Level
[2]Results in milligrams/Liter (mg/L) except as noted

Source: Water Utilities

CSI found that the water treatment facilities appear to be well operated and maintained. Raw and finished water quality is consistent with previous years. Finished water quality produced by both water treatment plants is consistently well within regulatory limits. No areas of concern are noted other than those identified above in the health department report.

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WATER TRANSMISSION/DISTRIBUTION SYSTEM

The water service area encompasses an area of approximately 132 square miles. The distribution system is comprised of 1,012 miles of service piping (from 2 inches or under to 54 inches in diameter) to deliver treated water to customers. Also, 8.74 miles of raw water piping to convey water from the wellfields to the treatment plants. During the 2019 fiscal year, 41,795 feet of distribution piping were installed and 4,299 feet were removed from service (see table below). All potable water piping conforms to AWWA standards. The City operates a Geographic Information System (GIS) and uses Global Positioning System (GPS) to verify and map key water system valves and hydrant locations.

Water Lines in System (feet)

Size (inches)	Existing 2018	Installed 2019	Abandoned 2019	Total 2019	Raw Water
2 and under	925,673	2,842	10	928,505	0
2 ½ and 3	900	0	0	900	0
4	444,561	3,237	0	447,798	0
6	2,050,866	14,185	3,013	2,062,038	0
8	843,889	18,430	295	862,024	0
10	142,527	2,265	0	144,792	0
12	557,622	836	981	557,477	0
16	125,849	0	0	125,849	8,583
18	4,540	0	0	4,540	0
20	75,824	0	0	75,824	4,532
24	29,018	0	0	29,018	6,248
30	58,527	0	0	58,527	1,935
36	19,836	0	0	19,836	24,852
42	23,109	0	0	23,109	0
48	4,162	0	0	4,162	0
54	125	0	0	125	0
Total	5,307,028	41,795	4,299	5,344,524	46,150

Source: Water Utilities

City of Lakeland code requires individual meters be installed for each structure. Individual meters are required for each unit within a structure such as a condominium or town house. The code provides for exemptions of individual meters within certain buildings. At the end of FY 2019, there were 58,774 meters (36,269 inside City and 22,305 outside City), providing 100% coverage of water consumption. The total number of meters increased 8.2% between 2015 and 2019 (see table on following page). The Water Distribution System is supported by the Water Distribution Division which provides facilities and resources to install and maintain water lines, meters, and other appurtenances. Water meters are inspected according to the following schedule:

¾ to 6-inch diameter – monitored remotely
Greater than 2-inch diameter - annually

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

Historical Number of Water Meters and Backflow Preventers

	Fiscal Year ended September 30,				
	2015	2016	2017	2018	2019
Meters	54,322	56,750	56,354	58,040	58,774
Backflow Preventers	5,119	5,203	5,195	5,298	5,571

Source: Water Utilities

The table below provides a breakdown of fire hydrants based on water main size. Eighty percent of the hydrants are located on either 6-inch or 8-inch water mains. The number of hydrants in the system has increased 3.4% over the past five years.

Historical Number of Fire Hydrants by Main Size

Main Size	Fiscal Year ended September 30,				
(inches)	2015	2016	2017	2018	2019
4	62	64	64	64	64
6	2,483	2,494	2,505	2,524	2,546
8	896	912	916	929	950
10	166	168	171	172	172
12	412	423	424	433	431
16	118	118	119	118	118
18	2	2	2	2	2
20	23	23	23	23	23
24	11	11	11	11	11
30	36	36	36	36	36
36	6	6	6	6	6
42	3	3	3	3	3
48	1	1	1	1	1
Total	4,219	4,261	4,281	4,322	4,363

Source: Water Utilities

During the 2019 fiscal year, 8.0 billion gallons (21.946 mgd average) of water was pumped from the City's wellfields. The City accounted for 7.3 billion gallons (19.939 mgd average) as being placed into distribution or used in the treatment plant processes. Unaccounted-for water was 9.14% of total supplied (see table below). This percentage is below the 10% threshold imposed by SWFWMD requiring water audits. The City works to reduce unaccounted-for water usage by testing meters, eliminating unmetered services, reducing master meters, and detecting leaks. These programs, along with on-going pipeline replacement, have reduced unaccounted-for water by half since 1982.

Historical Unaccounted-for Water

	Fiscal Year ended September 30,				
	2015	2016	2017	2018	2019
Water Produced, MG	7,538	7,647	7,824	7,626	8,010
Accounted-for Water, MG	6,910	6,949	7,369	7,194	7,278
Unaccounted-for Water, MG	627.4	697.5	455.0	432.3	732.3
Unaccounted-for Water, %	8.32%	9.12%	5.82%	5.67%	9.14%

Source: Water Utilities

The distribution system also includes four pump stations:

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

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

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

All four booster stations are monitored and can be controlled from either WTP via the DeltaV™ system. CSI found that the booster stations appear to be well operated and maintained with no areas of concern noted.

IMPROVEMENTS

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

- Softening Basin Recoating: Complete.
- Combee WTP Filter Rehabilitation: Complete.
- Combee GST # 2: Complete.
- Williams WTP Storage Building and Entrance Relocation: Approximately 50% complete.
- Williams WTP Clearwell Project: Status: Project is at 90% design. CMAR is selected. In process obtaining SRF funding.
- CD5230 SmartGrid Installation: Ongoing.
- Lakeland/Auburnadale Water Interconnection at Pace Road: Construction starting.
- Scott Lake Manor 6" Fire Improvement: Pending construction.
- W. Lake Parker AC W.L. Replace (Valencia to Bonaire): Project is at 50% design.

WATER RATES

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

Meter Connection Fees**

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

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

Source: Water Utilities

Impact Fees

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

Source: Water Utilities

Water rates consist of a monthly base rate plus consumption charge. The City has adopted an inverted rate structure to comply with SWFWMD recommendations for water conservation. Under this tiered structure, increasing water usage results in higher unit rate charges. The following table summarizes the monthly base rate for residential, commercial, and irrigation accounts effective October 1, 2018.

Monthly Base Rate for Residential, Commercial, and Irrigation Accounts

Meter Size (inches)	Inside City	Outside City
5/8 to 3/4	$9.71	$13.13
1	$26.19	$35.35
1 ½	$47.31	$63.87
2	$81.75	$110.38
3	$177.73	$239.94
4	$344.21	$464.68
6	$725.83	$979.87
8 and above	$1,229.03	$1,659.19

Source: Water Utilities

Consumption Charges for Residential Accounts

Meter Size in inches	Consumption in 1000 gals	Price per 1000 Gallons Inside City	Outside City
5/8 to 3/4	0-7	$2.13	$2.86
	8-12	$2.61	$3.53
	13-19	$3.26	$4.41
	Above 19	$4.25	$5.74
1	0-19	$2.13	$2.86
	20-32	$2.61	$3.53
	33-51	$3.26	$4.41
	Above 51	$4.25	$5.74
1 1/2	0-34	$2.13	$2.86
	35-58	$2.61	$3.53
	59-93	$3.26	$4.41
	Above 93	$4.25	$5.74
2	0-59	$2.13	$2.86
	60-101	$2.61	$3.53
	102-160	$3.26	$4.41
	Above 160	$4.25	$5.74
3	0-128	$2.13	$2.86
	129-220	$2.61	$3.53
	221-348	$3.26	$4.41
	Above 348	$4.25	$5.74
4	0-248	$2.13	$2.86
	249-425	$2.61	$3.53
	426-673	$3.26	$4.41
	Above 673	$4.25	$5.74
6	0-523	$2.13	$2.86
	524-897	$2.61	$3.53
	598-1,420	$3.26	$4.41
	Above 1,420	$4.25	$5.74
8 and above	0-886	$2.13	$2.86
	887-1,519	$2.61	$3.53
	1,520-2,404	$3.26	$4.41
	Above 2,404	$4.25	$5.74

Consumption Charges for Commercial Accounts

Meter Size in inches	Consumption in 1000 gals	Price per 1000 Gallons Inside City	Outside City
All Sizes	Not Applicable	$2.44	$3.29

Consumption Charges for Irrigation Accounts

Meter Size in inches	Consumption in 1000 gals	Price per 1000 Gallons Inside City	Outside City
5/8 to 3/4	0-5	$2.61	$3.53
	6-12	$3.26	$4.41
	Above 12	$4.25	$5.74
1	0-13	$2.61	$3.53
	14-32	$3.26	$4.41
	Above 32	$4.25	$5.74
1 1/2	0-24	$2.61	$3.53
	25-59	$3.26	$4.41
	Above 59	$4.25	$5.74
2	0-42	$2.61	$3.53
	43-101	$3.26	$4.41
	Above 101	$4.25	$5.74
3	All Usage	$2.44	$3.29
4	All Usage	$2.44	$3.29
6	All Usage	$2.44	$3.29
8 and above	All Usage	$2.44	$3.29

Source: Water Utilities

A comparative water and wastewater rate study for FY 2018-2019 was conducted by S. D. Southerland, Data Analyst, Lakeland Water Utilities in January 2019. A more detailed comparison is available upon request through the City of Lakeland Finance Department. This study compared City rates to representative utilities throughout the State and included comparisons of both base and consumption rates for various customer classes. The City's residential and industrial rates compare favorable to other utilities. Surveyed residential rates (inside) for 10,000 gallons ranged from $19.14 to $92.31 with a median rate of $37.62; the City of Lakeland rate was $32.45 (see table below). Surveyed industrial rates (inside) for 370,000 gallons ranged from $596.366 to $3,962.72 with a median rate of $1,537.77; the City of Lakeland rate was $869.85 (see table below).

Residential Water-Inside Rate
5/8"-3/4" Meter 10,000 Gallons
FY 2018-2019

Water Utility	Amount
City of Haines City	19.14
Orlando Utility Commission/City of Orlando	19.391
City of Ocala	19.868
Orange County	22.09
City of Auburndale	22.70
Citrus County	25.44
City of Winter Park	25.80
Marion County	26.29
City of Tallahassee	26.67
City of Plant City	28.41
City of Tampa	29.05
City of Stanford	30.69
Jacksonville Electric Utility (JEA)	32.28
City of Lakeland	**32.45**
Manatee County	34.53
Miami-Dade Water & Sewer Department	35.2959
Polk County	36.99
City of Winter Haven	37.31
Volusia County-West	37.42
Emerald Coast Water Authority	37.82
City of Coral Springs	38.38
City of Deltona	39.70
Gainesville Regional Utilities (GRU)	41.75
City of Bartow	41.76
City of Bradenton	48.65
Fort Pierce Utility Authority	50.90
City of Titusville	50.93
City of Fort Lauderdale	52.94
Hillsborough County	55.49
Pinellas County	58.10
City of Cocoa	60.18
City of West Palm Beach	61.5555
City of St. Petersburg	66.72
City of Daytona Beach	67.06
Charlotte County	73.53
City of Fort Myers	80.74
City of Clearwater	87.85
Florida Keys Aqueduct Authority	92.31

Industrial Water-Inside Rate
2" Meter 370,000 Gallons
FY 2018-2019

Water Utility	Amount
City of Ocala	596.366
Orlando Utility Commission/City of Orlando	621.71
Orange County	629.67
City of Haines City	647.08
Marion County	693.89
City of Tallahassee	760.186
Citrus County	788.66
Jacksonville Electric Authority (JEA)	789.00
City of Lakeland	**869.85**
Manatee County	899.76
City of Plant City	937.76
Emerald Coast Water Authority	987.55
City of Auburndale	998.87
City of Coral Springs	1,140.12
City of Deltona	1,350.08
City of Winter Park	1,393.78
Fort Pierce Water Authority	1,429.12
Gainesville Regional Utilities (GRU)	1,444.50
City of Bradenton	1,466.61
City of Titusville	1,608.93
City of Winter Haven	1,685.75
City of Sanford	1,707.19
City of Bartow	1,739.20
City of St. Petersburg	1,764.93
Pinellas County	1,904.90
Charlotte County	1,921.53
Volusia County-West	1,932.26
City of Fort Lauderdale	2,006.02
City of Tampa	2,038.483
City of Daytona Beach	2,077.83
City of Cocoa	2,490.61
Miami-Dade Water & Sewer Department	2,694.722
City of West Palm Beach	2,831.15
City of Clearwater	3,031.75
Hillsborough County	3,114.31
Polk County	3,337.24
City of Fort Myers	3,615.71
Florida Keys Aqueduct Authority	3,962.72

Source: Water Utilities

CAPITAL IMPROVEMENT PLAN

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

- Production
- Transmission and Distribution
- Engineering
- Miscellaneous

The capital improvements budgeted for FY 2019 were $44,246,079. Budgeted CIP expenses for FY 2019 consisted of the following:

Summary of Capital Improvement Plan for FY 2019

Expenses	FY 2019
Production	$ 16,379,353
Transmission & Distribution	13,695,397
Engineering	1,618,509
Miscellaneous	12,552,820
Total Expense	$ 44,246,079

Source: Water Utilities

OPERATING STATISTICS

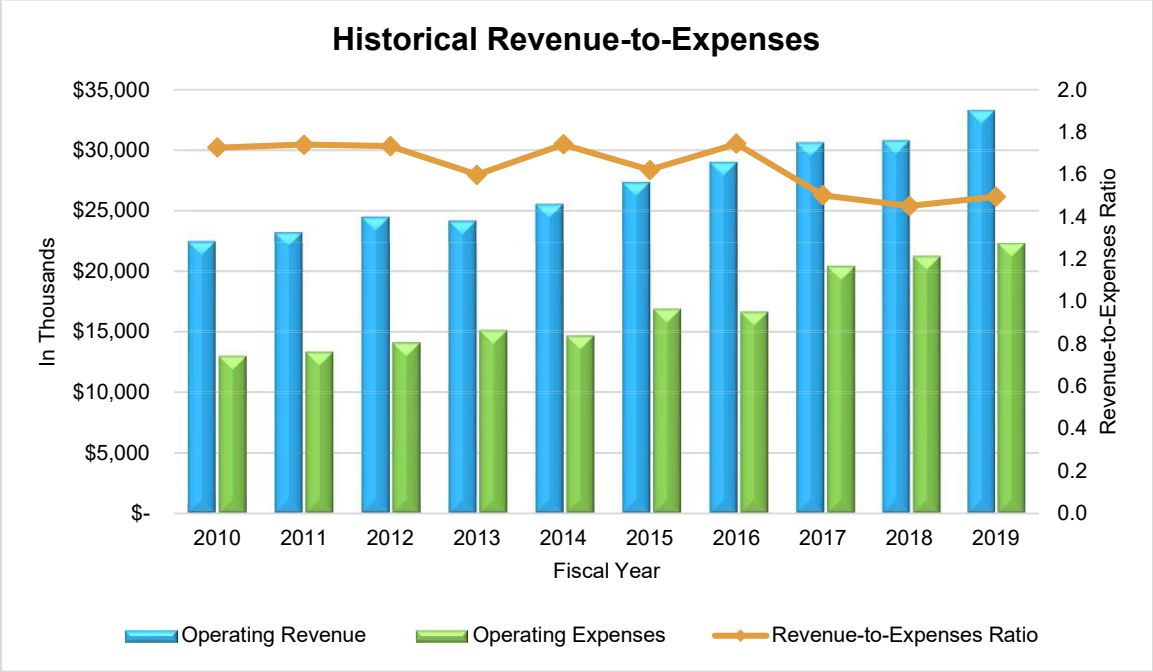
A 5-year history of select water system operating statistics is shown in the table below. The quantity of water sold between Fiscal Years 2015 and 2019 has fluctuated between a low of 6.9 billion gallons in FY 2015 and 7.37 billion gallons in FY 2017. In FY 2019, water sales increased by approximately 84 million gallons and gross revenues increased $1.7 million over FY 2018, while operating expenses increased by $1.2 million over the same period. The water utility revenues were sufficient to transfer $5,656,220 to the general fund in FY 2019.

Historical Water Utility Operating Statistics

	For Fiscal Year Ended September 30,				
	2015	2016	2017	2018	2019
Water Produced[1]	7,537.9	7,646.7	7,823.8	7,625.8	8,010.3
Unaccounted-for Water[1]	(627.5)	(697.6)	(455.0)	(432.3)	(732.4)
Water Sold[1]	6,910.4	6,949.2	7,368.8	7,193.5	7,277.9
Customers	54,322	56,750	56,334	58,040	58,774
Gross Revenues[2]	$27.674	$29.419	$31.533	$31.571	$31.281
Gross Revenues per 1,000 Gallons Water Produced	$3.67	$3.85	$4.03	$4.14	$4.15
Operating Expenses[2]	$14.483	$16.911	$16.955	$16.929	$18.132
Operating Expenses per 1,000 Gallons Water Produced	$1.92	$2.21	$2.17	$2.22	$2.26

[1]In Million Gallons
[2]In Million Dollars
Source: Water Utilities

The graph below shows historical operating revenues and operating expenses since 2010. Operating revenue-to-expense ratios increased from 1.45 in FY 2018 to 1.49 in FY 2019. The revenue-to-expenses remain favorable.



The top ten City water customers comprised 9.13% of total water distributed in FY 2019 as shown in the table below.

Top 10 Water Customers for FY 2019

Customer	Total Gallons[1]
City of Lakeland	237,845
Lakeland Regional Medical Center	127,312
Florida Southern College	77,759
Board of County Commissioners – Utilities	73,749
Owens Corning Sales, LLC	70,967
Carlton Arms of North Lakeland	47,872
First Baptist Church	44,555
Tampa Main Foods LLC	41,256
Publix Super Markets, Inc.	38,083
Pepperidge Farm, Inc.	37,673
Total Water Sales for Top 10 Customers	797,071

[1]In Thousand Gallons

Source: Water Utilities

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

Historical Debt Service Coverage
Combined Water and Wastewater Utility

Fiscal Year	Test 1[1]	Test 2[2]
2019	5.90	6.35
2018	4.75	5.15
2017	4.03	4.37
2016	5.39	5.81
2015	4.76	5.09
2014	8.28	8.71
2013	5.51	5.92
2012	4.62	4.81
2011	4.38	4.69
2010	3.74	3.97

[1]100% based on Net Operating Revenues
[2]120% Based on Net Operating Revenues Plus Available Connection Charges

Source: Water Utilities

The coverage by net operating revenues available for debt service is favorable in FY 2019 at 5.90 for the combined water and wastewater utility compared to the required coverage of 1.0. The coverage by net operating revenues plus available connection charges is 6.35 compared to the required coverage of 1.2.

SUMMARY AND CONCLUSIONS

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

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

Revenue to Expenses ratios have consistently exceeded 1.4 the past 15 years. The ability of the City to meet debt service coverage on outstanding bonds is favorable, with net revenue to debt ratio of 5.90 for the combined water and wastewater utility. Further, the revenues have sustained on-going operation and maintenance of the water system as well as capital improvements, and made contributions to the City's general fund of $5,656,220 in FY 2019. In addition, the City's ability to raise additional revenue through user charges remains favorable as its rate schedule continues to compare well to other utilities in Florida.

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WASTEWATER UTILITIES

On December 19, 2019, the City of Lakeland (City) authorized (Task Authorization CS-20-05(m)) Chastain-Skillman, Inc. (CSI) to prepare the Wastewater System Evaluation Report for FY 2019. The City has requested that CSI conduct an annual independent engineering review and evaluation of its wastewater system. This report summarizes the findings based on previous reports, interviews with City staff, wastewater system data, and financial information provided by the City. The purpose of this review is to assess whether the wastewater utility system is managed in a prudent manner consistent with typical utility practice. The City's bond covenant requires third party inspections of representative wastewater infrastructure on a biennial basis. The last inspection was completed for the FY 2017 report. Therefore, infrastructure inspections have been conducted for this current report. The inspection dates were as follows:

- Glendale RF – February 25, 2020
- West Lakeland Wasteload Reduction Facility – February 25, 2020
- Northside WWTP – February 25, 2020
- Wetlands – March 3, 2020
- Lift Stations – March 4, 2020

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

ADMINISTRATION AND ORGANIZATION

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

The Director of Water Utilities is responsible for Wastewater Collection, Wastewater Treatment, and Wetlands. Wastewater Collection has responsibility for operation and maintenance of the collection and transmission system as well as electrical and mechanical maintenance of the Wastewater Treatment Plants. Collection is divided into (1) Administration, (2) Sewer Maintenance, (3) Pump Stations, (4) Instrumentation/Electrical, and (5) Pretreatment. All positions in Collection report to the Manager of Wastewater Collection who reports to the Director of Water Utilities. Collection had 51 full-time positions and three contract positions in FY 2019.

The Manager of Wastewater Treatment is responsible for operation and maintenance of the West Lakeland Wasteload Reduction Facility, the Glendale Water Reclamation Facility (WRF), and the Northside Wastewater Treatment Plant (WWTP). The Manager reports directly to the Director of Water Utilities. Wastewater Treatment had 35 full-time positions in FY 2019.

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

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

SERVICE AREA

The wastewater service area covers approximately 149 square miles and includes most of the City limits (the City limits has a few small areas not served by City wastewater) plus portions of unincorporated Polk County, through its Chapter 180 Reserve Service Area and user agreements. Total wastewater treated in FY 2019 was approximately 4.33 billion gallons.

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

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

Projected Population and Wastewater Flows

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

Source: Wastewater Utilities

The 5-year historical wastewater utilities customer base is shown in the table below. The large increase in customers from FY 2015 and FY 2016 is partially the result of Skyview meters changing to the City of Lakeland.

Historical Wastewater Customer Base

End of FY	Inside City	Outside City	Total Customers
2019	46,648	1,852	48,500
2018	46,041	1,826	47,867
2017	45,335	1,786	47,121
2016	46,127	1,963	48,090
2015	43,744	856	44,600

Source: Wastewater Utilities

STATUS OF FACILITIES

PERMITS AND REGULATORY STATUS

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

Glendale WRF Permit Limits

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

Source: Wastewater Utility

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

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

Northside WRF Permit Limits

Parameter	Limit	
Influent Flow, MGD	12-Month Average	8.0
Effluent Carbonaceous Biochemical Oxygen Demand (CBOD5), mg/L	Annual Average	20
	Monthly Average	30
	Weekly Average	45
	Single Sample	60
Effluent Total Suspended Solids (TSS), mg/L	Annual Average	20
	Monthly Average	30
	Weekly Average	45
	Single Sample	60
Effluent pH, SU	6.0 – 8.5	
Effluent Fecal Coliform, #/100 mL	Annual Average	200
	Monthly Average	200 (Geometric Mean)
	Single Sample	800
Effluent Chlorine Residual, mg/L	Single Sample	0.5

Source: Wastewater Utility

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

Wetland Effluent Limits

Parameter	Limit	
Influent Flow, MGD	12-Month Average	20.0
Effluent Carbonaceous Biochemical Oxygen Demand (CBOD5), mg/L	Annual Average	6
	Monthly Average	6.25
	Weekly Average	7.5
	Single Sample	10
Effluent Total Suspended Solids (TSS), mg/L	Annual Average	6
	Monthly Average	6.25
	Weekly Average	7.5
	Single Sample	10
Total Nitrogen, mg/L	Annual Average	3
	Monthly Average	3.75
	Weekly Average	4.5
	Single Sample	6
Effluent pH, SU	6.0 – 8.5	
Dissolved Oxygen, mg/L	Single Sample	5.0
Specific Conductance, umhos/cm	1275 or 1.5 Times Background	
Total Nitrogen, tons/yr.	Annual Total	30.3
	5-Year Average	20.2
Chronic Whole Effluent Toxicity	Quarterly Monitoring	NOEC: 100%

Source: Wastewater Utility

COLLECTION AND TRANSMISSION SYSTEM

The Lakeland wastewater collection and transmission system includes approximately 335 miles of 6-inch to 48-inch diameter gravity sewer, 128 miles of 4-inch to 30-inch diameter force main, and 181 pump stations. Most of the City's pump stations are equipped with telemetry, allowing City personnel to monitor their status and collect data from each pump station. This data is accessible from a central location at the Glendale facility. All pump stations are equipped with high wetwell level alarms. All pump stations are equipped with standby power generators or portable generator receptacles. All pump stations are protected from intrusion by locking hatch covers and electrical panels. Larger stations are equipped with additional security features such as fencing, building enclosures, intrusion alarms, and video cameras. The smaller pump stations are inspected twice per month. The master pump stations are inspected daily by Collection System personnel. The City annually funds pump, panel, and generator replacement at its pump stations. An adequate supply of replacement parts and materials are maintained at the utility's warehouse.

The City maintains a continuous renewal and maintenance program to ensure reliable service. This program includes cleaning, video inspection, smoke testing, and lining and point repairs of sewers and manholes. The City schedules inspection and cleaning such that the entire collection system is covered in approximately 10-year cycles. The table below summarizes the maintenance activities performed on the collection and transmission system from FY 2015 through FY 2019. Approximately 19% of the collection system lines were cleaned and 2% televised in FY 2019. The City reports no increase in public complaints of odor or other issues. CIS found that the collection system appears to be well maintained and noted no areas of concern.

Collection System Maintenance (FY 2015 – FY 2019)

Activity	2015	2016	2017	2018	2019
Work Orders Processed	29,540	30,555	30,223	22,122	22,816
Lines Televised (feet)	40,795	13,145	24,817	22,241	32,482
Lines Cleaned (feet)	309,770	256,314	275,989	273,233	328,010
Liners Installed (feet)	21,958	21,342	28,367	15,815	10,420

Source: Wastewater Utilities

WASTEWATER TREATMENT FACILITIES

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

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

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

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

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

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

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

The Glendale facility operated well within its permit limits in 2019. The current Updated Capacity Analysis Report (2015) for the facility projected an average influent flow of 9.72 mgd in 2019 and increasing to 10.11 mgd by 2025. The table on the next page shows the influent flow at the Glendale facility in recent years. Population and flow projections suggest the hydraulic capacity of the facility will not be reached in the near future. In addition, a re-rating study completed in

January 2008 indicated the Glendale facility could be expanded to provide 15 MGD of treatment capacity with relatively minor operational changes and limited equipment procurement.

Influent Flow at Glendale WRF

Fiscal Year	Influent Flow (MGD)
2019	7.77
2018	8.19
2017	8.40
2016	8.87
2015	9.06

Source: Wastewater Utilities

The table below summarizes key effluent water quality results at Glendale WRF for FY 2019. Based on a review of effluent analyses, the facility consistently meets the discharge requirements of its operating permit.

Glendale WRF Effluent Quality Results for FY 2019

Month – Year	Average Daily Flow[1] MGD	$CBOD_5$ mg/L	TSS mg/L	pH SU	Fecal Coliform #/100 mL
Oct – 2018	7.00	2	2	6.9	1.00
Nov – 2018	6.34	2	2	6.8	1.00
Dec – 2018	7.84	2	4	6.8	1.00
Jan – 2019	7.85	2	2	6.7	1.00
Feb – 2019	8.34	3	3	6.8	1.00
Mar – 2019	7.36	3	2	6.9	1.00
Apr – 2019	6.69	3	2	6.9	1.00
May – 2019	6.45	3	2	6.9	1.19
Jun – 2019	7.62	2	2	6.8	1.00
Jul – 2019	8.48	2	2	6.8	1.25
Aug – 2019	10.91	2	2	6.9	1.00
Sep – 2019	8.37	2	2	6.9	1.00
Minimum	6.34	2	2	6.7	1.00
Maximum	10.91	3	4	6.9	1.25
Average	7.77	2	2	6.8	1.04

[1]Influent Flow

Source: Wastewater Utilities

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

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

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

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

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

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

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

The Northside facility operated well within its permit limits in 2018. The 2018 Updated Capacity Analysis Report for the facility projected an average influent flow of 4.93 mgd in 2019 and increasing to 6.21 mgd by 2028. The table below shows the influent flow at the Northside facility in recent years. Population and flow projections suggest the hydraulic capacity of the facility will not be reached in the near future.

Influent Flow at Northside WRF

Fiscal Year	Influent Flow (MGD)
2019	4.09
2018	4.07
2017	3.92
2016	3.97
2015	3.95

Source: Wastewater Utilities

The table below summarizes key effluent water quality results at Northside WRF for FY 2019.

Northside WRF Effluent Quality Results for FY 2019

Month – Year	Average Daily Flow[1] MGD	$CBOD_5$ mg/L	TSS mg/L	pH SU	Fecal Coliform #/100 mL
Oct – 2018	3.76	3	3	7.1	0
Nov – 2018	3.63	4	4	7.2	0
Dec – 2018	4.09	4	14	7.2	0
Jan – 2019	4.09	4	4	7.3	0
Feb – 2019	4.25	3	4	7.4	0
Mar – 2019	3.99	2	4	7.2	0
Apr – 2019	3.78	5	5	7.1	0
May – 2019	3.67	3	5	7.2	0
Jun – 2019	4.05	3	3	7.3	0
Jul – 2019	4.65	6	4	7.0	0
Aug – 2019	5.00	3	4	7.0	0
Sep – 2019	4.17	3	4	7.2	0
Minimum	3.63	2	3	7.0	0
Maximum	5.00	6	14	7.4	0
Average	4.09	5	5	7.2	0

[1]Influent Flow

Source: Wastewater Utilities

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

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

CONSTRUCTED WETLANDS SYSTEM AND EFFLUENT DISPOSAL

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

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

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

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

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

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

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

The Wetlands System discharged approximately 13.4 tons of total nitrogen to the Alafia River during the 2019 fiscal year. In FY 2019, TECO pumped approximately 1.8 billion gallons from the Wetlands to its Polk Power Station for use as cooling water. This provided additional beneficial reuse and decreased pollutant loading to the Alafia River. The table below summarizes key effluent water quality results for FY 2019.

Wetlands Treatment System Effluent Quality Results for FY 2019

Mon – Year	Average Daily Flow MGD	$CBOD_5$ mg/L	TSS mg/L	Total Nitrogen mg/L	Total Phosphorus mg/L	Dissolved Oxygen mg/L	pH SU	Conductivity umhos/cm	Fecal Coliform #/100 mL
Oct – 2018	2.043	2.5	3.2	1	2.1	5.90	7.46	1,205	-
Nov – 2018	-	-	-	-	-	-	-	-	-
Dec – 2018	-	-	-	-	-	-	-	-	-
Jan – 2019	7.865	1.7	3.7	0.8	2.7	8.57	7.32	1,226	17
Feb – 2019	13.899	2.3	3.4	1	2.5	7.69	7.25	1,129	10
Mar – 2019	7.309	2	3.9	0.9	2.6	7.67	7.24	1,045	22
Apr – 2019	-	-	-	-	-	-	-	-	-
May – 2019	-	-	-	-	-	-	-	-	-
Jun – 2019	-	-	-	-	-	-	-	-	-
Jul – 2019	2.191	2.4	4.7	1.1	3.1	6.76	7.10	1,064	92
Aug – 2019	11.612	2.6	3.1	1	2.6	6.71	7.14	992	147
Sep – 2019	12.233	3.5	2.4	0.8	2.9	7.11	7.30	1,092	98
Minimum	--	1.7	2.4	0.8	2.1	5.90	7.10	992	-
Maximum	13.899	3.5	4.7	1.1	3.1	8.57	7.46	1,226	147
Average	9.406	2.4	3.5	0.9	2.7	7.20	7.26	1,107	55

Source: Wastewater Utility

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

The wetlands are now open to the public as Se7en Wetlands Park. The park features 8.5 miles of trails around two of the wetlands cells, and ultimately will be expanded to 22 miles of trail when complete. The trail offers views of a diverse community of plant and animal species. The park opened in April 2018. CSI noted that the constructed wetlands system appears to be well maintained with no areas of concern noted.

IMPROVEMENTS

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

- Woodbrook L4420 Bypass Pump Installation – The installation of the first bypass pump project was completed in 2019. The bypass pump system was installed over a traditional permanent generator option. The pump will supply emergency backup pumping for the station for not only power loss, but will also run if there is a double pump fail or if additional pumping capacity is required during major storm events.
- South Florida Ave Manhole Replacement – Phase I – Phase I of the project involved replacing 2 old flush tank manholes with traditional manholes. The flush tank manholes were initially installed in the 1920's and would not allow the CIPP lining of the connecting line segments. Replacement involved closing the two inside lanes and center lane on S. Florida Ave just south of downtown Lakeland. Phase II will be done in FY 2020.
- Upgraded Controls at Publix (L0790) and Westside (L0730) Pump Stations – Upgraded to standardized controls. The upgrades allow electrical group to work on issues without relying on contractors, increasing the productivity and reliability of the collection system.
- Glendale WRF Energy Efficiencies/Digestion System Improvements (SRL) – Install facilities to capture and scrub digester gases to produce electricity with a generator. Project 99% complete – State Revolving Loan project.
- Glendale WRF Sludge Dewatering Process Improvements – Added 2 Centrisys centrifuges, project complete once the fire detection system passes an inspection.
- Glendale WRF Repair/Replace Splitter Box 2 – New splitter box currently under construction.
- Glendale WRF Primary #1 Replace Clarifier Equipment – Project nearly completed, waiting on the availability of equipment to resolve a warranty issue.
- Northside WWTP Controls – Fiber has been run to all process buildings and now smaller projects are commencing that will upgrade capabilities for the facility.
- Northside WWTP Generator & Switch Gear Replacement – Project completed.
- Northside WWTP Repair of Headworks Splitter Box – Engineering drawings nearly complete, awaiting final selection of equipment before going to bid.
- Western Trunk Manhole Rehab – Rehab or replace existing manholes along the western trunk line.
- Griffin Road 24" Sanitary Sewer – Project to replace existing gravity line – in design phase.
- Citrus Woods Emergency SFM Repair – Repair and relocation complete. Waiting on Polk County to restore ditch before final work can be done.
- Citrus Woods L3865 Forcemain Upsizing – Project in design phase.
- English Oaks Phase III Design – Completion of the SW wastewater capacity expansion, design to be completed in 2020 – State Revolving Loan project.

- English Oaks Phase III Construction – Completion of the SW wastewater capacity expansion, construction has started, multiple year project – State Revolving Loan project.
- Reverse Eutrophication/Wetlands Ecosystem – A study to evaluate overall wetland nutrient & TSS performance efficiency and identify performance improvement alternatives.

WASTEWATER RATES

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

Water pollution control charges (impact fees) are one-time charges for wastewater capacity. The impact fee for FY 2019 was $1,916 per equivalent inside City residential connection. The tables below summarize impact fees and the rate schedule for FY 2019.

Pollution Control/Sanitary Sewer Impact Fees for FY 2019

Description	Inside City	Outside City
Detached Single Family – 250 gpd per unit	$1,916	$2,395
Multi-family/Attached Single Family/Mobile Homes – 244 gpd per unit	$1,798	$2,248
Commercial/Industrial – per gallon per day	$7.37	$9.22
BOD – per lb. per day	$389	$486
TSS – per lb. per day	$90	$113
Total N – per lb. per day	$590	$738

Source: Wastewater Utilities

Wastewater Rate Schedule for FY 2019

	Fixed Charge		Volume Charge per 1000 gals	
Classification	Inside City	Outside City	Inside City	Outside City
Residential – Individually Metered[1]	$18.57	$23.21	$4.16	$5.21
Residential – Master Metered[1]	$15.96	$19.94	$4.16	$5.21
Commercial/Industrial Meter Size (inches)			$4.16	$5.21
5/8’ to 3/4"	$18.57	$23.21	$4.16	$5.21
1”	$50.09	$62.62	$4.16	$5.21
1 1/2"	$90.36	$112.94	$4.16	$5.21
2”	$200.95	$251.21	$4.16	$5.21
3”	$503.41	$629.26	$4.16	$5.21
4”	$749.91	$937.37	$4.16	$5.21
6”	$1,386.71	$1,733.39	$4.16	$5.21
8” and Above	$2,347.99	$2,935.00	$4.16	$5.21

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

Source: Wastewater Utilities

A comparative water and wastewater rate study for FY 2018-2019 was conducted by S. D. Southerland, Data Analyst, Lakeland Water Utilities in January 2019. This study compared City rates to representative utilities throughout the State and included comparisons of both base (fixed) and volume rates. The City’s rates compare favorably to other utilities. Surveyed residential rates (inside) for 12,000 gallons ranged from $38.46 to $219.67 with a median rate of $78.44. The City of Lakeland rate was $70.15. Surveyed industrial rates (inside) for 150,000 gallons ranged from $437.48 to $2,732.65 with a median rate of $982.03. The City of Lakeland rate was $844.97.

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

Water Utility	Amount
City of Auburndale	38.46
City of Bartow	39.12
Hillsborough County	53.07
City of Ocala	54.16
Marion County	56.97
Citrus County	65.08
Orange County	65.93
City of Haines City	68.04
City of Winter Haven	68.07
City of Winter Park	68.75
City of Bradenton	69.99
City of Lakeland	**70.15**
Fort Pierce Utility Authority	72.26
Manatee County	72.84
City of West Palm Beach	73.17
City of Coral Springs	74.82
City of Sanford	75.74
City of Tampa	77.81
Orlando Utility Commission/City of Orlando	78.26
Volusia County – West	78.62
Polk County	81.50
Jacksonville Electric Authority (JEA)	84.30
Charlotte County	84.50
Pinellas County	84.52
Gainesville Regional Utility (GRU)	85.06
City of Plant City	87.17
Miami-Dade Water & Sewer Department	89.49
City of Tallahassee	95.16
Emerald Coast Water Authority	101.23
City of Cocoa	106.25
City of Fort Lauderdale	106.52
City of St. Petersburg	108.96
City of Titusville	109.16
City of Daytona Beach	123.40
Florida Keys Aqueduct Authority	124.41
City of Clearwater	127.56
City of Fort Myers	179.15
City of Deltona	219.67

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

Water Utility	Amount
City of Bartow	437.48
Hillsborough County	717.00
Orange County	721.76
City of Bradenton	785.72
City of Winter Park	812.44
City of Winter Haven	817.61
Pinellas County	832.66
City of Coral Springs	841.32
City of Lakeland	**844.97**
City of Ocala	861.68
Volusia County – West	882.90
City of Haines City	896.42
Manatee County	913.28
City of West Palm Beach	920.13
City of Sanford	953.88
Gainesville Regional Utilities (GRU)	958.60
Charlotte County	972.43
City of Tampa	972.59
Fort Pierce Utility Authority	973.84
City of Auburndale	990.22
City of Plant City	1,013.31
Marion County	1,041.36
Jacksonville Electric Authority (JEA)	1,071.30
City of Tallahassee	1,100.87
Orlando Utility Commission/City of Orlando	1,157.36
Emerald Coast Water Authority	1,180.21
City of Fort Lauderdale	1,182.57
Citrus County	1,211.70
Polk County	1,261.08
City of St. Petersburg	1,274.52
City of Cocoa	1,278.46
Miami-Dade Water & Sewer Department	1,306.52
City of Daytona Beach	1,490.75
City of Titusville	1,563.65
Florida Keys Aqueduct Authority	1,788.19
City of Fort Myers	2,170.28
City of Clearwater	2,476.79
City of Deltona	2,732.65

Source: Wastewater Utilities

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CAPITAL IMPROVEMENT PLAN

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

Summary of Capital Improvement Plan for FY 2019

Expenses	FY 2019
Collection System	$ 18,504,289
Pump Stations	1,902,835
Treatment Plants	9,964,290
Wetlands	1,406,391
Engineering	1,459,501
Miscellaneous	2,149,348
Total Expense	$ 35,386,654

Source: Water Utilities

OPERATING STATISTICS

A 5-year history of select wastewater operating statistics is shown in the following table. The quantity of wastewater treated in FY 2019 was approximately 143 million gallons less than in FY 2018. Gross revenues increased in FY 2019 by $1.66 million compared to FY 2018. Operating expenses decreased by $0.54 million over the same period, but increased by $0.08 per 1,000 gallons treated.

Historical Wastewater Utility Operating Statistics

	For Fiscal Year Ended September 30,				
	2015	2016	2017	2018	2019
Wastewater Treated, Million Gallons	4,749	4,679	4,496	4,474	4,331
Customers	44,600	48,090	46,253	47,867	48,500
Gross Revenues, in Millions	$27.857	$30.562	$32.187	$32.702	$34.362
Gross Revenues per 1000 Gallons	$5.87	$6.53	$7.16	$7.31	$7.93
Operating Expenses, in Millions	$16.913	$15.758	$18.869	$24.508	$23.967
Operating Expenses per 1000 Gallons	$3.56	$3.37	$4.19	$5.45	$5.53

Source: Wastewater Utilities

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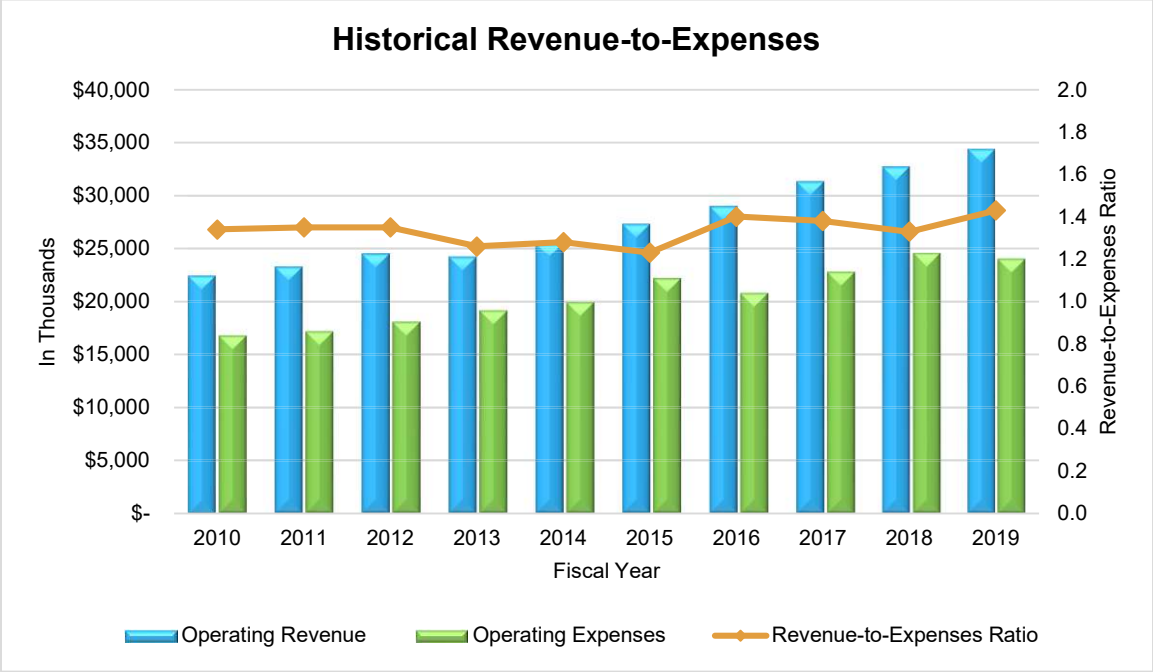
The chart below shows historical operating revenues and operating expenses since 2010. The revenue-to-expense ratio peaked in FY 2019 at 1.43. The ratios have remained stable during the last ten years, ranging from 1.23 to 1.43.



Ten City wastewater customers comprised 16.2% of total wastewater treated in FY 2019 as shown in the table below.

Top 10 Wastewater Customers for FY 2019

Customer	Total Gallons[1]
Publix Super Markets, Inc.	314,924
Refresco Florida, Inc.	96,833
Lakeland Regional Medical Center	78,275
Polk County School Board (PCSB)	36.353
Florida Southern College	36,246
Aqua Clean Environmental, Inc.	33,406
Tampa Maid Foods, LLC	31,988
Southeastern University	25,961
City of Lakeland	25,151
CSX	21,685
Total Wastewater Sales for Top 10 Customers	700,822

[1]In Thousand Gallons

Source: Wastewater Utilities

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

Historical Debt Service Coverage
Combined Water and Wastewater Utility

Fiscal Year	Test 1[1]	Test 2[2]
2019	5.90	6.35
2018	4.75	5.15
2017	4.03	4.37
2016	5.39	5.81
2015	4.76	5.09
2014	8.28	8.71
2013	5.51	5.92
2012	4.62	4.81
2011	4.38	4.69
2010	3.74	3.97

[1]100% based on Net Operating Revenues
[2]120% Based on Net Operating Revenues Plus Available Connection Charges

Source: Wastewater Utilities

The coverage by net operating revenues available for debt service is favorable in FY 2019 at 5.90 for the combined water and wastewater utility compared to the required coverage of 1.0. The coverage by net operating revenues plus available connection charges is 6.35 compared to the required coverage of 1.2. The wastewater contribution to the general fund in FY 2019 was $3,133,191.

SUMMARY AND CONCLUSIONS

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

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

SUMMARIZED BOND INFORMATION – WATER AND WASTEWATER

WATER AND WASTEWATER REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2012A

$37,325,000

SERIAL AND TERM BONDS DATED AUGUST 29, 2012

CUSIP NUMBERS

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

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

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

OPTIONAL REDEMPTION

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

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

MANDATORY REDEMPTION

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

Date	Principal Amount	Date	Principal Amount
October 1, 2030	$2,945,000	October 1, 2031	$3,065,000
October 1, 2032*	3,185,000		

* Final maturity

AGENTS

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

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

Date	Maturity	Interest	Total
1-Oct-2019	$ 1,730,000	$ 791,075	$ 2,521,075
1-Apr-2020		752,150	752,150
1-Oct-2020	1,805,000	752,150	2,557,150
1-Apr-2021		707,025	707,025
1-Oct-2021	1,900,000	707,025	2,607,025
1-Apr-2022		659,525	659,525
1-Oct-2022	1,995,000	659,525	2,654,525
1-Apr-2023		609,650	609,650
1-Oct-2023	2,090,000	609,650	2,699,650
1-Apr-2024		557,400	557,400
1-Oct-2024	2,195,000	557,400	2,752,400
1-Apr-2025		502,525	502,525
1-Oct-2025	2,305,000	502,525	2,807,525
1-Apr-2026		444,900	444,900
1-Oct-2026	2,420,000	444,900	2,864,900
1-Apr-2027		384,400	384,400
1-Oct-2027	2,545,000	384,400	2,929,400
1-Apr-2028		320,775	320,775
1-Oct-2028	2,670,000	320,775	2,990,775
1-Apr-2029		254,025	254,025
1-Oct-2029	2,805,000	254,025	3,059,025
1-Apr-2030		183,900	183,900
1-Oct-2030	2,945,000	183,900	3,128,900
1-Apr-2031		125,000	125,000
1-Oct-2031	3,065,000	125,000	3,190,000
1-Apr-2032		63,700	63,700
1-Oct-2032	3,185,000	63,700	3,248,700
	$ 33,655,000	$ 11,921,025	$ 45,576,025

WATER AND WASTEWATER CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2015

$10,600,000

NOTE DATED NOVEMBER 12, 2015

CUSIP NUMBERS

NA

PURPOSE

The Series 2015 Note was issued to (i) finance certain cost of acquiring, constructing and equipping certain water and wastewater capital projects; and (ii) pay the cost of issuance of the 2015 Note.

SECURITY

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

INSURANCE

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

RATINGS

NA

OPTIONAL REDEMPTION

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

MANDATORY REDEMPTION

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

Date	Principal Amount	Date	Principal Amount
October 1, 2016	$598,757	October 1, 2017	$613,247
October 1, 2018	628.087	October 1, 2019	643,287
October 1, 2020	658,854	October 1, 2021	674,799
October 1, 2022	691,129	October 1, 2023	707,854
October 1, 2024	724,984	October 1, 2025*	4,659,002

*Final Maturity

AGENTS

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

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

Date	Maturity	Interest	Total
1-Oct-2019	$ 643,287	$ 105,995	$ 749,282
1-Apr-2020		98,211	98,211
1-Oct-2020	658,854	98,211	757,065
1-Apr-2021		90,239	90,239
1-Oct-2021	674,799	90,239	765,038
1-Apr-2022		82,074	82,074
1-Oct-2022	691,129	82,074	773,203
1-Apr-2023		73,711	73,711
1-Oct-2023	707,854	73,711	781,565
1-Apr-2024		65,146	65,146
1-Oct-2024	724,984	65,146	790,130
1-Apr-2025		56,374	56,374
1-Oct-2025	4,659,002	56,374	4,715,376
	$ 8,759,909	$ 1,037,505	$ 9,797,414

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CAPITAL IMPROVEMENT REVENUE BONDS

PLEDGED REVENUES

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

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

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

COVENANT TO BUDGET AND APPROPRIATE

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

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

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

NON-AD VALOREM REVENUES

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

Non-Ad-Valorem Revenues

	Fiscal Year Ended September 30,				
	2015	2016	2017	2018	2019
General Fund Revenues:					
Utility taxes	$ 14,664,431	$ 14,831,216	$ 14,735,018	$ 14,758,072	$ 15,436,866
Franchise fees	225,994	242,656	234,659	247,128	265,961
State shared revenues					
Half-cent sales tax	5,656,163	6,202,015	6,292,201	6,586,865	6,997,382
Cigarette taxes	2,443,691	2,550,919	2,699,611	2,805,371	2,943,228
Mobile home license fees	208,150	217,330	232,445	246,617	260,395
Alcoholic beverage licenses	89,776	86,116	93,563	88,162	92,373
Firefighter training	58,355	36,739	69,520	64,346	70,124
Charges for services	4,373,111	4,247,190	5,752,946	7,043,577	6,695,201
Licenses & permits	3,962,233	4,289,098	3,886,903	4,843,389	5,040,190
Miscellaneous					
Interest & change in market value	842,814	1,264,937	918,353	784,240	3,132,055
Rents	59,598	57,265	159,257	157,137	175,958
Sales of fixed assets	4,000	263,487	234,131	300,000	24,096
Other	990,183	1,214,419	1,817,470	1,513,743	1,741,993
Transfers from select funds[1]	38,254,920	38,087,177	39,108,076	39,633,409	41,239,804
Sub-total	$ 71,813,419	$ 73,590,564	$ 76,234,153	$ 79,072,183	$ 84,115,626
Public Improvement Fund:					
Charges for services	$ 426,932	$ 479,625	$ 494,509	$ 514,948	$ 542,185
Sale of fixed assets	13,915	1,003,333	589,957	365,357	-
Interest & change in market value	222,885	2,857,560	1,615,180	829,548	1,491,807
Hospital lease payments	12,100,000	39,154,750	13,619,256	13,993,785	14,378,614
Other	(2,096,884)	2,728,926	4,375,256	2,232,060	2,158,494
Sub-total	$ 10,666,848	$ 46,224,194	$ 20,694,158	$ 17,935,698	$ 18,571,100
Transportation Fund:					
Interest & change in market value	$ 80,058	$ 123,620	$ (73,586)	$ 74,592	$ 446,771
Other	2,586,285	2,010,362	4,855,590	1,394,213	41,085
Sub-total	$ 2,666,343	$ 2,133,982	$ 4,782,004	$ 1,468,805	$ 487,856
Total non-ad valorem revenues	$ 85,146,610	$ 121,948,740	$ 101,710,315	$ 98,476,561	$ 103,174,582

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

Source: City of Lakeland Comprehensive Annual Financial Report (CAFR) for Fiscal Years 2015-2019.

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

Historical Governmental Revenues and Expenditures

	Fiscal Year Ended September 30,				
	2015	2016	2017	2018	2019
Governmental Sources of Revenue					
Ad-valorem taxes	$ 21,190,752	$ 27,350,195	$ 29,275,040	$ 32,089,014	$ 34,147,251
Plus, legally available non-ad valorem revenues	85,146,610	121,948,740	101,710,315	98,476,561	103,174,582
Plus, restricted non-ad valorem revenues					
Federal grants & assistance[1]	55,765	1,081,515	898,350	426,055	2,883,298
State grants & assistance[1]	2,484,890	1,154,467	3,486,171	3,004,913	2,424,199
Local grants & assistance[1]	1,793,825	1,895,481	2,907,888	2,367,769	2,542,592
Local option gasoline tax[2]	5,214,687	5,436,168	5,584,212	5,828,014	6,060,783
Fines & forfeits[3]	1,718,661	2,525,373	2,444,708	2,436,143	2,557,311
Other governmental funds[4]	13,511,428	15,198,004	14,931,249	18,238,607	24,417,582
Total revenues	131,116,618	176,589,943	161,237,933	162,867,076	178,207,688
Plus, other revenue sources					
Proceeds from debt	46,824,935	7,470	3,302,556	1,901,613	16,181,890
Operating transfers in	6,350,019	7,197,240	10,299,237	7,528,381	9,981,607
Operating transfers out	(13,511,571)	(12,210,614)	(13,393,423)	(12,526,295)	(15,226,610)
Total other financing sources	39,663,383	(5,005,904)	208,370	(3,096,301)	10,936,887
Total revenues and other sources	$ 170,780,001	$ 171,584,039	$ 161,446,303	$ 159,770,775	$ 189,144,575
General Government Expenditures					
General government	12,580,992	28,769,624	14,148,310	16,046,396	15,494,226
Public safety	56,737,346	58,731,548	61,224,273	64,305,992	66,269,747
Physical environment	6,546,813	6,803,399	8,372,184	11,753,636	7,856,165
Transportation	11,047,810	12,320,329	11,483,530	13,433,261	13,957,845
Economic environment	2,766,183	4,113,926	4,842,624	10,681,175	10,537,611
Human services	164,557	162,184	201,972	292,272	373,920
Culture/recreation	18,736,157	19,490,098	23,667,143	23,677,487	24,280,528
Capital outlay	12,119,034	36,598,813	34,608,536	9,997,104	18,854,989
Debt service	10,890,788	9,337,158	14,668,894	9,671,962	8,387,159
Total general expenditures	$ 131,589,680	$ 176,327,079	$ 173,217,466	$ 159,859,285	$ 166,012,190
Fund balance, beginning of year[5]	$ 60,956,101	$ 100,146,422	$ 95,403,382	$ 83,632,219	$ 83,543,709
Net change in fund balances	39,190,321	(4,743,040)	(11,771,163)	(88,510)	23,132,385
Fund balance, end of year[5]	$ 100,146,422	$ 95,403,382	$ 83,632,219	$ 83,543,709	$ 106,676,094

[1]The use of such moneys is restricted as provided in the provisions of the respective grants and assistance.
[2]Local option gasoline tax revenues are restricted for transportation related expenditures.
[3]Fines and forfeits revenues may only be used to pay court related fees and costs.
[4]Represents all other restricted non-ad valorem revenues in Special Revenue and Trust funds (other than enterprise).
[5]Fund balance consists of aggregate balance in General Fund, Public Improvement Fund, and all other governmental funds.

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TOURIST DEVELOPMENT TAX

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

POLK COUNTY ORDINANCE

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

INTERLOCAL AGREEMENT

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

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

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

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

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

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

REVENUES GENERATED

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

Tourist Development Tax Revenues

Year	Incorporated Area cent	Unincorporated Area half-cent	Total "fourth-cent"	Total "fifth-cent"
2019	485,336	2,331,182	2,816,519	2,816,519
2018	540,998	2,161,101	2,702,100	2,702,099
2017	478,121	1,754,102	2,232,223	2,232,223
2016	418,355	1,661,853	2,080,208	2,080,208
2015	400,202	1,437,025	1,837,227	1,837,227
2014	361,867	1,214,301	1,576,168	1,576,168
2013	348,277	1,081,378	1,429,655	1,429,655
2012	225,841	1,111,062	1,336,903	1,336,903
2011	223,236	1,069,336	1,292,572	1,292,572
2010	192,665	1,004,643	1,197,308	1,197,308

Source: Polk County

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

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

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SUMMARIZED BOND INFORMATION – CAPITAL IMPROVEMENT

CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS, SERIES 2010A

$48,490,000

SERIAL BONDS DATED SEPTEMBER 30, 2010

CUSIP NUMBERS

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

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

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

MANDATORY REDEMPTION

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

OPTIONAL REDEMPTION

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

AGENTS

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

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

Date	Maturity	Interest	Total
1-Oct-2019	$ 2,970,000	$ 194,706	$ 3,164,706
1-Apr-2020		120,457	120,457
1-Oct-2020	2,015,000	120,456	2,135,456
1-Apr-2021		90,232	90,232
1-Oct-2021	1,350,000	90,231	1,440,231
1-Apr-2022		56,482	56,482
1-Oct-2022	1,445,000	56,481	1,501,481
1-Apr-2023		28,626	28,626
1-Oct-2023	1,145,000	28,619	1,173,619
	$ 8,925,000	$ 786,290	$ 9,711,290

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TAXABLE CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS, SERIES 2010B

$10,140,000

TERM BONDS DATED SEPTEMBER 30, 2010

CUSIP NUMBERS

511662AS7

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

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

MANDATORY REDEMPTION

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

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

* Final maturity

MAKE WHOLE OPTIONAL REDEMPTION

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

AGENTS

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

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

Date	Maturity	Interest	Total
1-Oct-2019	$ 1,140,000	$ 51,121	$ 1,191,121
1-Apr-2020		26,002	26,002
1-Oct-2020	1,180,000	26,001	1,206,001
	$ 2,320,000	$ 103,124	$ 2,423,124

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TAXABLE CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS, SERIES 2010C

$21,115,000

TERM BONDS DATED SEPTEMBER 30, 2010

CUSIP NUMBERS

511662AT5 511662AU2

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

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

MANDATORY REDEMPTION

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

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

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

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

EXTRAORDINARY MAKE-WHOLE OPTIONAL REDEMPTION

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

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

AGENTS

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

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

Date	Maturity	Interest	Total
1-Oct-2019	$ -	$ 410,589	$ 410,589
1-Apr-2020		410,588	410,588
1-Oct-2020		410,589	410,589
1-Apr-2021		410,588	410,588
1-Oct-2021		410,589	410,589
1-Apr-2022		410,588	410,588
1-Oct-2022		410,588	410,588
1-Apr-2023		410,588	410,588
1-Oct-2023		410,588	410,588
1-Apr-2024		410,588	410,588
1-Oct-2024	1,250,000	410,589	1,660,589
1-Apr-2025		386,501	386,501
1-Oct-2025	1,305,000	386,502	1,691,502
1-Apr-2026		361,355	361,355
1-Oct-2026	1,320,000	361,355	1,681,355
1-Apr-2027		335,920	335,920
1-Oct-2027	1,370,000	335,920	1,705,920
1-Apr-2028		309,521	309,521
1-Oct-2028	1,425,000	309,522	1,734,522
1-Apr-2029		282,062	282,062
1-Oct-2029	1,480,000	282,062	1,762,062
1-Apr-2030		253,544	253,544
1-Oct-2030	1,525,000	253,544	1,778,544
1-Apr-2031		224,158	224,158
1-Oct-2031	1,445,000	224,158	1,669,158
1-Apr-2032		195,845	195,845
1-Oct-2032	1,500,000	195,845	1,695,845
1-Apr-2033		166,453	166,453
1-Oct-2033	1,190,000	166,453	1,356,453
1-Apr-2034		143,136	143,136
1-Oct-2034	930,000	143,136	1,073,136
1-Apr-2035		124,913	124,913
1-Oct-2035	965,000	124,913	1,089,913
1-Apr-2036		106,005	106,005
1-Oct-2036	1,000,000	106,005	1,106,005
1-Apr-2037		86,411	86,411
1-Oct-2037	1,040,000	86,410	1,126,410
1-Apr-2038		66,033	66,033
1-Oct-2038	1,080,000	66,032	1,146,032
1-Apr-2039		44,871	44,871
1-Oct-2039	1,120,000	44,871	1,164,871
1-Apr-2040		22,925	22,925
1-Oct-2040	1,170,000	22,920	1,192,920
	$ 21,115,000	$ 10,735,773	$ 31,850,773

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

CAPITAL IMPROVEMENT REFUNDING REVENUE NOTE, SERIES 2012A

$15,983,000

TERM NOTE DATED DECEMBER 20, 2012

CUSIP NUMBERS

N/A

PURPOSE

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

SECURITY

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

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

INSURANCE

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

RATINGS

N/A

MANDATORY REDEMPTION

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

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

OPTIONAL REDEMPTION

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

AGENTS

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

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

Date	Maturity	Interest	Total
1-Oct-2019	$ 1,908,000	$ 68,609	$ 1,976,609
1-Apr-2020		51,914	51,914
1-Oct-2020	1,943,000	51,914	1,994,914
1-Apr-2021		34,912	34,912
1-Oct-2021	1,977,000	34,912	2,011,912
1-Apr-2022		17,614	17,614
1-Oct-2022	2,013,000	17,613	2,030,613
	$ 7,841,000	$ 277,488	$ 8,118,488

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CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2015

$51,465,000

SERIAL BONDS DATED MAY 20, 2015

CUSIP NUMBERS

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

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

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

MANDATORY REDEMPTION

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

Date	Principal Amount	Date	Principal Amount
October 1, 2032	$2,685,000	October 1, 2033*	$2,800,000

* Final maturity

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

Date	Principal Amount	Date	Principal Amount
October 1, 2034	$2,895,000	October 1, 2035	$3,010,000
October 1, 2036*	2,320,000		

* Final maturity

OPTIONAL REDEMPTION

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

AGENTS

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

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

Date	Maturity	Interest	Total
1-Oct-2019	$ 4,375,000	$ 1,073,094	$ 5,448,094
1-Apr-2020		963,719	963,719
1-Oct-2020	4,330,000	963,719	5,293,719
1-Apr-2021		855,469	855,469
1-Oct-2021	1,785,000	855,469	2,640,469
1-Apr-2022		810,844	810,844
1-Oct-2022	1,870,000	810,844	2,680,844
1-Apr-2023		764,094	764,094
1-Oct-2023	1,965,000	764,094	2,729,094
1-Apr-2024		714,969	714,969
1-Oct-2024	2,060,000	714,969	2,774,969
1-Apr-2025		663,469	663,469
1-Oct-2025	2,035,000	663,469	2,698,469
1-Apr-2026		612,594	612,594
1-Oct-2026	2,075,000	612,594	2,687,594
1-Apr-2027		560,719	560,719
1-Oct-2027	2,180,000	560,719	2,740,719
1-Apr-2028		506,219	506,219
1-Oct-2028	2,215,000	506,219	2,721,219
1-Apr-2029		450,844	450,844
1-Oct-2029	2,325,000	450,844	2,775,844
1-Apr-2030		392,719	392,719
1-Oct-2030	2,445,000	392,719	2,837,719
1-Apr-2031		331,594	331,594
1-Oct-2031	2,570,000	331,594	2,901,594
1-Apr-2032		267,344	267,344
1-Oct-2032	2,685,000	267,344	2,952,344
1-Apr-2033		217,000	217,000
1-Oct-2033	2,800,000	217,000	3,017,000
1-Apr-2034		164,500	164,500
1-Oct-2034	2,895,000	164,500	3,059,500
1-Apr-2035		106,600	106,600
1-Oct-2035	3,010,000	106,600	3,116,600
1-Apr-2036		46,400	46,400
1-Oct-2036	2,320,000	46,400	2,366,400
	$ 45,940,000	$ 27,931,288	$ 63,871,288

TAXABLE CAPITAL IMPROVEMENT REFUNDING REVENUE NOTE, SERIES 2015

$5,000,000

NOTE DATED SEPTEMBER 29, 2015

CUSIP NUMBERS

N/A

PURPOSE

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

SECURITY

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

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

INSURANCE

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

RATINGS

N/A

OPTIONAL REDEMPTION

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

AGENTS

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

SUMMARY OF FUTURE DEBT SERVICE REQUIREMENTS

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

Maturity Date	Amount	Interest Rate
October 1, 2020	$5,000,000	LIBOR rate + 1.15%

CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2017A

$16,370,569

NOTE DATED

CUSIP NUMBERS

N/A

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

N/A

OPTIONAL REDEMPTION

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

MANDATORY REDEMPTION

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

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

* Final maturity

AGENTS

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

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

Date	Maturity	Interest	Total
1-Oct-2019	$ -	$ 174,192	$ 174,192
1-Apr-2020	1,030,797	174,192	1,204,989
1-Oct-2020		161,760	161,760
1-Apr-2021	1,055,434	161,759	1,217,193
1-Oct-2021		149,031	149,031
1-Apr-2022	1,080,659	149,031	1,229,690
1-Oct-2022		135,997	135,997
1-Apr-2023	1,106,486	135,997	1,242,483
1-Oct-2023		122,653	122,653
1-Apr-2024	1,132,932	122,652	1,255,584
1-Oct-2024		108,989	108,989
1-Apr-2025	1,160,009	108,989	1,268,998
1-Oct-2025		94,999	94,999
1-Apr-2026	1,187,733	94,999	1,282,732
1-Oct-2026		80,675	80,675
1-Apr-2027	1,216,120	80,674	1,296,794
1-Oct-2027		66,007	66,007
1-Apr-2028	1,031,583	66,007	1,097,590
1-Oct-2028		53,422	53,422
1-Apr-2029	1,056,238	53,422	1,109,660
1-Oct-2029		40,536	40,536
1-Apr-2030	1,081,482	40,536	1,122,018
1-Oct-2030		27,342	27,342
1-Apr-2031	1,107,329	27,341	1,134,670
1-Oct-2031		13,833	13,833
1-Apr-2032	1,133,793	13,832	1,147,625
	$ 14,380,595	$ 2,458,867	$ 16,839,462

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CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2017B

$15,879,855

NOTE DATED MAY 23, 2017

CUSIP NUMBERS

N/A

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

N/A

OPTIONAL REDEMPTION

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

MANDATORY REDEMPTION

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

Date	Principal Amount	Date	Principal Amount
April 1, 2018	$795,480,36	April 1, 2019	$1,159,332.60
April 1, 2020	1,187,040.65	April 1, 2021	6,292,701.04
April 1, 2022	1,929,534.48	April 1, 2023	1,239,262.72
April 1, 2024	1,064,103.50	April 1, 2025	1,089,535.65
April 1, 2026*	1,122,864.00		

* Final maturity

AGENTS

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

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

Date	Maturity	Interest	Total
1-Oct-2018	$ -	$ 158,386	$ 158,386
1-Apr-2019	1,159,333	158,385	1,317,718
1-Oct-2019	$ -	146,213	146,213
1-Apr-2020	1,187,041	146,213	1,333,254
1-Oct-2020		133,749	133,749
1-Apr-2021	6,292,701	133,749	6,426,450
1-Oct-2021		67,676	67,676
1-Apr-2022	1,929,534	67,676	1,997,210
1-Oct-2022		47,416	47,416
1-Apr-2023	1,239,263	47,415	1,286,678
1-Oct-2023		34,403	34,403
1-Apr-2024	1,064,104	34,403	1,098,507
1-Oct-2024		23,230	23,230
1-Apr-2025	1,089,536	23,230	1,112,766
1-Oct-2025		11,791	11,791
1-Apr-2026	1,122,862	11,790	1,134,652
	$ 13,925,041	$ 928,954	$ 14,853,995

SUBSEQUENT EVENTS

FLORIDA REVENUE NOTE, SERIES 2019

In November 2019, the City of Lakeland issued a Florida Revenue Note, Series 2019. The Notes take the form of a line of credit loan from Wells Fargo Bank, National Association in an amount not to exceed $32,000,000. Proceeds of the Notes will be used to temporarily finance improvements at Lakeland Linder International Airport and pay necessary an incidental issuance costs. Projects being financed include, but are not limited to: strengthening and rehabilitation of Runway 9-27, upgrading of its Instrument Landing System to Category II, installation of a new ramp area, and construction and improvements to certain hangars owned by the City including one such hanger leased by the National Oceanic and Atmospheric Administration. The Notes pay a variable rate of interest based on the utilization of the line of credit and mature on February 1, 2021. The City intends to permanently finance the aforementioned projects before the expiration of the line of credit.

TAXABLE PENSION LIABILITY REDUCTION NOTE, SERIES 2020

In March 2020, the City issued its Taxable Pension Liability Reduction Note, Series 2020 in the amount of $81,000,000. The Note, which was issued in the form of a bank loan from Toronto Dominion Bank, N.A., is a fixed rate obligation with amortizes over a period of 20 years. Proceeds of the Note are being used to reduce the unfunded liabilities in the City's three pension plans and to pay associated costs of issuance. Issuance of the note will result in net savings, in that contributions to the various pension plans will be reduced by amounts exceeding the allocable debt service on the bonds.

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GLOSSARY OF TERMINOLOGY

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

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

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

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

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

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

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

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

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

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

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

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

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

COMMITTEE ON UNIFORM SECURITIES IDENTIFICATION PROCEDURES (CUSIP)
A committee that assigns identification numbers and codes to all securities, to be used when recording all buy or sell orders.

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

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

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

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

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

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

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

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

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

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

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

DENOMINATION
The face or dollar amount for bonds which are issued.

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

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

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

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

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

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

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

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

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

FINANCIAL GUARANTY INSURANCE CORPORATION (FGIC)
An insurance company that offers insurance on the timely payment of interest and principal on municipal issues and unit investment trusts.

FINANCIAL SECURITY ASSURANCE, INC. (FSA)
An insurance company that offers insurance on the timely payment of interest and principal on municipal issues and unit investment trusts.

FITCH INVESTORS SERVICE, INC.
A rating service for corporate bonds, municipal bonds, commercial paper, and other debt obligations.

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

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

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

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

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

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

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

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

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

MOODY'S INVESTORS SERVICES
A rating service for corporate bonds, municipal bonds, commercial paper, and other debt obligations.

MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION (MBIA)
A corporation that offers insurance on the timely payment of principal and interest obligations of municipal securities. Bonds insured by MBIA usually receive AAA rating from rating services.

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

MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB)
A self-regulatory organization that regulates the issuance and trading of municipal securities. The board functions under the supervision of the SEC – it has no enforcement powers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REVENUE BOND
A bond secured by a pledged source of revenue.

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

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

STANDARD AND POOR'S CORPORATION (S&P)
An independent company that rates stock, corporate, and municipal bonds based on risk profiles, and produces and tracks the S&P indexes.

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

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

TAX-EXEMPT BOND
A municipal bond, the interest on which is exempt from federal income tax.

TERM BOND
A municipal bond issue that has a single maturity.

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

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

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

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

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

YIELD

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

ZERO COUPON BOND/CAPITAL APPRECIATION BOND

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