

ANNUAL REPORT TO BONDHOLDERS

THE CITY OF LAKELAND, FLORIDA

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2024



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Annual Report to Bondholders
of the
City of Lakeland, Florida
for the
Fiscal Year Ended September 30, 2024



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, 2024)

H. William “Bill” Mutz
Mayor

Michael L. Musick
Commissioner

Stephanie R. Madden
Commissioner

Sarah Roberts-McCarley
Commissioner

William “Bill” W. Read
Commissioner

Chad E. McLeod
Commissioner

Guy Lalonde, Jr.
Commissioner

City Administration

M. Shawn Sherrouse
City Manager

Emily Colon
Deputy City Manager

Rob Hernandez
Assistant City Manager

Michael C. Brossart
Finance Director

Palmer Davis
City Attorney

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**H. WILLIAM MUTZ
MAYOR**

April 15, 2025

To: All Relevant Parties,

On behalf of the members of the City Commission I am pleased to present the 2024 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, 2024, unless otherwise stated.

The City has also filed separately its Annual Comprehensive Financial Report (Annual Report) for the fiscal year ended September 30, 2024. The Annual Report is transmitted as a separate document to preserve the conciseness of the Annual Report to Bondholders (Bondholders Report) and to make pertinent financial information available that may be of interest to the reader. The Bondholder's Report is a supplementary document and should be reviewed in conjunction with, and not in lieu of the Annual Report to gain an understanding of the financial condition of the City.

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

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

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

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

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GENERAL & STATISTICAL INFORMATION

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

The City of Lakeland provides a full range of municipal services including public works, public safety, health and social services, and recreation and cultural activities. Additionally, the City's enterprise activities include electric, water, and wastewater utilities; international airport operations; 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, 2024.

District	Elected Official	Term Inception	Term Expiration
At large – Mayor	H. William “Bill” Mutz	January 2022	December 2025
Northwest District	Guy Lalonde, Jr.	January 2024	December 2027
Northeast District	Bill Read	January 2024	December 2027
Southwest District	Sara Roberts McCarley	January 2022	December 2025
Southeast District	Michael Musick	January 2022	December 2025
At large – Commissioner	Stephanie Madden	January 2022	December 2025
At large – Commissioner	Chad McLeod	January 2024	December 2027

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SENIOR MANAGEMENT

CITY

Shawn Sherrouse – City Manager

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

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

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

Emily Colón – Deputy City Manager

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

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

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

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

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

Rob Hernandez – Assistant City Manager

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

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

Michael C. Brossart – Finance Director

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

Deidra Joseph – Assistant Finance Director

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

Jeffrey S. Stearns – City Treasurer

Jeffrey Stearns has been with the City since 2006. Prior to joining the City, Mr. Stearns served for twenty years in a variety of financial management positions for the State of Massachusetts, including eight years as the State's Deputy Treasurer for Debt Management. Mr. Stearns holds a Master's in Public Policy from the Kennedy School of Government at Harvard, and a Bachelor's of Arts in Political Science and Psychology from Washington University in St. Louis.

ELECTRIC UTILITIES

Mike Beckham – General Manager, Electric Utilities

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

Willem Strauss – Assistant General Manager, Fiscal Operations

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

Asha Patel – Lakeland Electric's Controller

Asha Patel started with the City in 2017. She was appointed as Lakeland Electric's Controller in 2024. Asha is a Certified Public Accountant and holds both bachelor's and master's degree in accounting from University of Mumbai India. Asha has more than 13 years of experience in Accounting and Auditing and has served as Lead Accountant and Auditor for consulting firm Patel & Kurup and Bhargav & Co.

WATER/WASTEWATER UTILITIES

David Bayhan – Water Utilities Director

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

PUBLIC WORKS DEPARTMENT

Christopher (Heath) Frederick – Public Works Director

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

ECONOMIC CONDITION AND OUTLOOK FOR POLK COUNTY

The City of Lakeland is in Polk County Florida at the geographical center of the Sunshine State along the I-4 corridor between the major cities of Tampa and Orlando. Lakeland is the largest city in Polk County with an estimated population of 123,760 as of April 1, 2024¹ and covers an area of approximately 76 square miles.

The City of Lakeland continues to be the wholesale and retail trade center for the surrounding area which is supported primarily by Trade 16.4% (Retail 12.1% & Wholesale 4.3%); Education and Health Services 14.6%; Professional and Business Services 14.5%; Transportation, Warehousing and Utilities 11.0%; Leisure and Hospitality services 10.0% Government 10.7%; Manufacturing 7.2%; Construction, Mining & Natural Resources 5.9%, and others 9.7%².

The executive and administrative headquarters of Publix Supermarkets Inc., Lakeland Regional Health, Florida Citrus Mutual, The Ledger (local newspaper), and other companies are in the City or adjacent urban areas. Some of the major employers and their industry are Publix (groceries), Lakeland Regional Health (healthcare), GEICO (insurance), City of Lakeland (government), Watson Clinic (healthcare), Amazon (retail), Southeastern University (education), Saddle Creek Corporation (trucking and logistics) Rooms to Go (furniture) and Midstate Machine & Fabrication (fabrication/machining)³.

POPULATION

The population continues to grow in Polk County with an estimated population of 826,090 as of April 2024 – a 28,474 increase from the 797,616 estimate as of April 2023 and an increase of 101,044 from the April 1, 2020, census⁴. The estimate population of City of Lakeland is 123,760 as of April 2024.

¹ https://www.bebr.ufl.edu/wp-content/uploads/2024/12/estimates_2024.pdf

² <https://lakelandedc.com/wp-content/uploads/2024/09/2024-city-of-lakeland-demographic-guide-1.pdf>

³ <https://lakelandedc.com/wp-content/uploads/2024/09/2024-city-of-lakeland-demographic-guide-1.pdf>

⁴ https://www.bebr.ufl.edu/wp-content/uploads/2024/12/estimates_2024.pdf

EMPLOYMENT

Employment data for the Lakeland-Winter Haven, FL Metropolitan Statistical Area shows increases in total labor force and employment with unemployment and unemployment rates increasing in 2024. In September 2024, the total workforce was 351,839 with 336,375 employed, 15,464 unemployed, and an unemployment rate of 4.4%; for comparison purposes, as of September 2023, the total workforce was 352,249 with 338,845 employed, 13,404 unemployed, and an unemployment rate of 3.8%⁵.

HOUSING STATS

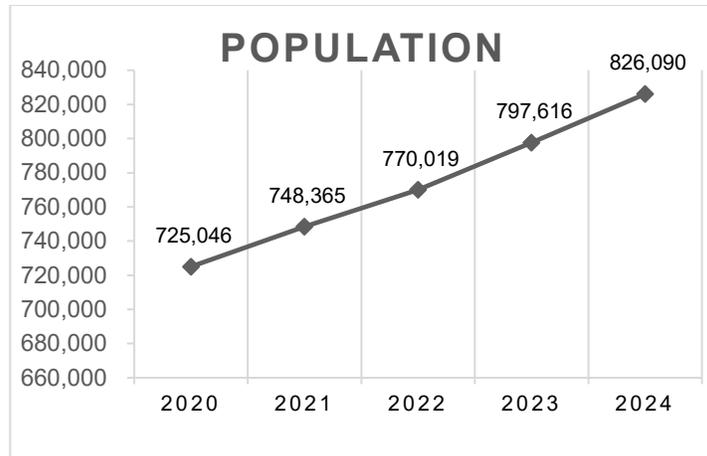
In FY 23/24, the Polk County Building Division permitted approximately 2,900 new residential dwelling units (single-family detached, single-family attached, townhouse, and duplex units), which represents a 13.5% decrease as compared to FY 22/23⁶.

POLK COUNTY STATISTICAL AREA ECONOMIC TRENDS

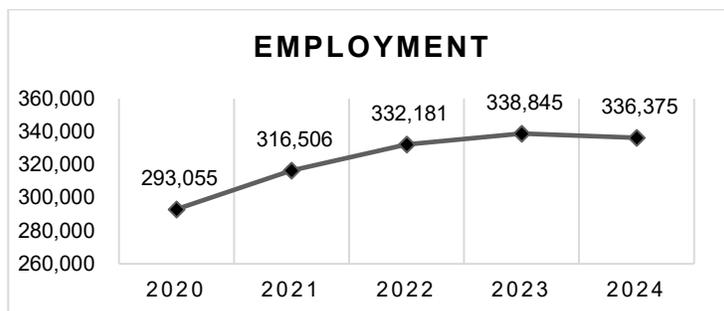
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Population ⁷	725,046	748,365	770,019	797,616	826,090
Population Change	24,484	23,319	21,654	27,297	28,474
Employment ⁸	293,055	316,506	332,181	338,845	336,375
Employment Change	(6,867)	23,451	15,675	6,664	(2,470)
Unemployment ⁹	24,964	15,628	10,877	13,404	15,464
Unemployment Change	14,042	(9,338)	(4,751)	2,527	2,060
Unemployment Rate ⁹	7.8%	4.7%	3.2%	3.8%	4.4%
Unemployment Rate Change	4.3%	(3.1%)	(1.5%)	0.6%	0.6%

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

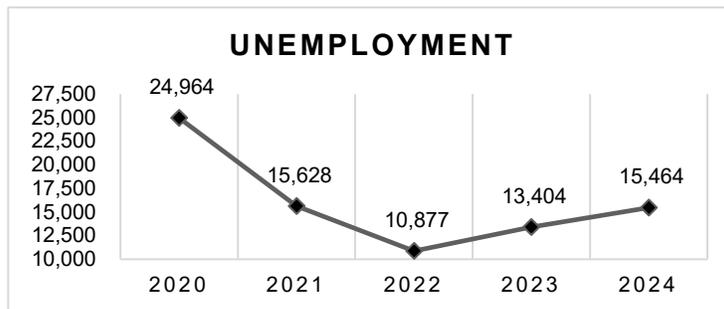
⁶ Information unavailable on Polk County website. Information received from Polk County Budget Director, Christia Johnson (christiajohnson@polk-county.net).



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EDUCATION

Public schools are administered by the School Board of Polk County. The school district is the seventh largest in Florida and among the thirty largest districts in the United States and includes more than 120 schools that educate over 117,000 students¹⁰.

There are five colleges and universities based in Polk County. Polk State College is a public institution with a current enrollment of 14,772 students attending campuses in Winter Haven,

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

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

⁹ https://www.bls.gov/eag/eag_fl_lakeland_msa.htm#eag_fl_lakeland_msa.f.

¹⁰ <https://polkschoolsfl.com/about/>

Lakeland, Bartow, and Lake Wales¹¹. Southeastern University is a private institution located in Lakeland with an enrollment of 9,232 students¹². Florida Southern College is another private institution located in Lakeland with over 3,300 students enrolled¹³. Florida Polytechnic University is a public university located in Lakeland with an enrollment of over 1,700 students¹⁴. Warner University is a private institution located in Lake Wales with an enrollment of nearly 1,200 students¹⁵. Webber International University is a private institution located in Babson Park with an enrollment of 930 students¹⁶.

TRANSPORTATION

Public transit in Polk County is provided by the Lakeland Area Mass Transit District operating under the name Citrus Connection¹⁷. 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 regions¹⁸. 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 role¹⁹.

¹¹ <https://www.polk.edu/about/>

¹² <https://www.usnews.com/best-colleges/southeastern-university-1521>

¹³ <https://www.flsouthern.edu/about-fsc.aspx>

¹⁴ <https://floridapoly.edu/about/facts.php/>

¹⁵ <https://www.warner.edu/the-university/who-we-are/>

¹⁶ <https://www.univstats.com/colleges/webber-international-university/student-population/>

¹⁷ <https://www.ridecitrus.com/about-us/>

¹⁸ <https://fdot.gov/planning/sis>

¹⁹ <http://freightmovesflorida.com/>

STATISTICAL DATA

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

Fiscal Year	Taxes	Licenses & Permits	InterGovt	Charges for Services	Fines & Forfeits	Misc.	Other Financing Sources	Total
2024	75,616	824	19,608	14,350	3,887	11,840	44,760	170,885
2023	68,954	755	17,503	15,458	2,838	4,759	55,970	166,237
2022	61,505	833	16,068	12,919	2,555	(3,014)	48,259	139,125
2021	55,428	2,177	14,019	7,105	2,526	4,743	42,412	128,410
2020	52,399	1,770	16,504	6,454	2,408	(658)	81,543	160,420
2019	49,850	5,040	14,514	6,695	2,557	5,074	42,970	126,700
2018	47,094	4,843	11,504	7,044	2,436	2,755	41,938	117,614
2017	44,245	3,887	11,633	5,753	2,445	3,129	41,670	110,561
2016	42,424	4,289	11,290	4,247	2,525	2,800	40,007	107,582
2015	36,061	3,962	10,714	4,373	1,719	1,897	39,465	98,191

Source: City of Lakeland Annual Comprehensive Financial Report

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

Fiscal Year	City of Lakeland				Polk County	Southwest Florida Water Management District	Polk County School Board	Total Direct Overlapping Rates
	Municipal	Lakeland Area Mass Transit District	Lakeland Downtown Development District	Total				
2024	5.4323	0.5000	2.0000	7.9323	6.6852	0.2043	5.4080	20.2298
2023	5.4323	0.5000	2.0000	7.9323	6.6920	0.2260	5.5190	20.3693
2022	5.4323	0.5000	1.8439	7.7762	6.8990	0.2535	5.8290	20.7577
2021	5.4644	0.5000	1.8439	7.8083	6.8990	0.2669	5.9350	20.9092
2020	5.4644	0.5000	1.9304	7.8948	7.1565	0.2801	6.0860	21.4174
2019	5.4644	0.5000	2.0000	7.9644	7.1565	0.2955	6.2510	21.6674
2018	5.5644	0.5000	2.0000	8.0644	6.7815	0.3131	6.5140	21.6730
2017	5.5644	0.5000	2.0000	8.0644	6.7815	0.3317	6.7970	21.9746
2016	5.5644	0.5000	2.0000	8.0644	6.7815	0.3488	7.1490	22.3437
2015	4.6644	0.5000	2.0000	7.1644	6.8665	0.3658	7.2080	21.6047

Source: City of Lakeland Annual Comprehensive Financial Report

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SOCIOECONOMIC DATA²⁰

<u>Employer</u>	<u>Type of Business</u>	<u>2024</u>			<u>2015</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percent</u>	<u>Employees</u>	<u>Rank</u>	<u>Percent</u>
Publix Supermarkets, Inc.	Grocery/Distribution	8,008	1	28.65%	8,063	1	34.41%
Lakeland Regional Health	Healthcare	6,000	2	21.47%	4,540	2	19.37%
GEICO	Insurance	3,300	3	11.81%	2,300	4	9.82%
City of Lakeland	Government	2,696	4	9.65%	2,600	3	11.10%
Amazon	Retail/Distribution	2,000	5	7.16%			
Watson Clinic	Healthcare	1,857	6	6.64%	1,600	5	6.83%
Saddle Creek Logistics	Trucking & Logistics	1,289	7	4.61%	680	9	2.90%
Southeastern University	Education	1,072	8	3.84%			
Midstate Machine & Fab	Fabrication/machine	900	9	3.22%			
Rooms to Go Furniture	Retail/Distribution	827	10	2.96%	900	8	3.84%
GC Services	Telemarketing	-	-	-	1,000	7	4.27%
Sykes	Telemarketing	-	-	-	1,150	6	4.91%
Stryker	Healthcare	-	-	-	600	10	2.55%
Total:		<u>27,949</u>		<u>100.0%</u>	<u>23,433</u>		<u>100.0%</u>

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²⁰ <https://lakelandcdc.com/major-employers/>



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FINANCIAL INFORMATION

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

CONTROLS

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

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

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

In the Departments 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:

	2020	2021	2022	2023	2024
Millage rate	5.4644	5.4644	5.4323	5.4323	5.4323
Gross taxable property	10,649,205,306	11,702,150,999	12,676,811,174	15,648,858,695	17,539,487,380
Less tax-exempt real property	(3,747,238,448)	(4,279,019,642)	(4,415,793,800)	(6,128,008,222)	(6,869,247,333)
Total taxable assessed value	<u>\$6,901,966,858</u>	<u>\$7,423,131,357</u>	<u>\$8,261,017,374</u>	<u>\$9,520,850,473</u>	<u>\$10,670,240,047</u>

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

UNDERLYING BASIS OF ACCOUNTING

The Governmental Accounting Standards Board (GASB) is the independent, private-sector organization based in Norwalk, Connecticut, that establishes accounting and financial reporting standards for U.S. state and local governments that follow Generally Accepted Accounting Principles (GAAP).²¹

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.²²

The GASB does not have enforcement authority to require governments to comply with its standards. 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. The municipal bond industry prefers that governments issuing debt prepare their financial statements on a GAAP basis.²²

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. The basic financial statements consist of the following sections:

- **Management's discussion and analysis (MD&A)** – MD&A is presented prior to and introduces the basic financial statements to provide an analytical overview of the City's financial activities.²²
- **Basic financial statements** that include the following:
 - **Government-wide financial statements** – comprised of a statement of net position and a statement of activities prepared using the economic resources measurement focus and the accrual basis of accounting to report all assets, liabilities, revenues, expenditures, and gains and losses. 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. Fiduciary activities, whose resources are not available to finance City programs are excluded from the government-wide financial statements.²²

²¹ <https://www.gasb.org/about-us/about-the-gasb>

²² <https://www.gasb.org>

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

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

MANAGEMENT’S DISCUSSION & ANALYSIS

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

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²² <https://www.gasb.org>

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE STATEMENTS

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

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

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

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

A condensed statement of net position and statement of activities for the City of Lakeland's fiscal year ended September 30, 2024, are presented in the following tables.

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CITY OF LAKELAND, FLORIDA
CONDENSED STATEMENT OF NET POSITION (in thousands)
SEPTEMBER 30, 2024

	Primary Government		
	Governmental	Business-type Activities	Total
ASSETS			
Current assets	\$ 161,967	\$ 271,722	\$ 433,689
Asset apportionments	241,637	287,158	528,795
Restricted assets	88,480	97,031	185,511
Capital assets	344,220	1,556,831	1,901,051
Other non-current assets	9,659	27,697	37,356
Total assets	845,963	2,240,439	3,086,402
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	50,061	29,709	79,770
Deferred outflows of resources related to OPEB	22,124	19,304	41,428
Deferred outflows of resources related to ARO	-	2,709	2,709
Decrease in fair value of interest rate swaps	-	-	-
Unamortized loss on hedges	-	-	-
Unamortized loss (gain) on refunding	-	17,167	17,167
Total deferred outflows of resources	72,185	68,889	141,074
LIABILITIES			
Current liabilities	27,189	123,718	150,907
Apportioned asset liabilities	-	15,757	15,757
Restricted liabilities	5,770	30,658	36,428
Deferred credits	-	17,518	17,518
Accrued liabilities, less current portion	173,202	140,555	313,757
Long-term debt payable, less current portion	79,743	692,086	771,829
Total liabilities	285,904	1,020,292	1,306,196
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	4,350	3,997	8,347
Deferred inflows of resources related to OPEB	49,680	42,765	92,445
Over-recovery of fuel	-	27,501	27,501
Solar Interconnection	-	10	10
Unamortized gain on refunding	-	-	-
Unrealized gain on hedges	-	7,101	7,101
Deferred inflows of resources related to CIAC	-	1,333	1,333
Deferred inflows of resources related to Leases	192,990	26,704	219,694
Contributions in aid of construction	-	38,752	38,752
Total deferred inflows of resources	247,020	148,163	395,183
NET POSITION			
Net investment in capital assets	289,751	882,822	1,172,573
Restricted	82,768	66,372	149,140
Unrestricted	12,705	191,679	204,384
Total net position	\$ 385,224	\$ 1,140,873	\$ 1,526,097

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**CITY OF LAKELAND, FLORIDA
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities							
General Government	\$ 26,798,038	\$ 549,634	\$ 116,702	\$ -	\$ (26,131,702)	-	\$ (26,131,702)
Public safety	102,026,398	11,752,255	4,538,893	1,836,825	(83,898,425)	-	(83,898,425)
Physical environment	10,603,978	9,365,922	-	1,658,743	420,687	-	420,687
Transportation	20,292,056	5,857,061	-	1,379,093	(13,055,902)	-	(13,055,902)
Economic environment	16,253,376	44,197	1,167,526	-	(15,041,653)	-	(15,041,653)
Human services	362,549	-	7,079	-	(355,470)	-	(355,470)
Culture/recreation	44,840,487	10,626,384	1,342,538	3,952,898	(28,918,667)	-	(28,918,667)
Interest on long-term debt	2,497,124	-	-	-	(2,497,124)	-	(2,497,124)
Total governmental activities:	<u>223,674,006</u>	<u>38,195,453</u>	<u>7,172,738</u>	<u>8,827,559</u>	<u>(169,478,256)</u>	<u>-</u>	<u>(169,478,256)</u>
Business-type activities							
Electric	288,538,852	348,861,835	-	-	-	60,322,983	60,322,983
Water and Wastewater	68,753,802	85,471,452	-	19,103,825	-	35,821,475	35,821,475
Parking	1,143,349	718,227	-	-	-	(425,122)	(425,122)
Lakeland Linder International Airport	20,542,066	10,907,027	70,371	3,202,011	-	(6,362,657)	(6,362,657)
Solid Waste	17,859,897	19,040,182	-	-	-	1,180,285	1,180,285
Total business-type activities	<u>396,837,966</u>	<u>464,998,723</u>	<u>70,371</u>	<u>22,305,836</u>	<u>-</u>	<u>90,536,964</u>	<u>90,536,964</u>
Total primary government	<u>620,511,972</u>	<u>503,194,176</u>	<u>7,243,109</u>	<u>31,133,395</u>	<u>(169,478,256)</u>	<u>90,536,964</u>	<u>(78,941,292)</u>
General revenues:							
Taxes:							
Property taxes					55,881,984	-	55,881,984
Motor fuel taxes					6,674,427	-	6,674,427
Utility taxes					12,862,365	-	12,862,365
Local communication service tax					5,246,044	-	5,246,044
Local business taxes					1,625,551	-	1,625,551
State shared revenue (unrestricted)					16,004,489	-	16,004,489
Tax Incremental revenues					12,085,172	-	12,085,172
Payments from Lakeland Regional Health					10,750,000	-	10,750,000
Investment earnings					64,587,564	48,931,680	113,519,244
Miscellaneous					5,794,857	5,184,966	10,979,823
Transfers from (to) other funds					45,270,379	(45,270,379)	-
Total general revenues and transfers					<u>236,782,832</u>	<u>8,846,267</u>	<u>245,629,099</u>
Change in net position					67,304,576	99,383,231	166,687,807
Net position, beginning of year					317,919,606	1,041,490,322	1,359,409,928
Net position, end of year					<u>\$ 385,224,182</u>	<u>\$1,140,873,553</u>	<u>\$1,526,097,735</u>

FUND FINANCIAL STATEMENTS

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

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

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

GOVERNMENTAL FUNDS

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

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

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

Condensed Governmental Funds financial statements for the fiscal year ended September 30, 2024, are presented in the following tables.

**CITY OF LAKELAND, FLORIDA
CONDENSED BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

	General Fund	Public Improvement Fund	Other Governmental Funds	Total Government Funds
ASSETS	<u>\$ 115,784,741</u>	<u>\$ 244,360,180</u>	<u>\$ 99,567,365</u>	<u>\$ 459,712,286</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities	12,029,792	1,173,286	14,129,648	27,332,726
Deferred inflows of resources	29,579,232	183,045,094	1,540,088	214,164,414
Fund balances				
Non-spendable	43,945	-	7,340,346	7,384,291
Restricted	2,746,523	2,058,067	69,088,022	73,892,612
Committed	-	50,313,263	7,470,786	57,784,049
Assigned	22,440,779	7,770,470	-	30,211,249
Unassigned	48,944,470	-	(1,525)	48,942,945
Total fund balances	74,175,717	60,141,800	83,897,629	218,215,146
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 115,784,741</u>	<u>\$ 244,360,180</u>	<u>\$ 99,567,365</u>	<u>\$ 459,712,286</u>

**CITY OF LAKELAND, FLORIDA
CONDENSED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	General Fund	Public Improvement Fund	Other Governmental Funds	Total Government Funds
REVENUES				
Taxes	\$ 75,615,944	\$ -	\$ 6,674,427	\$ 82,290,371
Licenses and permits	824,007	-	18,022,183	18,846,190
Intergovernmental	19,514,148	3,597,616	16,982,250	40,094,014
Charges for services	14,443,820	181,942	-	14,625,762
Fines and forfeits	3,887,364	146	929,467	4,816,977
Miscellaneous	11,839,886	54,344,494	9,991,613	76,175,993
Total revenues	126,125,169	58,124,198	52,599,940	236,849,307
EXPENDITURES				
Current	155,711,306	3,703,176	27,526,419	186,940,901
Capital outlay	1,636,111	6,644,378	6,718,635	14,999,124
Debt service	1,810,687	7,910,951	4,522,711	14,244,349
Total expenditures	159,158,104	18,258,505	38,767,765	216,184,374
Excess (deficiency) of revenues over (under) expenditures	(33,032,935)	39,865,693	13,832,175	20,664,933
OTHER FINANCING SOURCES (USES)				
Issuance of debt-Internal loans	-	-	3,131,742	3,131,742
Issuance of debt- lease financings agreements	1,073,825	-	-	1,073,825
Issuance of debt- subscription obligations	-	-	-	-
Transfers from other funds-payment in lieu of taxes	45,096,248	-	-	45,096,248
Transfers from other funds	5,593,958	6,968,990	5,510,256	18,073,204
Transfers to other funds	(7,004,284)	(4,309,421)	(8,684,788)	(19,998,493)
Total other financing sources (uses)	44,759,747	2,659,569	(42,790)	47,376,526
Net change in fund balances	11,726,812	42,525,262	13,789,385	68,041,459
FUND BALANCE, beginning of year	62,448,905	17,616,538	70,108,244	150,173,687
FUND BALANCE, end of year	<u>\$ 74,175,717</u>	<u>\$ 60,141,800</u>	<u>\$ 83,897,629</u>	<u>\$ 218,215,146</u>

PROPRIETARY FUNDS

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

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

Condensed Proprietary Funds financial statements for the fiscal year ended September 30, 2024, are presented in the following tables.

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**CITY OF LAKELAND, FLORIDA
CONDENSED STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2024**

	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Linder International Airport Funds	Other Enterprise Funds	Total	Internal Service Funds
ASSETS						
Current assets	\$ 183,722,379	\$ 65,689,870	\$ 6,541,314	\$ 6,187,153	\$ 262,140,716	\$ 59,229,372
Noncurrent assets						
Asset apportionment	140,193,847	51,898,215	2,501,765	16,395	194,610,222	90,343,902
Restricted assets	28,285,811	56,790,994	11,953,962	-	97,030,767	-
Capital assets	887,392,169	432,083,322	184,493,659	6,844,612	1,510,813,762	46,016,880
Other noncurrent assets	3,547,006	-	18,317,922	5,831,805	27,696,733	33,128,480
Total assets	<u>1,243,141,212</u>	<u>606,462,401</u>	<u>223,808,622</u>	<u>18,879,965</u>	<u>2,092,292,200</u>	<u>228,718,634</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	14,568,659	7,596,165	487,967	1,427,402	24,080,193	5,628,618
Deferred outflows related to OPEB	10,317,879	4,187,128	301,602	899,124	15,705,733	3,598,371
Deferred outflows related to ARO	1,192,768	1,516,075	-	-	2,708,843	-
Unamortized loss on refunding	17,471,506	(508,971)	-	-	16,962,535	205,858
Total deferred outflows of resources	<u>43,550,812</u>	<u>12,790,397</u>	<u>789,569</u>	<u>2,326,526</u>	<u>59,457,304</u>	<u>9,432,847</u>
LIABILITIES						
Current liabilities	57,998,846	24,850,216	25,886,828	1,391,022	110,126,912	18,663,783
Noncurrent liabilities						
Liabilities from apportioned assets	-	-	26,958,487	-	26,958,487	15,423,003
Restricted liabilities	14,869,917	15,788,401	-	-	30,658,318	-
Other noncurrent liabilities	620,360,387	124,701,318	10,470,128	7,946,465	763,478,298	93,183,968
Total liabilities	<u>693,229,150</u>	<u>165,339,935</u>	<u>63,315,443</u>	<u>9,337,487</u>	<u>931,222,015</u>	<u>127,270,754</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	2,233,276	802,438	64,022	162,161	3,261,897	734,778
Deferred inflows related to OPEB	22,130,320	9,503,952	856,955	2,179,544	34,670,771	8,094,429
Deferred inflows related to CIAC	1,333,130	-	-	-	1,333,130	-
Deferred inflows related to leases	1,391,977	-	19,459,639	5,851,924	26,703,540	-
Solar interconnection	10,000	-	-	-	10,000	-
Unamortized gain on refunding	-	-	-	-	-	-
Unamortized contributions in aid of						
Construction	38,752,019	-	-	-	38,752,019	-
Fuel reserve	27,501,486	-	-	-	27,501,486	-
Unrealized gain on hedges	7,100,752	-	-	-	7,100,752	-
Total deferred inflows of resources	<u>100,452,960</u>	<u>10,306,390</u>	<u>20,380,616</u>	<u>8,193,629</u>	<u>139,333,595</u>	<u>8,829,207</u>
NET POSITION						
Net investment in capital assets	343,257,759	326,939,005	161,590,201	6,823,604	838,610,569	44,211,523
Restricted, capital improvement	13,415,894	41,002,593	11,953,962	-	66,372,449	-
Unrestricted	136,336,261	75,664,875	(32,642,031)	(3,148,229)	176,210,876	57,839,997
Total net position	<u>\$ 493,009,914</u>	<u>\$ 443,606,473</u>	<u>\$ 140,902,132</u>	<u>\$ 3,675,375</u>	<u>\$1,081,193,894</u>	<u>\$ 102,051,520</u>

CITY OF LAKELAND, FLORIDA
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2024

	Department of Electric Utilities	Water and Wastewater Utilities	Lakeland Linder International Airport Fund	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES						
Charges for services	\$ 348,628,435	\$ 85,471,452	\$ 8,932,858	\$ 18,634,541	\$ 461,667,286	\$ 100,534,359
Lease revenue	233,400	-	1,974,169	185,899	2,393,468	-
Franchise fees-Solid waste	-	-	-	937,969	937,969	-
Total operating revenues	<u>348,861,835</u>	<u>85,471,452</u>	<u>10,907,027</u>	<u>19,758,409</u>	<u>464,998,723</u>	<u>100,534,359</u>
OPERATING EXPENSES						
Personal services	38,953,662	17,198,863	2,887,824	5,548,725	64,589,074	19,146,122
Other operating expenses	198,039,446	38,667,034	4,356,688	14,617,393	255,680,561	73,273,142
Depreciation	38,252,998	11,668,859	11,895,653	244,805	62,062,315	11,614,620
Total operating expenses	<u>275,246,106</u>	<u>67,534,756</u>	<u>19,140,165</u>	<u>20,410,923</u>	<u>382,331,950</u>	<u>104,033,884</u>
Operating income (loss)	<u>73,615,729</u>	<u>17,936,696</u>	<u>(8,233,138)</u>	<u>(652,514)</u>	<u>82,666,773</u>	<u>(3,499,525)</u>
NONOPERATING REVENUES (EXPENSES)						
Total non-operating revenues						
(expenses)	<u>17,062,473</u>	<u>16,217,798</u>	<u>(1,397,693)</u>	<u>976,903</u>	<u>32,859,481</u>	<u>16,086,523</u>
Income (loss) before contributions and transfers	<u>90,678,202</u>	<u>34,154,494</u>	<u>(9,630,831)</u>	<u>324,389</u>	<u>115,526,254</u>	<u>12,586,998</u>
Capital grants and contributions	-	19,103,825	3,202,011	-	22,305,836	312,726
Transfers from other funds	-	-	-	606,692	606,692	3,654,787
Transfers to other funds	(274,819)	(721,078)	(524,794)	(798,485)	(2,319,176)	(17,014)
Transfer to other funds-payment in lieu of taxes	(33,394,344)	(9,991,486)	-	(1,710,418)	(45,096,248)	-
Total contributions and transfers	<u>(33,669,163)</u>	<u>8,391,261</u>	<u>2,677,217</u>	<u>(1,902,211)</u>	<u>(24,502,896)</u>	<u>3,950,499</u>
Change in net position	57,009,039	42,545,755	(6,953,614)	(1,577,822)	91,023,358	16,537,497
NET POSITION, beginning of year	436,000,875	401,060,718	147,855,746	5,253,197	990,170,536	85,514,023
NET POSITION, end of year	<u>\$ 493,009,914</u>	<u>\$ 443,606,473</u>	<u>\$ 140,902,132</u>	<u>\$ 3,675,375</u>	<u>\$ 1,081,193,894</u>	<u>\$ 102,051,520</u>

FIDUCIARY FUNDS

Within the fund financial statements, fiduciary fund types are used to report assets that are held in trust or in an agency capacity by the City on behalf of designated beneficiaries. These consist of pension and other post-employment benefit funds maintained on behalf of retired City employees; and an agency fund use to accumulate impact fee revenues collected on behalf of Polk County, Florida. The same financial focus applied to proprietary fund types is applied to fiduciary funds. Fiduciary fund financial statements for the fiscal year ended September 30, 2024, are presented in the following tables.

**CITY OF LAKELAND, FLORIDA
CONDENSED STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2024**

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Fund	Custodial Fund
ASSETS			
Cash and cash equivalents	\$ 12,174,064	\$ 764,824	\$ 973,733
Investments	1,107,126,267	467,189	-
Prepaid expenses	-	-	-
Interest and dividends receivable	1,001,990	-	-
Accounts receivable	-	-	11,943
Investment sales receivable, net	74,503	-	-
Contributions receivable	656,835	-	-
Due from other governmental units	42,147	-	-
Total assets	1,121,075,806	1,232,013	985,676
LIABILITIES			
Accounts payable	428,578	-	-
Benefits payable	418,939	-	-
Unsettled investment purchases, net	74,701	-	-
Due to other governmental units	347,304	1,232,013	985,676
Due to other funds	-	-	-
Total liabilities	1,269,522	1,232,013	985,676
NET POSITION			
Net position restricted for DROP benefits	34,845,080		
Net position restricted for OPEB benefits	12,975,272		
Restricted for pension benefits and other purposes	1,071,985,932		
Total net position	\$ 1,119,806,284		

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**CITY OF LAKELAND, FLORIDA
CONDENSED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds	Custodial Funds
ADDITIONS			
Contributions	\$ 31,789,682	\$ 764,824	\$ 5,653,474
Net Investment income	182,270,372	(23,505)	-
Miscellaneous income	448	-	-
Total additions, net	<u>214,060,502</u>	<u>741,319</u>	<u>5,653,474</u>
DEDUCTIONS			
Pension benefits paid	69,904,774	-	-
Other benefits paid	9,344,514	-	-
Refunds, former plan members	2,019,677	-	-
Impact fee remittances to the County	-	-	5,653,474
Administrative expenses	682,327	-	-
Other general governmental expenses	-	741,319	-
Total deductions	<u>81,951,292</u>	<u>741,319</u>	<u>5,653,474</u>
Net increase (decrease) in restricted net position	132,109,210	-	-
NET POSITION, beginning of year	<u>987,697,074</u>	<u>-</u>	<u>-</u>
NET POSITION, end of year	<u>\$ 1,119,806,284</u>	<u>\$ -</u>	<u>\$ -</u>

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NOTES TO THE FINANCIAL STATEMENTS

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

REQUIRED SUPPLEMENTAL INFORMATION

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

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

SUPPLEMENTAL INFORMATION

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

COMBINING STATEMENTS

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

CASH MANAGEMENT

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

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

²⁴ <http://www.gasb.org>

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

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

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

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

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

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

²⁴ <http://www.gasb.org>

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

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

investments were held by the various funds of the City as of September 30, 2024, and are collateralized by registered securities held by the City or its agents in the City's name:

Total Investments by Fair Value Level

Investments by fair value level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Treasury Notes & Bonds	\$ 332,531,433	\$ 51,443,226	\$ 281,088,207	\$ -
Corporate Bonds	345,524,259	1,792,000	326,952,489	16,779,770
Foreign Corporate Bonds	19,967,858	-	19,967,858	-
Municipal Bonds	9,517,190	-	9,517,190	-
Corporate Stocks	90,875,200	90,875,200	-	-
Foreign Corporate Stocks	14,259,775	3,770,718	10,489,057	-
Accrued Interest Receivable	3,770,356	3,770,356	-	-
State Board of Admin LGIP	10	10	-	-
Money Market Account	150,541,833	150,541,833	-	-
Equity Mutual Funds	427,198,156	412,310,606	14,887,550	-
Foreign Equity Mutual Funds	57,833,459	57,833,459	-	-
Fixed Income Mutual Funds	22,636,530	22,636,530	-	-
Total investments by fair value level	\$1,474,656,059	\$ 794,973,938	\$ 662,902,351	\$ 16,779,770

Investments measured at NAV	Total	Unfunded Commitments	Redemption Frequency if Currently Eligible	Redemption Period Notice
Fixed Income Strategies ¹	70,669,396	20,531,387	n/a	n/a
Real Estate Strategies ²	91,033,230	38,679,092	n/or quarterly*	n/a, 30-90 days, subjective*
Private Equity Strategies ³	310,488,881	75,296,108	n/a daily or quarterly*	n/a or 3-10 days* or 60 days
Alternative Investments ⁴	107,453,783	3,638,927	n/or quarterly*	n/a or 60-90 days*
Total investments measured at NAV	579,645,290			
Total Investments	\$2,054,301,349	\$ 138,145,514		

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

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

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

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

DEBT ADMINISTRATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)
SEPTEMBER 30, 2024

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	\$ 263,583,000	17.91%	\$ 47,207,715
City Direct Debt – Governmental Activities			88,464,265
Total Direct and Overlapping Debt			<u>\$ 135,671,980</u>

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

Source: Polk County School Board & Polk County Property Appraiser

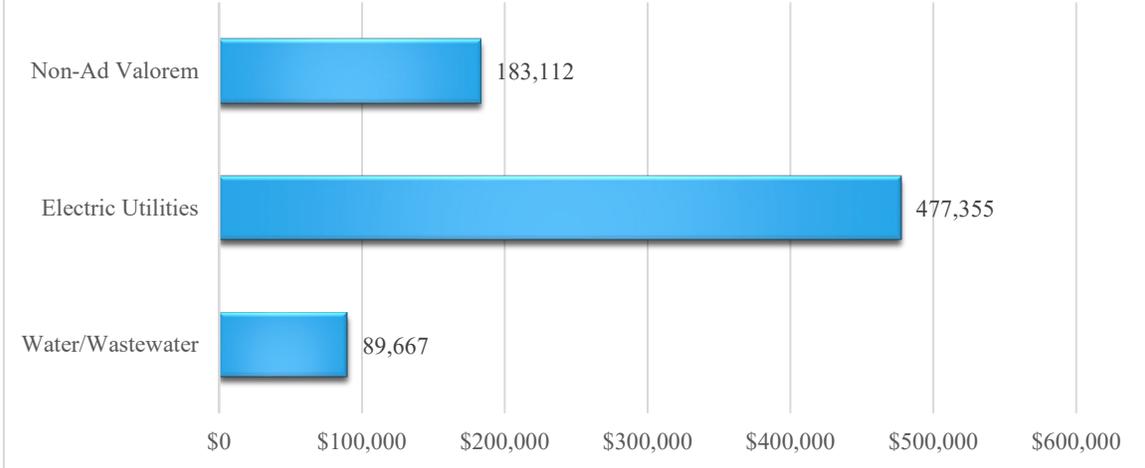
REVENUE BONDS

The City has not had any outstanding general obligation bond debt since fiscal year 1971. The following revenue bonds, including bank-loans, are outstanding for fiscal year ended September 30, 2024:

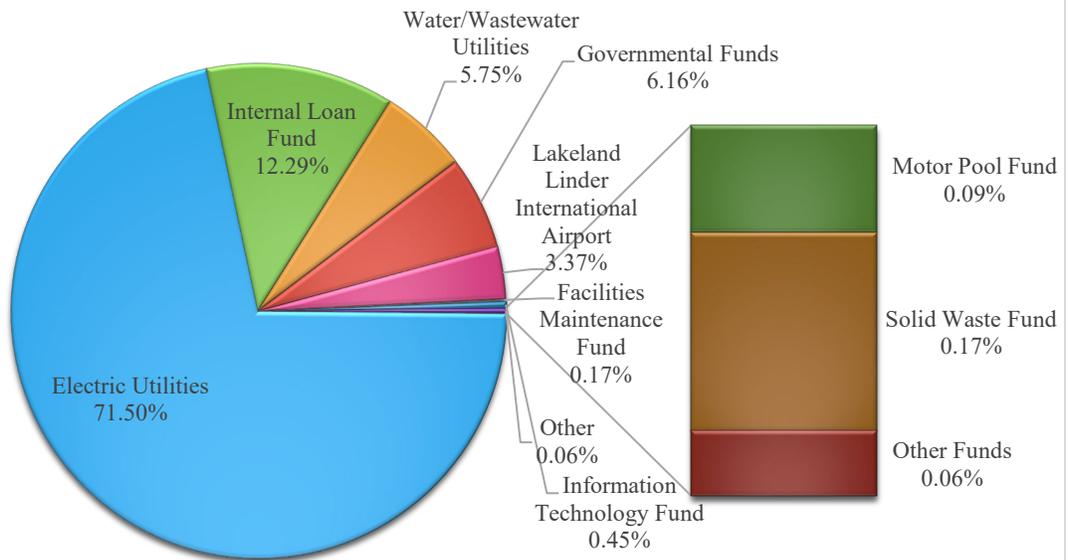
Revenue Bonds (in thousands)

Bond Issue	2023	Issued	Retired	2024
Electric Utilities				
Energy System Revenue and Refunding Bonds, Series 2010	\$ 88,960	\$ -	\$ 5,355	\$ 83,605
Energy System Revenue and Refunding Bonds, Series 2016	97,645	-	10,480	87,165
Energy System Refunding Bonds, Series 2017	-	-	-	-
Energy System Revenue Bonds, Series 2018	34,390	-	1,985	32,405
Energy System Revenue Bonds, Series 2021	121,460	-	1,750	119,710
Energy System Revenue and Refunding Bonds, Series 2023	154,470	-	-	154,470
Total Electric Bonds	<u>496,925</u>	<u>-</u>	<u>19,570</u>	<u>477,355</u>
Water & Wastewater Utilities				
Water & Wastewater Revenue Note, Series 2021	25,910	-	2,353	23,557
Water & Wastewater Revenue Note, Series 2015	6,092	-	708	5,384
Wastewater Revolving Loan Program	61,498	4,130	4,902	60,726
Total Water & Wastewater Bonds	<u>93,500</u>	<u>4,130</u>	<u>7,963</u>	<u>89,667</u>
Capital Improvement Revenue Bonds				
Capital Improvement Revenue & Refunding Bonds, Series 2010C	21,115	-	-	21,115
Capital Improvement Refunding Note, Series 2012A	-	-	-	-
Capital Improvement Revenue Bonds, Series 2015	33,580	-	1,965	31,615
Capital Improvement Revenue Note, Series 2017A	10,107	-	1,133	8,974
Capital Improvement Revenue Note, Series 2017B	3,277	-	1,064	2,213
Capital Improvement Revenue Note, Series 2021A	24,325	-	1,585	22,740
Capital Improvement Revenue Note, Series 2021B	14,755	-	260	14,495
Capital Improvement Revenue Note, Series 2021C	1,900	-	1,900	-
City of Lakeland Revenue Note, Series 2024	-	20,000	-	20,000
Florida Taxable Pension Liability Reduction Note, Series 2020	66,785	-	4,825	61,960
Total Capital Improvement Bonds	<u>175,844</u>	<u>20,000</u>	<u>12,732</u>	<u>183,112</u>
Total Bond Debt	<u>\$ 766,269</u>	<u>\$ 24,130</u>	<u>\$ 40,265</u>	<u>\$ 750,134</u>

Revenue Bonds Payable (in thousands) by Type as of September 30, 2024.



Revenue Bonds Payable by Funds as of September 30, 2024



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
2024	\$ 361,286,282	\$ 236,993,108	\$ 124,293,174	\$ 20,515,000	\$ 22,844,361	\$ 43,359,361	2.87
2023	398,956,294	272,876,071	126,080,223	19,570,000	19,850,541	39,420,541	3.20
2022	392,904,055	255,794,632	137,109,423	19,925,000	19,298,822	39,223,822	3.50
2021	337,113,104	210,460,565	126,652,539	18,540,000	15,584,792	34,124,792	3.71
2020	306,172,100	209,373,188	120,117,733	19,095,000	16,304,194	35,399,194	3.39
2019	328,008,054	209,373,188	118,634,866	20,195,000	17,306,668	37,501,668	3.16
2018	325,131,086	220,910,023	104,221,063	22,300,000	15,806,087	38,106,087	2.74
2017	312,129,802	219,734,277	92,395,525	21,250,000	17,299,223	38,549,223	2.40
2016	303,054,126	192,829,916	110,224,210	20,875,000	17,567,094	38,442,094	2.87
2015	315,889,330	213,978,944	101,910,386	16,530,000	18,575,791	35,105,791	2.90

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
2024	\$ 100,528,881	\$ 55,865,897	\$ 44,662,984	\$ 8,490,413	\$ 1,321,884	\$ 9,812,297	4.55
2023	87,238,668	46,319,543	40,919,125	7,295,230	1,684,986	8,980,216	4.56
2022	68,034,733	36,426,426	31,608,307	6,660,129	1,605,825	8,265,954	3.82
2021	81,553,221	38,990,703	42,562,518	6,806,602	2,728,474	9,535,076	4.46
2020	66,279,602	38,290,093	27,989,509	2,933,854	2,098,775	5,032,629	5.56
2019	72,238,364	37,469,971	34,768,393	3,773,287	2,262,193	6,035,480	5.76
2018	65,078,959	36,912,551	28,166,408	3,643,087	2,289,362	5,932,449	4.75
2017	63,720,012	34,707,999	29,012,013	3,488,247	2,368,078	5,856,325	4.95
2016	60,567,604	31,598,007	28,969,597	3,373,757	2,490,070	5,863,827	4.94
2015	55,530,104	31,237,468	24,292,636	2,690,000	2,377,209	5,067,209	4.79

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

²Excludes depreciation expense

Source: City of Lakeland Annual Report

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LOAN AND LEASE ADMINISTRATION

The City had the following loans and leases outstanding as of September 30, 2024:

Loans and Leases Outstanding

Lender	Issue Amount	Maturity Date	Interest Rate	Year-End Balance
<u>Governmental Activities:</u>				
Lease – Leasing2, Inc. (Gradall excavators)	\$ 784,107	11/15/2023	5.75%	\$ -
Lease – Leasing2, Inc. (Gradall excavators)	1,073,825	12/19/2030	4.41%	1,013,101
Lease – Leasing2, Inc. (sweepers)	1,663,523	7/16/2024	2.80%	-
Lease – Leasing2, Inc. (wheel loaders)	458,389	3/15/2025	2.80%	185,719
Lease – Leasing2, Inc. (Vactor trucks)	1,079,164	4/16/2025	2.80%	262,442
Lease – Leasing2, Inc (sweepers)	2,192,727	8/05/2028	4.45%	2,192,727
AXON Enterprises-Body-Worn Camera System	10,553,439	5/01/2031	0%	7,498,074
				<u>11,152,063</u>
<u>Business Type Activities</u>				
Wastewater Revolving Loan Program (2006)	42,734,405	9/30/2028	2.96%	11,169,180
Wastewater Revolving Loan Program (2016)	1,301,890	4/15/2036	1.69%	353,634
Wastewater Revolving Loan Program (2017 Energy Efficiencies)	12,284,141	1/15/2040	0.0%-0.44%	9,568,688
Wastewater Revolving Loan Program (2017 English Oaks)	1,000,000	8/15/2040	1.16%	726,028
Wastewater Revolving Loan Program (2018)	15,494,263	12/15/2042	0.0%-0.06%	13,821,885
Water Revolving Loan Program (2018)	778,787	6/15/2040	1.96%	544,677
Water Revolving Loan Program (Clearwell Construction)	19,167,295	11/15/2041	0.23%	17,080,566
Wastewater Revolving Loan Program	2,443,459	8/15/2044	0%	2,343,894
Wastewater Revolving Loan Program ¹	1,106,541	10/15/2042	0%	1,013,040
Wastewater Revolving Loan Program ²	20,000,000	3/15/2046	0.68%	4,104,131
				<u>60,725,723</u>
				<u>\$ 71,877,786</u>

¹ \$26,140 of \$1,106,541 issued during FY2024.

² \$4,104,131 of \$20,000,000 (\$0 balance in FY2023) issued during FY2024.

LEASES

- October 2, 2023, the City executed a lease-purchase agreement for a Gradall XL4100 Excavator to be used by the City construction and maintenance department in the amount of \$1,073,825 with an interest rate of 4.41% and a maturity date of December 19, 2030.
- On September 16, 2019, the City entered into a lease-purchase agreement for three Volvo L60H Wheel Loaders to be used in construction project in the amount of \$458,389 with an interest rate of 2.80% and a maturity date of March 15, 2025.
- On September 16, 2019, the City also entered into a lease-purchase agreement for two Vactor Recyclers to clean debris from the Stormwater system in the amount of \$1,079,164 with an interest rate of 2.80% and a maturity date of April 16, 2025.
- On April 5, 2023, the City entered into a lease-purchase agreement for sweepers in the amount of \$2,192,727 with an interest rate of 4.45% and a maturity date of August 5, 2028.
- On June 21, 2022, the City entered into a lease-purchase agreement with AXON Enterprises for a Body-worn camera system for \$10,553,439 maturing on May 1, 2031.

WASTEWATER REVOLVING LOAN PROGRAM

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

- January 31, 2004, the City entered an agreement with FDEP for a \$42,734,405 loan with a 2.96% interest rate and a maturity date of September 30, 2028, to finance such improvements.
- February 11, 2014, the City entered a separate agreement with FDEP for a \$1,301,890 loan with a 1.69% interest rate with a maturity date of April 15, 2036.
- October 24, 2016, the City entered into an agreement with FDEP for a \$12,284,141 loan with an interest rate of 0.00% to 0.44% 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 August 15, 2040.
- May 7, 2018, the City entered into an agreement with FDEP for a \$15,494,263 loan with a 0.00% to 0.06% interest rate and a maturity date of December 15, 2042.
- February 24, 2021, the City entered into an agreement with FDEP for a \$2,443,459 loan of which \$2,080,928 was issued with a 0% interest rate and a maturity date of August 15, 2044.
- November 18, 2021, the City entered into an agreement with FDEP for a \$1,106,541 loan of which \$723,067 was issued with a 0% interest rate and a maturity date of October 15, 2042. An additional \$26,140 was issued in 2024.
- April 15, 2024, \$4,104,131 additional loan agreement with FDEP was issued with 0.68% interest rate and a maturity date of March 15, 2046 (original issue amount of \$20,000,000).

The total amount of wastewater revolving loans outstanding as of September 30, 2024, was \$60,725,723.

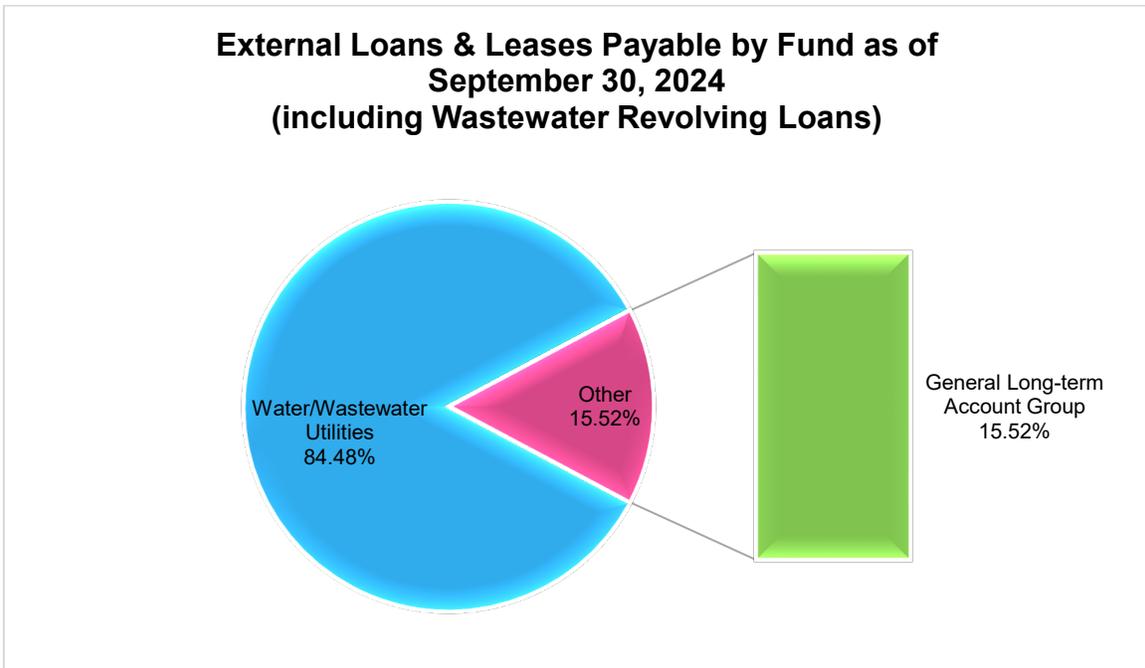
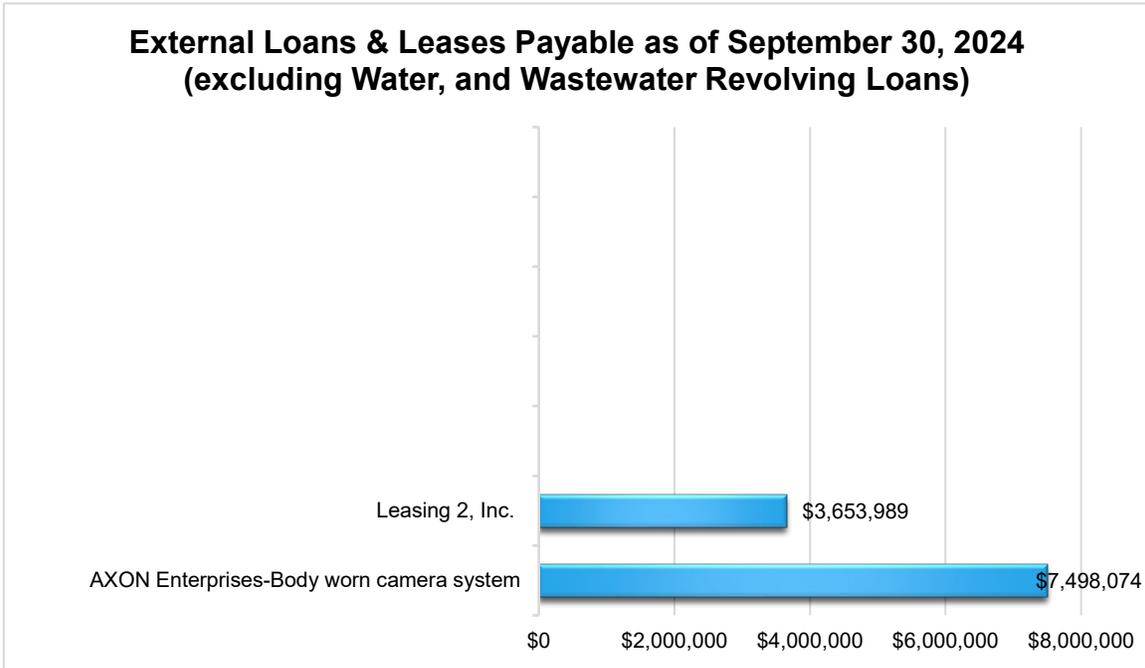
WATER REVOLVING LOAN PROGRAM

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

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

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

The total amount of water revolving loans outstanding as of September 30, 2024, was \$17,625,243.



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 per incident²⁸. 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 \$435,000.

REPORTING ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lakeland, Florida, for its Annual Comprehensive Financial Report (Annual Report) for the fiscal year ended September 30, 2024. To be awarded a Certificate of Achievement for Excellence in Financial Reporting, a governmental unit must publish an easily readable and efficiently organized Annual Report, which contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements. We believe our current report continues to conform to Certificate of Achievement for Excellence in Financial Reporting Program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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²⁸ http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&URL=0700-0799/0768/Sections/0768.28.html

DEPARTMENT OF ELECTRIC UTILITIES

THE SYSTEM

The Department of Electric Utilities ("Lakeland Electric") is one of fifteen 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, 2024, Lakeland Electric had a budgeted staff of 412 full-time employees, including professional employees with degrees in engineering, business, and other related fields. Approximately 170 Lakeland Electric employees are covered by a collective bargaining agreement with the Utility Workers Union of America ("UWUA"), Local 604, that was entered on September 12, 2023, and expires September 30, 2026.

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

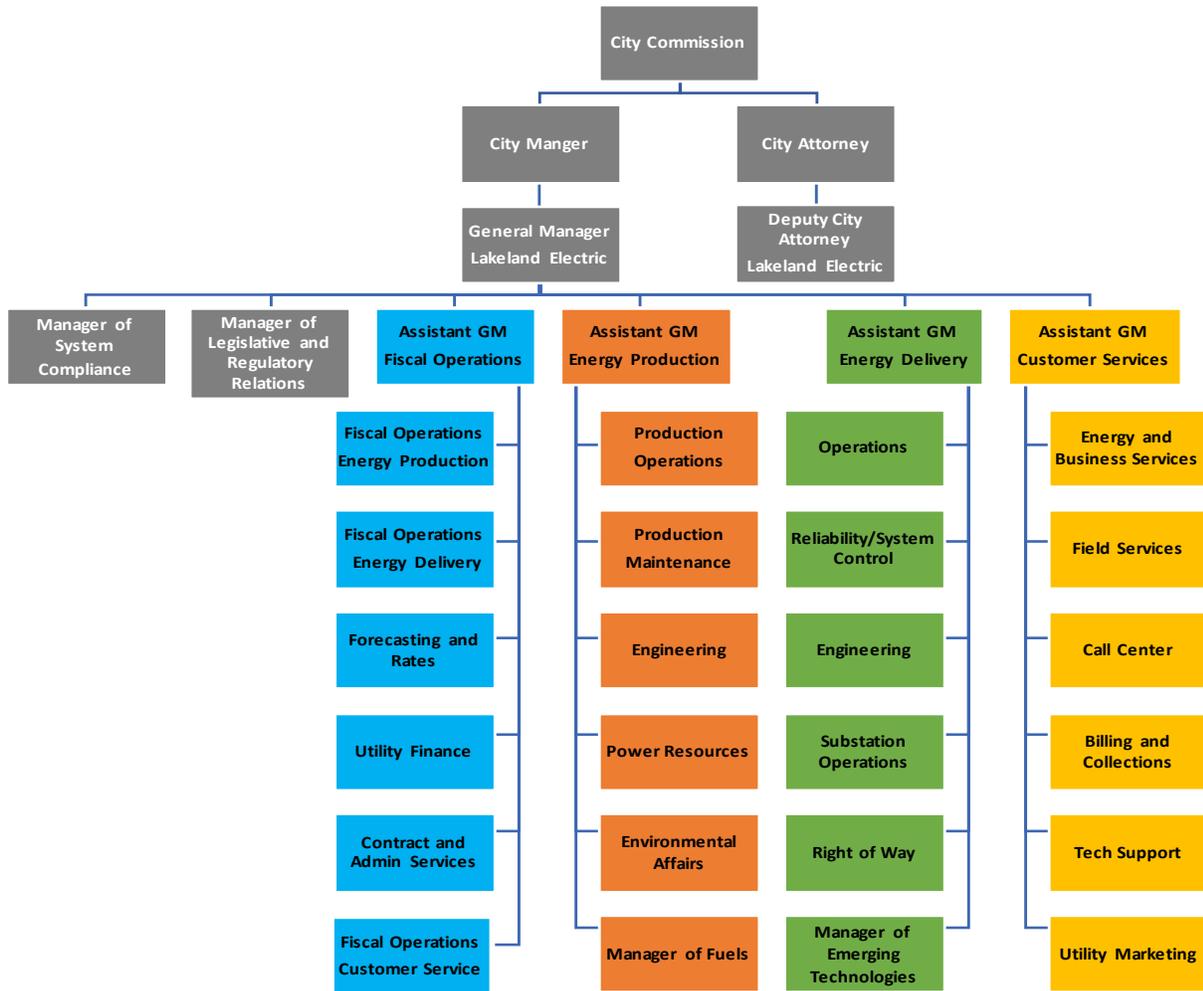
ADMINISTRATION

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

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

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

LAKELAND ELECTRIC ORGANIZATIONAL STRUCTURE



SERVICE AREA

The System service territory consists of approximately 246 square miles including the incorporated area of the City and several unincorporated communities lying within a 15-mile radius of the City. The City is bisected by Interstate 4 connecting Tampa and Orlando and is located approximately halfway between the two cities. The System's service area is bordered on the north by Withlacoochee Rural Electric Cooperative, Inc., on the south by the City of Bartow, and on the east and west by Tampa Electric Company. The City has existing territorial agreements with each of these utilities. During Fiscal Year 2024, an average of 144,166 electric customer accounts was served and the System experienced retail customer growth of approximately 2.8% for fiscal year 2024.

GENERATION

The System's existing electric generating facilities are located on three sites, two bordering Lake Parker in the City and one site near the Lakeland Linder International Airport. The Charles Larsen Memorial Power Plant (the "Larsen Plant") is located on the southeast shore of the lake and the C. D. McIntosh Jr. Power Plant ("McIntosh Plant") is located on the north shore. The Winston Peaking Station ("Winston Plant") is in the southwestern part of the service territory near the Lakeland Linder International Airport. As of September 30, 2024, the System had a net dependable capacity of 721 MW, excluding the capacity associated with the Power Purchase Agreement with the Orlando Utilities Commission ("OUC") described below. On April 4, 2021, Lakeland Electric retired its 342 MW Unit No. 3 ("Unit No. 3"), forty percent (40%) of which was owned by OUC. Unit No. 3's capacity will be replaced with the Reciprocating Internal Combustion Engines ("RICE") Generation Units described under "PURPOSE OF THE BONDS - The Project" herein. The RICE Generation Units came online in December 2024 (60 MWs) and January 2025 (60 MWs), for a combined 120 MW facility. A portion of the capacity and power previously provided by Unit No. 3 is provided through a 125 MW Power Purchase Agreement with OUC (the "OUC Power Purchase Agreement"). Including the capacity of the OUC Power Purchase Agreement, the System currently has a net dependable capacity of 846 MW (net winter). For the generator capacity of each facility as of September 30, 2024, see the table entitled "Existing Generation Facilities" below. See also "PURPOSE OF THE BONDS - The Project" herein for information concerning the Project and the RICE Generation Units.

LARSEN PLANT

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

MCINTOSH PLANT

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

McIntosh Unit 2, a 106 MW (net winter) gas-fired steam generating unit. The completion date and commissioning of the MGT2 unit was June 22, 2020.

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

The six (6) MAN RICE 18V51/60 20MWs Generation Units were acquired with proceeds of the Series 2021 Bonds and Series 2023 Bonds. They are intended to replace a portion of the generation capacity of Unit No. 3. The RICE Generation Units came online in December 2024 (60 MWs) and January 2025 (60 MWs), for a combined 120 MW facility. The RICE Generation Units will primarily use natural gas but will have the capability to use hydrogen for up to 25% of fuel needs. Currently, the use of hydrogen as a fuel source is not cost-effective.

McIntosh Plant Unit No. 5 ("Unit No. 5") is a 398 MW (net winter) combined cycle generating plant with a Siemens Westinghouse 501G high efficiency combustion turbine. Unit No. 5 became available for full load commercial operation in May 2002. In Fiscal Year 2021, Lakeland Electric upgraded Unit No. 5's combustion hardware resulting in a 9% increase in power output and improved efficiency. Lakeland Electric anticipates replacing Unit No. 5 in or around 2037, given it will have reached the end of its useful life.

On February 23, 2023, Unit No. 5 experienced a significant event resulting in a unit trip. Initial inspection was performed on February 26, 2023, revealing extensive damage to the compressor section. An initial estimate for repairs of \$4.3 million was developed and emergency authorization was approved by City management on March 2, 2023, to begin disassembly and repair work. On March 24, 2023, an additional discovery was found that required the rotor to go offsite for repairs, greatly impacting the scope and downtime. The final costs of the repairs totaled approximately \$22 million. Lakeland Electric filed an insurance claim related to the issue and received \$8.5 million in the last calendar quarter of 2024. Unit No. 5 has been fully repaired and restored and is operational.

WINSTON PLANT

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

Units No. 3 and 5 located at the McIntosh Plant site, together with power purchased by the City from the Florida Municipal Power Pool (the "FMPP"), historically provided the required load for the System. The FMPP sells power to its members at a price that represents the direct fuel and variable operating and maintenance cost of the next most efficient unit that is available for dispatch. Accordingly, each member of the FMPP is frequently able to purchase power at a price that is substantially less than the incremental cost of all but the most efficient generation units in each member's own system. As noted above, since Unit No. 3's retirement in April 2021, capacity and power previously provided by Unit No. 3 have been provided through the OUC Power Purchase Agreement, which includes an option to extend through December 2026 with an additional option for a month-to-month term, if required. The option to extend the Agreement

through December 2026 has been exercised by Lakeland Electric. As noted previously, the RICE Generation Units were made commercial in December 2024 (60 MWs) and January 2025 (60MWs) for a total of 120 MWs.

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

Unit Specific Gross Generation % by Fiscal Year

	2020	2021	2022	2023	2024
Unit No. 3 (McIntosh) ⁽¹⁾	11%	17%	0%	0%	0%
Unit No. 5 (McIntosh) ⁽²⁾	64	47	87	49	68
Other Lakeland Electric Units	4	9	3	6	9
Purchases ⁽³⁾	21	27	10	45	23
	100%	100%	100%	100%	100%

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

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

⁽³⁾ Nearly all such purchases are through the FMPP. The increase in purchases in 2020 is mainly due to the forced outages experienced at Unit No. 3 during Fiscal Year 2020. Starting in 2021, the System also purchased power from OUC through the OUC Power Purchase Agreement, which will be in place until the RICE Generation Units become operational. The increase in purchases in 2023 is directly related to the forced outage event on the U5 combustion turbine during Fiscal Year 2023. The decrease in purchases in 2024 was due largely to Unit 5's generation performance increasing to 68% having no significant outages.

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

	2020	2021	2022	2023	2024
Unit No. 3 (McIntosh) ⁽¹⁾	20%	32%	0%	0%	0%
Unit No. 5 (McIntosh) ⁽²⁾	71	57	67	53	73
Other Lakeland Electric Units	5	6	6	7	11

- (1) In Fiscal Year 2020, Unit No. 3 economically cycled off January and February, underwent a scheduled major outage in March and April and experienced bearing failures requiring extended forced outages between May through August 2020. On April 4, 2021, Unit No. 3 was decommissioned. See discussion under "-- Generation" above.
- (2) In 2023, Unit 5's generation remained lower than normal due to a 117-day forced outage event on the combustion turbine compressor. Fiscal Year 2022 outage plans included a Spring and Fall balance of plant outage. This included a borescope inspection of the combustion turbine. Outage hours totaled 1,374 in Fiscal Year 2022 versus 3,155 outage hours in Fiscal Year 2023.

Source: Lakeland Electric

The following table provides certain information regarding the City's existing generation facilities, as of September 30, 2024.

Existing Generation Facilities

	<u>Fuel Type</u>		<u>Installed</u>	<u>Net Dependable Equivalent</u>	
	<u>Primary</u>	<u>Alternate</u>		<u>(MW)</u>	<u>Availability⁽¹⁾</u>
Larsen Plant:					
<u>Combustion Turbines</u>					
Unit 8	NG	FO2	1992	95	77.5%
<u>Steam Condensing Turbines</u>					
Unit 8	WW	FO2	1992	30	71.2
Larsen Plant Total				125	
McIntosh Plant:					
<u>Diesels</u>					
Unit 1	FO2	-	1970	2	42.7
Unit 2	FO2	-	1970	3	67.4
<u>Combustion Turbines</u>					
Unit GT1	NG	FO2	1973	19	97.2
Unit GT2	NG	FO2	2019	124	97.5
Unit 5 ⁽²⁾	NG/WW	-	2001	398	91.5
McIntosh Plant Total				546	
Winston Plant Diesel Units 1-20⁽³⁾:	FO2	-	2001	50	97.8
Total: All Plants				721	<u>87.9%</u>

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

⁽¹⁾ Represents the percentage of capacity that was available for generation as of September 2024.

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

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

Source: Lakeland Electric

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SYSTEM CAPACITY AND LOAD

During Fiscal Year 2024, the System had a net dependable capacity of 721 MW. Including the 125 MW OUC Power Purchase Agreement, net dependable capacity as of September 30, 2024, was 846 MW. During Fiscal Year 2024, the System's net integrated winter peak load reached 536 MW on March 15, 2024, and its net integrated summer peak load was 719 MW on June 6, 2024.

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)
2024	536	(15.7)%	719	(4.5)%	3,490	1.3%
2023	620	(6.5)	752 ⁽³⁾	6.8	3,444	1.7
2022	663	9.6	704	1.7	3,387	0.8
2021	605	0.8	692	2.1	3,359	2.7
2020	600	10.1	678	1.6	3,271	1.1
2019	545	(22.6)	667	4.4	3,235	2.2
2018 ⁽²⁾	704	30.6	639	(0.8)	3,166	2.0
2017	539	(8.5)	644	(0.5)	3,103	(2.1)
2016	589	(10.2)	647	2.7	3,170	1.8
2015	656	13.3	630	0.5	3,113	3.3

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

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

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

Source: Lakeland Electric

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TRANSMISSION AND DISTRIBUTION SYSTEM

Lakeland Electric's transmission network is made up of 230 and 69 kilovolt ("kV") systems. There are currently 130 miles of 69 kV single and double circuit construction and all 69/12-kV substations have a minimum of two transmission sources. At present, there are a total of 28 substations (three 230/69kV, three 230/69/12 kV, one 230/12 kV, one 230/13.8 kV, and twenty 69/12 kV substations) feeding 121 12.47 kV circuits and one 13.8 kV circuit. Publix Super Market's privately owned 69/12 kV substation and its three 12.47 kV circuits, as well as Opal RNG's 69/4.16 kV substation are not included in the foregoing figures. There are 1,272 miles of overhead and 798 miles of underground distribution lines in service. The System currently has 28 miles of 230 kV transmission lines; approximately 11 miles reaches west from the McIntosh plant tying into the Interstate and West substations, and approximately 17 miles reaches south from McIntosh plant tying into the Eaton Park and Crews Lake substations.

INTERCONNECTIONS AND INTERCHANGE AGREEMENTS

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

The City currently has interchange agreements with the following utilities:

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

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

FUELS

OIL AND NATURAL GAS

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

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

The Florida Gas Transmission Company ("FGT") achieved "open access" status for their natural gas pipeline on August 1, 1990. This pipeline is an underground pipeline running from east Texas across the Florida Panhandle and down through the center of the state. Much of the FGT supply comes from land-based wells. The City holds firm transportation rights under two rate classifications, FTS-1 and FTS-3, both under the jurisdiction of the FERC. The four contracts under the FTS-1 rate class expire February 2027, April 2030, July 2030, and March 2035. Lakeland Electric has three contracts under the FTS-3 rate class that each expire in November 2033, October 2034, and November 2043.

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

The City secures natural gas supply by utilizing spot and baseload supply methods. This allows for the monthly variation of million Btu volumes required each month to operate while also ensuring a secure supply in place for any unforeseen events or pipeline allocations due to maintenance or other issues that may arise. Natural gas prices have declined in Fiscal Year 2024 through September 30, 2024, due to stable natural gas production, delays in LNG Terminals in-service dates, and a mild winter, creating high storage levels during the withdrawal season-ending at 2,282 billion cubic feet ("Bcf") which is more than the previous year's 1,830 Bcf. Lakeland Electric's fuel costs are presented to the City Commission at least quarterly to maintain its 15% reserve policy. The current Fiscal Year started with a \$45.00 per megawatt hours ("MWh") fuel rate and reached a low of \$36.00 per megawatt hour in April 2024 and ended with a \$45.00 per MWh in September 2024. The City's fuel hedging program is designed to minimize fuel risk volatility to manage rates within a ceiling and floor range to maintain affordable rates for the customer. For Fiscal Year 2024, the estimated hedging cost is \$19,674,525, with an annual fuel

expense of \$131,616,338. The estimated weighted average net fuel cost is anticipated to be \$33.22 per MWh.

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

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

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

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

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

The commodity swap transactions require that Lakeland Electric post collateral to the extent the mark-to-market value of outstanding contracts exceeds \$25,000,000 to the benefit of its counterparties. As of September 30, 2024, Lakeland Electric's portfolio of hedge transactions consisted of commodity swap and option contracts for approximately 24 million dekatherms of natural gas which represents 36-months of hedges with a cost value of approximately \$62,354,000. To date, Lakeland Electric has not been required to post any collateral. The notional cost is \$69,426,000 and Lakeland Electric's collateral value (\$7,072,000) ended at a mark-to-market value which is below the collateral threshold.

COAL

With the decommissioning of McIntosh Unit No. 3 in 2021, the City no longer purchases or burns coal. Consequently, existing coal and related transportation contracts were terminated as the City permanently ceased to operate the coal unit.

FUEL UTILIZATION

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

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

Fiscal Year Ended September 30	Coal	Oil	Natural Gas
2024	0%	0%	100%
2023	0	0	100
2022	0	0	100
2021	27	1	72
2020	16	1	83
2019	28	1	71
2018	44	0	56
2017	46	1	53
2016	37	0	63
2015	28	0	72
2014	19	0	81

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

Source: Lakeland Electric

CONSERVATION

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

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

INDUSTRY ORGANIZATIONS

WHOLESALE POWER EXCHANGE

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

FLORIDA MUNICIPAL POWER POOL (FMPP)

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

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

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

FLORIDA RELIABILITY COORDINATING COUNCIL

Lakeland Electric resides in the Florida Reliability Coordinating Council (FRCC) sub-area of SERC. SERC has been designated as one of the six Regional Entities by the National Electric Reliability Council (NERC). NERC and the six REs comprise the Electric Reliability Organization (ERO). The ERO's, and therefore SERC's, responsibility is to oversee the region to assure the reliability of electric power within the state. The FRCC is a member owned entity registered as the sub-region's Reliability Coordinator and Planning Authority. 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 baseloads generating units. Accordingly, this agreement provides a physical hedge against the exposure of a volatile energy market. The agreement has been renewed several times and is currently scheduled to expire in 2027. Seminole Electric Cooperative, Inc. does not participate in the current agreement. The

agreement is an example of how public power utilities work together for the benefit of their customers and communities. To date, Lakeland Electric has not needed to utilize any generation pursuant to the agreement.

CUSTOMERS

Customers of the System are predominantly residential in number (83.8% in Fiscal Year 2024). Of the 143,144 average accounts in Fiscal Year 2024, 14,170 were commercial and industrial accounts providing approximately 37.8% 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, 2024, which in total represent approximately 18.8% of the total MWh sold in Fiscal Year 2024.

Ten Largest Electric Customers as of September 30, 2024

Customer	MWh used in Fiscal Year 2024	MWh used in Fiscal Year 2023	Percent Change from 2023	Percent of Total MWh Sold in 2024	Max Demand in 2024 (kW)
Publix ⁽¹⁾	197,899	195,857	1.0%	6.0%	19,022
Lakeland Regional Health	76,132	73,491	3.6	2.3	1,824
Owens Corning Sales	71,510	71,170	0.5	2.2	9,206
City of Lakeland	73,986	72,205	2.5	2.3	2,705
Matheson Tri Gas	61,354	64,714	(5.2)	1.9	8,288
Polk County School Board	45,850	43,705	4.9	1.4	1,187
Florida Southern College	29,821	28,789	3.6	0.9	4,140
Pepperidge Farms	24,810	24,810	(0.4)	0.8	3,763
Keymark Corp	19,433	16,223	19.8	0.6	2,755
Amazon.com Services	17,158	13,885	23.6	0.5	1,332
Totals	617,846	604,849	2.1%	18.8%	54,222

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

Source: Lakeland Electric

ELECTRIC RATES

GENERAL

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

effective October 2018. The rate increases proposed by the Rate Consultant in its 2022 rate study are being implemented in three phases, with the first phase implemented in April of 2023. See "Electric Rates – 2022 Rate Study" below. It is the policy of the City to establish electric rates that will be adequate to meet the cash flow requirements of the System, including sufficient funds to cover annual expenditures for operations and maintenance, debt service, renewal and replacement, transfers to the City's general fund and other reserves deemed necessary by Lakeland Electric to meet future capital requirements. On an ongoing basis, Lakeland Electric will closely monitor the financial position of the System, including adequacy of cost recovery and cash balances to determine if a rate increase is warranted.

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

RATE FORMULA

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

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

FUEL CHARGE

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

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Historical Fuel Charge and Fuel Reserve Balances

Fiscal Quarter	Fuel Charge \$/MWh	Percent Increase (Decrease)	Fuel Reserve Balance (\$/Thousands)
4Q 2024	\$ 45.00	25.0%	\$42,358
3Q 2024	36.00	(5.0)	32,412
2Q 2024	38.00	(20.0)	40,169
1Q 2024	45.00	(18.2)	41,743
4Q 2023	55.00	0.0	37,599
3Q 2023	55.00	0.0	24,095
2Q 2023	55.00	(26.7)	22,181
1Q 2023	75.00	0.0	23,891
4Q 2022 ⁽²⁾	75.00	25.0	9,952
3Q 2022	60.00	50.0	13,357
2Q 2022	40.00	0.0	20,450
1Q 2022	40.00	0.0	25,007
4Q 2021	40.00	0.0	18,793
3Q 2021	40.00	14.3	20,153
2Q 2021	35.00	16.7	12,482
1Q 2021	30.00	7.1	15,433
4Q 2020	28.00	25.4	23,150
3Q 2020 ⁽¹⁾	22.33	(31.8)	24,106
2Q 2020	32.75	0.0	29,762
1Q 2020	32.75	(10.3)	27,779

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

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

Source: Lakeland Electric

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COMPARISON OF RATES

A comparison of electric rates in effect as of September 30, 2024, based on the average monthly consumption levels for customers within Lakeland Electric's service territory are as follows. The charges listed in the following table include base rates plus a fuel adjustment charge.

Rate Comparison as of September 30, 2024

Florida Utilities	Residential 1,000 kWh	GS ⁽¹⁾ 1,500 kWh	GSD ⁽²⁾	GSLD ⁽³⁾
			60,000 kWh 150 kW	200,000 kWh 500 kW
City of Lakeland	\$ 112.50	\$ 163.35	\$ 5,391.74	\$18,212.14
Florida Power and Light ⁽⁴⁾	125.14	180.66	5,784.64	19,197.31
City of Bartow	112.38	182.97	5,908.90	19,647.10
Jacksonville Electric Authority	120.38	169.77	5,628.20	18,329.00
Tampa Electric Company ⁽⁴⁾	141.01	257.63	5,293.11	17,563.56
Orlando Utilities Commission	125.00	190.59	5,725.40	19,010.00
City of Tallahassee	133.99	172.42	6,455.18	21,050.18
Gainesville Regional Utility	140.74	255.20	8,395.00	27,240.20
Duke Energy ⁽⁴⁾	159.63	230.31	7,159.14	23,879.42
Average	\$130.09	\$200.32	\$6,193.48	\$20,458.77

(1) Small commercial.

(2) Large commercial.

(3) Industrial.

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

Source: Lakeland Electric

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

Rate Comparison Breakdown by Energy and Fuel Components

Florida Utilities	Residential 1,000 kWh	GS 1,500 kWh	GSD 60,000 kWh 150 kW	GSLD 200,000 kWh 500kW
City of Lakeland - Energy	67.50	95.85	2,691.74	9,212.14
City of Lakeland - Fuel	45.00	67.50	2,700.00	9,000.00
City of Lakeland - Total	112.50	163.35	5,391.74	18,212.14
Average - Energy	91.68	140.53	3,828.40	12,587.88
Average - Fuel	38.40	59.13	2,365.13	7,872.89
Average - Total	130.90	199.66	6,193.53	20,460.77
Lakeland % of Average - Energy	73.6%	68.2%	70.3%	73.2%
Lakeland % of Average - Fuel	117.2%	114.2%	114.2%	114.3%
Lakeland % of Average - Total	86.5%	81.8%	87.1%	89.0%

Source: Lakeland Electric

2022 RATE STUDY

On May 16, 2022, the Lakeland City Commission approved a contract with the Rate Consultant to perform a cost of service and rate study. The first phase of that study was approved by the City Commission on February 20, 2023, and a 2.25% base rate increase was implemented on April 1, 2023, with subsequent 2.25% increases approved for Fiscal Years 2024 and 2025. Lakeland Electric will continue to closely monitor the financial position of the System, including adequacy of cost recovery and cash balances on an on-going basis to confirm that the implementation of the proposed rates is maintaining its financial requirements. For Fiscal Year 2025, the City Commission recently raised the amount of rate increase from 2.25% to 3.15% and approved an additional 3.15% increase for FY26 to account for the debt service on the Bonds. Despite the rate increase, Lakeland Electric's rates will remain in the bottom quartile within the State based on currently available information.

Historical Rate Changes

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

Historical Rate Changes - Last Ten Years

Fiscal Year	Residential			General Service		
	% Increase (Decrease) in Base Rate ⁽¹⁾	% Increase (Decrease) in Fuel Charge	% Increase (Decrease) in Total Rate	% Increase (Decrease) in Base Rate ⁽¹⁾	% Increase (Decrease) in Fuel Charge	% Increase (Decrease) in Total Rate
2024	2.4%	(18.2)%	(6.9)%	2.1%	(18.2)%	(7.4)%
2023	1.6	(26.7)	(13.6)	1.4	(26.7)	(14.0)
2022	0.0	27.6	9.9	0.0	27.6	9.9
2021	0.2	25.2	8.6	0.2	25.2	8.9
2020	1.0	(23.5)	(8.1)	1.1	(23.5)	(8.0)
2019	2.4	(4.7)	(0.4)	1.6	(4.7)	(3.3)
2018	(0.7)	9.7	3.1	0.0	9.7	2.0
2017	0.0	(6.7)	(2.6)	0.0	(6.7)	4.8
2016	0.6	(14.8)	(5.9)	(1.3)	(14.8)	(10.7)
2015	5.0	7.8	6.2	(3.1)	7.8	(2.7)
2014	0.6	0.9	0.7	0.5	0.9	4.7

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

Source: Lakeland Electric

PAYMENT IN LIEU OF TAXES

The City has a payment in lieu of taxes (PILOT) policy, pursuant to which Lakeland Electric transfers monthly amounts to the City's general fund from Lakeland Electric's operating revenues. As of September 30, 2024, the policy provided for a payment of \$10.10 per 1,000 KWh of retail sales. The City Commission may modify the policy at any time and from time to time. As of October 1, 2024, the payment amount increased to \$10.25 per 1,000 KWh of retail sales. The following table shows the PILOT transfers that were made to the general fund for Fiscal Years 2015 to 2024.

Historical Payments in Lieu of Taxes

Fiscal Year	PILOT (In thousands)	Percent Increase/(Decrease)	% Of Operating Revenues
2024	\$ 33,394	0.5%	9.6%
2023	33,239	1.5	8.5
2022	32,757	1.0	8.4
2021	32,439	2.7	9.9
2020	31,589	2.4	10.6
2019	30,850	3.9	9.7
2018	29,702	1.6	9.4
2017	29,223	(1.2)	9.6
2016	29,584	2.2	9.9
2015	28,954	16.4	9.4

Source: Lakeland Electric

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ELECTRIC SYSTEM OPERATING STATISTICS

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

Historical Operating Statistics - Past Five Fiscal Years

<u>Description</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
60 Minute net peak demand (MW)	678	692	704	752	722
Increase/(decrease) from prior year	1.6%	2.1%	1.7%	6.4%	(4.0)%
<u>Energy Sales (GWh):</u>					
Residential	1,604	1,630	1,632	1,693	1,687
Commercial and industrial	1,527	1,586	1,616	1,540	1,585
Other	35	35	35	104	34
Total	<u>3,166</u>	<u>3,251</u>	<u>3,283</u>	<u>3,337</u>	<u>3,306</u>
Increase/(decrease) from prior year	1.1%	2.7%	1.0%	1.6%	(0.9)%
<u>Average customers for period:</u>					
Residential	112,240	114,966	116,504	117,806	120,588
Commercial and industrial	13,601	13,803	13,384	13,954	15,081
Other	8,520	8,526	9,208	8,522	8,497
Total	<u>134,361</u>	<u>137,295</u>	<u>139,096</u>	<u>140,282</u>	<u>144,166</u>
<u>Residential service:</u>					
Average kWh sales per customer	14,290	14,178	14,008	14,375	13,990
Average revenue per customer	\$ 1,468	\$ 1,577	\$ 1,738	\$ 1,949	\$ 1,644
Average revenue per kWh ⁽¹⁾	\$ 0.10	\$ 0.11	\$ 0.12	\$ 0.14	\$ 0.12
<u>Operating revenue (\$ 000):</u>					
Residential	\$118,891	\$121,439	\$123,465	\$126,315	\$128,341
Commercial and industrial	64,259	67,607	67,641	68,899	66,538
Other electric sales ⁽²⁾	8,937	8,573	8,311	8,707	8,856
Sales for resale	4,867	5,746	3,214	3,423	2,784
Subtotal	<u>\$196,954</u>	<u>\$203,365</u>	<u>\$202,631</u>	<u>\$207,344</u>	<u>\$206,519</u>
Fuel charge ⁽³⁾	96,182	120,804	178,591	176,070	136,248
Other revenues	5,509	5,574	6,040	6,009	6,095
Total electric operating revenue	<u>\$298,645</u>	<u>\$329,743</u>	<u>\$387,262</u>	<u>\$389,423</u>	<u>\$348,862</u>

⁽¹⁾ Average residential revenue per kWh including fuel.

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

⁽³⁾ Fuel charge was reduced in Fiscal Year 2020 in response to the COVID-19 pandemic. Fuel charges in Fiscal Years 2022 and 2023 were higher due to higher natural gas prices caused by the war between Russia and Ukraine. Fuel charges in Fiscal Year 2024 were lower due to the decrease in natural gas prices because of the restriction on the exporting of natural gas. See tables entitled "Historical Fuel Charges and Fuel Reserve Balances" and "Risk Factors" herein.

Source: Lakeland Electric

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Lakeland Electric
Summary of Results of Operations
(In thousands)

	Fiscal Year Ended September 30				
	2020 ⁽⁷⁾	2021	2022 ⁽⁸⁾	2023 ⁽⁹⁾	2024 ⁽¹⁰⁾
Gross Revenues					
Electric retail-base rate	\$192,087	\$197,619	\$199,417	\$203,921	\$203,734
Electric retail-fuel charge	96,182	120,804	178,591	176,070	136,248
Electric wholesale	4,867	5,746	3,214	3,423	2,784
Other electric ⁽¹⁾	5,509	5,574	6,040	6,009	6,095
Other	1,090	1,622	1,169	1,135	1,468
Investment income ⁽²⁾	6,436	5,786	4,473	8,398	10,957
Total gross revenues	<u>\$306,171</u>	<u>\$337,151</u>	<u>\$392,904</u>	<u>\$398,956</u>	<u>\$361,286</u>
Operating expenses⁽³⁾					
Electric production and Fuel ⁽⁴⁾	\$101,536	\$125,551	\$178,648	\$175,277	\$133,889
Energy supply	29,658	27,331	25,297	24,574	29,819
Subtotal	<u>131,194</u>	<u>152,882</u>	<u>203,945</u>	<u>199,851</u>	<u>163,708</u>
Energy delivery	21,151	27,540	30,909	36,897	36,018
Customer service	8,893	8,136	8,407	9,146	10,117
Administrative and general ⁽⁵⁾	24,815	21,587	12,534	26,982	27,150
Total operating expense	<u>\$186,053</u>	<u>\$210,145</u>	<u>\$255,795</u>	<u>\$272,876</u>	<u>\$236,993</u>
Net Revenues Available for Debt Service and Other Purposes	<u>\$120,118</u>	<u>\$127,006</u>	<u>\$137,109</u>	<u>\$126,080</u>	<u>\$124,293</u>
Bond Service Requirement	<u>\$ 35,399</u>	<u>\$ 34,125</u>	<u>\$ 39,224</u>	<u>\$ 39,421</u>	<u>\$ 43,359</u>
Balance Available for Other Obligations, Capital Improvements and Expansion	<u>\$ 84,719</u>	<u>\$ 92,881</u>	<u>\$ 97,885</u>	<u>\$ 86,659</u>	<u>\$ 80,934</u>
Debt service coverage ratio from operations ⁽⁶⁾	3.39	3.72	3.50	3.20	2.87

NOTE: Gross revenues, operating expenses, and net revenues available for debt service and other purposes for the 2020 through 2024 Fiscal Years are derived from Lakeland Electric's audited financial statements.

- (1) Other electric includes customer connection charges but excludes impact fees.
- (2) Investment income excludes mark-to-market investment adjustments.
- (3) Does not include depreciation expense.
- (4) Includes purchased power and fuel handling.
- (5) Year-over-year variances in administrative and general expenses are primarily a result of adjustments to the pension liability in accordance with GASB Statement No. 68.
- (6) Equals net revenues available for debt service and other purposes divided by bond service requirement, as determined in accordance with the Bond Ordinance.
- (7) Revenue from fuel charges were down in Fiscal Year 2020 as a result of a reduction in the fuel charge in response to the COVID-19 pandemic.
- (8) Revenues from fuel charges were higher in Fiscal Years 2022 and 2023 due to the price of natural gas being much higher than in previous Fiscal Years. Similarly, fuel and purchase power costs were significantly higher due to the higher natural gas prices.
- (9) Operating expenses for Fiscal Year 2023 include \$4.3 million of costs associated with power restoration following Hurricane Ian. See "RISK FACTORS" for more information concerning Hurricane Ian impacts.
- (10) Fuel charges in Fiscal Year 2024 were lower due to the decrease in natural gas prices as a result of the restriction on the exporting of natural gas.

Source: Lakeland Electric

The projections in the following two tables assume normal weather, an annual average load growth of 0.9% in Fiscal Year 2026, 0.9% in 2027, and 1.0% thereafter. Inflation is assumed at 3.1% in Fiscal Year 2025, and 2.6% in 2026, and 2.4% thereafter. A 3.15% base rate increase is assumed in Fiscal Years 2025 and 2026, and 2.25% thereafter. The increases for 2025 and 2026 have already been approved by the City Commission. The projections also reflect a \$5.1 million FEMA reimbursement in 2025. Timing and amount of any subsequent rate increase is continually evaluated by management and will depend upon the System's financial requirements. The projected results of operations set forth in the following table were prepared by staff of Lakeland Electric based on revenue forecasts.

Lakeland Electric
Projected Results of Operations
(In thousands)

	Projected				
	Fiscal Year Ended September 30				
	2025 ⁽⁵⁾	2026	2027	2028	2029
Gross Revenues					
Electric Retail - Base Rate	\$217,775	\$226,503	\$233,640	\$239,840	\$247,374
Electric Retail - Fuel Rate	150,730	139,958	144,857	145,191	143,595
Electric Wholesale	1,949	13,951	14,702	14,424	14,712
Other Electric ⁽¹⁾	6,515	6,717	6,878	7,043	7,212
Other	5,515	428	438	449	459
Investment Income	8,310	7,998	7,870	7,800	7,782
Total Gross Revenues	<u>\$390,794</u>	<u>\$395,555</u>	<u>\$408,385</u>	<u>\$414,748</u>	<u>\$421,134</u>
Operating Expenses ⁽²⁾					
Fuel ⁽³⁾	\$150,509	\$153,909	159,559	\$159,615	\$158,308
Energy supply	33,984	34,817	35,655	36,514	37,394
Subtotal	<u>\$184,493</u>	<u>\$188,726</u>	<u>\$195,214</u>	<u>\$196,129</u>	<u>\$195,702</u>
Energy Delivery	37,153	37,290	38,251	39,239	40,252
Customer Service	10,680	10,955	11,249	11,538	11,833
General and Administrative	36,299	36,643	37,571	38,344	39,132
Total Operating Expenses	<u>\$268,625</u>	<u>\$273,614</u>	<u>\$282,285</u>	<u>\$285,250</u>	<u>\$286,919</u>
Net Revenues Available for Debt Service and Other Purposes	<u>\$122,169</u>	<u>\$121,941</u>	<u>\$126,100</u>	<u>\$129,498</u>	<u>\$134,215</u>
Bond Service Requirement ⁽⁴⁾	\$41,936	\$42,196	\$42,090	\$42,323	\$42,216
Balance Available for Other Obligations, Capital Improvements and Expansion	<u>\$80,233</u>	<u>\$79,745</u>	<u>\$84,010</u>	<u>\$87,175</u>	<u>\$91,999</u>
Debt Service Coverage Ratio ⁽⁶⁾	2.91	2.89	3.00	3.06	3.18

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

(2) Operating expenses exclude depreciation expense.

(3) Includes purchased power and fuel handling.

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

(5) Other revenue includes \$5.1 million FEMA reimbursement for Hurricane Ian power restoration.

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

Source: Lakeland Electric

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

Historical and Projected Cash Balances

Historical	Fiscal Year Ended September 30				
	2020	2021	2022	2023⁽¹⁾	2024⁽²⁾
Undesignated, unrestricted cash	\$ 50,272	\$ 80,299	\$ 55,454	\$ 59,952	\$ 66,724
Designated for capital improvements	72,659	66,533	90,278	106,871	124,396
Total	\$122,931	\$146,832	\$145,732	\$166,823	\$191,120

Projected	Fiscal Year Ended September 30				
	2025	2026	2027	2028	2029
Undesignated, unrestricted cash	\$ 42,462	\$ 41,016	\$ 34,947	\$ 30,762	\$ 29,058
Designated for capital improvements	125,000	125,000	125,000	125,000	125,000
Total	\$167,462	\$166,016	\$159,947	\$155,762	\$154,058

⁽¹⁾ The increase in cash balance between Fiscal Year 2022 and Fiscal Year 2023 reflects the impact of supply chain issues on the RICE Generation Units project. In order to meet federal tax law spending requirements, proceeds of the Series 2021 Bonds were used to finance other capital expenditures which freed up unrestricted cash. This excess cash will be drawn-down in Fiscal Year 2024 and Fiscal Year 2025 in connection with the completion of the RICE Generation Units project.

⁽²⁾ The increase in cash balance between Fiscal Year 2023 and Fiscal Year 2024 reflects a mark-to-market investment adjustment of \$18.5 million. See table entitled, "Lakeland Electric Summary of Results of Operations" herein.

Source: Lakeland Electric

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

CAPITAL IMPROVEMENT PLAN

The following table presents a summary of Lakeland Electric's projected capital improvement requirements through Fiscal Year 2029 (in thousands):

	2025	2026	2027	2028	2029
Energy Supply	\$ 29,200	\$ 22,900	\$ 23,500	\$ 23,700	\$ 23,900
Energy Delivery	26,300	27,200	26,700	23,050	24,300
New Generation	23,400	0	0	0	0
All Other	8,700	3,100	2,200	3,050	1,750
Total	\$ 87,600	\$ 53,200	\$ 52,400	\$ 49,800	\$ 49,950

Source: Lakeland Electric

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

	Fiscal Year Ending September 30				
	2025	2026	2027	2028	2029
Base Electric Rates	\$ 71,100	\$ 53,200	\$ 52,400	\$ 49,800	\$ 49,950
Series 2023 Bonds	16,500	0	0	0	0
Total	\$ 87,600	\$ 53,200	\$ 52,400	\$ 49,800	\$ 49,950

Source: Lakeland Electric.

FACTORS AFFECTING THE INDUSTRY

GENERAL

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

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

The System and its operations are subject to federal, state and local environmental regulations which include, among other things, control of emissions of particulates, mercury, acid gases, sulfur dioxide ("SO₂") and nitrogen oxide ("NO_x") into the air; discharges of pollutants, including heat, into surface or ground water; the disposal of waste and reuse of products generated by combustion processes; management of hazardous materials; and the nature of waste materials discharged from the System. Environmental regulations generally are becoming more numerous and more stringent and, as a result, may substantially increase the costs of the

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

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

FEDERAL REGULATION

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

Greenhouse Gas Regulation

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

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

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

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

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

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

Acid Rain Program

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

Mercury and Air Toxics Standards Rule

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

Coal Combustion Residual Regulations

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

Interstate Transport Rule

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

Waters of the United States Rule

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

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

Federal Energy Regulatory Commission (FERC) and Energy Policy Acts

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

ENERGY POLICY ACT OF 1992

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

ENERGY POLICY ACT OF 2005

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

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

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

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

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

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

FLORIDA LEGISLATION

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

RATE REGULATION

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

Florida Energy Act of 2012

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

Cooling Water Intake Structure Standards

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

ENVIRONMENTAL

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

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

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

Environmental Justice

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

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

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SUMMARIZED BOND INFORMATION – DEPARTMENT OF ELECTRIC UTILITIES

ENERGY SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2010

\$199,300,000

REVENUE AND REFUNDING BONDS DATED OCTOBER 20, 2010

CUSIP NUMBERS

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

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

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

MANDATORY REDEMPTION

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

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

* Final maturity

OPTIONAL REDEMPTION

The Bonds are not subject to optional redemption prior to maturity

AGENTS

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

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

<u>Date</u>	<u>Maturity</u>	<u>Interest</u>	<u>Total</u>
1-Oct-2024	5,595,000	2,180,281	7,775,281
1-Apr-2025		2,040,406	2,040,406
1-Oct-2025	5,885,000	2,040,406	7,925,406
1-Apr-2026		1,893,281	1,893,281
1-Oct-2026	6,180,000	1,893,281	8,073,281
1-Apr-2027		1,731,056	1,731,056
1-Oct-2027	5,180,000	1,731,056	6,911,056
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	1,452,019	7,197,019
1-Apr-2030		1,301,213	1,301,213
1-Oct-2030	6,040,000	1,301,213	7,341,213
1-Apr-2031		1,142,663	1,142,663
1-Oct-2031	6,360,000	1,142,663	7,502,663
1-Apr-2032		975,713	975,713
1-Oct-2032	6,695,000	975,712	7,670,712
1-Apr-2033		799,969	799,969
1-Oct-2033	7,045,000	799,968	7,844,968
1-Apr-2034		615,038	615,038
1-Oct-2034	7,415,000	615,037	8,030,037
1-Apr-2035		420,394	420,394
1-Oct-2035	7,800,000	420,394	8,220,394
1-Apr-2036		215,644	215,644
1-Oct-2036	8,215,000	215,643	8,430,643
	<u>\$ 83,605,000</u>	<u>\$ 30,545,231</u>	<u>\$ 114,150,231</u>

ENERGY SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2016

\$138,650,000

REVENUE AND REFUNDING BONDS DATED FEBRUARY 5, 2016

CUSIP NUMBERS

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

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

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

OPTIONAL REDEMPTION

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

AGENTS

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

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

Date	Maturity	Interest	Total
1-Oct-2024	10,955,000	1,707,084	12,662,084
1-Apr-2025		1,433,209	1,433,209
1-Oct-2025	11,480,000	1,433,209	12,913,209
1-Apr-2026		1,146,210	1,146,210
1-Oct-2026	12,005,000	1,146,210	13,151,210
1-Apr-2027		846,084	846,084
1-Oct-2027	12,550,000	846,084	13,396,084
1-Apr-2028		689,210	689,210
1-Oct-2028	12,820,000	689,210	13,509,210
1-Apr-2029		512,934	512,934
1-Oct-2029	8,820,000	512,934	9,332,934
1-Apr-2030		386,147	386,147
1-Oct-2030	5,965,000	386,147	6,351,147
1-Apr-2031		296,672	296,672
1-Oct-2031	1,875,000	296,672	2,171,672
1-Apr-2032		267,375	267,375
1-Oct-2032	1,935,000	267,375	2,202,375
1-Apr-2033		219,000	219,000
1-Oct-2033	2,030,000	219,000	2,249,000
1-Apr-2034		168,250	168,250
1-Oct-2034	2,135,000	168,250	2,303,250
1-Apr-2035		114,875	114,875
1-Oct-2035	2,240,000	114,875	2,354,875
1-Apr-2036		58,875	58,875
1-Oct-2036	2,355,000	58,875	2,413,875
	<u>\$ 87,165,000</u>	<u>\$ 13,984,766</u>	<u>\$ 101,149,766</u>

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ENERGY SYSTEM REVENUE BONDS, SERIES 2018

\$43,945,000

REVENUE BONDS DATED SEPTEMBER 13, 2018

CUSIP NUMBERS

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

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

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

OPTIONAL REDEMPTION

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

AGENTS

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

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

Date	Maturity	Interest	Total
1-Oct-2024	1,520,000	687,656	2,207,656
1-Apr-2025		649,657	649,657
1-Oct-2025	855,000	649,657	1,504,657
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	559,531	5,429,531
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	249,563	4,709,563
1-Apr-2033		174,300	174,300
1-Oct-2033	4,050,000	174,300	4,224,300
1-Apr-2034		93,300	93,300
1-Oct-2034	-	93,300	93,300
1-Apr-2035		93,300	93,300
1-Oct-2035	-	93,300	93,300
1-Apr-2036		93,300	93,300
1-Oct-2036	2,310,000	93,300	2,403,300
1-Apr-2037		47,100	47,100
1-Oct 2037	2,355,000	47,100	2,402,100
	<u>\$ 32,405,000</u>	<u>\$ 9,805,319</u>	<u>\$ 42,210,319</u>

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ENERGY SYSTEM REVENUE BONDS, SERIES 2021

\$123,295,000

REVENUE BONDS DATED DECEMBER 21, 2021

CUSIP NUMBERS

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

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

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

MANDATORY REDEMPTION

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

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

* Final maturity

OPTIONAL REDEMPTION

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

AGENTS

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

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

Date	Maturity	Interest*	Total
1-Oct-2024	2,445,000	2,889,550	5,334,550
1-Apr-2025		2,828,425	2,828,425
1-Oct-2025	3,320,000	2,828,425	6,148,425
1-Apr-2026		2,745,425	2,745,425
1-Oct-2026	4,045,000	2,745,425	6,790,425
1-Apr-2027		2,644,300	2,644,300
1-Oct-2027	4,690,000	2,644,300	7,334,300
1-Apr-2028		2,527,050	2,527,050
1-Oct-2028	5,355,000	2,527,050	7,882,050
1-Apr-2029		2,393,175	2,393,175
1-Oct-2029	5,980,000	2,393,175	8,373,175
1-Apr-2030		2,243,675	2,243,675
1-Oct-2030	7,065,000	2,243,675	9,308,675
1-Apr-2031		2,067,050	2,067,050
1-Oct-2031	2,790,000	2,067,050	4,857,050
1-Apr-2032		1,997,300	1,997,300
1-Oct-2032	3,510,000	1,997,300	5,507,300
1-Apr-2033		1,909,550	1,909,550
1-Oct-2033	4,230,000	1,909,550	6,139,550
1-Apr-2034		1,803,800	1,803,800
1-Oct-2034	4,780,000	1,803,800	6,583,800
1-Apr-2035		1,684,300	1,684,300
1-Oct-2035	5,525,000	1,684,300	7,209,300
1-Apr-2036		1,546,175	1,546,175
1-Oct-2036	6,485,000	1,546,175	8,031,175
1-Apr-2037		1,384,050	1,384,050
1-Oct-2037	7,420,000	1,384,050	8,804,050
1-Apr-2038		1,235,650	1,235,650
1-Oct-2038		1,235,650	1,235,650
1-Apr-2039		1,235,650	1,235,650
1-Oct-2039	4,235,000	1,235,650	5,470,650
1-Apr-2040		1,150,950	1,150,950
1-Oct-2040	4,395,000	1,150,950	5,545,950
1-Apr-2041		1,063,050	1,063,050
1-Oct-2041	4,590,000	1,063,050	5,653,050
1-Apr-2042		971,250	971,250
1-Oct-2042	4,770,000	971,250	5,741,250
1-Apr-2043		852,000	852,000
1-Oct-2043	5,015,000	852,000	5,867,000
1-Apr-2044		726,625	726,625
1-Oct-2044	5,270,000	726,625	5,996,625
1-Apr-2045		594,875	594,875
1-Oct-2045	5,520,000	594,875	6,114,875
1-Apr-2046		456,875	456,875
1-Oct-2046	5,795,000	456,875	6,251,875
1-Apr-2047		312,000	312,000
1-Oct-2047	6,090,000	312,000	6,402,000
1-Apr-2048		159,750	159,750
1-Oct-2048	6,390,000	159,750	6,549,750
	<u>\$ 119,710,000</u>	<u>\$ 75,955,450</u>	<u>\$ 195,665,450</u>

ENERGY SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2023

\$154,470,000

REVENUE BONDS DATED SEPTEMBER 12, 2023

CUSIP NUMBERS

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

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

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

MANDATORY REDEMPTION

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

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

* Final maturity

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

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

* Final maturity

OPTIONAL REDEMPTION

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

AGENTS

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

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

Date	Maturity	Interest*	Total
1-Oct-2024	-	3,759,206	3,759,206
1-Apr-2025		3,759,206	3,759,206
1-Oct-2025	-	3,759,207	3,759,207
1-Apr-2026		3,759,206	3,759,206
1-Oct-2026	-	3,759,207	3,759,207
1-Apr-2027		3,759,206	3,759,206
1-Oct-2027	-	3,759,207	3,759,207
1-Apr-2028		3,759,206	3,759,206
1-Oct-2028	-	3,759,207	3,759,207
1-Apr-2029		3,759,206	3,759,206
1-Oct-2029	175,000	3,759,207	3,934,207
1-Apr-2030		3,754,831	3,754,831
1-Oct-2030	3,090,000	3,754,831	6,844,831
1-Apr-2031		3,677,581	3,677,581
1-Oct-2031	6,690,000	3,677,581	10,367,581
1-Apr-2032	-	3,510,331	3,510,331
1-Oct-2032	6,965,000	3,510,331	10,475,331
1-Apr-2033	-	3,336,206	3,336,206
1-Oct-2033	7,270,000	3,336,206	10,606,206
1-Apr-2034	-	3,154,456	3,154,456
1-Oct-2034	11,225,000	3,154,456	14,379,456
1-Apr-2035	-	2,873,831	2,873,831
1-Oct-2035	11,190,000	2,873,831	14,063,831
1-Apr-2036	-	2,594,081	2,594,081
1-Oct-2036	9,000,000	2,594,082	11,594,082
1-Apr-2037	-	2,369,081	2,369,081
1-Oct-2037	19,920,000	2,369,081	22,289,081
1-Apr-2038	-	1,871,081	1,871,081
1-Oct-2038	10,080,000	1,871,082	11,951,082
1-Apr-2039	-	1,619,081	1,619,081
1-Oct-2039	5,505,000	1,619,082	7,124,082
1-Apr-2040	-	1,481,456	1,481,456
1-Oct-2040	5,790,000	1,481,457	7,271,457
1-Apr-2041	-	1,336,706	1,336,706
1-Oct-2041	6,060,000	1,336,706	7,396,706
1-Apr-2042	--	1,185,206	1,185,206
1-Oct-2042	6,365,000	1,185,207	7,550,207
1-Apr-2043	-	1,026,081	1,026,081
1-Oct-2043	6,675,000	1,026,081	7,701,081
1-Apr-2044	-	859,206	859,206
1-Oct-2044	7,005,000	859,207	7,864,207
1-Apr-2045	-	684,081	684,081
1-Oct-2045	7,370,000	684,082	8,054,082
1-Apr-2046	-	518,581	518,581
1-Oct-2046	7,695,000	518,581	8,213,581
1-Apr-2047	-	352,981	352,981
1-Oct-2047	8,025,000	352,981	8,377,981
1-Apr-2048	-	180,256	180,256
1-Oct-2048	8,375,000	180,256	8,555,256
	\$ 154,470,000	\$ 114,121,506	\$ 268,591,506

WATER UTILITIES

On January 21, 2025, the City of Lakeland (City) authorized (Task Authorization CS-25-02(m)) Chastain-Skillman (CS) to prepare a Water System Evaluation Report for FY 2024 for review by bond holders. The City has requested that CS conduct an annual independent engineering review and evaluation of its water system. This report summarizes the findings based on previous reports, interviews with City staff, water system data, and financial information provided by the City. The purpose of this review is to assess whether the water utility system is managed in a prudent manner consistent with typical utility practice.

The City's bond covenant requires third party inspections of representative water infrastructure on a biennial basis. The last inspection was completed for the FY 2023 report. Therefore, infrastructure inspections were not conducted for this report.

ADMINISTRATION AND ORGANIZATION

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

- Administration
- Engineering
- Water Distribution
- Water Production

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

The Director of Water Utilities is responsible for Production and Distribution. Water Production is responsible for operation and maintenance of the wellfields, water treatment facilities, and the water booster pump stations. Currently, the Combee WTP has 10 certified operators, and the Williams WTP has 12 certified operators. The staff of both treatment facilities report to the Manager of Water Production who is also a certified operator. The total Water Production staff includes 39 budgeted full-time positions.

Water Distribution is responsible for operation and maintenance of the water distribution system, as well as comprehensive meter servicing and backflow preventer programs. A leak detection program performed by this staff includes evaluating all service valves and meters over a period of three to four years. The Water Distribution staff consists of 63 full-time positions.

The Manager of Water Utilities Engineering is responsible for Engineering and reports directly to the Director of Water Utilities. Engineering responsibilities include designing and permitting construction of new water mains, relocation of mains, inspection of new facilities and distribution components, responses to public queries on utility locations, and coordination of work performed by consultants. The staff includes 30 full-time positions, one part-time co-op student 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 have a few small areas not served by City water) and portions of unincorporated Polk County through its Chapter 180 Reserve Service Area and user agreements. Service area maps are available upon request from the City of Lakeland Finance Department. The total water distributed in FY 2024 was approximately 8.86 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)
2024	222,305	150	33.346	40.015
2025	225,520	150	33.828	40.594
2026	228,733	150	34.310	41.172
2027	231,957	150	34.794	41.752
2028	235,182	150	35.277	42.333
2029*	238,684	150	35.803	42.963
2030*	242,239	150	36.336	43.603
2031*	245,846	150	36.877	44.252
2032*	249,507	150	37.426	44.911
2033*	253,222	150	37.983	45.580

Source: Water Utilities

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

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

Historical Water Utilities Customer Base

Fiscal Year	Inside City	Outside City	Total Customers
2024	40,240	24,245	64,485
2023	39,804	23,895	63,699
2022	39,515	23,771	63,286
2021	37,902	23,013	60,915
2020	36,858	22,665	59,523

Source: Water Utilities

STATUS OF FACILITIES

PERMITS AND REGULATORY STATUS

The Southwest Florida Water Management District (SWFWMD) issued Water Use Permit (WUP) No. 200004912.008 to the City of Lakeland for 35.03 million gallons per day (MGD) for public supply needs on December 16, 2008. The WUP was for a 20-year period and provides source water for the City's projected demands through that period. On April 14, 2020, SWFWMD approved a ten-year extension to the City's permit (200004912.011) till December 16, 2038, in accordance with WUP Special Condition #23. The City continues to supply effluent water to Tampa Electric Company (TECO) to be used for cooling water at TECO's Polk Power Station. The FY24 average to TECO was 3.09 MGD.

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

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

WATER SUPPLY

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

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

During FY 2024, the Department of Environmental Protection (DEP) performed a Source Water Assessment on both the T.B. Williams and Combee water treatment plants. This evaluation is periodically conducted to identify any potential sources of contamination within the vicinity of the water supply wells and assign each source a score of low, moderate, or high based on susceptibility of potential pollution. The analysis determined 13 unique sources for potential contamination for the City of Lakeland’s wells. 10 of the wells were given a moderate score for contamination susceptibility and 7 were identified with a low concern level. The assessment results are available on Florida’s DEP website.

Bellow table summarizes well pumpage for the past eight years. Annual pumpage has averaged 8.30 billion gallons from 2017 to 2024.

Well Pumpage (In Million Gallons)

Fiscal Year	T.B. Williams WTP Wells ¹	Combee WTP Wells ²	Total
2024	7,500.1	1,361.9	8,862.1
2023	7,489.1	1,351.7	8,840.8
2022	7,196.3	1,396.8	8,593.1
2021	7,188.5	1,366.9	8,555.4
2020	6,913.8	1,370.7	8,284.5
2019	6,649.1	1,361.2	8,010.3
2018	6,267.1	1,358.7	7,625.8
2017	6,578.4	1,245.4	7,823.8

¹Northwest Wellfield

²Combee WTP on-side well and Northeast Wellfield

Source: Water Utilities

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

WATER TREATMENT FACILITIES

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

Variable-speed high-service pumps maintain a stable discharge pressure of 50 psi by pumping water into the distribution system from the chlorine contact chamber through the 48-inch discharge main. Instead of pumping directly to the distribution system, water from the chlorine contact chamber may be directed to either of two, 5-million-gallon ground storage tanks. The 10 million gallons of ground storage serves to equalize peak demands for the system's operation.

Three diesel-powered generators (two 2250 kW and one 400 kW) provide sufficient auxiliary power for all plant operations, including 10 of the raw water supply wells in the Northwest Wellfield. The 400-kW generator is dedicated to one high service pump so that water can always be pumped from the storage tanks during power outages. In addition to the auxiliary power, the City of Lakeland has installed two power feeds from separate substations into the Williams WTP with an automatic transfer switch that will transfer power loads in the event of a single power feed failure. The Combee WTP is located on Old Combee Road, east of Lake Parker Drive in the northeast portion of the City service area. The facility can provide an average daily capacity of 8 MGD and a peak daily capacity of 12 MGD. Land is available to expand the plant to 24 MGD in the future. This additional treatment facility enhances the total system reliability. The Combee WTP uses the same treatment processes as the Williams WTP. There is currently 10 million gallons of storage. There are two lime softening units with provisions for an additional two units of the same size as well as one filtration unit with available space for two filters. Each WTP is equipped with an Emerson DeltaV™ monitoring and control system (SCADA) to assist in management of the water system. SCADA monitors and controls various treatment components (well pumpage/treatment flow rates and ground storage volumes) based on parameters in the distribution system (e.g., water pressures and flow) to optimize water supply. In addition to the plants, the SCADA system

monitors and controls both wellfields and the water booster stations. Monitoring and control of all facilities is accessible at either water treatment plant.

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

Local utilities using groundwater typically limit water treatment to aeration and disinfection. Additional treatment is limited because of costs. The City consistently provides high quality water for its customers by expanding its treatment process to include lime softening, filtration, and fluoridation. The following table summarizes the average raw and finished water quality data for FY 2024.

Water Quality Data for FY 2024

Parameter ²	MCL ¹	Williams WTP		Combee WTP	
		Raw Water	Finished Water	Raw Water	Finished Water
Total Hardness	NA	152	124	218	115
Calcium Hardness	NA	113	91	165	80
Magnesium Hardness	NA	39	33	53	35
Alkalinity	NA	151	105	221	110
Free Chlorine	4.0	-	2.6	-	2.6
Total Chlorine	NA	-	2.8	-	2.8
Chloride	250	14	24	18	22
Ammonia	NA	0.7	0.24	0.37	0.23
Turbidity, NTU	NA	0.29	0.25	0.08	0.16
Color, Units	15	9	5	14	5
pH, Units	6.5-8.5	7.85	7.94	7.36	8.07
Sulfide	NA	1.0	0.0	0.3	0.0
Iron	0.3	0.014	0.008	0.35	0.014
Fluoride	2	0.26	0.71	-	0.67
Phosphate	NA	0.33	0.3	0.32	0.29
Silica	NA	15	12	16	13
Sulfate	250	2.4	4	1.7	0.5
Total Dissolved Solids	500	182	159	245	152
Nitrate	10	0.025	0.01	0.01	0.01

¹Maximum Contaminant Level

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

(Source: Water Utilities)

WATER TRANSMISSION/DISTRIBUTION SYSTEM

The water service area encompasses an area of approximately 132 square miles. The water distribution system is comprised of 1,051 miles of service piping (from under 2 inches to 54 inches in diameter) to deliver treated water to customers. Also, 8.74 miles of raw water piping convey water from the wellfields to the treatment plants. During the 2024 fiscal year, the City installed 26,755 feet of distribution piping and removed 200 feet from service (see table below). All potable water piping conforms to AWWA standards. The City operates a Geographic Information System (GIS) and uses Global Positioning System (GPS) to verify and map key water system valves and hydrant locations.

**Transmission/Distribution Pipe
Water Lines in System (feet)**

Size (inches)	Existing 2024	Installed 2024	Abandoned 2024	Total 2024	Raw Water
2 and under	928,287	10	-	928,297	-
2 ½ and 3	-	-	-	-	-
4	449,402	1,153	-	450,555	-
6	2,144,287	5,520	148	2,149,659	-
8	908,621	9,257	13	917,865	-
10	155,281	248	39	155,490	-
12	596,259	10,567	-	606,826	-
16	125,869	-	-	125,869	8,583
18	4,540	-	-	4,540	-
20	75,824	-	-	75,824	4,532
24	29,126	-	-	29,126	6,248
30	58,527	-	-	58,527	1,935
36	19,836	-	-	19,836	24,852
42	23,109	-	-	23,109	-
48	4,162	-	-	4,162	-
54	125	-	-	125	-
Total	5,523,255	26,755	200	5,549,810	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 2024, there were 64,485 meters (40,240 inside City and 24,245 outside City), providing 100% coverage of water consumption. The total number of meters increased by 786 meters between FY 2023 and FY 2024. The Water Distribution System is supported by the Water Distribution Division which provides facilities and resources to install and maintain water lines, meters, and other appurtenances. Water meters are inspected according to the following schedule:

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

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

Historical Number of Backflow Preventers

	Fiscal Year ended September 30,				
	2020	2021	2022	2023	2024
Backflow Preventers	5,822	5,733	5,823	5,971	6,116

Source: Water Utilities

The table below provides a breakdown of fire hydrants based on water main size. Ninety-nine percent of hydrants are located on water mains 6-inch or larger. The number of hydrants in the system has increased 5.43% over the past five years.

Historical Number of Fire Hydrants by Main Size

Main Size (inches)	Fiscal Year ended September 30,				
	2020	2021	2022	2023	2024
4	63	62	61	61	62
6	2,577	2,604	2,646	2,650	2,668
8	961	978	992	1,027	1,039
10	173	174	176	177	178
12	445	477	486	493	511
16	118	118	118	118	118
18	2	2	2	2	2
20	24	24	24	24	24
24	12	12	12	12	12
30	36	36	36	36	36
36	6	6	6	6	7
42	3	3	3	3	3
48	1	1	1	1	1
Total	4,421	4,497	4,563	4,610	4,610

Source: Water Utilities

During the 2024 fiscal year, 8.86 billion gallons (24.280 mgd average) of water was pumped from the City’s wellfields. The City accounted for 8.17 billion gallons (22.39 mgd average) as being placed into distribution or used in the treatment plant processes. Unaccounted for water was 7.78% of total supplied (see table below). This percentage is below the 10% threshold imposed by SWFWMD requiring water audits. The City works to reduce unaccounted for water usage by testing meters, eliminating unmetered services, reducing master meters, and detecting leaks. These programs, along with on-going pipeline replacement, have reduced the percentage of unaccounted for water by half since 1982.

Historical Unaccounted-for Water

	Fiscal Year ended September 30,				
	2020	2021	2022	2023	2024
Water Produced, MG	8,284.5	8,555.4	8,593.1	8,840.8	8,862.1
Accounted-for Water, MG	7,638.5	7,832.8	7,858.1	8,141.6	8,173.0
Unaccounted-for Water, MG	646.0	722.6	735.0	699.2	689.1
Unaccounted-for Water, %	7.80%	8.45%	8.55%	7.91%	7.78%

Source: Water Utilities

The distribution system also includes four pump stations:

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

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

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

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IMPROVEMENTS

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

Project Name	Project Description	Current Project Status
Williams Filter Rehabilitation	This project is to rehabilitate the anthracite/silica sand and recoat the interior of the three potable water filters at the TB Williams WTP.	In-construction, 33% complete
Lead and Copper Rule Compliance	This project is for impacts from changes to the EPA lead and copper rule. Including system review, corrosion control analysis, and possible corrosion control chemical feed	Preparing lead service line inventory
CWD5230 SmartGrid Installation	This is an ongoing project to replace existing legacy water meters with new "smart" meters. The proposal also includes efforts to catalogue water service line materials to help build Lead Service Line Inventory as required by the Lead and Copper Rule Revisions.	Contractor is installing smart meters
Maplewood Av 6" AC Replacement (Between E. Edgewood Drive and Glendale St.)	This project is to replace an existing 6" AC water main that has reached the end of its life cycle.	Under construction
Utility relocation SR33 at I-4 - Tomkow to Old Combee Interchange	This project is to relocate water mains in coordination with FDOT road/drainage project at SR33 and I-4.	Waiting for FDOT to start construction for road and utilities
Polk County-Bartow-US 98 Interconnect	This project will connect City of Bartow, Polk County Utilities and Lakeland in the SE quadrant of the service territory to provide system reliability.	Waiting for construction start, managed by Polk County Utilities

Skyview 6" FL Protection Improv/Waterview Blvd W/Add Valves	This project is to provide reliable water service along with fire protection to the residence of Skyview. Current system is not reliable and does not provide adequate fire protection.	Design complete, writing project manual for construction bidding by outside contractor
Skyview System Fire Improvement	Current system is not reliable and does not provide adequate fire protection.	Design complete, writing project manual for construction bidding by outside contractor
Indian Trails Subdivision AC Replace & Fire Improv	This project is to replace existing AC pipe at the Indian Trails subdivision. Current system at Indian Trails is not reliable and does not provide adequate fire protection.	Ready for construction
Lakeland Hills Blvd (Parkview to Granada)	This project is for the relocation of water lines along Lakeland Hills Blvd. related to FDOT road widening.	Waiting for FDOT to start construction for road and utilities
Lk. Hollingsworth Dr 6" AC WL Rep (Collins Ln to Crystal Lk Dr)	This project is to replace an existing 6" AC water main that has reached the end of its life cycle.	Project is completed.
Water Main Replacement (Groups 3)	This project is to evaluate the condition of existing watermain assets and the design and construction efforts for the replacement of watermains to be replaced.	Several specific projects have been spawned for water main replacement
Water Main Replacement (Groups 4, 5 and Group 8)	This project is to evaluate the condition of existing watermain assets and the design and construction efforts for the replacement of watermains to be replaced.	Planned in future budget year

Chestnut Rd Sidewalk Improvements	This project is related to the Polk County Sidewalk Improvement Project which requires adjustments to existing water lines.	Polk County performing construction in phases. Phase 1 complete, waiting on remaining phases that coincide with summer (school out)
Bartow Hwy Widening (Edgewood Dr to Main St) Utility Adjustments	This project is related to the FDOT Road widening project which requires adjustments to existing water lines	Project on hold per FDOT (ROW issues), expected after 2030
W. Pipkin Widening (Medulla to Harden) LWE9592	This project is related to the Polk County Road Widening project which requires adjustments to water lines	In construction with Polk County, project 90% complete
Southwest Water Expansion	Misc project to support new development as necessary	No current action identified

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WATER RATES

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

Meter Connection Fees**

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

**Deduct \$180.00 for manual read meter

Source: Water Utilities

Impact Fees

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

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

Water rates consist of a monthly base rate plus consumption charge. The City has adopted an inverted rate structure to comply with SWFWMD recommendations for water conservation. Under this tiered structure, increasing water usage results in higher unit rate charges. The following table summarizes the monthly base rate for residential, commercial, and irrigation accounts effective October 1, 2023. Below table summarizes consumption charges.

Monthly Base Rate for Residential, Commercial, and Irrigation Accounts

Meter Size (inches)	Inside City	Outside City
5/8 to 3/4	\$11.04	\$14.90
1	\$29.81	\$40.24
1 ½	\$53.76	\$72.58
2	\$92.96	\$125.49
3	\$202.03	\$272.74
4	\$391.26	\$528.20
6	\$825.13	\$1,113.92
8 and above	\$1,397.11	\$1,886.10

Source: Water Utilities

Consumption Charges for Residential Accounts

Meter Size in inches	Consumption in 1000 gals	Price per 1000 Gallons	
		Inside City	Outside City
5/8 to 3/4	0-7	\$2.29	\$3.06
	8-12	\$3.09	\$4.17
	13-19	\$4.12	\$5.56
	Above 19	\$5.73	\$7.73
1	0-19	\$2.29	\$3.06
	20-32	\$3.09	\$4.17
	33-51	\$4.12	\$5.56
	Above 51	\$5.73	\$7.73
1 1/2	0-34	\$2.29	\$3.06
	35-58	\$3.09	\$4.17
	59-93	\$4.12	\$5.56
	Above 93	\$5.73	\$7.73
2	0-59	\$2.29	\$3.06
	60-101	\$3.09	\$4.17
	102-160	\$4.12	\$5.56
	Above 160	\$5.73	\$7.73
3	0-128	\$2.29	\$3.06
	129-220	\$3.09	\$4.17
	221-348	\$4.12	\$5.56
	Above 348	\$5.73	\$7.73
4	0-248	\$2.29	\$3.06
	249-425	\$3.09	\$4.17
	426-673	\$4.12	\$5.56
	Above 673	\$5.73	\$7.73
6	0-523	\$2.29	\$3.06
	524-897	\$3.09	\$4.17
	898-1,420	\$4.12	\$5.56
	Above 1,420	\$5.73	\$7.73
8 and above	0-886	\$2.29	\$3.06
	887-1,519	\$3.09	\$4.17
	1,520-2,404	\$4.12	\$5.56
	Above 2,404	\$5.73	\$7.73

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Consumption Charges for Commercial Accounts

Meter Size in inches	Consumption in 1000 gals	Price per 1000 Gallons	
All Sizes	Not Applicable	Inside City	Outside City
		\$3.07	\$4.14

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	\$3.09	\$4.17
	6-12	\$4.12	\$5.56
	Above 12	\$5.73	\$7.73
1	0-13	\$3.09	\$4.17
	14-32	\$4.12	\$5.56
	Above 32	\$5.73	\$7.73
1 1/2	0-24	\$3.09	\$4.17
	25-59	\$4.12	\$5.56
	Above 59	\$5.73	\$7.73
2	0-42	\$3.09	\$4.17
	43-101	\$4.12	\$5.56
	Above 101	\$5.73	\$7.73
3	All Usage	\$3.07	\$4.14
4	All Usage	\$3.07	\$4.14
6	All Usage	\$3.07	\$4.14
8 and above	All Usage	\$3.07	\$4.14

A comparative water rate study for FY 2024 was conducted by Raftelis Financial Consultants, Inc. The study evaluated the City’s water and wastewater rates through FY 2027. The results were presented to the City Commission on July 11, 2024, and completed in August 2024. This study also compared City rates to representative utilities throughout the state and included comparisons of both base and consumption rates for various customer classes. The City’s existing consumption rates compared favorably to other utilities. Surveyed residential water and wastewater rates from Florida utilities for 8,000 gallons averaged \$111.50. The City of Lakeland rate was \$87.99.

In FY 2021, Lakeland’s monthly water service rates were determined to be inadequate to meet projected costs for the following three years. It was recommended that the City adopt a three-year 2% annual increase plan to all water charges and hydrant and fire protection fees. The City Commission will revisit the proposed rates each year to determine if changes are required.

The water rate study determined that adjustments beyond FY 2025 may be required to meet future requirements of the utility system. The City Commission plans to revisit the proposed rates each year based on further updates to the study.

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CAPITAL IMPROVEMENT PLAN

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

Summary of Capital Improvement Plan for FY 2024

Categories	Expenses
Production	\$ 850,000
Transmission & Distribution	8,115,200
Engineering	2,854,000
Miscellaneous	172,264
Total Expense	\$ 11,991,464

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 2020 and 2024 has fluctuated between a low of 7.64 billion gallons in FY 2020 and a high of 8.17 billion gallons in FY 2024. In FY 2024, water sales increased by approximately 31 million gallons compared to FY 2023. Operating revenues increased in FY 2024 by \$1.16 million over FY 2023, while operating expenses increased by \$2.06 million over the same period. The water utility revenues were sufficient to transfer \$4,995,743 to the general fund in FY 2024.

Historical Water Utility Operating Statistics

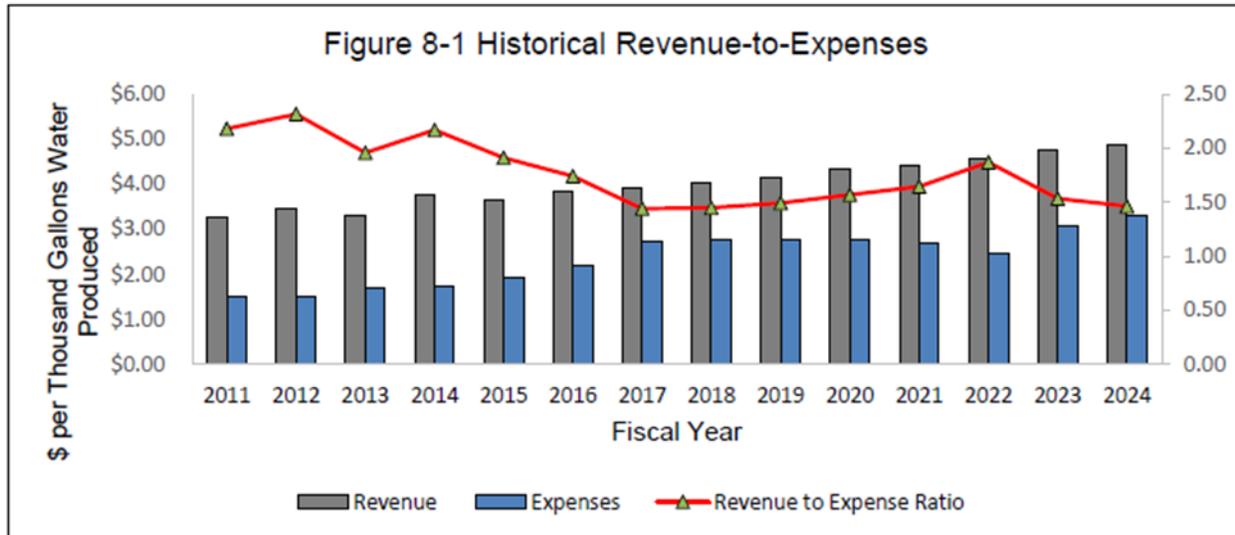
	For Fiscal Year Ended September 30,				
	2020	2021	2022	2023	2024
Water Produced ¹	8,284.5	8,555.4	8,593.1	8,840.8	8,862.1
Unaccounted-for Water ¹	(646.0)	(722.6)	(735.0)	(699.2)	(689.1)
Water Sold ¹	7,638.5	7,832.8	7,858.1	8,141.6	8,173.0
Customers	59,523	60,915	61,635	63,699	64,485
Gross Revenues ²	\$35.865	\$37.740	\$39.355	\$41.941	\$43.105
Gross Revenues per 1,000 Gallons Water Produced	\$4.33	\$4.41	\$4.58	\$4.74	\$4.86
Operating Expenses ²	\$22.890	\$22.956	\$21.012	\$27.348	\$29.411
Operating Expenses per 1,000 Gallons Water Produced	\$2.76	\$2.68	\$2.45	\$3.09	\$3.32

¹In Million Gallons

²In Million Dollars

Source: Water Utilities

The graph below shows historical gross revenues and operating expenses since 2011. Revenue-to-expense ratio slightly decreased between FY 2023 and FY 2024. However, the revenue-to-expenses still remains favorable.



The top ten City water customers comprised 10.19% of total water distributed in FY 2024 as shown in the table below.

Top 10 Water Customers for FY 2024

Customer	Total Gallons ¹
City of Lakeland	233,861
Lakeland Regional Medical Center	145,969
Board of County Commissioners – Utilities	92,891
Florida Southern College	80,986
Carlton Arms of North Lakeland	55,773
Polk County School Board	52,756
Tampa Maid Foods LLC	46,456
Publix Super Markets, Inc.	45,332
Florida Governmental Utility Authority	40,857
Owens Corning Sales LLC.	37,934
Total Water Sales for Top 10 Customers	832,815

¹In Thousand Gallons

Source: Water Utilities

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

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

Fiscal Year	Test 1 ¹	Test 2 ²
2024	4.31	4.71
2023	4.25	4.61
2022	4.33	4.72
2021	4.79	5.34
2020	5.56	6.27
2019	5.76	6.24
2018	4.75	5.15
2017	4.03	4.37
2016	5.39	5.81
2015	4.76	5.09

¹100% based on Net Operating Revenues

²120% Based on Net Operating Revenues Plus Available Connection Charges

Source: Water Utilities

The coverage by net operating revenues available for debt service is favorable in FY 2024 at 4.31 for the combined water and wastewater utility compared to the required coverage of 1.0. The coverage by net operating revenues plus available connection charges is 4.71 compared to the required coverage of 1.2.

SUMMARY AND CONCLUSIONS

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

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

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

ANSI/AWWA G300-07 – Source Water Protection

ANSI/AWWA G400-09 – Utility Management System

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

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

Revenue to Expenses ratios have consistently exceeded 1.5 the past 10 years. The ability of the City to meet debt service coverage on outstanding bonds is favorable, with net revenue to debt ratio of 4.31 for the combined water and wastewater utility. Further, the revenues have sustained capital improvements and ongoing operation and maintenance of the water system and has made contributions to the City’s general fund of \$4,995,743 in FY 2024. In addition, the City’s ability to raise additional revenue through user charges remains favorable as its rate schedule continues to compare well to other utilities in Florida.

WASTEWATER UTILITIES

On January 21, 2025, the City of Lakeland (City) authorized (Task Authorization CS-24-04(m)) Chastain-Skillman (CS) to prepare the Wastewater System Evaluation Report for FY 2024. The City has requested that CS conduct an annual independent engineering review and evaluation of its wastewater system. This report summarizes the findings based on previous reports, interviews with City staff, wastewater system data, and financial information provided by the City. The purpose of this review is to assess whether the wastewater utility system is managed in a prudent manner consistent with typical utility practice.

The City's bond covenant requires third party inspections of representative wastewater infrastructure on a biennial basis. The last inspection was completed for the FY 2023 report. Therefore, infrastructure inspections were not conducted for this report.

ADMINISTRATION AND ORGANIZATION

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

The Director of Water Utilities is responsible for Wastewater Collection, Wastewater Treatment, and Wetlands. Wastewater Collection has responsibility for operation and maintenance of the collection and transmission system as well as electrical and mechanical maintenance of the Wastewater Treatment Plants. Collection is divided into (1) Administration, (2) Sewer Maintenance, (3) Pump Stations, (4) Instrumentation/Electrical, and (5) Pretreatment. All positions in Collection report to the Manager of Wastewater Collection who reports to the Director of Water Utilities. Collection had 56 full-time positions in FY 2024.

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 38 full-time positions and 1 part time college intern position in FY 2024.

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

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

SERVICE AREA

The wastewater service area covers approximately 149 square miles and includes most of the City limits (the City limits has a few small areas not served by City wastewater) plus portions of unincorporated Polk County, through its Chapter 180 Reserve Service Area and user agreements. Total wastewater treated in FY 2024 was approximately 5.14 billion gallons.

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

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

Projected Population and Wastewater Flows

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

Source: Wastewater Utilities

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

Historical Wastewater Customer Base

Fiscal Year	Inside City	Outside City	Total Customers
2024	52,281	2,567	54,848
2023	51,254	2,310	53,564
2022	50,873	2,270	53,143
2021	49,711	2,222	51,933
2020	47,682	2,186	49,868

Source: Wastewater Utilities

STATUS OF FACILITIES

PERMITS AND REGULATORY STATUS

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

Glendale WRF Permit Limits

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

Source: Wastewater Utility

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

The Northside WWTP is operating under the provisions of FDEP Permit No. FLA012985. The FDEP operating permit was renewed on November 14, 2023, and is valid through February 24, 2029. The facility is permitted for a capacity of 8.0 MGD with industrial reuse to the McIntosh Power Generating Plant for non-contact cooling water. Water returned from McIntosh is routed to the Glendale facility where it is pumped to the Wetlands System for final treatment. Northside WWTP permitted effluent limits are summarized in table below.

Northside WWTP Permit Limits

Parameter	Limit	
Influent Flow, MGD	Annual Average	8.0
	Annual Average	20
Effluent Carbonaceous Biochemical Oxygen Demand (CBOD ₅), mg/L	Monthly Average	30
	Weekly Average	45
	Single Sample	60

Effluent Total Suspended Solids (TSS), mg/L	Annual Average	20
	Monthly Average	30
	Weekly Average	45
	Single Sample	60
Effluent pH, SU	6.0 – 8.5	
Effluent Fecal Coliform, #/100 mL	Annual Average	200
	Monthly Average	200 (Geometric Mean)
	Single Sample	800
Effluent Chlorine Residual, mg/L	Single Sample	0.5

Source: Wastewater Utility

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

Wetland Effluent Limits

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

Source: Wastewater Utility

COLLECTION AND TRANSMISSION SYSTEM

The Lakeland wastewater collection and transmission system includes approximately 347 miles of 4-inch to 48-inch diameter gravity sewer, 150 miles of less than 2-inch to 36-inch diameter force main, and 188 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 wet well level alarms and standby power generators or portable generator receptacles. Each pump station is protected from intrusion by locking hatch covers and electrical panels. Larger

stations are equipped with additional security features such as fencing, building enclosures, intrusion alarms, and video cameras. The smaller pump stations are inspected twice per month. The master pump stations are inspected daily by Collection System personnel. The City annually funds pump, panel, and generator replacement at its pump stations. An adequate supply of replacement parts and materials are maintained at the utility’s warehouse.

The City maintains a continuous renewal and maintenance program to ensure reliable service. This program includes cleaning, video inspection, smoke testing, and lining and point repairs of sewers and manholes. The City schedules inspection and cleaning such that the entire collection system is covered in approximately 10-year cycles. The table below summarizes the maintenance activities performed on the collection and transmission system from FY 2020 through FY 2024. Approximately 20% of the collection system lines were cleaned and approximately 12.0% televised in FY 2024. The City reports no increase in public complaints of odor or other issues.

Collection System Maintenance (FY 2020 - FY 2024)

Activity	2020	2021	2022	2023	2024
Work Orders Processed	24,940	30,559	30,562	22,189	27,358
Lines Televised (feet)	15,187	39,033	70,411	28,515	36,055
Lines Cleaned (feet)	328,010	409,708	365,047	345,147	363,008
Liners Installed (feet)	13,663	19,626	18,553	7,836	14,285

Source: Wastewater Utilities

WASTEWATER TREATMENT FACILITIES

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

The Glendale WRF is an activated sludge, biological treatment facility with a permitted treatment capacity of 13.7 MGD (12-month average daily basis). At the Glendale facility, wastewater enters the plant via gravity and flows through the influent screens. These include two automatic self-cleaning bar screens and a manually cleaned bar screen in a bypass channel as a standby unit. The screened influent is then pumped to two vortex-type grit chambers. From the grit chambers, influent flows to a splitter box and then to one of three primary clarifiers. The clarified primary effluent flows by gravity to an intermediate lift station, where it is pumped to a splitter box and mixed with return activated sludge and then pumped to one of three aeration tanks. The aeration tanks operate in a Modified Ludzack-Ettinger process with fine bubble diffused aeration. Mixed liquor flows from the tanks to another flow splitter box prior to entering four secondary clarifiers. Effluent is disinfected and reused for plant operations, pumped to the power plant for cooling water, or mixed with blowdown water from the power plant, prior to discharge to the Wetlands treatment system.

The Glendale WRF was issued a permit modification on October 27, 2022, to add a new effluent pump station and clearwell with dual purpose to replace the plant's existing pump stations. The modification also included three new chlorine contact chambers, chlorine diffusers, modified chlorination facilities, modified yard piping to route secondary clarifier effluent to the new chlorine contact chambers, and a new effluent pipeline to connect the effluent pump station to the existing wetlands treatment system pipeline. The design of the new processes associated with the permit modification is complete and construction has begun.

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

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

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

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

The Glendale facility operated within its permit limits in FY 2024. The current Updated Capacity Analysis Report (2020) for the facility projected an average influent flow of 9.15 MGD in 2024 increasing to 9.46 MGD by 2030. The table below shows the average daily influent flow at the Glendale facility in recent years. A re-rating study completed in January 2008 indicated the Glendale facility could be expanded to provide 15 MGD of treatment capacity with relatively minor operational changes and limited equipment procurement.

Influent Flow at Glendale WRF

Fiscal Year	Influent Flow (MGD)
2024	9.40
2023	9.29
2022	9.21
2021	7.46
2020	7.63

Source: Wastewater Utilities

The table below summarizes key effluent water quality results at Glendale WRF for FY 2024. 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 2024

Month – Year	Average Daily Flow ¹ MGD	CBOD ₅ mg/L	TSS mg/L	pH SU	Fecal Coliform #/100 mL
Oct – 2023	8.46	2	3	6.9	1.00
Nov – 2023	8.83	2	4	6.8	1.00
Dec – 2023	8.59	1	3	6.8	1.00
Jan – 2024	8.86	1	3	7.1	1.00
Feb – 2024	8.65	2	2	7.2	1.00
Mar – 2024	7.37	4	3	7.3	1.00
Apr – 2024	7.93	3	5	7.3	1.00
May – 2024	8.11	3	4	7.3	1.00
Jun – 2024	8.95	2	2	7.1	1.00
Jul – 2024	10.89	3	3	7.2	1.00
Aug – 2024	12.70	8	26	7.1	N/A
Sep – 2024	13.47	3	5	7.1	N/A
Minimum	7.37	1	2	6.8	1
Maximum	13.47	8	26	7.3	1
Average	9.40	3	5	7.1	1.00

¹Influent Flow

Source: Wastewater Utilities

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

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

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

is recycled to the pretreatment structure. A portion of the sludge is wasted to the sludge holding tanks directly from the RAS line.

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

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

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

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

The Northside facility operated well within its permit limits in FY 2024. The 2023 Updated Capacity Analysis Report for the facility projected an average influent flow of 4.87 mgd in 2024 and increasing to 5.67 mgd by 2033. The table below shows the average daily influent flow at the Northside facility in recent years. Population and flow projections suggest the hydraulic capacity of the facility will not be reached in the near future.

Influent Flow at Northside WRF

<u>Fiscal Year</u>	<u>Influent Flow (MGD)</u>
2024	4.67
2023	4.21
2022	4.03
2021	4.04
2020	4.06

Source: Wastewater Utilities

The table below summarizes key effluent water quality results at Northside WRF for FY 2024.

Northside WWTP Effluent Quality Results for FY 2024

Month – Year	Average Daily Flow ¹ MGD	CBOD ₅ mg/L	TSS mg/L	pH SU	Fecal Coliform #/100 mL
Oct – 2023	4.27	2	1	7.2	1.00
Nov – 2023	4.18	1	2	6.8	1.00
Dec – 2023	4.23	2	2	6.8	1.00
Jan – 2024	4.37	1	2	6.9	1.19
Feb – 2024	4.37	2	2	7.1	1.00
Mar – 2024	4.48	2	2	7.0	1.00
Apr – 2024	4.50	1	3	7.2	1.03
May – 2024	4.26	2	3	7.4	1.06
Jun – 2024	4.44	2	3	7.0	1.21
Jul – 2024	5.16	2	2	6.9	1.56
Aug – 2024	6.03	4	4	6.8	2.24
Sep – 2024	5.77	2	3	6.9	1.69
Minimum	4.18	1	1	6.8	1.00
Maximum	6.03	4	4	7.4	2.24
Average	4.67	2	2	7.0	1.25

¹Influent Flow

Source: Wastewater Utilities

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

CONSTRUCTED WETLANDS SYSTEM AND EFFLUENT DISPOSAL

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

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

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

The flow enters the Wetlands System via a cascade inlet structure which adds dissolved oxygen to the water through the turbulent fall down the structure’s 13 steps. The aerated water passes out of the inlet structure by overflowing weirs on either side of the inlet distribution box. From this structure, the water enters two long ditches which have overflow structures at 100-foot centers. The distribution ditches provide an even distribution of water to the first wetland cell. Water meanders through the first cell and is treated by the wetland grasses and plants. The water then collects in a ditch on the western side of the cell. This ditch delivers the water to control structures. The control structures allow the water to pass through the berm to a second distribution ditch, similar to the ditch adjacent to the inlet structure. Water passes through Cell 2, flows to a ditch connected to control structures, and passes into Cell 3. This general collection and pass-through

scheme are repeated through the remaining cells (additional information is available through the City of Lakeland Finance Department upon request).

At the south end of the final cell, an outlet structure measures the total flow via an H flume. The water then travels through an outfall ditch to the North Prong of the Alafia River. The system is providing treatment beyond secondary levels and the effluent from this system often meets tertiary treatment levels. Blowers are provided for re-aeration of the effluent before discharging to the outfall ditch but are not actively used at this time.

The Wetlands System discharged approximately 14.91 tons of total nitrogen to the Alafia River during the 2024 fiscal year. In FY 2024, TECO pumped approximately 1.13 billion gallons from the Wetlands to its Polk Power Station for use as cooling water in FY 2024. This provided additional beneficial reuse and decreased pollutant loading to the Alafia River. The table below summarizes key effluent water quality results for FY 2024. Results for the months of December, April, May, and June of this fiscal year were not reported since wastewater was not discharged from the Wetlands System.

Wetlands Treatment System Effluent Quality Results for FY 2024

Mon – Year	Average Daily Flow MGD	CBOD ₅ mg/L	TSS mg/L	Total Nitrogen mg/L	Total Phosphorus mg/L	Dissolved Oxygen mg/L	pH SU	Conductivity umhos/cm	Fecal Coliform #/100 mL	Rain inches
Oct – 2023	8.949	2.4	3.0	1.1	2.3	7.0	6.9	804	16	2.8
Nov – 2023	5.710	2.3	3.7	1.2	2.8	7.5	7.1	873	17	2.5
Dec – 2023	-	-	-	-	-	-	-	-	-	2.4
Jan – 2024	9.293	1.9	4.5	1.0	2.9	9.5	7.9	869	-	3.2
Feb – 2024	11.564	2.0	5.6	1.0	2.6	9.4	7.8	875	31	2.1
Mar – 2024	5.876	2.4	7.2	1.1	2.2	8.1	7.6	877	-	2.5
Apr – 2024	-	-	-	-	-	-	-	-	-	1.8
May – 2024	-	-	-	-	-	-	-	-	-	0.6
Jun – 2024	-	-	-	-	-	-	-	-	-	3.6
Jul – 2024	10.989	3.6	6.4	1.3	2.7	6.6	7.1	942	52	10.2
Aug – 2024	24.225	3.3	4.6	1.1	2.1	6.0	6.7	796	50	13.2
Sep – 2024	25.866	2.4	3.3	1.0	2.1	6.1	6.4	730	101	9.6
Minimum	0.000	1.9	3.0	1.0	2.1	6.0	6.4	730	-	0.6
Maximum	25.866	3.6	7.2	1.3	2.9	9.5	7.9	942	101	13.2
Average	8.539	2.5	4.8	1.1	2.5	7.5	7.2	846	33	4.50

Source: Wastewater Utility

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

During the months of March and July for FY 2024, the monthly average total suspended solids was above the permitted limit. The TSS exceedance issue has been recurring since 2023 for the wetlands discharge. The City has provided a corrective plan to FDEP to lower the TSS at the discharge point by dredging and removing sediment. During March, discharge from the wetlands occurred for 11 days until it was shut off due to the start of the dredging project. Dredging of the wetlands began on March 14, 2024, and was completed by August of 2024. TSS levels remained above the permitted limit through July and then dropped below 6.25 mg/L monthly average for the remainder of the fiscal year.

For the months of August and September of FY 2024, the average daily effluent flow from the wetlands exceeded the permitted limit of 20 MGD. The large increase in flow observed during the months of August and September is attributed to the heavy rainfall from Hurricane Debby.

Based on a review of effluent analyses, the Wetlands System has historically met the majority of the discharge requirements of its operating permit but has had issues with high flows and total suspended solids for a few months. The City has continued to implement their TSS reduction measures and was able to reduce it back to compliant levels by the end of the fiscal year. Flows above the permitted limit were due to severe weather conditions.

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

IMPROVEMENTS

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

Status of Significant CIP Improvement Projects

Project Name	Project Description	Current Project Status
Master Plan	This project is an overall evaluation of the wastewater system to assess facilities for new growth or maintenance concerns.	Project Complete
FDEP-Se7en Wetlands Phase III Trail	This project is to open the remaining trails around wetlands 3 through 7 and Mulberry Park entrance. Includes trail markers, benches, signs, maps, and three bridges.	Project just started
Dredging and Sediment Management	Removal of 35 years of accumulated organic sediments from priority control structures to improve function and water quality.	Project Complete
Force Main Parkway to Glendale	This project is to redirect flow from the parkway forcemain to the Glendale plant with a new larger forcemain.	Waiting on Construction Start by Orlando Health
Utility Relocation SR 33 at I-4 - Tomkow to Old Combee	This project is for the relocation of wastewater mains in coordination with FDOT road/drainage project at SR33 and I-4.	FDOT recently started construction on Road, Utilities will start Spring 2024
Northside Pump Station Construction	This project is to rebuild the pump station, old station is undersized, and equipment is obsolete.	In construction, 50% complete
Griffin Rd 24" Gravity Sewer Replacement - Phase 1	This project is to replace existing 24" gravity line due to structure failures preventing CIPP lining.	Project Complete
Griffin Rd 24" Gravity Sewer Replacement - Phase 2	Replace existing line outside of Phase 1 scope due to failing concerns not identified earlier.	Project Complete
Glendale Effluent Pump Station - Design	This project covers design & construction of new effluent pump station at Glendale (reuse water to MPP and wetlands)	Project Complete (Design)

Southwest Lakeland Sewer Upgrade	This project is to increase the wastewater capacity in the SW quadrant of the City, specifically south of Pipkin Rd and will include installation of a new pump station and force main.	In Design Stage
Flowmeter Replacement	This multi-year project covers replacement of existing flowmeters within the collection system	Multi-year Project
Western Trunk San Gully Rd Line Relocation	This project is to replace a portion of the Western Trunk sewer line currently in bad condition.	Construction to start June 2024
Southwest Pump Station Redirection	This project is to redirect flow from pump station to another forcemain	Construction complete, awaiting start-up
Edgewood Ext. Rehab	This project covers an upgrade to older pump station.	Project just started
English Oaks Phase IV - Construction	Project to install 30" FM from SW Lakeland to Glendale, PHASE IV for sections 3 & 4	Project Complete
Lakeland Central Park Upsize Reimbursement	Partnered with Developer to have a re-pump station installed. For their purposes, they could construct an 8ft x 21ft wet well and 2,640lf of 6" FM that would discharge into a City FM. City requested upsizing to a 12ft x 26ft wet well and 4,690lf 20" FM to serve as a re-pump station. The existing FM and this development would discharge into the re-pump station, lowering operating pressure upstream, and allowing for more future connections.	Project Complete
Glendale Effluent Pump Station - Construction	This project will build a new effluent pump station to replace the two existing pump stations that have reached the end of their useful life.	Construction started, 3% complete
Northside Sludge Holding Tank Blowers and Aeration System	This is project is to replace the blowers and aeration system that have reached the end of their useful life.	On hold until the composting system for biosolids handling is complete.
Lakeland Hills Blvd FM Reroute	This project was to redirect flows from going into a pump station to going directly into an existing FM freeing up capacity.	Project complete and in service
Regional Biosolids Handling - Design	This project is to design of new composting system for biosolids handling	Awaiting results of Cost Benefit Analysis (CBA)
Sylvester Rd and Lynncrest MH17149 to MH17030	Upsize existing 8" and 10" gravity lines to increase capacity needed to service residential and industrial customers in the area.	Awarding Construction contract
Cypress Point Repump Station Reimbursement	Cypress Point is a new subdivision on the shore of Lake Parker near Larsen Power Plant. The collection system in this area is near capacity. The City is partnering with the Developer to upsize their station to a larger	Project Complete

	repump station. This newer, larger station is expected to serve growth in East Lakeland. The City will reimburse the developer the difference between their necessary station and the larger station	
Bypass Pump Station Rebuild	This project was to replace the pump cans that failed and rebuild pumps.	Project Complete

WASTEWATER RATES

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

Water pollution control charges (impact fees) are one-time charges for wastewater capacity. The table below summarizes impact fees the wastewater rates for FY 2024. The volume charge for inside Volume charges is capped at 12,000 gallons per month per unit when on City water and fixed at 12,000 gallons per unit when not on City water.

Pollution Control/Sanitary Sewer Impact Fees for FY 2024

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

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

Source: Wastewater Utilities

Wastewater Rate Schedule for FY 2024

Classification	Fixed Charge		Volume Charge per 1000 gals	
	Inside City	Outside City	Inside City	Outside City
Residential – Individually Metered ¹	\$20.71	\$25.89	\$4.64	\$5.80
Residential – Master Metered ¹	\$17.81	\$22.26	\$4.64	\$5.80
Commercial/Industrial Meter Size (inches)				
5/8' to 3/4"	\$20.71	\$25.89	\$4.64	\$5.80
1"	\$55.92	\$69.90	\$4.64	\$5.80
1 1/2"	\$100.86	\$126.07	\$4.64	\$5.80
2"	\$224.29	\$280.36	\$4.64	\$5.80
3"	\$561.86	\$702.33	\$4.64	\$5.80
4"	\$837.10	\$1,046.37	\$4.64	\$5.80
6"	\$1,547.80	\$1,934.83	\$4.64	\$5.80
8" and above	\$2,620.85	\$3,276.06	\$4.64	\$5.80

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

Source: Wastewater Utilities

A comparative wastewater rate study for FY 2024 was conducted by Raftelis Financial Consultants Inc. The study evaluated the City's water and wastewater rates throughout FY 2027. The results were presented to the City Commission on July 21, 2024, and completed in August 2024. This study also compared City rates to representative utilities throughout the state and included comparisons of both base and consumption rates for various customer classes. The City's existing consumption rates compared favorably to other utilities. Surveyed residential water and wastewater rates from Florida utilities for 8,000 gallons averaged \$111.50. The City of Lakeland rate was \$87.99.

In FY 2021, Lakeland's monthly wastewater utility service rates were determined to be inadequate to meet projected costs for the following three years. It was recommended that the City adopt a three-year 2% annual increase plan to all wastewater system fees. The City Commission has revisited the proposed rates each year to determine if changes are required.

The wastewater utility rate study determined that additional adjustments beyond FY 2025 may be required to meet future requirements of the utility system. The City Commission plans to revisit the proposed rates each year based on further updates to the study.

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CAPITAL IMPROVEMENT PLAN

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

Summary of Capital Improvement Plan for FY 2024

Expenses	FY 2024
Collection System	\$ 16,717,216
Pump Stations	1,780,000
Treatment Plants	1,065,000
Wetlands	1,427,000
Engineering	1,355,000
Miscellaneous	390,938
Total Expense	\$ 22,735,154

Source: Water Utilities

OPERATING STATISTICS

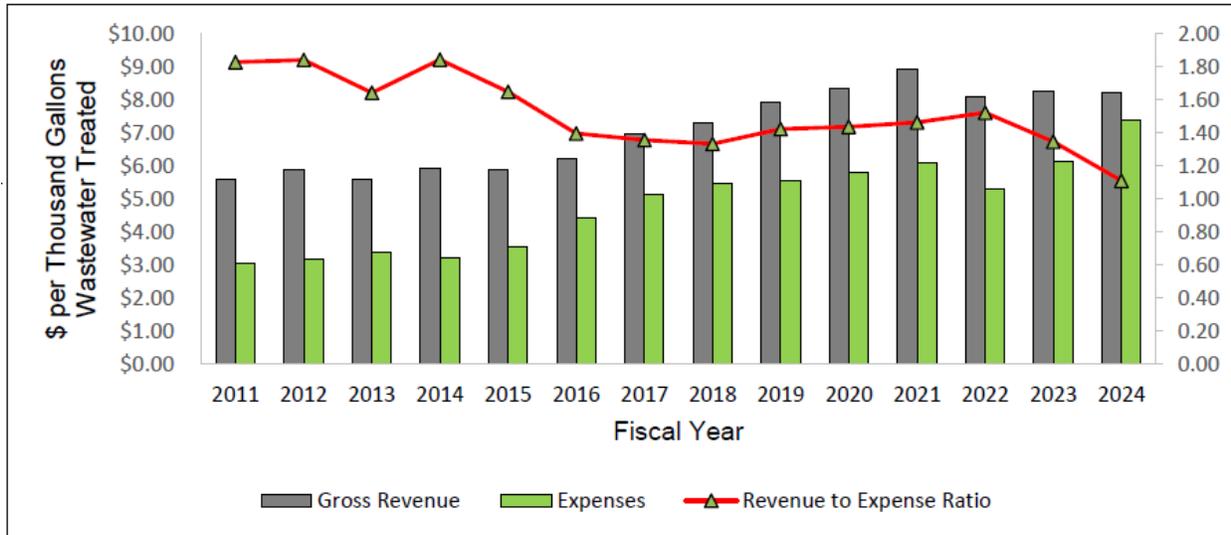
A 5-year history of select wastewater operating statistics is shown in the following table. The quantity of wastewater treated in FY 2024 was approximately 234 million gallons more than in FY 2023. Gross revenues increased in FY 2024 by \$1.66 million compared to FY 2023. Operating expenses increased by \$7.94 million over the same period.

Historical Wastewater Utility Operating Statistics

	For Fiscal Year Ended September 30,				
	2020	2021	2022	2023	2024
Wastewater Treated, Million Gallons	4,227	4,198	4,829	4,928	5,162
Customers	49,868	51,933	53,143	53,564	54,848
Gross Revenues, in Millions	\$35.262	\$37.443	\$39.065	\$40.709	\$42.367
Gross Revenues per 1000 Gallons	\$8.34	\$8.92	\$8.09	\$8.26	\$8.21
Operating Expenses, in Millions	\$24.537	\$25.566	\$25.656	\$30.186	\$38.124
Operating Expenses per 1000 Gallons	\$5.80	\$6.09	\$5.31	\$6.13	\$7.39

Source: Wastewater Utilities

The chart below shows historical operating revenues and operating expenses since 2011. The revenue-to-expense ratio peaked in FY 2012 and FY 2014 at 1.84. The ratios have ranged from 1.11 to 1.84 during the last ten years.



The top ten city wastewater customers comprised 13.8% of total wastewater treated in FY 2024 as shown in the table below.

Top 10 Wastewater Customers for FY 2024

Customer	Total Gallons
Publix Super Markets, Inc.	313,119,000
Refresco Florida, Inc.	107,463,000
Lakeland Regional Health Systems Inc	49,649,000
Florida Southern College	44,467,000
Polk County School Board (PCSB)	40,282,000
Aqua Clean Environmental, Inc	39,449,000
Tampa Maid Foods, LLC.	35,128,000
City of Lakeland	29,713,000
Southeastern University Inc	28,540,000
Crown Health Care Laundry Service LLC	22,879,000
Total Wastewater Sales for Top 10 Customers	710,689,000

Source: Wastewater Utilities

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

Historical Debt Service Coverage Combined Water and Wastewater Utility

Fiscal Year	Test 1 ¹	Test 2 ²
2024	4.31	4.71
2023	4.25	4.61
2022	4.33	4.72
2021	4.79	5.34
2020	5.56	6.27
2019	5.76	6.24
2018	4.77	5.18
2017	4.95	5.31
2016	4.94	5.32
2015	4.79	5.12

¹100% based on Net Operating Revenues

²120% Based on Net Operating Revenues Plus Available Connection Charges

Source: Wastewater Utilities

The coverage by net operating revenues available for debt service is favorable in FY 2024 at 4.31 for the combined water and wastewater utility compared to the required coverage of 1.0. The coverage by net operating revenues plus available connection charges is 4.71 compared to the required coverage of 1.2. The wastewater contribution to the general fund in FY 2024 was \$4,995,743.

SUMMARY AND CONCLUSIONS

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

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

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

NOTE DATED NOVEMBER 12, 2015

**CUSIP NUMBERS
N/A**

PURPOSE

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

SECURITY

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

INSURANCE

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

**RATINGS
N/A**

OPTIONAL REDEMPTION

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

MANDATORY REDEMPTION

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

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

AGENTS

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

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

<u>Date</u>	<u>Maturity</u>	<u>Interest</u>	<u>Total</u>
1-Oct-2024	724,984	65,146	790,130
1-Apr-2025		56,374	56,374
1-Oct-2025	4,659,002	56,374	4,715,376
	<u>\$ 5,383,986</u>	<u>\$ 177,894</u>	<u>\$ 5,561,880</u>

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

NOTE DATED OCTOBER 1, 2021

CUSIP NUMBERS

N/A

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

N/A

OPTIONAL REDEMPTION

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

MANDATORY REDEMPTION

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

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

AGENTS

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

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

<u>Date</u>	<u>Maturity</u>	<u>Interest</u>	<u>Total</u>
1-Oct-2024	2,403,077	252,064	2,655,141
1-Apr-2025		226,352	226,352
1-Oct-2025	2,453,791	226,352	2,680,143
1-Apr-2026		200,096	200,096
1-Oct-2026	2,505,071	200,096	2,705,167
1-Apr-2027		173,292	173,292
1-Oct-2027	2,561,678	173,291	2,734,969
1-Apr-2028		145,882	145,882
1-Oct-2028	2,613,223	145,882	2,759,105
1-Apr-2029		117,920	117,920
1-Oct-2029	2,669,601	117,920	2,787,521
1-Apr-2030		89,356	89,356
1-Oct-2030	2,725,412	89,355	2,814,767
1-Apr-2031		60,194	60,194
1-Oct-2031	2,784,846	60,193	2,845,039
1-Apr-2032		30,396	30,396
1-Oct-2032	2,840,728	30,396	2,871,124
	<u>\$ 23,557,427</u>	<u>\$ 2,339,037</u>	<u>\$ 25,896,464</u>

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CAPITAL IMPROVEMENT REVENUE BONDS

PLEGGED REVENUES

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

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

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

COVENANT TO BUDGET AND APPROPRIATE

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

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

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

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Non-Ad Valorem Revenues

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

CITY OF LAKELAND, FLORIDA HISTORICAL LEGALLY AVAILABLE NON-AD VALOREM REVENUES

	Fiscal Year Ended September 30,				
	2020	2021	2022	2023	2024
General Fund Revenues:					
Utility taxes	\$11,436,796	\$11,769,957	\$12,107,088	\$12,338,821	\$12,862,365
Local communication service taxes	4,327,607	4,310,569	4,472,828	4,981,733	5,246,044
Local business taxes	1,539,555	1,912,435	1,712,338	1,845,176	1,625,551
State shared revenues					
Half-cent sales tax	6,894,873	8,110,355	9,136,337	9,633,865	9,570,235
Revenue Sharing	2,764,644	3,358,557	4,275,929	4,722,607	4,732,375
Mobile home license fees	267,367	273,521	295,898	276,908	283,394
Alcoholic beverage licenses	111,735	117,189	106,153	121,188	129,196
Firefighter training	74,119	65,512	75,427	75,766	78,635
County occupational tax	71,972	84,571	101,828	100,330	93,476
Charges for services	6,454,467	7,105,308	12,919,321	15,458,371	14,350,344
Licenses & permits	158,153	179,712	488,269	387,530	426,243
Judgements, fines, and forfeits	2,477,445	2,526,377	2,519,227	2,605,358	3,442,987
Miscellaneous					
Interest ⁽¹⁾	1,829,378	1,676,087	1,657,058	3,474,247	7,475,490
Rents and leases	180,584	168,407	571,314	943,565	938,169
Sales of fixed assets	-	164,228	1,755	42,741	52,731
Other	1,618,782	1,796,938	977,359	2,020,920	1,597,544
Transfers from select funds ⁽²⁾	42,184,867	43,306,724	43,936,627	44,604,341	45,096,248
Sub-total	<u>\$82,613,836</u>	<u>\$87,223,401</u>	<u>\$95,699,085</u>	<u>\$104,001,175</u>	<u>\$108,398,791</u>
Public Improvement Fund:					
Charges for services	\$568,991	\$445,172	\$301,249	\$90,971	\$181,942
Miscellaneous					
Sale of fixed assets	2,473,425	-	146,335	184,000	41,200
Interest ⁽¹⁾	946,972	750,094	344,540	382,408	280,619
Rents and leases ⁽³⁾	14,431,468	14,555,530	206,192	219,105	220,949
Other	48,785	39,463	754,300	55,634	85,869
Sub-total	<u>\$18,469,641</u>	<u>\$15,790,259</u>	<u>\$1,752,678</u>	<u>\$932,328</u>	<u>\$846,675</u>
Public Improvement Endowment Fund:					
Miscellaneous					
Interest and dividends ⁽¹⁾	\$386,761	\$419,569	\$868,811	\$1,961,508	\$1,706,868
Rents and leases ⁽³⁾	-	215,000,000	-	-	-
Other	1,606,489	1,546,989	1,546,989	1,546,989	1,546,989
Sub-total	<u>\$1,993,250</u>	<u>\$216,966,558</u>	<u>\$2,415,800</u>	<u>\$3,508,497</u>	<u>\$3,253,857</u>
Transportation Fund:					
Charges for services	\$708,937	\$737,701	\$771,895	\$808,918	\$925,543
Interest ⁽¹⁾	241,702	275,536	97,901	390,218	448,358
Other	52,617	639,892	1,114	36,917	167,116
Sub-total	<u>\$1,003,256</u>	<u>\$1,653,129</u>	<u>\$870,910</u>	<u>\$1,236,053</u>	<u>\$1,541,017</u>
Total non-ad valorem revenues	<u><u>\$104,079,983</u></u>	<u><u>\$321,633,347</u></u>	<u><u>\$100,738,473</u></u>	<u><u>\$109,678,053</u></u>	<u><u>\$114,040,340</u></u>

⁽¹⁾ Does not include market value adjustments on the investment balances in the respective funds.

⁽²⁾ Includes transfers in from the Electric Utilities Fund, Water and Wastewater Utility Funds, and Solid Waste Management Fund.

⁽³⁾ Revenue from a \$215,000,000 lease prepayment is shown here for Fiscal Year 2021 but for purposes of the City's audited financial statements such payment was deferred, and amounts are recognized annually over the remaining term of the lease. See "-- Hospital Lease Payments/Public Improvement Endowment Fund" below.

Source: City of Lakeland Annual Comprehensive Financial Report for Fiscal Years 2020-2024.

Hospital Lease

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

Notwithstanding the deferred recognition of the prepayment in future years, the \$215 million received during fiscal year 2021 constituted non-ad-valorem revenues. The lump-sum payment received in FY 2021 was placed in a separate fund (the Public Improvement Endowment Fund) and is being invested on a long-term basis. The balance in this fund, although not pledged, is legally available to pay the debt service on non-ad valorem revenue obligations. As of September 30, 2024, the balance in the fund was \$230.9 million.

Transfers from Other Funds

Transfers from Other Funds are considered Non-Ad Valorem Revenues under the Resolution upon the deposit thereof to the General Fund and represent a significant portion of the Non-Ad Valorem Revenues. The following table, which has been prepared by the City, sets forth historical transfers from certain enterprise funds to the City's General Fund.

Transfers	Fiscal Years Ended September 30				
	2020	2021	2022	2023	2024
Transfer from Lakeland Electric Utility Fund	\$31,531,773	\$32,382,037	\$32,700,199	\$33,239,229	\$33,394,344
Transfer from Water and Wastewater Utility Fund	9,053,094	9,324,687	9,604,428	9,700,472	9,991,486
Transfer from Solid Waste Management Fund	1,600,000	1,600,000	1,632,000	1,664,640	1,710,418
Total Transfers	\$42,184,867	\$43,306,724	\$43,936,627	44,604,341	\$45,096,248

Source: City of Lakeland, Florida Finance Department

Enterprise Funds

The following table, which has been prepared by the City, sets forth historical revenues and operating expenses of Lakeland Electric.

	Fiscal Years Ended September 30				
	2020	2021	2022	2023	2024
Gross Revenues	\$306,172,100	\$337,113,104	\$392,904,055	\$398,956,294	\$361,286,282
Operating Expenses ⁽¹⁾	186,054,367	210,460,565	255,794,632	272,876,071	236,993,108
Net Revenues Available for Debt Service and Other Purposes	\$120,117,733	\$126,652,539	\$137,109,423	\$126,080,223	\$124,293,174

* Gross Revenues, Operating Expenses and Net Revenues Available for Debt Service and Other Purposes are derived from the City's audited financial statements.

⁽¹⁾ Does not include depreciation expense.

Source: City of Lakeland, Florida Finance Department

The following table, which has been prepared by the City, lists historical revenues and operating expenses of the Water/Wastewater System of the City.

	Fiscal Years Ended September 30				
	2020	2021	2022	2023	2024
Gross Revenues	\$66,279,602	\$81,553,221	\$68,034,733	\$84,440,4335	\$100,528,881
Operating Expenses ⁽¹⁾	38,290,093	38,990,703	36,426,426	46,319,543	55,865,897
Net Revenues Available for Debt Service and Other Purposes	<u>\$27,989,509</u>	<u>\$42,562,518</u>	<u>\$31,608,307</u>	<u>\$38,120,892</u>	<u>\$44,662,984</u>

* Gross Revenues, Operating Expenses and Net Income Available for Debt Service and Other Purposes are derived from the City's audited financial statements.

(1) Does not include depreciation expense.

Source: City of Lakeland, Florida Finance Department

The following table, which has been prepared by the City, lists historical revenues and operating expenses of the Solid Waste System of the City.

	Fiscal Years Ended September 30				
	2020	2021	2022	2023	2024
Gross Revenues	\$17,045,852	\$17,571,134	\$18,599,247	\$18,917,166	\$19,364,832
Operating Expenses ⁽¹⁾	15,259,945	115,177,940	15,210,468	16,971,804	19,158,124
Net Revenues Available for Debt Service and Other Purposes	<u>\$1,785,907</u>	<u>\$2,393,194</u>	<u>\$3,388,779</u>	<u>\$1,945,362</u>	<u>\$206,708</u>

* Gross Revenues, Operating Expenses and Net Income Available for Debt Service and Other Purposes are derived from the City's audited financial statements.

(1) Does not include depreciation expense.

Source: City of Lakeland, Florida Finance Department

The following table, which has been prepared by the City, sets forth historical revenues and operating expenses of the Lakeland Linder International Airport for the last five Fiscal Years.

	Fiscal Years Ended September 30				
	2020	2021	2022	2023	2024
Gross Revenues	\$7,378,421	\$9,853,642	\$10,450,864	\$10,372,064	\$10,907,027
Operating Expenses ⁽¹⁾	4,662,549	5,135,666	5,030,376	6,117,280	7,244,512
Net Revenues Available for Debt Service and Other Purposes	\$2,715,872	\$4,717,976	\$5,420,488	\$4,254,784	\$3,662,515

* Gross Revenues, Operating Expenses and Net Revenues Available for Debt Service and Other Purposes are derived from the City's audited financial statements for Fiscal Years 2023-2024. For Fiscal Year 2024, such figures represent estimates of the City based on actual results through April 30, 2024.

(1) Does not include depreciation expense.

Source: City of Lakeland, Florida Finance Department

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

**CITY OF LAKELAND, FLORIDA
HISTORICAL GOVERNMENTAL REVENUES AND EXPENDITURES**

	Fiscal Year Ended September 30,				
	2020	2021	2022	2023	2024
<u>Governmental Sources of Revenue</u>					
Ad-valorem taxes	\$36,362,876	\$39,050,918	\$43,213,083	\$49,787,941	\$55,881,984
Plus, legally available non-ad valorem revenues ⁽¹⁾	104,079,983	321,633,347	100,738,473	109,678,053	114,040,340
Plus, restricted non-ad valorem revenues					
Federal grants & assistance ⁽²⁾	\$4,418,346	\$802,415	\$1,251,980	\$1,052,514	\$3,888,833
State grants & assistance ⁽²⁾	1,820,849	2,905,196	3,850,495	2,935,933	1,661,114
Local grants & assistance ⁽²⁾	3,562,661	10,278,156	3,443,911	3,451,058	3,628,137
Local option gasoline tax ⁽³⁾	5,802,331	6,112,157	6,400,414	6,738,054	6,674,427
Fines & forfeits ⁽⁴⁾	600,013	71,688	35,837	232,698	444,377
Other governmental funds ⁽⁵⁾	29,729,915	36,153,454	31,144,675	32,420,790	39,185,967
Contributions & Donations	649,870	847,478	1,749,329	1,475,031	1,013,439
Total revenues	<u>\$187,026,844</u>	<u>\$417,854,809</u>	<u>\$191,828,197</u>	<u>\$207,772,072</u>	<u>\$226,418,618</u>
Plus, other financing sources					
Proceeds from debt	\$47,029,530	\$3,671,882	\$665,317	\$13,326,425	\$4,205,567
Market value restatement	(7,693,069)	3,261,090	(58,837,899)	23,745,340	44,776,937
Operating transfers in	20,935,203	12,265,475	28,651,957	11,156,253	18,073,204
Operating transfers out	(25,404,881)	(17,679,622)	(26,384,159)	(12,807,682)	(19,998,493)
Total other financing sources	<u>\$34,866,783</u>	<u>\$1,518,825</u>	<u>(\$55,904,784)</u>	<u>\$35,420,336</u>	<u>\$47,057,215</u>
Total revenues and other sources	<u>\$221,893,627</u>	<u>\$419,373,634</u>	<u>\$135,923,413</u>	<u>\$243,192,408</u>	<u>\$273,475,833</u>
<u>General Government Expenditures</u>					
General government	\$36,210,677	\$15,567,704	\$19,260,294	\$21,019,407	\$24,301,627
Public safety	89,142,036	68,115,208	72,720,728	78,797,917	88,343,989
Physical environment	7,923,798	8,160,539	6,933,855	7,721,942	9,481,680
Transportation	15,279,588	13,842,561	11,775,117	11,893,299	14,893,738
Economic environment	10,289,452	9,120,459	9,958,715	11,504,510	14,569,880
Human services	573,643	362,708	483,390	445,771	362,549
Culture & recreation	23,407,104	23,461,644	31,986,044	32,894,168	34,987,438
Capital outlay	15,799,434	17,898,550	27,026,244	20,604,946	14,999,124
Debt service	17,427,184	15,859,055	17,238,767	12,679,031	14,244,349
Total general expenditures	<u>\$216,052,916</u>	<u>\$172,388,428</u>	<u>\$197,383,154</u>	<u>\$197,560,991</u>	<u>\$216,184,374</u>
Fund balance, beginning of year ⁽⁶⁾	\$106,676,094	\$112,516,805	\$359,502,011	\$298,042,270	\$343,673,687
Net change in fund balances	5,840,711	246,985,206	(61,459,741)	45,631,417	57,291,459
Fund balance, end of year	<u>\$112,516,805</u>	<u>\$359,502,011</u>	<u>\$298,042,270</u>	<u>\$343,673,687</u>	<u>\$400,965,146</u>

(1) Revenue from a \$215,000,000 lease prepayment is shown here for Fiscal Year 2021 but for purposes of the City's audited financial statements such payment was deferred, and amounts are recognized annually over the remaining term of the lease. See "-- Hospital Lease Payments/Public Improvement Endowment Fund" above.

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

(3) Local option gasoline tax revenues are restricted for transportation related expenditures.

(4) Fines and forfeit revenues may only be used to pay court-related fees and costs.

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

(6) Fund balance for this table consists of aggregate balance in General Fund, Public Improvement Fund, Public Improvement Endowment Fund and all other governmental funds. The majority of the balances in each fund is legally available to pay debt service on the Series 2025 Bonds and other Non-Ad Valorem Revenue Obligations.

Source: Annual Comprehensive Financial Reports FY 2020-2024; City of Lakeland, Florida Finance Department.

OBLIGATIONS PAYABLE FROM NON-AD VALOREM REVENUES

The City has debt issues outstanding which are payable from Non-Ad Valorem Revenues. Such indebtedness is summarized in the table below.

Description	Source of Security	Amount Outstanding ⁽¹⁾	Final Maturity
Capital Improvement Revenue Note, Series 2017A	Covenant to Budget and Appropriate Non-Ad Valorem Revenues; Tourist Development Taxes	\$8,974,287	04/01/2032
Capital Improvement Revenue Note, Series 2017B	Covenant to Budget and Appropriate Non-Ad Valorem Revenues	2,212,399	04/01/2026
Florida Taxable Pension Liability Reduction Note, Series 2020	Covenant to Budget and Appropriate Non-Ad Valorem Revenues	61,960,000	10/01/2040
Capital Improvement Revenue and Refunding Bonds, Series 2021A (Non-AMT)	Covenant to Budget and Appropriate Non-Ad Valorem Revenues	22,740,000	10/01/2036
Capital Improvement Revenue and Refunding Bonds, Series 2021B (AMT)	Covenant to Budget and Appropriate Non-Ad Valorem Revenues	14,495,000	10/01/2036
Capital Improvement Revenue and Refunding Bonds, Series 2010C	Covenant to Budget and Appropriate Non-Ad Valorem Revenues; Federal Subsidy	21,115,000	10/01/2040
Capital Improvement Revenue Bonds, Series 2015	Covenant to Budget and Appropriate Non-Ad Valorem Revenues; Tourist Development Taxes; State Assistance	31,615,000	10/01/2036
TOTAL:		\$163,111,686	

(1) As of September 30, 2024

Source: Annual Comprehensive Financial Report FY 2024; City of Lakeland, Florida Finance Department.

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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 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 RP Funding Center.

The following table shows the County's receipts of the 4th Cent Tourist Development Tax for the last five fiscal years and the amounts used for improvements to the RP Funding Center and the amounts available to be paid to the City:

Fiscal Year	4th Cent Tourist Development Tax Receipts	Applied to RP Funding Center	Available for Interlocal Agreement Payments to the City
2024	\$ 4,884,077	\$ 535,111	\$ 4,348,966
2023	4,862,671	535,448	4,327,223
2022	4,508,883	535,776	3,973,107
2021	3,190,550	536,097	2,654,453
2020	2,099,145	536,411	1,562,734

Source: Polk County, Florida Office of the Clerk of the Circuit Court

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”
2024	409,335	4,474,743	4,884,077	4,884,077
2023	437,123	4,425,548	4,862,671	4,862,671
2022	363,154	4,145,728	4,508,883	4,508,883
2021	324,574	2,865,975	3,190,550	3,190,550
2020	341,531	1,757,614	2,099,145	2,099,145
2019	485,336	2,331,182	2,816,519	2,816,519
2018	540,998	2,161,101	2,702,100	2,702,099
2017	478,121	1,754,102	2,232,223	2,232,223
2016	418,355	1,661,853	2,080,208	2,080,208
2015	400,202	1,437,025	1,837,227	1,837,227

Source: Polk County Tourism Division – Marc Zimmerman (zimm@visitcentralflorida.org)

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.

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

\$21,115,000

TERM BONDS DATED SEPTEMBER 30, 2010

CUSIP NUMBERS

511662AT5

511662AU2

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

Moody's Investor Service: **Aa2** Standard & Poor's Ratings: **N/A** Fitch Ratings: **AA**

MANDATORY REDEMPTION

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

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

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

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

EXTRAORDINARY MAKE-WHOLE OPTIONAL REDEMPTION

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

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

AGENTS

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

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

Date	Maturity	Interest*	Total
1-Oct-2024	1,250,000	410,589	1,660,589
1-Apr-2025		386,501	386,501
1-Oct-2025	1,305,000	386,502	1,691,502
1-Apr-2026		361,355	361,355
1-Oct-2026	1,320,000	361,355	1,681,355
1-Apr-2027		335,920	335,920
1-Oct-2027	1,370,000	335,920	1,705,920
1-Apr-2028		309,521	309,521
1-Oct-2028	1,425,000	309,522	1,734,522
1-Apr-2029		282,062	282,062
1-Oct-2029	1,480,000	282,062	1,762,062
1-Apr-2030		253,544	253,544
1-Oct-2030	1,525,000	253,544	1,778,544
1-Apr-2031		224,158	224,158
1-Oct-2031	1,445,000	224,158	1,669,158
1-Apr-2032		195,845	195,845
1-Oct-2032	1,500,000	195,845	1,695,845
1-Apr-2033		166,453	166,453
1-Oct-2033	1,190,000	166,453	1,356,453
1-Apr-2034		143,136	143,136
1-Oct-2034	930,000	143,136	1,073,136
1-Apr-2035		124,913	124,913
1-Oct-2035	965,000	124,913	1,089,913
1-Apr-2036		106,005	106,005
1-Oct-2036	1,000,000	106,005	1,106,005
1-Apr-2037		86,411	86,411
1-Oct-2037	1,040,000	86,410	1,126,410
1-Apr-2038		66,033	66,033
1-Oct-2038	1,080,000	66,032	1,146,032
1-Apr-2039		44,871	44,871
1-Oct-2039	1,120,000	44,871	1,164,871
1-Apr-2040		22,925	22,925
1-Oct-2040	1,170,000	22,920	1,192,920
	<u>\$ 21,115,000</u>	<u>\$ 6,629,890</u>	<u>\$ 27,744,890</u>

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

CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2015

\$51,465,000

SERIAL BONDS DATED MAY 20, 2015

CUSIP NUMBERS

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

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

Moody's Investor Service: **Aa2** Standard & Poor's Ratings: **N/A** Fitch Ratings: **AA**

MANDATORY REDEMPTION

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

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

* Final maturity

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

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

* Final maturity

OPTIONAL REDEMPTION

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

AGENTS

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

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

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

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

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

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

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

Date	Maturity	Interest	Total
1-Oct-2024	2,060,000	714,969	2,774,969
1-Apr-2025		663,469	663,469
1-Oct-2025	2,035,000	663,469	2,698,469
1-Apr-2026		612,594	612,594
1-Oct-2026	2,075,000	612,594	2,687,594
1-Apr-2027		560,719	560,719
1-Oct-2027	2,180,000	560,719	2,740,719
1-Apr-2028		506,219	506,219
1-Oct-2028	2,215,000	506,219	2,721,219
1-Apr-2029		450,844	450,844
1-Oct-2029	2,325,000	450,844	2,775,844
1-Apr-2030		392,719	392,719
1-Oct-2030	2,445,000	392,719	2,837,719
1-Apr-2031		331,594	331,594
1-Oct-2031	2,570,000	331,594	2,901,594
1-Apr-2032		267,344	267,344
1-Oct-2032	2,685,000	267,344	2,952,344
1-Apr-2033		217,000	217,000
1-Oct-2033	2,800,000	217,000	3,017,000
1-Apr-2034		164,500	164,500
1-Oct-2034	2,895,000	164,500	3,059,500
1-Apr-2035		106,600	106,600
1-Oct-2035	3,010,000	106,600	3,116,600
1-Apr-2036		46,400	46,400
1-Oct-2036	2,320,000	46,400	2,366,400
	<u>\$ 31,615,000</u>	<u>\$ 9,354,973</u>	<u>\$ 40,969,973</u>

CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2017A

\$16,370,569

NOTE DATED

CUSIP NUMBERS

N/A

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

N/A

OPTIONAL REDEMPTION

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

MANDATORY REDEMPTION

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

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

* Final maturity

AGENTS

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

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

<u>Date</u>	<u>Maturity</u>	<u>Interest</u>	<u>Total</u>
1-Oct-2024		108,989	108,989
1-Apr-2025	1,160,009	108,989	1,268,998
1-Oct-2025		94,999	94,999
1-Apr-2026	1,187,733	94,999	1,282,732
1-Oct-2026		80,675	80,675
1-Apr-2027	1,216,120	80,674	1,296,794
1-Oct-2027		66,007	66,007
1-Apr-2028	1,031,583	66,007	1,097,590
1-Oct-2028		53,422	53,422
1-Apr-2029	1,056,238	53,422	1,109,660
1-Oct-2029		40,536	40,536
1-Apr-2030	1,081,482	40,536	1,122,018
1-Oct-2030		27,342	27,342
1-Apr-2031	1,107,329	27,341	1,134,670
1-Oct-2031		13,833	13,833
1-Apr-2032	1,133,793	13,832	1,147,625
	<u>\$ 8,974,287</u>	<u>\$ 971,603</u>	<u>\$ 9,945,890</u>

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CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2017B

\$15,879,855

NOTE DATED MAY 23, 2017

CUSIP NUMBERS

N/A

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

N/A

OPTIONAL REDEMPTION

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

MANDATORY REDEMPTION

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

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

* Final maturity

AGENTS

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

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

Date	Maturity	Interest	Total
1-Oct-2024		23,230	23,230
1-Apr-2025	1,089,536	23,230	1,112,766
1-Oct-2025		11,790	11,790
1-Apr-2026	1,122,863	11,791	1,134,654
	<u>\$ 2,212,399</u>	<u>\$ 70,040</u>	<u>\$ 2,282,440</u>

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TAXABLE PENSION LIABILITY REDUCTION NOTE, SERIES 2020

\$81,000,000

DATED MARCH 6, 2020

CUSIP NUMBERS

N/A

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

N/A

OPTIONAL REDEMPTION

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

AGENTS

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

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

Date	Maturity	Interest	Total
1-Oct-2024	5,020,000	749,716	5,769,716
1-Apr-2025		688,974	688,974
1-Oct-2025	5,215,000	688,974	5,903,974
1-Apr-2026		625,872	625,872
1-Oct-2026	5,420,000	625,873	6,045,873
1-Apr-2027		560,290	560,290
1-Oct-2027	5,630,000	560,291	6,190,291
1-Apr-2028		492,167	492,167
1-Oct-2028	5,845,000	492,168	6,337,168
1-Apr-2029		421,443	421,443
1-Oct-2029	6,065,000	421,443	6,486,443
1-Apr-2030		348,056	348,056
1-Oct-2030	6,295,000	348,057	6,643,057
1-Apr-2031		271,887	271,887
1-Oct-2031	3,445,000	271,887	3,716,887
1-Apr-2032		230,202	230,202
1-Oct-2032	4,245,000	230,203	4,475,203
1-Apr-2033		178,838	178,838
1-Oct-2033	3,255,000	178,838	3,433,838
1-Apr-2034		139,452	139,452
1-Oct-2034	3,615,000	139,453	3,754,453
1-Apr-2035		95,711	95,711
1-Oct-2035	2,355,000	95,711	2,450,711
1-Apr-2036		67,215	67,215
1-Oct-2036	1,995,000	67,216	2,062,216
1-Apr-2037		43,076	43,076
1-Oct 2037	1,455,000	43,076	1,498,076
1-Apr-2038		25,470	25,470
1-Oct 2038	1,455,000	25,471	1,480,471
1-Apr-2039		7,865	7,865
1-Oct 2039	315,000	7,865	322,865
1-Apr-2040		4,054	4,054
1-Oct 2040	335,000	4,054	339,054
	<u>\$ 61,960,000</u>	<u>\$ 9,150,868</u>	<u>\$ 71,110,868</u>

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

\$26,195,000

SERIAL BONDS DATED JULY 29, 2021

CUSIP NUMBERS

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

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

Moody's Investor Service: **Aa2** Standard & Poor's Ratings: **N/A** Fitch Ratings: **AA**

MANDATORY REDEMPTION

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

OPTIONAL REDEMPTION

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

AGENTS

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

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

Date	Maturity	Interest	Total
1-Oct-2024	2,485,000	542,375	3,027,375
1-Apr-2025		492,675	492,675
1-Oct-2025	2,740,000	492,675	3,232,675
1-Apr-2026		437,875	437,875
1-Oct-2026	4,350,000	437,875	4,787,875
1-Apr-2027		329,125	329,125
1-Oct-2027	1,450,000	329,125	1,779,125
1-Apr-2028		292,875	292,875
1-Oct-2028	1,260,000	292,875	1,552,875
1-Apr-2029		261,375	261,375
1-Oct-2029	995,000	261,375	1,256,375
1-Apr-2030		236,500	236,500
1-Oct-2030	1,050,000	236,500	1,286,500
1-Apr-2031		210,250	210,250
1-Oct-2031	830,000	210,250	1,040,250
1-Apr-2032		189,500	189,500
1-Oct-2032	875,000	189,500	1,064,500
1-Apr-2033		167,625	167,625
1-Oct-2033	910,000	167,625	1,077,625
1-Apr-2034		144,875	144,875
1-Oct-2034	960,000	144,875	1,104,875
1-Apr-2035		120,875	120,875
1-Oct-2035	1,010,000	120,875	1,130,875
1-Apr-2036		95,625	95,625
1-Oct-2036	1,055,000	95,625	1,150,625
1-Apr-2037		69,250	69,250
1-Oct 2037	500,000	69,250	569,250
1-Apr-2038		56,750	56,750
1-Oct 2038	525,000	56,750	581,750
1-Apr-2039		43,625	43,625
1-Oct 2039	555,000	43,625	598,625
1-Apr-2040		29,750	29,750
1-Oct 2040	580,000	29,750	609,750
1-Apr-2041		15,250	15,250
1-Oct 2041	610,000	15,250	625,250
	<u>\$ 22,740,000</u>	<u>\$ 6,929,975</u>	<u>\$ 29,669,975</u>

CAPITAL IMPROVEMENT REVENUE AND REVENUE REFUNDING BONDS,

SERIES 2021B (AMT)

\$15,050,000

SERIAL BONDS DATED JULY 29, 2021

CUSIP NUMBERS

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

PURPOSE

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

SECURITY

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

INSURANCE

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

RATINGS

Moody's Investor Service: **Aa2** Standard & Poor's Ratings: **N/A** Fitch Ratings: **AA**

MANDATORY REDEMPTION

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

OPTIONAL REDEMPTION

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

AGENTS

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

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

Date	Maturity	Interest	Total
1-Oct-2024	395,000	309,800	704,800
1-Apr-2025		301,900	301,900
1-Oct-2025	255,000	301,900	556,900
1-Apr-2026		296,800	296,800
1-Oct-2026	265,000	296,800	561,800
1-Apr-2027		290,175	290,175
1-Oct-2027	285,000	290,175	575,175
1-Apr-2028		283,050	283,050
1-Oct-2028	565,000	283,050	848,050
1-Apr-2029		268,925	268,925
1-Oct-2029	905,000	268,925	1,173,925
1-Apr-2030		246,300	246,300
1-Oct-2030	955,000	246,300	1,201,300
1-Apr-2031		222,425	222,425
1-Oct-2031	1,005,000	222,425	1,227,425
1-Apr-2032		197,300	197,300
1-Oct-2032	1,050,000	197,300	1,247,300
1-Apr-2033		176,300	176,300
1-Oct-2033	1,095,000	176,300	1,271,300
1-Apr-2034		154,400	154,400
1-Oct-2034	1,140,000	154,400	1,294,400
1-Apr-2035		131,600	131,600
1-Oct-2035	1,185,000	131,600	1,316,600
1-Apr-2036		107,900	107,900
1-Oct-2036	815,000	107,900	922,900
1-Apr-2037		91,600	91,600
1-Oct 2037	845,000	91,600	936,600
1-Apr-2038		74,700	74,700
1-Oct 2038	880,000	74,700	954,700
1-Apr-2039		57,100	57,100
1-Oct 2039	915,000	57,100	972,100
1-Apr-2040		38,800	38,800
1-Oct 2040	950,000	38,800	988,800
1-Apr-2041		19,800	19,800
1-Oct 2041	990,000	19,800	1,009,800
	<u>\$ 14,495,000</u>	<u>\$ 6,227,950</u>	<u>\$ 20,722,950</u>

**CITY OF LAKELAND, FLORIDA,
REVENUE NOTE, SERIES 2024 (AMT)
\$20,000,000**

DATED SEPTEMBER 6, 2024

**CUSIP NUMBERS
N/A**

PURPOSE

The Series 2024 Notes were issued to provide funds: (i) to fund various capital projects at the City's Airport; and (ii) to pay costs related to the issuance of the Series 2024 Notes.

SECURITY

The Series 2024 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.

INSURANCE

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

RATINGS

N/A

MANDATORY REDEMPTION

The Series 2024 Notes mature of September 5, 2025.

OPTIONAL REDEMPTION

The Series 2024 Notes may be prepaid upon two Business Days' notice to the Lender, in whole or in part on any Business Day, without premium.

AGENTS

Registrar: City of Lakeland, Florida
Paying Agent: City of Lakeland, Florida
Issuer's Bond Counsel: Holland & Knight LLP, Lakeland, Florida
Issuer Disclosure Counsel: Nabors, Giblin, & Nickerson, PA, Tampa, Florida
Issuer's Financial Advisors: PFM Financial Advisors
Underwriter/Purchaser: Truist Commercial Equity, Inc.
Purchaser's Counsel: Moore & Van Allen, PLLC

SUBSEQUENT EVENTS

HURRICANES

On October 9, 2024, Hurricane Milton struck the State of Florida causing significant damage to the City. All counties in the State of Florida were declared a major disaster by the President. The disaster declaration provided for up to 100% reimbursement of eligible costs. The Federal Emergency Management Agency (FEMA) will provide disaster assistance through grants passed through the State of Florida Division of Emergency Management. The City has expended \$20,629,541 year to date in expenses and related liability based on incurred losses for damages that are being repaired.

CURRENT EVENTS

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



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GLOSSARY OF TERMINOLOGY

ACCRUED INTEREST

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

ADVANCE REFUNDING

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

AMBAC INDEMNITY CORPORATION (AMBAC)

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

BOND

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

BOND COUNSEL

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

BOND PURCHASE AGREEMENT

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

BOND RATINGS

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

BONDHOLDER

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

BROKER-DEALER (BD)

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

CALL FEATURES

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

CALL PREMIUM

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

CALLABLE BOND

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

CLOSING DATE

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

COMMITTEE ON UNIFORM SECURITIES IDENTIFICATION PROCEDURES (CUSIP)

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

COST OF ISSUANCE

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

COVENANTS

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

COVERAGE

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

DEALER

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

DEBT FINANCING

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

DEBT SERVICE

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

DEBT SERVICE ACCOUNT

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

DEBT SERVICE RESERVE FUND

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

DEBT SERVICE SCHEDULE

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

DEFAULT

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

DEFEASANCE

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

DENOMINATION

The face or dollar amount for bonds which are issued.

DIGITAL ASSURANCE CERTIFICATION (DAC)

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

DISCOUNT

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

DISCOUNT BOND

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

EFFECTIVE DATE

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

END OF UNDERWRITING PERIOD

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

EXEMPT SECURITY

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

FACE VALUE

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

FINAL OFFICIAL STATEMENT

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

FINANCIAL ADVISOR

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

FINANCIAL GUARANTY INSURANCE CORPORATION (FGIC)

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

FINANCIAL SECURITY ASSURANCE, INC. (FSA)

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

FITCH INVESTORS SERVICE, INC.

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

GENERAL OBLIGATION BOND (GO)

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

INDUSTRIAL DEVELOPMENT REVENUE BOND (IDB)

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

INSTITUTIONAL INVESTOR

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

INSURANCE COVENANT

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

INSURED BOND

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

INVESTMENT BANKER

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

ISSUER

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

MATERIAL INFORMATION

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

MATURITY

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

MOODY'S INVESTORS SERVICES

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

MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION (MBIA)

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

MUNICIPAL BONDS

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

MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB)

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

NET DIRECT DEBT

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

NON-CALLABLE BOND

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

PAR

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

PARITY BONDS

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

PAYMENT DATE

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

PLEGGED REVENUES

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

PREMIUM

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

PRINCIPAL

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

PRIMARY OFFERING

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

RATE COVENANT

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

RATING AGENCY

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

RATING CATEGORY

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

REFUNDING

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

REGISTERED BOND

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

REGISTRAR

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

RESERVE FUND

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

REVENUE BOND

A bond secured by a pledged source of revenue.

SENIOR LIEN DEBT

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

SERIAL BOND

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

STANDARD AND POOR'S CORPORATION (S&P)

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

SUBORDINATED DEBT FINANCING

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

TAXABLE BOND

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

TAX-EXEMPT BOND

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

TERM BOND

A municipal bond issue that has a single maturity.

TRUSTEE

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

TRUST AGREEMENT

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

UNDERWRITER

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

UNDERWRITERS' COUNSEL

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

VARIABLE RATE BOND

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

YIELD

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

ZERO COUPON BOND/CAPITAL APPRECIATION BOND

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