



**DOWNTOWN LAKELAND**  
LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY

LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Lakeland Downtown Development Authority  
Lakeland, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of Lakeland Downtown Development Authority (the "Authority") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

## **Auditors' Responsibility - Continued**

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Lakeland Downtown Development Authority as of September 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters included under the heading Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or compliance.

**Other Reporting Required by *Government Auditing Standards* - Continued**

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*CPS Group CPAs, PA*

**CPS Group CPAs, PA**

Lakeland, Florida  
March 17, 2022

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

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Management of Lakeland Downtown Development Authority (the "Authority") offers readers of the Authority's financial statements, the Management's Discussion and Analysis (MD&A). MD&A presents a narrative overview and analysis of the financial activities for the Authority for the fiscal year ended September 30, 2021. Readers are encouraged to read the MD&A in conjunction with the Authority's audited financial statements and other supplementary information. The analysis will provide the reader with the following information:

A brief discussion of the financial statements, including how they relate to each other and the significant differences in information they provide.

Condensed current and prior year financial information and a comparative analysis to discuss the reasons for significant changes and factors that significantly affected current year operations.

An analysis of individual fund financial information, including the reasons for significant changes in fund balances or net position.

An analysis of significant variations between original and final budget amounts and the actual budget results.

A description of currently known facts, decisions or conditions that are expected to have a significant effect on the financial position or results of operations.

Because the information contained in the MD&A is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the Authority's basic financial statements found on pages 11 through 27.

### **FINANCIAL HIGHLIGHTS**

- The assets of the Authority exceeded its liabilities at the close of September 30, 2021 by \$869,660 (net position). Of this total amount, \$782,565 (unrestricted net position) may be used to meet the Authority's ongoing obligations to taxpayers and creditors.
- The Authority's total net position increased by \$52,648.
- At the close of September 30, 2021, the Authority's general fund (governmental funds) reported an ending fund balance of \$862,365. Of this total amount, \$780,565 is available for spending at the Authority's discretion (unassigned fund balance).
- The Authority approved a millage rate of 1.8439 for the year ended September 30, 2021.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

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**BASIC FINANCIAL STATEMENTS - AN OVERVIEW**

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. These audited financial statements also contain required supplementary information in addition to the basic financial statements.

**Government-wide financial statements:** The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Authority's assets, liabilities, and deferred inflows and outflows of resources with the residual measure reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported in a manner similar to the approach used by private-sector business in that revenue is recognized when earned or established criteria are satisfied, and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the year, and expenses are reported even though they may not have used cash during the current fiscal year.

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Authority include all of the Authority's services including its revitalization and preservation of property values and prevention of deterioration of the central business district. Ad valorem taxes provide most of the resources that support these activities.

The government-wide financial statements can be found on pages 11 and 12 of this report.

**Fund financial statements:** Funds are a group of self-balancing accounts. Funds are used to account for specific activities of the Authority, rather than reporting on the Authority as a whole. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority are in one category: governmental funds.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

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**BASIC FINANCIAL STATEMENTS - AN OVERVIEW - CONTINUED**

**Fund financial statements - Continued**

*Governmental funds:* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority only has one fund, the general fund, and it is considered a major fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The basic governmental fund financial statements can be found on pages 13 through 17 of this report.

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 to 27 of this report.

Additional information about the Authority, which may be of interest to the reader, is found under the Independent Auditors' Report to Management on page 31.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

This section presents condensed financial information from the government-wide financial statements that compares the current year to the prior year. The analysis highlights economic factors that significantly affected operating results during the year.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED**

The following is a summary of the information presented in the Statement of Net Position on page 11 of this report.

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
Total non-capital assets	\$ 906,025	\$ 852,661	\$ 53,364
Total capital assets	<u>7,295</u>	<u>9,438</u>	<u>(2,143)</u>
 Total assets	 <u>913,320</u>	 <u>862,099</u>	 <u>51,221</u>
 Total liabilities, short term	 43,660	 45,087	 (1,427)
Total liabilities, long term	<u>-</u>	<u>-</u>	<u>-</u>
 Total liabilities	 <u>43,660</u>	 <u>45,087</u>	 <u>(1,427)</u>
 Investment in capital assets	 7,295	 9,438	 (2,143)
Restricted	79,800	135,300	(55,500)
Unrestricted	<u>782,565</u>	<u>672,274</u>	<u>110,291</u>
 Total net position	 <u>\$ 869,660</u>	 <u>\$ 817,012</u>	 <u>\$ 52,648</u>

Net position increased due to revenues exceeding expenses by \$52,648. The net increase in total assets and total net position reflects an increase in the Authority's net cash position arising from the excess of revenues over expenditures.

Nine percent (9%) or \$79,800 of the net position represents resources that are subject to external restrictions on how they may be used and are reported as a restricted net position. One percent (1%) or \$7,295 of the net position represents investments in capital assets.

The remaining ninety (90%), or \$782,565, represents unrestricted funds which may be used to meet the Authority's ongoing obligations to taxpayers and creditors.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED**

The following is a summary of the information presented in the Statement of Activities on page 12 of this report.

	2021	2020	Increase (Decrease)
Program revenues:			
Farmers Curb Market	\$ 164,137	\$ 81,117	\$ 83,020
First Friday	61,055	47,262	13,793
Valet program	-	30,889	(30,889)
Total program revenues	<u>225,192</u>	<u>159,268</u>	<u>65,924</u>
General revenues:			
Property taxes	338,046	339,325	(1,279)
Interest	2,038	6,375	(4,337)
Other income	2,069	3,184	(1,115)
Total general revenues	<u>342,153</u>	<u>348,884</u>	<u>(6,731)</u>
Total revenues	<u>567,345</u>	<u>508,152</u>	<u>59,193</u>
Program expenses:			
Downtown Development	<u>514,697</u>	<u>463,074</u>	<u>51,623</u>
Total expenses	<u>514,697</u>	<u>463,074</u>	<u>51,623</u>
Change in Net Position	52,648	45,078	7,570
Net position, beginning of year	<u>817,012</u>	<u>771,934</u>	<u>45,078</u>
Net position, end of year	<u>\$ 869,660</u>	<u>\$ 817,012</u>	<u>\$ 52,648</u>

Governmental activities: Governmental activities' change in net position for 2021 was an increase of \$52,648 as compared to an increase of \$45,078 for the prior year. The main reasons for the increase from prior year are as follows:

- Total program revenues increased by \$65,924, representing an approximate forty one percent (41%) increase due to a year with less Farmers Curb Market closures than in the previous year due to COVID-19.
- Total general revenues decreased by \$6,731, representing an approximate one percent (1%) decrease due to decreases in property taxes and other income.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED**

**Financial Analysis of the Government's Funds**

Governmental funds: The focus of the Authority's governmental funds statements is to provide information on near-term inflows, outflows, and balances of resources. Such information is useful in assessing the Authority's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the Authority's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Authority's governmental funds (the general fund) reported ending fund balances of \$862,365, an increase of \$54,791 in comparison with the previously reported balance in the prior year. Of this total, \$780,565 for the general fund constitutes unassigned fund balance, which is available for spending at the Authority's discretion. The remainder of fund balance is nonspendable or restricted by enabling legislation or contract and can only be spent on the purposes for which it is intended.

Activity during the current fiscal year included the following key components:

- Total governmental funds revenues increased by \$59,193, due to a decrease in closure for program events compared to previous year and decreases in property taxes and other income.

**Capital Assets and Liabilities**

Capital Assets are consistent with the prior year due to no capital asset additions and disposals, net of depreciation.

Short-term liabilities are consistent with the prior year.

**BUDGET VARIANCES IN THE GENERAL FUND**

The variations between the original budget and the final budget are to account for the following:

An increase in Farmer's Curb Market revenue of \$29,983 due to additional vendors.

An increase in Farmer's Curb Market expenses of \$29,983 due to increase in performance.



**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

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**BUDGET VARIANCES IN THE GENERAL FUND - CONTINUED**

The significant variations between final budget and actual amounts were as follows:

Downtown Farmers Curb Market revenues were over the budgeted amount by \$37,954 as a result of having more vendors than anticipated.

Expenses were under the budgeted amount by \$52,968 as a result of having less Marketing and Development expense than expected due to COVID-19.

Container gardens and streetscape maintenance expenses were over the budgeted amount by \$54,950 as a result of having expended \$55,500 of restricted cash for the Streetscape project.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Authority approved a millage rate of 1.8439 for the year ended September 30, 2022.

These factors were considered in preparing and amending the Authority's budget for the 2022 fiscal year and are expected to influence the Authority's fiscal year 2022 financial statements.

See Note F regarding economic factors related to COVID-19.

**REQUESTS FOR INFORMATION**

This report is designed to provide citizens, taxpayers and creditors with a general overview of the Authority's finances and to demonstrate compliance and accountability for its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Julie Townsend, Executive Director, Lakeland Downtown Development Authority, 117 N. Kentucky Ave., Lakeland, Florida 33801.

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## **BASIC FINANCIAL STATEMENTS**

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**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2021**

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	<b>Primary Government Governmental Activities</b>
<b><u>ASSETS</u></b>	
Cash and cash investments:	
Unrestricted	\$ 824,225
Restricted	<u>79,800</u>
Total cash and cash investments	<u>904,025</u>
Other current assets	<u>2,000</u>
Capital assets:	
Furniture, fixtures and equipment	20,700
Less accumulated depreciation	<u>(13,405)</u>
Total capital assets	<u>7,295</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 913,320</u></u></b>
 <b><u>LIABILITIES AND NET POSITION</u></b>	
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 11,418
Deferred revenue	<u>32,242</u>
Total liabilities	<u>43,660</u>
 <b>NET POSITION</b>	
Invested in capital assets	7,295
Restricted	79,800
Unrestricted	<u>782,565</u>
Total net position	<u>869,660</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u><u>\$ 913,320</u></u></b>

The accompanying notes are an integral part of these financial statements

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2021**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue And Change in Net Position Primary Government</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
<b>PRIMARY GOVERNMENT</b>					
Governmental activities:					
Downtown Development	\$ 514,697	225,192	\$ -	\$ (289,505)	\$ (289,505)
<b>Total Governmental Activities</b>	<b>514,697</b>	<b>225,192</b>	<b>-</b>	<b>(289,505)</b>	<b>(289,505)</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 514,697</b>	<b>\$ 225,192</b>	<b>\$ -</b>	<b>(289,505)</b>	<b>(289,505)</b>
General Revenues:					
Property taxes				338,046	338,046
Other income				2,069	2,069
Interest				2,038	2,038
<b>Total general revenues</b>				<b>342,153</b>	<b>342,153</b>
<b>Change in Net Position</b>				<b>52,648</b>	<b>52,648</b>
Net Position, beginning of year				817,012	817,012
<b>Net Position, end of year</b>				<b>\$ 869,660</b>	<b>\$ 869,660</b>

The accompanying notes are an integral part of these financial statements

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021**

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	<b>General Fund</b>
<b><u>ASSETS</u></b>	
<b>CASH AND CASH INVESTMENTS</b>	
Unrestricted	\$ 824,225
Restricted	79,800
Total cash and cash investments	904,025
<b>OTHER ASSETS</b>	
	2,000
<b>TOTAL ASSETS</b>	<b>\$ 906,025</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>	
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 11,418
Deferred revenue	32,242
Total liabilities	43,660
<b>FUND BALANCES</b>	
Nonspendable	2,000
Restricted:	
Streetscape maintenance	21,800
Arts on the Park	58,000
Unassigned	780,565
Total fund balances	862,365
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 906,025</b>

The accompanying notes are an integral part of these financial statements

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021**

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<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 862,365</b>
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements	<u>7,295</u>
<b>Total Net Position - Governmental Activities</b>	<b><u><u>\$ 869,660</u></u></b>

The accompanying notes are an integral part of these financial statements



**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021**

	<b>General Fund</b>
<b>REVENUES</b>	
Property taxes	\$ 338,046
Other income	2,069
Interest	2,038
Downtown Farmers Curb Market	164,137
First Friday	61,055
Total revenues	567,345
<b>EXPENDITURES</b>	
Downtown Development:	
Salaries and benefits	136,538
Travel, conferences and meetings	2,172
Tax collector	8,050
Property appraiser	5,315
Insurance	500
Building lease and utilities	24,004
Accounting and legal	13,638
Marketing and development	64,032
Telephone	1,633
Computer services	2,858
Office supplies	1,164
Printing	256
Memberships and subscriptions	4,153
Downtown Farmers Curb Market	117,480
First Friday	56,446
Tax increment financing	5,801
Container gardens & streetscape maintenance	64,950
Miscellaneous	3,564
Total Downtown Development	512,554
Capital outlay	-
Total expenditures	512,554
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>54,791</b>
FUND BALANCES, beginning of year	807,574
<b>FUND BALANCES, end of year</b>	<b>\$ 862,365</b>

The accompanying notes are an integral part of these financial statements

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2021**

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<b>Net Changes in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>54,791</b>
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Capital assets acquired in the current year		-
Depreciation expense recorded in the current year		<u>(2,143)</u>
<b>Changes in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>52,648</u></b>

The accompanying notes are an integral part of these financial statements

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<b>Governmental Fund Types</b>			
	<b>General Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Property taxes	\$ 349,366	\$ 349,366	\$ 338,046	\$ (11,320)
Other income	4,000	4,000	2,069	(1,931)
Interest	2,500	2,500	2,038	(462)
Downtown Farmers Curb Market	96,200	126,183	164,137	37,954
First Friday	64,500	64,500	61,055	(3,445)
Valet program	2,000	2,000	-	(2,000)
	<u>518,566</u>	<u>548,549</u>	<u>567,345</u>	<u>18,796</u>
<b>EXPENDITURES</b>				
Downtown Development:				
Salaries and benefits	136,578	136,578	136,538	40
Travel, conferences and meetings	2,500	2,500	2,172	328
Tax collector	8,050	8,050	8,050	-
Property appraiser	5,831	5,831	5,315	516
Insurance	1,100	1,100	500	600
Building lease and utilities	26,640	26,640	24,004	2,636
Accounting and legal	14,400	14,400	13,638	762
Marketing and development	117,000	117,000	64,032	52,968
Telephone	2,400	2,400	1,633	767
Computer services	3,000	3,000	2,858	142
Office supplies	1,250	1,250	1,164	86
Repairs and maintenance	750	750	-	750
Printing	500	500	256	244
Memberships and subscriptions	4,500	4,500	4,153	347
Downtown Farmers Curb Market	96,200	126,183	117,480	8,703
First Friday	64,500	64,500	56,446	8,054
Tax increment financing	12,000	12,000	5,801	6,199
Container gardens & streetscape maintenance	10,000	10,000	64,950	(54,950)
Valet parking	3,000	3,000	-	3,000
Miscellaneous	8,367	8,367	3,564	4,803
	<u>518,566</u>	<u>548,549</u>	<u>512,554</u>	<u>35,995</u>
Total Downtown Development	518,566	548,549	512,554	35,995
Capital Outlay	-	-	-	-
	<u>518,566</u>	<u>548,549</u>	<u>512,554</u>	<u>35,995</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,791</u>	<u>\$ 54,791</u>
<b>FUND BALANCES (DEFICITS), beginning of year - budgetary basis</b>				
		<u>698,056</u>	<u>807,574</u>	
<b>FUND BALANCES (DEFICITS), end of year - budgetary basis</b>				
		<u>\$ 698,056</u>	<u>\$ 862,365</u>	

The accompanying notes are an integral part of these financial statements

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**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

To assist the reader in interpreting the basic financial statements, the following is a summary of significant policies. The policies are considered essential and should be read in conjunction with the basic financial statements. The accounting policies of Lakeland Downtown Development Authority (the "Authority") conform to accounting principles generally accepted in the United States of America as applicable to government entities. The Authority's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the *Governmental Accounting Standards Board (GASB)*.

REPORTING ENTITY

Lakeland Downtown Development Authority was established by an Act of the Florida State Legislature, Chapter 77-588, effective July 25, 1977, to make it possible for the City of Lakeland to revitalize and preserve property values and prevent deterioration of the central business district. The purpose of the Act was to create a special independent tax district to provide the means whereby property owners within the district benefitting directly will bear the costs thereof.

The Act provides for the administration of the district, defines the boundaries and authorizes the district to levy an ad valorem tax of not more than two mills against properties within the district to finance its operations. A millage of 1.8439 was approved for the 2020-2021 fiscal year.

BASIC FINANCIAL STATEMENTS

The basic financial statements consist of the government-wide financial statements and fund financial statements.

**Government-wide Financial Statements** - The required government-wide financial statements are the Statement of Net Position and the Statement of Activities, which report information on all of the activities of the Authority. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported in one category. This represents all of the Authority's services including its revitalization and preservation of property values and prevention of deterioration of the central business district. Ad valorem taxes provide most of the resources that support these activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment, including depreciation. The Authority does not allocate indirect costs such as finance, personnel, legal, etc. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

BASIC FINANCIAL STATEMENTS - CONTINUED

Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by grant agreements, such as federal grants (if any). Fund financial statements provide more detailed information about the Authority's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide financial statements. GASB Code Sec 2200 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Non-major funds by category are summarized into a single column. The Authority only has one fund, the general fund, and it is considered major.

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The General Fund is the Authority's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Amounts reported as *program revenues* include 1) charges for services and 2) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all the taxes.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The Authority's fiscal year ends on September 30th in conformity with State statutes requiring a uniform fiscal year for local governments and special districts.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - CONTINUED

Imposed nonexchange resources (property taxes, fines) are reported as deferred inflows if received before the tax is levied or before the date when use is first permitted. Government mandated nonexchange transactions (grants) and voluntary nonexchange transactions (donations) resources are reported as liabilities until the eligibility requirements are met and as deferred inflows if received before time requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers ad valorem taxes revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

The Authority's practice is to use restricted resources first, then unrestricted resources, when both are available for use to fund an activity.

CASH, CASH EQUIVALENTS AND INVESTMENTS

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition.

The Authority does not have a written investment policy; however, the Authority follows Florida Statutes 218.415(17) which allows local governments electing not to adopt a written investment policy to invest or reinvest any surplus public funds in their control or possession in:

- The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a national recognized rating agency
- Interest-bearing time deposits or savings accounts
- Direct obligations of the U.S. Treasury

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

CASH, CASH EQUIVALENTS AND INVESTMENTS - CONTINUED

During the year the Authority's cash funds were held in qualified public depositories and invested in business high performance money market accounts. All cash and cash investments are entirely collateralized by the financial institutions in which funds are held on deposit.

In addition to insurance provided by the Federal Deposit Insurance Corporation ("FDIC"), all cash in the bank is held in banking institutions approved by the State of Florida's Chief Financial Officer to hold public funds.

Under the Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", the State of Florida's Chief Financial Officer State Treasurer requires all qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral equal to a determined percentage of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held.

Since the Authority uses only authorized public depositories, all funds deposited with financial institutions are FDIC insured and/or are fully collateralized and treated as insured. The money market investments are considered cash but are not categorized as to level of risk since they are deemed to be fully collateralized under the Florida Security for Public Deposit Act or partially covered under the FDIC insurance.

RESTRICTED CASH

The Authority holds cash that is restricted for streetscape maintenance and Arts on the Park, and it follows the policy of first applying restricted resources when an expense is incurred for the purposes for which both restricted and unassigned assets are available. The restriction constraints are either: 1) externally imposed by creditors, guarantors, contributions, laws, or regulations of other governments; or 2) imposed by law or through constitutional provisions or enabling legislation.

GENERAL CAPITAL ASSETS AND DEPRECIATION

General capital assets are capitalized and reported on the government-wide financial statement, Statement of Net Position. The related depreciation on those assets, if any, is recorded as an expense on the Statement of Activities. In the Governmental Fund statements, there are no capitalized assets on the fund balance sheet since they do not provide current financial resources. They are only reported as an expenditure on the Statement of Revenues, Expenditures and Changes in Fund Balance for the year that they are purchased.



**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

GENERAL CAPITAL ASSETS AND DEPRECIATION - CONTINUED

Capital assets are defined by a board resolution as tangible property or improvements with an individual cost of \$500 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets are recorded at fair market value as of the date received. Material additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance that do not improve or extend the life of the respective assets are expensed as incurred.

Current year information relative to changes in general capital assets are described in Note B.

Depreciation is provided over the estimated useful lives of the respective assets on the straight-line basis. Other costs incurred for repairs and maintenance that do not improve or extend the life of the respective assets are expensed as incurred. The following useful lives are used in calculating depreciation:

<u>Assets</u>	<u>Years</u>
Leasehold Improvements	10
Office equipment	2 - 10

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense). In addition to liabilities, the statement of net position will sometimes report a section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

EQUITY CLASSIFICATIONS

**Government-wide Statements** - The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and displayed in three components:

*Invested in Capital Assets* - Consists of capital assets, net of related debt, if any, and is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. There was no outstanding debt as of September 30, 2021.

*Restricted net position* - Consists of liquid assets which have third party (statutory, bond covenant or granting agency) limitations on their use. The Authority would typically use restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

*Unrestricted net position* - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted net position is available for use, it is the Authority's practice to use restricted net position first, and then unrestricted net position as they are needed.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

---

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

EQUITY CLASSIFICATIONS - CONTINUED

**Fund Statements** - The Authority classifies amounts in its fund balance pursuant to GASB Statement No. 54, *Fund Balance Reporting Governmental Fund-type Definitions*, which establishes a hierarchy that is based primarily on the extent to which the Authority is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. Spendable resources are to be shown as restricted, committed, assigned and unassigned as considered appropriate in the Authority's circumstances. The following classifications describe the relative strength of the spending constraints:

*Nonspendable* - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* - includes fund balance amounts that are constrained for specific purposes that are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. Current restricted fund balance is comprised of funding for which the use was restricted by the donor. Effectively, restriction may be changed or lifted only with the consent of resource providers.

*Committed* - includes fund balance amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors (the Authority's highest level of decision-making authority), or contractual obligations, which can be entered into by the Executive Director (official to whom the Board of Directors has delegated such authority). Commitments may be changed or lifted by the Authority taking the same formal action that imposed the constraint originally. Action must be taken prior to the fiscal year-end.

*Assigned* - includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed.

*Unassigned* - includes residual positive fund balance within the General Fund that has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Authority would first use committed, then assigned, and lastly unassigned amounts.

The Authority does not have a formal minimum fund balance policy.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**REVENUE RECOGNITION - PROPERTY TAXES**

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The Authority's board establishes the tax levy of the Authority prior to October 1 of each year and the Polk County Property Appraiser incorporates the millage into the total tax levy, which includes the municipalities, the County, independent districts and the County School Board tax requirements. State statutes permit the Authority to levy property taxes at a rate of up to 2.0000 mills. The Authority's millage rate in effect for the fiscal year ended September 30, 2021 was 1.8439 mills.

All taxes are due and payable on November 1 (levy date) of each year and unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment as follows: 4% in November, 3% in December, 2% in January, 1% in February. The taxes paid in March are without discount. Delinquent taxes on real and personal property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property.

Property tax revenues are recognized when they become available. "Available" includes those property tax receivables expected to be collected within sixty days after year end.

**BUDGETS AND BUDGETARY ACCOUNTING**

The Lakeland Downtown Development Authority's Board annually adopts a comprehensive appropriated budget for the operating fund of the Authority. Budgetary control is maintained at a line item level. The budget is prepared on the cash basis (budgetary basis).

The budgetary comparison schedule for the General Fund presents comparisons of the legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, timing differences in excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources can occur. For the year ended September 30, 2021, there were no differences.

Unused appropriations for all of the above annually budgeted funds lapse at the end of year. The Authority does not maintain an encumbrance system. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year. Budget over expenditures are not contrary to applicable laws governing the entity.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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**NOTE B - CHANGES IN GENERAL CAPITAL ASSETS**

A summary of changes in General Capital Assets follows:

	Balance October 1, 2020	Additions	Deletions	Balance September 30, 2021
Leasehold improvements	\$ 13,414	\$ -	\$ -	\$ 13,414
Office equipment	12,082	-	(4,796)	7,286
	\$ 25,496	\$ -	\$ (4,796)	20,700
Less accumulated depreciation				(13,405)
Total				\$ 7,295

Depreciation expense for the year ended September 30, 2021 was \$2,143.

**NOTE C - COMPENSATED ABSENCES AND PENSION OBLIGATIONS**

The Authority adopted a defined contribution SIMPLE IRA plan in 2015. An employee is eligible to participate in the plan after attaining age 21 and over a year of service with at least 1,000 hours. The Authority must match an employee's contribution up to 3% of annual gross salary. A local broker administers the plan trust and the assets of the plan are not considered part of the Authority's reporting entity. Participation is voluntary and the employee determines the amount of contribution. The Authority can elect to contribute to the plan on an annual basis. Pension costs are accrued and funded on a current basis and all required contributions for the year were made. There are no unfunded costs due to the nature of the plan. Contributions to the plan by the Authority as of the year ended September 30, 2021, were \$2,273.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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**NOTE D - COMMITMENT AND CONTINGENCIES**

The Authority has a lease agreement for the lease of its office space. The lease is for an initial three (3) year term, with the option to renew for seven (7) additional one (1) year periods. The lease expense under this lease was \$19,420 for the year ended September 30, 2021. Future minimum lease payments under this lease are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2022	\$ 20,002
2023	1,671
2024	-
2025	-
2026	-
Thereafter	-
Total	<u>\$ 21,673</u>

**NOTE E - RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority maintains commercial insurance coverage and surety bonds in amounts management feels is adequate to protect and safeguard the assets of the Authority. There have been no significant reductions in coverage nor have there been any settlements in excess of coverage in any of the prior three years.

**NOTE F - UNCERTAINTIES**

The coronavirus (COVID-19) outbreak in the United States has caused disruption through mandated and voluntary closing of organizations and activities. On March 11, 2020, the World Health Organization designated the coronavirus outbreak a global pandemic. The Authority does expect this matter to potentially have a negative impact on its activities and revenues. Management and the Board of Directors continue to evaluate and monitor the potential adverse effect that the pandemic may have on the Authority's financial position, operations, and cash flows. However, the related financial impact and duration cannot be reasonably estimated at this time.

**NOTE G - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 17, 2022, the date which the financial statements were available for issue and has determined that there are no additional adjustments and/or disclosures required.

**COMPLIANCE REPORTS AND LETTERS**

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

Board of Directors  
Lakeland Downtown Development Authority  
Lakeland, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of Lakeland Downtown Development Authority (the "Authority") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 17, 2022.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*CPS Group CPAs, PA*

### **CPS Group CPAs, PA**

Lakeland, Florida  
March 17, 2022



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

Board of Directors  
Lakeland Downtown Development Authority  
Lakeland, Florida

We have examined Lakeland Downtown Development Authority's (the "Authority") compliance with the requirements of Section 218.415, *Florida Statutes*, Local Government Investment Policies during the year ended September 30, 2021. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, in all material respects, with specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide any legal determination on the Authority's compliance with the specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

The report is intended to describe our testing of compliance with Section 218.415 *Florida Statutes* and it is not suitable for any other purpose.

*CPS Group CPAs, PA*

**CPS Group CPAs, PA**

Lakeland, Florida  
March 17, 2022

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## **INDEPENDENT AUDITORS' REPORT TO MANAGEMENT**

Board of Directors  
Lakeland Downtown Development Authority  
Lakeland, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the Lakeland Downtown Development Authority (the "Authority") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 17, 2022.

### **Auditors' Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an Examination Conducted in Accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 17, 2022, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. For the legal authority of the Lakeland Downtown Development Authority, see footnote A of the summary of significant accounting policies in the notes to the financial statements. The Authority has no component units.

## **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Authority. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

## **Special District Component Units**

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units.

## **Specific Information**

We do not express an opinion or provide any assurance on the following information.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Authority reported:

- a. The total number of Authority employees compensated in the last pay period of the Authority's fiscal year as 3.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Authority's fiscal year as 3.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$136,538.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$71,258.
- e. Each construction project with a total cost of at least \$65,000 approved by the Authority that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such projects as \$0.

### Specific Information - Continued

- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported, if the Authority amends a final adopted budget under Section 189.016(6), Florida Statutes, as listed on page 17 of the financial statements.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Authority reported the following for independent special districts that impose ad valorem taxes and non-ad valorem special assessments:

- a. The millage rate or rates imposed by the Authority as 1.8439.
- b. The total amount of ad valorem taxes collected by or on behalf of the Authority as \$338,046.
- c. No outstanding bonds were issued by the Authority.
- d. The rate or rates of non-ad valorem special assessments imposed by the Authority as \$0.
- e. The total amount of special assessments collected by or on behalf of the Authority as \$0.

### Additional Matters

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

### Purpose of this Letter

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

We wish to take this opportunity to thank you for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have questions or comments concerning this letter, our accompanying reports, or other matters.

*CPS Group CPAs, PA*

**CPS Group CPAs, PA**

Lakeland, Florida  
March 17, 2022