

**LAKELAND DOWNTOWN  
DEVELOPMENT AUTHORITY**

**AUDITED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2016**



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## **FINANCIAL SECTION**

## **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, 2016, 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**

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 Authority'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 statement.

We believe that the audit evidence 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 financial position of the governmental activities and the major fund of Lakeland Downtown Development Authority as of September 30, 2016, and the respective changes in financial position and the 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 on pages 4 through 10 and the required supplementary information on page 27 be presented to supplement the basic financial statements. Such information, although not a 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 on inquires 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 *Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2017 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, and contracts and other matters. The purpose of that report is 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 internal control over financial reporting or compliance. 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.



**Other Reporting Required by *Chapter 10.550, Rules of the Auditor General***

We have also issued our report dated February 8, 2017 on our examination of compliance with requirements of Chapter 10.550, Rules of the Auditor General. The purpose of that report is to describe the scope of our examination of compliance over compliance with Chapter 10.550, Rules of the Auditor General and issue an opinion on compliance with Chapter 10.550, Rules of the Auditor General.

*Baylis & Company PA*

**Baylis & Company PA**

Lakeland, Florida  
February 8, 2017



**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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, 2016. 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 26.

**FINANCIAL HIGHLIGHTS**

- The assets of the Authority exceeded its liabilities at the close of September 30, 2016 by \$701,489 (net position). Of this total amount, \$564,865 (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 \$146,458.
- At the close of September 30, 2016, the Authority's general fund (governmental fund level) reported an ending fund balance of \$701,353. Of this total amount, \$557,045 is available for spending at the Authority's discretion (unassigned fund balance).
- The Authority approved a millage rate of 2.0000 for the year ended September 30, 2016.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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 themselves.

**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 can be divided into one category: governmental funds.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**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 16 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 17 to 26 of this report.

**Other information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Authority's general fund budgetary comparisons. Required supplementary information can be found on page 27 of this report.

Additional information about the Authority, which may be of interest to the reviewer, is found under the Management Letter section of this report.

**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**

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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>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Total non capital assets	\$ 709,093	\$ 561,637	\$ 147,456
Total capital assets	<u>136</u>	<u>254</u>	<u>(118)</u>
 Total assets	 <u>709,229</u>	 <u>561,891</u>	 <u>147,338</u>
 Total liabilities, short term	 7,740	 6,860	 880
Total liabilities, long term	<u>-</u>	<u>-</u>	<u>-</u>
 Total liabilities	 <u>7,740</u>	 <u>6,860</u>	 <u>880</u>
 Investment in capital assets	 136	 254	 (118)
Restricted	136,488	78,370	58,118
Unrestricted	<u>564,865</u>	<u>476,407</u>	<u>88,458</u>
 Total net position	 <u>\$ 701,489</u>	 <u>\$ 555,031</u>	 <u>\$ 146,458</u>

Net position increased due to revenues exceeding expenses by \$146,458. The 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 expenses.

Nineteen percent (19%) or \$136,488 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. In addition, one percent (1%) or \$7,740 of the Authority's net position represents liabilities that will require to be paid by current or future resources.

The remaining eighty percent (80%), or \$564,865, 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**

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**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.

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Program revenues:			
Farmers Curb Market	\$ 88,505	\$ 68,349	\$ 20,156
Total program revenues	<u>88,505</u>	<u>68,349</u>	<u>20,156</u>
General revenues:			
Property taxes	254,329	242,083	12,246
Interest	2,129	2,676	(547)
Other income	58,000	-	58,000
Total general revenues	<u>314,459</u>	<u>244,759</u>	<u>69,699</u>
Total Revenues	<u>402,963</u>	<u>313,108</u>	<u>89,856</u>
Program expenses:			
Downtown Development	256,505	208,641	50,017
Intergovernmental payments to other local units	<u>-</u>	<u>10,000</u>	<u>(10,000)</u>
Total program expenses	<u>256,505</u>	<u>218,641</u>	<u>40,017</u>
Change in Net Position	146,458	94,467	51,991
Net position, beginning of year	<u>555,031</u>	<u>460,564</u>	<u>94,467</u>
Net position, end of year	<u>\$ 701,489</u>	<u>555,031</u>	<u>\$ 146,458</u>

Governmental activities: Governmental activities' change in net position for 2016 was an increase of \$146,458 as compared to an increase of \$94,467 for the prior year. The main reasons for the increase are as follows:

- Total revenue increased by \$89,856, representing an approximate twenty-nine percent (29%) increase, of which \$58,000 is a restricted contribution.
- Total expenses increased by \$40,017, representing an approximate eighteen percent (18%) increase.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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 \$701,353, an increase of \$146,576 in comparison with the previously reported balance in the prior year. Of this total, \$557,045 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, assigned 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 approximately \$89,855 including an increase in Downtown Farmers Curb Market of approximately \$20,156 related to the continued growth in the market and also the addition of Arts on the Park restricted contribution for an increase of \$58,000.
- The Downtown Farmers Curb Market's revenue increased by approximately \$20,156 due to the continued growth in the market, thus netting profit of approximately \$28,177.

**Capital Assets and Liabilities**

Capital Assets decreased by approximately \$118 due to current year depreciation expense.

Short-term liabilities increased by \$880 due to part-time help and general expenditures.

**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 salaries and benefits for the addition of a part time coordinator.

An increase in Farmers Curb Market's expenses for the addition of accepting new forms of payment from government food assistance programs.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

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

Marketing and development expenses were under budget by approximately \$48,000 due to lower than anticipated downtown business grant requests being approved.

Repairs and maintenance were lower than budget by approximately \$13,000 due to lower than anticipated needs.

Payments to the City of Lakeland for various services did not occur due to a change in needs of the Authority which resulted in cost savings of \$10,000.

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

The Authority approved a millage rate of 2.0000 for the year ended September 30, 2017.

The Authority has authorized a lease agreement to move its headquarters to a street front location Downtown Lakeland. The additional expenses for lease expense and utilities not currently incurred are estimated at \$21,800 in the September 30, 2017 budget.

The Authority has assigned \$7,820 of their fund balance for use in the next fiscal year.

All of these factors were considered in preparing the Authority's budget for the 2017 fiscal year, and are expected to influence the Authority's fiscal year 2017 financial statements.

**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.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2016**

	<b>Primary Government</b>	
	<b>Governmental Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>		
Cash and cash investments:		
Unrestricted	\$ 572,605	\$ 572,605
Restricted	136,488	136,488
Total cash and cash investments	<u>709,093</u>	<u>709,093</u>
Capital assets:		
Furniture, fixtures and equipment	13,762	13,762
Less accumulated depreciation	<u>(13,626)</u>	<u>(13,626)</u>
Total capital assets	<u>136</u>	<u>136</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 709,229</u></b>	<b><u>\$ 709,229</u></b>
<b><u>LIABILITIES AND NET POSITION</u></b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 7,740	\$ 7,740
Total liabilities	<u>7,740</u>	<u>7,740</u>
<b>NET POSITION</b>		
Invested in capital assets	136	136
Restricted	136,488	136,488
Unrestricted	<u>564,865</u>	<u>564,865</u>
Total net position	<u>701,489</u>	<u>701,489</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 709,229</u></b>	<b><u>\$ 709,229</u></b>

The accompanying notes are an integral part of these financial statements

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY**  
**STATEMENT OF ACTIVITIES**  
**SEPTEMBER 30, 2016**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue And Change in Net Position</u>	
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>	
				<u>Governmental Activities</u>	<u>Total</u>
<b>FUNCTIONS</b>					
<b>Governmental Activities:</b>					
Downtown Development:					
Salaries	\$ 92,724	\$ -	\$ -	\$ (92,724)	\$ (92,724)
Employee benefits	9,173	-	-	(9,173)	(9,173)
Travel, conferences and meetings	3,445	-	-	(3,445)	(3,445)
Tax collector	6,392	-	-	(6,392)	(6,392)
Property appraiser	4,339	-	-	(4,339)	(4,339)
Insurance	1,844	-	-	(1,844)	(1,844)
Accounting and legal	13,076	-	-	(13,076)	(13,076)
Marketing and development	45,570	-	-	(45,570)	(45,570)
Telephone and internet	1,826	-	-	(1,826)	(1,826)
Computer services	5,665	-	-	(5,665)	(5,665)
Office supplies	965	-	-	(965)	(965)
Repairs and maintenance	2,280	-	-	(2,280)	(2,280)
Printing	663	-	-	(663)	(663)
Memberships and subscriptions	1,450	-	-	(1,450)	(1,450)
Postage	226	-	-	(226)	(226)
Miscellaneous and contingency costs	106	-	-	(106)	(106)
Downtown Farmers Curb Market	60,328	88,505	-	28,177	28,177
Container gardens & streetscape maintenance	6,315	-	-	(6,315)	(6,315)
Arts on the Park	-	-	58,000	58,000	58,000
Unallocated depreciation expense	118	-	-	(118)	(118)
<b>Total Downtown Development</b>	<b>256,505</b>	<b>88,505</b>	<b>58,000</b>	<b>(110,000)</b>	<b>(110,000)</b>
Intergovernmental:					
Retainer for City services	-	-	-	-	-
<b>Total intergovernmental</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Governmental Activities</b>	<b>256,505</b>	<b>88,505</b>	<b>58,000</b>	<b>(110,000)</b>	<b>(110,000)</b>
<b>Total Primary Government</b>	<b>\$ 256,505</b>	<b>\$ 88,505</b>	<b>\$ 58,000</b>	<b>(110,000)</b>	<b>(110,000)</b>
General Revenues:					
Property taxes				254,329	254,329
Interest				2,129	2,129
<b>Total general revenues</b>				<b>256,458</b>	<b>256,458</b>
<b>Change in Net Position</b>				<b>146,458</b>	<b>146,458</b>
Net Position, beginning of year				555,031	555,031
<b>Net Position, end of year</b>				<b>\$ 701,489</b>	<b>\$ 701,489</b>

The accompanying notes are an integral part of these financial statements

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2016**

	<u>General Fund</u>	<u>Total Governmental Funds (Memorandum Only)</u>
<b><u>ASSETS</u></b>		
<b>CASH AND CASH INVESTMENTS</b>		
Unrestricted	\$ 572,605	\$ 572,605
Restricted	136,488	136,488
	<u>709,093</u>	<u>709,093</u>
Total cash and cash investments	<u>709,093</u>	<u>709,093</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 709,093</u></b>	<b><u>\$ 709,093</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 7,740	\$ 7,740
	<u>7,740</u>	<u>7,740</u>
Total liabilities	<u>7,740</u>	<u>7,740</u>
<b>FUND BALANCES</b>		
Restricted:		
Streetscape Maintenance	78,488	78,488
Arts on the Park	58,000	58,000
Assigned:		
Budgeted use of fund balance	7,820	7,820
Unassigned	<u>557,045</u>	<u>557,045</u>
Total fund balances	<u>701,353</u>	<u>701,353</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 709,093</u></b>	<b><u>\$ 709,093</u></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, 2016**

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<b>Total Fund Balances – Governmental Funds</b>	<b>\$ 701,353</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>136</u>
<b>Total Net Position – Governmental Activities</b>	<b><u><u>\$ 701,489</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, 2016**

	<b>General Fund</b>	<b>Total Governmental Funds (Memorandum Only)</b>
<b>REVENUES</b>		
Property taxes	\$ 254,329	\$ 254,329
Interest	2,129	2,129
Downtown Farmers Curb Market	88,505	88,505
Arts on the Park	58,000	58,000
	<u>402,963</u>	<u>402,963</u>
Total revenues	<u>402,963</u>	<u>402,963</u>
<b>EXPENDITURES</b>		
Downtown Development:		
Salaries	92,724	92,724
Employee benefits	9,173	9,173
Travel, conferences and meetings	3,445	3,445
Tax collector	6,392	6,392
Property appraiser	4,339	4,339
Insurance	1,844	1,844
Accounting and legal	13,076	13,076
Marketing and development	45,570	45,570
Telephone and internet	1,826	1,826
Computer services	5,665	5,665
Office supplies	965	965
Repairs and maintenance	2,280	2,280
Printing	663	663
Memberships and subscriptions	1,450	1,450
Postage	226	226
Miscellaneous and contingency costs	106	106
Downtown Farmers Curb Market	60,328	60,328
Container gardens & streetscape maintenance	6,315	6,315
	<u>256,387</u>	<u>256,387</u>
Total Downtown Development	<u>256,387</u>	<u>256,387</u>
Intergovernmental:		
Retainer for City services	-	-
	<u>-</u>	<u>-</u>
Total intergovernmental	<u>-</u>	<u>-</u>
Total expenditures	<u>256,387</u>	<u>256,387</u>
<b>NET CHANGES IN FUND BALANCES</b>	<b>146,576</b>	<b>146,576</b>
FUND BALANCES, beginning of year	<u>554,777</u>	<u>554,777</u>
<b>FUND BALANCES, end of year</b>	<b><u>\$ 701,353</u></b>	<b><u>\$ 701,353</u></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 OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2016**

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**Net Changes in Fund Balances – Total Governmental Funds** **\$ 146,576**

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:

This is the amount of depreciation recorded in the current period (118)

**Changes in Net Position of Governmental Activities** **\$ 146,458**

The accompanying notes are an integral part of these financial statements

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

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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 2.0000 was approved for the 2015-2016 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, 2016**

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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) operating grants and contributions and 2) capital grants and contributions, including special assessments. 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, 2016**

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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 be 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, 2016**

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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 institution 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 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 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, 2016**

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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>
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 applied 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, 2016**

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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, is intended to reflect the portion of net position which are 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, 2016.

*Restricted net position* - Consists of is 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, 2016**

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**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 includes 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 uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Authority would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

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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, 2016 was 2.0000 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 of 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, a reconciliation of resultant entity and timing differences in excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources for the year ended September 30, 2016, is presented below:

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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

	General Fund
Revenues and other financing sources over (under) expenditures (budgetary basis)	\$ (1,320)
Adjustments: None	-
Revenues and other financing sources over (under) expenditures (GAAP basis)	\$ (1,320)

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.

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

A summary of changes in General Capital Assets follows:

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
Office equipment	\$ 13,762	\$ -0-	\$ -0-	\$ 13,762
Less accumulated depreciation				(13,626)
Total				\$ 136

Depreciation expense for the year ended September 30, 2016 was \$118.

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

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

The Authority's board adopted a defined contribution SIMPLE 401(k) plan on February 8, 2001. An employee is eligible to participate after attaining age 21 and earning \$5,000 in wages. During 2015, the Authority closed the defined contribution SIMPLE 401(k) plan and adopted a defined contribution SIMPLE IRA plan. An employee is eligible to participate after attaining age 21 and over a year of service with at least 1,000 hours are eligible to participate in the plan. 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 their 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, 2016, were \$2,100.

**NOTE D - 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 fees 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 E - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 8, 2017, the date which the financial statements were available for issue, and has determined that there are no additional adjustments and/or disclosures required.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LAKELAND DOWNTOWN DEVELOPMENT AUTHORITY  
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Governmental Fund Types			Variance With Final Budget Positive (Negative)
	General Fund			
	Original Budget	Final Budget	Actual Amounts	
<b>REVENUES</b>				
Property taxes	\$ 263,269	\$ 263,269	\$ 254,329	\$ (8,940)
Interest	1,800	1,500	2,129	629
Farmers Curb Market	70,000	84,518	88,505	3,987
Arts on the Park	-	-	58,000	58,000
	<u>335,069</u>	<u>349,287</u>	<u>402,963</u>	<u>53,676</u>
<b>EXPENDITURES</b>				
Current:				
Downtown Development:				
Salaries	84,500	97,000	92,724	(4,276)
Employee benefits	12,610	12,271	9,173	(3,098)
Travel, conferences and meetings	3,000	3,000	3,445	445
Tax collector	6,500	6,500	6,392	(108)
Property appraiser	4,000	4,339	4,339	-
Insurance	1,500	1,500	1,844	344
Accounting and legal	16,000	16,000	13,076	(2,924)
Marketing and development	93,750	93,750	45,570	(48,180)
Telephone and internet	1,800	1,800	1,826	26
Computer services	6,000	6,000	5,665	(335)
Office supplies	1,000	1,000	965	(35)
Repairs and maintenance	15,600	15,600	2,280	(13,320)
Printing	750	750	663	(87)
Memberships and subscriptions	2,000	2,000	1,450	(550)
Postage and delivery	750	750	226	(524)
Miscellaneous and contingency costs	1,000	1,000	106	(894)
Farmers Curb Market	62,700	67,227	60,328	(6,899)
Container gardens & streetscape maintenance	10,000	10,000	6,315	(3,685)
	<u>323,460</u>	<u>340,487</u>	<u>256,387</u>	<u>(84,100)</u>
Intergovernmental:				
Retainer for City Services	10,000	10,000	-	(10,000)
	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Capital Outlay	94	120	-	(120)
	<u>333,554</u>	<u>350,607</u>	<u>256,387</u>	<u>(94,220)</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b><u>\$ 1,515</u></b>	<b><u>\$ (1,320)</u></b>	<b><u>146,576</u></b>	<b><u>\$ 147,896</u></b>
<b>FUND BALANCES (DEFICITS), beginning of year - budgetary basis</b>			<b><u>554,777</u></b>	
<b>FUND BALANCES (DEFICITS), end of year - budgetary basis</b>			<b><u>\$ 701,353</u></b>	

**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, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 8, 2017.

### **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) to determine the 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 of 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 determination of financial statements amounts. 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 an entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Baylis & Company PA*

### **Baylis & Company PA**

Lakeland, Florida  
February 8, 2017



**INDEPENDENT ACCOUNTANTS' REPORT ON AN EXAMINATION  
CONDUCTED IN ACCORDANCE WITH AICPA PROFESSIONAL  
STANDARDS, SECTION 601, REGARDING COMPLIANCE REQUIREMENTS IN  
ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Board of Directors  
Lakeland Downtown Development Authority  
Lakeland, Florida

We have examined Lakeland Downtown Development Authority's compliance with requirements of Chapter 10.550, Rules of the Auditor General, concerning the investment of public funds during the year ended September 30, 2016. Management is responsible for Lakeland Downtown Development Authority's compliance with those requirements. Our responsibility is to express an opinion on the Lakeland Downtown Development 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 and, accordingly, included examining, on a test basis, evidence about Lakeland Downtown Development Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Lakeland Downtown Development Authority's compliance with specified requirements.

In our opinion, Lakeland Downtown Development Authority, complied, in all material respects with the aforementioned requirements for the year ended September 30, 2016.

*Baylis & Company PA*

**Baylis & Company PA**

Lakeland, Florida  
February 8, 2017



## **MANAGEMENT LETTER**

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, 2016, and have issued our report thereon dated February 8, 2017.

### **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 Reports and Schedule**

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, Section 601, Regarding Compliance Requirements in Accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 8, 2017, 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 annual 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.



### **Financial Condition**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report 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 identification of 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.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. 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.

### **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Authority, for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

### **Other Matters**

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

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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the 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.

Board of Directors  
Lakeland Downtown Development Authority

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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.

*Baylis & Company PA*

**Baylis & Company PA**

Lakeland, Florida  
February 8, 2017