City of Marco Island

CITY OF MARCO ISLAND, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2021

PREPARED BY:
THE CITY OF MARCO ISLAND'S FINANCE DEPARTMENT

Table of Contents

		Page
I.	**INTRODUCTION SECTION**	
	Table of Contents	I - II
	Letter of Transmittal	IV - IX
	Certificate of Achievement for Excellence in Financial Reporting	X
	Organizational Chart	XI
	Principal Officials	XII
II.	**FINANCIAL SECTION**	
	Independent Auditors' Report	3 - 5
	Management's Discussion and Analysis (Unaudited)	7 - 22
	Basic Financial Statements	
	Government-wide Financial Statements:	
	Statement of Net Position	24
	Statement of Activities	25
	Fund Financial Statements:	
	Balance Sheet – Governmental Funds	26
	Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Activities	27
	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	28
	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities – Governmental Activities	30
	Statement of Net Position – Proprietary Funds	31 - 32
	Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	33
	Statement of Cash Flows – Proprietary Funds	34
	Statement of Fiduciary Net Position – Pension Trust Funds	35
	Statement of Changes in Fiduciary Net Position – Pension Trust Funds	36
	Notes to Financial Statements	37 - 84
	Required Supplementary Information	
	Pension Trust Funds:	
	Schedule of Changes in the City's Net Pension Liability and Related Ratios – Firefighters' Pension Plan	86
	Schedule of City Contributions – Firefighter's Pension Plan	87
	Schedule of Pension Investment Returns – Firefighters' Pension Plan	88
	Schedule of Changes in the City's Net Pension Liability and Related Ratios – Police Officers' Pension Plan	89
	Schedule of City Contributions – Police Officers' Pension Plan	90
	Schedule of Pension Investment Returns – Police Officers' Pension Plan	91
	Schedule of the City's Proportionate Share of the Net Pension Liability – Florida Retirement System	92
	Schedule of City Contributions – Florida Retirement Contribution	93
	Schedule of the City's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy	94
	Schedule of City Contributions – Health Insurance Subsidy	95
	Schedule of Funding Progress – Other Post-Employment Benefits	96

General Fund:
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund 97 - 98

Table of Contents

Page

Combining and Individual Fund Financial Statements and Schedules
Combining Balance Sheet – Nonmajor Governmental Funds 102
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 103
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Projects Fund 104
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Grants Fund 105
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Building Services Fund 106
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Debt Service Fund 107
Combining Statement of Fiduciary Net Position 110
Combining Statement of Changes in Fiduciary Net Position 111

III. STATISTICAL SECTION (UNAUDITED)

Net Position by Component 114
Changes in Net Position 115 - 116
Fund Balances of Governmental Funds 117
Changes in Fund Balances of Governmental Funds 118
Assessed Value of Taxable Property 119
Property Tax Rates for Direct and Overlapping Governments 120
Principal Property Taxpayers 121
Property Tax Levies and Collections 122
Ratios of Outstanding Debt by Type 123
Ratios of General Bonded Debt Outstanding 124
Direct and Overlapping Governmental Activities Debt 125
Pledged Revenue Bond Coverage – Water/Sewer Revenue Bonds 126
Demographic and Economic Statistics 127
Top Ten Employers 128
Full Time Equivalent Employees by Department 129
Operating Indicators by Department 130
Capital Asset Statistics by Function/Program 131

IV. SINGLE AUDIT AND OTHER REPORTS AND LETTERS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 133 - 134
Independent Auditor's Report on Compliance for each Major Federal Program and and State Project on Internal Control over Compliance required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General 135 - 136
Schedules of Expenditures of Federal and State Awards 137
Notes to Schedules of Expenditures of Federal and State Awards 138
Summary of Audit Results and Schedule of Findings 139 - 140
Independent Auditor's Management Letter 141 - 142
Independent Accountant's Report 143



INTRODUCTION SECTION

City of Marco Island

March 31, 2022

To the Members of the City Council and Citizens of the City of Marco Island, Florida:

Florida Statutes require that all general-purpose local governments publish within nine months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of independent licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Marco Island, Florida (the "City"), for the fiscal year ended September 30, 2021.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Mauldin & Jenkins, LLC, a firm of independent licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The Governmental Accounting Standards Board ("GASB") requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The City and Its Services

The City was incorporated on August 28, 1997. Marco Island, Florida, is located in the southwestern part of the state, on the Gulf of Mexico side of the Ten Thousand Islands region of the Florida Everglades. Originally discovered by the Spanish and named Isla de San Marco (Saint Mark's Island), modern

development of the island began in the late 1960's by the Deltona Corporation. Prior to incorporation in 1997, the island was a part of unincorporated Collier County and was served by a local Fire Protection District. The City serves a permanent population of approximately 16,000, which grows up to approximately 45,000 in the peak winter season. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

The City has operated under the Council-Manager form of government since incorporation. Policy-making and legislative authority are vested in the governing council consisting of a chairperson and six other members. City Council is responsible for passing ordinances and approving the budget, appointing boards and, committees and hiring both the City Manager and the City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected at-large on a non-partisan basis to four-year staggered terms. Council members are eligible to serve a maximum of eight years during their lifetime. The City Council Chair is elected by the members of the City Council annually to a one-year term of office.

The City provides a full range of services authorized by statute and local charter. These include police, fire, parks, recreation, streets, drainage, capital improvements, planning, zoning, community affairs and development and general administrative services, as well as water production and distribution and wastewater collection and treatment. During the fiscal year ended September 30, 2004, as more fully described later in this report, the City acquired the water and wastewater operations on the island and now operates those services through the City's Water and Sewer Utility Department.

The Hideaway Beach Tax District was created as a component unit of the City in 2003. Voters in this private neighborhood approved a tax levy for re-nourishment of the beaches adjacent to the neighborhood.

Budget Process

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget and holds the public budget workshops with the City Council on the proposed budget. Two public hearings are held on the budget, with the final budget adopted no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and by department. Budget control is maintained at the fund level. Budgets are adopted for the following funds: General Fund, Water/Sewer Utility Enterprise Fund, Capital Projects Fund, Debt Service Fund, Building Services Fund, Self-Insurance Internal Service Fund, Hideaway Beach Special Taxing District Fund, and Police and Fire Pension Funds.

The City Manager may make transfers of appropriations within a fund or department. Budget amendments that increase fund appropriations require the approval of the City Council. The City Council has authorized the City Manager to amend, modify or otherwise adjust the operating budget to a maximum limit of $50,000 in total amendments, modifications or adjustments during the year. A budget re-appropriation approved by City Council, consolidating all budget amendments approved during the course of the year and those recommended by the City Manager near the end of the fiscal year, officially amends the annual budget.

Capital planning for the community is accomplished through two separate long-term budget documents. The capital projects fund finances general government improvements to streets and intersections, storm drainage, bridges, park facilities, landscaping, vehicles, equipment, and general government buildings. A 5-year capital improvements plan is updated and adopted annually as part of the budget process. The

acquisition of Marco Island Utilities, discussed below, drove the need for an initial 10-year capital program to upgrade and expand both the water and wastewater systems. The comprehensive 10-year capital program is updated every 5 years and submitted to the State as required by Florida Statutes.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy: Marco Island was developed as a planned community of exclusive water-access and waterfront residences with hotels, condominiums, and commercial businesses to support the vitality of the island lifestyle. Originally marketed as a winter retreat for people with permanent homes in the north, Marco Island has evolved over the years into a community of diverse age groups and interests and an increasing number of permanent residents. The business community primarily provides goods and services to the seasonal, permanent, and visitor communities.

The City continues to enjoy the results of a planned, platted and deed-restricted community. A full 75% of the single-family building lots are located on man-made canals and bays affording easy boating access to the Gulf of Mexico and the Ten Thousand Islands forming the western boundary of the Everglades. The community offers public beach access at both ends of the island, an additional beach access for the exclusive use of island residents, and river access between the island and the mainland. Beachfront property is high-density, with multi-family and tourist-oriented accommodations.

The long-term economic outlook for the City is positive. Since the low point caused by the 2008/2009 recession, the island economy has enjoyed an exceptionally strong residential real estate market with high growth in new home starts and home and condominium re-sales. Although the COVID 19 Pandemic had an effect on the City's activity-based taxes in fiscal year 2020, these were supplemented by the Coronavirus Aid, Relief, and Economic Security Act (CARES) and the American Rescue Plan Act (ARPA) funding received in fiscal year 2021. Marco Island will never be duplicated because the U.S. Army Corps of Engineers now prohibits "dredge and fill" coastal development and mangrove forests are Federally-protected.

The 2020 assessed taxable valuations used for real property taxes in fiscal year 2021 showed a 4.8% increase from the prior year. The 2021 assessed taxable valuations to be used for real property taxes in fiscal year 2022 reflected an increase of 4.7% from the 2020 assessed valuations. It is projected that the 2022 valuations used to determine property taxes for fiscal year 2023 will again increase as the real estate market has seen a significant appreciation in values over the last year.

Long-term Financial Planning

The City includes a five-year capital improvement plan for both its governmental and enterprise activities. The budget reflects the emphasis on maintaining existing service levels and its present investment in facilities and people while attempting to fully fund the City's pay go system, or "bucket plan". A thorough review has resulted in a financial restructuring of capital projects and the development of a "bucket plan" that will be used to reduce reliance on debt financing and stabilize property tax millage rate increases in the future.

Marco Island: In July 2002, the City negotiated a fifteen-year inter-local agreement with Collier County to transfer ownership of public roads and rights-of-way from the County to the newly formed City. Additionally, the County agreed to pay the City $15 million in return for the City assuming the roadway segments. The last $2 million dollars were withheld by the County due to a disagreement on the intent

of the inter-local agreement. In June 2017, the City amended the original agreement thereby transferring jurisdiction of Goodland Road, 92A, back to the County in lieu of receiving the last $2 million.

The City is a true island and has embarked on a repair and replacement process of all 15 bridges within the City's limits. In March 2020, TY Lin International was awarded the contract for the structural design services for the replacement of the West Winterberry Drive Bridge in the amount of $937,022. Moreover, the City continues to include drainage improvements, street resurfacing, bike lane widening, and shared-use pathway construction as part of its Capital Improvement Plan each year.

In November 2018, the residents of Collier County approved a referendum for an additional one cent sales tax over seven years for infrastructure purposes. The City expects to receive approximately $22 million over the seven-year term.

A master plan for various city parks was approved in 2005. Improvements at Mackle Park and Veterans Community Park have occurred in phases over the past few years with grant funding and annual expenditures of capital improvements funds. During fiscal year 2014 a nonbinding referendum was held to determine if residents of the island wanted a new Mackle Park community building. The vote was 51% in favor to construct the center up to a maximum cost of $3.5 million. The project plans were completed in fiscal year 2015 and the construction contract was awarded during fiscal year 2016. The building was substantially complete as of November 2017. The Veterans Community Park continues to be a major focal point for the island activities such as seasonal festivals and a weekly farmers' market. In April 2018 Kimley Horn was contracted to explore different conceptual plans based on community input for Veterans Community Park. In August 2019, Kimley Horn was awarded the design work, at estimated cost of $594,950, for the facilities to be constructed at the Park based on the concept most supported by the community and its civic leaders. In addition, City Council approved the contract in the amount of $168,223 with Manhattan Construction in August 2020 for the Construction Manager at Risk services during the design, or pre-construction phase, to Manhattan Construction.

In March 2019, BSSW Architects Inc was awarded phase 1 design work in the amount of $350,000 for the new Station 50 building. In April 2020, the contract for the remainder of the design in the amount of $797,695 was executed by the City Manager. In addition, City Council approved the contract in the amount of $87,613 with Manhattan Construction in August 2020 for the Construction Manager at Risk services during the design, or pre-construction phase, to Manhattan Construction.

In August 2021, City Council approved the Construction Manager at Risk Contracts for the Fire Station 50 and the Veterans Community Park projects with Guaranteed Maximum Prices of $12,592,673 and $11,015,244, respectively. Of the total costs, $8,000,000 for Fire Station 50 and $5,000,000 for the Veterans Community Park Project were to be financed. In August of 2021, City Council approved the issuance of bonds not to exceed $13,000,000 for construction of both projects. In September 2021, the City closed on public placed bonds with a par value of $11,910,000 with a net premium of $1,232,289.

Marco Island Utilities: In November 2003, the City achieved a long-term objective with the acquisition of the local water and wastewater operations from a private provider. Prior to that date, the City's utility fund was used to account for the wastewater distribution system serving approximately 1,200 accounts with central sewer on the island. Wastewater treatment was handled by Florida Water Services under contract. The City issued $101 million in utility revenue bonds to purchase utility operations on Marco Island and at an adjacent area of unincorporated Collier County known as Marco Shores. Currently approximately 10,000 utility accounts are served. The cost of the utility acquisition was approximately $85 million with additional funds raised to begin the upgrading of a neglected utility infrastructure. In March 2010, the City issued $58 million in utility revenue bonds to fund and refund capital improvements on the City's utility investment. Additional funds for capital investment are provided through monthly

revenue deposits to a capital reserve account and a renewal, replacement, and improvement account as required by bond covenants. The City has refunded existing Water & Sewer Utilities bonds on several occasions to take advantage of the prevailing low interest rate environment which has lowered the annual debt service for the Enterprise Fund.

Financial Policies

The City's basic financial statements are prepared in conformity with generally accepted accounting principles. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting standards followed by governmental entities in the United States.

Investments: In 2002, the City Council approved an investment ordinance, and the City has a program of active portfolio management allowing for the purchase of investments as allowed by Florida Statutes to increase yields while maintaining safety and liquidity. Investments are limited to a maximum maturity of five years with the exception of the investment of debt service reserves, which is limited to the remaining life of the corresponding debt, and the investment of pension trust funds.

Financial Reserve Policy: The City established a financial reserve policy to handle the distinctive emergencies and contingencies of our barrier island. Per that policy the City will maintain emergency reserves of 25% of general fund's operating budget for the proposed fiscal year.

Charter Spending Cap: The City is unique in Florida with a spending cap included as part of the original charter of the City after the first four years of incorporation. Currently, increases in annual spending are limited to 3% annually plus the annual change in the Social Security cost-of-living adjustments, or COLAs. The charter was amended by the voters in 2002 to remove the expenditures of self-supporting enterprise funds from the calculation of the spending cap. The City Council may approve emergency expenditures outside of the cap. Further information on the spending cap and the calculation of compliance is included in the Management Discussion and Analysis (MD&A) section of this report.

Risk Management: Through fiscal year 2004, the City purchased property, liability and workers' compensation insurance from the Florida League of Cities Municipal Insurance Trust. Beginning in fiscal year 2005, the City elected to self-insure a greater degree of risk, retaining the first $100,000 per occurrence of general liability loss, the first $50,000 per occurrence of property loss, and the first $350,000 per occurrence of workers' compensation loss. This program, administered through the Public Risk Insurance Trust, reduces the fixed costs of premiums paid while limiting the financial exposure to the City with the purchase of an annual aggregate stop-loss beginning at $1,200,000 in cumulative annual losses. The City is a Drug-Free Workplace and has safety programs in place to minimize risk exposures. To prevent and control improper conduct in government the City instituted an employee fraud hotline where any wrongdoing can be reported in an anonymous manner.

Major Initiatives: City staff again presented their pay go capital plan to City Council and the Community as part of an initiative to reduce the reliance on debt to fund the City's capital program. The plan involves the funding of items over their expected life term to have the funds available by the time they are fully depreciated. The plan provides the Department Directors the funding necessary to maintain an adequate level of service while allowing flexibility so that they may prioritize their expenditures.

Awards and Acknowledgements

Certificate of Achievement: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Marco

Island, Florida, for our Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020. This was the twelfth consecutive year that the government has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements: The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated service of the entire staff of the Finance Department. We also thank the City Manager, City Council, and Chair, for the interest and support in planning and conducting the financial operations of the City. Moreover, we wish to express our appreciation to the members of the Audit Advisory Committee for volunteering their time and input. In addition, we wish to express our appreciation to our audit firm, Mauldin & Jenkins, LLC, for their comprehensive and efficient examination of our accounts and suggestions for improvement.

Respectfully submitted,



Guillermo A. Polanco, CPA, MBA
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Marco Island
Florida

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

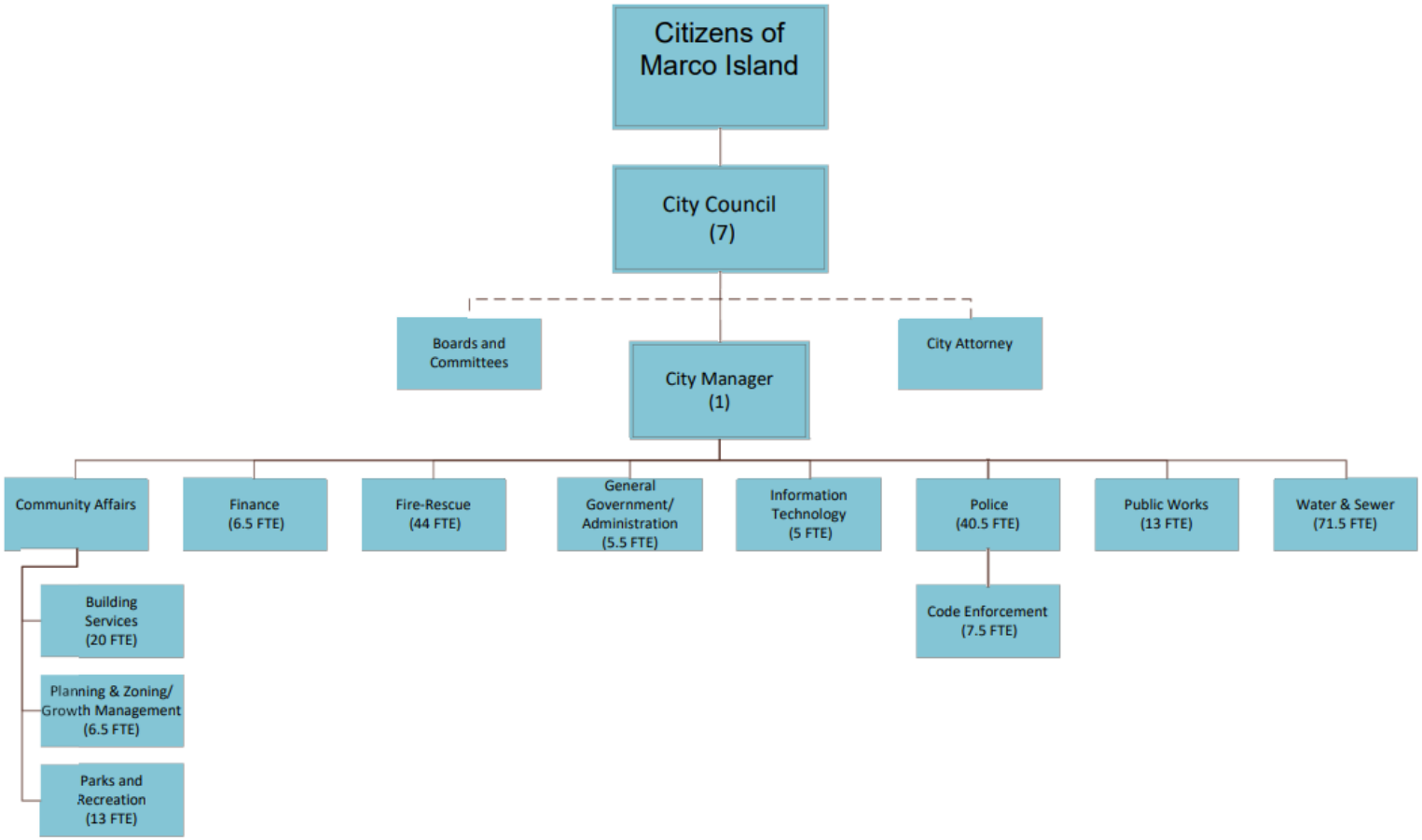
September 30, 2020

Christopher P. Morrill

Executive Director/CEO

City of Marco Island

FY21



PRINCIPAL OFFICIALS:

ERIK BRECHNITZ, CITY COUNCIL CHAIR
JARED GRIFONI, CITY COUNCIL VICE-CHAIR
CLAIRE BABROWSKI, COUNCILOR
RICH BLONNA, COUNCILOR
GREG FOLLEY, COUNCILOR
BECKY IRWIN, COUNCILOR
JOE ROLA, COUNCILOR

ALAN L. GABRIEL, WEISS SEROTA, CITY ATTORNEY

MICHAEL MCNEES, CITY MANAGER
CASEY LUCIUS, ASSISTANT CITY MANAGER

GUILLERMO POLANCO, FINANCE DIRECTOR

TRACY FRAZZANO, POLICE CHIEF
LAURA M. LITZAN, CITY CLERK
JOSE DURAN, IT DIRECTOR
CHRIS BYRNE, FIRE CHIEF
JEFF POTEET, UTILITIES GENERAL MANAGER
TIM PINTER, PUBLIC WORKS DIRECTOR

This page intentionally left blank.

CITY OF MARCO ISLAND, FLORIDA

FINANCIAL SECTION

This page intentionally left blank.

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

City Council and City Manager
City of Marco Island, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Marco Island, Florida (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City'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.

Auditor's Responsibility
Our responsibility is to express opinions 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 from 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 auditor's 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 auditor considers 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 policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and other post-employment benefit schedules on pages 7 through 22 and 87 through 97, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is also not a required part of the basic financial statements of the City.

The combining and individual fund statements and schedules and the schedule of expenditures of federal awards is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
March 30, 2022

This page intentionally left blank.

MANAGEMENT DISCUSSION AND ANALYSIS

The purpose of financial reporting, in general, is to provide the readers of the financial statements with information that will help them make decisions or draw conclusions about an entity. As management of the City of Marco Island, Florida (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal, which can be found starting on page IV of this report.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $212.9 million *(net position).* Of this amount, $49.4 million, or 32.9% (*unrestricted net position*) may be used to meet the ongoing obligations to citizens and creditors. Governmental activities accounts for 53.8% of total net position while business-type activities made up the remaining 46.2%.

- The City's total net position overall increased by $12 million or 5.7% during the current fiscal year.

- The City's business-type activities reported total net position of $98.4 million, which is an increase of $2.2 million, or 2.2%, in comparison to the prior year.

- The City's governmental activities reported total net position of $114.4 million, which is an increase of $9.9 million, or 8.6%, in comparison to the prior year.

- As of the close of the current fiscal year as reported in the fund financial statements, the City's governmental funds reported combined ending fund balances of $52.1 million, an increase of $17.7 million in comparison with the prior year. Approximately 16.5% of this total amount, $8.6 million, is *available for spending* at the government's discretion *(unassigned fund balance).*

- At the end of the current fiscal year, fund balance for the General Fund was $12.1 million or 56% of the general fund expenditures and other financing uses. The $12 million in *unassigned fund balance* includes $5.7 million to meet the City's financial reserve policy.

- At the end of the current fiscal year, unrestricted net position of the water and sewer utility fund totals $11.9 million compared to $1.9 million in the prior year.

- The financial condition of the City continued to be strong in 2021. This strength allowed the City to respond to the COVID 19 pandemic without any disruptions to normal operations. The distribution of federal funds through the Coronavirus Aid, Relief, and Economic Security (CARES) and American Rescue Plan (ARP) assisted a great deal with the response and specific line item revenue shortfalls. Major capital investments were made to both the utility system and the basic infrastructure of the community. Increased funding per the bucket plans for both governmental and business type capital infrastructure is reflected in the restricted fund balances. Professional department heads managed their operations within budgeted appropriations.

Overview of the Financial Statements

This management discussion and analysis (MD&A) is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statement consists of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. In addition to these basic financial statements, this report contains other supplementary information.

Government-wide Financial Statements: The focus of the *government-wide financial statements* is on the overall financial position and activities of the City. Reporting is similar to that of a private-sector business. The City's government-wide financial statements include the statement of net position and statement of activities. As described below, these statements do not include the City's fiduciary funds because resources of these funds cannot be used to finance the City's activities. However, the financial statements of fiduciary funds are included in the City's fund financial statements, because the City is financially accountable for those resources, even though they belong to other parties.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two 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 City is improving or deteriorating. Although the purpose of the City is not to accumulate net position, in general, as this amount increases it indicates that the financial position of the City is improving over time.

The *Statement of Activities* presents the revenues and expenses of the City as well as information showing how the City's net position changed during the most recent fiscal year. The items presented on the statement of activities are measured in a manner similar to the approach used in the private-sector in that revenues are recognized when earned and expenses are reported when incurred. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City 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 City include general government, law enforcement, fire/rescue services (emergency medical service and transport is provided by Collier County), planning and zoning, code compliance, building services, transportation, and parks. The business-type activities of the City include its water and wastewater treatment plants, water distribution, sewer collection services, sewer assessment districts, and its recreation services.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate special tax district for which the City is financially accountable. This *component unit* functions for all practicable purposes as an independent advisory board and special revenue fund of the City. The financial activity of this component unit is shown in a separate column from the primary government on the *Statement of Net Position* and *Statement of Activities*.

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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's fund financial statements are divided into three categories: (1) governmental funds, (2) proprietary funds, and (3) fiduciary funds.

Government Funds: *Governmental funds* are used to account for essentially the same functions as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable 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 the 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 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 City presents in separate columns, funds that are the most significant to the City (major funds) and all other governmental funds are aggregated and reported in a single column (non-major funds). As of September 30, 2021, the City has three major governmental funds: the General Fund, Debt Service, and Capital Projects Fund.

Proprietary Funds: The City has two proprietary funds: enterprise funds and internal service funds. For both types of funds, costs incurred are recovered through user fees and charges. *Enterprise funds* are used when the primary customers are citizens and businesses. *Internal service funds* are used when the fund provides benefits to the government's departments or other funds.

Enterprise funds are used to report the same functions as *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in greater detail. The City's major proprietary fund accounts for the water and wastewater utility. A non-major fund reports the activities of the recreation programs and racquet center. The internal service fund accounts for the accumulation of reserves and payment of insurance premiums and claims.

Fiduciary Funds: *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The City has two fiduciary funds, a Firefighters' defined benefit pension trust fund and a Police Officers' defined benefit pension trust fund. Fiduciary funds are accounted for in a manner similar to proprietary funds.

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.

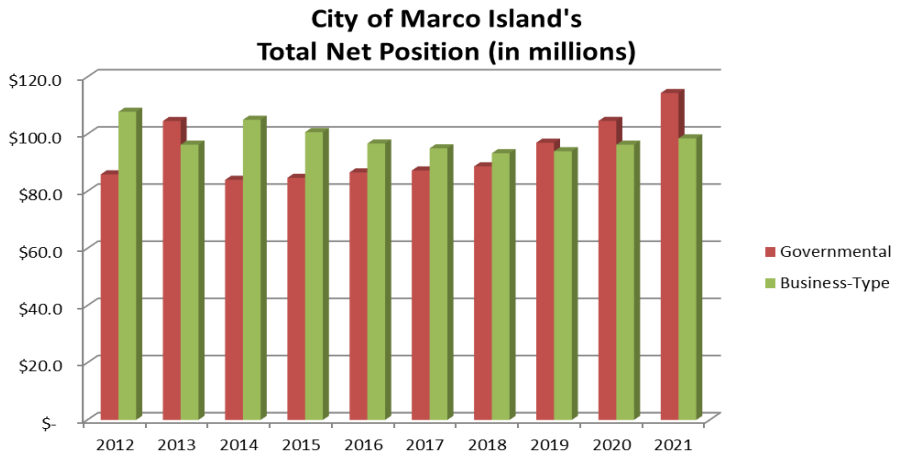
Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information (RSI)* concerning the City's defined benefit pension plans and budget-to-actual schedules for the City's General Fund.

This report contains other information including support schedules, a statistical section (unaudited) and other reports section.

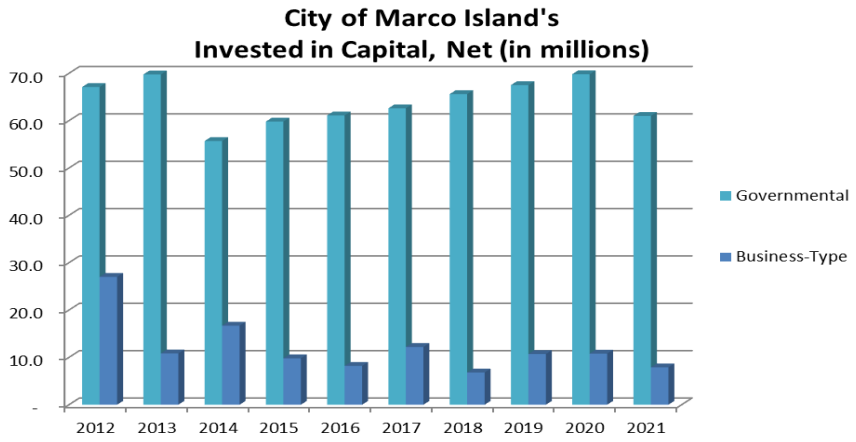
Government-wide Financial Analysis

Net position serves as a useful indicator of the City's financial position. The City's total assets and deferred outflows exceeded liabilities and deferred inflows by $212.9 million at the close of the fiscal year. This was an increase of approximately 5.7% compared to last year's net position of $200.9 million. The chart below shows the steady and gradual increase up to a plateau over the last ten fiscal years of both the governmental and business-type activities.

The relative stability of the City's governmental performance is reflected in the $9.8 million, or 8.6%, increase in total net position of governmental activities. This steadiness is primarily due to Council's desire to balance governmental debt and smooth expenditures while at same time maintain its infrastructure and provide the public additional amenities as planned for over the years. In business-type activities, the $2.2 million, or 2.2%, increase in total net position is due to capital outlay costs recognized on the City's water and sewer infrastructure which has a direct relationship to the net investment in capital assets.



A substantial portion of the City's net position, $68.9 million or 32.3%, reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure, and equipment; all categories are net of depreciation), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should still be noted that the resources needed to repay this debt must be provided primarily from tax and water rates sources since the capital assets themselves cannot be used to liquidate these liabilities.



Some assets are subject to external restrictions on how they may be used. This portion of net position is earmarked for the completion of capital projects, debt service payments or growth-related expenses to parks, roads, police and fire rescue services. This amount totals $68.9 million or 32.3% of net position as of the end of the fiscal year.

The remaining balance of unrestricted net position ($50.4 million or 23.7%) may be used to meet the City's ongoing obligations to citizens and creditors. The amount of the City's total unrestricted position increased by $6.2 million compared to last fiscal year, with the majority of the increase occurring in the governmental activities' net position due to the $1.8 million in Federal funds received for the COVID19 Pandemic response; an additional $4.6 million of the local one-cent discretionary sales tax was received which will be used to cover the costs of Fire Station 50 and the Veterans Community Park project as they come due; the City also contributed an additional $4.3 million to the Capital Improvement Fund for its pay as go plan that will be expended in the future therefore adding to the net position for this year. The City's business-type activities also an increase in their revenues of approximately $1.9 million which had a positive effect on its net position.

The following schedule is a summary of the fiscal 2021 Statement of Net Position with comparative information for fiscal 2020.

Summary Statement of Net Position (in $ millions)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	$ 61.2	$ 42.4	$ 94.6	$ 90.0	$ 155.8	$ 132.4
Capital assets	79.4	75.6	147.3	157.7	226.7	233.3
Total Assets	140.6	118.0	241.9	247.7	382.5	365.7
Deferred outflows of resources	3.9	4.1	11.1	12.0	15.0	16.1
Current liabilities	6.0	4.5	3.0	3.6	9.0	8.1
Long-term debt and other liabilities	20.5	9.5	151.5	159.8	172.0	169.3
Total Liabilities	26.5	14.0	154.5	163.4	181.0	177.4
Deferred inflows of resources	3.6	3.5	0.1	0.1	3.7	3.6
Net Position:						
Net investment in capital assets	61.0	69.8	7.9	10.8	68.9	80.6
Restricted	16.5	4.4	78.1	83.1	94.6	87.5
Unrestricted	36.9	30.4	12.4	2.4	49.3	32.8
Total Net Position	$ 114.4	$ 104.6	$ 98.4	$ 96.3	$ 212.8	$ 200.9

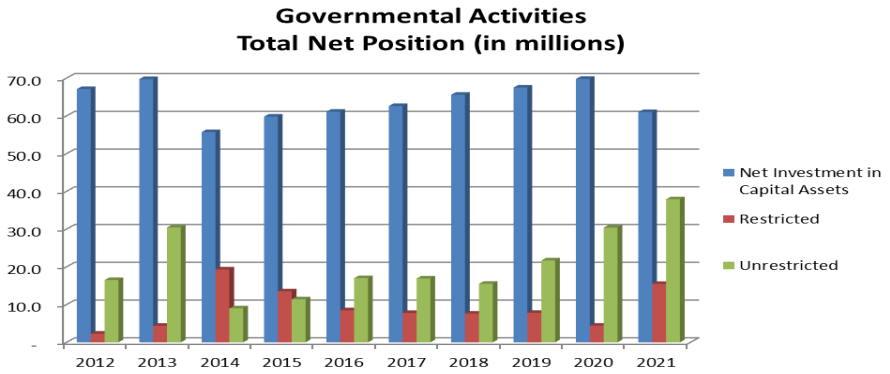
The table below summarizes the City's Statement of Activities as of September 30, 2021 and 2020:

Summary Statement of Activities (in $ millions)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	$ 5.5	4.9	36.0	34.1	41.5	39.0
Operating grants and contributions	2.0	0.1	-	-	2.0	0.1
Capital grants and contributions	6.6	5.3	-	1.0	6.6	6.3
General revenues:						
Taxes	21.3	21.9	-	-	21.3	21.9
Other general revenues	3.6	5.0	0.3	1.9	3.9	6.9
Total Revenues	39.0	37.2	36.3	37.0	75.3	74.2
Expenses:						
Governmental activities:						
General government	4.7	4.4	-	-	4.7	4.4
Public safety	15.7	15.7	-	-	15.7	15.7
Transportation	6.8	7.0	-	-	6.8	7.0
Disaster recovery	0.2	0.7	-	-	0.2	0.7
Culture and recreation	1.5	1.7	-	-	1.5	1.7
Interest on long-term debt	0.4	0.2	-	-	0.4	0.2
Business-type activities:						
Water and sewer	-	-	34.0	34.6	34.0	34.6
Recreation	-	-	-	-	-	-
Total Expenses	29.3	29.7	34.0	34.6	63.3	64.3
Revenues over(under) expenses before transfers	9.7	7.5	2.3	2.4	12.0	9.9
Transfers	0.2	0.1	(0.2)	(0.1)	-	-
Change in net position	9.9	7.6	2.1	2.3	12.0	9.9
Net position, beginning of year	104.6	97.0	96.3	94.0	200.9	191.0
Net Position, end of year	$ 114.5	104.6	98.4	96.3	212.9	200.9

Government Activities:

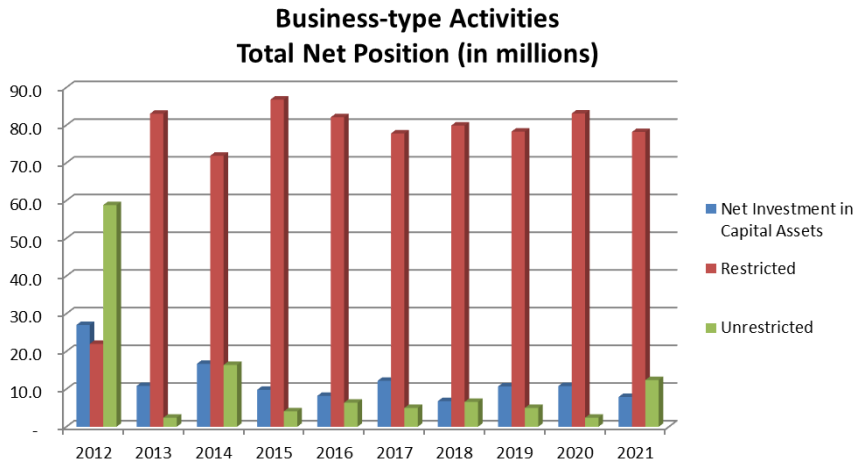
The total net position of the City's governmental activities increased $9.9 million from $104.6 million last fiscal year to $114.5 million in the current fiscal year primarily due to revenues and expenses being kept relatively flat given that federal revenues were received for the Covid 19 pandemic. The City received $1 million from Collier County in fiscal year 2021 to reimburse the City for first responder wage related expenditures incurred in fiscal year 2020 in accordance with the CARES Act (Coronavirus Aid, Relief, and Economic Security Act). In addition, the City received its first half from the ARP (American Rescue Plan) in the amount of $873,096 to cover its loss in revenues. The City continues to benefit from the City Council's strategic direction, which has resulted in operating efficiencies and cost savings. The change in total net position over the past ten years is presented in the bar chart shown below:



Business-type Activities:

The City's total net position of the business-type activities increased by $2.2 million, or 2.2%, from $96.3 million last fiscal year to $98.4 million in the current fiscal year. In 2003, the City issued $101 million in bonds for the acquisition of the water and sewer utility system for the island and an area adjacent to the island. The seven-year STRP plan that started in 2006 to replace deteriorating septic systems and provide a city-wide central sewer system was completed during the fiscal year.

The City's business-type activities investment in capital assets remained relatively flat from last year primarily due to the level of activity with regards to capital projects.



Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Traditional users of the governmental financial statements will find the fund financial statement presentation more familiar. The focus of the fund financial statements is on major *funds*, rather than fund *types*.

Governmental Funds: The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. The governmental funds presentation is designed to show the sources and uses of liquid resources. This is the manner in which the budget is typically developed. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the City's current financial resources available to spend for City operations.

As of the end of the current fiscal year, the City's *governmental funds* reported combined ending fund balances (non-spendable, restricted, assigned, and unassigned) of $52.1 million, an increase of $17.7 million in comparison with the prior year. This increase resulted primarily due to the $13 million bond proceeds from the 2021 issuance for the construction of Fire Station 50, $8 million allocation, and the Veterans Community Park project, $5 million allocation. In addition, $1.9 million in federal funds were received due to the COVID 19 pandemic.

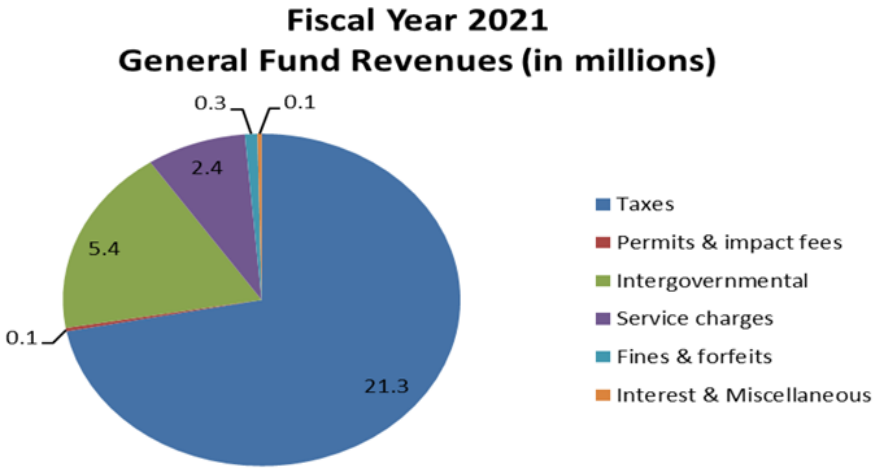
Assigned and unassigned fund balance is the portion of fund balance available for spending at the City's discretion. This year 69.4% of the total governmental fund balance constitutes assigned and unassigned fund balance. Of this amount, the Council has assigned or indicated its intention that $27.6 million be used for the use of on-going capital improvement projects. Approximately $8.6 million is unassigned and available for future spending or emergencies and contingencies.

The remainder of fund balance is *committed* (internal) or *restricted* (external) to indicate it is not available for new spending because it has already been appropriated by enabling legislation for specific purposes, including debt service, parks construction, road construction, and public safety services.

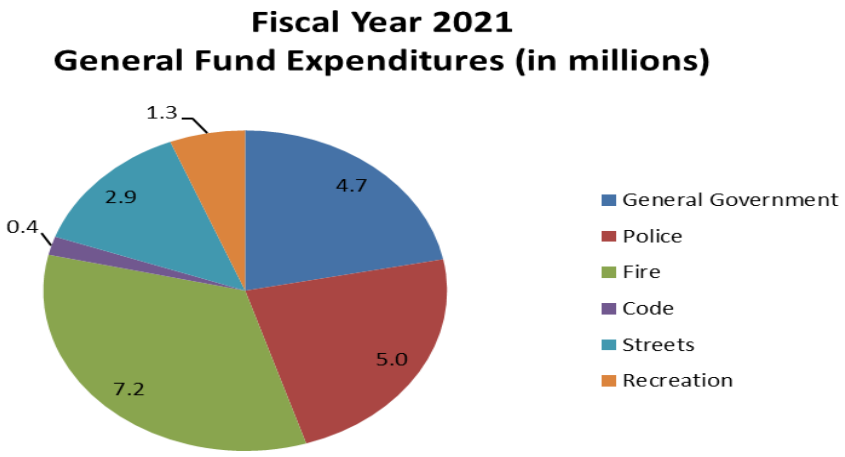
The *general fund* is the chief operating fund of the City. General tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs not paid through other funds are paid from this fund.

At the end of the current fiscal year, the general fund's total fund balance is $12.1 million. The City has a long history of planning for contingencies and has a financial reserve policy which sets aside a 25% reserve of the prior year's budget, currently $5.7 million, or approximately four months of normal general fund operating expenditures to cover emergencies and other contingencies that may occur.

City Council has made a conscious decision to use ad valorem taxes (property taxes) as its primary revenue source for the general fund, instead of diversifying its revenue base, along with with other taxes, user fees, and charges for services. Total general fund revenues increased $1.9 million compared to last year primarily due to intergovernmental funds related to CARES and ARP funding as well as the normalization of the revenues received via the State. The pie chart below shows the breakdown by percentage of general fund revenues by type.



Total general fund operating expenditures increased by $0.4 million. The increase was primarily due to general government operating expenditures versus the prior year. Expenditures for the other departments remained comparatively stable due to management's continued effort to operate in a more efficient manner. The pie chart below shows the breakdown of fiscal year 2021 general fund expenditures by department category.



The capital projects fund is one of the City's major funds. Since its incorporation in 1997, the City has embarked upon major infrastructure projects throughout the city limits. Current projects focus on the repairs of bridges, road surfaces, drainage lines and maintenance of existing infrastructure and improvements to parks and open spaces for community events. The City continues to appropriate funds as part of its Capital Improvement Program (CIP) for capital needs in future years. During fiscal year ended September 30, 2021, $3.0 million in capital projects were completed.

The debt service fund is another of the City's major funds. The debt service fund primarily services debt related to funds issued for capital project purposes. The City did not issue any new debt during the fiscal year and will fully pay off two of its bonds in the next two fiscal years. Debt service for the year amounted to $1 million for the year ended September 30, 2021, a decrease of approximately $1.4 million from the prior year as both the special voted debt and sales tax bond were paid off six months early in the prior year.

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Proprietary funds account for services that are generally supported by user fees and charges to customers. Proprietary funds are presented on a total economic resource basis. Proprietary fund statements provide both short-term and long-term financial information. The City's proprietary fund is composed of one enterprise fund and one internal service fund. Unrestricted net position for the enterprise fund at the end of the year was $11.8 million. The City's unrestricted fund balance increased primarily due to the completion of capital improvement projects of approximately $11.5 million, which are restricted as the projects are ongoing until fully completed and transferred to their respective asset account. This in turn has an effect on the unrestricted portion of fund balance as it is calculated in conjunction with the net investment in capital account.

The water and sewer utility has carried out several major multi-year capital construction projects since purchase of the system and has determined it is in the best interest of the City to use the City's available resources during construction, thereby delaying the need for the issuance of debt and incurring interest expenses. In addition, the City obtained State Revolving Fund Loans from the Florida Department of Environment Protection for the financing of sewer assessment districts constructed each fiscal year, as well as permanent financing with other financial institutions which will be paid from the various sewer assessment districts.

Overall, the water and sewer utility fund's net position as shown on the fund financial statements increased by $2.1 million from $95.8 million in the prior year to $97.9 million at the end of this fiscal year. The majority of the increase is a result of capital outlay projects in progress or completed and their effect on net investment in capital assets. Operating revenues for the proprietary fund increased by $1.9 million, or 0.6%, and operating expenses, not including depreciation and amortization costs, increased by $0.2 million, or 1.4%, compared with the prior year. Interest income decreased by $1 million. Interest expense decreased by $1 million, or 18.8%. Operating income before non-operating revenues, capital contributions, and transfers was $6.7 million this fiscal year compared to $5 million last fiscal year, representing an increase of $1.7 million primarily due to an increase in operating revenues related to the an increase in consumption as well as the elasticity caused by the elimination of the utility surcharge and the stabilization of the utility rates. Staff is closely monitoring impacts on revenues due to conservation, record weather conditions, and elasticity in volumetric usage due to the system's compulsory rate increases.

General Fund Budgetary Highlights and Charter Spending Cap

There was an increase of $0.4 million in appropriations in the general fund during the year end September 30, 2021. Historically, the City develops a conservative budget based upon 96.5% of ad valorem taxes, and between 90% and 95% of the State's various state-shared revenue projections due to the uncertainty in the economy. Actual revenue received was $3.3 million more than budgeted. This was primarily due to an overage in intergovernmental revenues caused by the $1.9 million in CARES and ARP federal funds received. There was an additional $3 million of reserves used for the Fire Station 50, Veterans Community Park project, and the Medical Arts Facility. Overall, departmental expenditures were in line with budgeted expenditures.

Charter Spending Cap: The City is governed by a spending cap in the City Charter, limiting the growth in expenditures to 3% plus the year-to-year change in the federal cost of living adjustment (COLA) from the preceding year. In September 2002, voters approved amending the spending cap by removing all expenditures of self-supporting or business-type enterprise funds and expenditures funded by grants, gifts, and impact fees from the calculation of expenditures covered by the spending cap.
Ordinance 14-08, approved by the City Council in August 2014, replaced Resolution 03-03 as adopted by City Council on January 13, 2003. The Ordinance establishes the legislative intent and procedures for the calculation of the expenditure limitations. Exhibit A of the Ordinance sets forth the following policies and procedures used to calculate the spending cap limits:

1. The term "operating expenditures" shall be interpreted as "expenditures from the operating budget of the City's Government Fund."
2. Expenditures from the operating budget shall include transfers into capital asset funds for future use.
    a. GASB states that "expenditures represent the use or expected use of current financial resources" and that "expenditures of governmental fund resources" may give rise to general capital assets, which are defined as "capital assets of the government that are not specifically related to activities reported in proprietary or fiduciary funds."
    b. GASB Codification Chapter 1600.116 defines "expenditures" as decreases in net financial resources."
3. The term "prior year's expenditures" shall be interpreted as the City's determination of actual expenditures for the current year at the time the spending cap calculation is to be undertaken.

4. The term "then current Federal COLA (Department of Labor, Bureau of Statistics, Consumer price Index)" shall be interpreted as the prior year's COLA released by the Social Security Administration (SSA) in October. That is starting with Fiscal Year 2015 the COLA used will be SSA COLA released in October 2013 (effective January 1, 2014).

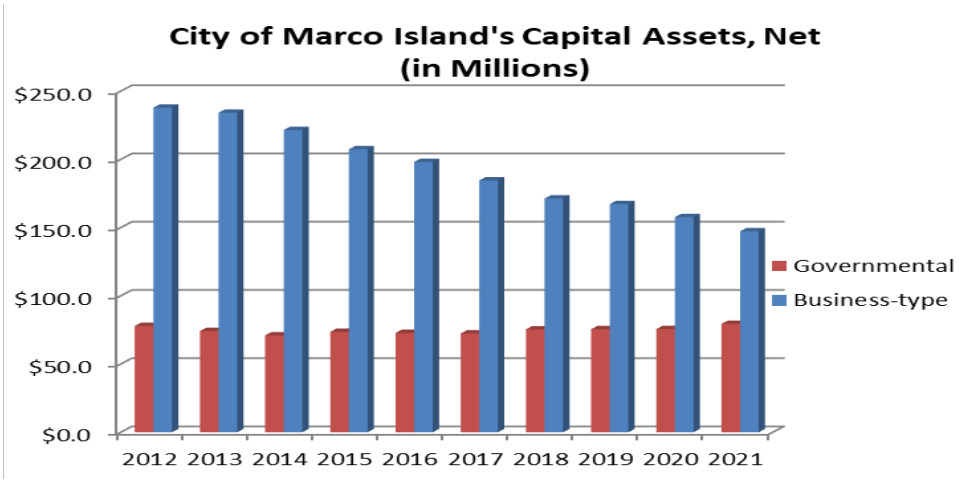
As of September 30, 2021, any accumulated capital funds will remain in the capital projects assigned fund balance, as defined by the implementation of GASB 54, in order to exclude them in the future year's spending cap calculation.

Effective October 1, 2021, the fiscal year 2022 General Fund Budget approved by City Council was $28,266,978. Annual contributions committed to the asset replacement reserve fund are covered by the spending cap while future expenditures from the fund will be exempt from the spending cap.

Expenditures fiscal year 2021	
General Fund	$ 21,564,278
General Fund Transfer to Capital Projects Fund	7,973,028
Debt Service	390,718
TOTAL OF ALL FUNDS SUBJECT TO SPENDING CAP	29,928,024
Less expenditures funded by grants and gifts	(591,945)
Less expenditures funded by enterprise funds	(1,344,998)
Fiscal Year 2021 expenditures subject to Spending Cap	**27,991,081**
Plus percentages permitted by City Charter	
3% general expenditures increase	839,732
1.3% expected COLA released in October 2020	363,884
Total percentage increase permitted	1,203,616
Fiscal Year 2022 Spending Cap	**29,194,697**

Capital Assets and Debt Administration

As expected, the City's investment in capital assets and its use of debt financing has changed dramatically since the acquisition of the water and sewer system.



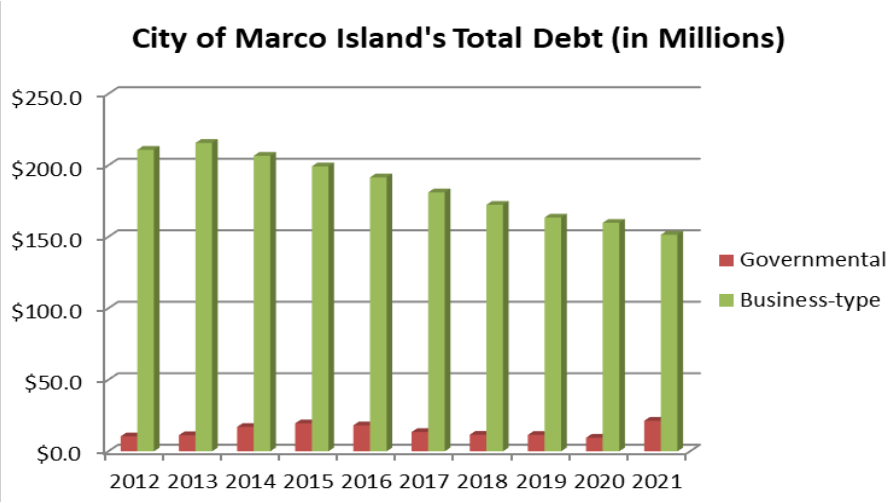
Capital Assets: The City's capital assets balance (net of accumulated depreciation) for its governmental and business-type activities as of September 30, 2021, was $226.7 million. The amount of net capital assets includes land, buildings, improvements other than buildings, machinery and equipment.

The $3.8 million increase in governmental capital assets, net of depreciation, is primarily due to an increase capital projects. The $10.4 million decrease related to business-type net capital assets is primarily due to the depreciation of the Utility system assets. Additional information on capital assets can be found in Note 6 to the financial statements.

Long-term Debt: The City continued to have strong underlying bond ratings. Fitch has issued ratings of "AA" for the City's public improvement bond issue. Fitch, Moody's, and S&P have issued "AA-", "Aa3", and "A+" for the Water and Sewer Utility system revenue bond issues, respectively.

At the end of the current year, the City had total long-term debt (excluding accrued compensated absences, OPEB liability, and net pension liability) outstanding of $168.9 million. Of this amount $18.4 million is considered governmental obligations and the remaining $150.5 million is business-type debt which is secured solely by specified water and sewer utility fund revenue sources.

Capital leases of $1.3 million are secured by non-ad valorem revenue. In 2014 the City issued a non-ad valorem capital improvement revenue bond in the amount of $6 million to finance the Smokehouse Bay Bridge/Herb Savage Bridge project. The capital improvement revenue bond has a balance of $3.9 million. In 2021 the City issued a public improvement bond at a par value of $11.9 million with a premium of $1.2 million for a total of $13.1 million in cash to build a new Fire Station 50 and improve the Veterans Community Park.



As is common for a newly acquired utility system, the City has significant debt related to its water and wastewater utility system. Utility Series 2003 Revenue Bonds were issued to finance the acquisition of the water and wastewater utility system from Florida Water Services, Inc. in November 2003. Utility Series 2006 and 2008 Revenue Bonds and State revolving loan funds from 2007 and 2010 were used to finance additional capital improvements to the City's water and wastewater systems. During fiscal year 2010, tax-exempt bonds were issued to refund and reimburse the water and sewer utility for projects previously

committed and spent as well as for supplementary projects. In addition, taxable bonds were issued to refund the prior year's bonds and to fund a deposit to the required debt service reserve. The Series 2011 revenue bonds took advantage of favorable market conditions to refund a portion of the original 2003 acquisition revenue bonds. The Series 2013 revenue bonds took advantage of favorable market conditions to refund the remainder of the original 2003 acquisition revenue bonds and the 2008 series. The Series 2016 revenue bonds took advantage of favorable market conditions to partially refund the 2010 revenue bond series. The Series 2020 revenue bonds took advantage of favorable market conditions to partially refund the 2013 revenue bond series.

The debt service of the assessment bonds and state revolving loans are secured solely by the special assessments charged to each district. Construction of all seventeen districts is complete and permanent financing with a balance totaling $32.7 million is in place. The remaining $117.8 million of the total $150.5 million in business-type debt is secured by the general rate base customer fees. Additional information on long-term debt can be found in Note 8 to the financial statements.

Economic Factors and Next Year's Budget and Rates

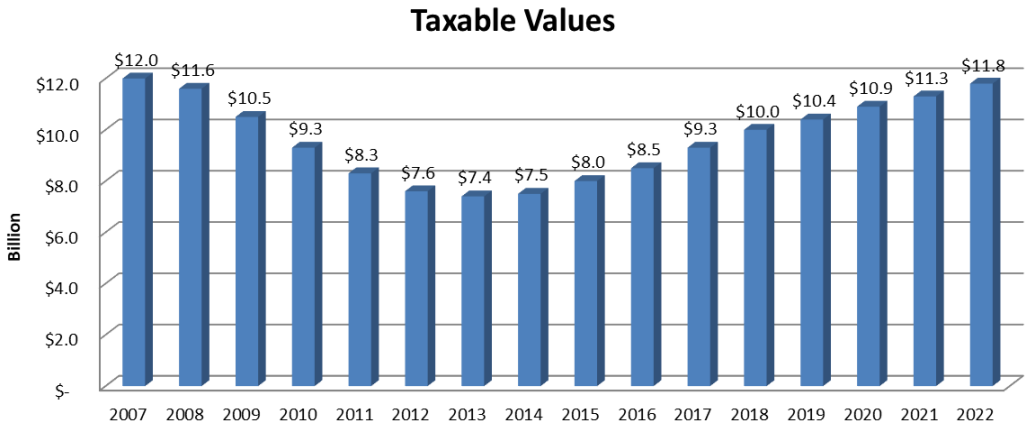
Collier County is located on the southwest coast of the Florida peninsula, across the state and directly west of the Miami-Fort Lauderdale area. The County's principal industries include tourism, agriculture, fishing and cattle ranching. Located on a barrier island along the Gulf of Mexico, the City's local economy is based primarily on upscale resort and retirement activities. It was originally marketed as a winter retreat for people with permanent homes in the north.

The region enjoys a climate that is classified as sub-tropical and the City has a permanent population of approximately 16,000 which grows to 45,000 in peak winter season with the influx of part-time residents and tourists. The City is the second largest municipality (after the City of Naples) located in Collier County.

More than 50.8% of the city's residents are age 65 or older, compared with 32.9% countywide, and 20.9% statewide. Per the U.S. Department of Labor, the unemployment rate for Collier County is currently 2.7%, down from 2.9% a year ago.

The Collier County Tourist Development Commission (Naples, Marco Island, Everglades City Convention and Visitors Bureau) reported that the number of visitors to the three Collier County cities increased by 26% compared to 2020 with the majority visitors being Floridians at 21.8%, out-of-state at 66.1%, and the remaining 12.1% from other countries.

Property Values and Taxes: Real property values in Southwest Florida increased dramatically after incorporation in 1997 and prior to 2007. Taxable values on Marco Island increased from $3.9 billion in 2001 to $12 billion in 2007. As is true across the country, the growth proved to be unsustainable and eventually the housing bubble burst with values falling significantly. As a result of the recession the City's assessed valuation decreased to approximately the 2005 values. The City's fiscal 2021 taxable value is approximately $11.3 billion which reflects an increase of 3.7% from the fiscal 2020 value.



In 1995, the State of Florida limited all local governments' ability to raise property assessments of homestead property in any given year to 3% or cost of living, whichever is lower. Statutory changes to the state's tax laws were passed by the Florida Legislature in 2007 to assist homeowners when the taxable valuations were increasing substantially each year. Implementation of a key provision of the law started for budgets beginning in fiscal year 2008 and provided maximum millage rates for all local governments. In effect, the State required all governments to decrease property taxes by rolling back the operating millage rate to fiscal year 2002 values. Further tax reform regulations allow municipalities to increase the tax rate to the point where tax revenues equal the rolled-back tax rate plus growth in Florida personal income with a simple majority vote of the City Council.

City residents enjoy a standard operating millage rate of 1.7088 mils in fiscal year 2022. That is .1617 less than the pre-incorporation millage rate of 1.8705 in 1997, which only covered fire and rescue services. Since then, services have been expanded to include a local police presence, code enforcement with a magistrate, improved streets and drainage, and additional recreation capabilities. The City's charter mandated spending cap further limited increases to the City's millage rate during the years when the property values were increasing rapidly. During the housing bubble expansion, many local governments throughout the State increased services and expanded their budgets while the City of Marco Island made it a practice of living within limits set forth by the City Charter. Those same governments have endured severe cuts due to the unsustainable growth that the housing bubble created while the City has enjoyed a relative flat millage rate.

Additionally, City Council and residents prefer the use of ad valorem taxes rather than diversifying the City's revenue base with the use of franchise fees and other optional taxes. The City's share of the total ad valorem tax bill received by the residents from Collier County is 15.8%. The remainder of the property tax bill is spent by other taxing agencies including Collier County and the School Board.

Water and Wastewater Utility: In November 2003, the City achieved a long-term objective with the acquisition of the local water and wastewater operations from a private provider. Prior to this date, the City's utilities fund was used to account for the wastewater distribution system serving approximately 1,200 accounts with central sewer on this island. Wastewater treatment was handled by Florida Water Services Inc. under contract. The City issued $101 million in utility revenue bonds to purchase utility operations on Marco Island and at an adjacent area on the mainland of unincorporated Collier County also known as Marco Shores. The cost of the utility acquisition was approximately $85 million and the additional funds were used to begin the upgrading of a neglected utility infrastructure. Annual funding

for capital improvements are required by bond covenants and are deposited monthly to a renewal and replacement fund and a capital reserve fund. Likewise, subsequent project revenue was provided by bonds issued in 2006, 2007, 2008, 2010 and 2011.

The City's demand for water and wastewater services over the past few years has increased slightly; the demand for wastewater services grew as more properties connected to the central sewer system as part of the seven-year Septic Tank Replacement Program (STRP) that was completed in 2013. Infrastructure for the 17 sewer assessment districts has been connected to the central wastewater system, thereby providing more sewage for treatment. Rather than disposing the treated effluent into deep injection wells, the City expanded its investment in the re-use water distribution system. Re-use or effluent water sales lower the usage of potable water and thus defer some capacity improvements to a future date. This deferment of expensive improvements to the water plant lowers the costs to all the current and future system users even if each individual user does not have access to re-use distribution system.

During fiscal 2013 as part of refinancing the 2003 and 2008 bond issues, the City Council adopted Resolution No. 13-16 ratifying and confirming its acceptance and approval to increase rates through and including fiscal year 2018. The base and volumetric rate increases of 7%, 2.1%, 2.1%, 2.2%, and 2.3% took effect at the beginning of each fiscal year from 2014 through 2018 respectively. The 2013 refunding bonds resulted in the release of reserves in the amount of $6.6 million and a debt service reduction in the amount of $5.3 million over the remaining term of the bonds.

On December 7, 2016 the City closed on the 2016 bond series which refunded the 2010A bond series. On December 7, 2016 the City also fully paid off, legally defeased, the 2010B bond series with a balance of $6.2 million by using available water and sewer impact fee funds that arose from several large commercial projects on the island. The 2016 refunding bonds resulted in the release of reserves in the amount of $1.9 million and a debt service reduction in the amount of $6.9 million over the remaining term of the bonds. The legal defeasance of the 2010B bonds resulted in the release of reserves in the amount of $.6 million and interest savings in the amount of $4.4 million. An additional $1.3 million in reserves was released in 2020, on the bonds' callable date.

On March 27, 2020 the City closed on the 2020 bond series which advance refunded the 2013 bond series. The 2020 refunding bonds resulted in a debt service reduction in the amount of $5.9 million over the remaining term of the bonds.

Hideaway Beach District: The City is responsible for a legally separate special tax district for which the City maintains accounting records and is financially accountable. This component unit is funded through ad valorem taxes and has an independent advisory board that makes recommendations which are subsequently reviewed and ratified by City Council.

In 2003, voters in the Hideaway Beach neighborhood voted to tax themselves by establishing a special taxing district as the financing mechanism for the area's beach re-nourishment plan. The taxing district requested and received approval for a short-term loan from the City to implement the final phase of the plan in conjunction with funds received from the Collier County Tourist Development Council (TDC). Property values in Hideaway Beach increased by 2.7% compared to last fiscal year, and the tax levy in the Hideaway Beach District increased to 1.500 mils from the last fiscal year at 1.000 mils.

Requests for Information

This financial report is designed to provide interested users with a general overview of the City finances. An electronic version of this report and prior year's reports can be found on the City's website at www.cityofmarcoisland.com. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, 50 Bald Eagle Drive, Marco Island, Florida 34145.

BASIC FINANCIAL STATEMENTS

CITY OF MARCO ISLAND, FLORIDA

Statement of Net Position
September 30, 2021

Assets	Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit Hideaway Beach
Current assets:				
Cash and investments	$ 15,385,068	28,871,751	44,256,819	2,278,286
Receivables (net, where applicable, of allowance for uncollectible)				
Accounts	76,870	2,798,492	2,875,362	-
Assessments, current portion		729,807	729,807	-
Assessments, interest		1,771,117	1,771,117	-
Accrued interest	-	11,659	11,659	-
Internal balances	(550,267)	550,267	-	-
Due from other governments	673,303	-	673,303	-
Prepaid items	52,413	2,180	54,593	-
Total current assets	15,637,387	34,735,273	50,372,660	2,278,286
Noncurrent Assets:				
Restricted cash and investments	42,812,430	52,065,711	94,878,141	-
Assessments receivable	-	7,780,950	7,780,950	-
Net pension assets	2,734,424	-	2,734,424	-
Capital assets:				
Land and land improvements	15,363,360	17,415,059	32,778,419	-
Buildings and utility plants	21,061,974	7,449,244	28,511,218	-
Improvements other than buildings	-	127,957,769	127,957,769	-
Infrastructure	115,057,773	111,803,237	226,861,010	707,229
Equipment	16,075,373	78,799,109	94,874,482	121,684
Accumulated depreciation	(93,007,086)	(198,058,021)	(291,065,107)	(303,946)
Construction in progress	4,829,128	1,935,319	6,764,447	-
Net capital assets	79,380,522	147,301,716	226,682,238	524,967
Total noncurrent assets	124,927,376	207,148,377	332,075,753	524,967
Total assets	140,564,763	241,883,650	382,448,413	2,803,253
Deferred Outflows of Resources				
Deferred amount on opeb	88,166	26,936	115,102	
Deferred amount on pension plans	3,859,345	-	3,859,345	-
Deferred amount on refunding debt	-	11,045,898	11,045,898	-
Total deferred outflows of resources	3,947,511	11,072,834	15,020,345	-
Liabilities				
Current liabilities:				
Accounts payable and other current liabilities	5,011,140	996,489	6,007,629	89,400
Due to other governments	-	-	-	-
Due to pension funds	-	-	-	-
Customer deposits	10,691	21,200	31,891	-
Accrued interest payable	66,778	1,940,591	2,007,369	-
Bonds, notes, and capital leases, net of unamortized discounts and premiums	575,682	10,661,293	11,236,975	-
Compensated absences	360,940	151,931	512,871	
Total current liabilities	6,025,231	13,771,504	19,796,735	89,400
Noncurrent liabilities:				
Bonds, notes, and capital leases, net of unamortized discounts and premiums	17,796,799	139,829,457	157,626,256	-
Compensated absences	1,346,719	469,869	1,816,588	
Net pension liability	294,011	-	294,011	-
Other post employment benefits	1,014,990	342,295	1,357,285	-
Total noncurrent liabilities	20,452,519	140,641,621	161,094,140	-
Total liabilities	26,477,750	154,413,125	180,890,875	89,400
Deferred Inflows of Resources				
Deferred amount on opeb	291,966	99,779	391,745	
Deferred amount on pension plans	3,328,258	-	3,328,258	
Total deferred inflows of resources	3,620,224	99,779	3,720,003	-
Net investment in capital assets	61,008,041	7,856,864	68,864,905	524,967
Restricted for				
Capital Outlay	13,976,831	14,144,774	28,121,605	-
Debt Service	-	54,455,750	54,455,750	-
Renewal and replacements	71,663	3,759,384	3,831,047	-
Impact and public safety programs	-	5,781,279	5,781,279	-
Building services	2,430,011	-	2,430,011	-
Unrestricted	36,927,754	12,445,529	49,373,283	2,188,886
Total net position	$ 114,414,300	98,443,580	212,857,880	2,713,853

See accompanying notes to financial statements.

CITY OF MARCO ISLAND, FLORIDA

Statement of Activities

Year Ended September 30, 2021

Functions/programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (expense) revenue and change in net position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Totals	Component Unit: Hideaway District
Primary government								
Governmental activities								
General government	$ 4,702,360	1,782,099	550	4,641,865	1,722,154	-	1,722,154	-
Police Services	5,571,032	149,354	-	142,959	(5,278,719)	-	(5,278,719)	-
Fire and rescue	7,048,461	338,721	126,303	152,418	(6,431,019)	-	(6,431,019)	-
Code compliance	444,073	175,454	-	-	(268,619)	-	(268,619)	-
Building services	2,521,229	2,790,771	-	-	269,542	-	269,542	-
Transportation	6,848,995	-	-	1,449,562	(5,399,433)	-	(5,399,433)	-
Disaster and recovery	216,626	-	1,873,096	22,045	1,678,515		1,678,515	-
Culture and recreation	1,549,436	289,999	7,000	211,778	(1,040,659)	-	(1,040,659)	-
Interest on long-term debt	402,998	-	-	-	(402,998)	-	(402,998)	-
Total governmental activities	29,305,210	5,526,398	2,006,949	6,620,627	(15,151,236)	-	(15,151,236)	-
Business-type activities								
Water and sewer	34,011,516	35,956,798	-	35,255	-	1,980,537	1,980,537	-
Total business-type activities	34,011,516	35,956,798	-	35,255	-	1,980,537	1,980,537	-
Total primary government	$ 63,316,726	41,483,196	2,006,949	6,655,882	(15,151,236)	1,980,537	(13,170,699)	-
Component unit								
Hideaway Beach District	$ 515,335	-	-	-				(515,335)
Total component units	$ 515,335	-	-	-				
General revenues								
Taxes								
Property taxes					19,259,176	-	19,259,176	538,719
Communication service tax					346,488	-	346,488	-
Other taxes					1,654,826	-	1,654,826	-
State share revenue - unrestricted					3,323,662	-	3,323,662	-
Interest and investment earnings					94,432	667,981	762,413	144
Miscellaneous revenues (expenses)					166,553	(346,756)	(180,203)	20,281
Transfers					151,136	(151,136)	-	-
Total general revenues and transfers					24,996,273	170,089	25,166,362	559,144
Change in net position					9,845,037	2,150,626	11,995,663	43,809
Net position, beginning					104,569,263	96,292,954	200,862,217	2,670,044
Net position, ending					$ 114,414,300	98,443,580	212,857,880	2,713,853

See accompanying notes to financial statements.

CITY OF MARCO ISLAND, FLORIDA

Balance Sheet

Governmental Funds

September 30, 2021

	General	Debt Service	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
Assets					
Pooled cash and cash equivalents	$ 9,510,344	-	-	-	9,510,344
Receivables					
Accounts, net	76,870	-	-	-	76,870
Due from other funds	3,485,618	-	-	-	3,485,618
Due from other governments	354,945	-	287,387	30,971	673,303
Prepaid items	52,413	-	-	-	52,413
Restricted cash and cash equivalents	-	425,139	43,336,004	2,536,906	46,298,049
Total assets	$ 13,480,190	425,139	43,623,391	2,567,877	60,096,597
Liabilities					
Accounts payable	$ 1,131,748	2,788	3,036,522	19,172	4,190,230
Accrued liabilities	209,705	-	-	89,810	299,515
Customer deposits	10,690	-	-	-	10,690
Due to other funds	-	-	-	3,485,618	3,485,618
Total liabilities	1,352,143	2,788	3,036,522	3,594,600	7,986,053
Fund balances					
Nonspendable	52,413	-	-	-	52,413
Restricted					
Parks construction		-	5,000,000	-	5,000,000
Bridge construction	-	-	-	-	-
Road construction	-	-	200,000	-	200,000
Fire construction		-	8,000,000	-	8,000,000
Fire services	71,663	-	318,925	-	390,588
Police services		-	457,906	-	457,906
Debt service	-	422,351	-	-	422,351
Building services	-	-	-	2,430,011	2,430,011
Committed					
Unfunded Pension Liabilities	-	-	-	-	-
Asset replacement		-	-	-	-
Assigned					
Capital projects	-	-	26,610,038	-	26,610,038
Unassigned	12,003,971	-	-	(3,456,734)	8,547,237
Total fund balances	12,128,047	422,351	40,586,869	(1,026,723)	52,110,544
Total liabilities and fund balances	$ 13,480,190	425,139	43,623,391	2,567,877	60,096,597

See accompanying notes to financial statements.

Reconciliation of the Balance Sheet–Governmental Funds
to the Statement of Net Position

September 30, 2021

Total fund balances governmental funds	$	52,110,544
Total net assets reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.		79,380,522
Accrued long term debt interest expense is not a financial use and, therefore is not reported in the funds.		(66,778)
Long term liabilities, including long-term debt, compensated absences, other post-employment benefits, and deferred outflows and inflows of resources relating to other post-employment benefits are not due and payable in the current period, and therefore are not reported in the funds.		(21,298,930)
Net pension assets and liabilities are long term and are not due and payable in the current period, and therefore are not reported in the funds.		2,440,413
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		532,506
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. This is the portion of net position included in governmental activities in the Statement of Net Position.		1,316,023
Net position of governmental activities	$	114,414,300

See accompanying notes to financial statements.

CITY OF MARCO ISLAND, FLORIDA

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended September 30, 2021

	General	Debt Service	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
Revenues					
Taxes	$ 21,260,306	184	-	-	21,260,490
Permits and fees	52,906	-	571,639	2,790,771	3,415,316
Intergovernmental	5,366,507	-	5,885,517	45,365	11,297,389
Charges for services	2,430,657	-	-	-	2,430,657
Fines and forfeitures	318,314	-	-	-	318,314
Interest	92,715	10	1,403	303	94,431
Miscellaneous	106,397	-	74,661	-	181,058
Total revenues	29,627,802	194	6,533,220	2,836,439	38,997,655
Expenditures					
Current					
General government	4,650,027	-	-	-	4,650,027
Police services	5,087,182	-	-	-	5,087,182
Fire and rescue	7,164,047	-	-	-	7,164,047
Code compliance	428,445	-	-	-	428,445
Building services	-	-	-	2,493,172	2,493,172
Transportation	2,940,045	-	-	-	2,940,045
Culture and recreation	1,278,972	-	-	-	1,278,972
Emergency and disaster recovery	15,560	-	-	201,066	216,626
Debt service					
Principal	-	589,222	-	-	589,222
Interest and fiscal charges	-	402,998	-	-	402,998
Capital outlay	-	-	9,364,226	-	9,364,226
Total expenditures	21,564,278	992,220	9,364,226	2,694,238	34,614,962
Excess (deficiency) of revenues over (under) expenditures	8,063,524	(992,026)	(2,831,006)	142,201	4,382,693
Other financing sources (uses)					
Transfers in	-	453,150	10,253,682	-	10,706,832
Transfers out	(9,127,018)	-		(1,428,678)	(10,555,696)
Insurance procceds	-	-	-	1,457	1,457
Bond proceeds	-	141,074	13,001,215	-	13,142,289
Total other financing sources (uses)	(9,127,018)	594,224	23,254,897	(1,427,221)	13,294,882
Change in fund balances	(1,063,494)	(397,802)	20,423,891	(1,285,020)	17,677,575
Fund balances, beginning	13,191,541	820,153	20,162,978	258,297	34,432,969
Fund balances, end of year	$ 12,128,047	422,351	40,586,869	(1,026,723)	52,110,544

See accompanying notes to financial statements.

This page intentionally left blank.

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended September 30, 2021

Net change in fund balance - governmental funds	$	17,677,575
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($9,329,652) were more than depreciation ($5,435,826) and loss on disposal ($87,583) in the current period.		3,806,243
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt payments during the current period.		
Principal payments on debt		380,000
Debt proceeds from bonds and notes		(13,142,289)
Principal payments on capital lease		209,222
The Statement of Activities reports changes in the net pension asset. Conversely, government funds do not report any change in the net pension assets.		86,700
Some revenues(expenses) reported in the Statement of Activities do not provide (use) current financial resources and therefore are not reported as revenues (expenditures) in governmental funds.		(2,800)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Changes in compensated absences		100,649
Accrued interest		6,759
Other post-employment benefits		267,622
Governmental funds report pension plan contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Pension expense		(2,030,578)
Pension contributions		2,423,591
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to the funds. This is the net revenue (expense) of internal service funds reported in governmental activities.		62,343
Change in net position of governmental activities	$	9,845,037

See accompanying notes to financial statements.

Statement of Net Position
Proprietary Funds
September 30, 2021

Assets	Business-type Activities – Enterprise Funds Water & Sewer Utilities	Governmental Activities – Internal Service Fund
Current assets		
Pooled cash and cash equivalents	$ 28,871,751	2,389,106
Accounts receivable, net	2,798,492	-
Prepaid items	2,180	-
Assessments receivable - current portion	729,807	-
Assessments interest receivable	1,771,117	-
Interest receivable	11,659	-
Restricted cash and cash equivalents	41,546,903	-
Total current assets	75,731,909	2,389,106
Noncurrent assets		
Investments	10,518,808	-
Assessments receivable	7,780,950	-
Capital assets		
Land	17,415,059	-
Transmissions and distributions	127,957,769	-
Infrastructure	111,803,237	-
Buildings and improvements	7,449,244	-
Vehicles and equipment	78,799,109	-
Construction in progress	1,935,319	-
Accumulated depreciation	(198,058,021)	-
Net capital assets	147,301,716	-
Total noncurrent assets	165,601,474	-
Total assets	241,333,383	2,389,106
Deferred outflows of resources		
Deferred amounts on opeb	26,936	
Deferred amounts on refunding debt	11,045,898	-
Total deferred outflows of resources	11,072,834	-

See accompanying notes to financial statements.

	Business-type Activities – Enterprise Funds	Governmental Activities –
	Water & Sewer Utilities	Internal Service Fund
Liabilities		
Current liabilities		
Accounts payable	$ 669,311	3,505
Accrued liabilities	327,179	519,311
Accrued interest	1,940,591	-
Customer deposits	21,200	-
Compensated absences, current portion	151,931	-
Bonds payable, current portion	7,186,447	-
Notes payable, current portion	3,474,846	-
Total current liabilities	13,771,505	522,816
Noncurrent liabilities		
Compensated absences	469,869	-
Bonds payable	107,559,132	-
Notes payable	32,270,325	-
Other post-employment benefits	342,295	-
Total noncurrent liabilities	140,641,621	-
Total liabilities	154,413,126	522,816
Deferred inflows of resources		
Deferred amounts on opeb	99,779	-
Total deferred inflows of resources	99,779	-
Net Position		
Net investment in capital assets	7,856,864	-
Restricted		
Capital reserve	14,144,773	-
Debt service	54,455,750	-
Renewal and replacement	3,759,384	-
Impact and public safety programs	5,781,279	-
Unrestricted	11,895,262	1,866,290
Net position	$ 97,893,312	1,866,290
Adjustment to reflect internal service fund activities reflected in enterprise funds	550,267	
Net position, business-type activities	$ 98,443,579	

See accompanying notes to financial statements.

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended September 30, 2021

	Business-type Activities – Enterprise Funds Water & Sewer Utilities	Governmental Activities – Internal Service Fund
Operating revenues		
Charges for services		
Total operating revenues	$ 35,956,798	1,478,045
Operating expenses		
Personal services	6,663,407	-
Insurance	818,992	1,498,835
Utilities	2,339,070	-
Contractual fees	777,196	-
Repairs and maintenance	978,887	-
Supplies	1,388,077	-
Rental and lease costs	30,968	-
Other expenses	1,196,598	-
Amortization	531,409	-
Depreciation	14,597,297	-
Total operating expenses	29,321,901	1,498,835
Operating income	6,634,897	(20,790)
Nonoperating revenues (expenses)		
Interest income	667,981	171
Interest expense	(4,629,692)	-
Miscellaneous expense	(76,793)	(45)
Other nonoperating income (expense)	194,023	99,877
Gain (loss) on sale of capital assets	(540,777)	-
Total nonoperating revenues (expenses)	(4,385,258)	100,003
Income before contributions and transfers	2,249,639	79,213
Capital contributions - grants	35,255	
Transfers in (out)	(151,136)	-
Change in net position	2,133,758	79,213
Net position, beginning of year	95,759,554	1,787,077
Net position, end of year	$ 97,893,312	1,866,290
Adjustment to reflect the internal service fund activities related to the enterprise funds	16,869	
Change in net position, business-type activities	2,150,627	

See accompanying notes to financial statements.

Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2021

	Business-type Activities – Enterprise Funds	Governmental Activities –
	Water & Sewer Utilities	Internal Service Fund
Cash flows from operating activities		
Cash received from customers and users	$ 35,688,743	1,478,045
Cash payments to suppliers	(8,029,922)	(1,566,872)
Cash payments to employees for services	(6,638,673)	-
Net cash provided (used) by operating activities	21,020,148	(88,827)
Cash flows from noncapital financing activities		
Transfers	(151,136)	-
Net cash (used) by noncapital financing activities	(151,136)	-
Cash flows from capital and related financing activities		
Proceeds from special assessments	3,805,445	-
Proceeds from sale of capital assets	1,064	-
Proceeds from insurance	-	99,007
Capital grants and contributions received	35,255	-
Principal paid on long-term debt	(7,948,859)	-
Interest paid on long-term debt	(4,743,897)	-
Other receipts (payments)	117,231	825
Acquisition and construction of capital assets	(4,744,420)	-
Net cash provided (used) by capital and related financing activities	(13,478,181)	99,832
Cash flows from investing activities		
Interest and investment earnings	656,322	171
Net cash provided by investing activities	656,322	171
Net change in cash and cash equivalents	8,047,153	11,176
Cash and cash equivalents, beginning of year	72,890,309	2,377,930
Cash and cash equivalents, end of year	$ 80,937,462	2,389,106
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income	$ 6,634,897	(20,790)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	15,128,706	-
Changes in assets and liabilities:		
Accounts receivable	(267,055)	-
Prepaids and other assets	286	-
Accounts payable	(500,420)	(68,037)
Accrued liabilities	14,013	-
Customer deposits	(1,000)	-
Compensated absences	(5,176)	-
Other post-employment benefits	15,897	-
Net cash provided (used) by operating activities	$ 21,020,148	(88,827)
Reconciliation of cash and cash equivalents		
Pooled cash and cash equivalents	$ 28,871,751	2,389,106
Restricted cash and cash equivalents	52,065,711	-
	$ 80,937,462	2,389,106

See accompanying notes to financial statements.

CITY OF MARCO ISLAND, FLORIDA

Statement of Fiduciary Net Position

Fiduciary Funds

September 30, 2021

	Pension Trust Funds	Custodial Trust Funds
Assets		
Cash and cash equivalents	$ 2,043,460	$ 14,066
Investments, at fair value		
Government bonds	6,902,774	-
Corporate bonds	6,979,412	-
Common stock	32,214,004	-
Real estate trust	3,791,556	-
Accrued interest	16,391	-
Total investments	49,904,137	-
Total assets	51,947,597	14,066
Net position		
Held in trust for pension benefits and other purposes	$ 51,947,597	$ 14,066

See accompanying notes to financial statements.

CITY OF MARCO ISLAND, FLORIDA

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended September 30, 2021

	Pension Trust Funds	Custodial Fund
Additions		
Contributions		
Employer	$ 1,811,049	$ -
Employee	43,228	-
State of Florida	591,945	-
Private contributions	-	32,816
Total contributions	2,446,222	32,816
Investment earnings		
Interest and dividend income	816,769	-
Net change in fair value of investments	6,880,928	-
Less investment expense	(327,642)	-
Net investment earnings	7,370,055	-
Total additions	9,816,277	32,816
Deductions		
Benefits paid	1,797,725	-
General administration	99,040	-
Recipient payments		18,750
Total deductions	1,896,765	18,750
Change in net position	7,919,512	14,066
Net position, beginning of year	44,028,085	-
Net position, end of year	$ 51,947,597	$ 14,066

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies

(A) Reporting Entity

The City of Marco Island, Florida (the City), was established in a special election by mail ballot per Florida House of Representatives HB 1729 on August 28, 1997. The City is located on the Gulf of Mexico in the westernmost portion of Collier County. The City operates and is governed by the laws of the State of Florida and its own Charter, which provides for a Council/Manager form of government.

As required by Governmental Accounting Standards Board (GASB), these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government.

The accompanying financial statements present the City and its component unit, Hideaway Beach District (Hideaway), an entity for which the City is considered to be financially accountable. The Hideaway Beach District was established on April 19, 2004, by the voters within the Hideaway Beach neighborhood to assess a special ad valorem tax within Hideaway.

Hideaway is a discretely presented component unit and is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. The City is financially accountable for Hideaway as it appoints the Board and its substantive approval is necessary for the budget, tax levies, or the issuance of bonded debt. Separate statements are not issued.

On January 6th the City of Marco Island formally approved the Articles of Incorporation for the Marco Island Community Parks Foundation, Inc ("Parks Foundation"), a Fiduciary Component Unit, and a 501(c)(3) non-profit corporation organized to provide a broad source of community support for parks ("City Parks") located or to be located within the City of Marco Island, Florida (the "City").

In addition, this report also includes the accounts and transactions of the City of Marco Island Firefighters' and Police Officers' Pension Plans (the Firefighters' Pension Plan and the Police Officers' Pension Plan). These plans are administered as a single-employer defined benefit pension plan administered by the Board of Trustees. The Plans are Fiduciary Component Units of the City in accordance with GASB Statement Number 84, Fiduciary Activities.

(B) Government-wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. Both sets of statements distinguish between the governmental and business- type activities of the City. Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements report on the government as a whole and provide a consolidated financial picture of the government. As part of the consolidation process, inter-fund activities are eliminated to avoid distorted financial results. The amounts reported as internal balances represent the residual amounts due between governmental and business-type activities. Fiduciary funds of the government are also excluded from this presentation since these resources are not available for general government funding purposes.

The Statement of Net Position reports all financial and capital resources of the City's governmental and business-type activities. Governmental activities are those supported by taxes and intergovernmental revenues. Business type activities rely to a significant extent on fees and charges for support. 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. Program revenues include: (1) charges for goods or services that are recovered directly from customers for services rendered and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliation is provided which briefly explains the adjustments necessary to reconcile the results of governmental fund accounting to the government-wide presentations.

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements, the proprietary fund financial statements, and the fiduciary fund financial statements are reported using the *economic resources measurement foc*us 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.

Pension trust funds recognize employer and state contributions in the period in which the contributions are due, and the City has made a formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The financial statements of the Plans are prepared using the *accrual basis* of accounting. Plan member contributions are recognized in the period in which the contributions are due.

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. Under the modified accrual basis of accounting, 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are an exception, as they are considered available when eligible expenditures have occurred even though they may be collected for up to one year after the current fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures and accrued compensated absences expenditures are recorded only when payment is due.

Property taxes, public services taxes, franchise taxes, licenses and permits, and interest income associated with the current fiscal period are all considered to be susceptible to accrual and are recorded as earned since they are measurable and available. All other revenue items are considered to be measurable and available only when cash is received by the City.

(D) Major Funds and Basis of Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for using a separate set of self- balancing accounts, which comprise its assets and deferred outflows of resources, liabilities and deferred inflows of resources, fund equities, revenues and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Accounting principles generally accepted in the United States of America set forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined), for the determination of major funds. The non-major funds are presented in one column in the fund financial statements.

The City reports the following major governmental funds:

- The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Most of the essential governmental services such as police services, fire and rescue services, planning and zoning, code compliance, transportation, culture and recreation, and general administration are provided by the general fund.

- The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

- The *capital projects fund* accounts for the activities associated with construction and the preservation of the City's governmental capital assets.

The City reports the following major proprietary fund:

- The *water and sewer fund* accounts for the water and sewer collection services provided to its customers. All activities necessary to provide such services are accounted for in this fund, including personal services, contractual services and utilities, depreciation and other expenses.

Additionally, the City reports the following fund types:

- The *internal service fund* accounts for the collection of premiums, accumulation of reserves and payment of insurance claims for the City.

- The *pension trust funds* account for the activities of the Firefighters' and Police Officers' Pension Plans, which accumulate resources for defined benefit payments to qualified employees.

- The *custodial funds* account for monies held for the Parks Foundation Fund, not-for-profit to which the City of Marco Island provides accounting services and other general services. It is expected that the Foundation will provide fundraising activities for the benefit of the City's Parks. The sites on which the City Parks are located or to be located are owned by the City. The Foundation shall be responsible for raising funds for various purposes of the City Parks, including City Parks maintenance, capital improvements and technological and safety enhancements, and those other duties as may be established from time to time by the City Council.

- The *special revenue funds* account for revenue sources that are legally restricted to expenditure for specific purposes such as building services. The grants *fund* accounts for revenue sources that are legally restricted to expenditure for specific purposes. The activities within this fund for this fiscal year are mostly related to Hurricane Irma expenditures undertaken as part of the City's recovery efforts to repair and replace its infrastructure.

The accounting policies and the presentation of the financial report of the City have been designed to conform to accounting principles generally accepted in the United States of America as applicable to governmental units, in accordance with statements promulgated by the Governmental Accounting Standards Board.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) 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 taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's primary ongoing operations. The principal operating revenues of the water and sewer enterprise fund and the recreation enterprise fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

(E) Assets, Liabilities and Net Position or Equity

(1) Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-

term investments with original maturities of three months or less from the date of acquisition.

The City's investment practices are governed by Chapter 280, Florida Statutes, and the City's investment policy Ordinance No. 02-19. These allow the City to invest in certificates of deposit; money market investments; obligations of and securities backed by the U.S. Treasury, its agencies and instrumentalities; repurchase agreements; banker's acceptances; prime commercial paper; state and government debt; fixed-income mutual funds; and the State Board of Administration.

Investments for the City, as well as for its component unit, are reported at fair value.

The pension trust funds may also invest in qualified public depositories, or other investments as determined by an investment advisor, retained by the Pension Boards, subject to guidelines prescribed by the Pension Boards. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the City's statement of net position date.

(2) Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables are shown net of an allowance for doubtful accounts. An allowance for doubtful accounts is established based on the specific assessment of all amounts that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period the determination is made.

Water and related wastewater charges to customers are based on actual water consumption. Consumption is determined on a monthly cycle basis. The City recognizes as revenue the estimated consumption as of September 30.

(3) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of these items is recorded as expenditures when consumed rather than when purchased.

(4) Restricted Assets

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Based on the bond covenants, most of these are maintained in separate custodial accounts.

(5) Capital Assets

Capital assets include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). They are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Proprietary fund capital assets are also recorded in their respective fund financial statements.

Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

Interest costs are recognized as an expense when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets. Interest costs are recognized as an expenditure when incurred by governmental funds on debt where proceeds were used to finance the construction of assets.

In the case of the initial capitalization of general infrastructure, the City was able to estimate the historical cost through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to the capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these assets at the estimated acquisition value of the item at the date of its donation.

Property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	20-40 Years
Transmission and distribution	20-40 Years
Infrastructure	10-40 Years
Vehicles and equipment	5-10 Years

(6) Deferred Outflows/Inflows of Resources

The Statement of Net Position includes a separate section for deferred outflows of resources. This represents the usage of net position applicable to future periods and will not be recognized as expenditures until the future period to which it applies. The Statement of Net Position also includes a separate section, listed below total Liabilities, for deferred inflows of resources. This represents the acquisition of net position applicable to future periods and will not be recognized as revenue until the future period to which it applies.

The City includes deferred charges on refund debt as deferred outflows of resources in the Government-wide Statement of Net Position. A deferred charge on refunded debt is the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over

the shorter of the remaining life of the refunded (old) or the life of the refunding (new) debt.
Under GASB Statement No. 75, the following amounts not recognized in OPEB expense should be recognized and classified as either deferred outflows of resources or deferred inflows of resources related to OPEB accordingly: differences between expected and actual experience with regard to economic or demographic factors (differences between expected and actual experience) in the measurement of the total OPEB liability, changes of assumptions about future economic or demographic factors or of other inputs (changes of assumptions or other inputs), and deferred outflows (inflows) of resources from assumption changes and experience differences are amortized using a systematic and rational method over a closed period equal to the average remaining service lives of all plan participants.

The City also has deferred outflows and inflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the Plan's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five-year period.

(7) Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused personal leave. These amounts are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are generally liquidated by the general and enterprise funds.

Full-time City employees earn from 160 to 224 hours annually, based upon years of service, and can accrue up to 720 hours. Sworn Police Officers under a collective bargaining agreement earn from 188 to 260 hours annually, based upon years of service, and can accrue up to 720 hours. City Firefighters under union contract earn from 216 to 360 hours annually, based upon years of service, and can accrue up to 936 hours. Upon termination, these employees are entitled to all accumulated earned leave hours paid out at the hourly rate.

(8) Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources

while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(9) Nature and Purpose of Classifications of Net Position/Fund Balances

Net position is the result of assets and deferred outflows of resources less liabilities and deferred inflows of resources. The net position of the government-wide and proprietary funds are categorized as net investment in capital assets, reduced by accumulated depreciation and any outstanding debt incurred to acquire, construct or improve those assets excluding unexpended bond proceeds, restricted or unrestricted. The first category represents net position related to property, plant, equipment and infrastructure. The restricted category represents the balance of assets restricted by requirements of revenue bonds and other externally imposed constraints or by legislation in excess of the related liabilities payable from restricted assets. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

The City classifies fund balance in accordance with GASB Statement No. 54 *"Fund Balance Reporting and Governmental Fund Type Definitions."* This Statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable fund balances include amounts that cannot be spent because they are either: (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance amounts that are restricted to specific purposes either by: (a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances.

Committed fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution are classified as committed fund balances.

Assigned fund balance amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by the City Manager based on Council direction through a resolution.

Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only Fund allowed to have a positive unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the City's policy to use committed resources first, then assigned, and then unassigned as they are needed but reserves the right to selectively defer the use of these funds.

(10) Financial Reserve Policy

The City maintains an adequate General Fund balance to provide liquidity in the event of an economic downturn or natural disaster and management administers the Council's direction for an Emergency Reserve of 25% of the proposed fiscal year General Fund Operating Budget. This amount is included in the General Fund unassigned fund balance and represents $5,647,703 of the $12,003,971 unassigned fund balance at September 30, 2021.

(11) Net Position

In the government-wide financial statements, the net investment in capital assets is capital assets net of related debt for the governmental activities and business-type activities, if applicable. Debt relating to capital assets is issued subsequently to the utility capital asset purchase in many instances, due to the nature of the utility capital projects with the septic tank replacement program. Capital assets are acquired using temporary financing which is later refunded when permanent bonds and notes are issued.

(F) Other Policies

(1) Property Tax Calendar

The City levies property taxes each November 1, which become a lien on real and personal property located in the City. The assessment of all properties and the collection of all property taxes are made through the Property Appraiser and Tax Collector of Collier County, Florida. The tax levy is based on taxable assessed real and personal property values totaling $11.3 billion for fiscal year 2021. Details of the tax calendar are presented below:

Lien Date	January 1, 2020
Levy Date	November 1, 2020
Installment Payments	
First Installment	No Later Than June 30, 2020
Second Installment	No Later Than September 30, 2020
Third Installment	No Later Than December 31, 2020
Fourth Installment	No Later Than March 31, 2021
Regular Payments	
Discount Periods	November 2020 through February 2021
No Discount Period	After March 1, 2021
Delinquent Date	April 1, 2021

(2) Property Tax Limitation

The City is permitted by state statutes to levy taxes up to 10 mills of assessed value. The millage rate levied by the City for the fiscal year ended September 30, 2021, was 1.7610. Current tax collections for the City were approximately 96.6% of the total tax levy.

(3) 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 certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

(4) Encumbrances

Budgets in governmental funds are encumbered upon issuance of purchase orders, contracts or other forms of legal commitments. While appropriations lapse at the end of the fiscal year, the succeeding year's budget ordinance specifically provides for the re-appropriation of year-end encumbrances.

2. Stewardship, Compliance and Accountability

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and are prepared for all governmental funds. Prior to May 1, all agencies of the government submit requests for appropriations to the City Manager so that a budget may be prepared. During August, the proposed budget is presented to the City Council for review. The Council holds public hearings and a final budget must be prepared and adopted no later than September 30.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. The City Council has authorized the City Manager to amend, modify or otherwise adjust the operating budget to a maximum limit of $50,000 per fiscal year. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Encumbrance accounting is employed in all City funds. Encumbrances (i.e., purchase orders, contracts) outstanding at year end lapse and do not constitute expenditures or liabilities however, any approved commitments will be re-appropriated and honored during the subsequent year.

Certain budgeted expenditures are subject to a "spending cap." These expenditures are limited to an increase from the prior year's budgeted expenditures of 3% plus the then-current Social Security cost-of-living adjustment. This limitation was amended and clarified in 2002 by voter referendum and in 2014 by Council Ordinance replacing the 2003 Council Resolution. The spending cap for the 2021 fiscal year, as adopted by City Council, was $27,081,016. The final actual amount for the 2021 fiscal year was $26,152,307, which was in accordance with the spending cap limit.

3. Deposits and Investments

Cash and Equivalents include cash on hand, amounts in demand and time deposits and short- term Investments with original maturity of three months or less from the date acquired by the City. All of the City's deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, Security for Public Deposits Act. Under the Act, every qualified public depository shall deposit with the

Finance Director eligible collateral of the depository to be held subject to his or her order. All collateral must be deposited with an approved financial institution. Any potential losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

Investments include a wide range of securities that the City is authorized to invest in such as certificates of deposit, money market funds, U.S. Treasury obligations, State and U.S. Government Agencies and Enterprises, State and Local Government Series, the State Board of Administration Investment Pool (SBA), the Florida Municipal Investment Trust (FMIvT), mutual funds and repurchase agreements. The City's investment practices are governed by Chapter 280 and 218, Florida Statutes, City Code of Ordinances, Article VI, Section 2, the adopted investment policy, and various legal covenants related to outstanding bond issues. For all investments authorized by statute and policy, the City applies the "Prudent Person Rule" when developing investment strategies. The City uses only financial institutions qualified as public depositories by the State of Florida or "approved" security dealers to place its investments unless bond covenants specifically require other financial institutions to be used.

The FMIvT was created under the laws of the State of Florida to provide eligible units of local government with an investment vehicle to pool their surplus funds and to reinvest such funds in one or more investment portfolios under the direction and daily supervision of an investment advisor. The Florida League of Cities serves as the administrator, investment manager and secretary-treasurer of the Trust.

Throughout the fiscal year the City also utilizes Salem Trust Securities as its custodial agent for individual investments it transacts throughout the year. Salem Trust is recognized as the leading provider of custodial and benefits payment services to municipalities throughout the southeast United States.

As of September 30, 2021, the City and its component unit had the following deposits and investments:

Deposit and Investment Type	No Specific Maturity	Matures In Less Than One Year	Matures in 1-5 Years	Matures in 5-10 Years	Total (at Fair Value)
Deposits with Bank	$ 54,926,367	-	-	-	54,926,367
Money Market Funds	4,662,928	-	-	-	4,662,928
U.S. Government Securities	-	-	6,400,371	-	6,400,371
U.S. Government Agencies	-	-	1,826,209		1,826,209
State/Local Government Bonds	-	-	2,492,255		2,492,255
FMIvT	-	-	71,111,754	-	71,111,754
Total Deposits and Investments	$ 59,589,295	-	81,830,589	-	141,419,884

Investments and cash held on deposit with banks for the discretely presented component unit as of September 30, 2021 is $2,278,286 and are included above.

Fair Value Measurement: The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities

based on the securities' relationship to benchmark quoted prices.

The City's investments at September 30, 2021, are reported as follows:

Investments by fair value level	Amount	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
United States Treasury Securities	$ 6,400,371	$ -	$ 6,400,371	$ -
United States Government Agencies	1,826,209	-	1,826,209	-
State/Local Government Bonds	2,492,255	-	2,492,255	-
Total investments by fair value level	$ 10,718,835	$ -	$ 10,718,835	$ -
Investments measured at the net asset value (NAV)				
FMIvT 0-2 Year High Quality Bond	$ 30,687,421			
FMIvT 1-3 Year High Quality Bond	40,424,333			
Total investments measured at NAV	71,111,754			
Total investments measured at fair value	$ 81,830,589			

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio, excluding investments held for debt service requirements, to maturities of five years or less. The FMIvT uses a weighted average days to maturity (WAM) method. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes. The FMIvT 0-2 Year High Quality Bond Fund has a WAM of 0.80 in years and the FMIvT 1-3 Year High Quality Bond Fund has a WAM of 1.50 in years. The investment maturities of the pension trust funds are not limited.

Credit Risk: While authorized by policy, the City has no investments in commercial paper, bankers' acceptances, or corporate bonds. Federal agencies carry only an implicit guarantee from the government and are not full faith and credit investments, such as U.S. Treasury Bills and Bonds. The City's investments in State of Wisconsin Build America Bonds were called as of May of fiscal year 2020 which released the remainder of funds held in debt service reserves.

The City holds investments with the Florida Municipal Investment Trust (FMIvT), an external investment pool under GASB 40. These investments are held in 0 to 2 year and 1 to 3 year high quality bonds with a AAA Standard & Poor's rating. External financial statements are available at www.floridaleagueofcities.com/finance. The City uses Salem Trust in a custodial capacity for its debt service reserves as required to be set aside by the individual debt issues. The investments include both U.S. Government Securities and Money Market Funds.

In its investment policy, the City specifies that in satisfying the investment objectives of safety of capital, liquidity of funds, and investment income, the objective will be to mitigate credit risk and interest rate risk. Potential market risk will be limited as the City's cash needs are evaluated.

Concentration of Credit Risk: The City's investment policy allows the following investment types and

limitations:

Investment Type	Maximum Portfolio Allocation	Maximum Investment with any Institution
Direct obligations of the U.S. Treasury	100%	none
Securities backed by the full faith and credit of the U.S. Government	35%	none
Securities backed by federal agencies	75%	50% of portfolio
Agency-issued mortgage backed securities	35%	none
Repurchase agreements	50%	none
Certificates of Deposit	35%	none
Bankers acceptances	25%	$1,000,000
Prime commercial paper	25%	$1,000,000
State/Local Government taxable and tax-exempt debt	25%	none
Dollar denominated money market mutual funds	25%	none
Fixed-income mutual funds	25%	none
Local Government Surplus Funds Trust	100%	none

Custodial Credit Risk: All of the City's public deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280. Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledging level. The pledging level may range from 25% to 200% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral, and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. Investment securities are purchased on a delivery-vs-payment basis through third party safekeeping accounts.

Foreign Currency Risk: The City's investment policy does not allow investment of funds in securities denominated in a foreign currency.

The Firefighters' and Police Officers' Pension Plans, governed by the Fire and Police Pension Boards, have a long-term growth strategy. The Pension Trust Fund investments are determined by the Board of Trustees of each pension trust plan. The portfolio of the Fire Fighters' Pension Trust Fund has a target allocation of 60% common stocks, 30% bond funds, and 10% private real estate funds, with a maximum of 10% of the portfolios being invested in foreign investments. The portfolio of the Police Officers' Pension Trust Fund has a target allocation of 65% common stocks, 25% bond funds, and 10% private real estate funds, with a maximum of 10% of the portfolios being invested in foreign investments. The investment policy requires that all fixed income securities must hold a rating in one of the three highest classifications by a major rating service.

As of September 30, 2021, the Pension Plans had the following deposits and investments:

Deposit and Investment Type	No Specific Maturity	Matures In Less Than One Year	Matures in 1-5 Years	Matures in 5-10 Years	Matures in 10+ Years	Total (at Fair Value)
Deposits with Bank	$ 55,450	-	-	-	-	55,450
Money Market Funds	1,988,010	-	-	-	-	1,988,010
Corporate Bonds	-	-	6,979,412	-	-	6,979,412
Government Bonds	-	-	6,902,774	-	-	6,902,774
Equity Mutual Funds	32,214,004	-	-	-	-	32,214,004
Real Estate Funds		-	3,791,556	-	-	3,791,556
Total Deposits and Investments	$ 34,257,464	-	17,673,742	-	-	51,931,206

The Pension Trust Fund's investments at September 30, 2021, are reported as follows:

Investments by fair value level	Amount	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds				
Equities	$ 32,214,004	$ 32,214,004	$ -	$ -
Corporate Funds	6,979,412	6,979,412	-	-
Government Bonds	6,902,774	6,902,774	-	-
Total investments by fair value level	$ 46,096,190	$ 46,096,190	$ -	$ -
Investments measured at the net asset value (NAV)				
Real estate funds	$ 3,791,556			
Total investments measured at NAV	3,791,556			
Total investments measured at fair value	$ 49,887,746			

4. Receivables

Receivables as of year-end for the City's individual major funds, non-major funds, and internal service fund, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities			Business-type Activities	
	General	Capital Projects	Nonmajor	Water and Sewer	Total
Receivables					
Accounts	$ 2,062,980	-	-	2,830,569	4,893,549
Assessments	-	-	-	8,510,757	8,510,757
Due from other governments	354,945	287,387	30,971	-	673,303
Assessments, interest	-	-	-	1,782,776	1,782,776
Gross receivables	2,417,925	287,387	30,971	13,124,102	15,860,385
Less allowance for uncollectibles	(1,986,110)	-	-	(32,077)	(2,018,187)
Net total receivables	$ 431,815	287,387	30,971	13,092,025	13,842,198

5. Inter-fund Receivables, Payables and Transfers

For the year ended September 30, 2021, the inter-fund transfers were as follows:

	Transfer In		
Transfer Out	Debt Service	Capital Projects	Total
General	$ 390,718	8,736,300	9,127,018
Nonmajor Funds	-	1,428,678	1,428,678
Water & Sewer Utility	62,432	88,704	151,136
Total	$ 453,150	10,253,682	10,706,832

Transfers are used to: (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due; (2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts; and (3) move unrestricted general fund revenues to finance various programs and capital projects that the government must account for in other funds in accordance with budgetary authorizations.

6. Capital Assets

Capital asset balances and activity for the year ended September 30, 2021, were as follows:

	Beginning	Increases	(Decreases)	Ending Balances
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 15,363,360	-	-	15,363,360
Construction in progress	4,032,167	2,961,669	(2,164,708)	4,829,128
Total capital assets not being depreciated	19,395,527	2,961,669	(2,164,708)	20,192,488
Capital assets being depreciated:				
Buildings and improvements	18,816,921	2,245,053	-	21,061,974
Vehicles and equipment	15,156,376	1,299,050	(380,053)	16,075,373
Road network	50,644,541	2,514,807	-	53,159,348
Storm water	19,069,092	277,763	-	19,346,855
Pathway	7,043,954	1,986,160	-	9,030,114
Parks	6,636,224	209,858	-	6,846,082
Bridge network	25,730,888	-	-	25,730,888
Beach and waterway	944,486	-	-	944,486
Total capital assets being depreciated	144,042,482	8,532,691	(380,053)	152,195,120
Accumulated depreciation for:				
Buildings and improvements	(6,921,111)	(723,012)	-	(7,644,123)
Vehicles and equipment	(11,789,971)	(1,558,229)	292,470	(13,055,730)
Road network	(40,268,407)	(631,385)	-	(40,899,792)
Storm water	(11,721,127)	(846,933)	-	(12,568,060)
Pathway	(3,301,077)	(407,679)	-	(3,708,756)
Parks	(3,060,245)	(257,889)	-	(3,318,134)
Bridge network	(10,298,106)	(994,225)	-	(11,292,331)
Beach and waterway	(503,686)	(16,474)	-	(520,160)
Total accumulated depreciation	(87,863,730)	(5,435,826)	292,470	(93,007,086)
Total capital activities being depreciated, net	56,178,752	3,096,865	(87,583)	59,188,034
Total governmental activities capital assets, net	$ **75,574,279**	**6,058,534**	**(2,252,291)**	**79,380,522**
Business-type Activities				
Capital assets not being depreciated:				
Land	$ 17,415,059	-	-	17,415,059
Construction in progress	12,933,378	545,020	(11,543,079)	1,935,319
Total capital assets not being depreciated	30,348,437	545,020	(11,543,079)	19,350,378
Capital assets being depreciated:				
Transmission and distribution	127,884,999	2,249,126	(2,176,356)	127,957,769
Infrastructure	101,153,910	10,663,367	(14,040)	111,803,237
Buildings and improvements	7,536,346	237,920	(325,022)	7,449,244
Vehicles and equipment	78,376,087	2,710,603	(2,287,581)	78,799,109
Total capital assets being depreciated	314,951,342	15,861,016	(4,802,999)	326,009,359
Accumulated depreciation for:				
Transmission and distribution	(47,588,514)	(1,989,944)	-	(49,578,458)
Infrastructure	(74,210,040)	(8,513,619)	2,099,996	(80,623,663)
Buildings and improvements	(3,953,159)	(281,241)	184,179	(4,050,221)
Vehicles and equipment	(61,850,942)	(3,812,493)	1,857,756	(63,805,679)
Total accumulated depreciation	(187,602,655)	(14,597,297)	4,141,931	(198,058,021)
Total capital assets being depreciated, net	127,348,687	1,263,719	(661,068)	127,951,338
Total business-type activities capital assets, net	$ **157,697,124**	**1,808,739**	**(12,204,147)**	**147,301,716**

Depreciation expense was charged to functions/programs of the City as follows:

Governmental Activities:		
General government	$	271,602
Police Services		393,847
Fire and rescue		547,278
Code compliance		15,628
Building Services		28,057
Transportation		3,908,950
Culture and recreation		270,464
Total depreciation expense, governmental activities		5,435,826
Business-type Activities		
Water and sewer		14,597,297
Total depreciation expense	$	20,033,123

7. Leases

Capitalized leases payable at September 30, 2021 amounted to $1,345,191. These obligations, which are collateralized by vehicles, equipment, and software have total annual installments ranging from $26,468 to $101,585 including interest ranging from 1.69% to 4.27% and mature through 2028. The assets acquired through capital lease, as reported in the governmental activities, are as follows:

Vehicles and Equipment	$	1,900,536
Less accumulated depreciation		(579,543)
Total	$	1,320,993

The lease agreement qualifies as a capital lease for accounting purposes and therefore will be recorded at the present value of the future minimum lease payments. The future minimum lease obligations and the net present value of these minimum lease payments, as reported in the governmental activities, as of September 30, 2021, are as follows:

2022	$	238,938
2023		203,660
2024		168,382
2025		168,382
2026		168,382
2027-2028		635,252
Total minimum lease payments		1,582,996
Less amount representing interest		(237,804)
Present value of minimum lease payments	$	1,345,192

8. Long-term Liabilities

Long-term liability activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Capital improvement revenue note, 2014	4,265,000	-	(380,000)	3,885,000	390,000
Public improvement revenue bond, 2021					
Principal	-	11,910,000	-	11,910,000	-
Premium	-	1,232,289	-	1,232,289	-
Capital leases	1,554,414	-	(209,222)	1,345,192	185,682
Net pension liability	837,251	669,703	(1,212,942)	294,012	-
Other post-employment benefit liability	1,032,001	135,142	(152,153)	1,014,990	-
Compensated absences	1,808,308	1,231,123	(1,331,772)	1,707,659	360,940
Total governmental activity long-term liabilities	$ 9,496,974	15,178,257	(3,286,089)	21,389,142	936,622
Business Activities					
Revenue bonds, 2006	$ 1,691,217	-	(399,683)	1,291,534	414,804
State revolving loan, 2011	3,297,678	-	(261,650)	3,036,028	268,680
Revenue bonds, 2011	7,082,161	-	(3,492,637)	3,589,524	3,589,524
Revenue bonds, 2013:					
Principal	9,380,000	-	(430,000)	8,950,000	440,000
Premium	310,637	-	(106,228)	204,409	102,624
Revenue bonds, 2016:					
Principal	38,520,000	-	-	38,520,000	1,330,000
Premium	3,590,935	-	(310,823)	3,280,112	304,495
Revenue bonds, 2020:					
Principal	59,180,000	-	(270,000)	58,910,000	1,005,000
Other post-employment benefit liability	341,413	54,976	(54,094)	342,295	-
Compensated absences	626,976	497,042	(502,218)	621,800	151,931
Total Water and Sewer	124,021,017	552,018	(5,827,333)	118,745,702	7,607,058
Assessment Districts					
Assessment revenue bonds, 2008	1,147,578	-	(124,152)	1,023,426	129,327
Assessment revenue bonds, 2008	361,973	-	(39,160)	322,813	40,793
State revolving loan, 2009-2013	26,268,472	-	(2,223,802)	24,044,670	2,291,755
Assessment revenue bonds, 2009	477,537	-	(42,162)	435,375	44,604
Assessment revenue bonds, 2009	1,009,079	-	(89,093)	919,986	94,252
Assessment revenue bonds, 2009	1,392,813	-	(122,973)	1,269,840	130,094
Assessment revenue bonds, 2009	159,469	-	(12,706)	146,763	13,766
Assessment revenue bonds, 2010	822,601	-	(74,080)	748,521	78,004
Assessment revenue bonds, 2010	1,087,009	-	(97,892)	989,117	103,077
Assessment revenue bonds, 2012	929,209	-	(76,787)	852,422	79,989
Assessment revenue bonds, 2012	993,291	-	(82,082)	911,209	85,505
Assessment revenue bonds, 2013	255,000	-	(25,000)	230,000	25,000
Assessment revenue bonds, 2013	900,000	-	(85,000)	815,000	90,000
Total Assessment Districts	35,804,031	-	(3,094,889)	32,709,142	3,206,166
Total business activity long-term liabilities	$ 159,825,048	552,018	(8,922,222)	151,454,844	10,813,224

Changes in long-term obligations for the year ended September 30, 2021, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Public improvement revenue bonds	$ -	11,910,000	-	11,910,000	-
Notes from direct borrowings and direct placements	5,819,414	-	(589,222)	5,230,192	575,682
Total Governmental Activities	$ 5,819,414	11,910,000	(589,222)	17,140,192	575,682
Business Activities					
Utility revenue bonds	$ 47,900,000	-	(700,000)	47,200,000	1,770,000
Notes from direct borrowings and direct placements	107,055,088	-	(7,518,859)	99,536,229	8,891,291
Total Business Activities	$ 154,955,088	-	(8,218,859)	146,736,229	10,661,291

The City's outstanding notes from direct borrowings and direct placements related to governmental activities of $5,230,192 contain a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make payment. The outstanding notes from direct borrowings related to business-type activities of $99,536,229 contain (1) a provision that in an event of default, the timing of repayment of outstanding amounts become immediately due if pledged revenues during the year are less than 120 percent of debt service coverage due in the following year and (2) a provision that if the City is unable to make payment, outstanding amounts are due immediately. The City's outstanding notes from direct borrowings related to business-type activities of $99,536,229 contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs.

Governmental Activities

On June 17, 2014, the City issued a capital improvement note for the costs associated with the replacement of the Smokehouse Bay Bridge. The original amount of the capital improvement note was $6,045,000.00 and secured by pledged revenues, which consist of non-ad valorem revenues budgeted, appropriated, and deposited. The interest rate on the note is fixed at 2.46 percent over 15 years. As of September 30, 2021, $3,885,000 was outstanding. Annual debt service requirements to maturity for the bond are as follows:

Fiscal Year	Principal	Interest
2022	$ 390,000	90,774
2023	400,000	81,057
2024	410,000	71,094
2025	420,000	60,885
2026	430,000	50,431
2027-2030	1,835,000	91,696
Total	$ 3,885,000	445,937

On August 31, 2021, the City issued a public improvement bond for the costs associated with the construction of the new Fire Station 50 building and the Veterans Community Park project. The original amount of the public improvement bond was $11,910,000.00 and secured by pledged revenues, which consist of half-cent sales tax, communications services tax, and state revenue sharing amounts budgeted, appropriated, and deposited. The average coupon rate on the note is 2.66 percent over 20 years. As of September 30, 2021, $11,910,000 was outstanding. Annual debt service requirements to maturity for the bond are as follows:

Fiscal Year		Principal	Interest
2022	$	-	200,791
2023		390,000	374,744
2024		415,000	354,619
2025		440,000	333,244
2026		455,000	310,869
2027-2041		10,210,000	2,110,641
Total	$	11,910,000	3,684,908

Water and Sewer

On December 5, 2006, the City issued revenue bonds for business-type activities to pay the costs of constructing certain additions, extensions, supplements and replacements to the City's water and wastewater utility system. The original amount of the revenue bonds was $5,500,000, secured by a senior lien pledge on net revenues of the water and sewer fund. The bonds are issued as 15-year serial bonds with varying amounts of principal maturing each year from $385,441 to $446,412. The interest rate on bonds is fixed at 3.74%. As of September 30, 2021, $1,291,534 was outstanding. Annual debt service requirements to maturity for the revenue bonds are as follows:

Fiscal Year		Principal	Interest
2022	$	414,804	50,039
2023		430,318	30,547
2024		446,412	10,325
Total	$	1,291,534	90,911

On November 1, 2016, the City issued series 2016 in the amount of $38,520,000 million to partially refund the City's utility system revenue bonds, series 2010A. Interest rates on the bonds vary from 3.00% to 5.00% over 20 years. The new bonds were issued on parity with City's Utility Revenue Bond, Series 2006, the Tax-Exempt Utility System Improvement and Refunding Revenue Bonds, Series 2010A, not refunded with proceeds of the Series 2016 Bonds. The original amount of the revenue bonds was $38,520,000 with a premium of $4,621,931. The bonds are secured and payable solely from the net revenues of the water and sewer system. As of September 30, 2021, $38,520,000 of the principal was outstanding for the 2016 Series. Annual debt service requirements for the revenue bonds are as follows:

Fiscal Year		Principal	Interest
2022	$	1,330,000	1,599,919
2023		1,400,000	1,531,669
2024		1,465,000	1,460,044
2025		1,385,000	1,388,794
2026		1,450,000	1,317,919
2027-2031		8,400,000	5,399,594
2032-2036		10,495,000	3,341,869
2037-2041		12,595,000	1,195,009
Total	$	38,520,000	17,234,816

On May 15, 2011, the City received funding under the State of Florida Department of Environmental Protection Revolving Loan Program in the amount of $5,000,000 to fund the construction of a high service pump station, a 4 MG water tank, and an operations building all associated with drinking water. In 2012, an additional $309,320 was received. Funds are secured by utility system revenues and impact fees. Pledged revenue is a junior lien pledge of system revenue. The interest rate is fixed at 2.66% on the original loan and 2.81% on the additional loan amount. As of September 30, 2021, the City had $3,036,028 outstanding. Annual debt service requirements for the state revolving funding to maturity are as follows:

Fiscal Year		Principal	Interest
2022	$	268,680	79,247
2023		275,898	72,028
2024		283,310	64,616
2025		290,922	57,004
2026		298,738	49,188
2027-2031		1,618,480	121,150
Total	$	3,036,028	443,233

On November 6, 2003, the City issued revenue bonds for business-type activities for: (1) the acquisition of certain water production, transmission, wastewater treatment and disposal facilities, and (2) the improvement of certain assets within these facilities. The original amount of the revenue bonds was $101,115,000, in addition to a premium paid on the bonds in the amount of $1,221,130. The bonds are secured by pledged revenues which consist of a senior lien pledge on net revenues of the water and sewer fund and any water and sewer capital facility fees. The City has refunded the remaining balance of this issue through the utility system refunding revenue bonds 2011 Series and 2013 Series.

On August 23, 2011, the City issued series 2011 in the amount of $26,253,513 million to partially refund the City's utility system revenue bonds, series 2003. The fixed interest rate of Series 2011 is 2.769% over 10 years. The original amount of the revenue bonds was $26,253,513 with a discount of $2,996,740. The bonds are secured and payable solely from the net revenues of the water and sewer system. As of September 30, 2021, $3,589,524 of the principal was outstanding. Annual debt service requirements to maturity for the revenue bonds are as follows:

Fiscal Year		Principal	Interest
2022	$	3,589,524	60,401
Total	$	3,589,524	60,401

On October 1, 2013, the City issued Series 2013 in the amount of $61,995,000 million to refund the remainder of the city's utility system revenue bond, Series 2003 and Series 2008. The average interest rate of Series 2013 is 5.0% over 20 years. The new bonds were issued on parity with the utility system revenue bonds series 2006, utility system improvement and refunding revenue bonds series 2010A, utility system refunding revenue bonds series 2010B, and utility system refunding revenue bonds series 2011. The original amount of the revenue bonds was $61,995,000 with a premium of $2,956,496. The bonds are secured and payable solely from the net revenues of the water and sewer system.

On March 27, 2020, the City issued Series 2020 in the amount of $59,180,000 million to refund the remainder of the city's utility system revenue bond, Series 2013. The average interest rate of Series 2020 is 1.88% over 13 years. As of September 30, 2021, $58,910,000 of the principal was outstanding on the 2020 Series, and $8,950,000 on the unrefunded portion of the 2013 Series. Annual debt service requirements to maturity for the revenue bonds are as follows:

Fiscal Year		Principal	Interest
2022	$	1,005,000	1,096,893
2023		1,025,000	1,077,831
2024		1,040,000	1,058,441
2025		5,630,000	995,810
2026		5,745,000	888,998
2027-2031		27,010,000	2,926,112
2032-2034		17,455,000	495,839
Total	$	58,910,000	8,539,923

Fiscal Year		Principal	Interest
2022	$	440,000	434,300
2023		4,150,000	321,750
2024		4,360,000	109,000
Total	$	8,950,000	865,050

Sewer Assessments

In order to fund construction of the City's Septic Tank Replacement Program (STRP) wastewater utility expansion in certain areas of the City, the City has issued two types of Special Assessment Improvement Debt. The City is acting as agent in the collection of the special assessments levied and in the payment of the Special Assessment Bonds outstanding. Such bonds are collateralized by the special assessments levied against the benefited property owners. As part of its agreement with the State of Florida Department of Environmental Protection, the City agreed to a covenant to budget and appropriate legally available funds in the event collection assessments are insufficient and thus the City has a legal

obligation to cover deficiencies in the event of default for loans obtained through the State Revolving-Loan Fund (SRF) Program. Special assessment debt obtained through other non-SRF bank loans are backed solely by assessment revenue. The City's obligation for the non-SRF bank loan special assessment debt is limited to payments on behalf of those property owners who have entered into deferred payment agreements with the City and the City has not made any indication that it has a legal or moral obligation for any other portion of these non-SRF bank loan debts.

On March 7, 2008, the City issued special assessment revenue bonds to pay the costs of the subordinate wastewater improvement project for the Tigertail District in the amount of $2,321,886 and is secured by capacity and construction assessments on individual properties within the District. The bonds have varying amounts of principal maturing each year ranging from $101,833 to $164,258. The interest rate on the bonds is fixed at 4.01%. As of September 30, 2021, $1,023,476 was outstanding. Annual debt service requirements for the revenue bonds are as follows:

Fiscal Year		Principal	Interest
2022	$	129,327	39,002
2023		134,585	33,638
2024		140,057	28,125
2025		145,682	22,248
2026		151,674	16,204
2027-2028		322,101	13,281
Total	$	1,023,426	152,498

On March 7, 2008, the City issued special assessment revenue bonds to pay the costs of the wastewater improvement project for the South Barfield District. The original amount of the revenue bonds was $732,378 and is secured by capacity and construction assessments on individual properties within the District. The bonds have varying amounts of principal maturing each year ranging from $32,121 to $51,811. The interest rate on the bonds is fixed at 4.01%. As of September 30, 2021, $322,813 was outstanding. Annual debt service requirements for the revenue bonds to maturity are as follows:

Fiscal Year		Principal	Interest
2022	$	40,793	12,302
2023		42,451	10,610
2024		44,177	8,871
2025		45,952	7,018
2026		47,842	5,111
2027-2028		101,598	4,189
Total	$	322,813	48,101

The City received additional funding under the State of Florida Department of Environmental Protection Revolving Loan Program in 2007 through 2013. Funds are utilized for neighborhood construction of the Septic Tank Replacement Program and are secured by assessments against individual properties, with a back-up covenant to budget and appropriate additional funds as necessary. Interest rates range from 2.6% to 3.8%. As of September 30, 2021, $24,044,670 was outstanding. Annual debt service requirements for the state revolving funding are as follows:

Fiscal Year		Principal	Interest
2022	$	2,291,752	702,465
2023		2,360,855	632,906
2024		2,432,539	561,223
2025		2,506,413	487,348
2026		2,582,547	411,215
2027-2031		10,643,785	934,727
2032-2033		1,226,779	27,718
Total	$	24,044,670	3,757,602

On July 21, 2009, the City issued special assessment revenue bonds to pay the costs of the subordinate wastewater improvement project for the North Marco District. The original amount of the revenue bonds is $840,000 and is secured by capacity assessments on individual properties within the District. The bonds have varying amounts of principal maturing each year ranging from $32,142 to $65,376. The interest rate on the bonds is fixed at 5.54%. As of September 30, 2021, $435,375 was outstanding. Annual debt service requirements to maturity for the revenue bonds are as follows:

Fiscal Year		Principal	Interest
2022	$	44,604	23,212
2023		47,109	20,637
2024		49,755	17,963
2025		52,505	15,046
2026		55,499	12,013
2027-2029		185,903	16,096
Total	$	435,375	104,967

On July 21, 2009, the City issued special assessment revenue bonds to pay the costs of the wastewater improvement project for the North Barfield District. The original amount of the revenue bonds is $1,775,000 and is secured by capacity assessments on individual properties within the District. The bonds have varying amounts of principal maturing each year ranging from $67,920 to $138,147. The interest rate on the bonds is fixed at 5.54%. As of September 30, 2021, $919,986 was outstanding. Annual debt service requirements for the revenue bonds are as follows:

Fiscal Year		Principal	Interest
2022	$	94,252	49,050
2023		99,546	43,608
2024		105,138	37,956
2025		110,948	31,793
2026		117,275	25,386
2027-2029		392,827	34,012
Total	$	919,986	221,805

On July 21, 2009, the City issued special assessment revenue bonds for business-type activities to pay the costs of the subordinate wastewater improvement project for the West Winterberry District. The original amount of the revenue bonds was not to exceed $2,450,000 and is secured by capacity assessments on individual properties within the District. The bonds have varying amounts of principal maturing each year ranging from $93,748 to $190,681. The interest rate on the bonds is fixed at 5.54%.

As of September 30, 2021, $1,269,840 was outstanding. Annual debt service requirements for the revenue bonds are as follows:

Fiscal Year		Principal	Interest
2022	$	130,094	67,702
2023		137,402	60,192
2024		145,120	52,391
2025		153,139	43,885
2026		161,873	35,040
2027-2029		542,212	46,946
Total	$	1,269,840	306,156

On July, 21, 2009, the City issued taxable special assessment revenue bonds to pay the costs of the wastewater improvement project for the Old Marco District. The original amount of the revenue bonds is $260,000 and is secured by capacity and construction assessments on individual properties within the District. The bonds have varying amounts of principal maturing each year ranging from $8,646 to $23,693. The interest rate on the bonds is fixed at 7.96%. As of September 30, 2021, $146,763 was outstanding. Annual debt service requirements for the revenue bonds are as follows:

Fiscal Year		Principal	Interest
2022	$	13,766	11,294
2023		14,877	10,138
2024		16,078	8,912
2025		17,353	7,541
2026		18,776	6,084
2027-2029		65,913	8,281
Total	$	146,763	52,250

On March 2, 2010, the City issued special assessment revenue bonds for business-type activities to pay the costs of the subordinate wastewater improvement project for the Lamplighter District. The original amount of the revenue bonds was not to exceed $1,400,000 and is secured by capacity assessments on individual properties within the District. The bonds have varying amounts of principal maturing each year ranging from $57,755 to $110,772. The interest rate on the bonds is fixed at 5.07%. As of September 30, 2021, $748,521 was outstanding. Annual debt service requirements for the revenue bonds are as follows:

Fiscal Year		Principal	Interest
2022	$	78,004	36,489
2023		82,014	32,376
2024		86,230	28,124
2025		90,592	23,510
2026		95,319	18,732
2027-2029		316,362	25,018
Total	$	748,521	164,249

On March 2, 2010, the City issued special assessment revenue bonds for business-type activities to pay the costs of the subordinate wastewater improvement project for the Sheffield District. The original amount of the revenue bonds was not to exceed $1,850,000 and is secured by capacity assessments on individual properties within the District. The bonds have varying amounts of principal maturing each year ranging from $76,319 to $146,377. The interest rate on the bonds is fixed at 5.07%. As of September 30, 2021, $989,117 was outstanding. Annual debt service requirements for the revenue bonds are as follows:

Fiscal Year		Principal	Interest
2022	$	103,077	48,217
2023		108,376	42,783
2024		113,947	37,164
2025		119,711	31,066
2026		125,958	24,753
2027-2029		418,048	33,060
Total	$	989,117	217,043

On March 1, 2012, the City issued special assessment revenue bonds for business-type activities for the Mackle Park District. The revenue bonds are for $1,550,000 and are secured by capacity assessments on individual properties within the District. The bonds have varying amounts of principal maturing each year ranging from $66,917 to $232,372. The interest rate on the bonds is fixed at 4.17%. As of September 30, 2021, $911,209 was outstanding. Annual debt service requirements for the revenue bonds are as follows:

Fiscal Year		Principal	Interest
2022	$	85,505	36,215
2023		89,071	32,575
2024		92,785	28,783
2025		96,654	24,833
2026		100,684	20,719
2027-2030		446,510	38,190
Total	$	911,209	181,315

On March 1, 2012, the City issued special assessment revenue bonds for business-type activities for the Kendall District. The revenue bonds are for $1,450,000 and are secured by capacity assessments on individual properties within the District. The bonds have varying amounts of principal maturing each year ranging from $62,600 to $217,379. The interest rate on the bonds is fixed at 4.17%. As of September 30, 2021, $852,422 was outstanding. Annual debt service requirements for the revenue bonds are as follows:

Fiscal Year		Principal	Interest
2022	$	79,989	33,878
2023		83,324	30,473
2024		86,799	26,926
2025		90,418	23,231
2026		94,189	19,382
2027-2030		417,703	35,723
Total	$	852,422	169,613

On August 1, 2013, the City issued special assessment revenue bonds for business-type activities for the Gulfport District. The revenue bonds are for $1,430,000 and are secured by capacity assessments on individual properties within the District. The bonds have varying amounts of principal maturing each year ranging from $75,000 to $115,000. The interest rate on the bonds is fixed at 3.6%. As of September 30, 2021, $815,000 was outstanding. Annual debt service requirements for the revenue bonds are as follows:

Fiscal Year		Principal	Interest
2022	$	90,000	27,720
2023		95,000	24,390
2024		95,000	20,970
2025		100,000	17,460
2026		105,000	13,770
2027-2029		330,000	18,180
Total	$	815,000	122,490

On August 1, 2013, the City issued special assessment revenue bonds for business-type activities for the East Winterberry North District. The revenue bonds are for $395,000 and are secured by capacity assessments on individual properties within the District. The bonds have varying amounts of principal maturing each year ranging from $20,000 to $35,000. The interest rate on the bonds is fixed at 3.6%. As of September 30, 2021, $230,000 was outstanding. Annual debt service requirements for the revenue bonds are as follows:

Fiscal Year		Principal	Interest
2022	$	25,000	7,830
2023		25,000	6,930
2024		25,000	6,030
2025		30,000	5,040
2026		30,000	3,960
2027-2029		95,000	5,310
Total	$	230,000	35,100

9. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Effective October 1, 2004, the City became self-insured for the following types of risks:

1. Workers' Compensation
2. Public Officials' Liability
3. General and Property Liability
4. Automobile Liability
5. Crime and Theft Liability

Prior to October 1, 2004, the City was insured against these losses with a commercial insurance agreement with the Florida League of Cities, Inc. under a retrospectively rated policy. Premiums were accrued based upon the ultimate cost-to-date of the City's experience for each type of risk. The City entered into an agreement with an insurance administrator to reduce the potential for significant risk. The agreement has a deductible per claim of $350,000 for workers' compensation, $10,000 for crime and $100,000 for

third party liability. Additionally, the agreement has a stop-loss policy which caps the aggregate annual loss for the City at $1,200,000. The stop loss covers excess worker's compensation, general, law enforcement, automobile, public officials and employment practices liability. Settlements have not exceeded coverage for each of the past three years.

Liabilities are reported when it is probable that a loss occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of these factors.

Changes in the balances of claims liabilities during the prior two fiscal years are as follows:

Estimated unpaid claims, October 1, 2019	$	1,174,881
Incurred claims (including IBNRs)		396,103
Claim payments		(981,121)
Estimated unpaid claims, September 30, 2020		589,863
Incurred claims (including IBNRs)		1,501,602
Claim payments		(1,572,154)
Estimated unpaid claims, September 30, 2021	$	519,311

10. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

11. Commitments

The City has numerous active construction projects. As of September 30, 2021, the City's commitments with contractors are as follows:

Project	Contractor	Contract Amount	Completed to Date	Balance
New Fire Station 50 Design-Phase I	BSSW Architects Inc.	1,180,195.00	998,437.96	181,757
Fire Station 50 - Construction	Manhattan Const. Co.	12,680,286.00	367,256.24	12,313,030
Engineering Svcs for West Winterberry Bridge Replacement	Ty Lin	937,021.95	479,191.68	457,830
Veterans Park Master Plan	Kimley-Horn and Assoc	713,700.00	595,285.00	118,415
Veterans Community Park Construction - Construction	Manhattan Const. Co.	11,183,467.00	812,832.86	10,370,634
Inlet Drive Shared Use Pathway	Coastal Concrete Products, LLC	576,055.59	-	576,056
Bald Eagle Drive Shared Use Pathway	Coastal Concrete Products, LLC	570,460.00	-	570,460
San Marco Road Shared Use Pathway	American Design Engineering Construction	573,563.33	-	573,563
FY 21 Annual Street Resurfacing	Preferred Materials, Inc	1,570,369.31	664,840.86	905,528
San Marco & Heathwood Intersection - Construction	Quality Enterprises USA, Inc	1,454,626.54	-	1,454,627
				-
Total Governmental Projects		$ 31,439,745	3,917,845	27,521,900
Standby Generators	LJ Power Inc.	2,640,000	-	2,640,000
Total Business-type Projects		$ 2,640,000	-	2,640,000

12. Employee Retirement Systems and Pensions Plans

(a) The City of Marco Island Firefighters' Pension Plan

Plan Description

Plan Administration: The City administers a single-employer, defined benefit pension plan (the "Plan") that covers all fulltime firefighters hired after January 1, 1996. The Plan was created by Ordinance of the City Council which grants the authority to establish and amend the benefit terms to the Board of Trustees, subject to City Council approval. Management of the Plan is vested in the Board of Trustees, which consists of five members, two of whom are current or retired members of the Plan, one is a City resident, one is a City employee, and one of whom is appointed by the City Council from non-members of the Plan. The Plan does not prepare separate financial statements and is included as part of the pension trust funds in the City's financial reporting entity since it is not legally separate from the City.

Plan Membership: As of October 1, 2019, (date of the latest annual actuarial valuation), employee membership data related to the Plan were:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	2
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2
Active Plan Members	36
	40

Benefits Provided: The Plan provides retirement benefits, deferred allowances, and death and disability benefits. A participant may retire after reaching the age of 55, with six or more years of service, or after accumulating twenty-five years of service with the City, regardless of age.

Retired employees or their beneficiaries are entitled to pension payments for the longer of ten years or the retirees' remaining life equal to 3% of their final five-year average compensation times the number of years of credited service. The final five-year average compensation is the average annual compensation of the five highest years within the last ten years of service.

Compensation includes overtime, but excludes lump-sum payments of unused leave. Maximum annual pension payments to retirees are the lesser of $90,000 or 100% of the average aggregate compensation for the three consecutive calendar years during which the firefighter was an active member and had his/her highest aggregate compensation. An additional supplemental benefit is also payable in the monthly amount of $3 multiplied by credited service.

Early retirement is available at age 50, with six years of credited service, with the benefit reduced by 3% per year for each year early. Delayed retirement is permitted, with the benefit calculated the same as the normal retirement benefit, but based on credited service and average final compensation as of the actual retirement date.

Participants are not vested until they reach six years of service, at which time they become 100% vested. Terminated non-vested employees receive refunds of their accumulated member contribution only. Terminated vested employees receive their vested accrued benefit payable at early (after reduction) or normal retirement.

Pension provisions include disability benefits, whereby a disabled employee is entitled to receive the greater of the normal retirement benefits or a percentage of the five-year average annual compensation (42% if service incurred or 25% if non-service incurred). Pension provisions also include death benefits, whereby the surviving spouse is entitled to receive the vested pension benefit over ten years. Plan amendments are initiated by the Pension Board, and adopted by City Ordinance, after the required public hearings. The cost of administering the Plan is financed by contributions made to the Plan.

Benefit terms provide for a 3% annual cost-of-living adjustment to each member's retirement allowance subsequent to the member's retirement date.

Contributions: The City Ordinance grants the Board of Trustees authority to establish and amend the contribution requirements of the City and active plan members. The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. For the year ended September 30, 2020, the active member contribution rate was 1%, which the City contributes based on the collective bargaining agreement, and the City's contribution rate was 40.38%. The State of Florida contributes casualty insurance premium taxes pursuant to Chapter 185, Florida Statutes, and the City contributes the required remaining balance, as determined by the actuary. The City recognized these on-behalf payments from the State as revenues and expenditures in the governmental fund financial statements.

The City makes periodic contributions totaling 100% of the actuarially determined amount (after state contributions) annually to the Plan. An actuarial valuation of the Plan is to be completed at least once every two years. Contributions for the fiscal year ended September 30, 2021, were based on actuarial computations performed in 2020, for the actuarial report as of October 1, 2019.

Net Pension Liability (Asset) of the City

The components of the net pension liability(asset) of the City at September 30, 2021, were as follows:

Total pension liability	$ 23,073,278
Plan fiduciary net position	25,198,827
City's net pension liability (asset)	$ (2,125,549)
Plan fiduciary net position as a percentage of the total pension liability	109.21%

The required schedule of changes in the City's net pension liability(asset) and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of October 1, 2019 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2020. The following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	7.5% to 13.0% based on service, including inflation
Investment rate of return	7.0 %, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate.

The actuarial assumptions used in the October 1, 2019 valuation were based on the results of an actuarial experience study for the period October 1, 2018 – September 30, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are: Domestic Equity Securities – 13.87%, International Equity Securities, – 5.79%, Fixed Income Securities – 0.76%, and Real Estate – 5.55%.

Discount rate: The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The discount rate of 7.00 percent was the single rate which, when applied to all projected benefit payments, resulted in the same present value of benefit payments when the above discussed calculations are combined.

Changes in the Net Pension Liability of the City: The changes in the components of the net pension liability(asset) of the City for the year ended September 30, 2021, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances at 9/30/20	$ 20,619,171	$ 22,211,841	$ (1,592,670)
Changes for the year:			
Service cost	1,130,015	-	1,130,015
Interest	1,513,782	-	1,513,782
Changes of benefit terms	(8,489)		(8,489)
Differences between expected and actual experience	(224,579)	-	(224,579)
Assumption Changes	-	-	-
Contributions - employer (from city)	-	1,122,595	(1,122,595)
Contributions - employer (from state)	-	364,767	(364,767)
Contributions - employee	-	27,736	(27,736)
Net investment income	-	1,771,166	(1,771,166)
Benefit payments, including refunds of employee contributions	(247,453)	(247,453)	-
Administrative expense	-	(51,825)	51,825
Other changes	290,831	-	290,831
Net changes	2,454,107	2,986,986	(532,879)
Balances at 9/30/21	$ 23,073,278	$ 25,198,827	$ (2,125,549)

The Plan's fiduciary net position as a percentage of the total pension liability 109.2%

The required schedule of changes in the City's net pension liability(asset) and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the net pension liability(asset) to changes in the discount rate: The following presents the net pension liability(asset) of the City, calculated using the discount rate of 7.00 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
City's net pension liability(asset)	$ 491,469	$ (2,125,549)	$ (4,212,247)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as October 1, 2018 and the current sharing pattern of costs between employer and employee.

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

For the year ended September 30, 2021, the City recognized pension expense of $1,086,108. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 318,201	$ 1,859,236
Changes in assumptions	-	159,911
Net difference between projected and actual earnings on pension plan investments	108,432	-
City contributions subsequent to the measurement date	1,567,864	-
Total	$ 1,994,497	$ 2,019,147

City contributions subsequent to the measurement date of $1,567,864 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:		
2022	$	(317,985)
2023		(200,882)
2024		(176,830)
2025		(314,385)
2026		(270,561)
Thereafter		(311,871)
Total	$	(1,592,514)

(b) The City of Marco Island Police Officers' Pension Plan

Plan Description

Plan Administration: In 2005, the City established and currently administers a single-employer, defined benefit pension plan (the Plan) that covers all full-time sworn police officers. The Plan was created by Ordinance of the City Council which grants the authority to establish and amend the benefit terms to the Board of Trustees, subject to City Council approval. Management of the Plan is vested in the Board of Trustees, which consists of five members, two of whom are current or retired members of the Plan, one is a City resident, one is a City employee, and one of whom is appointed by the City Council from non-members of the Plan. The Plan does not prepare separate financial statements and is included as part of the pension trust fund in the City's financial reporting entity since it is not legally separate.

Plan Membership: As October 1, 2020, pension plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	19
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	27
Active Plan Members	32
	78

Benefits Provided: The Plan provides retirement benefits, deferred allowances, and death and disability benefits. A participant may retire after reaching the age of 55, with six or more years of service, or accumulating twenty-five years of service with the City, regardless of age.
Retired employees or their beneficiaries are entitled to pension payments for the longer of ten years or the retirees' remaining life equal to 3% of their final five-year average compensation times the number of years of credited service. The final five-year average compensation is the average annual compensation of the five highest years within the last ten years of service.
Compensation includes overtime of up to 300 hours annually and lump-sum payments of unused leave, but excludes pay for special duty or extra-details. An additional supplemental benefit is also payable in the monthly amount of $3, multiplied by credited service.

Early retirement is available at age 50, with six years of credited service, with the benefit reduced by 3% per year for each year early.

Participants are not vested until they reach six years of service, at which time they become 100% vested. Terminated non-vested employees receive refunds of their accumulated member contribution only. Terminated vested employees receive their vested accrued benefit payable at normal retirement.

Pension provisions include disability benefits, whereby a disabled employee is entitled to receive the greater of the normal retirement benefits or a percentage of the five-year average annual compensation (42% if service incurred or 25% if non-service incurred, provided the employee has at least 8 years of credited service). Pension provisions also include death benefits, whereby the surviving spouse is entitled to receive the vested pension benefit over ten years. Plan amendments are initiated by the Pension Board, and adopted by City Ordinance, after the required public hearings. The cost of administering the Plan is financed by contributions made to the Plan.

Benefit terms provide for a 3% annual cost-of-living adjustment to each member's retirement allowance subsequent to the member's retirement date.

Contributions: The City Ordinance grants the Board of Trustees authority to establish and amend the contribution requirements of the City and active plan members. The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. For the year ended September 30, 2021, the active member contribution rate was 0.5%, which the City contributes based on the collective bargaining agreement, and the City's contribution rate was 22.36%. The State of Florida contributes casualty insurance premium taxes pursuant to Chapter 185, Florida Statutes, and the City contributes the required remaining balance, as determined by the actuary. The City recognized these on-behalf payments from the State as revenues and expenditures in the governmental fund financial statements.

The City makes periodic contributions totaling 100% of the actuarially determined amount (after state contributions) annually to the Plan. An actuarial valuation of the Plan is to be completed at least once every two years. Contributions for the fiscal year ended September 30, 2021, were based on actuarial computations performed in 2020, for the actuarial report as of October 1, 2019.

Net Pension Liability of the City

The components of the net pension liability(asset) of the City at September 30, 2021, were as follows:

Total pension liability	$ 18,220,382
Plan fiduciary net position	18,829,257
City's net pension liability(asset)	$ (608,875)
Plan fiduciary net position as a percentage of the total pension liability	103.34%

The required schedule of changes in the City's net pension liability(asset) and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of October 1, 2019 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2020. The following actuarial assumptions, applied to all periods included in the measurement:

Inflation	1.80%
Salary increases	Service based table
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010 for Males or Females.

The actuarial assumptions used in the October 1, 2019 valuation were based on the results of an actuarial experience study for the period October 1, 2017 – September 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are: Domestic Equity Securities – 5.61%, International Equity Securities, – 4.55%, Fixed Income Securities – 1.48%, and Real Estate – 4.80%.

Discount rate: The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset) of the City: The changes in the components of the net pension liability(asset) of the City for the year ended September 30, 2021, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances at 9/30/20	$ 16,464,143	$ 17,139,400	$ (675,257)
Changes for the year:			
Service cost	610,653	-	610,653
Changes in excess state money	-	-	-
Interest	1,180,761	-	1,180,761
Differences between expected and actual experience	920,711	-	920,711
Assumption Changes	(608,125)	-	(608,125)
Contributions - employer (from city)	-	520,316	(520,316)
Contributions - employer (from state)	-	268,941	(268,941)
Contributions - employee	-	13,116	(13,116)
Net investment income	-	1,349,851	(1,349,851)
Benefit payments, including refunds of employee contributions	(413,556)	(416,943)	3,387
Administrative expense	-	(45,423)	45,423
Other changes	65,796	-	65,796
Net changes	1,756,240	1,689,858	66,382
Balances at 9/30/21	$ 18,220,383	$ 18,829,258	$ (608,875)
The Plan's fiduciary net position as a percentage of the total pension liability			103.3%

The required schedule of changes in the City's net pension liability(asset) and related ratios immediately

following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the net pension liability(asset) to changes in the discount rate: The following presents the net pension liability(asset) of the City, calculated using the discount rate of 7 percent, as well as what the City's net pension liability(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's net pension liability(asset)	$ 1,994,866	$ (608,875)	$ (2,805,166)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of October 1, 2019 and the current sharing pattern of costs between employer and employee.

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

For the year ended September 30, 2021, the City recognized pension expense of $928,951. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 613,808	$ 85,432
Changes in assumptions	-	405,416
Net difference between projected and actual earnings on pension plan investments	195,971	-
City contributions subsequent to the measurement date	835,130	-
Total	$ 1,644,909	$ 490,848

City contributions subsequent to the measurement date of $835,130 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability(asset) in the year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	
2022	$ 33,714
2023	204,977
2024	105,646
2025	(25,406)
2026	-
Thereafter	-
Total	$ 318,931

(c) Statement of Fiduciary Net Position for the Pension Trust Funds

The combining statement of fiduciary net position for the pension trust funds as of September 30, 2021, is as follows:

	Fire Pension	Police Pension	Total Pension Trust Funds
Assets			
Cash and cash equivalents	$ 972,000	1,071,460	2,043,460
Investments, at fair value:			
Government bonds	4,075,445	2,827,329	6,902,774
Corporate bonds	4,116,942	2,862,470	6,979,412
Common stock	18,254,168	13,959,836	32,214,004
Real estate trust	2,164,428	1,627,128	3,791,556
Accrued interest	9,845	6,546	16,391
Total Assets	29,592,828	22,354,769	51,947,597
Net Position			
Net position restricted for pensions	$ 29,592,828	22,354,769	51,947,597

(d) Statement of Changes in Fiduciary Net Position for the Pension Trust Funds

The combining statement of changes in fiduciary net position for the pension trust funds as of September 30, 2021, is as follows:

		Fire Pension	Police Pension	Total Pension Trust Funds
Additions				
Contributions				
Employer	$	1,196,761	614,288	1,811,049
Employee		29,778	13,450	43,228
State of Florida		371,103	220,842	591,945
Total contributions		1,597,642	848,580	2,446,222
Investment earnings				
Investment interest and dividends		455,468	361,301	816,769
Net change in fair value of investments		3,815,225	3,065,703	6,880,928
Less: Investment expenses		(181,615)	(146,027)	(327,642)
Net investment earnings		4,089,078	3,280,977	7,370,055
Total Additions		5,686,720	4,129,557	9,816,277
Deductions				
Legal		15,000	12,190	27,190
Actuary		17,766	19,195	36,961
Administrative		15,837	19,052	34,889
Benefits paid		1,244,117	553,608	1,797,725
Total Deductions		1,292,720	604,045	1,896,765
Change in Net Position		4,394,000	3,525,512	7,919,512
Net Position, October 1, 2020		25,198,828	18,829,257	44,028,085
Net Position, September 30, 2021	$	29,592,828	22,354,769	51,947,597

(e) The Florida Retirement System Plan, Firefighters

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S,

Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. An annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

FRS Pension Plan

Plan Description. The Marco Island Independent Fire Protection District provided fire and rescue services to the community prior to incorporation in 1997. Employees hired by the District prior to December 31, 1995, participated in the pension plan provided by the Florida Retirement System (the System). These "old hire" employees were allowed to continue membership in the System both after the incorporation of the City and the establishment of the City of Marco Island Firefighters' Pension Plan (as noted above).

The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members classified as special risk, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members classified as special risk enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 60 or any time after 30 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees.

	Percent of Gross Salary	
Class	**Employee**	**Employer (1)**
FRS, Special Risk	3.00	22.73
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	N/A	15.32
FRS, Reemployed Retiree	(2)	(2)

Notes: (1) These rates include the normal cost and unfunded actuarial liability contributions but do not include the 1.66 percent contribution for the Retiree Health Insurance Subsidy and the assessment of 0.06 percent for administration of the FRS Investment Plan and retirement and financial planning for members of both plans.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The City's contributions, including employee contributions, to the defined benefit pension plan totaled $69,195 for the fiscal year ended June 30, 2021, excluding HIS plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2021, the City reported a liability of $137,361 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportionate share of the net pension liability was based on the City's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions

of all participating members. At June 30, 2021, the City's proportionate share was 0.001818441 percent, which was a decrease of 0.000219812 from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021, the City recognized pension benefit of ($91,317). In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 23,544	$ -
Change of assumptions	93,990	
Net difference between projected and actual earnings on FRS pension plan investments		479,224
Changes in proportion and differences between City FRS contributions and proportionate share of contributions	56,651	266,712
City FRS contributions subsequent to the measurement date	17,442	
Total	$ 191,627	$ 745,936

The deferred outflows of resources related to pensions totaling $17,442 resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2022	$ (100,700)
2023	(117,425)
2024	(155,543)
2025	(199,318)
2026	1,235
Total	$ (571,751)

Actuarial Assumptions. The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent,
Investment rate of return	6.80 percent, This is the same as the 6.80 percent used as the discount rate

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions that determined the total pension liability as of the June 30, 2021, were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation[1]	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.10%	2.10%	1.10%
Fixed income	20.00%	3.80%	3.70%	3.30%
Global equity	54.20%	8.20%	6.70%	17.80%
Real estate	10.30%	7.10%	6.20%	13.80%
Private Equity	10.80%	11.70%	8.50%	26.40%
Strategic investments	3.70%	5.70%	5.40%	8.40%
Total	100.00%			
Assumed inflation - Mean			2.40%	1.20%

[1] As outlined in the FRS Pnesion Plan's investment policy

Discount Rate. The discount rate used to measure the total pension liability was 6.80 percent. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.80 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.80 percent) or 1 percentage point higher (7.80 percent) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
City's proportionate share of the net pension liability	$ 614,295	$ 137,361	$ (261,299)

Pension Plan Fiduciary Net Position. Detailed information about pension plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided. For the fiscal year ended June 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by $5. The payments are at least $30 but not more than $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2021, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statues. The City contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The City's contributions to the HIS Plan totaled $7,344 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2021, the City reported a net pension liability of $156,650 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportionate share of the net pension liability was based on the City's 2020-21 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2021, the City's proportionate share was 0.001277071 percent, which was an increase of 0.00009457 from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021, the City recognized pension benefit of ($11,830). In addition, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 5,242	$ 66
Change of assumptions	12,309	6,454
Net difference between projected and actual earnings on HIS pension plan investments	163	
Changes in proportion and differences between City HIS contributions and proportionate share of HIS contributions	8,862	65,807
City contributions subsequent to the measurement date	1,736	
Total	$ 28,312	$ 72,327

The deferred outflows of resources totaling $1,736 was related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ (12,601)
2023	(4,014)
2024	(8,283)
2025	(10,994)
2026	(8,222)
Thereafter	(1,637)
Total	$ (45,751)

Actuarial Assumptions. The total pension liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent
Municipal Bond Rate	2.16 percent

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

The actuarial assumptions that determined the total pension liability as of the June 30, 2021, were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

Discount Rate. The discount rate used to measure the total pension liability was 2.16 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 2.16 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16 percent) or 1 percentage point higher (3.16 percent) than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
City's proportionate share of the net pension liability	$ 181,105	$ 156,650	$ 136,618

Pension Plan Fiduciary Net Position. Detailed information about pension plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

Applicable totals for all of the City's defined benefit pension plans are reflected below:

	Firefighters' Pension Plan	Police Officers' Pension Plan	FRS Pension	HIS Pension	Total
City's net pension (asset)	$ (2,125,549)	(608,875)	-	-	$ (2,734,424)
City's net pension liability	$ -	-	137,361	156,650	$ 294,011
Deferred outflows of resources	$ 1,994,497	1,644,909	191,627	28,312	$ 3,859,345
Deferred inflows of resources	$ (2,019,147)	(490,848)	(745,936)	(72,327)	$ (3,328,258)
Pension expenditure (income)	$ 1,086,108	928,951	(91,317)	(11,830)	$ 1,911,912

(f) City Employee Pension Plan

The City is a single employer that contributes to a defined contribution pension plan created in accordance with Internal Revenue Code 401(a). The City of Marco Island's 401A Plan is available to all employees not covered under the Firefighters' or Police Officers' Pension Plans or the Firefighters' Florida Retirement System. The City has contracted with MassMutual for the plan administration.

For employees hired by the City as part of its acquisition of the water system from Florida Utility, Inc., the City contributes 6.5% of annual covered payroll plus a match up to 4% of any employee's voluntary contribution. For all other employees, the City contributes 6.5% of annual covered payroll, and employees do not contribute. Employer contributions for fiscal years ended September 30, 2021, 2020, and 2019 were $676,044, $670,613, and $485,430, respectively. Employee contributions for fiscal years ended September 30, 2020, 2019, and 2018 were $109,859, $129,445, and 134,500, respectively. Plan provision and contribution requirements are established and may be amended by the City Manager.

13. Other Post-employment Benefits

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District that provides OPEB for all employees who satisfy the City's retirement eligibility provisions. Pursuant to Section 112.0801, Florida Statutes, former employees who retire from the City are eligible to participate in the City's health and hospitalization plan for medical, prescription drug, dental, and vision coverage. Retirees and their eligible dependents shall be offered the

same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The City subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. The OPEB Plan contribution requirements and benefit terms of the City and the OPEB Plan members are established and may be amended through recommendations of the Employee Benefits Committee and action from the Council. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided. The OPEB Plan provides healthcare benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above.

Employees Covered by Benefit Terms. At September 30, 2020, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	3
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members	210
Total	213

Total OPEB Liability. The City's total OPEB liability of $1,357,285 was measured as of September 30, 2020 and was determined by an actuarial valuation as September 30, 2020.

Actuarial Assumptions and Other Inputs. The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 percent
Salary Increases	6.00 percent, average, including inflation
Discount Rate	2.14 percent
Healthcare Cost Trend Rates	7.50 percent, decreasing to an ultimate rate of 4.0 percent for 54 years later

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index. Mortality rates were based on the Pub-2010 mortality tables with fully generational improvement using scale mp-2018. Demographic Assumptions Mortality rates are consistent with mortality rates used for the pension valuations. The mortality rates are mandated by Chapter 2015-157, Florida Statutes for pension plans. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The rates are those outlined in Milliman's July 1, 2019 FRS valuation report. We feel this assumption sufficiently accommodates future mortality improvements. Retirement rates, termination and disability rates are deemed reasonable and will continue to be monitored to ensure they capture plan experience. The participation rate and spousal coverage election

percentage are the same as the previous valuation. They are deemed reasonable and will continue to be monitored.

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018, adopted by the FRS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2020, valuation were based on a review of recent plan experience done concurrently with the September 30, 2020, valuation.

Changes in the Total OPEB Liability.

	Utilities	All Other Employees	Total
Balance at September 30, 2020	$ 341,413	1,032,001	1,373,414
Changes for the year:			
Service cost	39,707	93,576	133,283
Interest	13,537	39,364	52,901
Differences between expected and actual experience	1,732	2,202	3,934
Changes in assumptions	(47,992)	(99,622)	(147,614)
Changes of benefit terms	-	-	-
Benefit payments	(6,102)	(52,531)	(58,633)
Net Changes	882	(17,011)	(16,129)
Balance at September 30, 2021	$ 342,295	1,014,990	1,357,285

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2020 to 2.14 percent in 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58 percent) or 1 percentage point higher (4.58 percent) than the current rate:

	1% Decrease (1.14%)	Current Discount Rate (2.14%)	1% Increase (3.14%)
Utility	$ 377,975	$ 342,295	$ 311,556
Other	1,124,758	1,014,990	919,466
Total OPEB Liability	$ 1,502,733	$ 1,357,285	$ 1,231,022

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.00 percent decreasing to 3.00 percent) or 1 percentage point higher (9.00 percent decreasing to 5.00 percent) than the current healthcare cost trend rates:

	1% Decrease (3.00% to 6.50%)	Healthcare Cost Trend Rates (4.00% to 7.50%)	1% Increase (5.00% to 8.50%)
Utility	$ 302,588	$ 342,295	$ 390,018
Other	906,341	1,014,990	1,142,671
Total OPEB Liability	$ 1,208,929	$ 1,357,285	$ 1,532,689

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the fiscal year ended September 30, 2021, the City recognized OPEB expense of $89,844, of which $30,960 pertained to Utility employees and the remaining $59,904 to all other employees. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,320	$ 66,809
Change of assumptions	48,808	324,936
Employer contributions subsequent to the the measurement date	62,974	-
Total	$ 115,102	$ 391,745

Of the total amount reported as deferred outflows of resources related to OPEB, $6,102 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30	Amount
2022	$ (99,840)
2023	(99,840)
2024	(99,843)
2025	(10,644)
2026	(22,844)
Thereafter	(6,606)
Total	$ (339,617)

14. Subsequent Events

The City was allocated $1.7 million by the US Treasury as part of the American Rescue Plan Act (ARP) Funding during fiscal year 2021, with half remitted prior to year-end and the remainder expected to be received in May of 2022. The funding was to cover the loss in revenues the City experienced due to the COVID 19 Pandemic.

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MARCO ISLAND, FLORIDA

SCHEDULE OF CHANGES IN THE CITY'S FIREFIGHTERS' PLAN NET PENSION LIABILITY AND RELATED RATIOS
MEASUREMENT PERIOD ENDING SEPTEMBER 30,

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	$ 1,276,646	$ 1,130,015	$ 1,036,484	$ 1,062,389	$ 934,683	$ 897,579	$ 824,223	$ 715,385
Interest on total pension liability	1,660,320	1,513,782	1,430,504	1,243,265	1,084,635	1,039,601	893,422	775,313
Changes of benefit terms	-	(8,489)	-	-	-	-	-	-
Differences between expected and actual experience	273,949	(224,579)	(1,244,706)	480,000	-	(1,277,749)	-	(99,739)
Changes of assumptions	(493,718)	-	-	-	-	(300,186)	-	-
Benefit payments, including refunds of employee contributions	(1,244,117)	(247,453)	(531,049)	(158,478)	(29,186)	(89,398)	(35,884)	(23,556)
Other (increase in share plan balance)	297,167	290,831	263,122	259,857	212,957	306,279	359,928	434,351
Net change in total pension liability	1,761,247	2,454,107	954,355	2,887,033	2,203,089	576,126	2,041,689	1,801,754
Total pension liability - beginning	23,073,278	20,619,171	19,664,816	16,777,783	14,574,694	13,998,568	11,956,880	10,155,126
Total pension liability - ending (a)	$ 24,834,525	23,073,278	20,619,171	$ 19,664,816	$ 16,777,783	$ 14,574,694	$ 13,998,569	$ 11,956,880
Plan fiduciary net position								
Contributions - employer	$ 1,196,762	1,122,595	1,031,726	945,190	1,070,254	1,140,053	1,716,158	714,633
Contributions - state	371,103	364,767	337,058	333,793	303,572	389,408	433,863	507,798
Contributions - employee	29,778	27,736	25,905	23,976	24,424	22,407	20,798	17,499
Net investment income	4,089,078	1,771,166	783,689	1,425,477	1,688,910	702,748	(181,460)	614,545
Benefit payments, including refunds of employee contributions	(1,244,117)	(247,453)	(531,049)	(158,478)	(29,186)	(89,398)	(35,884)	(23,556)
Administrative expenses	(48,603)	(51,825)	(49,176)	(58,119)	(68,578)	(42,795)	(41,545)	(34,552)
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	4,394,001	2,986,986	1,598,153	2,511,839	2,989,396	2,122,423	1,911,930	1,796,367
Plan fiduciary net position - beginning	25,198,827	22,211,841	20,613,688	18,101,849	15,112,453	12,990,030	11,078,100	9,281,733
Plan fiduciary net position - ending (b)	$ 29,592,828	25,198,827	22,211,841	20,613,688	18,101,849	$ 15,112,453	$ 12,990,030	$ 11,078,100
Net pension (asset) liability - ending (a) - (b)	$ (4,758,303)	(2,125,549)	(1,592,670)	(948,872)	(1,324,066)	$ (537,759)	$ 1,008,539	$ 878,780
Plan fiduciary net position as a percentage of the total pension liability	119.16%	109.21%	107.72%	104.83%	107.89%	103.69%	92.80%	92.65%
Covered payroll	$ 2,977,800	2,773,600	2,590,500	$ 2,397,579	$ 2,442,445	$ 2,240,686	$ 2,079,800	$ 1,749,863
City's net pension liability as a percentage of covered payroll	-159.79%	-76.64%	-61.48%	-39.58%	-54.21%	-24.00%	48.49%	50.22%

Notes to the Schedule

The schedule will present 10 years of information once it is accumulated.

SCHEDULE OF CITY FIREFIGHTERS' PENSION PLAN CONTRIBUTIONS
FISCAL YEAR ENDING SEPTEMBER 30,

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 1,272,116	$ 1,196,531	$ 1,104,330	$ 1,013,457	$ 1,158,452	$ 1,062,757	$ 995,600	$ 796,188
Contributions in relation to the actuarially determined contribution	1,567,864	1,196,531	1,105,662	1,278,983	1,160,869	1,223,182	1,782,475	796,188
Contribution deficiency (excess)	$ (295,748)	$ -	$ (1,332)	$ (265,526)	$ (2,417)	$ (160,425)	$ (786,875)	$ -
Covered payroll	2,977,800	2,773,600	2,590,500	2,397,579	2,442,445	2,240,686	2,079,800	1,749,863
Contributions as a percentage of Covered payroll	52.65%	43.14%	42.68%	53.34%	47.53%	54.59%	85.70%	45.50%

Notes to the Schedule

Valuation Date	October 1, 2019
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Market Value
Assumed Rate of Return On Investments	7.00%
Projected Salary Increases	7.5% to 13.0% based on service, including inflation
Cost-of-living Adjustment	3.00%
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	30 years

Notes to the Schedule

The schedule will present 10 years of information once it is accumulated.

CITY OF MARCO ISLAND, FLORIDA

SCHEDULE OF FIREFIGHTERS' PENSION PLAN INVESTMENT RETURNS

	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses for the City's Pension Plan	3.70%	7.20%	3.41%	7.89%	9.33%	5.25%	-0.99%	8.56%

Note to the Schedule

The schedule will present 10 years of information once it is accumulated.

SCHEDULE OF CHANGES IN THE CITY'S POLICE PLAN NET PENSION LIABILITY AND RELATED RATIOS
MEASUREMENT PERIOD ENDING SEPTEMBER 30,

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	$ 567,691	$ 610,653	$ 573,317	$ 600,807	$ 663,919	$ 608,707	$ 623,438	$ 570,609
Interest on total pension liability	1,280,478	1,180,761	1,106,843	1,008,497	946,784	846,524	754,375	671,200
Change in Excess State Money	-	-	-	-	(7,624)	-	-	-
Changes of benefit terms	(228,770)	-	-	-	-	-	-	-
Differences between expected and actual experience	537,121	920,711	(256,296)	202,493	85,166	(538,486)	72,789	-
Changes of assumptions	-	(608,125)	-	-	423,516	572,589	-	-
Benefit payments, including refunds of employee contributions	(533,524)	(413,556)	(481,351)	(277,393)	(268,523)	(224,916)	(188,605)	(180,411)
Other (increase in share plan balance)	41,745	65,795	42,230	-	-	37,385	7,624	-
Net change in total pension liability	1,664,741	1,756,239	984,743	1,534,404	1,843,238	1,301,803	1,269,621	1,061,398
Total pension liability - beginning	18,220,382	16,464,143	15,479,400	13,944,996	12,101,758	10,799,955	9,530,334	8,468,936
Total pension liability - ending (a)	$ 19,885,123	$ 18,220,382	$ 16,464,143	$ 15,479,400	$ 13,944,996	$ 12,101,758	$ 10,799,955	$ 9,530,334
Plan fiduciary net position								
Contributions - employer	$ 614,288	520,316	632,547	715,410	2,017,283	2,155,279	1,499,693	687,863
Contributions - state	220,842	268,941	221,812	201,135	180,792	194,972	161,276	145,004
Contributions - employee	13,450	13,116	11,479	11,495	11,628	11,090	10,596	26,544
Net investment income	3,280,977	1,349,851	508,605	1,062,121	1,359,968	595,780	(73,973)	542,433
Benefit payments, including refunds of employee contributions	(553,608)	(416,943)	(488,778)	(280,997)	(275,092)	(224,916)	(188,605)	(181,990)
Administrative expenses	(50,437)	(45,424)	(52,814)	(49,894)	(49,897)	(41,635)	(56,277)	(35,433)
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	3,525,512	1,689,857	832,851	1,659,270	3,244,682	2,690,570	1,352,710	1,184,421
Plan fiduciary net position - beginning	18,829,257	17,139,400	16,306,549	14,647,279	11,402,597	8,712,027	7,359,317	6,174,896
Plan fiduciary net position - ending (b)	$ 22,354,769	$ 18,829,257	$ 17,139,400	$ 16,306,549	$ 14,647,279	$ 11,402,597	$ 8,712,027	$ 7,359,317
Net pension liability - ending (a) - (b)	$ (2,469,646)	$ (608,875)	$ (675,257)	$ (827,149)	$ (702,283)	$ 699,161	$ 2,087,928	$ 2,171,017
Plan fiduciary net position as a percentage of the total pension liability	112.42%	103.34%	104.10%	105.34%	105.04%	94.22%	80.67%	77.22%
Covered payroll	$ 2,689,966	$ 2,621,164	$ 2,297,280	$ 2,298,844	$ 2,325,482	$ 2,128,618	$ 2,049,015	$ 2,093,651
City's net pension liability as a percentage of covered payroll	-91.81%	-23.23%	-29.39%	-35.98%	-30.20%	32.85%	101.90%	103.70%

Notes to the Schedule

The schedule will present 10 years of information once it is accumulated.

CITY OF MARCO ISLAND, FLORIDA

SCHEDULE OF CITY POLICE PENSION PLAN CONTRIBUTIONS
FISCAL YEAR ENDING SEPTEMBER 30,

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 829,047	$ 684,386	$ 718,224	$ 808,963	$ 841,127	$ 836,760	$ 821,375	$ 817,571
Contributions in relation to the actuarially determined contribution	835,070	722,928	812,664	916,545	2,198,075	2,324,669	1,769,072	817,571
Contribution deficiency (excess)	$ (6,023)	$ (38,542)	$ (94,440)	$ (107,582)	$ (1,356,948)	$ (1,487,909)	$ (947,697)	$ -
Covered payroll	2,689,966	2,621,164	2,297,580	2,298,844	2,325,482	2,128,618	2,049,015	2,093,651
Contributions as a percentage of Covered payroll	31.04%	27.58%	35.37%	39.87%	94.52%	109.21%	86.34%	39.05%

Notes to the Schedule

Valuation Date	October 1, 2019
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Market Value
Assumed Rate of Return On Investments	7.00%
Projected Salary Increases	Service based
Inflation	1.80%
Amortization Method	
Remaining Amortization Period	30 years

Note to the Schedule

The schedule will present 10 years of information once it is accumulated.

CITY OF MARCO ISLAND, FLORIDA

SCHEDULE OF POLICE PENSION PLAN INVESTMENT RETURNS

	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses for the City's Pension Plan	17.31%	7.81%	3.06%	7.23%	11.31%	6.56%	-0.99%	8.56%

Note to the Schedule

The schedule will present 10 years of information once it is accumulated.

Schedule of the City's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan

	2021 (1)	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)
City's proportion of the FRS net pension liability	0.001818441%	0.001598629%	0.002350089%	0.002774376%	0.003734147%	0.004592598%	0.004760033%	0.005609629%	0.006277953%
City's proportionate share of the FRS net pension liability	$ 137,361	$ 692,869	$ 809,338	$ 835,657	$ 1,104,536	$ 1,159,635	$ 614,822	$ 342,270	$ 1,080,715
City's covered payroll	$ 424,403	$ 450,985	$ 590,049	$ 689,135	$ 778,709	$ 779,069	$ 811,048	$ 935,847	$ 1,537,557
City's proportionate share of the FRS net pension liability as a percentage of its covered payroll	32.37%	153.63%	137.16%	121.26%	141.84%	148.85%	75.81%	36.57%	70.29%
FRS Plan fiduciary net position as a percentage of the total pension liability	82.61%	82.61%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, information for those years for which information is available should be presented.

Note 1: The amounts presented for each fiscal year were determined as of June 30.

Schedule of City Contributions – Florida Retirement System Pension Plan

	2021 (1)	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
Contractually required FRS contribution	$ 69,195	$ 53,115	$ 72,870	$ 79,067	$ 97,209	$ 111,998	$ 116,054	$ 122,875
FRS contributions in relation to the contractually required contribution	(69,195)	(53,115)	(72,870)	(79,067)	(97,209)	(111,998)	(116,054)	(122,875)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 442,304	$ 424,403	$ 450,985	$ 590,049	$ 689,135	$ 778,709	$ 779,069	$ 811,048
FRS contributions as a percentage of covered payroll	15.64%	12.52%	16.16%	13.40%	14.11%	14.38%	14.90%	15.15%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, information for those years for which information is available should be presented.

Note 1: The amounts presented for each fiscal year were determined as of September 30.

Schedule of City Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan

	2021 (1)	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)
City's proportion of the HIS net pension liability	0.001277071%	0.001182507%	0.001544241%	0.001177235%	0.001840978%	0.002302719%	0.002730819%	0.002898891%	0.003299738%
City's proportionate share of the HIS net pension liability	$ 156,652	$ 144,382	$ 172,785	$ 187,587	$ 196,846	$ 268,370	$ 278,501	$ 271,053	$ 287,286
City's covered payroll	$ 424,403	$ 450,985	$ 590,049	$ 689,135	$ 778,709	$ 779,069	$ 811,048	$ 935,847	$ 1,537,557
City's proportionate share of the HIS net pension liability as a percentage of its covered payroll	36.91%	32.01%	29.28%	27.22%	25.28%	34.45%	34.34%	28.96%	18.68%
HIS Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.63%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	1.78%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, information for those years for which information is available should be presented.

Note 1: The amounts presented for each fiscal year were determined as of June 30.

Schedule of City Contributions – Health Insurance Subsidy Pension Plan

	2021 (1)	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014
Contractually required HIS contribution	$ 7,344	$ 6,814	$ 8,575	$ 9,085	$ 10,045	$ 11,803	$ 10,439	$ 9,931
HIS contributions in relation to the contractually required HIS contribution	(7,344)	(6,814)	(8,575)	(9,085)	(10,045)	(11,803)	(10,439)	(9,931)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 442,304	$ 424,403	$ 450,985	$ 590,049	$ 689,135	$ 778,709	$ 779,069	$ 811,048
HIS contributions as a percentage of covered payroll	1.66%	1.61%	1.90%	1.54%	1.46%	1.52%	1.34%	1.22%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, information for those years for which information is available should be presented.

Note 1: The amounts presented for each fiscal year were determined as of September 30.

Schedule of Changes in the City's Total OPEB Liability and Related Ratios

	2021	2020	2019	2018
Total OPEB liability				
Service cost	$ 133,283	115,513	141,181	144,633
Interest	52,901	53,268	59,000	48,035
Differences between expected and actual experience	3,934	-	(133,619)	-
Changes in assumptions	(147,614)	73,212	(331,135)	(82,162)
Changes of benefit terms	-	-	-	-
Benefit payments	(58,633)	(54,290)	(58,346)	(53,652)
Net change in total opeb liability	(16,129)	187,703	(322,919)	56,854
Total OPEB liability - beginning	1,373,414	1,185,711	1,508,630	1,451,776
Total OPEB liability - ending	$ 1,357,285	1,373,414	1,185,711	1,508,630
Covered Employee Payroll	14,945,454	12,035,847	11,354,573	12,201,105
City's Total OPEB Liability as a Percentage of Covered Employee Payroll	9.08%	11.41%	10.44%	12.36%

Notes to the Schedule
The schedule will present 10 years of information once it is accumulated.

Difference Between Expected and Actual Experience. Difference between and actual experience reflects the impact of changes to the census data from the prior valuation to the valuation as of September 30, 2018, and projected to the measurement date of September 30, 2019.

Changes of assumptions . Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the disocunt rates used in each period:

Fiscal Year Ending September 30, 2021:	2.14%
Fiscal Year Ending September 30, 2020:	3.58%
Fiscal Year Ending September 30, 2019:	4.18%
Fiscal Year Ending September 30, 2018:	3.64%

Also reflected under changes of assumptions are:
Updated health care costs and premiums:
Updated health care cost trend rates; and

CITY OF MARCO ISLAND, FLORIDA

Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual

General Fund

Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	$ 20,805,750	21,102,917	21,260,306	157,389
Permits, fees, and assessments	32,500	32,500	52,906	20,406
Intergovernmental	2,394,000	2,394,000	5,366,507	2,972,507
Charges for services	2,311,398	2,316,398	2,430,657	114,259
Fines and forfeitures	82,000	82,000	318,314	236,314
Interest	300,000	300,000	92,715	(207,285)
Miscellaneous	93,000	93,000	106,397	13,397
Total revenues	26,018,648	26,320,815	29,627,802	3,306,987
Expenditures				
Current				
General government				
Legislative	98,510	102,510	92,417	10,093
Executive	862,509	932,783	917,705	15,078
Finance	921,299	896,099	894,238	1,861
Legal	415,000	415,000	385,100	29,900
Information technology	803,384	789,444	556,286	233,158
Growth management	802,994	755,264	715,092	40,172
Other general government	884,973	1,132,263	1,089,189	43,074
Total general government	4,788,669	5,023,363	4,650,027	373,336
Public safety				
Police	5,180,375	5,100,730	5,087,182	13,548
Fire and rescue	6,903,095	7,191,877	7,164,047	27,830
Code compliance	407,746	444,746	428,445	16,301
Emergency management	28,850	20,256	15,560	4,696
Total public safety	12,520,066	12,757,609	12,695,234	62,375
Transportation	3,299,910	3,308,580	2,940,045	368,535
Culture and recreation	1,645,044	1,628,014	1,278,972	349,042
Total expenditures	22,253,689	22,717,566	21,564,278	1,153,288
Excess of revenues over expenditures	3,764,959	3,603,249	8,063,524	4,460,275
Other financing sources (uses)				
Transfers out	(3,739,138)	(8,363,747)	(9,127,018)	(763,271)
Use of Reserves	311,303	4,906,911	-	(4,906,911)
Contingency	(337,124)	(154,923)	-	154,923
Total other financing sources (uses)	(3,764,959)	(3,611,759)	(9,127,018)	(5,515,259)
Change in fund balance	-	(8,510)	(1,063,494)	(1,054,984)
Fund balance, beginning of year	13,191,542	13,191,542	13,191,542	-
Fund balance, end of year	$ 13,191,542	13,183,032	12,128,048	(1,054,984)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted for the general fund on a basis consistent with accounting principles generally accepted in the United States.

1. Prior to September 1, the City Manager submits to the City Council a budget estimate of the revenues and expenditures for all City departments and divisions for the fiscal year commencing the following October 1.
2. Upon receipt of the annual budget estimates, the City Council holds various budget workshops to review and amend the proposed budget.
3. Public hearings are held to obtain taxpayers' comments.
4. Prior to October 1, the budget is legally enacted through passage of an ordinance.
5. No department may legally expend or contract to expend amounts in excess of amounts appropriated for any department within an individual fund. Budget appropriations lapse at year end; however, the Finance Director, through the City Manager, is authorized to reserve at the beginning of the year the unpaid purchase orders, outstanding contracts, and other commitments from the prior year.
6. The adopted budget may be amended as follows:
    a. The City Council has authorized the City Manager to amend, modify, or otherwise adjust the operating budget to a maximum limit of $50,000. The legal level of budgetary control is at the fund level for the general fund. The City Council approves all other budget amendments.
    b. The City Council approves supplemental appropriations via re-appropriation ordinance which consolidates all budget amendments approved during the course of the fiscal year and those recommended by the City Manager near the end of the fiscal year. There was an increase of $0.4 million in appropriations in the general fund during the year end September 30, 2021.
7. Encumbrance accounting is used in governmental funds. Encumbered purchase orders outstanding lapse at year-end.

NOTE 2 EXCESS EXPENDITURES OVER APPROPRIATION

There was an increase of $0.4 million in appropriations in the general fund during the year end September 30, 2021. Historically, the City develops a conservative budget based upon 96.5% of ad valorem taxes, and between 90% and 95% of the State's various state-shared revenue projections due to the uncertainty in the economy. Actual revenue received was $3.3 million more than budgeted. This was primarily due to an overage in intergovernmental revenues caused by the $1.9 million in CARES and ARP federal funds received. There was an additional $3 million of reserves used for the Fire Station 50, Veterans Community Park project, and the Medical Arts Facility. Overall, departmental expenditures were in line with budgeted expenditures.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

This page intentionally left blank.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Grants Fund accounts for the revenues received from other governmental and private organizations to be used for specific purposes.

Building Services Fund accounts for revenue received from building permits and application fees to be used for the operation of the building department.

CITY OF MARCO ISLAND, FLORIDA

Combining Balance Sheet

Nonmajor Governmental Funds

September 30, 2021

	Special Revenue		
	Grants Fund	Building Fund	Total
Assets			
Due from other governments	30,971	-	30,971
Restricted cash and cash equivalents	-	2,536,906	2,536,906
Total assets	$ 30,971	2,536,906	2,567,877
Liabilities			
Accounts payable	$ 2,086	17,085	19,171
Accrued liabilities	-	89,810	89,810
Due to other funds	3,485,618	-	3,485,618
Total liabilities	3,487,704	106,895	3,594,599
Fund(deficit) balances			
Restricted		2,430,011	2,430,011
Unassigned	(3,456,733)		(3,456,733)
Total fund(deficit) balances	(3,456,733)	2,430,011	(1,026,722)
Total liabilities and fund(deficit) balances	$ 30,971	2,536,906	2,567,877

CITY OF MARCO ISLAND, FLORIDA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended September 30, 2021

	Special Revenue		
	Grants Fund	Building Services	Total
Revenues			
Permits, fees and assessments	$ -	2,790,771	2,790,771
Intergovernmental	45,365	-	45,365
Interest	-	304	304
Miscellaneous	-	-	-
Total revenues	45,365	2,791,075	2,836,440
Expenditures			
Current			
Emergency and disaster recovery	201,066	-	201,066
Building services	-	2,493,172	2,493,172
Total expenditures	201,066	2,493,172	2,694,238
Excess (deficiency) of revenues over expenditures	(155,701)	297,903	142,202
Other financing sources (uses)			
Transfers out	-	(1,428,678)	(1,428,678)
Miscellaneous	1,457	-	1,457
Total other financing sources (uses)	1,457	(1,428,678)	(1,427,221)
Change in fund balances	(154,244)	(1,130,775)	(1,285,019)
Fund balances(deficit), beginning of year	(3,302,489)	3,560,786	258,297
Fund balances(deficit), end of year	$ (3,456,733)	2,430,011	(1,026,722)

CITY OF MARCO ISLAND, FLORIDA

Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual

Capital Projects Fund

Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Permits, fees and assessments	$ -	-	571,639	571,639
Intergovernmental	3,000,000	4,257,266	5,885,517	1,628,251
Interest	-	-	1,403	1,403
Miscellaneous	-	55,910	55,911	1
Total revenues	3,000,000	4,313,176	6,514,470	2,201,294
Expenditures				
Capital outlay	3,593,063	47,138,965	9,364,226	37,774,739
Total expenditures	3,593,063	47,138,965	9,364,226	37,774,739
Excess (deficiency) of revenues over (under) expenditures	(593,063)	(42,825,789)	(2,849,756)	39,976,033
Other financing sources (uses)				
Transfers in	3,593,063	9,500,160	10,272,432	772,272
Debt proceeds	-	13,000,000	13,001,215	1,215
Use of reserves	-	20,828,276	-	(20,828,276)
Contingency	(3,000,000)	(3,000,000)	-	3,000,000
Total other financing sources (uses)	593,063	40,328,436	23,273,647	(17,054,789)
Change in fund balance	-	(2,497,353)	20,423,891	22,921,244
Fund balance, beginning	20,162,978	20,162,978	20,162,978	-
Fund balance, end of year	$ 20,162,978	17,665,625	40,586,869	22,921,244

CITY OF MARCO ISLAND, FLORIDA

Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual

Grants Fund

Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ -	-	45,365	45,365
Total revenues	-	-	45,365	45,365
Expenditures				
Current				
Fire and rescue services	-	27,618	-	27,618
Emergency and disaster relief	-	200,770	201,066	(296)
Total expenditures	-	228,388	201,066	27,322
Excess (deficiency) of revenues over (under) expenditures	-	(228,388)	(155,701)	72,687
Other financing sources (uses)				
Miscellaneous	-	-	1,457	1,457
Use of Reserves	-	236,388	-	(236,388)
Total other financing sources (uses)	-	236,388	1,457	(234,931)
Changes in fund balance	-	8,000	(154,244)	(162,244)
Fund balance(deficit), beginning of year	(3,302,489)	(3,302,489)	(3,302,489)	-
Fund balance(deficit), end of year	$ (3,302,489)	(3,294,489)	(3,456,733)	(162,244)

CITY OF MARCO ISLAND, FLORIDA

Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual

Building Services Fund

Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Permits, fees and assessments	$ 2,000,000	2,000,000	2,790,771	790,771
Interest	10,000	10,000	304	(9,696)
Miscellaneous	-	-	-	-
Total revenues	2,010,000	2,010,000	2,791,075	781,075
Expenditures				
Current				
Operating expenses	2,533,098	2,579,008	2,493,172	85,836
Total expenditures	2,533,098	2,579,008	2,493,172	85,836
Excess (deficiency) of revenues over (under) expenditures	(523,098)	(569,008)	297,903	866,911
Other financing sources (uses)				
Transfers out	(52,500)	(1,428,678)	(1,428,678)	-
Use of reserves	827,598	2,198,776	-	(2,198,776)
Contingency	(252,000)	(201,090)	-	201,090
Total other financing sources (uses)	523,098	569,008	(1,428,678)	(1,997,686)
Changes in fund balance	-	-	(1,130,775)	(1,130,775)
Fund balance, beginning of year	3,560,786	3,560,786	3,560,786	-
Fund balance, end of year	$ 3,560,786	3,560,786	2,430,011	(1,130,775)

CITY OF MARCO ISLAND, FLORIDA

Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual

Debt Service Fund

Year Ended September 30, 2021

	Original budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	$ -	-	184	184
Interest Revenue	-	-	10	10
Total revenues	-	-	194	194
Expenditures				
Debt service				
Principal	589,223	589,223	589,222	1
Interest and fiscal charges	162,567	405,001	402,998	2,003
Total expenditures	751,790	994,224	992,220	2,004
Excess (deficiency) of revenues over (under) expenditures	(751,790)	(994,224)	(992,026)	2,198
Other financing sources				
Transfers in	351,790	453,150	453,150	-
Debt proceeds	-	141,074	141,074	-
Use of reserves	400,000	400,000	-	(400,000)
Total other financing sources	751,790	994,224	594,224	(400,000)
Change in fund balance	-	-	(397,802)	(397,802)
Fund balance, beginning of year	820,153	820,153	820,153	-
Fund balance, end of year	$ 820,153	820,153	422,351	(397,802)

FIDUCIARY FUNDS

Fiduciary funds are used to account for the activities of funds held in a trustee or agency capacity for others that cannot be used to support the City's own programs. The City reports pension trust funds which are to account for the activities of the City's retirement systems, which accumulate resources for pension benefit payments made to employees.

Firefighters' Pension Fund accounts for the activities of the City's defined benefit retirement plan for all full-time sworn fire personnel.

Police Offers' pension Fund accounts for the activities of the City's defined benefit retirement plan for all full-time sworn police personnel.

This page intentionally left blank.

CITY OF MARCO ISLAND, FLORIDA

Combining Statement of Fiduciary Net Position

Fiduciary Funds

September 30, 2021

	Pension Trust		
	Fire Pension	Police Pension	Total
Assets			
Cash and cash equivalents	$ 972,000	1,071,460	2,043,460
Investments, at fair value			
Government bonds	4,075,445	2,827,329	6,902,774
Corporate bonds	4,116,942	2,862,470	6,979,412
Common stock	18,254,168	13,959,836	32,214,004
Real estate trust	2,164,428	1,627,128	3,791,556
Accrued interest	9,845	6,546	16,391
Total investments	28,620,828	21,283,309	49,904,137
Total assets	29,592,828	22,354,769	51,947,597
Net position			
Net position restricted for pensions	$ 29,592,828	22,354,769	51,947,597

CITY OF MARCO ISLAND, FLORIDA

Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended September 30, 2021

	Pension Trust		
	Firefighters' Pension	Police Officers' Pension	Total
Additions			
Contributions			
Employer	$ 1,196,761	614,288	1,811,049
Employee	29,778	13,450	43,228
State of Florida	371,103	220,842	591,945
Total contributions	1,597,642	848,580	2,446,222
Investment earnings			
Interest and dividend income	455,468	361,301	816,769
Net change in fair value of investments	3,815,225	3,065,703	6,880,928
Less investment expense	(181,615)	(146,027)	(327,642)
Net investment earnings	4,089,078	3,280,977	7,370,055
Total additions	5,686,720	4,129,557	9,816,277
Deductions			
Benefits paid	1,244,117	553,608	1,797,725
General administration	48,603	50,437	99,040
Total deductions	1,292,720	604,045	1,896,765
Changes in net position	4,394,000	3,525,512	7,919,512
Net position, beginning of year	25,198,828	18,829,257	44,028,085
Net position, end of year	$ 29,592,828	22,354,769	51,947,597

CITY OF MARCO ISLAND, FLORIDA

STATISTICAL SECTION

This part of the City of Marco Island's Statistical annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	**Page**
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	115-119
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	120-123
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the city's ability to issue additional debt in the future.	124-127
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	128-130
Operating Information These schedules contain information about the City's operations and resource to help the reader understand how the City's financial information relates to the services the City and the activities it performs.	131-132

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

This page intentionally left blank.

CITY OF MARCO ISLAND, FLORIDA

Net Position by Component
(Unaudited)

Last Ten Fiscal Years (1)
(Accrual Basis of Accounting)

Schedule 1

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities											
Net investment in capital assets	$ 61,008,041	69,754,865	67,494,803	65,618,064	62,618,879	61,131,771	59,772,622	55,699,235	64,567,882	66,732,879	69,110,370
Restricted	16,478,505	4,382,336	7,789,000	7,623,177	7,721,599	8,491,539	13,505,166	19,289,949	4,542,380	1,504,310	1,271,905
Unrestricted	36,927,754	30,432,062	21,674,080	15,814,301	16,927,300	17,615,601	11,431,695	9,049,758	15,623,713	17,177,360	15,342,016
Total governmental activities net position	114,414,300	104,569,263	96,957,883	89,055,542	87,267,778	87,238,911	84,709,483	84,038,942	84,733,975	85,414,549	85,724,291
Business-type activities											
Net investment in capital assets	7,856,864	10,834,132	10,729,132	6,637,846	12,165,860	8,193,295	9,779,184	16,729,367	21,616,965	26,962,499	28,184,757
Restricted	78,141,187	83,040,035	78,321,317	79,807,220	77,786,619	82,049,230	86,752,586	71,877,466	66,333,894	22,184,698	26,945,022
Unrestricted	12,445,529	2,418,787	4,992,161	6,615,108	5,044,816	6,442,535	4,131,494	16,390,147	21,621,613	58,814,314	43,595,429
Total business-type activities net position	98,443,580	96,292,954	94,042,610	93,060,174	94,997,295	96,685,060	100,663,264	104,996,980	109,572,472	107,961,511	98,725,208
Primary government											
Net investment in capital assets	68,864,905	80,588,997	78,223,935	72,255,910	74,784,739	69,325,066	69,551,806	72,428,602	86,184,847	93,695,378	97,295,127
Restricted	94,619,692	87,422,371	86,110,317	87,430,397	85,508,218	90,540,769	100,257,752	91,167,415	70,876,274	23,689,008	28,216,927
Unrestricted	49,373,283	32,850,849	26,666,241	22,429,409	21,972,116	24,058,136	15,563,189	25,439,905	37,245,326	75,991,674	58,937,445
Total primary government net position	$ 212,857,880	200,862,217	191,000,493	182,115,716	182,265,073	183,923,971	185,372,747	189,035,922	194,306,447	193,376,060	184,449,499

(1) The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

CITY OF MARCO ISLAND, FLORIDA

Changes in Net Position
(Unaudited)

Last Ten Fiscal Years
(Accrual Basis of Accounting)

Schedule 2

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses											
Governmental activities											
General government	$ 4,702,360	4,376,903	6,395,699	4,113,520	4,947,403	4,424,936	4,109,616	3,385,646	3,749,034	4,461,910	3,576,147
Police services	5,571,032	5,347,538	4,709,895	4,994,108	4,727,400	4,956,746	4,596,364	4,747,915	4,688,947	4,612,996	4,224,760
Fire and rescue	7,048,461	7,330,015	7,515,505	6,552,931	6,606,013	6,666,126	6,888,796	6,249,716	5,624,652	5,218,196	5,147,712
Code compliance	444,073	332,801	392,704	372,479	413,577	253,698	276,394	361,456	290,804	308,749	269,208
Building services	2,521,229	2,801,645	2,306,676	1,776,427	1,724,854	1,474,441	1,307,860	1,281,963	1,183,248	828,981	875,979
Transportation	6,848,995	6,986,082	6,885,771	8,386,000	8,722,454	8,327,817	8,156,383	8,194,480	8,199,027	7,728,870	5,891,452
Disaster and recovery	216,626	697,600	309,148	3,660,868	1,955,216	-	-	-	-	-	-
Culture and recreation	1,549,436	1,651,078	1,690,540	1,561,180	1,343,864	925,684	964,037	927,793	842,869	892,691	2,135,742
Interest on long-term debt	402,998	188,871	216,026	209,465	205,166	328,382	331,005	456,728	366,606	413,409	509,186
Total governmental activities expenses	29,305,210	29,712,533	30,421,964	31,626,978	30,645,947	27,357,830	26,630,455	25,605,697	24,945,187	24,465,802	22,630,186
Business-type activities											
Water and sewer	34,011,516	34,666,569	36,747,252	37,281,849	37,217,643	37,869,302	37,714,287	36,855,596	36,078,592	31,670,493	29,828,635
Recreation	-	-	-	-	-	391,964	405,520	447,244	466,213	484,339	491,038
Total business-type activities expenses	34,011,516	34,666,569	36,747,252	37,281,849	37,217,643	38,261,266	38,119,807	37,302,840	36,544,805	32,154,832	30,319,673
Total primary government expenses	63,316,726	64,379,102	67,169,216	68,908,827	67,863,590	65,619,096	64,750,262	62,908,537	61,489,992	56,620,634	52,949,859
Program revenues											
Governmental activities											
Charges for services											
General government	1,782,099	1,626,299	1,563,543	1,532,946	964,375	1,243,196	1,275,340	1,127,775	984,197	983,325	819,346
Police services	149,354	171,202	133,453	71,182	116,729	132,227	92,350	44,343	29,031	29,259	30,507
Fire and rescue	338,721	471,882	808,313	470,923	446,183	782,134	390,964	246,397	278,112	245,181	165,672
Code compliance	175,454	55,324	172,807	87,114	96,341	69,629	58,521	146,712	126,158	104,726	201,445
Building services	2,790,771	1,983,779	2,236,380	2,245,482	1,973,453	2,318,906	2,171,503	1,575,705	1,608,453	1,333,631	826,128
Transportation	-	200,000	200,000	200,000	200,000	200,000	200,000	-	-	-	-
Culture and recreation	289,999	351,614	456,668	396,461	423,041	101,143	73,185	-	-	-	-
Operating grants and contributions	2,006,949	139,143	35,015	29,105	131,479	1,178,868	1,238,659	1,367,046	1,214,800	1,088,034	1,233,859
Capital grants and contributions	6,620,627	5,349,545	6,214,162	1,948,892	1,623,324	1,176,632	1,654,516	756,530	871,568	652,578	1,269,864
Total governmental activities program services	14,153,974	10,348,788	11,820,341	6,982,105	5,974,925	7,202,735	7,155,038	5,264,508	5,112,319	4,436,734	4,546,821
Business-type activities											
Charges for services, water and sewer	35,956,798	34,105,288	34,477,635	33,923,876	33,834,808	32,038,032	31,566,605	30,953,347	27,603,070	28,108,927	30,016,771
Charges for services, other activities	-	-	-	-	-	410,895	391,887	347,133	322,744	360,466	373,970
Operating grants and contributions	-	-	812,918	-	-	-	-	-	-	-	-
Capital grants and contributions	35,255	1,084,419	-	200,000	200,000	-	-	-	11,624,137	9,966,904	10,521,771
Total business-type activities program revenues	35,992,053	35,189,707	35,290,553	34,123,876	34,034,808	32,448,927	31,958,492	31,300,480	39,549,951	38,436,297	40,912,512
Net (expenses) revenues											
Governmental activities	(15,151,236)	(19,363,745)	(18,601,623)	(24,644,873)	(24,671,022)	(20,155,095)	(19,475,417)	(20,341,189)	(19,832,868)	(20,029,068)	(18,093,380)
Business-type activities	1,980,537	523,138	(1,456,699)	(3,157,973)	(3,182,835)	(5,812,339)	(6,161,315)	(6,002,360)	3,005,146	6,281,465	10,592,839
Total primary government net expense	$ (13,170,699)	(18,840,607)	(20,058,322)	(27,802,846)	(27,853,857)	(25,967,434)	(25,636,732)	(26,343,549)	(16,827,722)	(13,747,603)	(7,500,541)

CITY OF MARCO ISLAND, FLORIDA

Changes in Net Position-Continued
(Unaudited)

Last Ten Fiscal Years
(Accrual Basis of Accounting)

Schedule 2 (Continued)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General revenues and other changes in net position											
Governmental activities											
Taxes:											
Property taxes	$ 19,259,176	19,846,848	19,281,257	19,113,526	18,808,680	17,799,045	$ 16,562,644	$ 15,179,396	14,908,363	15,186,850	15,882,920
Communication service tax	346,488	464,165	781,728	969,671	951,887	861,174	899,099	882,950	1,056,187	991,888	945,876
Other taxes	1,654,826	1,608,425	1,611,473	1,586,868	1,481,292	1,453,822	1,361,675	1,450,956	1,270,102	1,128,441	1,154,806
Franchise fees	-	-	-	-	-	-	-	-	-	-	-
State shared revenues	3,323,662	2,762,660	2,922,672	2,850,503	2,732,383	2,650,823	2,544,704	2,406,165	2,212,992	2,036,642	1,950,824
Interest	94,432	1,205,992	1,576,265	534,831	304,575	255,206	197,982	235,709	50,315	230,611	212,562
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	166,553	1,027,321	267,713	1,093,315	242,066	343,302	235,675	111,365	184,223	144,892	155,820
Transfers	151,136	59,714	62,856	506,095	179,006	24,594	(533,737)	(507,052)	45,481	-	145,500
Total governmental activities	24,996,273	26,975,125	26,503,964	26,654,809	24,699,889	23,387,966	21,268,042	19,759,489	19,727,663	19,719,324	20,448,308
Business-type activities											
Interest	667,981	1,715,467	2,391,168	1,494,114	1,537,973	1,822,123	1,854,232	1,882,235	2,333,088	2,455,405	2,821,122
Miscellaneous revenues (expenses)	(346,754)	71,440	110,836	177,312	136,103	36,606	(560,370)	128,442	192,955	499,433	419,073
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-	(145,500)
Transfers	(151,136)	(59,714)	(62,856)	(506,095)	(179,006)	(24,594)	533,737	507,052	(45,481)	-	-
Total business-type activities	170,091	1,727,193	2,439,148	1,165,331	1,495,070	1,834,135	1,827,599	2,517,729	2,480,562	2,954,838	3,094,695
Total primary government	25,166,364	28,702,318	28,943,112	27,820,140	26,194,959	25,222,101	23,095,641	22,277,218	22,208,225	22,674,162	23,543,003
Changes in net position											
Governmental activities	9,881,492	7,611,380	7,902,341	2,009,936	(166,987)	3,232,871	1,792,265	(581,700)	(105,204)	(309,744)	2,354,928
Business-type activities	2,150,628	2,250,331	982,449	(1,992,642)	(1,687,765)	(3,978,204)	(4,333,716)	(3,484,631)	5,485,708	9,236,303	13,687,534
Total primary government	$ 12,032,120	9,861,711	8,884,790	17,294	(1,854,752)	(745,333)	(2,541,451)	(4,066,331)	5,380,504	8,926,559	16,042,462

CITY OF MARCO ISLAND, FLORIDA

Fund Balances of Governmental Funds
(Unaudited)

Last Ten Fiscal Years (1)
(Accrual Basis of Accounting)

Schedule 3

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General fund												
Nonspendable	$ 52,413	-	22,472	43,238	38,113	22,732	-	-	25	25	3,331	-
Restricted	71,663	821,550	2,306,342	2,197,776	2,308,808	1,905,845	1,774,814	1,428,954	1,286,470	958,362	722,132	-
Committed	-	-	-	-	-	-	1,609,381	1,660,834	-	-	-	-
Assigned	-	-	-	-	-	-	-	20,289	20,289	30,402	20,289	-
Reserved	-	-	-	-	-	-	-	-	-	-	-	610,908
Unassigned	12,003,971	12,369,992	11,074,368	8,532,385	6,812,590	7,397,900	4,954,528	5,383,767	8,653,648	7,003,460	6,363,876	-
Designated	-	-	-	-	-	-	-	-	-	-	-	10,847,424
Undesignated	-	-	-	-	-	-	-	-	-	-	-	850,672
Total unreserved	12,128,047	13,191,542	13,403,182	10,773,399	9,159,511	9,326,477	8,338,723	8,493,844	9,960,432	7,992,249	7,109,628	11,698,096
Total general fund	$ 12,128,047	13,191,542	13,403,182	10,773,399	9,159,511	9,326,477	8,338,723	8,493,844	9,960,432	7,992,249	7,109,628	12,309,004
All other governmental funds												
Restricted:												
Capital projects	$ 13,976,831	-	-	-	-	-	-	6,045,000	-	-	-	-
Debt service fund	422,351	820,153	1,594,489	1,540,882	1,534,669	1,514,072	2,088,333	1,761,965	1,670,453	545,948	549,773	-
Building Services	2,430,011	3,560,786	3,888,169	3,884,518	3,459,262	3,579,353	2,707,866	1,891,291	1,585,457	1,142,651	948,450	-
Committed:												
Asset replacement	-	-	-	-	973,817	1,492,269	5,324,772	6,501,905	-	-	-	-
Assigned:												
Transportation	-	-	-	-	-	-	-	-	-	600,000	-	-
Debt services	-	-	-	-	-	-	-	-	-	1,108,735	1,090,347	-
Grants	(3,456,734)	(3,302,489)	(4,396,833)	-	-	-	-	-	-	-	-	-
Capital projects	26,610,038	20,162,978	14,950,589	13,002,772	9,723,865	9,678,651	6,207,071	3,621,460	2,818,321	3,179,554	4,312,832	-
Impact and public safety programs	-	-	-	-	-	-	-	-	-	-	-	
Asset replacement	-	-	-	-	-	-	-	-	4,713,721	4,582,796	3,116,171	-
Unassigned	-	-	-	(6,562,734)	(554,958)	-	-	-	-	-	-	-
Reserved:												
Debt service fund	-	-	-	-	-	-	-	-	-	-	-	1,934,854
Unreserved												
Special revenue funds	-	-	-	-	-	-	-	-	-	-	-	1,202,908
Total all other governmental funds	$ 39,982,497	21,241,428	16,036,414	11,865,438	15,136,655	16,264,345	16,328,042	19,821,621	10,787,952	11,159,684	10,017,573	3,137,762
Total governmental funds												
Nonspendable	$ 52,413	-	22,472	43,238	38,113	22,732	-	-	25	25	3,331	-
Restricted	16,900,856	5,202,489	7,789,000	7,623,176	7,302,739	6,999,270	6,571,013	11,127,210	4,542,380	2,646,961	2,220,355	-
Committed	-	-	-	-	973,817	1,492,269	6,934,153	8,162,739	-	-	-	-
Assigned	23,153,304	16,860,489	10,553,756	13,002,772	9,723,865	9,678,651	6,207,071	3,641,749	7,552,331	9,501,487	8,539,639	-
Unassigned	12,003,971	12,369,992	11,074,368	1,969,651	6,257,632	7,397,900	4,954,528	5,383,767	8,653,648	7,003,460	6,363,876	-
Undesignated	-	-	-	-	-	-	-	-	-	-	-	-
Reserved	-	-	-	-	-	-	-	-	-	-	-	2,545,762
Unreserved	-	-	-	-	-	-	-	-	-	-	-	12,901,004
Total governmental funds	$ 52,110,544	34,432,970	29,439,596	22,638,837	24,296,166	25,590,822	24,666,765	28,315,465	20,748,384	19,151,933	17,127,201	15,446,766

(1) The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

CITY OF MARCO ISLAND, FLORIDA

Changes in Fund Balances of Governmental Funds
(Unaudited)

Last Ten Fiscal Years (1)
(Modified Accrual Basis of Accounting)

Schedule 4

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues												
Taxes	$ 21,260,490	21,919,438	21,674,458	21,670,064	21,241,859	20,114,041	18,823,418	17,513,302	17,234,652	17,307,179	17,983,602	17,883,310
Permits and fees	3,415,316	2,413,184	2,697,421	2,627,082	2,344,806	2,784,210	2,538,590	1,888,027	1,938,989	1,533,176	993,199	953,501
Intergovernmental	11,297,389	8,234,546	9,240,796	4,888,723	4,060,064	4,950,467	4,489,123	3,954,004	3,839,821	3,666,613	4,254,122	3,904,674
Charges for services	2,430,657	2,343,512	2,701,872	2,286,840	1,901,426	1,956,175	1,643,173	1,336,950	1,218,312	1,217,785	920,267	314,391
Fines and forfeitures	318,314	114,624	182,871	95,277	105,369	156,650	80,100	170,001	154,965	133,835	231,662	351,497
Interest income	94,431	1,205,992	1,508,783	517,873	293,100	255,206	197,983	235,708	50,316	182,507	210,351	200,612
Miscellaneous	181,058	169,910	113,644	594,034	523,285	349,358	1,184,427	433,770	357,448	130,680	165,845	441,478
Total revenues	38,997,655	36,401,206	38,119,845	32,679,893	30,469,909	30,566,107	28,956,814	25,531,762	24,794,503	24,171,775	24,759,048	24,049,463
Expenditures												
Current:												
General government	4,650,027	4,418,545	4,361,876	4,288,073	5,052,667	3,755,196	3,924,958	3,820,574	3,602,051	3,462,824	3,602,127	4,418,283
Police services	5,087,182	4,880,985	4,791,864	4,734,622	5,740,361	6,130,770	5,361,827	4,582,878	4,534,953	4,151,932	4,117,627	3,858,373
Fire and rescue	7,164,047	7,007,409	6,666,116	6,351,765	6,243,293	6,370,063	6,910,892	5,869,202	5,293,964	4,869,967	4,821,296	5,039,364
Code compliance	428,445	316,327	376,835	352,815	393,913	243,945	273,598	358,722	290,187	304,010	268,625	282,859
Building services	2,493,172	2,434,110	2,277,156	1,754,198	1,706,895	1,458,124	1,298,109	1,275,017	1,176,301	1,036,310	1,104,754	1,139,165
Transportation	2,940,045	3,132,882	2,692,835	2,618,797	2,571,329	2,366,584	2,397,638	2,387,332	2,483,555	2,524,969	1,113,799	1,358,546
Culture and recreation	1,278,972	1,396,368	1,466,497	1,376,783	1,235,917	837,184	802,469	768,273	692,649	599,266	1,980,400	1,879,614
Emergency and disaster recovery	216,626	697,600	309,148	3,660,868	1,955,216							
Debt service:												
Principal	589,222	2,167,260	1,839,753	1,844,754	1,854,583	4,442,593	1,443,047	1,254,351	1,116,059	1,071,692	1,543,467	2,100,575
Interest	402,998	188,871	230,044	189,898	216,777	328,382	331,004	4,251,728	366,606	413,411	477,221	517,849
Bond issue cost	-	-	-	-	-	-	-	-	-	-	-	
Capital outlay	9,364,226	5,690,182	6,369,822	9,936,334	6,562,366	5,975,257	9,328,237	3,430,204	3,535,449	3,712,662	4,195,157	4,535,622
Total expenditures	34,614,962	32,330,539	31,381,946	37,108,907	33,533,317	31,908,098	32,071,779	27,998,281	23,091,774	22,147,043	23,224,473	25,130,250
Excess (deficiency) of revenues over (under) expenditures	4,382,693	4,070,667	6,737,899	(4,429,014)	(3,063,408)	(1,341,991)	(3,114,965)	(2,466,519)	1,702,729	2,024,732	1,534,575	(1,080,787)
Other financing sources (uses)												
Transfers in	10,706,832	7,366,398	5,509,901	7,388,864	7,184,106	5,510,704	3,766,843	7,922,583	2,875,745	5,374,449	11,388,719	7,046,586
Transfers out	(10,555,696)	(7,306,684)	(5,447,045)	(6,507,766)	(5,415,354)	(5,486,111)	(4,300,579)	(8,429,635)	(2,830,264)	(5,374,449)	(11,243,219)	(7,046,586)
Proceeds from insurance	1,457	862,992										
Capital leases	-	-	-	1,890,590	-	261,456	-	734,435	350,000	-	-	-
Bonds issued	13,142,289	-	-	-	-	1,980,000	-	9,919,549	-	-	-	-
Total other financing sources (uses)	13,294,882	922,706	62,856	2,771,688	1,768,752	2,266,049	(533,736)	10,146,932	395,481	-	145,500	-
Net change in fund balance	$ 17,677,575	4,993,373	6,800,755	(1,657,326)	(1,294,656)	924,058	$ (3,648,701)	$ 7,680,413	2,098,210	2,024,732	1,680,075	(1,080,787)
Debt service as a percentage of non-capital expenditures	3.93%	8.84%	8.28%	7.49%	7.68%	18.40%	7.80%	22.41%	7.58%	8.06%	7.80%	7.21%
Capital outlay (per above)	$ 9,364,226	5,690,182	6,369,822	9,936,334	6,562,366	5,975,257	9,328,237	3,430,204	3,535,449	3,712,662	4,195,157	4,535,622
Capital outlay included in current expenditures	-	-	-	-	-	-	-	-	-	87,639	316,570	855,459
Total capital outlay	$ 9,364,226	5,690,182	6,369,822	9,936,334	6,562,366	5,975,257	9,328,237	3,430,204	3,535,449	3,800,301	4,511,727	5,391,081

(1) The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

Assessed Value of Taxable Property
(Unaudited)

Last Ten Fiscal Years

Schedule 5

Fiscal Year	Tax Year	Real Property	Personal Property	Total Taxable Value [2]	Percentage Increase (Decrease) Over Prior Year	Total Direct Tax Rate	
2012	2011	7,493,705,720	74,289,395	7,567,995,115	-8.5%	2.0770	4%
2013	2012	7,342,959,034	68,248,839	7,411,207,873	-2.1%	2.0797	0%
2014	2013	7,478,069,118	70,416,975	7,548,486,093	1.9%	2.0763	0%
2015	2014	7,900,449,654	70,102,819	7,970,552,473	5.6%	2.1507	4%
2016	2015	8,550,755,951	69,208,938	8,619,964,889	8.1%	2.1419	0%
2017	2016	9,298,441,136	67,431,937	9,365,873,073	8.7%	2.0844	-3%
2018	2017	9,900,723,843	115,347,306	10,016,071,149	6.9%	1.9797	-5%
2019	2018	10,276,265,025	115,939,756	10,392,204,781	3.8%	1.9288	-3%
2020	2019	10,667,801,697	131,419,687	10,799,221,384	3.9%	1.8821	-2%
2021	2020	11,196,470,023	117,110,761	11,313,580,784	4.8%	1.7610	-6%
2022 [1]	2021	11,734,336,671	114,282,690	11,848,619,361	4.7%	1.7088	-3%

[1] Information only. 2021 assessed values are used for fiscal year 2022 tax revenues.
[2] Actual taxable value, as reported in this schedule, are net of certain tax-exemptions.
Assessed value is not provided because it cannot be reasonably estimated based on actual values.

Source: Collier County Property Appraiser

CITY OF MARCO ISLAND, FLORIDA

Property Tax Rates for Direct and Overlapping Governments
(Per $1,000 Assessed Values)
(Unaudited)

Last Ten Fiscal Years

Schedule 6

	Direct		Overlapping							
Fiscal Year Ended	City Operating	City Debt Service	Collier County Operating	Collier School Board	Mosquito Control	South FL Water Management	Water Pollution Control	Big Cypress Basin	Collier County Other	Total Levy
2012	1.9592	0.1177	3.5645	5.5270	0.0934	0.1785	0.0293	0.1633	0.2500	11.8829
2013	1.9600	0.1204	3.5645	5.5760	0.1102	0.1757	0.0293	0.1633	0.2500	11.9494
2014	1.9600	0.1163	3.5645	5.6900	0.1050	0.1685	0.0293	0.1593	0.0000	11.7929
2015	2.0466	0.1041	3.5645	5.5800	0.1001	0.1577	0.0293	0.1520	0.0000	11.7343
2016	2.0466	0.0953	3.5645	5.4800	0.0940	0.1459	0.0293	0.1429	0.0000	11.5985
2017	1.9966	0.0878	3.5645	5.2450	0.0878	0.1359	0.0293	0.1336	0.0000	11.2805
2018	1.8976	0.0821	3.5645	5.1220	0.1832	0.1275	0.0293	0.1270	0.0000	11.1332
2019	1.8492	0.0796	3.5645	5.0490	0.1775	0.1209	0.0293	0.1231	0.0000	10.9931
2020	1.8057	0.0764	3.5645	5.0830	0.1720	0.1152	0.0293	0.1192	0.0000	10.9653
2021	1.7610	0	3.5645	5.0160	0.1662	0.1103	0.0293	0.1152	0.0000	10.7625
2022 [1]	1.7088	0	3.5645	4.8890	0.1609	0.1061	0.0293	0.1116	0.2500	10.8202

[1] Information only. 2021 assessed values are used for fiscal year 2020 tax revenues.

Source: Collier County Property Appraiser

CITY OF MARCO ISLAND, FLORIDA

Principal Property Taxpayers
(Unaudited)

For the Current Calendar Year and Nine Years Ago

Schedule 7

Taxpayer	Property by Type	January 1, 2020 Taxable Valuation	Rank	% of Total Assessed Valuation	Taxpayer	Property by Type	January 1, 2011 Taxable Valuation	Rank	% of Total Assessed Valuation
Marco Hotel LLC	Hospitality	$ 249,180,167	1	2.18%	City National Bank of Miami - Marriott	Hospitality	65,449,147	1	0.79%
Marco Beach Hotel Inc	Hospitality	38,298,650	2	0.33%	Marco Beach Hotel Inc.	Hospitality	32,584,669	2	0.39%
BRE SE Retail Holdings	Shopping Center	18,263,651	3	0.16%	Marriott Ownership Properties	Hospitality	18,404,502	3	0.22%
GM Esplanade LLC	Shopping Center	13,002,966	4	0.11%	Marco Town Center, Inc.	Shopping Center	11,500,699	4	0.14%
Publix Super Markets LLC	Shopping Center	11,660,865	5	0.10%	A&N of Marco, Inc.	Shopping Center	8,575,362	5	0.10%
Venetian Investments LLC	Shopping Center	10,750,627	6	0.09%	Bates, Wesley C.	Single Family Residence	6,600,629	6	0.08%
Island Plaza Investments LLC	Shopping Center	10,613,035	7	0.09%	Gregg Holdings, Inc.	Single Family Residence	6,311,799	7	0.08%
Hobbs, Allen	Residential	9,538,263	8	0.08%	Salvatore & Yvonne Balsamo	Condominium	6,302,600	8	0.08%
SHM Calusa LLC	Marina	9,190,957	9	0.08%	Venetian Investment, LLC	Single Family Residence	6,031,486	9	0.07%
Marco River Marina Inc	Marina	8,703,020	10	0.08%	Jack C. & Dorothy J. Skoog Trust	Single Family Residence	5,387,637	10	0.07%
Total		**$ 379,202,201**		**3.32%**			**167,148,530**		**2.02%**

Source: Collier County Property Appraiser

CITY OF MARCO ISLAND, FLORIDA

Property Tax Levies and Collections (1)
(Unaudited)

Last Ten Fiscal Years

Schedule 8

Fiscal Year	Tax Year	Total Tax Levy (2)	Current Tax Collections (2)	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Collections To Date	Percent of Total Collections To Date
2011	2010	16,525,140	15,867,796	96.0%	14,310	15,882,106	96.1%
2012	2011	15,717,969	15,180,688	96.6%	6,162	15,186,850	96.6%
2013	2012	15,419,018	14,897,743	96.6%	10,619	14,908,362	96.7%
2014	2013	15,672,922	15,134,335	96.6%	45,060	15,179,395	96.9%
2015	2014	17,141,963	16,565,510	96.6%	5,135	16,570,645	96.7%
2016	2015	18,463,103	17,796,052	96.4%	2,994	17,799,046	96.4%
2017	2016	19,518,479	18,806,052	96.3%	2,994	18,809,046	96.4%
2018	2017	19,828,816	19,108,784	96.4%	4,742	19,113,526	96.4%
2019	2018	20,044,485	19,266,581	96.1%	14,675	19,281,256	96.2%
2020	2019	20,325,214	19,266,581	94.8%	3,470	19,270,051	94.8%
2021	2020	20,246,921	19,253,362	95.1%	5,630	19,258,992	95.1%

Source: Collier County Tax Collector

(1) Under Florida State Statutes, property owners are entitled to up to a 4% reduction in ad valorem tax payments for early payment. Outstanding delinquent taxes for the City are not significant.

(2) Total tax levy and tax collection columns are City operating and special voted debt service, and does not include Hideaway Beach Tax District.

CITY OF MARCO ISLAND, FLORIDA

Ratios of Outstanding Debt by type
(Unaudited)

Last Ten Fiscal Years [1]
(Modified Accrual Basis of Accounting)

Schedule 9

	Governmental Activities				Business-Type Activities				
Fiscal Year	General Obligation Bonds	Non Ad Valorem	Sales Tax Revenue Bonds	Capital Leases	Water/Sewer [1] Revenue Bonds & Loans	STRP [2] Assessment Bonds & Notes	Total Primary Government	Percentage [3] of Personal Income	Per [3] Capita
2011	6,415,000	-	4,565,000	532,026	176,042,107	38,821,263	226,375,396	29.59%	13,767
2012	5,790,000	-	4,175,000	475,332	165,096,346	50,178,723	225,715,401	29.20%	13,662
2013	5,145,000	-	3,775,000	754,273	161,262,870	54,728,048	225,665,191	27.41%	13,426
2014	4,480,000	6,045,000	3,360,000	1,314,357	153,725,200	52,311,347	221,235,904	27.27%	13,322
2015	3,825,000	6,045,000	2,930,000	1,036,671	147,321,156	49,790,459	210,948,286	24.81%	12,610
2016	3,080,000	5,705,000	1,980,000	870,173	143,535,311	47,180,293	202,350,777	22.47%	11,952
2017	2,325,000	5,360,000	1,595,000	500,590	135,691,633	44,483,945	189,956,168	19.27%	11,150
2018	1,560,000	5,005,000	1,200,000	2,061,427	129,803,362	41,690,809	181,320,598	18.12%	10,607
2019	785,000	4,640,000	805,000	1,756,674	123,867,742	38,798,675	170,653,091	15.18%	9,837
2020	-	4,265,000	-	1,554,414	123,052,629	35,804,030	164,676,073	12.67%	10,449
2021	-	15,795,000	-	1,345,193	117,781,608	32,709,143	167,630,944	12.90%	10,636

[1] Water and wastewater operations on Marco Island and at Marco Shores acquired from Florida Water Services in November 2003.

[2] Septic Tank Replacement Program: includes permanent financing and state revolving loans. All of this debt is secured by special assessment districts. Includes $34,527,852 of State Loan financing for the Septic Tank Replacement Program.

[3] See Table 13 Schedule of Demographic and Economic Statistics for personal income and population data.

Source: City of Marco Island Finance Department.

CITY OF MARCO ISLAND, FLORIDA

Ratios of General Bonded Debt Outstanding
(Unaudited)

Last Ten Fiscal Years

Schedule 10

Fiscal Year	Bonds	Percentage of Net Assessed Property Value [1]	Per Capita [2]
2012	5,790,000	0.077%	350
2013	5,145,000	0.069%	311
2014	4,480,000	0.059%	270
2015	3,825,000	0.048%	229
2016	3,080,000	0.036%	182
2017	2,325,000	0.025%	136
2018	1,560,000	0.016%	91
2019	785,000	0.008%	45
2020	-	0.000%	0
2021	-	0.000%	0

[1] See Schedule 5, Assessed Value of Taxable Property, for net assessed property value data.
[2] See Schedule 13, Demographic and Economic Statistics, for population data.

Source: City of Marco Island Finance Department.

CITY OF MARCO ISLAND, FLORIDA

Direct and Overlapping Governmental Activities Debt
(Unaudited)

As of September 30, 2021

Schedule 11

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
City of Marco Island Direct Debt			
Non Ad Valorem Capital Improvement Revenue Note	$ 4,265,000	100.00%	3,885,000
Non Ad Valorem Public Improvement Revenue Bond	11,910,000	100.00%	11,910,000
Capital leases	1,554,414	100.00%	1,345,193
Total direct debt			17,140,193
Overlapping debt			
Collier County	428,863,027	11.32%	48,560,161
Collier County School Board	172,969,350	11.32%	19,585,320
Total overlapping debt			68,145,481
Total direct and overlapping debt			$ 85,285,674

Sources: Debt outstanding data was provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Marco Island. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

CITY OF MARCO ISLAND, FLORIDA

Pledged Revenue Bond Coverage
Water/Sewer Revenue Bonds and Sales Tax Revenue Bonds
(Unaudited)

Last Ten Fiscal Years

Schedule 12

	Water/Sewer Enterprise Fund								General Fund		
Fiscal Year (1)	Water/Sewer Revenue	Water/Sewer Impact Fees	Less Operating Expenses	Net Revenues With Impact Fees	Net Revenues Without Impact Fees	Debt Service (2)	Coverage With Impact Fees (3)	Coverage Without Impact Fees (4)	Sales Tax Revenues	Debt Service	Coverage
2011	29,872,159	218,068	10,474,484	19,615,743	19,397,675	8,608,479	2.28	2.25	1,492,056	548,160	2.72
2012	28,353,936	155,906	11,171,326	17,338,516	17,182,610	8,793,539	1.97	1.95	1,576,141	549,775	2.87
2013	26,917,858	852,255	11,440,465	16,329,648	15,477,393	8,919,076	1.83	1.74	1,695,866	545,948	3.11
2014	30,466,941	658,941	12,009,412	19,116,470	18,457,529	9,236,659	2.07	2.00	1,860,287	546,685	3.40
2015	30,293,064	1,273,541	12,712,074	18,854,531	17,580,990	10,491,176	1.80	1.68	1,985,969	546,897	3.63
2016	29,948,235	2,089,797	12,602,669	19,435,363	17,345,566	10,473,653	1.86	1.66	2,078,572	512,367	4.06
2017	32,362,964	1,471,844	12,752,921	21,081,887	19,610,043	9,347,412	2.26	2.10	2,108,110	408,416	5.16
2018	33,094,437	829,439	12,765,341	21,158,535	20,329,096	10,404,170	2.03	1.95	2,207,752	413,307	5.34
2019	33,356,462	1,121,173	13,701,045	20,776,590	19,655,417	10,456,957	1.99	1.88	2,281,184	408,133	5.59
2020	33,021,500	1,083,788	14,046,097	20,059,191	18,975,403	10,398,910	1.93	1.82	2,164,457	815,578	2.65
2021	34,459,926	2,496,872	14,698,106	22,258,692	19,761,820	8,044,651	2.77	2.46	2,621,443	0	N/A

(1) The City purchased the water and sewer utility operations in November 2003, or fiscal year 2004, from Florida Water Services, Inc.
Utility revenue bonds in the amount of $101 million were issued to finance the acquisition.
The sales tax revenue bonds were issued in August 2005 to finance the purchase of Veterans Community Park.

(2) Sewer assessment long-term debt is excluded.

(3) Debt service coverage requirement, with impact fees included in net revenues, is 1.20.

(4) Debt service coverage requirement, with impact fees excluded from net revenues, is 1.10.

Source: City of Marco Island Finance Department

CITY OF MARCO ISLAND, FLORIDA

Demographic and Economic Statistics
(Unaudited)

Last Ten Fiscal Years

Schedule 13

	Population			Income			
Fiscal Year	City of Marco Island [1]	Collier County [1]	State of Florida [1]	Florida Personal Income (in millions of dollars) [2]	Naples-Marco Island Per Capita Personal Income [2]	Florida Per Capita Personal Income [2]	Florida Unemployment Rate [3]
2011	16,443	321,520	18,801,310	764,917	59,985	40,427	9.5
2012	16,521	328,134	19,057,542	773,062	59,264	40,565	8.1
2013	16,556	333,663	19,259,543	810,887	60,391	42,103	6.7
2014	16,607	336,783	19,507,369	811,377	64,872	41,497	5.8
2015	16,728	343,802	19,815,183	850,178	73,869	42,737	5.2
2016	16,930	350,202	20,148,654	900,636	78,473	44,429	4.7
2017	17,036	357,470	20,484,142	985,795	84,101	46,876	3.8
2018	17,094	367,347	20,840,568	1,000,624	87,829	47,684	3.3
2019	17,348	376,706	21,208,589	1,124,128	92,686	51,894	3.1
2020	17,834	384,902	21,477,737	1,125,984	99,382	52,426	7.2
2021	15,760	375,752	21,538,187	1,299,645	103,865	60,341	4.8

(1) Source: U.S. Census Bureau

(2) Source: U.S. Department of Commerce Bureau of Economic Analysis

(3) Source: U.S. Department of Labor Bureau of Labor Statistics

CITY OF MARCO ISLAND, FLORIDA

Top Ten Employers, Naples-Marco Island
(Unaudited)

Fiscal Year 2021 and Nine Years Ago

Schedule 14

Fiscal Year 2021 [1]				Fiscal Year 2012 [2]			
Employer	**Business Type**	**Employees**	**Rank**	**Employer**	**Business Type**	**Employees**	**Rank**
Collier County Public Schools	Public Education	6,559	1	Collier County Public Schools	Public Education	5,446	1
NCH Healthcare System	Health Care	3,094	2	NCH Healthcare System	Health Care	3,725	2
Publix Super Markets	Supermarket	2,947	3	Publix Supermarkets	Supermarket	2,161	3
Collier County Government (non-Sheriff)	Government	2,110	4	Collier County Government (non-Sheriff)	Government	1,727	4
Arthex Manufacturing	Health Care Manufacturing	1,520	5	Collier County Sheriff	Government	1,387	5
LFC Agricultural Services	Farming	1,471	6	Ritz Carlton Hotel	Hospitality	1,150	6
Collier County Sheriff	Government	1,237	7	Home Depot	Home Improvement	1,012	7
Ritz Carlton, Naples	Hospitality	1,236	8	Marriott Corporation	Hospitality	943	8
Arthrex	Health Care Wholesale	1,199	9	Naples Grand Resort	Hospitality	605	9
Physician's Regional Medical Center	Health Care	1,191	10	Barron Collier Partnership	Developer	600	10
Total		22,564		Total		18,756	

(1) Source: Florida Department of Economic Opportunity

(2) Source: Fiscal Year 2012 CAFR

CITY OF MARCO ISLAND, FLORIDA

Full-time Equivalent Employees
by Department as of September 30, 2020
(Unaudited)

Last Ten Fiscal Years

Schedule 15

Department	2021[3]	2020	2019	2018	2017[2]	2016	2015	2014	2013[1]	2012	2011
General Fund:											
Executive Administrative	8.5	8.5	6	5	7	6	7	7	7	8.5	6
Information Technology	3.5	3.5	4.5	4	4	1	1	3	3	0	0
Fleet and Facilities	7	0	0	0	0	0	0	0	0	0	0
Finance	6	6	6.5	6.5	5.5	7	7	7	6	7	7
Community Development	6.5	6.5	6	6	5	4	4	5	5	4	6
Fire / Rescue	42	44	42.5	43	43	42	41.5	38	38	38	38
Code Compliance	6	7	8	9	7.5	9.25	2.5	3	3	3	3
Police	40	39	36	37.5	37.5	35	39	41.5	41.5	35.5	35.5
Public Works	13	12	11	11	11	9	12	11	13	5.5	6
Parks and Recreation	8.5	13	13	13	12.5	10	9	10	9	15	15
Total General Fund	141	139.5	133.5	135	133	123.25	123	125.5	125.5	116.5	116.5
Water / Sewer Enterprise Fund	73	72.5	71	70	65	64	67	69	69	78	77
Building Services Fund	19.5	19	21	18.5	16	11.25	12	10.5	8.5	8	8
Recreation Enterprise Fund	0	0	0	0	0	3	3	3	3	3.5	3.5
Total	233.5	231	225.5	223.5	214	201.5	205	208	206	206	205

(1) Information Technology included in Executive Admininistration for prior years. Parks maintenance placed under Public Works.
(2) Recreation Enterprise functions were transferred to Park and Recreation in the General Fund.
(3) Fleet and Facilities personnel were transferred from Parks and Public Works to better match employee duties to their true function.

Source: City of Marco Island, Human Resources Department.

CITY OF MARCO ISLAND, FLORIDA

Operating Indicators by Department
(Unaudited)

Last Ten Fiscal Years

Schedule 16

Department	2021*	2020*	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Police Department												
Calls for Service	161,879	90,998	50,140	45,195	45,426	41,116	41,798	42,600	58,855	58,014	70,740	77,628
Fire Department												
Calls for Service	3,606	3,743	3,329	3,417	3,872	3,571	3,423	3,413	3,202	2,897	2,688	2,802
Building Department												
New Single-Family Homes	272	100	107	96	99	101	114	105	92	74	25	33
New Multi-Family Units	-	-	-	-	-	-	-	-	-	-	-	-
Total Permits Issued	8,226	6,836	8,125	10,193	7,203	5,841	6,482	5,883	5,647	5,369	5,149	5,381
Water Production												
Number of Customers	10,723	10,255	10,033	9,969	9,881	9,800	9,701	9,554	9,847	9,583	9,756	9,623
Raw Flow into Water Plants: (Surface and Ground)												
Average Daily Treatment (Millions of gallons)	8.44	8.21	8.37	8.25	7.94	7.30	7.58	7.40	7.02	7.97	7.89	7.80
Maximum Daily Treatment (Millions of gallons)	11.63	11.52	12.37	11.61	11.05	10.89	10.77	10.63	13.99	16.25	16.25	16.01
Wastewater Treatment												
Number of Customers	10,744	9,803	9,653	9,572	9,424	9,372	9,257	9,136	8,652	8,424	8,375	7,044
Flow into Wastewater Plants:												
Average Daily Treatment (Millions of gallons)	2.32	2.31	2.20	2.08	2.04	2.09	2.04	2.00	2.03	1.96	1.94	1.92
Maximum Daily Treatment (Millions of gallons)	3.58	5.09	4.21	3.55	5.11	4.80	3.25	3.54	3.20	3.76	3.72	3.67

Source: City of Marco Island

* The main driver for the increase in calls was the inclusion of self initiated calls that are part of the community policing program which was exacerbated by the response to the COVID19 Pandemic, as well as the inclusion of Code Enforcement related calls.

CITY OF MARCO ISLAND, FLORIDA

Capital Asset Statistics by Function/Program
(Unaudited)

Last Ten Fiscal Years

Schedule 17

Function/Program	Fiscal Year 2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Police Department										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Patrol Units	12	12	12	12	12	12	12	12	12	12
Fire Department										
Number of Stations	2	2	2	2	2	2	2	2	2	2
Parks and Recreation										
Number of Parks	10	10	10	10	10	10	10	10	10	10
Park Acreage	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0
Tennis Courts	7	7	7	7	8	8	8	10	10	10
Pickleball Courts	5	5	5	5						
Bocce Ball Courts	4	4	4	4	3	3	3	3	3	3
Shuffleboard Courts	3	3	3	3	7	7	7	7	7	7
Racquetball Courts	2	2	2	2	2	2	2	2	2	2
Basketball Courts	1	1	1	1	1	1	1	1	1	1
Baseball/Softball Diamonds	3	3	3	3	3	3	3	3	3	3
Teen Center	1	1	1	1	1	1	1	1	1	1
Public Beach Access	2	2	2	2	2	2	2	2	2	2
Public River Access	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (Centerline Miles)	127	127	127	127	127	127	127	127	127	127
Signalized intersections	11	11	11	10	10	10	10	10	10	10
Bridges	15	15	15	15	15	15	15	15	15	15
Utilities										
Number of Water Plants	3	3	3	3	3	3	3	3	3	3
Number of Waste Water Plants	1	1	2	2	2	2	2	2	2	2
Water Lines (Miles)	155	155	155	155	155	155	155	155	155	155
Sewer Lines (Miles)	202	202	202	202	202	202	202	202	202	191

Source: City of Marco Island

SINGLE AUDIT AND OTHER REPORTS AND LETTERS

MAULDIN & JENKINS
CPAs & ADVISORS

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

City Council and City Manager
City of Marco Island, 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Marco Island, Florida (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 30, 2022.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a 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 City'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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.

Mauldin & Jenkins, LLC

Bradenton, Florida
March 30, 2022

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

City Council and City Manager
City of Marco Island, Florida

Report on Compliance for Each Major Federal Program

We have audited the City of Marco Island, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs and state projects.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards, the Uniform Guidance, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Programs
In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Bradenton, Florida
March 30, 2022

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED SEPTEMBER 30, 2021

Federal/State Agency, Pass-through Entity Federal Program/State Project	Assistance Listing No.	Grantors Number	Expenditures
Clusters			
Highway Planning and Construction Cluster - US Department of Transportation			
Passed through Florida Department of Transportation			
Local Agency Program (LAP) - San Marco - S Barfield Sidewalks	20.205	436970-1-58-01	$ 587,374
Local Agency Program (LAP) - N Collier Blvd Sidewalks	20.205	433189-1-58-01	655,138
Local Agency Program (LAP) - San Marco Rd - Vintage Bay to Goodland	20.205	440438-1-58-01	356
Local Agency Program (LAP) - Inlet Dr - Addison Ct to Travida Terr.	20.205	441879-1-58-01	414
Local Agency Program (LAP) - Bald Eagle - Collier Blvd to Old Marco Ln.	20.205	441878-1-58-01	369
Total US Department of Transportation			1,243,652
Other Federal Awards			
US Department of the Treasury			
Coronavirus Local Fiscal Recovery Fund (ARP Act)	21.027		873,096
Indirect Federal Awards			
US Department of the Treasury			
Passed through Collier County			
Coronavirus Relief Fund (CARES Act)	21.019		1,000,000
US Department of Homeland Security (DHS) Federal Emergency Management Agency (FEMA)			
Passed through Florida Department of Financial Services			
Division of Emergency Management	97.036	Z0772	20,885
Total Awards			**$ 3,137,632**

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedules of Expenditures of Federal include the federal grant activity of the City, and is presented using the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF MARCO ISLAND, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting: Material weaknesses identified?	____ yes __X__ no
Significant deficiencies identified not considered to be material weaknesses?	____ yes __X__ none reported
Noncompliance material to financial statements noted?	____ yes __X__ no

Federal Programs

Internal Control over major federal programs: Material weaknesses identified?	____ yes __X__ no
Significant deficiencies identified not considered to be material weaknesses?	____ yes __X__ none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	____ yes __X__ no

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction Cluster
21.019	Coronavirus Relief Fund
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Federal Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	__X__ yes _____ no

State Financial Assistance Projects

There was not an audit of major state financial assistance projects as of September 30, 2021 due to the total amount expended being less than $750,000.

CITY OF MARCO ISLAND, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

No current year findings noted.

SECTION III
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

SECTION IV
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No prior year findings noted.

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

City Council and City Manager
City of Marco Island, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Marco Island, Florida (the "City"), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 30, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance; schedule of findings and questioned costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 30, 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 findings or recommendations in the preceding annual financial audit report requiring correction.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of Marco Island, Florida was incorporated in 1897. Additional information on the City's creation and the City's component unit are disclosed within the City's footnotes.

1401 MANATEE AVENUE WEST, SUITE 1200 • BRADENTON, FLORIDA 34205 • 941-747-4483 • 855-891-0070 • FAX 941-747-6035 • www.mjcpa.com
Members of The American Institute of Certified Public Accountants

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and 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.d, 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 that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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 Mayor and Members of the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Bradenton, Florida
March 30, 2022

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT ACCOUNTANT'S REPORT

City Council and City Manager
City of Marco Island, Florida

We have examined the City of Marco Island, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2021. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City 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 a legal determination on the City's compliance with specified requirements.

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

This report is intended solely for the information and use of the City and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Bradenton, Florida
March 30, 2022