

City of Naples, Florida ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended September 30, 2021



THE CITY OF NAPLES, FLORIDA
Annual Comprehensive Financial Report
For the Year Ended September 30, 2021
(With Independent Auditor's Report Thereon)

Prepared By:
FINANCE DEPARTMENT

City of Naples

September 30, 2021



Principal Officers

Mayor
Vice-Mayor
Council Member
Council Member
Council Member
Council Member
Council Member

Teresa Heitmann
Mike McCabe
Ted Blankenship
Ray Christman
Terry Hutchison
Paul Perry
Beth Petrunoff

City Manager (Interim)
City Clerk
City Attorney

Pete DiMaria
Patricia L. Rambosk
Nancy Stuparich

Department Directors

Deputy City Manager (Interim)
Building Director/Building Official
Community Services Director
Finance Director
Fire Chief (Interim)
Human Resources Director
Planning Director
Police Chief
Streets and Stormwater Director (Interim)
Technology Services Director
Utility Director

Gary Young
Craig Mole'
Nick Roberts
Gary Young
Phillip Pennington
Charlotte Loewel
Erica Martin
Thomas Weschler
Andrew Holland
Brian Dye
Robert H. Middleton

**CITY OF NAPLES, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

TABLE OF CONTENTS

Page

I. Introductory Section

Title Page	
List of Principal Officials	
Table of Contents	i
Letter of Transmittal	v
Certificate of Achievement for Excellence in Financial Reporting	xvi
City of Naples Organization Chart	xvii

II. Financial Section

Independent Auditors' Report	1
Management's Discussion and Analysis (Unaudited)	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	20
Statement of Activities	21
Fund Financial Statements:	
Balance Sheet—Governmental Funds	23
Reconciliation of the Balance Sheet—Governmental Funds to the Statement of Net Position	26
Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund	
Balances of Governmental Funds to the Statement of Activities	30
Statement of Net Position—Proprietary Funds	31
Statement of Revenues, Expenses and Changes in Fund Net Position—Proprietary Funds	35
Statement of Cash Flows—Proprietary Funds	37
Statement of Fiduciary Net Position—Fiduciary Funds	39
Statement of Changes in Fiduciary Net Position—Fiduciary Funds	40
Notes to Financial Statements	42
Required Supplementary Information (Unaudited):	
Schedule of Revenues, Expenditures and Changes in Fund Balances—	
Budget and Actual—General Fund	101
Budget and Actual—Community Redevelopment Fund	103
Budget and Actual—Streets and Traffic Fund	104
Budget and Actual—Baker Park Fund	105
Budget and Actual—East Naples Bay District Fund	106
Notes to Required Supplementary Information	107
Schedule of Changes in Net Pension Liability and Related Ratios—	
General Employees' Pension	108
Schedule of Contributions—General Employees' Pension	109
Schedules of Pension Investment Returns	110
Schedule of Changes in Net Pension Liability and Related Ratios—	
Police Officers' Pension	111
Schedule of Contributions—Police Officers' Pension	112

CITY OF NAPLES, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

TABLE OF CONTENTS (CONTINUED)

	Page
Schedule of Changes in Net Pension Liability and Related Ratios– Firefighters’ Pension	113
Required Supplementary Information (Unaudited) (Continued):	
Schedule of Contributions–Firefighters’ Pension	114
Schedule of Changes in the City’s Total OPEB Liability and Related Ratios	115
Other Supplementary Information	
Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet–Nonmajor Governmental Funds	120
Combining Statement of Revenues, Expenditures and Changes in Fund Balances– Nonmajor Governmental Funds	122
Combining Balance Sheet–Nonmajor Governmental Special Revenue Funds	123
Combining Statement of Revenues, Expenditures and Changes in Fund Balances– Nonmajor Governmental Special Revenue Funds	125
Combining Balance Sheet–Nonmajor Governmental Capital Projects Funds	130
Combining Statement of Revenues, Expenditures and Changes in Fund Balances– Nonmajor Governmental Capital Projects Funds	132
Schedules of Revenues, Expenditures and Changes in Fund Balances– Budget and Actual:	
Nonmajor Special Revenue Funds	133
Debt Service Fund	138
Major and Nonmajor Capital Projects Funds	139
Combining Statement of Net Position–Nonmajor Enterprise Funds	144
Combining Statement of Revenues, Expenses and Changes in Fund Net Position– Nonmajor Enterprise Funds	145
Combining Statement of Cash Flows–Nonmajor Enterprise Funds	146
Combining Statement of Net Position–Internal Service Funds	150
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position– Internal Service Funds	151
Combining Statement of Cash Flows–Internal Service Funds	152
Combining Statement of Fiduciary Net Position–Fiduciary Funds	156
Combining Statement of Changes in Fiduciary Net Position–Fiduciary Funds	157

III. Statistical Section (Unaudited)

Schedule 1	Net Position by Component	159
Schedule 2	Changes in Net Position	161
Schedule 3	Fund Balances, Governmental Funds	165
Schedule 4	Changes in Fund Balances, Governmental Funds	167
Schedule 5	Tax Revenues by Source, Governmental Funds	169
Schedule 6	Assessed Value and Estimated Actual Value of Taxable Property	170
Schedule 7	Direct and Overlapping Property Tax Rates	171
Schedule 8	Principal Property Tax Payers	173
Schedule 9	Property Tax Levies and Collections	174

**CITY OF NAPLES, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

TABLE OF CONTENTS (CONTINUED)

	Page
Schedule 10 Ratios of Outstanding Debt by Type	175
Schedule 11 Ratios of General Bonded Debt Outstanding	177
Schedule 12 Direct and Overlapping Governmental Activities Debt	178
Schedule 13 Pledged-Revenue Coverage	179
Schedule 14 Demographic and Economic Statistics	181
Schedule 15 Principal Employers	182
Schedule 16 Full-Time Equivalent City Government Employees by Function/Program	183
Schedule 17 Operating Indicators by Function/Program	185
Schedule 18 Capital Asset Statistics by Function/Program	187

IV. Other Independent Auditor Reports and Schedules

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	191
Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General	193
Schedule of Expenditures of Federal Awards and State Financial Assistance	195
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	196
Independent Auditor's Management Letter	197
Schedule of Findings and Questioned Costs	199
Summary Schedule of Prior Year Findings	201
Independent Accountant's Report – Investment of Public Funds	203

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City of Naples

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March 31, 2022

Honorable Mayor and Members of City Council
City of Naples, Florida

The Annual Comprehensive Financial Report of the City of Naples, Florida (the “City”), for the fiscal year ended September 30, 2021 is hereby submitted. This Annual Report was prepared by the Finance Department, and is in compliance with Florida Statutes Chapter 218.39, Chapter 10.550 of the Rules of the Auditor General of the State of Florida, and Section 2-601 of the City Code of Ordinances.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City Management. We believe the data, as presented, is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City’s financial activities have been included.

The City’s basic financial statements have been audited by Mauldin & Jenkins, LLC, a firm of 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, were 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 auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the City’s financial statements for the fiscal year ended September 30, 2021, are fairly presented in conformity with Generally Accepted Accounting Principles (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) and GAAP require that management provide a narrative introduction, overview and analysis to accompany the 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 MD&A can be found just preceding the basic financial statements in the annual report’s financial section.

City Profile

The City is considered by many to be the crown jewel of Southwest Florida. With its subtropical climate tempered by the soft breezes from the Gulf of Mexico, people are struck by its natural beach beauty, well designed streets and structures, and the flora and fauna that are unparalleled in any community.

With a history dating back to the late 1800's, Naples was incorporated on December 1, 1923. It is approximately 16 square miles in size and has 112 lane miles of streets. In addition, the City has 107 miles of paved pathways including sidewalks and trails. Originally developed as a winter retreat for people with permanent homes in the North, Naples grew from a small frontier-style fishing camp in the 1920s to its current status as a premier city. Naples continues to attract a retirement population that is among the most affluent and well educated in the State.

The City is located on the Gulf of Mexico in Southwest Florida, and it is the cultural and activity center of Collier County. The City has a permanent population of approximately 22,000, increasing to over 33,500 during the peak winter season. In addition to its natural features, the City is known for its world-class shopping and exceptional dining opportunities.

Naples continues to enjoy the results of proper planning. Parks and open space are abundant while most roadway medians are wide and well landscaped. Naples is one of the few Florida communities that offer adequate public access to beaches. Beachfront property is almost exclusively residential zoning; commercial uses are focused along U.S. 41 and in a number of upscale shopping districts within the community.

Naples is a multifaceted community where the many residential opportunities include beachfront mansions, canal frontage manors, downtown villas, bungalows, and high-rise condominiums, disbursed between a cohesive blend of both older and newer developments. Naples commerce has numerous shopping enclaves and venues such as the redeveloped and bustling Naples Bay which is directly adjacent to, and serves as a gateway for, a charming and successful downtown business and arts district.

Naples strives to respect and nurture its picturesque natural surroundings and all that inhabit it. Nature, with its beauty and benefits, is at the forefront in Naples as evidenced by its numerous parks, open spaces, preserves, and the Naples Zoo. In addition, Naples is positioned less than 20 miles from the tropical wilderness that is the Florida Everglades. The Florida Everglades reveals its natural wonder in the form of alligators, natural orchids, Florida panthers, wood storks, West Indian manatee, cypress forests and mangrove forests, just to name a few.

Naples is managed under a Council-City Manager form of government. The legislative and governing body of the City consists of a Mayor and six Council Members. Each Council Member is elected to a four-year staggered term. There is a limit of two consecutive terms that any elected City official may serve.

The Members of the City Council for the period represented by this report are as follows:

Member	Term Ends
Teresa Heitmann	March 2024
Mike McCabe	March 2024
Ted Blankenship	March 2024
Raymond Christman	February 2026
Terry Hutchison	February 2026
Paul Perry	March 2024
Beth Petrunoff	February 2026

The City Council appoints the City Manager, who is the Chief Administrative Officer of the City. The City Manager hires all other City employees, except the City Attorney, the City Clerk, and the Deputy City Clerk, who are appointed by the City Council. City Manager (Interim) Pete DiMaria was appointed Interim City Manager effective November 6, 2021.

The Reporting Entity and Services Provided

The City provides a full range of municipal services authorized by statute and local charter. These include police and fire services, streets, sidewalks and stormwater systems, parks and parkways, recreation, planning, water, sewer, solid waste, and general administrative services. Schools are provided by Collier County School District, while ambulance, jail, animal control, judicial, library, and human services are provided by Collier County government.

Included in the City's activities is Moorings Bay Special Taxing District and East Naples Bay Special Taxing District. The two Special Taxing Districts were created and established by Ordinances #87-5328 and #87-5330, respectively, for providing maintenance dredging in the channels and waterways within the area or boundary of the respective District, and to maintain necessary aids to navigation. Funds for the taxing districts are provided through an ad valorem tax that is levied only within these specified districts.

The Community Redevelopment Agency is a dependent special district and presented as a blended component unit of this reporting entity. Ordinance #94-7099 created the Community Redevelopment Agency for the rehabilitation, conservation or redevelopment of the designated district. The tax increment from Collier County and the City provides the source of revenue for the Community Redevelopment Agency.

The Naples Airport Authority, although governed by board members who are directly appointed by the City Council, is not a part of this report, as it does not meet the criteria of Statement Number 14 of the Governmental Accounting Standards Board. The Collier County school system is an independent taxing authority and not part of the City. Its financial data is not included in the financial statements in this report. Naples Community Hospital is a private nonprofit corporation providing quality medical care to the community. It is not part of the City's municipal government and its financial data is not included in the financial statements in this report.

Accounting System and Budgetary Control

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (a) the cost of a control should not exceed the benefits likely to be derived therefrom; and (b) the evaluation of costs and benefits requires estimates and judgments by management.

We believe all internal control evaluations occur within the above framework and that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of Federal, State and County financial assistance, the government is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

The City's fiscal year begins October 1. In January, departments start preparing their Five-Year Capital Improvement Program requests. In February, staff develops preliminary future revenue and expenditure estimates and identifies areas of need and concern. In mid-April, departments begin preparing their budget requests using line-item budget formats. At the same time, Finance will begin assessing available and potential revenue sources and analyzing the sustainability of existing (audited) fund balances as measured in the City's Annual Comprehensive Finance Report. Throughout the year staff works with boards, committees, and the City Council to gather goals for the upcoming fiscal year. The Five-Year Capital Improvement Program is presented to City Council by June 1, in accordance with the City Code of Ordinances. The proposed budget is presented to Council July then discussed during August and September, and the budget is adopted in September.

The adopted budget may be amended in two ways:

1. The budget resolution authorizes the City Manager to transfer money within a fund, except that he cannot increase regular staffing levels or modify the intent of the Capital Improvement Budget.
2. Changes that would increase the total budget of a fund, increase staffing levels, or modify the intent of the Capital Improvement Budget must have City Council approval by resolution.

The City has established standard procedures for budget amendments to control the integrity of the budget system. Budget amendments are prepared and entered at the department level, approved by the Department head, identifying both the object of expenditure requiring the budget amendment and source of funds for the amendment. Budget amendments are reviewed by the Director of Finance and may be forwarded to the City Manager for approval. If needed, a resolution is prepared for City Council approval as well.

The City utilizes the State of Florida's uniform chart of accounts for account names, numbers, and reporting purposes. Throughout the year, budgetary control was maintained over appropriations by use of on demand and quarterly revenue and expenditure reports that compare budgeted appropriations with actual expenditures and encumbrances and estimated revenues with actual revenues. In the integrated automated financial system, a purchase order is required prior to committing funds, although minor purchases may be made with a purchasing card. Purchasing cards have individually set limits, typically between \$1,000 and \$5,000. The City's automated enterprise software system verifies the availability of funds prior to issuance of a purchase order. Although the budget is adopted by Fund, practical budget control is maintained at the department level in the General Fund and the fund level in all other funds.

Factors Affecting Financial Condition

Local Economy

Fiscal year 2020-2021 represented the seventh consecutive year of taxable value growth in the City. The taxable values increased by 5.34% for fiscal year 2020-2021, following a 4.57% growth in fiscal year 2019-2020. The subsequent growth for fiscal year 2021-2022 (September 2021) of 4.40% projects continued stability. With more than half of the City's General Fund revenue coming from the taxable values, values and growth rates must be monitored for potential unsustainable growth patterns. While the pace of growth has slowed in the last three years there are no signs of a complete reversal as experienced a decade ago. In fact, following the COVID-19 pandemic, many facets of the Naples real estate market remained very strong and expect to see significant increased value consistent with the inflationary environment throughout the Country.

Despite the City nearing build-out, a significant amount of redevelopment is occurring. The City has maintained a high-quality infrastructure system of transportation, stormwater management, potable (drinking) water and wastewater and public safety, all which tends to be less visible than the quality-of-life amenities, such as parks, recreation, entertainment, and cultural opportunities, although they all rank high in importance.

The City is limited by the Constitution of the State of Florida to an ad valorem tax levy of ten mills on each dollar of assessed valuation for operating expenditures. At 1.15 mills in 2021, Naples' ad valorem tax remains significantly below the maximum allowed. Further evidence of this strength is evident by the City's ability to reduce the 1.18 mills to 1.15 for fiscal year 2020-2021 and maintaining the 1.15 for fiscal year 2021-2022.

The City continues to be a destination point for Collier County residents and visitors, in part due to its 42 public beach access points, attractive active and passive parks, the Naples Pier, and the multitude of vibrant mixed-use retail/dining areas.

During fiscal year 2020-2021, the City continued its journey to enhance the quality of life for its residents while providing the best essential services possible. Some of the events and projects include:

- Stormwater infrastructure, equipment, and facilities improvements had \$1.0 million in added assets and an additional \$1.6 million in construction in progress in 2021. Stormwater master plan completion and design of phase I water outfall, water quality and beach restoration project. The design is expected to be completed in fiscal year 2021-2022 and partial construction (underground boring) is already under contract. The City spent \$1.4 million of the \$4.6 million budgeted for City-wide lake maintenance and improvement during the year. The fiscal year 2021-2022 budget includes: \$16.6 million appropriated for the construction of the phase I water outfall project, \$375 thousand for City-wide lake management and restoration improvements; \$450 thousand million in basin drainage improvement and assessments; \$1.0 million in City-wide stormwater improvement; and \$275 thousand for a climate adaptation and resiliency plan. While fiscal year 2021-2022 budget did not include construction costs for the phase II water outfall project presently in design. The phase II water outfall project is expected to cost \$15.5 million and is anticipated in the fiscal year 2022-2023 budget.
- Water and Sewer infrastructure, equipment, and facilities improvements had \$15.9 million in added assets and an additional \$12.3 million in construction in progress in 2021. These asset additions and construction in progress included: reclaimed water construction and expansion; utilities wide pump station improvements; increased generator capacity, water main improvements, sewer main replacement, and continued emphasis on equipment and motor vehicle replacement programs. The fiscal year 2021-2022 budget includes: \$3.6 million in wastewater collections improvements; \$2.6 million in water production improvements; \$3.7 million in water distribution improvements; \$2.4 million in utilities maintenance improvements; and \$1.5 million wastewater treatment improvements.

The trends in the Southwest Florida economy continued to experience steady growth through early 2019-2020. All of that drastically changed in March 2020 with the onset of the COVID-19 pandemic. Despite the obvious ramifications of shutting down such a large economy for any period-of-time, the Florida and in particular the Southwest Florida economy has proved reasonably resilient during the pandemic. Subsequent to the pandemic shutdowns the Southwest Florida economy has experienced significant growth in all facets of the economic spectrum. These robust economic numbers continued throughout fiscal year 2020-2021 and continue to increase in early fiscal year 2021-2022. As a result, the Southwest Florida economy should be viewed with optimism both in how it closed out calendar year 2021 and the early months of calendar year 2022.

The February 2022 report by the Florida Gulf Coast University in its year over year economic indicator comparisons, taxable sales for Collier County were up 26% in October 2021 compared to the same period in 2020 and tourist tax revenues in Collier County were up 75% in November 2021 compared to November 2020. The three major Southwest Florida airports increased 85% in December 2021 compared to December 2020 and in a year over year comparison and 10% higher than December 2019. Southwest Florida International (RSW) the City's closest commercial airport increased 69% in December 2021 compared to December 2020. The unemployment rate for Collier County was 3.5% in December 2021 down 0.3% compared to December of 2020. This compares favorably with the State of Florida's 4.4% and the United States unemployment rate of 3.9%. In addition, Collier County recorded 295 single family building permits in December 2021, down 6% from December 2020. The greatest strength of the resiliency lies in property values. Collier County single family homes sales was 565 units in December of 2021 compared to 754 units or 25% lower than December 2020. More importantly the median home price increased substantially by \$147,000 to \$730,000 in December 2021 following the \$133,500 increase to \$583,500 in December 2020 from \$450,000 in December 2019.

While the economic indicators outlined above are extraordinary, more traditional historic economic indicators support a stable and growing economic revenue base for the City of Naples in the upcoming year.

Long-Term Financial Planning

The City has several long-term financial and operating planning processes in place, all of which eventually integrate into the budget. In January 2021, the City completed the update on the Ten-Year Vision Plan, which was created by the citizens and adopted by the City Council. This vision has been incorporated into each subsequent budget with goals and objectives to achieve the vision.

The City's Five-Year Capital Improvement Program (CIP) is used to plan for current and future financial needs. Developed during the spring and presented to City Council in June, fundable projects from this document are incorporated into the adopted budget while establishing a needs assessment for future years.

Relevant Financial Policies

The City maintains updated financial policies (19-14301) approved by City Council covering five major areas: Budgetary and Financial Planning; Financial Reporting; Capital Improvement; Debt Management; Investments and Fund Balance.

In 2019, the Debt Management Policy was adopted, via resolution 19-14302.

In 2016, the Fund Balance Policy was amended by resolution 16-13831. The City expects to update the Fund Balance Policy in 2022.

In 2017, the Investment Policy of the City was amended, via resolution 17-13942 for administrative reasons to clarify outdated references.

The financial policies exist to demonstrate that the City is committed to strong financial operations and to provide a strong precedent for future policy makers and financial managers regarding the City's financial goals.

Major Initiatives

The Ten-Year Vision Plan adopted in 2021 provides a framework for many of the City's programs and projects. Major initiatives of the City typically are aimed at achieving the major goals of the vision plan. In August 2019, the City began evaluating the 2007 Vision Plan to determine if a new Visioning process was warranted. The vision plan draft had undergone significant scrutiny and changes throughout 2020 culminating in its adoption in January 2021.

Vision Goal: Preserve the Small Town Character and Culture

Maintain and embrace the features that make Naples special: a town of residential neighborhoods, waterfronts, green space, boutique shopping areas, thriving arts, diverse special events and friendly people. The goal had four objectives including: scale of development and redevelopment (low-rise building designed with open space and greenery, in scale with surrounding community); historic assets (maintain and protect City Pier, City Dock, Historic District, Old Naples while preserving historic houses in the City); safer streets and traffic calming that accommodates walking, bicycling, and while improving mobility and safety for pedestrians, bicyclists, and vehicles; zoning and building code enforcement; adopt and maintain plans and zone code to ensure they always reflect the values of the community and serve the interests of the residents.

The Naples Pier, originally built in 1888, is one of the most visited attractions in Southwest Florida drawing over 1.4 million visitors annually. The last major renovation was completed in November of 2015. The \$2.7 million project included the replacement of deck boards and railings with IPE wood, a Brazilian hardwood with a life expectancy exceeding thirty years. New lighting was installed, and the restrooms were completely rebuilt and expanded to double the capacity. A reopening ceremony of the Pier was held on Friday November 13, 2015. In

2017, the Pier experienced significant damage from Hurricane Irma leaving the structure approximately 50% accessible and prohibiting fishing from the accessible areas. The Pier repairs of \$244,000 (including engineering and project oversight) were completed and the Pier reopened in its entirety on August 1, 2018.

The Naples City Dock, originally built in 1920, was removed and reconstructed as a floating dock with 84 slips accommodating 30-60 ft. vessels with an additional 450 ft. frontage to accommodate even larger size vessels. In addition to permanent and transient (daily) boat slip rental, the dock has high speed fuel pumps dispensing diesel and ethanol free gasoline, free pump out, restrooms, laundry room, outdoor lounge area, concession sales, and bait (live and frozen) sales. The dock's permanent customers include approximately 18 charter boat operators and the dock maintains a minimum of ten slips available for transient rentals to enable tourist and residents alike to enjoy the beauty the Naples City Dock has to offer. The dock reconstruction totaling \$6.2 million was initiated in 2016. Construction began in 2017 and was completed and the dock reopened in February 2018. The available permanent slips are filled, and the City had a sizeable number of applicants on the waiting list at the end of 2021.

Residents and visitors alike recognize the ambiance created by the tree-lined streets of Naples. For the 25th consecutive year, the City of Naples received the Tree City U.S.A. designation, and for the 14th consecutive year, the City received a Tree City U.S.A. Growth Award. The City has also received the designation of Tree Cities of the World for the past three years. The City of Naples urban forest consists of 20,773 managed hardwood trees and palms on streets, rights-of-way, parks and other public property within the City. Staff continued the annual Tree Fill-In Program by continuing to plant the 1,374 vacant sites, some lost in Hurricane IRMA or before. The Trees Fill-In Program continues to: (1) Protect and enrich the environment; (2) Maintain and improve neighborhood character; (3) Enhance the appearance of streets within the City; (4) Improve the appearance and urban design of commercial corridors while protecting the residential character and charm of the City. The City's 2021-2022 budget includes \$300,000 for replacing trees.

Vision Goal: Environmental Sensitivity

In a community-vision process, the goal the stewardship of our land and protection of our beaches, bays, river, estuaries, and lake through education and investments supports clean water, clean technology, resilient coastlines. This goal included seven objectives: water quality (the gulf beach, bays, and lakes health must be restored and sustained for future generations); recycling and water reclamation, environmental enhancement and monitoring (new vegetation based on right tree, right place philosophy); stormwater management, drinking water; beach maintenance and waterbody erosion; and resiliency (work with Collier County and State of Florida on issues pertaining to sea level rise and flood prevention to preserve the long-term investment of property owners).

Vision Goal: Maintain an extraordinary quality of life for residents

The Community Services Department - Recreation Division during the fiscal year 2020-2021 provided a wide variety of recreational opportunities for residents of all ages, socio-economic status, skills and abilities, integrating social, athletic, wellness, educational and cultural pursuits.

In fiscal year 2021, the City reopened all the parks and recreational facilities following their closers from COVID-19 in 2020. The impact of this reopening is outlined in the following summary.

Norris Center/Cambier Park

The 2020 to 2021 visitor season in Norris Center had over 3,000 patrons attend shows in our theater space by contracted groups including Gulfshore Playhouse. The season had very limited capacity and other restrictions due to COVID-19, with attendance numbers far behind pre-pandemic levels as a result. Our 200-seat theater has performances nearly every single day, sometimes twice a day with matinees, from October through May. The space is also rented by groups for movie nights and civic presentations. The outdoor space of Cambier Park is

very popular for events and our nautical themed playground. The 2020-2021 season had over 23,300 patrons attend the park grounds for events including over 30 FREE outdoor concerts.

	Fiscal Year 2018-2019	Fiscal Year 2019-2020	Fiscal Year 2020-2021
Cambier Park Events	104	45	103
Norris Performances	8	0	130
Norris Center Meetings	12	0	12
Norris Summer Camps	24	1	24
Norris Center Rentals	150	55	90

Fleischmann Park

Fleischmann Park provides multiple recreational opportunities and supports several athletic leagues for City and County residents. The athletic areas of Fleischmann Park are filled with activities every evening with programs changing seasonally. Youth activities and leagues include the Naples Gators football, Greater Naples Little League (two seasons) and boys lacrosse. Fleischmann Park is also the current home facility for Mason Classical Academy's track, cross-country and baseball teams. Adult sports include co-ed softball and pickleball. The Edge Johnny Nocera Skate Park is also located at Fleischmann Park. The skate park is very popular with both skateboarding and BMX enthusiasts with an estimated 10,000 visitors annually. Fleischmann Park is the headquarters for summer specialty camps with over 1,000 registered campers. Fleischmann Park itself hosts adventure, soccer, art and skate/BMX camps.

	Fiscal Year 2018-2019	Fiscal Year 2019-2020	Fiscal Year 2020-2021
Classes	14-classes per monthly	14-classes per monthly	12-classes/month for 5 months
Athletics Programs	6 programs	2 programs	4 for the year
Summer Camps	143 camps offered	24 camps offered	45 camps offered
Special Events	3	1	1

Naples Preserve

Nature talks were offered on Tuesdays during the months of January through April with the speakers coming from the Preserve's conservation partners, the faculty at Florida Gulf Coast University, and Preserve staff and volunteers. Nature programs were provided for Lake Park Elementary kindergarten and second grade, Little Eagles Preschool, Homeschoolers of Collier County, Girl Scouts, Sunrise (formerly known as United Cerebral Palsy), and Afterschool Adventures. The Preserve continued a service-learning program for Florida Gulf Coast University students during their fall and spring semesters. Our annual Florida Gopher Tortoise Day included some of our partners and the day set a new record for attendance. Preserving the Holiday Spirit involved most of our partners and continues to be a popular special event. There are over 150 Gopher Tortoises located in the Preserve and were in three research studies. Two of these were Florida Gulf Coast University studies – one on intestinal parasites (samples supplied by the Naples Preserve) and one on growth rates (data supplied by the Naples Preserve). The study on growth rates was presented as a poster at the Gopher Tortoise Council meeting. A Naples Preserve staff member attended and was one of the presenters at the Florida Gopher Tortoise Council meeting which was held at the Gulf Shores State Park in Alabama. The Florida Box Turtles are now in a study being conducted by a professor and his students from Florida Southwestern State College. The Naples Preserve supplied tortoise and turtle nesting data from this site to a graduate student at the University of South Florida in St. Petersburg for his study. Major improvements happened inside of the Hedges Family Eco-Center – all new floors, new kitchen, bathroom tiled and painted. Exotics and excess vines were removed from the preserve. Restoration occurred in some of the scrub.

River Park Community Center

The River Park Community Center is an active facility with a computer lab, fitness center, full kitchen, classroom/meeting rooms and a covered outdoor basketball court. The playground is located across the street from the community center. The River Park staff, and contracted instructors successfully offered multiple programs and specialty camps, which included, Yoga classes, camps - Winter/Spring Break and school day out. A “Back to School” program was offered on Saturday, July 31st, 2021, as a drive thru to maintain low contact procedures and served 313 children going into K through 12th grade with needed school supplies. On Friday, December 3rd, 2021, Santa’s Coming to Town was offered as a drive thru to maintain low contact procedures; Santa and his helpers served 151 gifts. The River Park Community Center hosted the Girls Scouts Troop 1083, eight girls were provided a computer to zoom with their three leaders every other Wednesday. Facility improvements for River Park Community Center this year include, front entrance sliding door air curtain, auditorium - banquet chairs, classrooms - window shades, removed/replacement exterior bathroom/basketball court metal roof, and ADA ramp.

	Fiscal Year 2018-2019	Fiscal Year 2019-2020	Fiscal Year 2020-2021
Summer Camp	83	0	53
Culinary Camps	26	0	0
Rec. Sampler	25	18 (Enrolled August 2020 – September 2020)	17
Yoga	220	98 (Enrolled October 2019 – February 2020)	91
Back to School	256	199	313
Santa’s Coming to Town	258	155	151

River Park Aquatic Center

The River Park Aquatic Center offered multiple classes, programs and camps. Included were Lifeguard Training, Red Cross Learn to Swim classes, private lessons and Recreational (Rosters) Swim Team program. The aquatic center continues to serve as an important community asset and is the home pool for Naples High School. The aquatic center was also able to provide The Village School space to have their swim practices. River Park Aquatic Center continued its close collaboration with Safe and Healthy Children’s Coalition with active participation in the coalition’s swim central program providing preschool and special needs children with five important water safety skills to decrease the likelihood of the children drowning. Facility improvements for the aquatic center include, water slide restoration, windscreens, removed/replaced top railing black vinyl fencing, removed/replaced two high-rate glass filters, and removed/replaced water feature motor and strainer.

	Fiscal Year 2018-2019	Fiscal Year 2019-2020	Fiscal Year 2020-2021
Learn to Swim/Private Lessons	280	41 (October 2019 – March 2020)	181
Racing Roosters	37	0	37
Swim Central (Swim Instruction)	167	0	5

Charlie C. Anthony Park

Charlie C. Anthony Park continues to host the Rec. Sampler drop-in afterschool program serving five children. Facility improvement continuation of park design and site survey.

	Fiscal Year 2018-2019	Fiscal Year 2019-2020	Fiscal Year 2020-2021
Fishing/Archery	33	0	44
Rec. Sampler	11	5 (Enrolled August 2020 - September 2020)	5

Arthur L. Allen Tennis Center in Cambier Park

For fiscal year 2020-2021, the tennis center offered 12 USTA sanctioned and non-sanctioned tournaments that drew 1,230 participating athletes. Ten events were designed for juniors that attend from around the state and country. The other two tournaments were structured for adult participation. This past year's 51st Annual "Clay in May" Tennis Championship hosted 445 players playing in a total of 628 events. There were 46 separate adult and junior clinics and round robins offered for members and guests to participate targeted for all skill levels. These programs serve to develop new memberships for the center and provide opportunities for members and guests to meet and play with one another. Membership numbers increased up to 734 individuals from fiscal year 2019-2020. This is an increase 154 or 26.5%. Also, for fiscal year 2020-2021, tennis racquets strung for the year increased by 180 racquets or 31% with a revenue increase of \$4,164 from the previous fiscal year. Lastly, the ball machine rental increased by 40% with a revenue increase of \$3,260 from the previous fiscal year.

The City continued the process of developing a Parks Master Plan in 2019, engaging a firm to facilitate community involvement and input in establishing recommendations in the plan presented to City Council. A draft master plan is being presented and communicated to officials, community leaders, and citizens alike in further attempts to obtain feedback on proposals before finalizing the plan. The project schedule, slowed by the effects of Hurricane Irma, was completed and presented to City Council in 2019. The onset of COVID-19 further slowed progress on this plan. City Council identified those priorities in the fiscal year 2021-2022 five-year capital improvement plan; \$4.5 million-Fleischmann Park, \$2.1 million-Anthony Park, \$1.4 million-Cambier Park, \$550 thousand-River Park Community Center and Park, and \$675 thousand-Seagate Master Plan Development.

Financial Reporting and Measurements***Independent Audit***

The City Charter requires an annual audit of the books of accounts, financial records and transactions of all administrative departments of the City by an independent certified public accountant selected by the City Council. The City staff has complied with this requirement, and the independent auditors' report has been included in this report.

Distinguished Budget

The City's budget for fiscal year 2020-2021 received the GFOA's Distinguished Budget Presentation Award. The City has achieved this award for 16 years. In order to qualify for the Distinguished Budget Presentation Award, the budget had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

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 Naples, Florida, for the Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual

Comprehensive Financial Report, whose contents conform to industry standards. Such reports 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 our current report continues to conform to the Certificate of Achievement program requirements, and we will submit it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The timely preparation of the Annual Comprehensive Financial Report was made possible by the efficient and dedicated service and teamwork of the Accounting Division of the Finance Department and we express our appreciation to them. We also thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. In addition, we wish to express our appreciation to our audit firm, Mauldin & Jenkins, LLC for their examination of our accounts.

Respectfully submitted,



Pete DiMaria
City Manager (Interim)



Gary L. Young
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

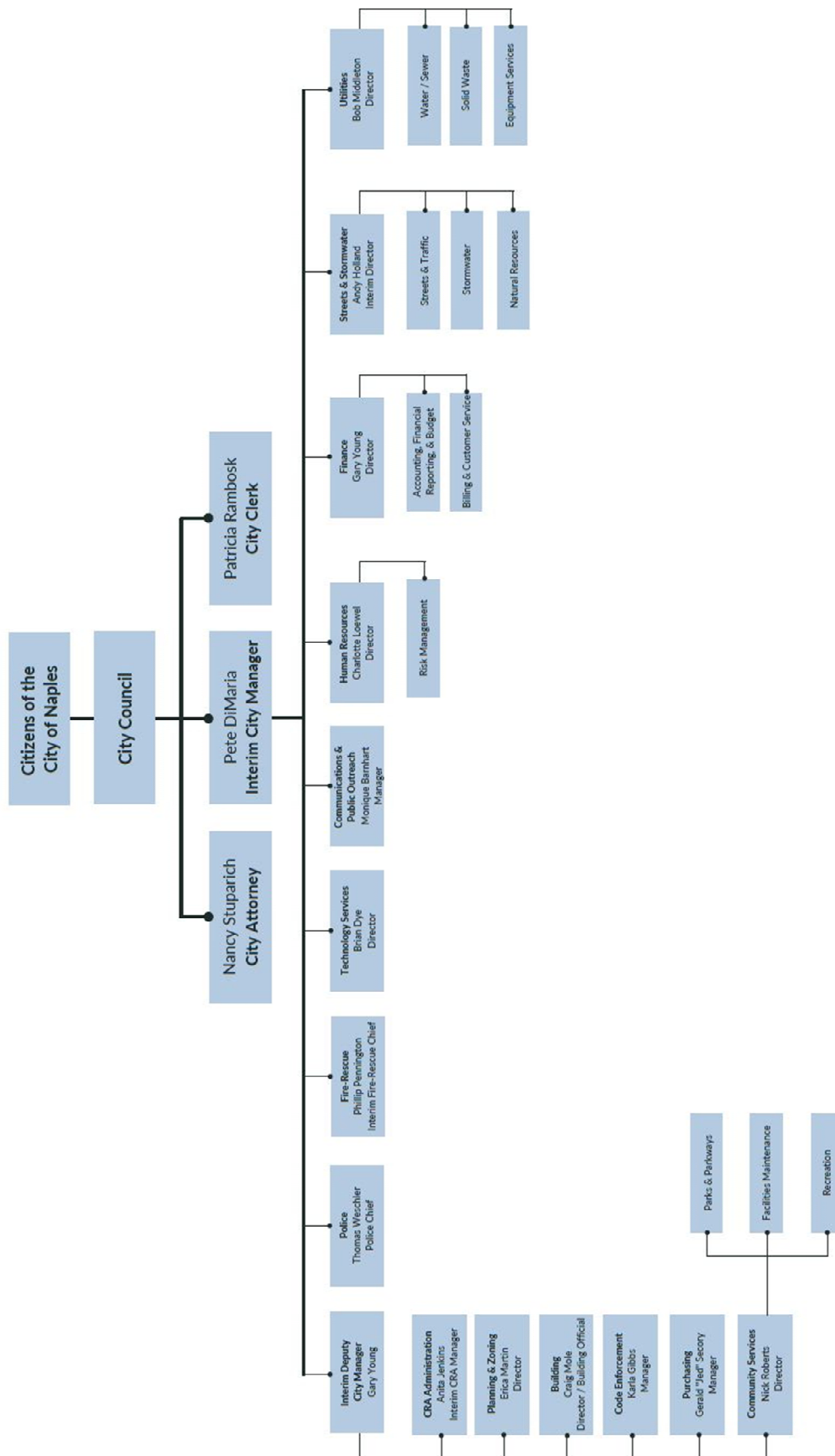
**City of Naples
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrell

Executive Director/CEO



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, City Council
and City Manager
City of Naples, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Naples, 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, 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 5-17 and 101-114, 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 and State Financial Assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General, and 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 and State Financial Assistance are the responsibility of management and was derived from and relates 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 and State Financial Assistance are 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 22, 2021, 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 31, 2022

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The City of Naples, Florida
Management's Discussion and Analysis
September 30, 2021
(Unaudited)

The City of Naples' (the "City") Management's Discussion and Analysis is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activities, (c) identify changes in the City's financial position and its ability to address the next and subsequent year challenges, (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns for the fiscal year ended September 30, 2021.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities at September 30, 2021 by \$337.6 million (net position). Of this amount, \$79.8 million of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$25.9 million due in part to: additional revenue recognition related COVID-19 reimbursement under the CARES ACT, small FEMA and Florida Department of Emergency Management (FDEM) for IRMA reimbursements; continued influx of the Collier County Capital Improvement One Cent Sales Tax revenue; increased property tax collections; and expenditures coming in significantly lower than authorized budgets in 2021.
- As of September 30, 2021, the City's governmental activities reported a combined ending net position of \$140 million. This is an increase of \$18.5 million from the prior year. The City's governmental activities unrestricted net position is \$16.8 million compared to \$4.4 million as of September 30, 2020.
- The City implemented GASB 75 in 2019. GASB No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. In 2021, the unfunded OPEB decreased \$83 thousand. The City continues to monitor its OPEB obligations and its effect on the long-term financial position of the City.
- The City experienced a decrease in its unfunded pension obligation in fiscal year 2021, this follows the increase in fiscal year 2020 which was the first increase since implementing GASB 68 in 2015. GASB No. 68, *Accounting and Financial Reporting for Pension an amendment of GASB Statement No. 27*. It should be noted the fiscal year 2020 increase was a result of the City's decision to expedite the reduction to 7.0 rather than the 7.20 for the expected rate of return called for in the original plan. The immediate result of this decision resulted in recognizing an increase of \$6.5 million of the City's unfunded pension obligation (net pension liability) including its General Pension Plan, Police Pension Plan, and Fire Pension Plan. The original plan called for a reduction in the expected rate of return from 7.5% to 7.0% over five years by reducing it 0.10% annually. These were prudent steps in fiscal year 2020 and higher investment earnings in fiscal year 2021 resulted in reversing a significant portion of the increases recognized in fiscal year 2020. The City will continue to evaluate additional reductions in expected rate of return, however no schedule to implement any additional reductions is planned at this time.

- The City's total debt decreased \$3.5 million during the current fiscal year due to scheduled debt service payments in 2021. The City's Governmental Activities Debt decreased by \$2.0 million from scheduled debt service payments. The City's Business-Type Activities Debt decreased by \$1.5 million in scheduled debt service payments in 2021. In addition, the City Dock made the equivalent of two principal payment of \$305 thousand in fiscal year 2021 thus reducing the outstanding interfund loan by \$610 thousand in 2021 leaving a balance of \$4.3 million outstanding from the \$6.5 loan received in 2017.

Overview of the Financial Statements

The financial statements' focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability.

Major Fund Presentation

An important element of the governmental financial reporting model is the focus on reporting significant financial activity by fund type with emphasis on major funds in both governmental and proprietary fund financial statements. In following GASB 34, the City is required to separate major funds from nonmajor funds. Only major funds are shown separately in the financial statements, while nonmajor funds are combined and shown in a single column. Nonmajor funds, however, are disclosed separately in the combining and individual fund financial statements and schedules section of this report.

GASB requires that the General Fund always be considered a major fund. The statement also requires other governmental and or enterprise funds to be shown as major funds if they meet the following criteria:

- Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10% of the corresponding total of all funds of that category; and
- Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5% of the total for all governmental and enterprise funds combined.

The statement also allows management the flexibility to report funds that do not meet the above criteria but believe the funds have a significant impact on the City. Management determined that three additional funds, the Capital Projects Fund, Community Redevelopment Fund, and Streets and Traffic Fund, were to be included as major funds even though they did not meet the above criteria.

The Government-wide Financial Statements

Government-wide financial statements are designed to be corporate-like in structure, showing and combining governmental and business-type activities. They are intended to allow the reader to assess the government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. For the purpose of these statements, both governmental and business-type activities are measured and reported using the economic resources measurement focus and the full accrual basis of accounting.

The Statement of Net Position (page 20) presents information on all the City's assets and liabilities, with the difference being 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 not.

The Statement of Activities (page 21) is focused on the gross and net cost of various functions supported by the City's taxes and other revenues and shows how the City's net position changed during the fiscal year. This statement is intended to summarize and simplify the costs of various governmental services. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flow. Therefore, some revenues and expenditures, such as uncollected taxes and earned but unused vacation leave, may be reported but will result in cash flows in future fiscal periods.

Both of these financial statements distinguish the primary types of functions of the City as defined below:

- **Governmental Activities**—Most of the City's basic services are reported here, including police, fire, street maintenance, planning, parks and recreation, building and code enforcement, and general administration. Major revenues supporting these activities are ad valorem taxes, sales and gas taxes, franchise fees, utility and communications service taxes, as well as revenues from building permits, fees, grants and investments.
- **Business-type Activities**—The City's utilities (Water and Sewer, Solid Waste, Stormwater) and "Other Nonmajor" proprietary fund types such as Naples Beach, City Dock and Tennis are reported here. These services are supported primarily from user fees. Financing of major capital is sometimes necessary. Both user fees and impact fees support debt service.

Effective October 1, 2014, the City implemented the provisions of **GASB No. 68 Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27**, which significantly changed the City's accounting for pension amounts by requiring that the total net pension liability and the deferred inflows and outflows of resources related to the net pension liability and the deferred inflows and outflows of resources related to the net pension liability be reported in the government-wide financial statements. Specifically, the net pension liability is listed on the Statement of Net Position and the amount is explained in the related note disclosure.

Fund Financial Statements

The Fund Financial Statements, which report by individual fund, begin on page 23.

A fund is a grouping of related accounts that is used to maintain financial 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. In a highly regulatory environment, fund accounting serves a very important purpose, in that funds received for specific purposes are identified as such. All of the funds of the City can be divided into three categories:

- **Governmental Funds**—account for the City's tax-supported activities and those supported by other special revenues. These governmental funds include the General Fund, the Debt Service Fund, the Capital Projects Fund, the Community Redevelopment Fund, the Streets and Traffic Fund and other Nonmajor Funds consisting of the Building and Zoning Fund, the Community Development Block Grant Fund, the Improvement Fund, the Public Arts Fund, the Grants Fund, the Confiscated Properties Fund, the Business Improvement District, the 41-10 Public Open Space Fund, the Parking Trust Fund, the Impact Fee Fund, the Land Contribution Fund, and the Maintenance Dredging Funds for the East Naples Bay District, Port Royal and Moorings Bay District. The accounting method used is called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash (usually 60 day focus). The two criteria used are that the revenue is measurable and available. Examples of the difference between this and the economic resources measurement focus are that debt financing is considered current revenue, and purchases of capital assets are considered expenditures whereas depreciation is not since there is no outlay of cash.

- ***Proprietary Funds***—are used to account for the business-type activities of the City. There are two types: Enterprise Funds and Internal Service Funds. The City’s Major Enterprise Funds are the Water and Sewer Fund, the Solid Waste Fund, the Stormwater Fund, and Nonmajor Enterprise Funds consist of the Naples Beach Fund, the City Dock Fund and the Tennis Fund. The Internal Service Funds include the Equipment Services Fund, Risk Management Fund, Health Benefits Fund, and the Technology Services Fund. All Proprietary Funds use the full accrual basis of accounting and the economic resources measurement focus. Fees or charges for services are the primary revenue sources for Proprietary 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 accounting method used for Fiduciary Funds is similar to Proprietary funds.

The fund financial statements present information in more detail than the government-wide financial statements. Major funds are reflected separately and nonmajor funds are combined into “other funds” and are reflected in detail in the combining and individual fund financial statements and schedules section of this report. Governmental Accounting Standards Board (GASB) Statement No. 34 provides the authoritative guidance on the governmental financial reporting model.

The governmental funds measure and report activities using the current financial resources measurement focus and the modified accrual basis of accounting. The reconciliations on page 26 and 30 convert this data to an economic resources measurement focus and the accrual basis of accounting for use in the government-wide financial statements.

The total column on the Proprietary Fund financial statements is reconciled to the business-type activities column in the government-wide statements on pages 31 through 38.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 42.

Required Supplementary Information

Generally accepted accounting principles (GAAP) call for certain unaudited information to accompany the audited basic financial statements and accompanying footnotes. This information is called required supplementary information (RSI) and includes this analysis (the MD&A), the budgetary comparison schedules for the General Fund, Community Redevelopment Fund, and Streets and Traffic Fund, and trend data on pension funding and other post-employment benefits.

Government-Wide Financial Analysis

The City's combined net position as of September 30, 2021 was \$337.6 million. Table 1 reflects the summary Statement of Net Position (in thousands) for the current and prior year.

Table 1
Statement of Net Position
(In thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 86,121	72,493	74,281	54,911	160,402	127,404
Capital assets	97,721	97,779	143,777	127,993	241,498	225,772
Total assets	183,842	170,272	218,058	182,904	401,900	353,176
Total deferred outflow of resources	19,384	11,805	2,102	1,517	21,486	13,322
Long term liabilities outstanding	56,710	50,769	15,411	19,620	72,121	70,389
Other liabilities	4,644	6,905	6,600	6,062	11,244	12,967
Total liabilities	61,354	57,674	22,011	25,682	83,365	83,356
Total deferred inflows of resources	1,888	2,888	534	367	2,422	3,255
Net position:						
Net investment in capital assets	94,851	92,916	134,622	115,191	229,473	208,107
Restricted	28,358	19,003	-	-	28,358	19,003
Unrestricted	16,775	9,596	62,993	43,181	79,768	52,777
Total net position	\$ 139,984	121,515	197,615	158,372	337,599	279,887

The largest portion of the City's net position is \$229.0 million or 68.0% of total net position, reflects its investment in capital assets (land, buildings, plants, and equipment) less outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. It is also important to recognize that other resources will be required to repay the outstanding debt on capital assets. Restricted net position representing 8.4% of the total net position) is subject to external restrictions on how it may be used. The remaining 23.6% of unrestricted net position, \$79.8 million, may be used to meet the City's ongoing obligations to the citizens and creditors.

The City's combined revenues, including contributions, grants, charges for services and taxes were \$132.6 million. Total expenses, City-wide were \$106.7 million. For the total primary government, including both governmental and business-type activities, net position increased \$25.9 million. Net position for Governmental activities increased by \$18.5 million and net position for Business-type activities increased by \$7.05 million in 2021.

Table 2 reflects the summary Statement of Activities (in thousands) for the current year compared with the prior year.

Table 2
Changes in Net Position
(In thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	\$ 14,393	10,964	54,408	51,801	68,801	62,765
Operating grants and contributions	7,223	6,670	1,323	659	8,546	7,329
Capital grants and contributions	7,623	5,571	1,496	905	9,119	6,476
General revenues						
Property taxes	28,551	27,800	-	-	28,551	27,800
Other taxes	9,542	9,194	-	-	9,542	9,194
Franchise fees	3,639	3,478	-	-	3,639	3,478
Intergovernmental revenues	4,217	4,209	-	-	4,217	4,209
Unrestricted investment earnings	148	1,928	(114)	1,818	34	3,746
Other	-	-	155	145	155	145
Total revenues	<u>75,336</u>	<u>69,814</u>	<u>57,268</u>	<u>55,328</u>	<u>132,604</u>	<u>125,142</u>
Expenses						
General government	10,536	10,294	-	-	10,536	10,294
Public safety	32,891	31,835	-	-	32,891	31,835
Physical and economic environment	3,066	2,897	-	-	3,066	2,897
Transportation	3,482	3,436	-	-	3,482	3,436
Cultural and recreation	8,767	8,247	-	-	8,767	8,247
Interest and fiscal charges	145	189	-	-	145	189
Water and sewer	-	-	30,691	28,064	30,691	28,064
Solid waste	-	-	7,431	6,803	7,431	6,803
Stormwater	-	-	4,322	4,951	4,322	4,951
City dock	-	-	2,186	1,782	2,186	1,782
Other	-	-	3,159	2,847	3,159	2,847
Total expenses	<u>58,887</u>	<u>56,898</u>	<u>47,789</u>	<u>44,447</u>	<u>106,676</u>	<u>101,345</u>
Change in net position before transfers	16,449	12,916	9,479	10,881	25,928	23,797
Transfers	2,020	1,841	(2,020)	(1,841)	-	-
Change in net position	<u>18,469</u>	<u>14,757</u>	<u>7,459</u>	<u>9,040</u>	<u>25,928</u>	<u>23,797</u>
Net position, beginning	<u>121,515</u>	<u>106,758</u>	<u>190,156</u>	<u>181,116</u>	<u>311,671</u>	<u>287,874</u>
Net position, ending	<u>\$ 139,984</u>	<u>121,515</u>	<u>197,615</u>	<u>190,156</u>	<u>337,599</u>	<u>311,671</u>

The total primary government revenues reported a \$7.5 million or 6.0% decrease over last year's total revenues. The total business-type activities' revenue increased \$1.9 million including increased revenue from operating grants, FEMA mitigation grants, and capital grants offset slightly by declines in interest revenue. Revenue from governmental activities show a \$5.5 million decrease. The primary reasons for the decrease in governmental activity revenue are as follows:

- An increase in charges for service of \$3.4 million primarily related to community service programs returning to near pre pandemic levels and significant in increases in building permits and fees.
- An increase in capital grants and contributions of \$2.1 million including \$1.1 million increase from Collier County's Once Cent Sales Tax which was \$5.7 million in fiscal year 2021.
- An increase in property tax revenue of \$757 thousand due to taxable value growth.

Business-type activities showed an increase in revenues in the amount of \$1.9 million or 3.5% from 2020. The charges for services increased by \$2.6 million, operating grants increased by \$664 thousand, and capital grants and contributions increased by \$593 thousand. Revenue in the two non-major enterprise funds (which are recreational based funds), increased \$1.4 million due to decreased usage as result of facility closures related to the pandemic and increases in parking fees from \$2.50 to \$3.00 per hour in fiscal year 2021.

The total primary government's expenses increased \$5.3 million or just over 5.3%. Governmental activities reported a 3.5% increase in expenses, with business-type activities reporting a 7.5% increase.

Governmental Activities

Table 3 presents the cost of each of the City's four largest programs as well as each program's net cost (total cost less revenues, excluding taxes, generated by the activities). The net cost represents the portion of each program that is supported by various taxes.

The cost of all governmental activities this year was \$58.9 million. As shown in the Statement of Activities on page 21, the net cost that was ultimately paid through taxes was \$29.7 million. The \$29.2 million of costs for governmental activities not covered by general revenues was provided by:

- \$14.4 million in charges for services, made of \$6.7 million in building/permit fees, \$842 thousand in police and fire services, \$892 thousand for recreation fees, and the balance from various fees related to transportation, economic environment and general government services.
- \$7.2 million in operating grants and contributions including \$4.5 million from Collier County's share of the Community Redevelopment tax increment financing.
- \$7.6 million in capital grants and contributions including \$5.7 million from Collier County's One Cent Sales Tax.

The total cost of all governmental activities increased by 3.5% in fiscal year 2021, representing increases in all categories of governmental activities as identified in Table 3 below:

Table 3
Governmental Activities
(In thousands)

	Total Cost of Service		Net Cost of Service	
	2021	2020	2021	2020
Public safety	\$ 32,891	31,835	22,889	25,982
Physical and economic environment	3,066	2,897	(3,712)	(3,350)
Transportation	3,482	3,436	3,007	2,948
Cultural and recreation	8,767	8,247	7,306	6,929
All others	10,681	10,483	159	1,183
Totals	<u>\$ 58,887</u>	<u>56,898</u>	<u>29,649</u>	<u>33,692</u>

Business-Type Activities

Revenues of the City's business-type activities (see Table 2) totaled \$57.3 million.

The Water and Sewer Fund represents 64.2% of the business-type activities' expenses. Total water and sewer operating revenues were \$33 thousand higher than last year, while corresponding operating expenses were \$2.6 million higher. City Code allows for Water Sewer Fees, Stormwater Fees, and Solid Waste Fees to be adjusted automatically, based on the Consumers Price Index, respectively. The Water and Sewer fees were increased 1.8% in 2021 across all components of the rate structure. The water/sewer charges are tiered for higher rate with higher usage making a year over year comparison difficult in large part. In 2021, usage was back up tourism appeared to be greater than pre pandemic levels. The Solid Waste fees increased an average additional 9-11% 2021 resulting from a rate study recommending changes in a variety of specific rates within the overall solid waste rate structure. This rate study called for similar rate increases in fiscal year 2022.

Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The fund financial statements for the governmental funds start on page 23. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

In particular, the unassigned fund balance may serve as a useful measurement of a government's net resources for spending at the end of the fiscal year. As of September 30, 2021, the City's governmental funds reported combined ending fund balances of \$68.8 million, an increase of \$14.5 million in comparison with the prior year. This increase resulted from increased tax property tax revenue, reduced operational and program expense resulting from pandemic, increased revenue from Collier County's sales tax obligated to future projects began 2021. In 2021, approximately 29.5% of this total (or \$20.3 million) constitutes unassigned fund balance, which is available for spending at the City's discretion. This is up 24.8% (or \$4.0 million) from 2020. The remainder of fund balance is restricted, committed or assigned to indicate that it is not available for new spending.

Major restrictions, commitments or assignments include funds: (1) restricted for capital projects (\$13.2 million); (2) restricted for building and zoning (\$5.5 million); (3) restricted for transportation (\$35 million); (4) restricted for economic development (\$6.8 million); (5) committed for City-wide emergencies (\$4.3 million); (6) assigned to meet debt service requirements (\$2.1 million); and (7) restricted for Baker Park capital construction project (\$895 thousand); (8) for a variety of other restricted (\$1.1 million).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$20.1 million, while the total fund balance was \$26.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 45.6% of the total fiscal year 2021 General Fund expenditures, while total fund balance represents 59.3% of that same amount.

General Fund expenditures were \$2.2 million under the amended budget. Most variances in general government areas were due to short periods of vacancies or minor cost under-runs in operating expenses, and unused contingencies. The public safety divisions came in \$577 thousand less than budget and community services was \$1.2 thousand less than budget. Employee vacancies in these division were the largest contributor to less expenditures in addition less community events, special events, and City programs leading to these reduced expenses.

The fund balance in the General Fund increased by \$4.8 million during the fiscal year. This increase resulted from higher; property tax collections, charges for service, interest revenue, intergovernmental revenue related to COVID-19. The total revenue received exceeded the estimated revenue in the budget by \$3.7 million. This increased revenue coupled with less expenditures as outlined above explain the substantial increase in fund balance.

The Debt Service Fund reports a total fund balance of \$2.1 million which is totally assigned for the payment of debt service. The slight decrease in fund balance during the current year in the Debt Service Fund was the direct result of decreased interest revenue of \$60 thousand and offset by decrease in debt service despite the increase of \$200 thousand in transfers to fund capital projects. Taxes received in this fund first pay for the general government debt, and the balance may be used to provide funds for general government capital projects. This year the amount transferred to fund capital projects was \$3.4 million.

The Capital Projects Fund reports a total fund balance of \$4.7 million, \$4.6 million is assigned for future capital projects, and \$111 thousand is committed to existing project contractual commitments. Fund balance increased by \$195 thousand.

The fund balance in the Community Redevelopment Fund increased \$762 thousand in 2021 with an ending fund balance of \$5.2 million. As a fund with major capital goals, the fund balance will be directed toward future capital projects identified in the Redevelopment Plan.

The fund balance in the Baker Park Fund reports a total fund balance of \$695 thousand. This is an increase of \$7 thousand resulting from interest earnings on unspent park development funds.

The fund balance in the Streets and Traffic Fund increased \$20 thousand in 2021 with an ending fund balance of \$3.4 million.

The combined fund balances for all governmental (major and non-major) funds increased by \$14.5 million for fiscal year 2021 or 26.7%.

Proprietary Funds

Like the fund financial statements of governmental funds, the fund financial statements for the City's Proprietary Funds provide the same type of information in the government-wide financial statements, but in more detail. The fund statements of the Proprietary Funds start on page 31.

Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to \$44.9 million in the Water and Sewer Fund, \$2.7 million in the Solid Waste Fund, \$11.2 million in the Stormwater Fund, (\$3.5) million in the City Dock Fund, \$5.8 million in the Naples Beach Fund, and \$678 thousand in the Tennis Fund.

General Fund Budgetary Highlights

The original adopted budget for fiscal year 2020-2021 was \$46.5 million in expenditures and other financing uses and \$45.6 million in revenues and other financing sources, with the difference of \$943 thousand being a planned decrease in fund balance. The amended budget for fiscal year 2020-2021 is \$46.7 million in expenditures and other financing uses, and \$45.6 million in revenues and other financing sources. The actual fiscal year 2020-2021 is \$44.5 million in expenditures and other financing uses and \$49.3 million in revenues and other financing sources, with the combined net difference of \$4.8 million resulting in an increase in the fund balance.

The increase between the General Fund's original budgeted expenditures and the amended budgeted expenditures is \$238,334 resulted from prior year encumbrances carryovers.

The General Fund contingency was budgeted at \$200,000. The City did not use any portion of the budgeted contingency.

Capital Assets and Debt Administration

Capital Assets

The City as of year-end had \$241.5 million invested in a variety of capital assets, as reflected in the following table, which represents a net increase (additions less retirements and depreciation) of \$4.9 million or 2.1% over last year.

Table 4
Capital Assets at Year-End
(In thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 16,418	16,418	3,142	3,142	19,560	19,560
Buildings	52,121	51,925	63,936	63,790	116,057	115,715
Improvements other than buildings	50,387	44,625	80,877	71,909	131,264	116,534
Infrastructure	56,508	38,248	137,656	130,702	194,164	168,950
Machinery and equipment	35,472	32,995	51,039	42,626	86,511	75,621
Construction in progress	1,791	21,893	12,362	18,881	14,153	40,774
Less accumulated depreciation	(114,976)	(108,325)	(205,235)	(192,207)	(320,211)	(300,532)
Totals	<u>\$ 97,721</u>	<u>97,779</u>	<u>143,777</u>	<u>138,843</u>	<u>241,498</u>	<u>236,622</u>

This year's major additions include:

- Stormwater Improvements \$2.7 million.
- Water and Sewer Fund building and infrastructure improvement \$15.9 million.
- Once Cent Sales Tax – Phase I outfall \$1.0 million.

Note: Land and construction in progress in the table 4 (above) equate to the capital assets not being depreciated on the Statement of Net Position on page 20. Additional information regarding the City's capital assets is included in the Note 3 (D) to the financial statements.

Debt Outstanding

As of September 30, 2021, the City had \$12.1 million in debt (bonds, notes, etc.) outstanding compared to \$15.6 million in 2020, a \$3.5 million decrease. This decrease is the result of regular amortization in accordance with the payment schedules.

Table 5
Outstanding Debt at Year-End

	<u>2021</u>	<u>2020</u>
Governmental		
Capital improvement revenue note	\$ 2,437,166	2,749,070
Capital improvement refunding revenue note	446,000	2,176,000
Subtotal	2,883,166	4,925,070
Business-type		
Public utilities refunding revenue bonds	9,203,093	10,658,217
Subtotal	9,203,093	10,658,217
Total	<u>\$ 12,086,259</u>	<u>15,583,287</u>

Additional information regarding the City's outstanding debt is included in the Note 3 (G) to the financial statements.

Economic Factors and Next Year Budget and Rates

In September 2021, the City Council approved a \$176.8 million budget for fiscal year 2021-2022, approximately \$11 million more than the fiscal year 2020-2021 budget. The budget includes \$111 million for operations and transfers, \$3 million for debt service, and \$60.2 million for capital improvements.

The adopted fiscal year 2021-2022 budget continues the City's fiscally conservative approach to budget development, while providing quality services to the citizens.

The budget for fiscal year 2021-2022 was developed with an emphasis on:

- The City's ten year vision plan.
- Reasonable revenue projections.

- Maintenance of levels of service desired by the community.
- Maintenance of fiscally responsible reserves while utilizing excess reserves to provide capital investment into quality-of-life improvement initiatives and essential service infrastructure.
- This budget contains significant investment both capital and operational to water quality and water quality improvements. Among these are Stormwater infrastructure, equipment, and facilities improvements including: \$16.6 million appropriated for the construction of the phase I water outfall project, \$375 thousand for City-wide lake management and restoration improvements; \$450 thousand in basin drainage improvement and assessments; and \$1.0 million in City-wide stormwater improvement. Water and Sewer infrastructure, equipment, and facilities improvements budgeted include: \$3.6 million in wastewater collections improvements; \$2.6 million in water production improvements; \$3.7 million in water distribution improvements; \$2.4 million in utilities maintenance improvements; and \$1.5 million wastewater treatment improvements.

The City's 2021-2022 General Fund budget was balanced using a millage rate of 1.1500 remaining unchanged from 2020-21. The East Naples Bay Taxing District millage rate remained at .5000 and the Moorings Bay Taxing District decreased to .0125. The City's aggregate millage rate of 1.1653 is greater than the aggregate roll back rate of 1.1611 mills.

The following economic and operating factors were considered in developing the budget for fiscal year 2021-2022.

- The City showed the eighth consecutive year of increase in taxable value (after four consecutive years of decline) as values increased 4.4% over fiscal year 2020-2021 to \$26.5 billion.
- The City expects minimal fluctuations for most other revenue sources, including an incremental decrease in investment earnings.
- The City has five union contracts for its employees. All union contracts expired as of September 30, 2021. The fiscal year 2021-2022 budget did not include estimated raises. The City completed negotiations with two of its unions agreeing to 4% increase effective October 1, 2021. This same amount was awarded to non-union employees as well. The City remains in negotiations with its union representing the Police and Fire Departments.
- Health insurance benefits increase 5%. The City increased health insurance rates by 5% in fiscal year 2020-2021. The City increased both the employer and employee premium contributions to maintain the current 85% employer and 15% employee cost sharing of healthcare premiums and comply with the labor contracts.
- The budget has a net increase of 17 positions over fiscal year 2021-2022. There is one debt issuance of \$4.0 million related to the CRA Garage Parking Partnership included in the original budget for fiscal year 2021-2022. The garage is not expected to be under construction until fiscal year 2022-2023 therefore the likelihood of issuing debt for this purpose in fiscal year 2021-2022 is unlikely.
- In addition to City Council's continued emphasis on water and water quality initiatives is reflected above the budget includes \$1.6 million in street and traffic improvements, \$1.1 million to police facility operations and equipment, \$775 thousand to fire facility operations and equipment, \$600 thousand to tree fill-in and landscape median restoration, \$1.5 million to Anthony Park improvement, \$65 thousand to River Park improvements, \$100 thousand to Norris Center improvements, \$250 thousand to Cambier Park Plan Development, and \$260 thousand to Fleischmann Park improvement.

Requests for Information

This financial report is designed to provide a general overview of the City of Naples finances to all users (citizens, taxpayers, customers, investors and creditors). If you have questions regarding this report or need additional financial information, contact the Finance Director at City Hall, 735 8th Street South, Naples, Florida 34102, or at (239) 213-1820, or by email at finance@naplesgov.com. Additional information about the City, including email addresses for the various departments, can be obtained at the City's website www.naplesgov.com.

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BASIC FINANCIAL STATEMENTS

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CITY OF NAPLES, FLORIDA

Statement of Net Position

September 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 85,032,471	57,834,397	142,866,868
Restricted cash and investments	-	332,678	332,678
Receivables (net, where applicable, of allowance for uncollectible)	1,240,192	12,235,071	13,475,263
Accrued interest	229,700	127,908	357,608
Internal balances	(2,197,860)	2,197,860	-
Due from other governments	1,678,523	479,902	2,158,425
Inventories	71,866	969,668	1,041,534
Prepaid items	66,124	103,772	169,896
Capital assets not being depreciated	18,210,057	15,503,291	33,713,348
Capital assets, net of accumulated depreciation	79,511,268	128,274,088	207,785,356
Total assets	<u>183,842,341</u>	<u>218,058,635</u>	<u>401,900,976</u>
Deferred Outflows of Resources			
Deferred outflows - pensions	18,629,970	1,720,211	20,350,181
Deferred outflows - OPEB	741,743	333,247	1,074,990
Deferred charge on refunding	12,575	48,363	60,938
Total deferred outflows of resources	<u>19,384,288</u>	<u>2,101,821</u>	<u>21,486,109</u>
Liabilities			
Accounts payable and other current liabilities	2,772,402	4,933,138	7,705,540
Due to other governments	7,492	1,255,891	1,263,383
Unearned revenue	1,471,694	284,385	1,756,079
Accrued interest payable	17,534	34,560	52,094
Customer deposits	375,620	92,085	467,705
Noncurrent liabilities			
Due within one year	2,661,835	1,535,472	4,197,307
Due in more than one year	54,047,998	13,875,237	67,923,235
Total liabilities	<u>61,354,575</u>	<u>22,010,768</u>	<u>83,365,343</u>
Deferred Inflows of Resources			
Deferred inflows - pensions	1,718,167	458,026	2,176,193
Deferred inflows - OPEB	169,905	76,334	246,239
Total deferred inflows of resources	<u>1,888,072</u>	<u>534,360</u>	<u>2,422,432</u>
Net Position			
Net investment in capital assets	94,850,734	134,622,649	229,473,383
Restricted for			
Building and zoning	5,525,266	-	5,525,266
Capital projects	11,637,199	-	11,637,199
Streets and infrastructure	3,349,274	-	3,349,274
Economic development	6,780,678	-	6,780,678
Police programs	544,790	-	544,790
Culture and recreation improvements	521,410	-	521,410
Unrestricted	16,774,631	62,992,679	79,767,310
Total net position	<u>\$ 139,983,982</u>	<u>197,615,328</u>	<u>337,599,310</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF NAPLES, FLORIDAStatement of Activities
Year Ended September 30, 2021

	Expenses	Indirect Expenses Allocation
Functions/programs		
Governmental activities		
General government	\$ 13,818,979	(3,283,410)
Public safety	32,493,034	398,200
Physical and economic environment	2,938,608	127,690
Transportation	3,371,953	109,900
Culture and recreation	8,767,374	-
Interest	145,316	-
Total governmental activities	<u>61,535,264</u>	<u>(2,647,620)</u>
Business-type activities		
Water and sewer	28,952,921	1,737,400
Solid waste	7,033,102	397,410
Stormwater	4,128,745	193,520
Dock	2,107,224	79,040
Beach	2,213,058	188,900
Tennis	705,226	51,350
Total business-type activities	<u>45,140,276</u>	<u>2,647,620</u>
Total primary government	<u>\$ 106,675,540</u>	<u>-</u>

The accompanying notes to financial statements are an integral part of this statement.

Program Revenues			Net (Expense) Revenue and Change In Net Position		
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
4,691,569	176,431	5,653,369	(14,200)	-	(14,200)
8,390,314	2,887	1,609,492	(22,888,541)	-	(22,888,541)
108,615	6,761,225	(92,093)	3,711,449	-	3,711,449
95,100	282,299	97,780	(3,006,674)	-	(3,006,674)
1,106,982	-	354,730	(7,305,662)	-	(7,305,662)
-	-	-	(145,316)	-	(145,316)
14,392,580	7,222,842	7,623,278	(29,648,944)	-	(29,648,944)
34,353,838	1,200,000	1,421,121	-	6,284,638	6,284,638
8,237,984	-	-	-	807,472	807,472
5,146,330	(12,750)	75,000	-	886,315	886,315
2,524,252	-	-	-	337,988	337,988
3,251,989	135,586	-	-	985,617	985,617
893,514	-	-	-	136,938	136,938
54,407,907	1,322,836	1,496,121	-	9,438,968	9,438,968
68,800,487	8,545,678	9,119,399	(29,648,944)	9,438,968	(20,209,976)
General revenues					
Property taxes			28,551,238	-	28,551,238
Local communication and utility taxes			6,531,312	-	6,531,312
Insurance premium tax			1,380,571	-	1,380,571
Motor fuel taxes			1,378,628	-	1,378,628
Business tax			251,517	-	251,517
Franchise fees			3,639,643	-	3,639,643
Intergovernmental revenues-unrestricted			4,216,510	-	4,216,510
Unrestricted investment earnings (loss)			147,575	(113,849)	33,726
Gain on sale of capital assets			-	154,528	154,528
Transfers			2,020,100	(2,020,100)	-
Total general revenues and transfers			48,117,094	(1,979,421)	46,137,673
Change in net position			18,468,150	7,459,547	25,927,697
Net position, beginning			121,515,832	190,155,781	311,671,613
Net position, ending			\$ 139,983,982	197,615,328	337,599,310

The accompanying notes to financial statements are an integral part of this statement.

CITY OF NAPLES, FLORIDA

Balance Sheet Governmental Funds September 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund
Assets			
Cash and investments	\$ 24,388,903	1,842,986	5,050,554
Receivables (net, where applicable, of allowance for uncollectible)			
Accounts	605,334	-	332,167
Utility taxes	-	285,826	-
Accrued interest	95,805	1,383	30,198
Due from other funds	158,700	-	-
Advances due from other funds	1,663,850	-	-
Due from other governments	815,505	-	-
Inventories	-	-	-
Prepaid items	16,124	-	-
Total assets	<u>\$ 27,744,221</u>	<u>2,130,195</u>	<u>5,412,919</u>
Liabilities			
Accounts payable	\$ 783,015	-	396,817
Accrued payroll	390,109	-	-
Due to other governments	7,492	-	-
Due to other funds	-	-	-
Advances payable to other funds	-	-	-
Unearned revenue	185,412	-	-
Customer deposits	-	-	-
Total liabilities	<u>1,366,028</u>	<u>-</u>	<u>396,817</u>
Deferred inflows of resources			
Unavailable revenue	<u>9,281</u>	<u>-</u>	<u>294,733</u>
Fund balances			
Nonspendable	1,679,974	-	-
Restricted	-	-	-
Committed	4,344,507	-	110,973
Assigned	215,755	2,130,195	4,610,396
Unassigned	<u>20,128,676</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>26,368,912</u>	<u>2,130,195</u>	<u>4,721,369</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 27,744,221</u>	<u>2,130,195</u>	<u>5,412,919</u>

The accompanying notes to financial statements are an integral part of this statement.

Community Redevelopment Fund	Baker Park Fund	Streets and Traffic Fund	East Naples Bay District Fund	Other Nonmajor Governmental Funds	Total
6,819,886	883,639	3,382,214	4,288,701	24,755,651	71,412,534
-	2,000	-	-	1,815	941,316
-	-	-	-	-	285,826
14,156	9,276	13,191	1,473	32,062	197,544
-	-	-	-	-	158,700
-	-	-	-	-	1,663,850
-	-	324,250	-	515,106	1,654,861
-	-	14,050	-	-	14,050
-	-	-	-	-	16,124
<u>6,834,042</u>	<u>894,915</u>	<u>3,733,705</u>	<u>4,290,174</u>	<u>25,304,634</u>	<u>76,344,805</u>
47,174	-	359,834	990	481,272	2,069,102
6,190	-	10,547	-	40,469	447,315
-	-	-	-	-	7,492
-	-	-	290,000	-	290,000
-	-	-	2,610,000	-	2,610,000
-	-	-	-	1,281,945	1,467,357
-	-	-	-	375,620	375,620
<u>53,364</u>	<u>-</u>	<u>370,381</u>	<u>2,900,990</u>	<u>2,179,306</u>	<u>7,266,886</u>
-	-	-	-	-	304,014
-	-	14,050	-	-	1,694,024
6,780,678	894,915	3,349,274	1,389,184	21,380,808	33,794,859
-	-	-	-	1,671,889	6,127,369
-	-	-	-	72,631	7,028,977
-	-	-	-	-	20,128,676
<u>6,780,678</u>	<u>894,915</u>	<u>3,363,324</u>	<u>1,389,184</u>	<u>23,125,328</u>	<u>68,773,905</u>
<u>6,834,042</u>	<u>894,915</u>	<u>3,733,705</u>	<u>4,290,174</u>	<u>25,304,634</u>	<u>76,344,805</u>

The accompanying notes to financial statements are an integral part of this statement.

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CITY OF NAPLES, FLORIDA
Reconciliation of the Balance Sheet—Governmental Funds
to the Statement of Net Position
September 30, 2021

Total fund balances governmental funds (page 23)		\$ 68,773,905
Total net position 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. Total capital assets (\$97,721,325) less amounts included in the internal service funds (\$818,901).		96,902,424
Some deferred inflows of resources are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		304,014
The deferred charge on refunding is not a financial resource and, therefore, is not reported in the governmental funds.		12,575
Accrued interest on long-term debt is not due and payable in the current period and, therefore, is not reported in the funds.		(17,534)
Deferred outflows (\$18,629,970), deferred inflows (\$1,718,167), and the net pension liability (\$42,692,325) related to the City's pension plans less amounts reported in the internal service funds (\$250,400) are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.		(25,530,122)
Deferred outflows (\$741,743), deferred inflows (\$169,905), and the total OPEB liability (\$4,069,254) related to the City's other post-employment benefit plan less amounts reported in the internal service funds (\$202,748) are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.		(3,294,668)
Long-term liabilities, including bonds payable, compensated absences, and insurance		
claims payable are not due and payable in the current period and, therefore, are not reported in the funds. This is the total amount of long-term liabilities (\$9,948,254) less the amounts reported in the internal service funds (\$4,248,290) for compensated absences, and insurance claims payable.		
Debt payable	\$ (2,883,166)	
Compensated absences	<u>(2,816,798)</u>	(5,699,964)
Internal service funds are used by management to charge the costs of certain activities, such as fleet management, insurance and information services to individual funds. This is the net position included in the governmental activities in the Statement of Net Position.		<u>8,533,352</u>
Net position of governmental activities (page 20)		<u><u>\$ 139,983,982</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF NAPLES, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund
Revenues			
Taxes	\$ 29,485,761	4,530,070	-
Permits, fees and assessments	3,878,226	-	118,126
Intergovernmental	6,978,162	-	-
Charges for services	2,094,862	-	-
Charges to other funds	3,966,090	-	-
Fines and forfeitures	602,681	-	-
Investment earnings	15,941	(2,046)	5,977
Donations	-	-	-
Miscellaneous	204,977	-	-
Total revenues	<u>47,226,700</u>	<u>4,528,024</u>	<u>124,103</u>
Expenditures			
Current			
General government	11,496,031	43,460	71,010
Public safety	25,911,893	-	-
Physical and economic environment	-	-	-
Transportation	16,510	-	-
Culture and recreation	6,949,757	-	-
Capital outlay			
General government	30,362	-	174,496
Public safety	95,578	-	1,996,726
Physical and economic environment	-	-	-
Transportation	-	-	4,238
Culture and recreation	-	-	1,288,465
Debt service			
Principal	-	2,041,904	-
Interest and fiscal charges	-	99,670	-
Total expenditures	<u>44,500,131</u>	<u>2,185,034</u>	<u>3,534,935</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,726,569</u>	<u>2,342,990</u>	<u>(3,410,832)</u>
Other financing sources (uses)			
Transfers in	2,125,980	1,035,761	3,460,078
Transfers out	(47,500)	(3,400,000)	-
Proceeds from sale of capital assets	678	-	145,279
Total other financing sources (uses)	<u>2,079,158</u>	<u>(2,364,239)</u>	<u>3,605,357</u>
Change in fund balances	<u>4,805,727</u>	<u>(21,249)</u>	<u>194,525</u>
Fund balances, beginning of year	21,563,185	2,151,444	4,526,844
Fund balances, end of year	<u>\$ 26,368,912</u>	<u>2,130,195</u>	<u>4,721,369</u>

The accompanying notes to financial statements are an integral part of this statement.

Community Redevelopment Fund	Baker Park Fund	Streets and Traffic Fund	East Naples Bay District Fund	Other Nonmajor Governmental Funds	Total
1,434,656	-	2,267,628	347,712	27,439	38,093,266
7,765	-	295,100	-	7,632,155	11,931,372
4,446,809	200,000	601,921	-	5,656,256	17,883,148
-	-	-	-	100,892	2,195,754
-	-	-	-	-	3,966,090
-	-	-	-	318,684	921,365
49,043	8,609	(4,504)	5,358	94,488	172,866
-	-	-	-	176,431	176,431
-	-	12,150	-	13,440	230,567
<u>5,938,273</u>	<u>208,609</u>	<u>3,172,295</u>	<u>353,070</u>	<u>14,019,785</u>	<u>75,570,859</u>
-	-	-	-	24,846	11,635,347
-	-	-	-	5,087,635	30,999,528
1,262,060	-	-	203	616,933	1,879,196
-	-	2,439,048	-	-	2,455,558
-	-	-	-	49,454	6,999,211
-	-	-	-	83,518	288,376
-	-	-	-	157,875	2,250,179
1,293,844	2,113	-	73,778	132,903	1,502,638
-	-	703,371	-	1,026,287	1,733,896
-	-	-	-	79,434	1,367,899
-	-	-	-	-	2,041,904
-	-	-	-	-	99,670
<u>2,555,904</u>	<u>2,113</u>	<u>3,142,419</u>	<u>73,981</u>	<u>7,258,885</u>	<u>63,253,402</u>
<u>3,382,369</u>	<u>206,496</u>	<u>29,876</u>	<u>279,089</u>	<u>6,760,900</u>	<u>12,317,457</u>
-	-	-	-	-	6,621,819
(1,035,761)	-	-	-	(118,458)	(4,601,719)
-	-	-	-	-	145,957
<u>(1,035,761)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(118,458)</u>	<u>2,166,057</u>
<u>2,346,608</u>	<u>206,496</u>	<u>29,876</u>	<u>279,089</u>	<u>6,642,442</u>	<u>14,483,514</u>
<u>4,434,070</u>	<u>688,419</u>	<u>3,333,448</u>	<u>1,110,095</u>	<u>16,482,886</u>	<u>54,290,391</u>
<u>6,780,678</u>	<u>894,915</u>	<u>3,363,324</u>	<u>1,389,184</u>	<u>23,125,328</u>	<u>68,773,905</u>

The accompanying notes to financial statements are an integral part of this statement.

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CITY OF NAPLES, FLORIDA
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 balances—total governmental funds (page 27) \$ 14,483,514
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.

Capital outlay	\$ 6,950,214	
Less current year depreciation	<u>(6,827,300)</u>	122,914

The net effect of various miscellaneous transactions involving capital assets
(i.e., sales, trade-ins, and donations) is to decrease net position. (140,634)

The issuance of long-term debt provides current financial resources to governmental
funds, while the repayment of the principal of long-term debt consumes the
current financial resources of governmental funds. Neither transaction,
however, has any effect on net position. This amount is the net effect of these
differences in the treatment of long-term debt and related items.

Repayment of principal of long-term debt		2,041,904
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Some revenues reported in the Statement of Activities do not provide current financial
resources and, therefore, are not reported as revenues in governmental funds. (209,874)

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.

Compensated absences	160,490	
Deferred outflows - pensions	7,583,404	
Deferred outflows - OPEB	(54,013)	
Accrued interest	4,651	
Net pension liability	(7,335,461)	
Total OPEB liability	(87,010)	
Deferred charge on refunding	(50,297)	
Deferred inflows - pensions	1,048,657	
Deferred inflows - OPEB	<u>(51,968)</u>	1,218,453

Internal service funds are used by management to charge the costs of certain activities,
such as fleet management, insurances and information systems. This is the net
revenue of the internal service funds reported within governmental activities.

Change in net position of governmental activities (page 21)		<u>951,873</u>
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		<u><u>\$ 18,468,150</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

CITY OF NAPLES, FLORIDA

Statement of Net Position

Proprietary Funds

September 30, 2021

Assets	Business-type Activities—Enterprise Funds			
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	City Dock Fund
Current assets				
Cash and investments	\$ 35,812,265	2,489,989	11,352,589	973,772
Restricted cash and investments	332,678	-	-	-
Receivables (net, where applicable, of allowance for uncollectible)				
Accounts	6,157,140	1,156,482	720,492	31,180
Special assessments	3,913,172	-	-	-
Accrued interest	78,077	7,759	27,539	1,609
Advances due from other funds	4,147,300	-	763,850	-
Due from other governments	429,877	-	40,735	-
Due from other funds	377,600	-	58,700	-
Prepaid items	-	-	-	-
Inventories	967,960	-	-	550
Total current assets	<u>52,216,069</u>	<u>3,654,230</u>	<u>12,963,905</u>	<u>1,007,111</u>
Capital assets				
Land	1,761,684	1,145,053	234,866	-
Buildings and utility plants	61,273,624	528,790	-	-
Improvements other than buildings	61,915,368	4,511,402	-	6,869,536
Infrastructure	94,939,316	-	42,716,949	-
Equipment	41,251,097	6,381,712	1,316,311	279,378
Accumulated depreciation	(160,797,928)	(7,502,072)	(25,743,721)	(1,855,658)
Construction in progress	9,843,946	-	2,447,119	-
Net capital assets	<u>110,187,107</u>	<u>5,064,885</u>	<u>20,971,524</u>	<u>5,293,256</u>
Total assets	<u>162,403,176</u>	<u>8,719,115</u>	<u>33,935,429</u>	<u>6,300,367</u>
Deferred Outflow of Resources				
Deferred outflows - pensions	1,093,222	254,437	164,173	39,241
Deferred outflows - OPEB	225,748	53,749	21,500	5,375
Deferred charge on refunding	48,363	-	-	-
Total deferred outflows of resources	<u>1,367,333</u>	<u>308,186</u>	<u>185,673</u>	<u>44,616</u>

The accompanying notes to financial statements are an integral part of this statement.

Nonmajor Funds	Total	Governmental Activities– Internal Service Funds
7,205,782	57,834,397	13,619,937
-	332,678	-
256,605	8,321,899	13,050
-	3,913,172	-
12,924	127,908	32,156
-	4,911,150	-
9,290	479,902	23,662
-	436,300	-
103,772	103,772	50,000
1,158	969,668	57,816
<u>7,589,531</u>	<u>77,430,846</u>	<u>13,796,621</u>
-	3,141,603	-
2,133,821	63,936,235	846,944
7,580,986	80,877,292	-
-	137,656,265	-
1,810,307	51,038,805	4,211,020
(9,335,130)	(205,234,509)	(4,239,063)
70,623	12,361,688	-
<u>2,260,607</u>	<u>143,777,379</u>	<u>818,901</u>
<u>9,850,138</u>	<u>221,208,225</u>	<u>14,615,522</u>
169,138	1,720,211	200,258
26,875	333,247	43,000
-	48,363	-
<u>196,013</u>	<u>2,101,821</u>	<u>243,258</u>

(Continued)

The accompanying notes to financial statements are an integral part of this statement.

CITY OF NAPLES, FLORIDA

Statement of Net Position

Proprietary Funds

September 30, 2021

Liabilities	Business-type Activities—Enterprise Funds			
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	City Dock Fund
Current liabilities				
Accounts payable	\$ 2,888,487	209,878	1,328,145	21,224
Accrued payroll	95,958	23,378	18,779	3,403
Due to other funds	-	-	-	305,000
Due to other governments	1,255,891	-	-	-
Unearned revenue	17,237	-	-	2,275
Accrued interest payable	34,560	-	-	-
Current portion of compensated absences	238,000	65,000	39,000	5,000
Current maturities of long-term debt	1,168,472	-	-	-
Insurance claims payable	-	-	-	-
Total payable from current assets	<u>5,698,605</u>	<u>298,256</u>	<u>1,385,924</u>	<u>336,902</u>
Current liabilities (payable from restricted assets)				
Customer deposits	17,031	-	-	75,054
Total current liabilities	<u>5,715,636</u>	<u>298,256</u>	<u>1,385,924</u>	<u>411,956</u>
Noncurrent liabilities				
Due in more than one year				
Revenue bonds payable, net of unamortized discounts and premiums	8,034,621	-	-	-
Compensated absences	380,026	68,886	37,918	11,195
Advances due to other funds	-	-	-	3,965,000
Net pension liability	2,169,086	504,835	325,739	77,860
Total OPEB liability	1,238,469	294,874	117,949	29,487
Insurance claims payable	-	-	-	-
Total noncurrent liabilities	<u>11,822,202</u>	<u>868,595</u>	<u>481,606</u>	<u>4,083,542</u>
Total liabilities	<u>17,537,838</u>	<u>1,166,851</u>	<u>1,867,530</u>	<u>4,495,498</u>
Deferred Inflows of Resources				
Deferred inflows - pension	291,083	67,747	43,713	10,448
Deferred inflows - OPEB	51,710	12,312	4,925	1,231
Total deferred inflows of resources	<u>342,793</u>	<u>80,059</u>	<u>48,638</u>	<u>11,679</u>
Net Position				
Net investment in capital assets	101,032,377	5,064,885	20,971,524	5,293,256
Restricted for flexible benefits	-	-	-	-
Unrestricted	<u>44,857,501</u>	<u>2,715,506</u>	<u>11,233,410</u>	<u>(3,455,450)</u>
Net position of business-type activities	<u>\$ 145,889,878</u>	<u>7,780,391</u>	<u>32,204,934</u>	<u>1,837,806</u>

Adjustment to report cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds.

Net position of business-type activities

The accompanying notes to financial statements are an integral part of this statement.

Nonmajor Funds	Total	Governmental Activities– Internal Service Funds
327,164	4,774,898	129,891
16,722	158,240	126,094
-	305,000	-
-	1,255,891	-
264,873	284,385	4,337
-	34,560	-
20,000	367,000	28,000
-	1,168,472	-
-	-	1,115,354
<u>628,759</u>	<u>8,348,446</u>	<u>1,403,676</u>
-	92,085	-
<u>628,759</u>	<u>8,440,531</u>	<u>1,403,676</u>
-	8,034,621	-
101,265	599,290	133,736
-	3,965,000	-
335,590	3,413,110	397,337
147,437	1,828,216	235,898
-	-	2,971,200
<u>584,292</u>	<u>17,840,237</u>	<u>3,738,171</u>
<u>1,213,051</u>	<u>26,280,768</u>	<u>5,141,847</u>
45,035	458,026	53,321
6,156	76,334	9,850
<u>51,191</u>	<u>534,360</u>	<u>63,171</u>
2,260,607	134,622,649	818,901
-	-	375,785
<u>6,521,302</u>	<u>61,872,269</u>	<u>8,459,076</u>
<u>8,781,909</u>	<u>196,494,918</u>	<u>9,653,762</u>
	<u>1,120,410</u>	
	<u>\$ 197,615,328</u>	

The accompanying notes to financial statements are an integral part of this statement.

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

	Business-type Activities—Enterprise Funds			
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	City Dock Fund
Operating revenues				
Charges for services				
Water revenues	\$ 18,523,063	-	-	-
Sewer revenues	15,767,655	-	-	-
Intergovernmental	1,200,000	-	(12,750)	-
Other	63,120	8,237,984	5,146,330	2,524,252
Total operating revenues	<u>35,553,838</u>	<u>8,237,984</u>	<u>5,133,580</u>	<u>2,524,252</u>
Operating expenses				
Personal services	7,837,355	2,008,284	1,223,646	223,671
Supplies, services and claims	5,484,169	4,272,050	640,173	1,397,392
Materials	2,520,215	-	-	-
Utilities	1,847,295	10,409	36,123	76,808
Depreciation and amortization	9,825,356	655,275	2,172,590	311,609
General administration	1,737,400	397,410	193,520	79,040
Other	902,194	33,102	50,843	-
Total operating expenses	<u>30,153,984</u>	<u>7,376,530</u>	<u>4,316,895</u>	<u>2,088,520</u>
Operating income	<u>5,399,854</u>	<u>861,454</u>	<u>816,685</u>	<u>435,732</u>
Nonoperating revenues (expenses)				
Nonoperating grants	-	-	-	-
Investment earnings	(72,955)	(5,573)	(8,401)	(4,187)
Interest expense	(264,159)	-	(1,658)	(80,520)
Gain on sale of capital assets	131,009	23,519	-	-
Total nonoperating revenues (expenses)	<u>(206,105)</u>	<u>17,946</u>	<u>(10,059)</u>	<u>(84,707)</u>
Income before contributions and transfers	5,193,749	879,400	806,626	351,025
Capital contributions	1,421,121	-	75,000	-
Transfers in	-	-	-	-
Transfers out	(1,722,000)	(345,600)	-	-
Change in net position	<u>4,892,870</u>	<u>533,800</u>	<u>881,626</u>	<u>351,025</u>
Net position, beginning of year	<u>140,997,008</u>	<u>7,246,591</u>	<u>31,323,308</u>	<u>1,486,781</u>
Net position, end of year	<u>\$ 145,889,878</u>	<u>7,780,391</u>	<u>32,204,934</u>	<u>1,837,806</u>

Adjustment for the net effect of the current year activity
between the internal service funds and the enterprise funds.

The accompanying notes to financial statements are an integral part of this statement.

<u>Nonmajor Funds</u>	<u>Totals</u>	<u>Governmental Activities– Internal Service Funds</u>
-	18,523,063	-
-	15,767,655	-
-	1,187,250	-
4,145,503	20,117,189	16,582,657
<u>4,145,503</u>	<u>55,595,157</u>	<u>16,582,657</u>
1,191,305	12,484,261	1,393,014
1,087,822	12,881,606	13,847,018
-	2,520,215	-
127,866	2,098,501	25,591
455,089	13,419,919	232,411
240,250	2,647,620	462,380
43,006	1,029,145	5,371
<u>3,145,338</u>	<u>47,081,267</u>	<u>15,965,785</u>
<u>1,000,165</u>	<u>8,513,890</u>	<u>616,872</u>
135,586	135,586	-
(22,733)	(113,849)	(25,291)
-	(346,337)	-
-	154,528	-
<u>112,853</u>	<u>(170,072)</u>	<u>(25,291)</u>
1,113,018	8,343,818	591,581
-	1,496,121	-
47,500	47,500	-
-	(2,067,600)	-
<u>1,160,518</u>	<u>7,819,839</u>	<u>591,581</u>
<u>7,621,391</u>		<u>9,062,181</u>
<u>8,781,909</u>		<u>9,653,762</u>
	(360,292)	
	<u>\$ 7,459,547</u>	

The accompanying notes to financial statements are an integral part of this statement.

CITY OF NAPLES, FLORIDA
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2021

	Business-type Activities—Enterprise Funds			
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	City Dock Fund
Cash flows from operating activities				
Cash received from customers	\$ 35,726,066	8,069,347	5,228,122	2,513,961
Cash payments to suppliers	(10,431,360)	(4,323,346)	226,284	(1,470,656)
Cash payments to employees for services	(8,339,161)	(2,127,397)	(1,303,571)	(79,040)
Cash payments for interfund services	(1,737,400)	(397,410)	(193,520)	(235,609)
Net cash provided by operating activities	<u>15,218,145</u>	<u>1,221,194</u>	<u>3,957,315</u>	<u>728,656</u>
Cash flows from noncapital financing activities				
Transfers in (out)	(1,722,000)	(345,600)	-	-
Loans/advances and repayments from other funds	(1,524,800)	-	117,400	(610,000)
Nonoperating grants	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>(3,246,800)</u>	<u>(345,600)</u>	<u>117,400</u>	<u>(610,000)</u>
Cash flows from capital and related financing activities				
Principal paid on long-term debt	(1,216,892)	-	(238,232)	-
Interest paid on long-term debt	(267,500)	-	(1,982)	(80,520)
Capital contributions	1,421,121	-	75,000	-
Proceeds from sale of capital assets	131,009	23,519	-	-
Acquisition and construction of capital assets	(14,542,285)	(828,225)	(2,667,309)	(31,186)
Net cash used in capital and related financing activities	<u>(14,474,547)</u>	<u>(804,706)</u>	<u>(2,832,523)</u>	<u>(111,706)</u>
Cash flows from investing activities				
Interest and investment loss	(60,365)	(4,410)	(4,452)	(3,426)
Net cash used in investing activities	<u>(60,365)</u>	<u>(4,410)</u>	<u>(4,452)</u>	<u>(3,426)</u>
Net change in cash and cash equivalents	(2,563,567)	66,478	1,237,740	3,524
Cash and cash equivalents, beginning of year	38,708,510	2,423,511	10,114,849	970,248
Cash and cash equivalents, end of year	<u>\$ 36,144,943</u>	<u>2,489,989</u>	<u>11,352,589</u>	<u>973,772</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 5,399,854	861,454	816,685	435,732
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	9,825,356	655,275	2,172,590	311,609
Changes in assets - (increase) decrease				
Accounts receivable, net	65,837	(168,637)	6,793	(11,237)
Miscellaneous receivables	-	-	-	-
Due from other governments	106,391	-	87,749	-
Inventories	40,548	-	-	4,071
Decrease in prepaid items	-	-	-	-
Deferred outflows	(545,734)	(126,920)	(82,913)	(19,800)
Changes in liabilities - increase (decrease)				
Accounts payable	358,423	(7,785)	953,423	(527)
Accrued payroll	(287,042)	(64,865)	(40,033)	(12,594)
Due to other governments	(76,278)	-	-	-
Unearned revenue	-	-	-	473
Customer deposits	(180)	-	-	473
Insurance claims payable	-	-	-	-
Deferred inflows	(17,929)	(4,082)	(3,615)	(847)
Net pension liability	403,758	93,971	60,634	14,493
Total OPEB liability	28,111	6,693	2,677	669
Compensated absences	(82,970)	(23,910)	(16,675)	6,141
Net cash provided by operating activities	<u>\$ 15,218,145</u>	<u>1,221,194</u>	<u>3,957,315</u>	<u>728,656</u>
Noncash investing, capital, and financing activities				
Amortization of loss on revenue refunding bonds	<u>\$ 7,440</u>	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes to financial statements are an integral part of this statement.

Nonmajor Funds	Total	Governmental Activities– Internal Service Funds
4,150,379	55,687,875	17,296,355
(996,762)	(16,995,840)	(13,210,126)
(1,041,268)	(12,890,437)	(925,426)
(436,959)	(3,000,898)	(990,677)
<u>1,675,390</u>	<u>22,800,700</u>	<u>2,170,126</u>
47,500	(2,020,100)	-
-	(2,017,400)	-
135,586	135,586	-
<u>183,086</u>	<u>(3,901,914)</u>	<u>-</u>
-	(1,455,124)	-
-	(350,002)	-
-	1,496,121	-
396	154,924	3,722
(278,326)	(18,347,331)	(196,641)
<u>(277,930)</u>	<u>(18,501,412)</u>	<u>(192,919)</u>
(20,203)	(92,856)	(21,290)
<u>(20,203)</u>	<u>(92,856)</u>	<u>(21,290)</u>
1,560,343	304,518	1,955,917
5,645,439	57,862,557	11,664,020
<u>7,205,782</u>	<u>58,167,075</u>	<u>13,619,937</u>
1,000,165	8,513,890	616,872
455,089	13,419,919	232,411
(249,429)	(356,673)	-
-	-	732,843
214,750	408,890	(22,916)
100	44,719	12,149
(103,772)	(103,772)	-
(85,056)	(860,423)	(99,841)
150,854	1,454,388	(79,225)
(40,241)	(444,775)	56,537
-	(76,278)	-
254,305	254,778	3,771
-	293	-
-	-	627,510
(3,372)	(29,845)	(3,160)
62,467	635,323	73,962
3,347	41,497	5,354
16,183	(101,231)	13,859
<u>1,675,390</u>	<u>22,800,700</u>	<u>2,170,126</u>
-	7,440	-

The accompanying notes to financial statements are an integral part of this statement.

CITY OF NAPLES, FLORIDA
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2021

	Pension Trust Funds
Assets	
Cash and cash equivalents	\$ 5,905,126
Contributions receivable	774,348
Investments, at fair value	
U.S. Treasury securities	15,526,783
U.S. Government agency securities	66,863
Municipal obligations	4,902
Asset-backed securities	5,367,042
Corporate bonds	11,843,993
Common stock/equity funds	137,591,737
Real estate investment trusts	15,687,244
Alternative investments	19,378,034
Total investments	<u>205,466,598</u>
Total assets	<u>212,146,072</u>
Liabilities	
Accounts payable	<u>699,936</u>
Total liabilities	<u>699,936</u>
Net position	
Restricted for pension benefits	<u><u>\$ 211,446,136</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF NAPLES, FLORIDA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended September 30, 2021

	<u>Pension Trust Funds</u>
Additions	
Contributions	
Employee contributions	\$ 1,115,815
Employer contributions	7,122,744
State contributions	<u>1,380,571</u>
Total contributions	<u>9,619,130</u>
Investment earnings	
Interest and dividend income	3,109,083
Net change in fair value of investments	36,484,712
Less investment expense	<u>(973,567)</u>
Net investment earnings	<u>38,620,228</u>
Total additions	<u>48,239,358</u>
Deductions	
Benefits paid	13,826,996
Refunds of contributions	312,804
General administration	<u>282,030</u>
Total deductions	<u>14,421,830</u>
Change in net position	33,817,528
Net position, restricted for pension benefits	
Beginning of year	<u>177,628,608</u>
End of year	<u><u>\$ 211,446,136</u></u>

The accompanying notes to financial statements are an integral part of this statement.

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THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

The accounting policies and practices and the presentation of the financial report of the City of Naples, Florida (the "City"), have been designed to conform to generally accepted accounting principles as applicable to governmental units, in accordance with the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies and practices:

A. Reporting Entity

The City is a political subdivision of the State of Florida, located in Collier County along the lower Southwest coast of the state. The City was incorporated in December 1923. The City operates under a Council Manager form of government. The governing body of the City is comprised of an elected City Council (six members) and an elected Mayor. In addition to the public safety, general government, recreation, sanitation, and public works services provided to its residents, the City operates water and sewer enterprises and maintains various pension and agency funds in a fiduciary capacity.

Included in the City's activities are the Moorings Bay Special Taxing District and the East Naples Bay Special Taxing District. The two Special Taxing Districts were created and established by Ordinances No. 87-5328 and No. 87-5330, respectively, for the purpose of providing maintenance dredging in the channels and waterways within the area or boundary of the respective District, and to maintain necessary aids to navigation. Funds for the taxing districts are provided through an ad valorem tax that is levied only within these specified districts.

The accompanying financial statements present the government and its blended component unit, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. The City has no discretely presented component units to report.

Blended Component Unit. The Community Redevelopment Agency is a blended component unit of this reporting entity, as the governing board of the Community Redevelopment Agency is substantively the same as the City Council and a financial benefit/burden relationship does exist between the two entities. Ordinance No. 94-7099 created the Community Redevelopment Agency for the rehabilitation, conservation or redevelopment of the designated district. The tax increment from both Collier County and the City provides the source of revenue for the Community Redevelopment Agency. Separate financial statements for the blended component unit can be obtained at City Hall.

Fiduciary Component Units. The City has three single-employer defined benefit pension plans. The General Employees Pension Plan is administered by a Board of Trustees established by City Ordinance. The Board of Trustees is comprised of two Council appointees, three City Manager appointees, one retiree of the Plan elected by the Membership, and a seventh member elected by the other six who is a City resident. The Firefighters' Pension Plan is administered by a Board of Trustees established by City Ordinance. The Board consists of two Council appointees, two members of the Plan elected by the membership, and a fifth member elected by the other four and appointed by Council as a ministerial duty. The Police Officers' Pension Plan is administered by a Board of Trustees established by City Ordinance. The Board consists of two Council appointees, two members of the Plan elected by the membership, and a fifth member elected by the other four and appointed by Council as a ministerial duty. The Plans are reported as fiduciary component units in accordance with Governmental Accounting Standards Board Statement Number 84, *Fiduciary Activities*.

Separate financial statements for the fiduciary component units are not prepared.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

Entities that benefit residents of the City but are excluded from this report are the Naples Community Hospital and the Naples Airport Authority. They are excluded because they do not meet the criteria of component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which principally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which 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, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not 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 latter 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.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus and only report assets and liabilities. Revenues are recorded when earned and expenses are 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 have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of grant revenues 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. Property taxes, gas taxes, utility taxes, franchise fees, licenses, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

The City reports the following major governmental funds:

General Fund is the general operating fund of the City. All general tax revenue and other receipts that are not required either legally or by generally accepted accounting principles to be accounted for in other funds are accounted for in the General Fund.

Debt Service Fund is used to account for the accumulation of resources for the payment of principal, interest and other expenditures on long-term debt, other than notes and bonds payable from the operation of Proprietary Funds.

Capital Projects Fund is used to account for financial resources segregated for the acquisition or construction of major capital facilities as designated by City Council.

Community Redevelopment Fund, a blended component unit, is used to account for the receipt and disbursement of tax increment financing resources received for the redevelopment program and to finance capital improvements in the redevelopment area of the City.

Baker Park Fund is used to account for receipts and disbursements related to the design and construction of the new park located on the Gordon River.

Streets and Traffic Fund is used to account for the City's share of the local option fuel taxes, state revenue sharing and road impact fees for the purpose of improving streets and traffic within the City.

East Naples Bay District is used to account for the receipt and disbursement of monies used for the purpose of maintenance dredging in the canals and waterways within the area or boundary of the district of East Naples Bay.

The City reports the following major proprietary funds:

Water and Sewer Fund is used to account for all of the activities of providing customers with potable water and wastewater disposal services.

Solid Waste Fund is used to account for all of the activities of the collection and disposal of solid waste.

Stormwater Fund is used to account for funds used in the construction of storm sewers and subsequent operations of the system.

City Dock Fund is used to account for funds used in the construction of the City's dock and all the subsequent operations of the dock. Repayment of any funding will be provided through user charges.

Additionally the City reports the following fund types:

Internal Service Funds account for technology management, equipment services, health insurance, and risk management services provided to other departments or agencies of the City.

Fiduciary Funds account for the activities of the City's retirement systems, which accumulate resources for pension benefit payments made to qualified general and public safety employees.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 *nonoperating* items. Operating revenues and expenses generally result from providing services, producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Enterprise Fund, Solid Waste Enterprise Fund, Stormwater Enterprise Fund, other Nonmajor Enterprise Funds, and the City's Internal Service Funds 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 internal service funds 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 nonoperating 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.

D. Assets, Liabilities and Fund Balance/Net Position

1. Deposits and Investments

a. Cash and Cash Equivalents

Cash and cash equivalents are defined as highly liquid investments with original maturities of three months or less and consist of cash on hand, cash on deposit with financial institutions, and funds on deposit in the Local Government Surplus Trust Fund Investment Pool administered by the Florida State Board of Administration.

b. Investments

The City follows the provisions of Statement No. 31 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, in which all investments are reported at fair value based on quoted market prices.

The City maintains a centralized bank account to maximize investment yields. Investment income resulting from pooling of investments is allocated to participating funds based on average monthly invested balances.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

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 interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund 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.”

a. Advances to Other Funds

In governmental fund types, noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by nonspendable fund balance, which indicates that they do not constitute expendable available financial resources, and therefore, are not available for appropriation.

b. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered and the cash used/generated in those transactions is recorded in a general cash clearing fund. Each operating fund maintains a positive cash equity position (receivable balance) or a negative cash deficit position (payable balance) in the cash clearing fund. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. The net receivable balance is allocated as cash to the individual funds based on their percentage of positive equity to total positive equity. Interfund receivables and payables are liquidated on a monthly basis.

3. Inventories

Inventories are valued at cost (first-in, first-out method) in the Streets Fund and consist of expendable supplies held for consumption. Inventories are reported using the “Consumption Method” and are reported as an asset in governmental funds (rather than as an expenditure) until consumed, at which time expenditure is reported. Reported inventories are equally offset by nonspendable fund balance which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

Inventories are valued at the lower of cost (first-in, first-out method) or market in the Enterprise and Internal Service Funds. They consist of water meters, supplies, maintenance parts, tires, and fuel held for consumption. Allowances have been recorded for obsolete and surplus items, when appropriate. Inventories of proprietary funds are reported as an expense when consumed.

4. Restricted Assets

Restricted cash and investments are reported for amounts held as deposits in the enterprise funds.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

5. Capital Assets

Capital assets which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable City or business-type activities columns in the government-wide financial statements. Capital 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 two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, works of art and similar items, and capital assets received in a service concession arrangement are recorded at the acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Buildings	10-50 years
Utility plants	40-50 years
Improvements other than buildings	5-20 years
Infrastructure	10-50 years
Equipment	2-10 years

6. Compensated Absences

It is the City's policy to allow employees to accumulate personal leave (sick and vacation) benefits. The liability relating to such unused leave, to the extent of certain vested maximum hours, is recorded in the accompanying Statement of Net Position. Expenditures for compensated absences in governmental funds are those paid during the current fiscal year and the amount unpaid at the end of the reporting period that has matured. For proprietary funds, the liability relating to vested personal leave is reflected on the accrual basis.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. 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/expenses.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

8. Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is presented in three components—invested in capital assets (net of related debt), restricted and unrestricted.

Net investment in Capital Assets—This component of net position consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction, or improvement of those assets. This component does not include the portion of debt attributable to the unspent proceeds.

Restricted—This component of net position consists of funds that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. The City would typically use restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use of these funds.

Unrestricted—This component consists of net position that does not meet the definition of “net investment in capital assets” or “restricted.”

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.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: (1) nonspendable, (2) restricted, (3) committed, (4) assigned, and (5) unassigned.

Nonspendable—This component includes 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—This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed—This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of an ordinance. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

Assigned—This component consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Manager and City Council are designated the authorities for assigning fund balance.

Unassigned—This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the General Fund can only report a negative unassigned fund balance amount.

See Note 4(H) for a detail of restricted, committed and assigned fund balances.

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.

Fund Balance/Net Position Policy

A fund balance/net position policy has been adopted by the City Council to protect against unanticipated events that would adversely affect the financial condition of the City and jeopardize the continuation of necessary public services. This policy ensures the City maintains an adequate fund balance/net position in the City's various operating funds to provide the capacity to: (1) provide sufficient cash flow for daily financial needs, (2) secure and maintain investment grade bond ratings, (3) offset significant economic downturns and revenue shortfalls, and (4) provide funds for unforeseen expenditures related to emergencies.

In the General Fund, there is committed fund balance equal to 10% of the prior year adopted General Fund operating budget as an emergency reserve for recovery after catastrophic events such as a hurricane. In addition, the General Fund shall retain an unassigned fund balance of 16% to 30% of the prior year General Fund operating budget. In any fiscal year where the City is unable to fund the unassigned fund balance as required in this section, the City shall not budget an amount of unassigned fund balance for the purpose of balancing the budget.

Enterprise Funds—The City maintains a Solid Waste Fund, a Water and Sewer Fund, a Stormwater Fund, a City Dock Fund, a Tennis Fund and a Naples Beach Fund. With the exclusion of the City Dock and Tennis Funds the City's policy requires a balance of unrestricted net position equal to 8% to 16% of the annual budget for that fund plus 10% of the net capital assets from the most recent audit. For the purposes of this calculation, the current year shall be the budget as originally adopted by resolution on or before September 30, for the subsequent fiscal year. The unrestricted amount shall be in addition to all other required restrictions of net position.

Utilization of Surplus Reserve—In the event that the unassigned fund balance or unrestricted net position exceeds the amounts set forth above, the excess may be utilized for any lawful purpose.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

9. Administrative Fees

Certain administrative expenses are incurred by the General Fund on behalf of other funds of the City. The General Fund collects for these services based on a percentage of operating costs and personnel costs. The related reimbursements for these services are recorded as either an operating expense in the proprietary funds or as expenditure in the governmental funds. Such fees amounted to \$3,860,260 for fiscal year 2021, and included \$2,647,620 charged to enterprise funds, \$431,480 charged to internal service and fiduciary funds, and \$826,340 charged to the debt service fund, building and zoning, streets and traffic and CRA special revenue funds, and capital projects funds.

10. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The following items qualify for reporting in this category.

A deferred charge on refunding, which is reported in the government-wide Statement of Net Position, results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

Deferred inflows and deferred outflows related to the recording of changes in its 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 actuary studies and changes in actuarial assumptions adjust the net pension liability based on actual experience that was previously assumed, such as the assumed dates of retirement of plan members. These differences are deferred and amortized into pension expense over the expected remaining service life 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. The changes in proportion and differences between City contributions and proportionate share of contributions are also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before year-end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

The City also has deferred inflows and deferred outflows related to the recording of changes in its total other post-employment benefit (OPEB) liability. Certain changes in the total OPEB liability are recognized as OPEB expense over time instead of all being recognized in the year of occurrence. Experience gains or losses resulting from periodic actuary studies and changes in actuarial assumptions adjust the total OPEB liability based on actual experience that was previously assumed, such as the assumed dates of retirement of plan members. These differences are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into OPEB expense over the expected remaining service life of plan members. Additionally, any benefits paid by the City to the OPEB plans before year-end but subsequent to the measurement date of the City's total OPEB liability are reported as deferred outflows of resources.

11. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's plans and additions to/deductions from these plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted for the general, special revenue, debt service, and capital project funds on a basis consistent with generally accepted accounting principles. The Improvement Fund, Public Arts Fund, Grants Fund, 41-10 Open Space Fund, Parking Trust Fund, Impact Fee Fund, and Land Contribution Fund, were governmental funds excluded from the appropriation process.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The budget process begins in March, with the development of the Capital Improvement Program and the operating budgets.
2. The Five Year Capital Improvement Program document is presented to Council in June.
3. The Preliminary Budget document is presented to Council in July.
4. A workshop on the proposed budget is conducted in August.
5. In September, two public hearings are conducted to obtain taxpayer comments.
6. The budget is legally enacted through passage of an ordinance, effective October 1.
7. The appropriated budget is prepared by fund, function, department, activity, and object. The appropriations ordinance is enacted on an annual basis. The legal level of budgetary control is maintained at the fund level in accordance with the adopted annual budget ordinance. Total expenditures may not legally exceed appropriations for each budgeted fund.
8. Within a single fund or department, budget amendments may be made by the department head with the City Manager's approval. All other changes, including increasing the budget, transfers, capital amendments and addition of employees require City Council approval via resolution.
9. Unused appropriations lapse at the end of the year.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgeted amounts in the accompanying financial statements are as originally adopted, or as amended by the appropriate authority. Significant budget amendments made during the year include an increase in appropriations in the Confiscated Properties Fund for Police Programs and Equipment, and \$1,000,000 from the unappropriated balances of the City's funds participating in the Employee Benefits Fund to the Employee Benefits Fund for health insurance claims.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to restrict that portion of the applicable appropriation, is employed throughout the fiscal year as an operating tool for budgeted funds. Encumbrances outstanding at year-end are reported as restricted, committed or assigned fund balance since they do not constitute expenditures or liabilities.

Governmental activities	
General Fund	\$ 215,755
Capital Projects Fund	110,973
Community Redevelopment Fund	120,586
Streets and Traffic Fund	180,749
Nonmajor governmental funds	5,652,759
Internal service funds	129,591
Business-type activities	
Water and Sewer Fund	6,821,337
Solid Waste Fund	2,534
Stormwater Fund	2,814,940
Nonmajor Business-type funds	25,945
	<u>\$ 16,075,169</u>

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

On April 18, 2014, the City Council formally adopted a revised comprehensive investment policy pursuant to Section 218.415, Florida Statutes that established permitted investments, asset allocation limits and issuer limits, credit ratings requirements and maturity limits to protect the City's cash and investment assets. The City maintains a common cash and investment pool for the use of all funds. In addition, several separate accounts are maintained for specialty purposes including debt service, capital projects and trust funds.

Cash and Cash Equivalents

Cash and cash equivalents in the general investment portfolio and pension portfolio consist of cash and money market accounts held by banks that qualify as public depositories under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes in the amount of \$15,066,349.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Investment Portfolios

Investment holdings consist of a \$128,133,197 General Investment Portfolio and a \$211,371,724 Pension Portfolio. Both portfolios are reported at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Section 218.415, Florida Statutes, limits the types of investments in which the City can invest unless specifically authorized in the City's investment policy.

The City has a formal investment policy for excess funds that allows for investments in the Local Government Surplus Funds Trust Fund ("SBA"), United States Government Securities, United States Government Agencies, Federal Instrumentalities, Interest Bearing Time Deposit or Saving Accounts, Repurchase Agreements, Commercial Paper, Corporate Notes, Bankers' Acceptances, State and/or Local Government Taxable and/or Tax-Exempt Debt, Registered Investment Companies (Money Market Mutual Funds), and Intergovernmental Investment Pools.

The City has a formal investment policy for the pension funds that allows for the following investments: Federal Instrumentalities, Interest Bearing Time Deposit or Saving Accounts, Commercial Paper, Corporate Notes, Bankers' Acceptances, asset-backed securities (ABS), Real Estate Investment Trusts (REIT), Collateralized Mortgage Obligations (CMO), equity securities, and private real estate investments.

As of September 30, 2021, the City had the following investments with effective durations presented in terms of years:

General Investment Portfolio

Investment Type	Credit Rating (Moody's)	Fair Market	Investment Maturity (in Years)	
			Less Than 1	1 - 5
U.S. Treasury securities		\$ 35,495,135	9,017,432	26,477,703
U.S. Government agency securities		46,064,260	6,053,560	40,010,700
Other government	Aaa	10,169,787	-	10,169,787
Corporate bonds	Aaa..Aa2	10,720,423	8,864,083	1,856,340
Money market fund	Aaa..Aa2	454,555	454,555	-
State investment pool	AAAm	25,229,037	25,229,037	-
Total investments		<u>\$ 128,133,197</u>	<u>49,618,667</u>	<u>78,514,530</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Pension Portfolio

Investment Type	Credit Rating (Moody's)	Fair Market	Investment Maturity (in Years)			
			Less Than 1	1 - 5	6 - 10	More than 10
U.S. Treasury securities		\$ 15,526,783	-	14,047,550	1,479,233	-
U.S. Government agency securities		66,863	-	435	232	66,196
Municipal obligations	Aaa	4,902	-	4,902	-	-
Asset-backed securities	Aaa..Baa3	5,367,042	-	2,335,572	684,964	2,346,506
Corporate bonds	Aaa..Ba3	11,843,993	-	6,708,334	4,274,938	860,721
		32,809,583	\$ -	23,096,793	6,439,367	3,273,423
Common stock/equity funds	Not rated	137,591,737				
Real estate investment trusts	Not rated	15,687,244				
Alternative investments	Not rated	19,378,034				
Total investments		<u>\$ 205,466,598</u>				

Fair Value Measurements

The City categorizes its fair value measurements within fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation of inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs for similar assets; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of September 30, 2021:

General Investment Portfolio

Investment Type	Fair Value	Level 1	Level 2
U.S. Treasury securities	\$ 35,495,135	35,495,135	-
U.S. Government agency securities	46,064,260	-	46,064,260
Other government	10,169,787	-	10,169,787
Corporate bonds	10,720,423	-	10,720,423
Investments exempt from level disclosure:			
Money market fund	454,555	-	-
State investment pool	25,229,037	-	-
Total investments	<u>\$ 128,133,197</u>	<u>35,495,135</u>	<u>66,954,470</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Pension Portfolio

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasury securities	\$ 15,526,783	15,526,783	-	-
U.S. Government agency securities	66,863	-	66,863	-
Municipal obligations	4,902	-	4,902	-
Asset-backed securities	5,367,042	-	5,337,098	29,944
Corporate bonds	11,843,993	-	11,843,993	-
Common stock/equity funds	137,591,737	134,567,641	2,497,306	526,790
Total by fair value level	<u>170,401,320</u>	<u>\$ 150,094,424</u>	<u>19,750,162</u>	<u>556,734</u>
Investments measured at NAV:				
Real estate trust funds	15,687,244			
Alternative investments	19,378,034			
Total measured at fair value	<u>\$ 205,466,598</u>			

Level 1 securities are priced based on trading in the exact security. Level 2 securities are priced based on tracing in the exact security, or by using a discounted cash flow model.

Real estate funds. This type includes two real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this type have been determined using the net asset value (NAV) per share (or its equivalent) of the Plan's ownership interest in partners' capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next seven to ten years. 20% of the total investment in this type is expected to be sold. However, the individual investments that will be sold have not yet been determined. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital.

Once it has been determined which investments will be sold and whether those investments will be sold individually or in a group, the investments will be sold in an auction process. The investee fund's management is required to approve of the buyer before the sale of the investments can be completed. There were no known unfunded commitments for the City's funds.

Interest Rate Risk

In accordance with the City's investment policy, the City has purchased investments with maturities that are less than or equal to three years in length. This policy reduces the City's exposure to fluctuations in interest rates over the life of the investments. Also, although it is not the City's policy to hold investments to maturity, most investments are purchased with the intent to do so.

Liquidity Rate Risk

The City's investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. Unless matched to a specific cash flow requirement, such as a bond requirement, the City will not directly invest in securities maturing more than three years from the date of purchase.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Credit Risk

The City's investment policy permits investments which are limited to credit quality ratings from nationally recognized rating agencies as follows:

State and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least "A" by Moody's and "A" by Standard & Poor's for long-term debt.

Bankers' acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, at the time of purchase, the short-term paper is rated, at a minimum, "P-1" by Moody's Investors Services and "A-1" by Standard & Poor's. Additionally, the bank shall not be listed with any recognized credit watch information service.

Custodial Credit Risk

The City's investment policy pursuant to Section 218.415(18), Florida Statutes requires securities, with the exception of certificates of deposits, to be held with a third party custodian; and all securities purchased by, and all collateral obtained by the City should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.

As of September 30, 2021, the City's investment portfolio was held with a third-party custodian as required by the City's investment policy.

Concentration of Credit Risk

The City's investment policy has established asset allocation limits on the following investments which are designed to reduce concentration of credit risk of the City's investment portfolio.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

All or 100% of available funds may be invested in United States Government Securities with the exception of Treasury Strips, which are limited to 10% of available funds, 50% of available funds may be invested in U.S. Government Agencies and Federal Instrumentalities, 25% of available funds may be invested in the SBA, prime commercial paper, bankers' acceptances, state and local government debts or intergovernmental investment pools, 20% of available funds may be invested in repurchase agreements or money market mutual funds, 15% of available funds may be invested in corporate notes, and 10% of available funds may be invested in non-negotiable interest-bearing time certificates of deposit.

As of September 30, 2021, the City's General Investment Portfolio had the following issuer concentration based on fair value:

General Concentration

Issuer	Fair Value	Percentage of Portfolio
Cash	\$ 15,066,349	10.52%
Money Market	454,555	0.32%
State investment pool	25,229,037	17.62%
United States Treasury securities	35,495,135	24.79%
United States Agency securities	46,064,260	32.17%
Other government securities	10,169,787	7.10%
Corporate bonds	10,720,423	7.49%
Total	<u>\$ 143,199,546</u>	

The City's Pension Investment Policy has established asset allocation limits on the following investments which are designed to reduce concentration of credit risk of the City's pension investment portfolio.

The pension investment policies target an asset allocation of 62.5% in equities, 17.5% in fixed income securities, 10% in real estate trust funds, 5% in master limited partnership, and 5% in hedge funds.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

As of September 30, 2021, the City's Pension Portfolio had the following issuer concentration based on fair value:

Pension Concentration

Issuer	Fair Value	Percentage of Portfolio
Cash and cash equivalents	\$ 5,905,126	2.79%
U.S. Treasury securities	15,526,783	7.35%
U.S. Government agency securities	66,863	0.03%
Municipal obligations	4,902	0.00%
Asset-backed securities	5,367,042	2.54%
Corporate bonds	11,843,993	5.60%
Common stock/equity funds	137,591,737	65.09%
Real estate investment trusts	15,687,244	7.42%
Alternative investments	19,378,034	9.17%
Total	<u>\$ 211,371,724</u>	

Foreign Currency Risk

The City's investment policy does not allow for investments in foreign currency; therefore, the City has no exposure to foreign currency risk.

B. Property Taxes

The City's property tax is levied each November 1, on the assessed value for all property located within the City. Assessed values are established by the Collier County Property Appraiser at fair values. At January 1, 2019, the assessed value of the principal taxing authority's property upon which the 2020-2021 tax levy was based was \$25.4 billion. The millage rate to finance general government services for the fiscal year ended September 30, 2021, was 1.1800 (\$1.18 per \$1,000 of assessed value). The assessed values at January 1, 2020, of the dependent special districts, East Naples Bay and Moorings Bay, were \$720 million, and \$2,279 million, respectively. In addition to the City's millage rate and the voted debt service millage rate, 0.5000 (\$0.5000 per \$1,000 of assessed value) is added to the East Naples Bay dependent special district and 0.0125 (\$0.0125 per \$1,000 of assessed value) is added to the Moorings Bay dependent special district to finance capital projects for the fiscal year ended September 30, 2021.

Total ad valorem taxes collected for the year ended September 30, 2021 aggregated \$31,295,568, net of cash discounts, of which \$29,485,761 was designated for general government services, \$1,434,656 for the Community Redevelopment Agency, \$347,712 for East Naples Bay Taxing District, and \$27,439 for the Moorings Bay Taxing District.

Taxes in the City are levied by the City Council. The millage levies are determined on the basis of estimates of revenue needs and the total taxable valuations within the jurisdiction of the City. As specified in Florida Statute 200.081, no aggregate ad valorem tax millage in excess of 10 mills on the dollar is levied against property of the City.

Each year on July 1, the total taxable valuation is established by the Collier County Property Appraiser for City property.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

The property owners' tax calendar is as follows:

Assessment date (date of property ownership)	January 1
Levy date	November 1
Due date	March 31
Delinquent date	April 1
Lien date	June 1

For the 2020 tax roll year, the assessment roll was opened for collection on November 1, 2020 and discounts for payment prior to April 1, 2021 were determined as follows:

Discounts Allowed	
Percentage	If Paid By
4%	November 30
3%	December 31
2%	January 31
1%	February 28

Taxes become delinquent on April 1 of each year and tax certificates for the full amount of any unpaid taxes must be sold no later than June 1 of the same year. No amount for the property tax levy becoming due in November 2020, is included in the accompanying financial statements since such taxes are levied to finance expenditures of the subsequent period.

C. Receivables

Receivables at September 30, 2021 for the City's individual major funds and for the total nonmajor funds were as follows:

	Accounts/ Miscellaneous Receivable	Special Assessments	Utility Taxes	Due From Other Governments	Interest and Other	Total
Governmental activities						
Major funds						
General Fund	\$ 605,334	-	-	815,505	95,805	1,516,644
Debt Service Fund	-	-	285,826	-	1,383	287,209
Capital Projects Fund	-	332,167	-	-	30,198	362,365
Community Redevelopment Fund	-	-	-	-	14,156	14,156
Baker Park Fund	2,000	-	-	-	9,276	11,276
Streets and Traffic Fund	-	-	-	324,250	13,191	337,441
Nonmajor funds	-	1,815	-	515,106	33,535	550,456
Internal Service Fund	13,050	-	-	23,662	32,156	68,868
	<u>\$ 620,384</u>	<u>333,982</u>	<u>285,826</u>	<u>1,678,523</u>	<u>229,700</u>	<u>3,148,415</u>
Business type activities						
Major funds						
Water and Sewer Fund	\$ 6,157,140	3,913,172	-	429,877	78,077	10,578,266
Solid Waste Fund	1,156,482	-	-	-	7,759	1,164,241
Stormwater Fund	720,492	-	-	40,735	27,539	788,766
City Dock Fund	31,180	-	-	-	1,609	32,789
Nonmajor funds	256,605	-	-	9,290	12,924	278,819
	<u>\$ 8,321,899</u>	<u>3,913,172</u>	<u>-</u>	<u>479,902</u>	<u>127,908</u>	<u>12,842,881</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

The above receivables are net of an allowance for uncollectible accounts which is based on historical trends and/or the age of the receivable. The allowances at September 30, 2021 are as follows:

Water and Sewer Fund	\$ 14,203
Solid Waste Fund	465
Stormwater Fund	3,301
Nonmajor Funds	654,611
	<u>\$ 672,580</u>

D. Capital Assets

Governmental Activities

A summary of changes in the capital assets of governmental activities for the year ended September 30, 2021 is as follows:

<u>Governmental Activities</u>	<u>Balance October 1</u>	<u>Additions</u>	<u>Transfers/ Retirements</u>	<u>Balance September 30</u>
Capital assets not being depreciated				
Land	\$ 16,418,277	-	-	16,418,277
Construction in progress	21,893,275	3,223,976	(23,325,471)	1,791,780
Total capital assets not being depreciated	38,311,552	3,223,976	(23,325,471)	18,210,057
Capital assets being depreciated				
Buildings	51,924,552	196,548	-	52,121,100
Improvements other than buildings	44,624,834	5,761,606	-	50,386,440
Infrastructure	38,247,994	18,259,784	-	56,507,778
Equipment	32,995,280	2,889,778	(412,641)	35,472,417
Total capital assets being depreciated	167,792,660	27,107,716	(412,641)	194,487,735
Less accumulated depreciation for				
Buildings	(23,851,165)	(1,751,844)	-	(25,603,009)
Improvements other than buildings	(33,556,885)	(1,685,768)	-	(35,242,653)
Infrastructure	(27,144,870)	(1,123,481)	-	(28,268,351)
Equipment	(23,772,755)	(2,498,618)	408,919	(25,862,454)
Total accumulated depreciation	(108,325,675)	(7,059,711)	408,919	(114,976,467)
Total capital assets being depreciated, net	59,466,985	20,048,005	(3,722)	79,511,268
Total governmental capital assets, net	\$ 97,778,537	23,271,981	(23,329,193)	97,721,325

Depreciation expense was charged to the governmental activities as follows:

Governmental activities	
General government	\$ 391,874
Public safety	2,429,703
Physical and economic environment	1,248,592
Transportation	974,568
Cultural and recreation	1,782,563
Internal service	232,411
	<u>7,059,711</u>
Total depreciation expense, governmental activities	<u>\$ 7,059,711</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Business-Type Activities

A summary of changes in capital assets of business-type activities for the year ended September 30, 2021 is as follows:

Water and Sewer Fund	Balance October 1	Additions	Transfers/ Retirements	Balance September 30
Capital assets not being depreciated				
Land and easements	\$ 1,761,684	-	-	1,761,684
Construction in progress	15,247,148	13,244,892	(18,648,094)	9,843,946
Total capital assets not being depreciated	17,008,832	13,244,892	(18,648,094)	11,605,630
Capital assets being depreciated				
Buildings and utility plants	61,273,624	-	-	61,273,624
Improvements other than buildings	53,082,458	8,832,910	-	61,915,368
Infrastructure	91,716,973	3,222,343	-	94,939,316
Equipment	33,723,263	7,890,234	(362,400)	41,251,097
Total capital assets being depreciated	239,796,318	19,945,487	(362,400)	259,379,405
Less accumulated depreciation for				
Buildings	(36,622,741)	(1,292,147)	-	(37,914,888)
Improvements other than buildings	(36,919,960)	(2,591,119)	-	(39,511,079)
Infrastructure	(58,363,716)	(2,937,078)	-	(61,300,794)
Equipment	(19,435,995)	(2,997,572)	362,400	(22,071,167)
Total accumulated depreciation	(151,342,412)	(9,817,916)	362,400	(160,797,928)
Total capital assets being depreciated, net	88,453,906	10,127,571	-	98,581,477
Water and sewer fund capital assets, net	\$ 105,462,738	23,372,463	(18,648,094)	110,187,107

Solid Waste Fund	Balance October 1	Additions	Transfers/ Retirements	Balance September 30
Capital assets not being depreciated				
Land	\$ 1,145,053	-	-	1,145,053
Total capital assets not being depreciated	1,145,053	-	-	1,145,053
Capital assets being depreciated				
Buildings and utility plants	528,790	-	-	528,790
Improvements other than buildings	4,511,402	-	-	4,511,402
Equipment	5,553,487	828,225	-	6,381,712
Total capital assets being depreciated	10,593,679	828,225	-	11,421,904
Less accumulated depreciation for				
Buildings	(515,441)	(13,350)	-	(528,791)
Improvements other than buildings	(2,143,780)	(196,888)	-	(2,340,668)
Equipment	(4,187,576)	(445,037)	-	(4,632,613)
Total accumulated depreciation	(6,846,797)	(655,275)	-	(7,502,072)
Total capital assets being depreciated, net	3,746,882	172,950	-	3,919,832
Solid waste fund capital assets, net	\$ 4,891,935	172,950	-	5,064,885

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Stormwater Fund	Balance October 1	Additions	Transfers/ Retirements	Balance September 30
Capital assets not being depreciated				
Land	\$ 234,866	-	-	234,866
Construction in progress	3,517,389	1,643,843	(2,714,113)	2,447,119
Total capital assets not being depreciated	3,752,255	1,643,843	(2,714,113)	2,681,985
Capital assets being depreciated				
Infrastructure	38,983,996	1,018,840	2,714,113	42,716,949
Equipment	1,311,685	4,626	-	1,316,311
Total capital assets being depreciated	40,295,681	1,023,466	2,714,113	44,033,260
Less accumulated depreciation for				
Infrastructure	(22,566,828)	(1,821,712)	-	(24,388,540)
Equipment	(1,004,303)	(350,878)	-	(1,355,181)
Total accumulated depreciation	(23,571,131)	(2,172,590)	-	(25,743,721)
Total capital assets being depreciated, net	16,724,550	(1,149,124)	2,714,113	18,289,539
Stormwater fund capital assets, net	\$ 20,476,805	494,719	-	20,971,524
City Dock Fund	Balance October 1	Additions	Transfers/ Retirements	Balance September 30
Capital assets being depreciated				
Improvements other than buildings	\$ 6,869,536	-	-	6,869,536
Equipment	248,192	31,186	-	279,378
Total capital assets being depreciated	7,117,728	31,186	-	7,148,914
Less accumulated depreciation for				
Improvements other than buildings	(1,295,858)	(311,089)	-	(1,606,947)
Equipment	(248,191)	(520)	-	(248,711)
Total accumulated depreciation	(1,544,049)	(311,609)	-	(1,855,658)
Total capital assets being depreciated, net	5,573,679	(280,423)	-	5,293,256
Stormwater fund capital assets, net	\$ 5,573,679	(280,423)	-	5,293,256

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

<u>Nonmajor Funds</u>	<u>Balance October 1</u>	<u>Additions</u>	<u>Transfers/ Retirements</u>	<u>Balance September 30</u>
Capital assets not being depreciated:				
Construction in progress	\$ 116,543	27,975	(73,895)	70,623
Total capital assets not being depreciated	<u>116,543</u>	<u>27,975</u>	<u>(73,895)</u>	<u>70,623</u>
Capital assets being depreciated				
Buildings and utility plants	1,988,012	145,809	-	2,133,821
Improvements other than buildings	7,446,024	61,067	73,895	7,580,986
Equipment	1,789,758	43,475	(22,926)	1,810,307
Total capital assets being depreciated	<u>11,223,794</u>	<u>250,351</u>	<u>50,969</u>	<u>11,525,114</u>
Less accumulated depreciation for				
Buildings	(1,700,762)	(24,043)	-	(1,724,805)
Improvements other than buildings	(5,824,865)	(318,352)	-	(6,143,217)
Equipment	(1,376,944)	(112,694)	22,530	(1,467,108)
Total accumulated depreciation	<u>(8,902,571)</u>	<u>(455,089)</u>	<u>22,530</u>	<u>(9,335,130)</u>
Total capital assets being depreciated, net	<u>2,321,223</u>	<u>(204,738)</u>	<u>73,499</u>	<u>2,189,984</u>
Nonmajor fund capital assets, net	<u>\$ 2,437,766</u>	<u>(176,763)</u>	<u>(396)</u>	<u>2,260,607</u>
Total business-type capital assets, net	<u>\$ 138,842,923</u>	<u>23,582,946</u>	<u>(18,648,490)</u>	<u>143,777,379</u>

Depreciation expense was charged to the business-type activities as follows:

Business-type activities	
Water and Sewer	\$ 9,817,916
Solid Waste	655,275
Stormwater	2,172,590
City Dock	311,609
Other	<u>455,089</u>
 Total depreciation expense, business-type activities	 <u>\$ 13,412,479</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund Transactions

Advances from/to other funds are as follows:

	<u>Advances Receivable</u>	<u>Advances Payable</u>
Governmental activities		
Major fund		
General Fund	\$ 1,663,850	-
East Naples Bay District Fund	-	2,610,000
Business-type activities		
Major funds		
Water and Sewer Fund	4,147,300	-
Stormwater Fund	763,850	-
City Dock Fund	-	3,965,000
	<u>\$ 6,575,000</u>	<u>6,575,000</u>

Advances to the City Dock Fund represent funds used to construct certain infrastructure and dredging improvements and will be repaid according to set schedules. Repayment amounts scheduled to be paid within one year are recorded as Due from the City Dock Fund and East Naples Bay Fund (nonmajor), as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental activities		
Major fund		
General Fund	\$ 158,700	-
East Naples Bay District Fund	-	290,000
Business-type activities		
Major funds		
Water and Sewer Fund	377,600	-
Stormwater Fund	58,700	-
City Dock Fund	-	305,000
	<u>\$ 595,000</u>	<u>595,000</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Transfers during the year consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities		
Major funds		
General Fund	\$ 2,125,980	47,500
Debt Service Fund	1,035,761	3,400,000
Capital Projects Fund	3,460,078	-
Community Redevelopment Fund	-	1,035,761
Nonmajor funds	-	118,458
Business-type activities		
Major funds		
Water and Sewer Fund	-	1,722,000
Solid Waste Fund	-	345,600
Nonmajor fund	47,500	
	<u>\$ 6,669,319</u>	<u>6,669,319</u>

Transfers into the General Fund in the amount of \$2,125,980 were payments in-lieu of taxes from the Water and Sewer Fund and Solid Waste Fund. The transfer into the Debt Service Fund from the Community Redevelopment Fund in the amount of \$1,035,761 was for debt service payments. The transfer into the Capital Projects Fund included utility tax revenues from the Debt Service Fund in the amount of \$3,400,000 used for capital expenditures. The transfer from the General Fund into the Tennis Fund in the amount of \$47,500 was to help defer costs when members could not use the facility due to tournaments and public events.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at September 30, 2021 for the City's individual major funds and for the total nonmajor funds were as follows:

	<u>Accounts Payable</u>	<u>Accrued Payroll</u>	<u>Total</u>
Governmental activities			
Major funds			
General Fund	\$ 783,015	390,109	1,173,124
Capital Projects Fund	396,817	-	396,817
Community Redevelopment Fund	47,174	6,190	53,364
Streets and Traffic Fund	359,834	10,547	370,381
Nonmajor funds	482,262	40,469	522,731
Internal Service Fund	129,891	126,094	255,985
	<u>\$ 2,198,993</u>	<u>573,409</u>	<u>2,772,402</u>
Business-type activities			
Major funds			
Water and Sewer Fund	\$ 2,888,487	95,958	2,984,445
Solid Waste Fund	209,878	23,378	233,256
Stormwater Fund	1,328,145	18,779	1,346,924
City Dock Fund	21,224	3,403	24,627
Nonmajor funds	327,164	16,722	343,886
	<u>\$ 4,774,898</u>	<u>158,240</u>	<u>4,933,138</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-Term Obligations

Long-term liabilities of the governmental activities at September 30, 2021 are comprised of the following:

Capital Improvement Refunding Revenue Note, Series 2018, issued in the amount of \$3,427,883 to finance the construction of Fire Station #1; annual principal and interest payments in the amount of \$387,503 through September 30, 2028. Non-ad valorem revenues are pledged to secure this issue. Interest rate is 2.75%. \$ 2,437,166

Capital Improvement Refunding Revenue Note, Series 2013, issued in the amount of \$13,830,000 (total note was \$14,000,000) to currently refund the outstanding principal amount of the Capital Improvement Refunding Revenue Note, Series 2010; monthly principal and interest payments range from \$137,340 to \$156,096 through December 1, 2021. Non-ad valorem revenues are pledged to secure this issue. Interest rate is 1.42%. 446,000

Claims payable	4,086,554
Net pension liability	42,692,325
Total OPEB liability	4,069,254
Compensated absences payable	2,978,534
	\$ 56,709,833

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

Governmental Activities	Balance October 1	Additions	Retired	Balance September 30	Due in One Year
Debt payable					
Bonds					
2018 Capital Improvement Revenue Note	\$ 2,749,070	-	(311,904)	2,437,166	320,481
2013 Capital Improvement Refunding Revenue Note	2,176,000	-	(1,730,000)	446,000	446,000
Total debt payable	4,925,070	-	(2,041,904)	2,883,166	766,481
Claims payable	3,459,044	8,068,028	(7,440,518)	4,086,554	1,115,354
Net pension liability	35,282,902	23,374,080	(15,964,657)	42,692,325	-
Total OPEB liability	3,976,890	411,225	(318,861)	4,069,254	-
Compensated absences payable	3,125,165	3,333,050	(3,479,681)	2,978,534	780,000
Total	\$ 50,769,071	35,186,383	(29,245,621)	56,709,833	2,661,835

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end \$161,736 in compensated absences, \$4,086,554 in claims payable, \$235,898 in total other post-employment benefits liability, and \$397,337 in net pension liability reported in the internal service funds are included in the above amounts and will be liquidated by the internal service funds. The remaining compensated absences balances are expected to be liquidated by the following funds in the following amounts: General Fund \$2,216,000, Building and Zoning Fund \$216,886, Community Redevelopment Fund \$19,724, Streets and Traffic Fund \$153,988. The remaining total other post-employment benefits liability and net pension liability will generally be liquidated by the General Fund.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Annual debt service requirements to maturity for governmental activities are as follows:

Governmental Activities	Bonds		
	Principal	Interest	Total
Year ended September 30			
2022	\$ 766,481	68,083	834,564
2023	329,294	58,209	387,503
2024	338,350	49,153	387,503
2025	347,655	39,849	387,504
2026	357,215	30,288	387,503
2027 - 2028	744,171	30,836	775,007
	<u>\$ 2,883,166</u>	<u>276,418</u>	<u>3,159,584</u>

Long-term liabilities of the business-type activities at September 30, 2021 are comprised of the following issues:

Water and Sewer Fund

Public Utilities Refunding Revenue Bond, Series 2012A, issued in the amount of \$8,324,000 to currently refund the outstanding principal amount of the City's Public Utilities Revenue Bond, Series 2007A. Bonds mature annually on September 1, with final maturity on September 1, 2027. Interest is payable semi-annually on March 1 and September 1, at a fixed rate of 2.65%. The principal and interest is secured by the net revenue of the water and sewer system and from the investment of monies in various funds established by Ordinance.

\$ 3,624,000

Public Utilities Refunding Revenue Bond, Series 2012B, issued in the amount of \$4,835,000 to currently refund the outstanding principal amount of the City's Public Utilities Revenue Bond, Series 2007B. Bonds mature annually on September 1, with final maturity on September 1, 2027. Interest is payable semi-annually on March 1 and September 1, at a fixed rate of 2.54%. The principal and interest is secured by the net revenue of the water and sewer system and from the investment of monies in various funds established by Ordinance.

2,096,000

Public Utilities Refunding Revenue Bond, Series 2013, issued in the amount of \$10,300,503 (total bond issue was \$12,225,534) to currently refund the outstanding principal amount of State of Florida Revolving Loan Funds; monthly principal and interest payments range from \$10,264 to \$233,804, with final maturity on October 1, 2021; secured by net revenues of the water/sewer utility system; interest rate of 1.34%.

69,146

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Special Assessment Revenue Bond, Series 2015, issued in the amount of \$650,000 to currently fund the Bembury Project; semi-annual principal and interest payments are \$73,882, with final maturity on July 1, 2025; secured by special assessment revenues of the water/sewer utility system; interest rate of 2.35%.

278,947

Special Assessment Revenue Bond, Series 2019, issued in the amount of \$3,377,000 to currently fund the Gulf Acres/Rosemary Heights Assessment Project; semi-annual principal and interest payments range from \$27,316 to \$217,795, with final maturity on July 1, 2039; secured by special assessment revenues of the water/sewer utility system; interest rate of 2.60%.

3,135,000

Net pension liability

2,169,086

Total OPEB liability

1,238,469

Compensated absences payable

618,026

Total Water and Sewer Fund

\$ 13,228,674

Nonmajor funds

Net pension liability

\$ 335,590

Total OPEB liability

147,437

Compensated absences payable

121,265

Total nonmajor funds

\$ 604,292

Solid Waste Fund

Net pension liability

\$ 504,835

Total OPEB liability

294,874

Compensated absences payable

133,886

Total Solid Waste Fund

\$ 933,595

City Dock Fund

Net pension liability

\$ 77,860

Total OPEB liability

29,487

Compensated absences payable

16,195

Total City Dock Fund

\$ 123,542

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Stormwater Fund

Net pension liability	\$ 325,739
Total OPEB liability	117,949
Compensated absences payable	76,918
Total Stormwater Fund	<u>\$ 520,606</u>

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

Business-Type Activities	Balance October 1	Additions	Retired	Balance September 30	Due in One Year
Debt payable					
Bonds					
Public Utilities Refunding Revenue Bond, Series 2012A	\$ 4,175,000	-	(551,000)	3,624,000	565,000
Public Utilities Refunding Revenue Bond, Series 2012B	2,416,000	-	(320,000)	2,096,000	328,000
Public Utilities Refunding Revenue Bond, Series 2013	452,489	-	(383,343)	69,146	69,146
Special Assessment Revenue Bond, Series 2015	344,728	-	(65,781)	278,947	67,326
Special Assessment Revenue Bond, Series 2019	3,270,000	-	(135,000)	3,135,000	139,000
Total debt payable	<u>10,658,217</u>	<u>-</u>	<u>(1,455,124)</u>	<u>9,203,093</u>	<u>1,168,472</u>
Net pension liability	2,777,787	2,024,073	(1,388,750)	3,413,110	-
Total OPEB liability	1,786,719	184,753	(143,256)	1,828,216	-
Compensated absences payable	1,067,521	1,592,700	(1,693,931)	966,290	367,000
Total	<u>\$ 16,290,244</u>	<u>3,801,526</u>	<u>(4,681,061)</u>	<u>15,410,709</u>	<u>1,535,472</u>

In accordance with bond covenants and Section 148 of the Internal Revenue Code, the City is required to rebate to the U.S. Treasury, every five years, arbitrage earnings on bond proceeds in excess of the bond yield. For the fiscal year ending September 30, 2021 no amounts were earned that will have to be rebated.

Annual debt service requirements to maturity for Water and Sewer Fund business-type activities are as follows:

Water and Sewer Fund:

Year ended September 30	Bonds		
	Principal	Interest	Total
2022	\$ 1,168,472	237,417	1,405,889
2023	1,126,908	208,840	1,335,748
2024	1,157,528	179,624	1,337,152
2025	1,186,185	149,614	1,335,799
2026	1,144,000	118,860	1,262,860
2027 - 2031	1,847,000	296,915	2,143,915
2032 - 2036	945,000	156,650	1,101,650
2037 - 2039	628,000	32,942	660,942
	<u>\$ 9,203,093</u>	<u>1,380,862</u>	<u>10,583,955</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Legal Debt Margin—Neither the Charter nor the Code of the City of Naples or Florida Statutes limits the amount of debt the City can issue.

H. Fund Equity

The following is a summary of fund balances that were nonspendable, restricted, committed or assigned as of September 30, 2021:

	General Fund	Debt Service Fund	Capital Projects Fund	Community Redevelopment Fund	Baker Park Fund	Streets and Traffic Fund	Other Nonmajor Governmental	Total
Fund balances								
Nonspendable								
Inventory	\$ -	-	-	-	-	14,050	-	14,050
Prepaid items	16,124	-	-	-	-	-	-	16,124
Advances to other funds	1,663,850	-	-	-	-	-	-	1,663,850
	<u>1,679,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,050</u>	<u>-</u>	<u>1,694,024</u>
Restricted								
Donations, various	-	-	-	-	-	-	576,202	576,202
Capital projects - impact fees	-	-	-	-	-	-	1,203,286	1,203,286
Capital projects - parks and rec.	-	-	-	-	894,915	-	-	894,915
Capital projects - sales tax	-	-	-	-	-	-	12,146,318	12,146,318
Dredging projects	-	-	-	-	-	-	2,766,359	2,766,359
Transportation	-	-	-	-	-	3,349,274	-	3,349,274
Police programs	-	-	-	-	-	-	544,790	544,790
Economic development	-	-	-	6,780,678	-	-	-	6,780,678
Coral reef construction	-	-	-	-	-	-	7,771	7,771
Building and zoning operations	-	-	-	-	-	-	5,525,266	5,525,266
	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,780,678</u>	<u>894,915</u>	<u>3,349,274</u>	<u>22,769,992</u>	<u>33,794,859</u>
Committed								
Public arts program	-	-	-	-	-	-	500,151	500,151
Emergency reserve	4,267,047	-	-	-	-	-	-	4,267,047
Capital projects	-	-	110,973	-	-	-	-	110,973
Handicap accessibility	77,460	-	-	-	-	-	-	77,460
Economic development	-	-	-	-	-	-	1,162,528	1,162,528
Land conservation	-	-	-	-	-	-	9,210	9,210
	<u>4,344,507</u>	<u>-</u>	<u>110,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,671,889</u>	<u>6,127,369</u>
Assigned								
Debt service	-	2,130,195	-	-	-	-	-	2,130,195
Encumbrances	215,755	-	-	-	-	-	-	215,755
Economic development	-	-	-	-	-	-	72,631	72,631
Capital projects	-	-	4,610,396	-	-	-	-	4,610,396
	<u>215,755</u>	<u>2,130,195</u>	<u>4,610,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,631</u>	<u>7,028,977</u>
Unassigned	<u>20,128,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,128,676</u>
Total fund balance	<u>\$ 26,368,912</u>	<u>2,130,195</u>	<u>4,721,369</u>	<u>6,780,678</u>	<u>894,915</u>	<u>3,363,324</u>	<u>24,514,512</u>	<u>68,773,905</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Employee Pension Plans

The City maintains three single-employer, defined benefit pension plans that cover its general, police, and fire employees, which represent substantially all of the City's employees. The City also has two defined contribution 401(a) plans that cover management and serve as a supplement to all full time City employees except persons covered by the International Association of Firefighters (IAFF) or the Fraternal Order of Police (FOP).

General Pension Plan (the "Plan")

The Plan provides benefits for all full-time American Federation of State and Municipal Employees (AFSME) Union, Government Supervisor Association of Florida Office and Professional Employees International Union (OPEIU), and non-bargaining employees of the City. All retirement plan provisions, including benefits, eligibility, vesting, etc., are established by City Ordinance, the most recent of which is Ordinance 12-13142 which reinstated benefits for certain members previously reduced by the provisions of Ordinance 11-12951. The Plan Ordinance may be amended by City Council after public notice has been made, two public readings are conducted, and one public hearing is held. The Plan does not issue a stand-alone financial report and is not included in any other retirement system or entity's financial report.

The current membership as of October 1, 2020, the date of the most recent actuarial valuation, is as follows:

Inactive plan members or beneficiaries currently receiving benefits	248
Inactive plan members entitled to but not yet receiving benefits	113
Active plan members	320
	681

Benefits are determined by category and length of service as follows:

Benefits	Vesting
Normal retirement is at age 60 with 5 years of service or the rule of 85 (when age plus service equals 85). For members hired after September 30, 2011, normal retirement is the earlier of age 65 with 8 years of credited service or the completion of 33 years of credited service regardless of age. Benefits are 2.50% of average final compensation (AFC) times years of service for each year of service prior to September 30, 2011, plus 1.6% of AFC for each year of credited service after September 30, 2011. The early retirement benefit is reduced by 3% for each year that the early retirement date precedes age 60, or for members hired after September 30, 2011, the early retirement benefit is reduced by 5% for each year that the early retirement date precedes age 65.	If hired prior to September 30, 2011, vesting is 100%. If hired after September 30, 2011, vesting is 100% after eight years of creditable service; 0% prior to that. General pension employees hired after February 28, 1995, have an effective start date six months after employment.

The Plan is accounted for as a pension trust fund; therefore it is accounted for in substantially the same manner as a proprietary fund using the "economic resources" measurement focus and the accrual basis of accounting. Plan member contributions and employer contributions are recognized in the period in which contributions are due. Benefits and refunds are recognized when due and payable in accordance with terms of the Plan. Plan assets are valued at fair value for financial statement purposes.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

General Pension Plan (the “Plan”) (Continued)

As of September 30, 2021, there were no investments (other than U.S. Government or U.S. Government guaranteed obligations) in any one organization comprising 5% or more of the net position available for benefits. As of September 30, 2021, there was no investment type or similar relationships with any related party, including officers and employees of the Pension Plan, the sponsoring City of Naples, and organizations included in the reporting entity.

The City Council has established contribution requirements for the City and participating employees. These requirements may be amended by the City Council at any time by ordinance.

The Plan’s funding policy requires employees to contribute no less than 5% of compensation to the Plan on a pre-tax basis, or 3% for employees hired after September 30, 2011. This amount is fixed unless changed by ordinance. The City is required to make annual contributions that fluctuate according to the most recent actuarial valuation report, after deducting estimated contributions by members, investment earnings and all Plan expenses. Significant actuarial assumptions used to compute actuarially determined contribution requirements are the same as those used to compute the net pension obligation. The Plan prepares a valuation report annually, and the City’s contribution is adjusted accordingly. All costs of administering the Plan are paid from Plan assets.

Plan Disclosures

Effective October 1, 2013, the Plan implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. Effective October 1, 2014, the City implemented provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The implementation of these standards significantly changed the disclosures required related to the Plan. The information disclosed below is presented in accordance with these new standards. The Plans do not issue separate financial statements.

Net Pension Liability of the City

The City’s net pension liability was measured as of September 30, 2020. The components of the net pension liability of the City at September 30, 2021 were as follows:

Total pension liability	\$ 73,330,786
Plan fiduciary net position	(60,932,087)
City's net pension liability	<u>\$ 12,398,699</u>
Plan fiduciary net position as a percentage of	
Total pension liability	83.09%

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

General Pension Plan (the “Plan”) (Continued)

In addition, in accordance with GASB Statement No. 67, information related to the plan measured as of September 30, 2021 is as follows:

Total pension liability	\$ 75,880,853
Plan fiduciary net position	<u>(72,573,012)</u>
City's net pension liability	<u>\$ 3,307,841</u>
Plan fiduciary net position as a percentage of Total pension liability	95.64%

For the year ended September 30, 2021, the City recognized pension expense of \$1,425,575 for the general employee plan. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows related to its plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	1,398,155
Differences between expected and actual experience	2,031,135	265,705
Net difference between projected and actual earnings on investments	1,682,505	-
City pension plan contributions subsequent to the measurement date	<u>2,535,318</u>	<u>-</u>
Total	<u>\$ 6,248,958</u>	<u>1,663,860</u>

The deferred outflows of resources related to the Pension Plan, totaling \$2,535,318 resulting from City contributions to the plan 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 the plans will be recognized in pension expense as follows:

Year ended September 30,	
2022	\$ (308,689)
2023	875,477
2024	1,099,720
2025	<u>383,272</u>
Total	<u>\$ 2,049,780</u>

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

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

General Pension Plan (the “Plan”) (Continued)

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 summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	5.38%
International Equity	4.32%
Fixed Income	1.42%
Real Estate	5.18%
MLP/Energy Infrastructure	4.34%

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

General Pension Plan (the “Plan”) (Continued)

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2020	\$ 70,120,872	60,030,093	10,090,779
Changes for the year:			
Service cost	1,537,130	-	1,537,130
Interest	5,065,781	-	5,065,781
Differences between expected and actual experience	(1,132,043)	-	(1,132,043)
Assumption changes	2,266,538	-	2,266,538
Contributions-employer	-	2,489,724	(2,489,724)
Contributions-employee	-	692,717	(692,717)
Net investment income	-	2,428,739	(2,428,739)
Benefit payments, including refunds of employee contributions	(4,527,492)	(4,527,492)	-
Administrative expense	-	(181,694)	181,694
Net changes	3,209,914	901,994	2,307,920
Balances at September 30, 2021	\$ 73,330,786	60,932,087	12,398,699

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.00%, 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%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City's net pension liability - September 30, 2021 (Measurement date of September 30, 2020)	\$ 20,153,948	12,398,699	5,905,011

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

General Pension Plan (the “Plan”) (Continued)

In addition, in accordance with GASB 67, the following presents the net pension liability of the Plan, calculated using the discount rate of 7.00%, 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%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City's net pension liability - September 30, 2022 (Measurement date of September 30, 2021)	\$ 11,289,729	3,307,841	(3,387,266)

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 updated to September 30, 2020 using the following actuarial assumptions:

Actuarial Assumptions

Funding Method

Amortization Method

Actuarial Asset Valuation Method

Inflation

Interest Rate

Projected Salary Increases

Entry Age Actuarial Cost Method.

New UAAL amortization amounts are amortized over the following amortization periods:

Experience: 10 years.

Assumption/Method Changes: 20 years.

Benefit Changes: 30 years.

All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

2.30%.

7.00% per year, compounded annually, net of investment related expenses.

4.0% to 6.0% based on service.

There have been no plan changes since the prior actuarial valuation. Actuarial assumption changes since prior actuarial valuation include the following:

- In conjunction with the October 1, 2020 valuation of the Plan, the assumed rate of investment return was reduced from 7.30% to 7.00% per year, net of related investment expenses.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Police Officers' Pension Plan (the "Plan")

The Plan provides benefits for all full-time sworn police personnel of the City. All retirement plan provisions, including benefits, eligibility, vesting, etc., are established by City Ordinance, the most recent of which is Ordinance 12-13063. The Plan Ordinance may be amended by City Council after public notice has been made, two public readings are conducted, and one public hearing is held. The Plan does not issue a stand-alone financial report and is not included in any other retirement system or entity's financial report.

The current membership as of October 1, 2020, the date of the most recent actuarial valuation, is as follows:

Inactive plan members or beneficiaries currently receiving benefits	86
Inactive plan members entitled to but not yet receiving benefits	18
Active plan members	59

Benefits are determined by category and length of service as follows:

Benefits	Vesting
If hired prior to April 1, 2012, normal retirement is age 50 with 5 years of credited service or 25 years of credited service regardless of age, and if hired after March 31, 2012, normal retirement is age 60 with 8 years of credited service or 30 years of credited service regardless of age. If hired prior to April 1, 2012, benefits are frozen as of March 31, 2012, plus future benefits are 3% of average final compensation (AFC) times each year of service beyond March 31, 2012. If hired after March 31, 2012, benefits are 3% of AFC times years of credited service. If hired prior to April 1, 2012, early retirement is at age 45 or the completion of 20 years of credited service. If hired after March 31, 2012, early retirement is at age 45 and the completion of 20 years of credited service. The early retirement benefit is reduced 3% for each year prior to normal retirement for members hired prior to April 1, 2012, and 5% for members hired after March 31, 2012.	If hired prior to April 1, 2012, vesting is 100% after five years of credited service, and if hired after March 31, 2012, vesting is 100% after eight years of credited service; 0% prior to that.

The Plan also provides disability and survivors' benefits.

The Plan is accounted for as a pension trust fund; therefore it is accounted for in substantially the same manner as a proprietary fund using the "economic resources" measurement focus and the accrual basis of accounting. Plan Member contributions, employer contributions, and contributions from other entities are recognized in the period in which contributions are due. Benefits and refunds are recognized when due and payable in accordance with terms of the Plan. Plan assets are valued at fair value for financial statement purposes.

As of September 30, 2021, there were no investments (other than U.S. Government or U.S. Government guaranteed obligations) in any one organization comprising 5% or more of the net position available for benefits. As of September 30, 2021, there were no investment types or similar relationships with any related party, including officers and employees of the Pension Plan, the sponsoring City of Naples, and organizations included in the reporting entity.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Police Officers' Pension Plan (the "Plan") (Continued)

The City Council has established contribution requirements for the City and participating employees. These requirements may be amended by the City Council at any time by ordinance.

The Plan's funding policy requires employees to contribute 5% of annual salary to the Plan on a pre-tax basis or 3% for employees hired after April 1, 2012. This amount is fixed unless changed by ordinance. The City is required to make annual contributions that fluctuate according to the most recent actuarial valuation report, after deducting estimated contributions by members, investment earnings and all Plan expenditures. Significant actuarial assumptions used to compute actuarially determined contribution requirements are the same as those used to compute the net pension obligation. The Plan prepares a valuation report annually, and the City's contribution is adjusted accordingly. All costs of administering the Plan are paid from the Plan assets. The State of Florida makes contributions from taxes on casualty insurance premiums. The State of Florida's contribution to the Police Officers' Pension Plan for the year ended was \$787,148. The City recognized these on-behalf payments from the state as revenues and expenditures in the governmental fund financial statements.

Plan Disclosures

Effective October 1, 2013, the Plan implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. Effective October 1, 2014, the City implemented provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The implementation of these standards significantly changed the disclosures required related to the Plan. The information disclosed below is presented in accordance with these new standards. The Plans do not issue separate financial statements.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2020. The components of the net pension liability of the City at September 30, 2021 were as follows:

Total pension liability	\$ 74,335,608
Plan fiduciary net position	<u>(55,772,133)</u>
City's net pension liability	<u>\$ 18,563,475</u>
Plan fiduciary net position as a percentage of	
Total pension liability	75.03%

In addition, in accordance with GASB Statement No. 67, information related to the plan measured as of September 30, 2021 is as follows:

Total pension liability	\$ 75,401,960
Plan fiduciary net position	<u>(66,711,914)</u>
City's net pension liability	<u>\$ 8,690,046</u>
Plan fiduciary net position as a percentage of	
Total pension liability	88.48%

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Police Officers’ Pension Plan (the “Plan”) (Continued)

For the year ended September 30, 2021, the City recognized pension expense of \$2,745,985 for the police employee plan. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows related to its plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 75,836	292,472
Differences between expected and actual experience	1,613,858	-
Net difference between projected and actual earnings on investments	1,397,946	-
City pension plan contributions subsequent to the measurement date	3,394,872	-
Total	<u>\$ 6,482,512</u>	<u>292,472</u>

The deferred outflows of resources related to the Pension Plan, totaling \$3,394,872 resulting from City contributions to the plan 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 the plans will be recognized in pension expense as follows:

Year ended September 30,	
2022	\$ 688,939
2023	1,101,530
2024	680,213
2025	324,486
Total	<u>\$ 2,795,168</u>

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

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, 2020, are summarized in the table on the following page.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Police Officers' Pension Plan (the "Plan") (Continued)

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	5.38%
International Equity	4.32%
Fixed Income	1.42%
Real Estate	5.18%
MLP/Infrastructure	4.34%

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2020	\$ 70,560,778	54,590,526	15,970,252
Changes for the year:			
Service cost	929,192	-	929,192
Interest	5,064,675	-	5,064,675
Differences between expected and actual experience	113,753	-	113,753
Amortization of experience diffs			
Assumption changes	1,883,143	-	1,883,143
Contributions-buyback	5,782	-	5,782
Contributions-employer	-	2,191,944	(2,191,944)
Contributions-state	-	787,148	(787,148)
Contributions subsequent to plan year			
Contributions-employee	-	215,667	(215,667)
Net investment income	-	2,328,680	(2,328,680)
Benefit payments, including refunds of employee contributions	(4,221,715)	(4,221,715)	-
Administrative expense	-	(120,117)	120,117
Net changes	3,774,830	1,181,607	2,593,223
Balances at September 30, 2021	\$ 74,335,608	55,772,133	18,563,475

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Police Officers' Pension Plan (the "Plan") (Continued)

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.00%, 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%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City's net pension liability - September 30, 2021 (Measurement date of September 30, 2020)	\$ 27,025,789	18,563,475	11,562,032

In addition, in accordance with GASB 67, the following presents the net pension liability of the Plan, calculated using the discount rate of 7.00%, 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%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City's net pension liability - September 30, 2022 (Measurement date of September 30, 2021)	\$ 17,180,120	8,690,046	1,637,568

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, 2020.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Police Officers' Pension Plan (the "Plan") (Continued)

The assumptions used in the October 1, 2020 actuarial valuation are as follows.

Actuarial Assumptions

Funding Method	Entry Age Actuarial Cost Method.
Amortization Method	New UAAL amortization amounts are amortized over the following amortization periods: Experience: 10 years. Assumption/Method Changes: 20 years. Benefit Changes: 30 years.
Actuarial Asset Valuation Method	All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.
Inflation	2.30%.
Interest Rate	7.00% per year, compounded annually, net of investment related expenses.
Projected Salary Increases	4.0% to 6.0% based on service.

There have been no plan changes since the prior actuarial valuation. Actuarial assumption/method changes since prior actuarial valuation include the following:

Firefighters' Pension Plan (the "Plan")

The Plan provides benefits for all full-time sworn fire personnel of the City. All retirement plan provisions, including benefits, eligibility, vesting, etc., are established by City Ordinance, the most recent of which is Ordinance 13-13283. The Plan Ordinance may be amended by City Council after public notice has been made, two public readings are conducted, and one public hearing is held. The Plan does not issue a stand-alone financial report and is not included in any other retirement system or entity's financial report.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Firefighters' Pension Plan (the "Plan") (Continued)

The current membership as of October 1, 2020, the date of the most recent actuarial valuation, is as follows:

Inactive plan members or beneficiaries currently receiving benefits	57
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	49

Benefits are determined by category and length of service as follows:

Benefits	Vesting
Normal retirement at age 55 with 5 years of credited service, age 50 with 20 years of credited service, or the completion of 25 years of credited service regardless of age. For members hired after May 31, 2013, the normal retirement date is the earlier of age 55 with 8 years of credited service, or the completion of 25 years of credited service, regardless of age. Benefits are 4% of average final compensation (AFC) times years of service for each year prior to May 31, 2013, plus 3% of AFC times years of service for each year of credited service after May 31, 2013. The early retirement benefit is reduced 3% for each year prior to age 55 or the completion of 20 years of credited service for members hired prior to May 31, 2013, and for all other members early retirement is reduced for each year early retirement precedes the earlier of age 55 and 8 years of credited service, or the completion of 25 years of credited service, regardless of age.	100% after 5 years of credited service for members hired prior to May 31, 2013, and 100% after 8 years of credited service for members hired after May 31, 2013; 0% prior to that.

The Plan also provides disability and survivors' benefits.

The Plan is accounted for as a pension trust fund; therefore it is accounted for in substantially the same manner as a proprietary fund using the "economic resources" measurement focus and the accrual basis of accounting. Plan member contributions, employer contributions, and contributions from other entities are recognized in the period in which contributions are due. Benefits and refunds are recognized when due and payable in accordance with terms of the Plan. Plan assets are valued at fair value for financial statement purposes.

As of September 30, 2021, there were no investments (other than U.S. Government or U.S. Government guaranteed obligations) in any one organization comprising 5% or more of the net position available for benefits. As of September 30, 2021, there were no investment types or similar relationships with any related party, including officers and employees of the Pension Plan, the sponsoring City of Naples, and organizations included in the reporting entity.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Firefighters' Pension Plan (the "Plan") (Continued)

The City Council has established contribution requirements for the City and participating employees. These requirements may be amended by the City Council at any time by ordinance.

The Plan's funding policy requires employees to contribute 5% of annual salary to the Plan on a pre-tax basis or 3% for employees hired after May 31, 2014. This amount is fixed unless changed by ordinance. The City is required to make annual contributions that fluctuate according to the most recent actuarial valuation report, after deducting estimated contributions by members, investment earnings and all plan expenditures. Significant actuarial assumptions used to compute actuarially determined contribution requirements are the same as those used to compute the net pension obligation. The Plan prepares a valuation report annually, and the City's contribution is adjusted accordingly. All costs of administering the Plan are paid from Plan assets. The State of Florida makes contributions from taxes on casualty insurance premiums. The State of Florida's contribution to the Firefighters' Pension Plan for the year ended September 30, 2019, was \$544,971. The City recognized these on-behalf payments from the state as revenues and expenditures in the governmental fund financial statements.

Plan Disclosures

Effective October 1, 2013, the Plan implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. Effective October 1, 2014, the City implemented provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The implementation of these standards significantly changed the disclosures required related to the Plan. The information disclosed below is presented in accordance with these new standards. The Plans do not issue separate financial statements.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2020. The components of the net pension liability of the City at September 30, 2021 were as follows:

Total pension liability	\$ 76,067,648
Plan fiduciary net position	<u>(60,924,388)</u>
City's net pension liability	<u>\$ 15,143,260</u>
Plan fiduciary net position as a percentage of Total pension liability	80.09%

In addition, in accordance with GASB Statement No. 67, information related to the plan measured as of September 30, 2021 is as follows:

Total pension liability	\$ 77,884,636
Plan fiduciary net position	<u>(72,161,210)</u>
City's net pension liability	<u>\$ 5,723,426</u>
Plan fiduciary net position as a percentage of Total pension liability	92.65%

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Firefighters' Pension Plan (the "Plan") (Continued)

For the year ended September 30, 2021, the City recognized pension expense of \$2,651,847 for the firefighters employee plan. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows related to its plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 1,220,604	219,861
Differences between expected and actual experience	2,425,544	-
Net difference between projected and actual earnings on investments	1,399,439	-
City pension plan contributions subsequent to the measurement date	2,573,124	-
Total	<u>\$ 7,618,711</u>	<u>219,861</u>

The deferred outflows of resources related to the Pension Plan, totaling \$2,573,124 resulting from City contributions to the plans 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 the plans will be recognized in pension expense as follows:

Year ended September 30,	
2022	\$ 1,132,343
2023	1,306,560
2024	1,623,763
2025	763,060
Total	<u>\$ 4,825,726</u>

The required schedule of changes in the City's net pension liability 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.

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 summarized in the table on the following page.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Firefighters' Pension Plan (the "Plan") (Continued)

Asset Class	Long Term-Expected Real Rate of Return
Domestic Equity	5.38%
International Equity	4.32%
Fixed Income	1.42%
Real Estate	5.18%
MLP/Infrastructure	4.34%

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2018	\$ 71,029,158	59,029,500	11,999,658
Changes for the year:			
Service cost	801,078	-	801,078
Interest	5,131,112	-	5,131,112
Differences between expected and actual experience	325,848	-	325,848
Assumption changes	1,862,522	-	1,862,522
Changes of benefit terms	-	-	-
Contributions-employer	-	1,708,192	(1,708,192)
Contributions-state	-	603,786	(603,786)
Contributions-employee	-	160,322	(160,322)
Net investment income	-	2,614,446	(2,614,446)
Benefit payments, including refunds of employee contributions	(3,082,070)	(3,082,070)	-
Administrative expense	-	(109,788)	109,788
Net changes	5,038,490	1,894,888	3,143,602
Balances at September 30, 2019	\$ 76,067,648	60,924,388	15,143,260

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Firefighters' Pension Plan (the "Plan") (Continued)

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.00%, 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%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City's net pension liability - September 30, 2021 (Measurement date of September 30, 2020)	\$ 25,043,836	15,143,260	7,188,321

In addition, in accordance with GASB 67, the following presents the net pension liability of the Plan, calculated using the discount rate of 7.00%, 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%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City's net pension liability - September 30, 2022 (Measurement date of September 30, 2021)	\$ 15,756,430	5,723,426	(2,484,006)

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, 2020.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Firefighters' Pension Plan (the "Plan") (Continued)

The assumptions used in the October 1, 2020 actuarial valuation are as follows:

Actuarial Assumptions

Funding Method	Entry Age Actuarial Cost Method.
Amortization Method	New UAAL amortization amounts are amortized over the following amortization periods: Experience: 10 years. Assumption/Method Changes: 20 years. Benefit Changes: 30 years.
Actuarial Asset Valuation Method	All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.
Inflation	2.30%.
Interest Rate	7.00% per year, compounded annually, net of investment related expenses.
Projected Salary Increases	4.0% to 6.0% based on service.

There have been no plan changes since the prior actuarial valuation. Actuarial assumption/method changes since prior actuarial valuation include the following:

The "share plan" supplemental retirement benefit, effective October 1, 2009, created an individual share account for each active firefighter as of that date. This supplemental benefit is funded solely by the premium tax revenues received by the City. The initial amount allocated to the active members' share accounts was \$663,717. For all years beginning on and after October 1, 2009, all premium tax revenues received by the City in excess of \$1,668,662 are allocated to the members' individual share accounts. Effective January 1, 2011, and each January following, the individual share accounts for each active firefighter is credited or debited with earnings or losses at a rate equal to the Plan's actual net rate of investment return for the preceding Plan year. A firefighter must attain five complete years of credited service to be entitled to receive a distribution of their accumulated account. At September 30, 2021, there was \$822,034 in the share plan.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

	General Employees' Pension Plan	Police Officers' Pension Plan	Fire fighters' Pension Plan	Totals
Net Pension Liability	\$ 12,398,699	18,563,475	15,143,260	46,105,434
Deferred Outflows	6,248,958	6,482,512	7,618,711	20,350,181
Deferred Inflows	1,663,860	292,472	219,861	2,176,193
Pension Expense	1,425,575	2,745,985	2,651,847	6,823,407

Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position for the City's defined benefit pension plans are as follows, as of and for the year ended September 30, 2021:

Statements of Fiduciary Net Position

	General Pension Fund	Police Officers' Pension Fund	Fire fighters' Pension Fund
Assets			
Cash and cash equivalents	\$ 1,475,265	2,859,323	1,570,538
Contributions receivable	53,510	52,288	668,550
Investments, at fair value	71,070,820	64,443,226	69,952,552
Total assets	<u>72,599,595</u>	<u>67,354,837</u>	<u>72,191,640</u>
Liabilities			
Accounts payable	26,583	642,923	30,430
Total liabilities	<u>26,583</u>	<u>642,923</u>	<u>30,430</u>
Net position			
Restricted for pension benefits	<u>\$ 72,573,012</u>	<u>66,711,914</u>	<u>72,161,210</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Statements of Changes in Fiduciary Net Position

	<u>General Pension Fund</u>	<u>Police Officers' Pension Fund</u>	<u>Firefighters' Pension Fund</u>
Additions			
Contributions			
Employee contributions	\$ 716,578	216,849	182,388
Employer contributions	2,535,318	2,637,659	1,949,767
Direct state contributions	-	757,213	623,358
Total contributions	<u>3,251,896</u>	<u>3,611,721</u>	<u>2,755,513</u>
Investment earnings			
Interest and dividend income	1,090,338	969,001	1,049,744
Net change in fair value of investments	12,472,469	11,409,853	12,602,390
Less investment expense	(378,678)	(285,507)	(309,382)
Net investment earnings	<u>13,184,129</u>	<u>12,093,347</u>	<u>13,342,752</u>
Total additions	<u>16,436,025</u>	<u>15,705,068</u>	<u>16,098,265</u>
Deductions			
Benefits paid	4,399,153	4,648,948	4,778,895
Refunds of contributions	294,161	16,717	1,926
General administration	101,786	99,622	80,622
Total deductions	<u>4,795,100</u>	<u>4,765,287</u>	<u>4,861,443</u>
Changes in net position	<u>11,640,925</u>	<u>10,939,781</u>	<u>11,236,822</u>
Net position, beginning of year	<u>60,932,087</u>	<u>55,772,133</u>	<u>60,924,388</u>
Net position, end of year	<u>\$ 72,573,012</u>	<u>66,711,914</u>	<u>72,161,210</u>

J. Employee Retirement Savings Plans **Supplemental Retirement Savings Plan**

All Retirement Plan provisions, including benefits, eligibility, vesting, etc., are established by City Ordinance, the most recent of which is Ordinance 99-8642. The Plan Ordinance may be amended by the City Council after public notice has been made, two public readings are conducted and one public hearing held. The Supplemental Plan does not issue a stand-alone financial report and is not included in any other retirement system or entity's financial report. Membership is voluntary and includes all full-time employees who have completed six months employment with the City. Persons rendering services on a contractual basis are excluded from participation in this plan, as well as temporary and seasonal employees and persons covered by the International Association of Firefighters (IAFF) or the Fraternal Order of Police (FOP).

The plan, which started on April 1, 1995, has a plan year date of April 1. Employee contributions vest immediately and employer contributions vest as follows:

Employer Contributions

25% - Year 1
50% - Year 2
100% - Year 3

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Supplemental Retirement Savings Plan (the “Plan”) (Continued)

The Plan is a defined contribution plan. Plan members are required to contribute 3% of annual base pay to the Plan and the City is required to contribute 2% of the employee’s annual base pay. Plan provision and contribution requirements are established and may be amended by the City Council. The plan falls under IRC Code Section 401(a)(17) and IRC 414(s) rules.

As of September 30, 2021, there were 220 active Plan members. Covered payroll for the year ended September 30, 2021 was \$13,152,515. City contributions for the year were \$263,050, and employee contributions were \$391,862, excluding rollovers. Contributions and earnings are returned to participants upon retirement or termination.

The Plan accounts for its financial activities using the accrual basis of accounting. Employer and member contributions are recognized in the period that contributions are due.

All investments are reported at their fair value. All investments are directed by Plan participants, including the non-vested portion of the City’s contributions, if any. Plan participants may elect to allocate investments among different mutual funds and fixed return funds. No individual stocks, bonds or other investments are held within the Plan. Plan administrators are VALIC Insurance, and ICMA.

Managers’ Retirement Savings Plan (the “Plan”)

All Plan provisions, including benefits, eligibility, vesting, etc., are established by City resolution, the most recent of which is Resolution No. 96-7751. The Plan resolution authorizes participation in the Plan by exempting managers from participating in the General Pension Plan. The Plan does not issue a stand-alone financial report and is not included in any other retirement system’s or entity’s financial report. Membership is voluntary and includes all full-time employees whose service to the city is rendered on a contractual or fee basis except the city attorney.

Employee and employer contributions are 100% vested immediately.

The Plan is a defined contribution plan. Plan members are required to contribute 3% of annual base pay to the Plan and the City is required to contribute 7% of the employee’s annual base pay. Plan provision and contribution requirements are established and may be amended by the City Council. The plan falls under IRC Code Section 401(a)(17) and IRC 414(s) rules. The City contributes 17% of the City Manager’s salary.

As of September 30, 2021, there were six active Plan members and five retired and terminated members who have maintained account balances. Covered payroll for the year ended September 30, 2021 was \$1,089,590. City contributions for the year were \$110,011, and employee contributions were \$58,647.

The Plan accounts for its financial activities using the accrual basis of accounting. Employer and all member contributions are recognized in the period that the contributions are due.

All investments are reported at their fair value. All investments are directed by Plan participants, including the City’s contributions. Plan participants may elect to allocate investments among a variety of mutual funds holding U.S. Government and Agency securities, corporate and asset-backed bonds, common stocks and a variety of money market-type instruments. No individual stocks, bonds or other investments are held within the Plan. Plan administrators are ICMA Retirement Corporation and VALIC Insurance.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Managers' Retirement Savings Plan (the "Plan") (Continued)

Statements of Net Position and Statements of Changes in Net Position for the City's defined contribution pension plans are as follows, as of and for the year ended September 30, 2021. These plans do not meet the definition of a Fiduciary Activity per GASB Statement No. 84, *Fiduciary Activities*.

Statements of Net Position

	Supplemental General Pension	Managers' 401 Pension
Assets		
Contributions receivable	\$ -	2,922
Investments, at fair value	12,611,215	1,664,616
Total assets	12,611,215	1,667,538
Net position		
Restricted for pension benefits	\$ 12,611,215	1,667,538

Statements of Changes in Net Position

	Supplemental General Pension	Managers' 401 Pension
Additions		
Contributions		
Employee contributions	\$ 398,036	110,011
Employer contributions	263,050	58,647
Total contributions	661,086	168,658
Investment earnings		
Interest and dividend income	222	25
Net change in fair value of investments	1,951,683	266,882
Less investment expense	(20,578)	(3,231)
Net investment earnings	1,931,327	263,676
Total additions	2,592,413	432,334
Deductions		
Refunds of contributions	810,191	1,079,158
Total deductions	810,191	1,079,158
Changes in net position	1,782,222	(646,824)
Net position, beginning of year	10,828,993	2,314,362
Net position, end of year	\$ 12,611,215	1,667,538

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

K. Other Post-Employment Benefits

Plan Description. The post-employment Health Care Benefits Plan (the “Plan”) is a single-employer defined benefit plan administered by the City. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees and eligible dependents who retire from the City may continue to participate in the City’s self-funded health and hospitalization plans for medical and prescription drug coverage, as well as participate in the life insurance group plan. The City subsidizes the premium rates paid by retirees by allowing them to participate in the plans at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Retirees who are eligible for Medicare are in a stand-alone plan with no cost to the employer. The Plan does not issue a stand-alone financial report.

Funding Policy. Contribution requirements for the Plan of the City are established and may be amended through recommendations of the Insurance Committee and action from the City Council. The City has not advance-funded or established a funding methodology for the annual Other Post-Employment Benefit (OPEB) costs.

Plan Membership. Membership of the plan consisted of the following at September 30, 2019 rolled forward 12 months from the valuation date to the measurement date using standard actuarial techniques:

Retirees and Beneficiaries	31
Inactive, Nonretired Members	-
Active Members	399
Total	<u>430</u>

Total OPEB liability of the City. Effective October 1, 2017, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, which significantly changed the City’s accounting for OPEB amounts. The information disclosed below is presented in accordance with this new standard.

The City’s total OPEB liability was measured as of September 30, 2020 rolled forward 12 months from the valuation date to the measurement date using standard actuarial techniques.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Actuarial Assumptions. The total OPEB liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate	2.41%
Healthcare Cost Trend Rate	Based on the Getzen Model with trend starting at 6.50% (10.00% for premiums), followed by 6.25%, and gradually decreasing to an ultimate trend rate of 3.99%.
Inflation Rate	2.25%
Salary Increase	Rates based on those used in the October 1, 2019 actuarial valuations of the City's three pension plans
Participation Rate	Medical Acceptance Rate: 25% Coverage Lapsing Rate: 100%

Mortality rates were based on the mortality tables used in the July 1, 2019 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2013 through 2018.

Discount Rate. Under GASB Statement No. 75, when there are currently no invested plan assets held in trust to finance the OPEB obligations, the discount rate equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. The rate used in the September 30, 2019 valuation was 2.41%.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Changes in the Total OPEB Liability of the City. The changes in the total OPEB liability of the City for the year ended September 30, 2021 were as follows:

	Total OPEB Liability
Balances at September 30, 2020	\$ 5,763,609
Changes for the year:	
Service cost	430,152
Interest on the total OPEB liability	165,826
Changes in assumptions and other inputs	(134,636)
Benefit payments	(327,481)
Net changes	133,861
Balances at September 30, 2021	\$ 5,897,470

The required schedule of changes in the City's total OPEB liability and related ratios in the Required Supplementary Information immediately following the notes to the financial statements presents multi-year trend information about the total OPEB liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.41%) or 1-percentage-point higher (3.41%) than the current discount rate:

	1% Decrease 1.41%	Current Discount Rate 2.41%	1% Increase 3.41%
Total OPEB liability	\$ 6,407,227	\$ 5,897,470	\$ 5,441,570

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB liability	\$ 5,279,237	\$ 5,897,470	\$ 6,625,876

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

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 revisions 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 September 30, 2019, and the current sharing pattern of costs between employer and inactive employees.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended September 30, 2021, the City recognized OPEB expense of \$679,728. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 31,358	-
Changes in assumptions and other inputs	660,813	246,239
Benefits paid subsequent to the measurement date	<u>382,819</u>	<u>-</u>
Total	<u><u>\$ 1,074,990</u></u>	<u><u>246,239</u></u>

The deferred outflows of resources related to the total OPEB liability, totaling \$382,819 resulting from benefits paid subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the fiscal year ended September 30, 2022. Other amounts reported as inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30,	
2022	\$ 83,749
2023	83,749
2024	83,749
2025	101,585
2026	118,573
Thereafter	<u>(25,473)</u>
Total	<u><u>\$ 445,932</u></u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

L. Contingencies

1. Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City that the resolution of these matters will not have a material adverse effect to the financial condition of the City.

2. Federal and State Assistance Programs

Amounts received or receivable from grantor 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 granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

3. Self-Insurance Funds

Since 1981, the City has been self-insured for workers' compensation, general liability, automobile liability, and the deductible portion of all insured risks. The insurance program established by the City has not changed from fiscal year 2004 with the exception of increases in premiums.

The City is responsible up to specified limits for the self-insurance retention amounts and purchases excess insurance against catastrophic losses. Policies are maintained to provide coverage for all individual claims in excess of the amounts shown:

Property damage	\$ 25,000
Third party liability	200,000
Excess workers' compensation	350,000
Blanket bond and money and securities	25,000
Employee medical	125,000
Aggregate losses	2,000,000

The liability for unpaid claims is estimated based upon historical actual results adjusted for current economic trends. The estimated claims liability for all self-insured risks are reported as claims payable in the Risk Management Fund and Health Benefits Fund which include an estimate for incurred but not reported claims. In addition, reimbursements from excess loss reinsurers are netted against claims expenses, as applicable, in the Risk Management and Health Benefits Internal Service funds. During the current year, \$79,011 and \$478,420 of excess loss reimbursements were recorded in the Risk Management Fund and Health Benefits Fund, respectively.

Estimated liabilities for unpaid claims are based on estimates of pending claims and claims incurred but not reported at September 30, 2021. Estimates were based on an evaluation of claims pending and past experience. At September 30, 2021, \$4,086,554 was accrued for estimated self-insurance claims. For the past three fiscal years, the City's insurance settlements have not exceeded the insurance coverage and there were no significant reductions in insurance coverage from the previous year.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

A reconciliation of estimated claims liabilities is as follows:

	Risk Management	Health Benefits	Total
Balance September 30, 2019	\$ 3,172,000	482,619	3,654,619
Current year claims incurred and change in estimates	684,237	5,457,234	6,141,471
Claim payments	<u>(780,237)</u>	<u>(5,556,809)</u>	<u>(6,337,046)</u>
Balance September 30, 2020	3,076,000	383,044	3,459,044
Current year claims incurred and change in estimates	2,662,825	5,405,203	8,068,028
Claim payments	<u>(2,024,825)</u>	<u>(5,415,693)</u>	<u>(7,440,518)</u>
Balance September 30, 2021	<u><u>\$ 3,714,000</u></u>	<u><u>372,554</u></u>	<u><u>4,086,554</u></u>

4. Construction Projects

At September 30, 2021, the City had the following commitments:

Project	Contract Amount	Completed to Date	Balance
Baker Park Project	\$ 18,490,274	17,340,048	1,150,226
East Naples Bay Dredge & Rock Removal	4,042,374	1,022,365	3,020,009
Water - Accelerator Improvements	3,071,250	2,035,000	1,036,250
Sanitary Sewer Septic to Sewer Design	2,747,120	913,905	1,833,215
Phase I & Phase II Outfall Design	1,658,400	1,118,948	539,452
Citywide Lake Maint & Improvements	4,604,897	2,804,148	1,800,749

M. Subsequent Events

Events and transactions that occur after fiscal year-end but prior to issuance of the Annual Comprehensive Financial Report are subsequent events. The City has evaluated all subsequent events through the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF NAPLES, FLORIDA

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual
Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Ad valorem	\$ 26,403,529	26,403,529	26,741,431	337,902
Local communication and business	900,000	900,000	1,363,759	463,759
Insurance premium tax	1,250,000	1,250,000	1,380,571	130,571
Permits, fees and assessments	3,665,500	3,665,500	3,878,226	212,726
Intergovernmental	4,722,089	4,722,089	6,978,162	2,256,073
Charges for services	2,089,328	2,089,328	2,094,862	5,534
Charges to other funds	3,966,090	3,966,090	3,966,090	-
Fines and forfeitures	152,300	152,300	602,681	450,381
Investment earnings	350,000	350,000	15,941	(334,059)
Miscellaneous	20,000	20,000	204,977	184,977
Total revenues	<u>43,518,836</u>	<u>43,518,836</u>	<u>47,226,700</u>	<u>3,707,864</u>
Expenditures				
Current				
General government				
Mayor and City Council	530,505	530,505	470,740	59,765
City Attorney	846,006	846,006	1,080,571	(234,565)
City Clerk	778,676	1,275,701	1,248,030	27,671
City Manager	888,362	945,796	942,924	2,872
Human resources	701,476	696,529	612,185	84,344
Planning	782,604	782,637	750,932	31,705
Finance	1,259,572	1,236,802	1,208,996	27,806
Nondepartmental	5,478,484	5,558,762	5,181,653	377,109
Total general government	<u>11,265,685</u>	<u>11,872,738</u>	<u>11,496,031</u>	<u>376,707</u>
Public safety				
Fire	11,683,093	11,616,459	11,461,883	154,576
Police	14,793,193	14,304,882	13,883,564	421,318
Code inspections	618,043	567,358	566,446	912
Total public safety	<u>27,094,329</u>	<u>26,488,699</u>	<u>25,911,893</u>	<u>576,806</u>
Transportation	<u>-</u>	<u>38,340</u>	<u>16,510</u>	<u>21,830</u>
Culture and recreation				
Community services	8,109,817	8,193,030	6,949,757	1,243,273
Total culture and recreation	<u>8,109,817</u>	<u>8,193,030</u>	<u>6,949,757</u>	<u>1,243,273</u>

CITY OF NAPLES, FLORIDA

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual
Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
Capital outlay				
General government	\$ -	30,457	30,362	95
Public safety	13,400	98,301	95,578	2,723
Total capital outlay	<u>13,400</u>	<u>128,758</u>	<u>125,940</u>	<u>2,818</u>
 Total expenditures	 <u>46,483,231</u>	 <u>46,721,565</u>	 <u>44,500,131</u>	 <u>2,221,434</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(2,964,395)</u>	 <u>(3,202,729)</u>	 <u>2,726,569</u>	 <u>5,929,298</u>
Other financing sources (uses)				
Transfers in	2,067,600	2,067,600	2,125,980	58,380
Transfers out	(47,500)	(47,500)	(47,500)	-
Proceeds from sale of capital assets	1,000	1,000	678	(322)
Total other financing sources (uses)	<u>2,021,100</u>	<u>2,021,100</u>	<u>2,079,158</u>	<u>58,058</u>
 Change in fund balance	 (943,295)	 (1,181,629)	 4,805,727	 5,987,356
 Fund balance, beginning of year	 <u>21,563,185</u>	 <u>21,563,185</u>	 <u>21,563,185</u>	 <u>-</u>
Fund balance, end of year	<u><u>\$ 20,619,890</u></u>	<u><u>20,381,556</u></u>	<u><u>26,368,912</u></u>	<u><u>5,987,356</u></u>

CITY OF NAPLES, FLORIDA
Community Redevelopment Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Ad valorem	\$ 1,434,656	1,434,656	1,434,656	-
Permits, fees and assessments	-	-	7,765	7,765
Intergovernmental	4,446,809	4,446,809	4,446,809	-
Investment earnings	25,000	25,000	49,043	24,043
Total revenues	<u>5,906,465</u>	<u>5,906,465</u>	<u>5,938,273</u>	<u>31,808</u>
Expenditures				
Current				
Economic development	1,489,111	1,849,381	1,262,060	587,321
Capital outlay				
Economic development	<u>2,850,000</u>	<u>4,119,946</u>	<u>1,293,844</u>	<u>2,826,102</u>
Total expenditures	<u>4,339,111</u>	<u>5,969,327</u>	<u>2,555,904</u>	<u>3,413,423</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,567,354</u>	<u>(62,862)</u>	<u>3,382,369</u>	<u>3,445,231</u>
Other financing uses				
Transfers in	230,176	230,176	-	(230,176)
Transfers out	<u>(1,035,761)</u>	<u>(1,035,761)</u>	<u>(1,035,761)</u>	<u>-</u>
Total other financing uses	<u>(805,585)</u>	<u>(805,585)</u>	<u>(1,035,761)</u>	<u>(230,176)</u>
Change in fund balance	761,769	(868,447)	2,346,608	3,215,055
Fund balance, beginning of year	<u>4,434,070</u>	<u>4,434,070</u>	<u>4,434,070</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,195,839</u>	<u>3,565,623</u>	<u>6,780,678</u>	<u>3,215,055</u>

CITY OF NAPLES, FLORIDA
Streets and Traffic Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Motor fuel taxes	\$ 2,057,540	2,057,540	2,267,628	210,088
Permits, fees and assessments	275,000	275,000	295,100	20,100
Intergovernmental	566,703	845,066	601,921	(243,145)
Investment earnings	44,000	44,000	(4,504)	(48,504)
Miscellaneous	-	-	12,150	12,150
Total revenues	<u>2,943,243</u>	<u>3,221,606</u>	<u>3,172,295</u>	<u>(49,311)</u>
Expenditures				
Current				
Transportation	2,806,273	2,906,765	2,439,048	467,717
Capital outlay				
Transportation	<u>720,000</u>	<u>1,285,530</u>	<u>703,371</u>	<u>582,159</u>
Total expenditures	<u>3,526,273</u>	<u>4,192,295</u>	<u>3,142,419</u>	<u>1,049,876</u>
Net change in fund balances	(583,030)	(970,689)	29,876	1,000,565
Fund balance, beginning of year	<u>3,333,448</u>	<u>3,333,448</u>	<u>3,333,448</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,750,418</u>	<u>2,362,759</u>	<u>3,363,324</u>	<u>1,000,565</u>

CITY OF NAPLES, FLORIDA**Baker Park Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance****Budget and Actual****Year Ended September 30, 2021**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental	\$ -	-	200,000	200,000
Investment earnings	-	-	8,609	8,609
Donations	-	1,450,687	-	(1,450,687)
Total revenues	-	1,450,687	208,609	(1,242,078)
Expenditures				
Capital outlay				
Physical and economic environment	-	1,345,223	2,113	1,343,110
Total expenditures	-	1,345,223	2,113	1,343,110
Net change in fund balances	-	105,464	206,496	101,032
Fund balance, beginning of year	688,419	688,419	688,419	-
Fund balance, end of year	<u>\$ 688,419</u>	<u>793,883</u>	<u>894,915</u>	<u>101,032</u>

CITY OF NAPLES, FLORIDA
East Naples Bay District Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended September 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes - property	\$ 342,195	342,195	347,712	5,517
Intergovernmental	2,900,000	2,900,000	-	(2,900,000)
Investment earnings	10,000	10,000	5,358	(4,642)
Total revenues	<u>3,252,195</u>	<u>3,252,195</u>	<u>353,070</u>	<u>(2,899,125)</u>
Expenditures				
Current				
Economic and physical development	262,000	69,626	203	69,423
Capital outlay				
Economic and physical development	3,500,000	4,130,198	73,778	4,056,420
Debt service				
Principal	290,000	-	-	-
Interest	60,000	-	-	-
Total expenditures	<u>4,112,000</u>	<u>4,199,824</u>	<u>73,981</u>	<u>4,125,843</u>
Change in fund balances	(859,805)	(947,629)	279,089	1,226,718
Fund balances, beginning of year	1,110,095	1,110,095	1,110,095	-
Fund balances, end of year	<u>\$ 250,290</u>	<u>162,466</u>	<u>1,389,184</u>	<u>1,226,718</u>

THE CITY OF NAPLES, FLORIDA

Notes to Required Supplementary Information September 30, 2021

Basis of Presentation

The budget was adopted on a basis consistent with generally accepted accounting principles using the modified accrual basis of accounting. Expenditures were controlled at the fund level.

THE CITY OF NAPLES, FLORIDA

Required Supplementary Information September 30, 2021 (Unaudited)

Schedule of Changes in Net Pension Liability and Related Ratios

	General Employees' Pension							
Reporting period ending	9/30/22	9/30/21	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15
Measurement date	9/30/21	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15	9/30/14
Total pension liability								
Service cost	\$ 1,658,150	1,537,130	1,565,934	1,505,743	1,550,588	1,515,025	1,500,184	1,471,441
Interest on total pension liability	5,084,529	5,080,127	4,964,402	5,093,386	4,929,787	4,718,425	4,553,080	4,418,330
Differences between expected and actual experience	493,832	(1,132,043)	(221,863)	(1,752,760)	172,717	(1,619,494)	504,129	-
Changes of assumptions	-	2,266,538	662,461	(1,062,814)	-	2,509,683	-	-
Contributions - buy back	19,159	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(4,705,603)	(4,541,838)	(4,739,084)	(4,604,081)	(4,246,896)	(4,407,869)	(4,354,731)	(3,888,957)
Net change in total pension liability	2,550,067	3,209,914	2,231,850	(820,526)	2,406,196	2,715,770	2,202,662	2,000,814
Total pension liability - beginning	73,330,786	70,120,872	67,889,022	68,709,548	66,303,352	63,587,582	61,384,920	59,384,106
Total pension liability - ending (a)	\$ 75,880,853	73,330,786	70,120,872	67,889,022	68,709,548	66,303,352	63,587,582	61,384,920
Plan fiduciary net position								
Contributions - employer	\$ 2,535,318	2,489,724	2,087,382	1,943,363	1,785,446	1,970,406	2,023,395	1,945,282
Contributions - employee	716,578	692,717	682,207	667,203	670,402	711,740	694,975	715,072
Net investment income	13,184,129	2,428,739	2,217,376	5,865,243	7,212,061	2,994,961	414,031	5,857,072
Benefit payments, including refunds of member contributions	(4,693,314)	(4,541,838)	(4,739,084)	(4,604,081)	(4,246,896)	(4,407,869)	(4,354,731)	(3,887,856)
Administrative expenses	(101,786)	(167,348)	(159,449)	(169,463)	(168,640)	(160,414)	(150,741)	(142,904)
Net change in plan fiduciary net position	11,640,925	901,994	88,432	3,702,265	5,252,373	1,108,824	(1,373,071)	4,486,666
Plan fiduciary net position - beginning	60,932,087	60,030,093	59,941,661	56,239,396	50,987,023	49,878,199	51,251,270	46,764,604
Plan fiduciary net position - ending (b)	\$ 72,573,012	60,932,087	60,030,093	59,941,661	56,239,396	50,987,023	49,878,199	51,251,270
City's net pension liability - ending (a) - (b)	\$ 3,307,841	12,398,699	10,090,779	7,947,361	12,470,152	15,316,329	13,709,383	10,133,650
Plan fiduciary net position as a percentage of the total pension liability	95.64%	83.09%	85.61%	88.29%	81.85%	76.90%	78.44%	83.49%
Covered payroll	\$ 18,053,742	17,629,562	17,081,690	16,413,536	16,012,972	16,535,449	18,135,744	15,618,366
City's net pension liability as a percentage of covered payroll	18.32%	70.33%	59.07%	48.42%	77.88%	92.63%	75.59%	64.88%

Notes to the Schedule:

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

Changes of assumptions:

For measurement date 09/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics. Additionally, the investment return was lowered from 7.3% to 7.0% per year, compounded annually, net of investment related expenses.

THE CITY OF NAPLES, FLORIDA

Required Supplementary Information September 30, 2021 (Unaudited)

Schedule of Contributions General Employees' Pension

	9/30/21	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15	9/30/14
Actuarially determined contribution	\$ 2,043,684	2,112,022	1,943,363	1,943,363	1,785,446	1,969,372	2,023,395	1,924,183
Contributions in relation to the actuarially determined contribution	2,535,318	2,489,724	2,087,382	1,943,363	1,785,446	1,969,372	2,023,395	1,945,282
Contribution deficiency (excess)	<u>\$ (491,634)</u>	<u>(377,702)</u>	<u>(144,019)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,099)</u>
Covered payroll	\$ 18,053,742	17,629,562	17,081,690	16,413,536	16,012,972	16,535,449	18,135,744	15,618,366
Contributions as a percentage of covered payroll	14.04%	14.12%	12.22%	11.84%	11.15%	11.91%	11.16%	12.46%

Notes to the Schedule:

Valuation date October 1, 2019

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

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

THE CITY OF NAPLES, FLORIDA

Required Supplementary Information September 30, 2021 (Unaudited)

Schedules of Pension Investment Returns

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Employees:								
Annual money-weighted rate of return, net of investment expenses	21.69%	4.00%	3.66%	10.34%	12.00%	7.93%	0.79%	12.72%
Police:								
Annual money-weighted rate of return, net of investment expenses	21.59%	4.26%	4.01%	10.21%	11.98%	7.89%	0.79%	12.60%
Fire:								
Annual money-weighted rate of return, net of investment expenses	22.07%	4.50%	3.94%	10.43%	12.02%	8.01%	0.77%	12.67%

Notes to the Schedules:

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

THE CITY OF NAPLES, FLORIDA

Required Supplementary Information September 30, 2021 (Unaudited)

Schedule of Changes in Net Pension Liability and Related Ratios								
	Police Officers' Pension							
Reporting period ending	9/30/22	9/30/21	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15
Measurement date	9/30/21	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15	9/30/14
Total pension liability								
Service cost	\$ 956,334	929,192	869,370	802,840	765,046	943,492	1,007,847	944,053
Interest on total pension liability	5,107,552	5,050,903	5,002,084	4,907,047	4,773,491	4,579,541	4,448,873	4,254,147
Differences between expected and actual experience	(349,489)	113,753	(584,938)	(69,061)	148,418	163,041	(860,949)	-
Changes of assumptions	-	1,883,143	716,859	535,504	-	653,912	-	-
Contributions - buy back	5,782	5,782	54,485	2,295	32,551	-	-	-
Benefit payments, including refunds of employee contributions	(4,653,827)	(4,207,943)	(4,448,950)	(3,702,997)	(4,249,528)	(2,889,380)	(2,701,145)	(2,630,150)
Net change in total pension liability	1,066,352	3,774,830	1,608,910	2,475,628	1,469,978	3,450,606	1,894,626	2,568,050
Total pension liability - beginning	74,335,608	70,560,778	68,951,868	66,476,240	65,006,262	61,555,656	59,661,030	57,092,980
Total pension liability - ending (a)	\$ 75,401,960	74,335,608	70,560,778	68,951,868	66,476,240	65,006,262	61,555,656	59,661,030
Plan fiduciary net position								
Contributions - employer	\$ 2,637,659	2,191,944	1,949,202	2,053,662	1,803,678	1,985,703	1,737,998	1,672,462
Contributions - state	757,213	787,148	742,751	718,404	792,677	610,146	551,656	540,981
Contributions - employee	216,849	215,667	260,609	204,461	232,664	210,895	211,290	229,089
Net investment income	12,093,347	2,328,680	2,180,941	5,144,971	6,154,401	2,724,152	331,447	4,804,886
Benefit payments, including refunds of member contributions	(4,665,665)	(4,207,943)	(4,448,950)	(3,702,997)	(4,249,835)	(2,889,380)	(2,701,145)	(2,622,981)
Administrative expenses	(99,622)	(133,889)	(93,352)	(105,596)	(104,158)	(98,445)	(97,327)	(75,114)
Net change in plan fiduciary net position	10,939,781	1,181,607	591,201	4,312,905	4,629,427	2,543,071	33,919	4,549,323
Plan fiduciary net position - beginning	55,772,133	54,590,526	53,999,325	49,686,420	45,056,993	42,513,922	42,480,003	37,930,680
Plan fiduciary net position - ending (b)	\$ 66,711,914	55,772,133	54,590,526	53,999,325	49,686,420	45,056,993	42,513,922	42,480,003
City's net pension liability - ending (a) - (b)	\$ 8,690,046	18,563,475	15,970,252	14,952,543	16,789,820	19,949,269	19,041,734	17,181,027
Plan fiduciary net position as a percentage of the total pension liability	88.48%	75.03%	77.37%	78.31%	74.74%	69.31%	69.07%	71.20%
Covered payroll	\$ 4,964,737	4,888,073	4,723,555	4,533,223	4,429,884	4,597,424	5,164,848	4,786,859
City's net pension liability as a percentage of covered payroll	175.04%	379.77%	338.10%	329.84%	379.01%	433.92%	368.68%	358.92%

Notes to the Schedule:

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

Changes of assumptions:

For measurement date 09/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics. Additionally, the investment return was lowered from 7.3% to 7.0% per year, compounded annually, net of investment related expenses.

THE CITY OF NAPLES, FLORIDA

Required Supplementary Information September 30, 2021 (Unaudited)

Schedule of Contributions Police Officers' Pension

	9/30/21	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15	9/30/14
Actuarially determined contribution	\$ 2,683,440	2,705,548	2,772,066	2,772,066	2,596,355	2,595,706	2,289,654	2,213,443
Contributions in relation to the actuarially determined contribution	3,394,872	2,979,092	2,691,953	2,772,066	2,596,355	2,596,706	2,289,654	2,213,443
Contribution deficiency (excess)	<u>\$ (711,432)</u>	<u>(273,544)</u>	<u>80,113</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 4,964,737	4,888,073	4,723,555	4,533,223	4,429,884	4,597,424	5,164,848	4,786,859
Contributions as a percentage of covered payroll	68.38%	60.95%	56.99%	61.15%	58.61%	56.48%	44.33%	46.24%

Notes to the Schedule:

Valuation date October 1, 2019

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

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

THE CITY OF NAPLES, FLORIDA

Required Supplementary Information September 30, 2021 (Unaudited)

Schedule of Changes in Net Pension Liability and Related Ratios

	Firefighters' Pension							
Reporting period ending	9/30/22	9/30/21	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15
Measurement date	9/30/21	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15	9/30/14
Total pension liability								
Service cost	\$ 827,646	801,078	747,281	725,072	708,830	874,002	842,047	981,492
Interest on total pension liability	5,215,303	5,133,458	4,904,930	4,830,246	4,603,003	4,299,587	4,102,672	3,896,369
Differences between expected and actual experience	539,454	325,848	1,506,608	(549,657)	182,694	116,520	(247,033)	-
Changes of assumptions	-	1,862,522	833,637	571,688	-	1,240,006	-	-
Changes of benefit terms	-	-	(3,632)	-	-	-	-	-
Contributions - buy back	16,509	-	-	-	-	15,021	-	-
Benefit payments, including refunds of employee contributions	(4,781,924)	(3,084,416)	(4,997,133)	(2,436,995)	(2,523,758)	(2,144,757)	(2,063,933)	(1,911,491)
Net change in total pension liability	1,816,988	5,038,490	2,991,691	3,140,354	2,970,769	4,400,379	2,633,753	2,966,370
Total pension liability - beginning	76,067,648	71,029,158	68,037,467	64,897,113	61,926,344	57,525,965	54,892,212	51,925,842
Total pension liability - ending (a)	\$ 77,884,636	76,067,648	71,029,158	68,037,467	64,897,113	61,926,344	57,525,965	54,892,212
Plan fiduciary net position								
Contributions - employer	\$ 1,949,767	1,708,192	1,693,876	1,593,953	1,399,309	1,573,305	1,180,670	1,342,378
Contributions - state	623,358	603,786	544,971	539,925	509,868	581,196	721,101	871,999
Contributions - employee	182,388	160,322	148,990	146,837	141,266	171,558	153,807	177,737
Net investment income	13,342,752	2,614,446	2,305,140	5,692,001	6,505,843	2,941,905	336,431	4,996,523
Benefit payments, including refunds of member contributions	(4,780,821)	(3,084,416)	(4,997,133)	(2,436,995)	(2,523,758)	(2,144,757)	(2,063,933)	(1,911,492)
Administrative expenses	(80,622)	(107,442)	(72,724)	(95,636)	(95,118)	(80,473)	(57,827)	(65,535)
Net change in plan fiduciary net position	11,236,822	1,894,888	(376,880)	5,440,085	5,937,410	3,042,734	270,249	5,411,610
Plan fiduciary net position - beginning	60,924,388	59,029,500	59,406,380	53,966,295	48,028,885	44,986,151	44,715,902	39,304,292
Plan fiduciary net position - ending (b)	\$ 72,161,210	60,924,388	59,029,500	59,406,380	53,966,295	48,028,885	44,986,151	44,715,902
City's net pension liability - ending (a) - (b)	\$ 5,723,426	15,143,260	11,999,658	8,631,087	10,930,818	13,897,459	12,539,814	10,176,310
Plan fiduciary net position as a percentage of the total pension liability	92.65%	80.09%	83.11%	87.31%	83.16%	77.56%	78.20%	81.46%
Covered payroll	\$ 3,782,903	3,631,573	3,181,377	3,181,377	2,997,608	3,237,715	4,341,784	3,573,306
City's net pension liability as a percentage of covered payroll	151.30%	416.99%	377.18%	271.30%	364.65%	429.24%	288.82%	284.79%

Notes to the Schedule:

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

Changes of benefit terms:

For measurement date 09/30/2019, amounts reported as changes of benefit terms resulted from the provisions of Chapter 112.1816, Florida Statutes.

The Statutes state that, effective July 1, 2019, a death or disability (under the Plan's definition of total and permanent disability) for a firefighter due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer will be treated as duty-related.

Changes of assumptions:

For measurement date 09/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics. Additionally, the investment return was lowered from 7.3% to 7.0% per year, compounded annually, net of investment related expenses.

THE CITY OF NAPLES, FLORIDA

Required Supplementary Information September 30, 2021 (Unaudited)

Schedule of Contributions Firefighters' Pension

	<u>9/30/21</u>	<u>9/30/20</u>	<u>9/30/19</u>	<u>9/30/18</u>	<u>9/30/17</u>	<u>9/30/16</u>	<u>9/30/15</u>	<u>9/30/14</u>
Actuarially determined contribution	\$ 2,266,338	2,254,843	2,120,706	2,120,706	1,909,177	2,148,871	1,901,771	2,214,377
Contributions in relation to the actuarially determined contribution	<u>2,573,125</u>	<u>2,311,978</u>	<u>2,238,847</u>	<u>2,133,878</u>	<u>1,909,177</u>	<u>2,148,871</u>	<u>1,901,771</u>	<u>2,214,377</u>
Contribution deficiency (excess)	<u>\$ (306,787)</u>	<u>(57,135)</u>	<u>(118,141)</u>	<u>(13,172)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 3,782,903	3,631,573	3,181,377	3,181,377	2,997,608	3,237,715	4,341,784	3,573,306
Contributions as a percentage of covered payroll	68.02%	63.66%	70.37%	67.07%	63.69%	66.37%	43.80%	61.97%

Notes to the Schedule:

Valuation date October 1, 2019

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

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

THE CITY OF NAPLES, FLORIDA

Required Supplementary Information September 30, 2021 (Unaudited)

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

Measurement year ended September 30,	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 430,152	343,902	347,546	353,062
Interest on the total opeb liability	165,826	181,646	162,005	137,586
Changes of benefit terms	-	16,473	-	-
Difference between expected and actual experience of the total OPEB liability	-	43,902	-	-
Changes in assumptions and other inputs	(134,636)	925,138	(118,384)	(140,703)
Benefit payments	(327,481)	(292,583)	(254,400)	(53,548)
Net change in total OPEB liability	<u>133,861</u>	<u>1,218,478</u>	<u>136,767</u>	<u>296,397</u>
Total OPEB liability - beginning	<u>5,763,609</u>	<u>4,545,131</u>	<u>4,408,364</u>	<u>4,111,967</u>
Total OPEB liability - ending	<u><u>\$ 5,897,470</u></u>	<u><u>5,763,609</u></u>	<u><u>4,545,131</u></u>	<u><u>4,408,364</u></u>
 Covered-employee payroll	 \$ 31,285,739	 25,219,941	 27,687,759	 24,884,851
 City's total OPEB liability as a percentage of covered-employee payroll	 18.85%	 22.85%	 16.42%	 17.72%

Notes to the Schedule

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

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**OTHER SUPPLEMENTARY
INFORMATION**

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Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Building and Zoning Fund—To account for the activities related to the construction industry in the City.

Community Development Block Grant—To account for federal grants received from the U.S. Department of Housing and Urban Development for home improvement grants for qualified recipients, and other community improvement projects in qualifying areas of the City.

Improvement Fund—To account for donations from private individuals for specific City projects.

Public Arts Fund—To account for donations from private individuals for specific art in public places.

Grants Fund—To account for various grant activity.

Confiscated Properties Fund—To account for monies received pursuant to sales of confiscated properties.

Business Improvement District Fund—To account for receipt and disbursement of monies used for the purpose of stabilizing and improving retail businesses within the Fifth Avenue South assessment area.

41-10 Public Open Space Fund—To account for the receipt and disbursement of monies used for the purpose of acquiring land and/or the construction or reconstruction of public open space in the Downtown District.

Parking Trust Fund—To account for the receipt and disbursement of monies used for the purpose of construction or reconstruction of parking spaces in the Downtown District.

Port Royal Dredging District—To account for the receipt and disbursement of monies used for the purpose of maintenance dredging in the canals and waterways within the area or boundary of the district of Port Royal.

Moorings Bay District—To account for the receipt and disbursement of monies used for the purpose of maintenance dredging in the canals and waterways within the area or boundary of the district of Moorings Bay and Park Shore Units 2 and 5.

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CITY OF NAPLES, FLORIDACombining Balance Sheet
Nonmajor Governmental Funds
September 30, 2021

	Special Revenue Funds	Capital Project Funds	Total
Assets			
Cash and investments	\$ 11,775,509	12,980,142	24,755,651
Accounts receivable	1,815	-	1,815
Accrued interest	29,872	2,190	32,062
Due from other governments	-	515,106	515,106
Total assets	<u>\$ 11,807,196</u>	<u>13,497,438</u>	<u>25,304,634</u>
Liabilities			
Accounts payable	\$ 342,648	138,624	481,272
Accrued payroll	40,469	-	40,469
Customer deposits	375,620	-	375,620
Unearned revenue	1,281,945	-	1,281,945
Total liabilities	<u>2,040,682</u>	<u>138,624</u>	<u>2,179,306</u>
Fund balances			
Restricted	8,031,204	13,349,604	21,380,808
Committed	1,662,679	9,210	1,671,889
Assigned	72,631	-	72,631
Total fund balances	<u>9,766,514</u>	<u>13,358,814</u>	<u>23,125,328</u>
Total liabilities and fund balances	<u>\$ 11,807,196</u>	<u>13,497,438</u>	<u>25,304,634</u>

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CITY OF NAPLES, FLORIDA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended September 30, 2021

	Special Revenue Funds	Capital Project Funds	Total
Revenues			
Taxes—property	\$ 27,439	-	27,439
Permits, fees and assessments	7,351,427	280,728	7,632,155
Intergovernmental	2,887	5,653,369	5,656,256
Charges for services	100,892	-	100,892
Fines and forfeitures	318,684	-	318,684
Interest	(15,825)	110,313	94,488
Donations	176,431	-	176,431
Miscellaneous	13,440	-	13,440
Total revenues	<u>7,975,375</u>	<u>6,044,410</u>	<u>14,019,785</u>
Expenditures			
Current			
General government	24,846	-	24,846
Public safety	5,087,635	-	5,087,635
Economic and physical development	616,933	-	616,933
Culture and recreation	49,454	-	49,454
Capital outlay			
General government	-	83,518	83,518
Public safety	157,875	-	157,875
Economic and physical development	132,903	-	132,903
Transportation	-	1,026,287	1,026,287
Culture and recreation	79,434	-	79,434
Total expenditures	<u>6,149,080</u>	<u>1,109,805</u>	<u>7,258,885</u>
Excess of revenues over expenditures	<u>1,826,295</u>	<u>4,934,605</u>	<u>6,760,900</u>
Other financing uses			
Transfers out	(118,458)	-	(118,458)
Total other financing uses	<u>(118,458)</u>	<u>-</u>	<u>(118,458)</u>
Change in fund balances	1,707,837	4,934,605	6,642,442
Fund balances, beginning of year	8,058,677	8,424,209	16,482,886
Fund balances, end of year	<u>\$ 9,766,514</u>	<u>13,358,814</u>	<u>23,125,328</u>

CITY OF NAPLES, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Special Revenue Funds
September 30, 2021

	Building and Zoning Fund	Community Development Block Grant Fund	Improvement Fund	Public Arts Fund	Grants Fund	Confiscated Properties Fund
Assets						
Cash and investments	\$ 5,818,116	122,706	591,909	878,771	7,771	543,113
Accounts receivable	-	-	1,815	-	-	-
Accrued interest	19,670	-	-	-	-	1,677
Total assets	<u>\$ 5,837,786</u>	<u>122,706</u>	<u>593,724</u>	<u>878,771</u>	<u>7,771</u>	<u>544,790</u>
Liabilities						
Accounts payable	\$ 272,051	50,075	17,522	3,000	-	-
Accrued payroll	40,469	-	-	-	-	-
Customer deposits	-	-	-	375,620	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>312,520</u>	<u>50,075</u>	<u>17,522</u>	<u>378,620</u>	<u>-</u>	<u>-</u>
Fund balances						
Restricted	5,525,266	-	576,202	-	7,771	544,790
Committed	-	-	-	500,151	-	-
Assigned	-	72,631	-	-	-	-
Total fund balances	<u>5,525,266</u>	<u>72,631</u>	<u>576,202</u>	<u>500,151</u>	<u>7,771</u>	<u>544,790</u>
Total liabilities and fund balances	<u>\$ 5,837,786</u>	<u>122,706</u>	<u>593,724</u>	<u>878,771</u>	<u>7,771</u>	<u>544,790</u>

Business Improvement District Fund	American Rescue Plan Act Fund	41-10 Public Open Space Fund	Parking Trust Fund	Port Royal Dredging District Fund	Moorings Bay District Fund	Total Nonmajor Special Revenue
5,048	1,281,945	440,184	713,660	106,211	1,266,075	11,775,509
-	-	-	-	-	-	1,815
-	-	1,058	2,578	-	4,889	29,872
<u>5,048</u>	<u>1,281,945</u>	<u>441,242</u>	<u>716,238</u>	<u>106,211</u>	<u>1,270,964</u>	<u>11,807,196</u>
-	-	-	-	-	-	342,648
-	-	-	-	-	-	40,469
-	-	-	-	-	-	375,620
-	1,281,945	-	-	-	-	1,281,945
<u>-</u>	<u>1,281,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,040,682</u>
-	-	-	-	106,211	1,270,964	8,031,204
5,048	-	441,242	716,238	-	-	1,662,679
-	-	-	-	-	-	72,631
<u>5,048</u>	<u>-</u>	<u>441,242</u>	<u>716,238</u>	<u>106,211</u>	<u>1,270,964</u>	<u>9,766,514</u>
<u>5,048</u>	<u>1,281,945</u>	<u>441,242</u>	<u>716,238</u>	<u>106,211</u>	<u>1,270,964</u>	<u>11,807,196</u>

CITY OF NAPLES, FLORIDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Special Revenue Funds
Year Ended September 30, 2021

	Building and Zoning Fund	Community Development Block Grant Fund	Improvement Fund	Public Arts Fund	Grants Fund	Confiscated Properties Fund
Revenues						
Taxes-property	\$ -	-	-	-	-	-
Permits, fees and assessments	6,737,011	-	-	-	-	-
Intergovernmental	-	-	-	-	2,887	-
Charges for services	42	100,850	-	-	-	-
Fines and forfeitures	-	-	-	-	-	318,684
Investment earnings	(19,135)	-	-	-	-	2,752
Donations	-	-	176,431	-	-	-
Miscellaneous	13,350	-	-	-	-	-
Total revenues	<u>6,731,268</u>	<u>100,850</u>	<u>176,431</u>	<u>-</u>	<u>2,887</u>	<u>321,436</u>
Expenditures						
Current						
General government	-	-	24,846	-	-	-
Public safety	5,069,658	-	4,621	-	-	13,356
Economic and physical development	-	-	-	-	-	-
Culture and recreation	-	-	7,854	41,600	-	-
Capital outlay						
Public safety	121,968	-	-	-	-	35,907
Economic and physical development	-	132,903	-	-	-	-
Culture and recreation	-	-	79,434	-	-	-
Total expenditures	<u>5,191,626</u>	<u>132,903</u>	<u>116,755</u>	<u>41,600</u>	<u>-</u>	<u>49,263</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,539,642</u>	<u>(32,053)</u>	<u>59,676</u>	<u>(41,600)</u>	<u>2,887</u>	<u>272,173</u>
Other financing uses						
Transfers out	<u>(58,380)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing uses	<u>(58,380)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	1,481,262	(32,053)	59,676	(41,600)	2,887	272,173
Fund balances, beginning of year	4,044,004	104,684	516,526	541,751	4,884	272,617
Fund balances, end of year	<u>\$ 5,525,266</u>	<u>72,631</u>	<u>576,202</u>	<u>500,151</u>	<u>7,771</u>	<u>544,790</u>

Business Improvement District Fund	American Rescue Plan Act Fund	41-10 Public Open Space Fund	Parking Trust Fund	Port Royal Dredging District Fund	Moorings Bay District Fund	Total Nonmajor Special Revenue
-	-	-	-	-	27,439	27,439
614,416	-	-	-	-	-	7,351,427
-	-	-	-	-	-	2,887
-	-	-	-	-	-	100,892
-	-	-	-	-	-	318,684
-	-	4,579	7,424	-	(11,445)	(15,825)
-	-	-	-	-	-	176,431
-	-	-	-	90	-	13,440
614,416	-	4,579	7,424	90	15,994	7,975,375
-	-	-	-	-	-	24,846
-	-	-	-	-	-	5,087,635
614,416	-	-	-	-	2,517	616,933
-	-	-	-	-	-	49,454
-	-	-	-	-	-	157,875
-	-	-	-	-	-	132,903
-	-	-	-	-	-	79,434
614,416	-	-	-	-	2,517	6,149,080
-	-	4,579	7,424	90	13,477	1,826,295
-	-	-	-	(60,078)	-	(118,458)
-	-	-	-	(60,078)	-	(118,458)
-	-	4,579	7,424	(59,988)	13,477	1,707,837
5,048	-	436,663	708,814	166,199	1,257,487	8,058,677
5,048	-	441,242	716,238	106,211	1,270,964	9,766,514

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Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Impact Fee Fund—To account for the receipt and disbursement of monies used for the acquisition of capital from impact fees.

Land Contribution Fund—To account for the receipt and disbursement of monies used for the acquisition of park land.

Sales Tax Fund—To account for the receipt and disbursement of sales tax funds used solely for capital projects approved by the Board.

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CITY OF NAPLES, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Capital Projects Funds
September 30, 2021

	Capital Project Funds			Total Nonmajor Capital Projects Funds
	Impact Fee Fund	Land Contribution Fund	Sales Tax Fund	
Assets				
Cash and investments	\$ 1,201,096	9,210	11,769,836	12,980,142
Accrued interest	2,190	-	-	2,190
Due from other governments	-	-	515,106	515,106
Total assets	<u>\$ 1,203,286</u>	<u>9,210</u>	<u>12,284,942</u>	<u>13,497,438</u>
Liabilities				
Accounts payable	\$ -	-	138,624	138,624
Total liabilities	<u>-</u>	<u>-</u>	<u>138,624</u>	<u>138,624</u>
Fund balances				
Restricted	1,203,286	-	12,146,318	13,349,604
Committed	-	9,210	-	9,210
Total fund balances	<u>1,203,286</u>	<u>9,210</u>	<u>12,146,318</u>	<u>13,358,814</u>
Total liabilities and fund balances	<u>\$ 1,203,286</u>	<u>9,210</u>	<u>12,284,942</u>	<u>13,497,438</u>

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CITY OF NAPLES, FLORIDA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Capital Projects Funds
Year Ended September 30, 2021

	Capital Project Funds			Total Nonmajor Capital Projects Funds
	Impact Fee Fund	Land Contribution Fund	Sales Tax Fund	
Revenues				
Intergovernmental	\$ -	-	5,653,369	5,653,369
Permits, fees and assessments	280,728	-	-	280,728
Investment earnings	10,896	-	99,417	110,313
Total revenues	<u>291,624</u>	<u>-</u>	<u>5,752,786</u>	<u>6,044,410</u>
Expenditures				
Capital outlay				
General government	-	-	83,518	83,518
Physical environment	-	-	1,026,287	1,026,287
Total expenditures	<u>-</u>	<u>-</u>	<u>1,109,805</u>	<u>1,109,805</u>
Change in fund balances	291,624	-	4,642,981	4,934,605
Fund balances, beginning of year	911,662	9,210	7,503,337	8,424,209
Fund balances, end of year	<u><u>\$ 1,203,286</u></u>	<u><u>9,210</u></u>	<u><u>12,146,318</u></u>	<u><u>13,358,814</u></u>

CITY OF NAPLES, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Nonmajor Special Revenue Funds
Year Ended September 30, 2021

	Building and Zoning Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes - property	\$ -	-	-	-
Permits, fees and assessments	4,795,000	4,795,000	6,737,011	1,942,011
Intergovernmental	-	-	-	-
Charges for services	-	-	42	42
Fines and forfeitures	-	-	-	-
Investment earnings (loss)	60,000	60,000	(19,135)	(79,135)
Donations	-	-	-	-
Miscellaneous	5,000	5,000	13,350	8,350
Total revenues	<u>4,860,000</u>	<u>4,860,000</u>	<u>6,731,268</u>	<u>1,871,268</u>
Expenditures				
Current				
Public safety	5,061,731	5,088,461	5,069,658	18,803
Economic and physical development	-	-	-	-
Capital outlay				
Public safety	300,000	302,500	121,968	180,532
Economic and physical development	-	-	-	-
Debt service				
Interest	-	-	-	-
Total expenditures	<u>5,361,731</u>	<u>5,390,961</u>	<u>5,191,626</u>	<u>199,335</u>
Excess (deficiency) of revenues over expenditures	<u>(501,731)</u>	<u>(530,961)</u>	<u>1,539,642</u>	<u>2,070,603</u>
Other financing uses				
Transfers out	-	-	(58,380)	(58,380)
Change in fund balances	(501,731)	(530,961)	1,481,262	2,012,223
Fund balances, beginning of year	4,044,004	4,044,004	4,044,004	-
Fund balances, end of year	<u>\$ 3,542,273</u>	<u>3,513,043</u>	<u>5,525,266</u>	<u>2,012,223</u>

Community Development Block Grant Fund				Confiscated Properties Fund			
Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
\$ -	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	100,850	100,850	-	-	-	-
-	-	-	-	-	-	318,684	318,684
-	-	-	-	-	-	2,752	2,752
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	100,850	100,850	-	-	321,436	321,436
-	-	-	-	-	-	-	-
-	-	-	-	-	110,000	13,356	96,644
-	-	-	-	-	-	-	-
-	-	-	-	-	54,960	35,907	19,053
-	80,840	132,903	(52,063)	-	-	-	-
-	-	-	-	-	-	-	-
-	80,840	132,903	(52,063)	-	164,960	49,263	115,697
-	-	-	-	-	-	-	-
-	(80,840)	(32,053)	48,787	-	(164,960)	272,173	437,133
-	-	-	-	-	-	-	-
-	(80,840)	(32,053)	48,787	-	(164,960)	272,173	437,133
104,684	104,684	104,684	-	272,617	272,617	272,617	-
\$ 104,684	23,844	72,631	48,787	272,617	107,657	544,790	437,133

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CITY OF NAPLES, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Nonmajor Special Revenue Funds
Year Ended September 30, 2021

	Grants Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes - property	\$ -	-	-	-
Permits, fees and assessments	-	-	-	-
Intergovernmental	-	-	2,887	2,887
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment earnings	-	-	-	-
Donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	2,887	2,887
Expenditures				
Current				
Public safety	-	-	-	-
Economic and physical development	-	-	-	-
Capital outlay				
Public safety	-	-	-	-
Economic and physical development	-	-	-	-
Debt service				
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	-	-	2,887	2,887
Other financing uses				
Transfers out	-	-	-	-
Change in fund balances	-	-	2,887	2,887
Fund balances, beginning of year	4,884	4,884	4,884	-
Fund balances, end of year	\$ 4,884	4,884	7,771	2,887

Business Improvement District				Port Royal Dredging District Fund			
Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
\$ -	-	-	-	-	-	-	-
619,308	619,308	614,416	(4,892)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
619,308	619,308	614,416	(4,892)	-	-	-	-
-	-	-	-	-	-	-	-
619,308	619,308	614,416	4,892	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
619,308	619,308	614,416	4,892	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(60,078)	(60,078)
-	-	-	-	-	-	(60,078)	(60,078)
5,048	5,048	5,048	-	166,199	166,199	166,199	-
\$ 5,048	5,048	5,048	-	166,199	166,199	106,121	(60,078)

CITY OF NAPLES, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Nonmajor Special Revenue Funds
Year Ended September 30, 2021

	Moorings Bay District Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes - property	\$ 27,059	27,059	27,439	380
Permits, fees and assessments	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment earnings	18,000	18,000	(11,445)	(29,445)
Donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>45,059</u>	<u>45,059</u>	<u>15,994</u>	<u>(29,065)</u>
Expenditures				
Current				
Public safety	-	-	-	-
Economic and physical development	57,500	60,391	2,517	57,874
Capital outlay				
Public safety	-	-	-	-
Economic and physical development	-	-	-	-
Debt service				
Interest	-	-	-	-
Total expenditures	<u>57,500</u>	<u>60,391</u>	<u>2,517</u>	<u>57,874</u>
Change in fund balances	(12,441)	(15,332)	13,477	28,809
Fund balances, beginning of year	1,257,487	1,257,487	1,257,487	-
Fund balances, end of year	<u>\$ 1,245,046</u>	<u>1,242,155</u>	<u>1,270,964</u>	<u>28,809</u>

CITY OF NAPLES, 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	\$ 4,367,585	4,367,585	4,530,070	162,485
Investment earnings	12,000	12,000	(2,046)	(14,046)
Total revenues	<u>4,379,585</u>	<u>4,379,585</u>	<u>4,528,024</u>	<u>148,439</u>
Expenditures				
Current				
General government	43,460	43,460	43,460	-
Debt service				
Principal	2,041,904	2,041,904	2,041,904	-
Interest and fiscal charges	<u>99,693</u>	<u>99,693</u>	<u>99,670</u>	<u>23</u>
Total debt service	<u>2,141,597</u>	<u>2,141,597</u>	<u>2,141,574</u>	<u>23</u>
Total expenditures	<u>2,185,057</u>	<u>2,185,057</u>	<u>2,185,034</u>	<u>23</u>
Excess of revenues over expenditures	<u>2,194,528</u>	<u>2,194,528</u>	<u>2,342,990</u>	<u>148,462</u>
Other financing sources (uses)				
Transfers in	1,035,761	1,035,761	1,035,761	-
Transfers out	<u>(3,400,000)</u>	<u>(3,400,000)</u>	<u>(3,400,000)</u>	<u>-</u>
Total other financing uses	<u>(2,364,239)</u>	<u>(2,364,239)</u>	<u>(2,364,239)</u>	<u>-</u>
Change in fund balance	(169,711)	(169,711)	(21,249)	148,462
Fund balances, beginning of year	<u>2,151,444</u>	<u>2,151,444</u>	<u>2,151,444</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,981,733</u>	<u>1,981,733</u>	<u>2,130,195</u>	<u>148,462</u>

CITY OF NAPLES, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major and Nonmajor Capital Projects Funds
Year Ended September 30, 2021

	Capital Projects Fund - Major Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Permits, fees and assessments	\$ 43,000	43,000	118,126	75,126
Investment earnings	90,000	90,000	5,977	(84,023)
Total revenues	<u>133,000</u>	<u>133,000</u>	<u>124,103</u>	<u>(8,897)</u>
Expenditures				
Current				
General government	71,010	71,010	71,010	-
Capital projects				
General government	122,000	234,196	174,496	59,700
Public safety	2,113,600	2,273,165	1,996,726	276,439
Transportation	-	-	4,238	(4,238)
Culture and recreation	1,190,000	1,821,872	1,288,465	533,407
Total capital projects	<u>3,425,600</u>	<u>4,329,233</u>	<u>3,463,925</u>	<u>865,308</u>
Total expenditures	<u>3,496,610</u>	<u>4,400,243</u>	<u>3,534,935</u>	<u>865,308</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,363,610)</u>	<u>(4,267,243)</u>	<u>(3,410,832)</u>	<u>856,411</u>
Other financing sources				
Transfers in	3,400,000	3,400,000	3,460,078	60,078
Proceeds from sale of capital assets	30,000	30,000	145,279	115,279
Total other financing sources	<u>3,430,000</u>	<u>3,430,000</u>	<u>3,605,357</u>	<u>175,357</u>
Change in fund balance	66,390	(837,243)	194,525	1,031,768
Fund balances, beginning of year	4,526,844	4,526,844	4,526,844	-
Fund balances, end of year	<u>\$ 4,593,234</u>	<u>3,689,601</u>	<u>4,721,369</u>	<u>1,031,768</u>

CITY OF NAPLES, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major and Nonmajor Capital Projects Funds
Year Ended September 30, 2021

	Sales Tax Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental	\$ 4,100,000	4,100,000	5,653,369	1,553,369
Investment earnings	25,000	25,000	99,417	74,417
Total revenues	<u>4,125,000</u>	<u>4,125,000</u>	<u>5,752,786</u>	<u>1,627,786</u>
Expenditures				
Capital projects				
General government	500,000	2,892,746	83,518	2,809,228
Transportation	-	-	1,026,287	(1,026,287)
Total current expenditures	<u>500,000</u>	<u>2,892,746</u>	<u>1,109,805</u>	<u>1,782,941</u>
Total expenditures	<u>500,000</u>	<u>2,892,746</u>	<u>1,109,805</u>	<u>1,782,941</u>
Excess of revenues over expenditures	<u>3,625,000</u>	<u>1,232,254</u>	<u>4,642,981</u>	<u>3,410,727</u>
Change in fund balance	3,625,000	1,232,254	4,642,981	3,410,727
Fund balances, beginning of year	<u>7,503,337</u>	<u>7,503,337</u>	<u>7,503,337</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 11,128,337</u></u>	<u><u>8,735,591</u></u>	<u><u>12,146,318</u></u>	<u><u>3,410,727</u></u>

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Nonmajor Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes.

Naples Beach Fund—To account for funds used in the construction of City beach improvements and beach maintenance; financed mostly through parking meter revenue at the City's beach and related fines.

Tennis Fund—To account for funds used in the construction of the City's tennis courts and subsequent operations of the tennis facility. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, billings and collections.

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CITY OF NAPLES, FLORIDA
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2021

Assets	Naples Beach Fund	Tennis Fund	Total
Current assets			
Cash and investments	\$ 6,432,164	773,618	7,205,782
Receivables (net, where applicable, of allowance for uncollectible)			
Accounts	256,605	-	256,605
Accrued interest	11,492	1,432	12,924
Due from other governments	9,290	-	9,290
Prepays	103,772	-	103,772
Inventories	-	1,158	1,158
Total current assets	<u>6,813,323</u>	<u>776,208</u>	<u>7,589,531</u>
Capital assets			
Buildings and utility plants	1,430,552	703,269	2,133,821
Improvements other than buildings	7,358,879	222,107	7,580,986
Equipment	1,535,476	274,831	1,810,307
Accumulated depreciation	(8,340,104)	(995,026)	(9,335,130)
Construction in progress	70,623	-	70,623
Net capital assets	<u>2,055,426</u>	<u>205,181</u>	<u>2,260,607</u>
Total assets	<u>8,868,749</u>	<u>981,389</u>	<u>9,850,138</u>
Deferred outflows of resources			
Deferred outflows - pensions	132,844	36,294	169,138
Deferred outflows - OPEB	21,500	5,375	26,875
Total deferred outflows of resources	<u>154,344</u>	<u>41,669</u>	<u>196,013</u>
Liabilities			
Current liabilities			
Accounts payable	326,903	261	327,164
Accrued payroll	12,962	3,760	16,722
Unearned revenue	264,873	-	264,873
Current portion of compensated absences	15,000	5,000	20,000
Total current liabilities	<u>619,738</u>	<u>9,021</u>	<u>628,759</u>
Noncurrent liabilities			
Net pension liability	263,578	72,012	335,590
Total OPEB liability	117,949	29,488	147,437
Compensated absences	83,184	18,081	101,265
Total noncurrent liabilities	<u>464,711</u>	<u>119,581</u>	<u>584,292</u>
Total liabilities	<u>1,084,449</u>	<u>128,602</u>	<u>1,213,051</u>
Deferred inflows of resources			
Deferred inflows - pensions	35,371	9,664	45,035
Deferred inflows - OPEB	4,925	1,231	6,156
Total deferred inflows of resources	<u>40,296</u>	<u>10,895</u>	<u>51,191</u>
Net Position			
Investment in capital assets	2,055,426	205,181	2,260,607
Unrestricted	5,842,922	678,380	6,521,302
Total net position	<u>\$ 7,898,348</u>	<u>883,561</u>	<u>8,781,909</u>

CITY OF NAPLES, FLORIDA
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
Year Ended September 30, 2021

	Naples Beach Fund	Tennis Fund	Total
Operating revenues			
Charges for services	\$ 3,251,989	893,514	4,145,503
Total operating revenues	<u>3,251,989</u>	<u>893,514</u>	<u>4,145,503</u>
Operating expenses			
Personal services	960,773	230,532	1,191,305
Supplies and services	697,318	390,504	1,087,822
Utilities	126,795	1,071	127,866
Depreciation and amortization	400,140	54,949	455,089
General administration	188,900	51,350	240,250
Other	21,841	21,165	43,006
Total operating expenses	<u>2,395,767</u>	<u>749,571</u>	<u>3,145,338</u>
Operating income	<u>856,222</u>	<u>143,943</u>	<u>1,000,165</u>
Nonoperating revenues (expenses)			
Grant revenue	135,586	-	135,586
Interest income (loss)	(20,450)	(2,283)	(22,733)
Total nonoperating revenues (expenses)	<u>115,136</u>	<u>(2,283)</u>	<u>112,853</u>
Income before transfers	971,358	141,660	1,113,018
Transfers in	<u>-</u>	<u>47,500</u>	<u>47,500</u>
Change in net position	971,358	189,160	1,160,518
Net position, beginning of year	6,926,990	694,401	7,621,391
Net position, end of year	<u>\$ 7,898,348</u>	<u>883,561</u>	<u>8,781,909</u>

CITY OF NAPLES, FLORIDA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended September 30, 2021

	Naples Beach Fund	Tennis Fund	Total
Cash flows from operating activities			
Cash received from customers	\$ 3,254,889	895,490	4,150,379
Cash payments to suppliers	(571,113)	(425,649)	(996,762)
Cash payments for employee services	(989,918)	(51,350)	(1,041,268)
Cash payments for interfund services	(188,900)	(248,059)	(436,959)
Net cash provided by operating activities	<u>1,504,958</u>	<u>170,432</u>	<u>1,675,390</u>
Cash flows from noncapital financing activities			
Transfers	-	47,500	47,500
Nonoperating grants	135,586	-	135,586
Net cash provided by noncapital financing activities	<u>135,586</u>	<u>47,500</u>	<u>183,086</u>
Cash flows from capital and related financing activities			
Proceeds from sale of capital assets	396	-	396
Acquisition and construction of capital assets	(254,335)	(23,991)	(278,326)
Net cash used in capital and related financing activities	<u>(253,939)</u>	<u>(23,991)</u>	<u>(277,930)</u>
Cash flows from investing activities			
Interest and investment earnings (losses)	(18,204)	(1,999)	(20,203)
Net cash used in investing activities	<u>(18,204)</u>	<u>(1,999)</u>	<u>(20,203)</u>
Net change in cash and cash equivalents	1,368,401	191,942	1,560,343
Cash and cash equivalents, beginning of year	5,063,763	581,676	5,645,439
Cash and cash equivalents, end of year	<u>\$ 6,432,164</u>	<u>773,618</u>	<u>7,205,782</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 856,222	143,943	1,000,165
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	400,140	54,949	455,089
Changes in assets - (increase) decrease			
Receivables, net	(251,405)	1,976	(249,429)
Due from other governments	214,750	-	214,750
Inventories	-	100	100
Prepays	(103,772)	-	(103,772)
Deferred outflows	(66,774)	(18,282)	(85,056)
Changes in liabilities - increase (decrease)			
Accounts payable	163,863	(13,009)	150,854
Accrued payroll	(32,440)	(7,801)	(40,241)
Unearned revenue	254,305	-	254,305
Deferred inflows	(2,620)	(752)	(3,372)
Net pension liability	49,063	13,404	62,467
Total OPEB liability	2,677	670	3,347
Compensated absences	20,949	(4,766)	16,183
Net cash provided by operating activities	<u>\$ 1,504,958</u>	<u>170,432</u>	<u>1,675,390</u>

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Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

Equipment Services Fund—To account for the costs of operating a maintenance facility for automotive equipment used by other City departments. Such costs are billed to the other departments at actual cost. Actual costs include depreciation of the garage building, improvements, and machinery and equipment used to provide the service.

Risk Management Fund—To account for the costs of operating a risk management self-insurance fund.

Health Benefits Fund—To account for the costs of operating a health benefits self-insurance fund.

Technology Services—To account for the costs of operating a computer facility used by other City departments. All activities necessary to provide such services are accounted for in this fund.

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CITY OF NAPLES, FLORIDA
Combining Statement of Net Position
Internal Service Funds
September 30, 2021

Assets	Equipment Services	Risk Management	Health Benefits	Technology Services	Total
Current assets					
Cash and investments	\$ 188,293	8,770,699	3,398,989	1,261,956	13,619,937
Receivables, miscellaneous	-	-	13,050	-	13,050
Accrued interest	710	22,539	6,118	2,789	32,156
Due from other governments	23,662	-	-	-	23,662
Inventories	57,816	-	-	-	57,816
Prepays	-	50,000	-	-	50,000
Total current assets	270,481	8,843,238	3,418,157	1,264,745	13,796,621
Capital assets					
Buildings	794,987	-	-	51,957	846,944
Equipment	535,877	25,788	-	3,649,355	4,211,020
Accumulated depreciation	(1,066,692)	(25,788)	-	(3,146,583)	(4,239,063)
Net capital assets	264,172	-	-	554,729	818,901
Total assets	534,653	8,843,238	3,418,157	1,819,474	14,615,522
Deferred outflows of resources					
Deferred outflows - pensions	106,651	24,067	-	69,540	200,258
Deferred outflows - OPEB	16,125	5,375	-	21,500	43,000
Total deferred outflows of resources	122,776	29,442	-	91,040	243,258
Liabilities					
Current liabilities					
Accounts payable	100,761	9,343	720	19,067	129,891
Accrued payroll	9,619	2,578	107,420	6,477	126,094
Unearned revenue	-	-	4,337	-	4,337
Total current liabilities	110,380	11,921	112,477	25,544	260,322
Noncurrent liabilities					
Due within one year					
Compensated absences	10,000	-	-	18,000	28,000
Insurance claims payable	-	742,800	372,554	-	1,115,354
Due in more than one year					
Compensated absences	69,651	29,190	-	34,895	133,736
Net pension liability	211,608	47,752	-	137,977	397,337
Total OPEB liability	88,462	29,487	-	117,949	235,898
Insurance claims payable	-	2,971,200	-	-	2,971,200
Total noncurrent liabilities	379,721	3,820,429	372,554	308,821	4,881,525
Total liabilities	490,101	3,832,350	485,031	334,365	5,141,847
Deferred inflows of resources					
Deferred inflows - pensions	28,397	6,408	-	18,516	53,321
Deferred inflows - OPEB	3,694	1,231	-	4,925	9,850
Total deferred inflows of resources	32,091	7,639	-	23,441	63,171
Net Position					
Investment in capital assets	264,172	-	-	554,729	818,901
Restricted, flexible benefits	-	-	375,785	-	375,785
Unrestricted	(128,935)	5,032,691	2,557,341	997,979	8,459,076
Total net position	\$ 135,237	5,032,691	2,933,126	1,552,708	9,653,762

CITY OF NAPLES, FLORIDA
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
Year Ended September 30, 2021

	Equipment Services	Risk Management	Health Benefits	Technology Services	Total
Operating revenues					
Charges for services	\$ 2,163,329	3,081,176	9,459,392	1,878,760	16,582,657
Total operating expenses	<u>2,163,329</u>	<u>3,081,176</u>	<u>9,459,392</u>	<u>1,878,760</u>	<u>16,582,657</u>
Operating expenses					
Personal services	724,565	179,080	-	489,369	1,393,014
Supplies, services and claims	1,203,756	3,943,678	7,802,862	896,722	13,847,018
Utilities	25,591	-	-	-	25,591
Depreciation and amortization	41,632	-	-	190,779	232,411
General administration	127,660	83,450	165,170	86,100	462,380
Other	239	5,132	-	-	5,371
Total operating expenses	<u>2,123,443</u>	<u>4,211,340</u>	<u>7,968,032</u>	<u>1,662,970</u>	<u>15,965,785</u>
Operating income (loss)	39,886	(1,130,164)	1,491,360	215,790	616,872
Nonoperating revenues (expenses)					
Interest income (loss)	<u>(590)</u>	<u>(24,181)</u>	<u>5,056</u>	<u>(5,576)</u>	<u>(25,291)</u>
Total nonoperating revenues (expenses)	<u>(590)</u>	<u>(24,181)</u>	<u>5,056</u>	<u>(5,576)</u>	<u>(25,291)</u>
Change in net position	39,296	(1,154,345)	1,496,416	210,214	591,581
Net position, beginning of year	95,941	6,187,036	1,436,710	1,342,494	9,062,181
Net position, end of year	<u>\$ 135,237</u>	<u>5,032,691</u>	<u>2,933,126</u>	<u>1,552,708</u>	<u>9,653,762</u>

CITY OF NAPLES, FLORIDA
Combining Statement of Cash Flows
Internal Service Funds
Year Ended September 30, 2021

	Equipment Services	Risk Management	Health Benefits	Technology Services	Total
Cash flows from operating activities					
Cash received from customers	\$ 2,140,413	3,816,469	9,460,713	1,878,760	17,296,355
Cash payments to suppliers for goods and services	(1,186,749)	(3,351,598)	(7,706,134)	(965,645)	(13,210,126)
Cash payments for employee services	(755,876)	(83,450)	-	(86,100)	(925,426)
Cash payments for interfund services	(127,660)	(183,603)	(165,170)	(514,244)	(990,677)
Net cash provided by operating activities	<u>70,128</u>	<u>197,818</u>	<u>1,589,409</u>	<u>312,771</u>	<u>2,170,126</u>
Cash flows from capital and related financing activities					
Proceeds from the sale of capital assets	-	-	-	3,722	3,722
Acquisition and construction of capital assets	(95,821)	-	-	(100,820)	(196,641)
Net cash used in capital and related financing activities	<u>(95,821)</u>	<u>-</u>	<u>-</u>	<u>(97,098)</u>	<u>(192,919)</u>
Cash flows from investing activities					
Interest and investment earnings (losses)	(645)	(21,510)	6,074	(5,209)	(21,290)
Net cash provided by (used in) investing activities	<u>(645)</u>	<u>(21,510)</u>	<u>6,074</u>	<u>(5,209)</u>	<u>(21,290)</u>
Net change in cash and cash equivalents	(26,338)	176,308	1,595,483	210,464	1,955,917
Cash and cash equivalents, beginning of year	214,631	8,594,391	1,803,506	1,051,492	11,664,020
Cash and cash equivalents, end of year	<u>\$ 188,293</u>	<u>8,770,699</u>	<u>3,398,989</u>	<u>1,261,956</u>	<u>13,619,937</u>
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ 39,886	(1,130,164)	1,491,360	215,790	616,872
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation and amortization	41,632	-	-	190,779	232,411
Changes in assets - (increase) decrease					
Miscellaneous receivables	-	735,293	(2,450)	-	732,843
Due from other governments	(22,916)	-	-	-	(22,916)
Inventories	12,149	-	-	-	12,149
Deferred outflows	(53,696)	(11,983)	-	(34,162)	(99,841)
Changes in liabilities - increase (decrease)					
Accounts payable	30,688	(40,788)	(202)	(68,923)	(79,225)
Accrued payroll	(28,328)	(6,444)	107,420	(16,111)	56,537
Unearned revenue	-	-	3,771	-	3,771
Insurance claims payable	-	638,000	(10,490)	-	627,510
Deferred inflows	(2,187)	(364)	-	(609)	(3,160)
Net pension liability	39,389	8,889	-	25,684	73,962
Total OPEB liability	2,008	669	-	2,677	5,354
Compensated absences	11,503	4,710	-	(2,354)	13,859
Net cash provided by operating activities	<u>\$ 70,128</u>	<u>197,818</u>	<u>1,589,409</u>	<u>312,771</u>	<u>2,170,126</u>

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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.

General Pension Fund—To account for the activities of the City's defined benefit retirement plan for all full-time non-bargaining employees and employees of the American Federation of State and Municipal Employees (AFSCME) Union and Government Supervisor Association of Florida Office and Professional Employees International Union (OPEIU).

Police Officers' Pension Fund—To account for the activities of the City's defined benefit retirement plan for all full-time sworn police personnel.

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

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CITY OF NAPLES, FLORIDA
Combining Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2021

	Pension Trust			
	General Pension Fund	Police Officers' Pension Fund	Firefighters' Pension Fund	Total
Assets				
Cash and cash equivalents	\$ 1,475,265	2,859,323	1,570,538	5,905,126
Receivables				
Contributions	53,510	52,288	668,550	774,348
Investments, at fair value				
U.S. Treasury securities	5,442,512	4,883,560	5,200,711	15,526,783
U.S. Government agency securities	25,724	19,626	21,513	66,863
Municipal obligations	1,838	1,532	1,532	4,902
Asset-backed securities	1,754,474	1,782,226	1,830,342	5,367,042
Corporate bonds	4,061,465	3,669,034	4,113,494	11,843,993
Common stock/equity funds	47,186,535	43,138,010	47,267,192	137,591,737
Real estate investment trusts	5,881,996	4,902,336	4,902,912	15,687,244
Alternative investments	6,716,276	6,046,902	6,614,856	19,378,034
Total investments	<u>71,070,820</u>	<u>64,443,226</u>	<u>69,952,552</u>	<u>205,466,598</u>
Total assets	<u>72,599,595</u>	<u>67,354,837</u>	<u>72,191,640</u>	<u>212,146,072</u>
Liabilities				
Accounts payable	<u>26,583</u>	<u>642,923</u>	<u>30,430</u>	<u>699,936</u>
Total liabilities	<u>26,583</u>	<u>642,923</u>	<u>30,430</u>	<u>699,936</u>
Net position				
Restricted for pension benefits	<u>\$ 72,573,012</u>	<u>66,711,914</u>	<u>72,161,210</u>	<u>211,446,136</u>

CITY OF NAPLES, FLORIDA
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended September 30, 2021

	Pension Trust			
	General Pension Fund	Police Officers' Pension Fund	Firefighters' Pension Fund	Total
Additions				
Contributions				
Employee contributions	\$ 716,578	216,849	182,388	1,115,815
Employer contributions	2,535,318	2,637,659	1,949,767	7,122,744
State contributions	-	757,213	623,358	1,380,571
Total contributions	<u>3,251,896</u>	<u>3,611,721</u>	<u>2,755,513</u>	<u>9,619,130</u>
Investment earnings				
Interest and dividend income	1,090,338	969,001	1,049,744	3,109,083
Net change in fair value of investments	12,472,469	11,409,853	12,602,390	36,484,712
Less investment expense	<u>(378,678)</u>	<u>(285,507)</u>	<u>(309,382)</u>	<u>(973,567)</u>
Net investment earnings	<u>13,184,129</u>	<u>12,093,347</u>	<u>13,342,752</u>	<u>38,620,228</u>
Total additions	<u>16,436,025</u>	<u>15,705,068</u>	<u>16,098,265</u>	<u>48,239,358</u>
Deductions				
Benefits paid	4,399,153	4,648,948	4,778,895	13,826,996
Refunds of contributions	294,161	16,717	1,926	312,804
General administration	<u>101,786</u>	<u>99,622</u>	<u>80,622</u>	<u>282,030</u>
Total deductions	<u>4,795,100</u>	<u>4,765,287</u>	<u>4,861,443</u>	<u>14,421,830</u>
Changes in net position	11,640,925	10,939,781	11,236,822	33,817,528
Net position, beginning of year	60,932,087	55,772,133	60,924,388	177,628,608
Net position, end of year	<u>\$ 72,573,012</u>	<u>66,711,914</u>	<u>72,161,210</u>	<u>211,446,136</u>

STATISTICAL SECTION

(Unaudited)

This part of the City of Naples, Florida's 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	<u>Page</u>
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.	159
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source, the property tax.	169
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. The City has no legal debt margin and therefore it is not reported in these schedules.	175
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.	181
Operating Information	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	183
Sources: <i>Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.</i>	

Schedule 1
City of Naples
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ 49,368,390	54,372,698	55,192,342	55,794,796
Restricted	13,460,387	13,908,144	13,908,144	22,621,775
Unrestricted	32,162,681	27,048,578	31,850,607	(2,227,579)
Total governmental activities net assets	<u>\$ 94,991,458</u>	<u>95,329,420</u>	<u>100,951,093</u>	<u>76,188,992</u>
Business-type activities				
Net investment in capital assets	\$ 77,344,733	81,292,018	90,439,602	100,262,238
Restricted	1,645,528	-	-	-
Unrestricted	39,489,625	43,716,346	44,977,055	40,616,760
Total business-type activities net assets	<u>\$ 118,479,886</u>	<u>125,008,364</u>	<u>135,416,657</u>	<u>140,878,998</u>
Primary government				
Net investment in capital assets	\$ 126,713,123	135,664,716	145,631,944	156,057,034
Restricted	15,105,915	13,908,144	13,908,144	22,621,775
Unrestricted	71,652,306	70,764,924	76,827,662	38,389,181
Total primary government net assets	<u>\$ 213,471,344</u>	<u>220,337,784</u>	<u>236,367,750</u>	<u>217,067,990</u>

Fiscal Year					
2016	2017	2018	2019	2020	2021
56,389,018	62,307,369	68,234,422	89,168,254	92,916,339	94,850,734
21,362,817	24,075,554	24,295,296	19,003,332	24,227,713	28,358,617
(2,990,374)	(8,830,079)	(6,184,560)	(1,414,044)	4,371,780	16,774,631
<u>74,761,461</u>	<u>77,552,844</u>	<u>86,345,158</u>	<u>106,757,542</u>	<u>121,515,832</u>	<u>139,983,982</u>
110,151,951	115,191,402	120,073,729	124,045,399	128,240,509	134,622,649
-	-	-	-	-	-
<u>39,299,638</u>	<u>43,181,206</u>	<u>43,600,947</u>	<u>57,071,355</u>	<u>61,915,272</u>	<u>62,992,679</u>
<u>149,451,589</u>	<u>158,372,608</u>	<u>163,674,676</u>	<u>181,116,754</u>	<u>190,155,781</u>	<u>197,615,328</u>
166,540,969	177,498,771	188,308,151	213,213,653	221,156,848	229,473,383
21,362,817	24,075,554	24,295,296	19,003,332	24,227,713	28,358,617
36,309,264	34,351,127	37,416,387	55,657,311	66,287,052	79,767,310
<u>224,213,050</u>	<u>235,925,452</u>	<u>250,019,834</u>	<u>287,874,296</u>	<u>311,671,613</u>	<u>337,599,310</u>

Schedule 2
City of Naples
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2012	2013	2014	2015	2016
Expenses					
Governmental activities					
General government	\$ 5,457,866	5,301,030	7,715,255	7,518,425	9,555,128
Public safety	24,400,324	24,885,076	25,969,504	21,801,426	29,016,071
Physical and economic environment	3,128,378	2,792,363	2,714,222	3,784,334	2,805,708
Transportation	3,355,650	3,450,265	3,089,234	2,923,536	4,042,246
Culture and recreation	6,609,114	6,942,141	7,093,524	6,993,700	8,397,402
Interest	493,896	397,292	227,976	229,304	188,208
Total governmental activities expenses	<u>43,445,228</u>	<u>43,768,167</u>	<u>46,809,715</u>	<u>43,250,725</u>	<u>54,004,763</u>
Business-type activities					
Water and sewer	23,915,729	23,833,110	24,397,347	23,729,514	24,213,406
Solid waste	5,275,918	5,489,089	6,011,637	6,092,583	6,481,079
Stormwater	2,463,801	3,064,173	3,088,139	3,174,847	3,504,651
Other enterprises	3,377,075	3,474,163	3,822,843	3,552,923	4,140,463
Total business-type activities	<u>35,032,523</u>	<u>35,860,535</u>	<u>37,319,966</u>	<u>36,549,867</u>	<u>38,339,599</u>
Total primary governmental expenses	<u>\$ 78,477,751</u>	<u>79,628,702</u>	<u>84,129,681</u>	<u>79,800,592</u>	<u>92,344,362</u>
Program Revenues (see Schedule 3)					
Governmental activities					
Charges for services					
General government	\$ 837,202	874,008	3,724,592	3,358,243	3,475,764
Public safety	4,792,576	4,506,478	4,940,975	5,646,699	5,227,047
Physical and economic environment	15,788	16,009	17,616	-	10,000
Transportation	-	31,210	104,501	65,948	65,379
Culture and recreation	751,862	802,130	3,185,180	2,636,165	1,012,252
Operating grants and contributions	2,631,903	2,803,204	4,140,006	3,416,843	3,492,964
Capital grants and contributions	927,761	352,732	779,103	936,341	501,211
Total governmental activities revenues	<u>9,957,092</u>	<u>9,385,771</u>	<u>16,891,973</u>	<u>16,060,239</u>	<u>13,784,617</u>
Business-type activities					
Water and sewer	28,262,634	28,747,954	32,117,638	29,614,711	30,730,431
Solid waste	5,827,277	5,876,369	6,102,494	5,850,216	6,124,348
Stormwater	4,563,918	4,651,910	5,039,675	4,296,017	4,558,685
Beach	1,117,695	1,086,099	1,209,986	1,261,081	1,754,058
Dock	1,512,844	1,649,255	1,785,141	1,635,024	1,530,363
Tennis	417,161	474,559	531,792	568,002	591,145
Operating grants and contributions	635,642	556,850	784,245	2,067,866	1,211,932
Capital grants and contributions	3,507,039	1,388,630	1,835,613	3,664,105	1,998,774
Total business-type activities	<u>45,844,210</u>	<u>44,431,626</u>	<u>49,406,584</u>	<u>48,957,022</u>	<u>48,499,736</u>
Total primary governmental revenues	<u>\$ 55,801,302</u>	<u>53,817,397</u>	<u>66,298,557</u>	<u>65,017,261</u>	<u>62,284,353</u>
Net Expense/Revenue					
Governmental activities	\$ (33,488,136)	(34,382,396)	(29,917,742)	(27,190,486)	(40,220,146)
Business-type activities	10,811,687	8,571,091	12,086,618	12,407,155	10,160,137
Total primary government net expense	<u>\$ (22,676,449)</u>	<u>(25,811,305)</u>	<u>(17,831,124)</u>	<u>(14,783,331)</u>	<u>(30,060,009)</u>

Fiscal Year				
2017	2018	2019	2020	2021
9,454,060	12,982,218	10,753,587	10,293,157	10,535,569
30,594,045	25,994,163	28,234,663	31,834,025	32,891,234
2,633,829	2,859,398	2,920,295	2,897,226	3,066,298
3,123,625	3,682,853	3,034,012	3,436,390	3,481,853
7,644,773	7,717,903	8,386,370	8,247,158	8,767,374
160,230	198,144	218,975	188,520	145,316
53,610,562	53,434,678	53,547,902	56,896,476	58,887,644
25,830,541	26,985,697	27,588,076	28,063,614	30,690,321
6,613,390	6,672,555	6,750,997	6,803,285	7,430,512
4,116,574	4,796,395	4,340,833	4,950,573	4,322,265
3,949,399	4,187,376	4,913,117	4,629,772	5,344,798
40,509,904	42,642,023	43,593,023	44,447,244	47,787,896
94,120,466	96,076,701	97,140,925	101,343,720	106,675,540
3,212,513	3,842,216	3,861,356	4,246,518	4,691,569
4,448,668	6,067,924	7,040,301	5,835,585	8,390,314
530,000	820,925	526,710	108,160	108,615
87,288	99,854	101,748	96,328	95,100
2,039,913	1,031,798	972,706	677,172	1,106,982
4,363,770	4,687,374	6,775,231	6,669,565	7,222,842
345,987	2,580,766	4,409,074	5,571,210	7,623,278
15,028,139	19,130,857	23,687,126	23,204,538	29,238,700
33,695,352	32,767,617	33,648,343	34,469,021	34,353,838
7,126,711	7,093,443	7,384,825	7,471,244	8,237,984
5,040,865	4,800,239	5,080,504	5,209,739	5,146,330
1,972,942	1,971,709	2,399,249	2,029,205	3,251,989
1,201,692	1,167,545	2,146,595	1,951,195	2,524,252
560,179	605,002	698,710	670,626	893,514
127,100	201,900	3,282,875	659,277	1,322,836
1,424,561	1,011,861	6,410,813	904,714	1,496,121
51,149,402	49,619,316	61,051,914	53,365,021	57,226,864
66,177,541	68,750,173	84,739,040	76,569,559	86,465,564
(38,582,423)	(34,303,821)	(29,860,776)	(33,691,938)	(29,648,944)
10,639,498	6,977,293	17,458,891	8,917,777	9,438,968
(27,942,925)	(27,326,528)	(12,401,885)	(24,774,161)	(20,209,976)

(Continued)

Schedule 2
City of Naples
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2012	2013	2014	2015	2016
General Revenues and Other					
Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	\$ 17,390,742	17,330,532	18,539,883	19,523,088	21,163,455
Local communication and utility taxes	5,574,086	5,977,860	5,241,319	5,391,177	5,436,983
Insurance premium tax	1,354,027	1,324,166	1,412,980	1,272,757	1,191,342
Motor fuel taxes	1,397,806	1,367,212	1,190,133	1,167,932	1,226,385
Business taxes	264,110	255,890	269,562	215,039	304,435
Franchise fees	3,361,560	3,299,823	3,579,771	3,553,455	3,451,036
Intergovernmental revenues, unrestricted	2,807,044	2,952,946	3,158,266	3,332,872	3,440,243
Unrestricted investment earnings	238,259	175,612	232,811	543,147	524,052
Miscellaneous revenues	19,273	50,070	34,155	-	-
Gain on sale of capital assets	26,776	-	1,655	159,891	34,584
Transfers	2,013,610	2,054,280	1,878,880	4,138,060	2,020,100
Total governmental activities	<u>34,447,293</u>	<u>34,788,391</u>	<u>35,539,415</u>	<u>39,297,418</u>	<u>38,792,615</u>
Business-type activities					
Investment earnings	153,699	90,583	200,556	420,063	432,554
Gain on sale of capital assets	5,438	-	-	-	-
Transfers	(2,013,610)	(2,054,280)	(1,878,880)	(4,138,060)	(2,020,100)
Total business-type activities	<u>(1,854,473)</u>	<u>(1,963,697)</u>	<u>(1,678,324)</u>	<u>(3,717,997)</u>	<u>(1,587,546)</u>
Total primary government	<u>\$ 32,592,820</u>	<u>32,824,694</u>	<u>33,861,091</u>	<u>35,579,421</u>	<u>37,205,069</u>
Change in Net Position					
Governmental activities	\$ 959,157	405,995	5,621,673	12,106,932	(1,427,531)
Business-type activities	8,957,214	6,607,394	10,408,294	8,689,158	8,572,591
Total primary government	<u>\$ 9,916,371</u>	<u>7,013,389</u>	<u>16,029,967</u>	<u>20,796,090</u>	<u>7,145,060</u>

Fiscal Year				
2017	2018	2019	2020	2021
22,706,983	24,431,766	26,590,992	27,799,671	28,551,238
5,504,862	5,771,309	5,992,589	6,252,727	6,531,312
1,302,545	1,258,329	1,287,722	1,390,934	1,380,571
1,221,409	1,374,149	1,374,754	1,284,751	1,378,628
302,857	256,858	251,348	265,390	251,517
3,523,250	3,552,964	3,627,333	3,478,434	3,639,643
3,823,706	3,883,028	7,148,793	4,209,062	4,216,510
415,611	675,924	1,979,529	1,927,928	147,575
-	-	-	-	-
552,483	16,121	-	22	-
2,020,100	2,020,100	2,020,100	1,841,309	2,020,100
41,373,806	43,240,548	50,273,160	48,450,228	48,117,094
301,621	394,491	1,825,523	1,817,706	(113,849)
-	-	177,764	144,853	154,528
(2,020,100)	(2,020,100)	(2,020,100)	(1,841,309)	(2,020,100)
(1,718,479)	(1,625,609)	(16,813)	121,250	(1,979,421)
39,655,327	41,614,939	50,256,347	48,571,478	46,137,673
2,791,383	8,936,727	20,412,384	14,758,290	18,468,150
8,921,019	5,351,684	17,442,078	9,039,027	7,459,547
11,712,402	14,288,411	37,854,462	23,797,317	25,927,697

Schedule 3
City of Naples
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2012	2013	2014	2015	2016
General Fund					
Non-spendable	\$ 487,435	425,592	725,388	643,305	33,940
Restricted	13,791	13,791	13,791	-	-
Committed	3,515,091	3,597,298	3,597,298	3,597,298	3,507,279
Assigned	11,765	293,132	293,132	275,909	41,363
Unassigned	15,541,877	10,582,398	11,439,262	14,030,183	16,356,280
Total General Fund	<u>\$ 19,569,959</u>	<u>14,912,211</u>	<u>16,068,871</u>	<u>18,546,695</u>	<u>19,938,862</u>
All other governmental funds					
Non-spendable	\$ 455,198	400,565	390,271	294,674	38,524
Restricted	13,446,596	13,487,529	15,818,513	22,621,775	21,362,817
Committed	2,927,725	3,167,293	3,196,870	3,239,337	3,001,368
Assigned	6,758,559	6,083,658	5,962,952	4,412,135	5,297,819
Unassigned	(571,667)	(603,061)	240,769	(157,009)	-
Total other governmental funds	<u>\$ 23,016,411</u>	<u>22,535,984</u>	<u>25,609,375</u>	<u>30,410,912</u>	<u>29,700,528</u>

Fiscal Year				
2017	2018	2019	2020	2021
6,938,854	1,075,874	1,014,774	897,374	1,679,974
-	-	-	-	-
4,126,391	4,046,897	4,051,297	4,164,759	4,344,507
625,890	377,931	170,682	238,334	215,755
575,674	7,089,378	12,532,308	16,262,718	20,128,676
12,266,809	12,590,080	17,769,061	21,563,185	26,368,912
15,333	16,931	15,765	15,035	14,050
24,075,554	24,295,296	19,447,961	24,227,713	33,794,859
4,319,627	8,593,870	2,827,064	2,448,468	1,782,862
8,182,094	4,552,336	5,054,810	6,035,990	6,813,222
-	-	-	-	-
36,592,608	37,458,433	27,345,600	32,727,206	42,404,993

Schedule 4
City of Naples
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2012	2013	2014	2015	2016
Revenues					
Taxes	\$ 25,980,772	26,255,660	26,653,877	27,569,993	29,322,600
Licenses, permits, fees and assessments	7,539,226	7,179,183	10,397,768	9,150,495	8,672,904
Intergovernmental	5,174,417	5,152,801	5,556,664	6,077,175	6,326,123
Charges for services	2,131,943	1,802,160	1,811,398	1,900,592	1,943,443
Charges to other funds	3,681,838	3,597,960	3,358,100	3,285,250	3,179,420
Fines and forfeitures	461,537	418,614	195,349	258,806	464,904
Impact fees/special assessments	-	-	-	-	-
Interest	214,851	170,743	199,770	439,445	421,531
Contributions	204,116	115,262	2,342,947	2,069,470	108,355
Miscellaneous	9,273	255,225	35,463	57,067	67,045
Total revenues	<u>45,397,973</u>	<u>44,947,608</u>	<u>50,551,336</u>	<u>50,808,293</u>	<u>50,506,325</u>
Expenditures					
General government	8,130,338	8,421,621	8,249,859	8,033,054	8,374,046
Public safety	23,192,344	23,731,367	24,418,391	24,676,027	25,827,354
Physical and economic environment	1,776,115	1,357,378	1,341,014	1,257,343	1,371,443
Transportation	2,069,396	2,298,904	2,072,385	2,193,710	3,153,133
Culture and recreation	5,189,194	5,567,331	5,855,186	5,792,279	7,204,332
Capital outlay	5,193,871	7,381,848	4,537,516	5,223,589	4,354,195
Debt service					
Principal	1,844,000 ^(a)	3,056,000	1,489,000	1,468,000	1,516,000
Interest and fiscal charges	445,242	333,221	177,679	182,882	139,308
Total expenditures	<u>47,840,500</u>	<u>52,147,670</u>	<u>48,141,030</u>	<u>48,826,884</u>	<u>51,939,811</u>
Excess (deficit) of revenues over (under) expenditures	<u>(2,442,527)</u>	<u>(7,200,062)</u>	<u>2,410,306</u>	<u>1,981,409</u>	<u>(1,433,486)</u>
Other Financing Sources (Uses)					
Debt issued	- ^(a)	13,830,000	-	-	-
Payments to escrow agents	-	(13,793,951)	-	-	-
Payments to current refund debt	-	-	-	-	-
Transfers in	6,396,488	7,032,679	5,819,706	12,820,232	7,354,699
Transfers out	(4,382,878)	(5,037,219)	(4,010,826)	(7,682,172)	(5,334,599)
Sale of capital assets	27,917	30,378	10,865	159,891	95,169
Total other financing sources (uses)	<u>2,041,527</u>	<u>2,061,887</u>	<u>1,819,745</u>	<u>5,297,951</u>	<u>2,115,269</u>
Net change in fund balance	<u>\$ (401,000)</u>	<u>(5,138,175)</u>	<u>4,230,051</u>	<u>7,279,360</u>	<u>681,783</u>
Debt service as a percentage of noncapital expenditures	5.4%	7.6%	3.9%	3.7%	3.4%

Note: ^(a) The City refunded the 2010 Capital Improvement Refunding Revenue Notes.

Fiscal Year				
2017	2018	2019	2020	2021
31,038,656	33,092,411	35,497,405	36,993,473	38,093,266
7,729,798	9,604,727	11,458,193	9,344,978	11,931,372
7,513,779	7,894,102	15,554,180	14,826,816	17,883,148
2,390,870	2,965,322	2,551,278	1,767,142	2,195,754
3,024,260	3,455,190	3,665,200	3,796,820	3,966,090
559,789	364,634	120,603	367,113	921,365
-	-	-	-	-
355,429	586,247	1,635,271	1,616,579	172,866
543,987	2,239,082	397,475	761,448	176,431
674,457	106,576	80,837	218,177	230,567
53,831,025	60,308,291	70,960,442	69,692,546	75,570,859
9,527,879	11,586,481	11,157,463	11,079,933	11,635,347
26,640,125	27,273,479	28,695,737	29,787,882	30,999,528
1,377,329	1,487,663	1,724,531	1,864,736	1,879,196
2,279,983	2,888,756	2,235,087	2,604,544	2,455,558
6,458,141	6,541,506	6,902,886	6,552,533	6,999,211
9,221,059	13,033,230	25,220,835	8,613,409	7,142,988
1,566,000	1,669,825	1,890,432	1,928,556	2,041,904
111,786	126,711	172,597	141,522	99,670
57,182,302	64,607,651	77,999,568	62,573,115	63,253,402
(3,351,277)	(4,299,360)	(7,039,126)	7,119,431	12,317,457
-	3,427,883	-	-	-
-	-	-	-	-
-	-	-	-	-
16,978,221	10,394,122	7,439,241	6,309,352	6,621,819
(14,958,121)	(8,374,022)	(5,419,141)	(4,289,252)	(4,601,719)
551,204	40,473	85,174	36,199	145,957
2,571,304	5,488,456	2,105,274	2,056,299	2,166,057
(779,973)	1,189,096	(4,933,852)	9,175,730	14,483,514
3.5%	3.5%	3.9%	3.8%	3.8%

Schedule 5
City of Naples
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property	Utility and Communication	Franchise Fees	Fuel Taxes	Sales and Use	One-Cent Tax	Other	Total
2012	\$ 17,390,742	5,574,086	3,361,560	1,397,806	1,875,396	-	1,618,137	31,217,727
2013	17,330,532	5,977,860	3,299,823	1,367,212	2,006,377	-	1,580,056	31,561,860
2014	18,239,883	5,541,318	3,579,771	1,190,133	2,204,960	-	1,682,542	32,438,607
2015	19,523,089	5,391,177	3,553,455	1,167,932	2,349,564	-	1,487,795	33,473,012
2016	21,163,444	5,436,983	3,451,036	1,226,385	2,443,233	-	1,495,788	35,216,869
2017	22,706,969	5,504,862	3,523,250	1,221,409	2,460,631	-	1,605,416	37,022,537
2018	24,431,761	5,771,309	3,552,964	1,374,149	2,576,547	-	1,515,192	39,221,922
2019	26,590,992	5,992,589	3,627,333	1,374,754	2,704,892	3,233,353	1,539,070	45,062,983
2020	27,799,671	6,252,727	3,478,434	1,284,751	2,578,272	4,665,565	1,656,324	47,715,744
2021	28,203,526	6,531,312	3,639,643	1,378,628	3,159,813	5,653,369	1,979,800	50,546,091
Change 2012-2021	62.2%	17.2%	8.3%	-1.4%	68.5%	N/A	22.4%	61.9%

Source: City of Naples Finance Department

Schedule 6
City of Naples
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Less Net New Taxable Value	Adjusted Total Taxable Value (for roll back)	Final Taxable Value	Total Direct Tax Rate	Market/Just Value	Actual Taxable Value as a Percentage of Market/Just Value
2011-12	\$ 14,232,284,825	356,269,561	106,264,047	14,482,290,339	14,557,352,859	1.2226	17,046,390,756	85.0%
2012-13	14,642,097,786	354,038,345	127,383,048	14,868,753,083	14,982,785,178	1.1800	17,730,212,166	83.9%
2013-14	15,469,458,476	355,090,471	185,411,425	15,639,137,522	15,813,172,702	1.1800	18,964,343,443	82.5%
2014-15	16,549,429,908	365,538,552	238,579,023	16,676,389,437	16,915,260,543	1.1800	20,669,042,253	80.7%
2015-16	17,982,866,222	336,010,949	222,286,865	18,096,590,306	18,318,354,095	1.1800	23,247,294,157	77.8%
2016-17	19,811,155,560	411,967,727	511,139,848	19,711,983,439	20,211,468,549	1.1500	25,880,754,301	76.2%
2017-18	21,465,448,412	293,942,163	469,960,656	21,289,429,919	21,759,390,578	1.1500	27,471,643,277	77.5%
2018-19	22,754,619,799	293,478,330	358,574,015	22,689,524,114	23,068,526,395	1.1800	28,389,087,498	79.9%
2019-20	23,833,267,516	268,739,203	318,584,152	23,783,422,567	24,127,506,073	1.1800	29,674,122,650	80.1%
2020-21	25,122,404,248	293,113,096	393,776,995	25,021,740,349	25,410,677,658	1.1500	31,180,920,796	80.2%

Source: Collier County Tax Appraiser

Notes: A constitutional revision took effect January 1, 1995, known as "Save our Homes." It annually limits the increase in the assessment of Homestead properties at 3% or the Consumer Price Index (CPI), whichever is less. Tax rates are per \$1,000 of assessed value.

Adjusted Taxable Value is the number upon which the state required Truth In Millage (TRIM) data is submitted. Adjusted taxable values are presented to the City by July 1, on Form DR420. The Final Taxable Values are the taxable values as of the start of the fiscal year and are presented to the City in October on Form DR422.

Net New Taxable Value consists of new construction + additions + rehabilitative improvements increasing assessed value by at least 100% + annexations - deletions.

Market/Just Value as defined in F.S. 193.011

Schedule 7
City of Naples
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Fiscal Year	City Millage Rates			Overlapping Rates*		
	Operating Rate	General Obligation Debt Service	City Total	Mosquito Control	Collier County	Water Pollution Control
2012	1.1800	0.0426	1.2226	0.0934	3.5645	0.0293
2013	1.1800	0.0000	1.1800	0.1102	3.5645	0.0293
2014	1.1800	0.0000	1.1800	0.1050	3.5645	0.0293
2015	1.1800	0.0000	1.1800	0.1001	3.5645	0.0293
2016	1.1800	0.0000	1.1800	0.0940	3.5645	0.0293
2017	1.1500	0.0000	1.1500	0.0878	3.5645	0.0293
2018	1.1500	0.0000	1.1500	0.1832	3.5645	0.0293
2019	1.1800	0.0000	1.1800	0.1775	3.5645	0.0293
2020	1.1800	0.0000	1.1800	0.1720	3.5645	0.0293
2021	1.1500	0.0000	1.1500	0.1609	3.5645	0.0293

Source: Mosquito Control, Collier County, Collier County School Board, South Florida Water Management.

Note: The City's Operating and Debt service rates are not limited and are established by City Ordinances, Bond Resolutions and/or referendums in full compliance with Florida Statutes.

* Overlapping rates are those of local and County governments that apply to property owners within the City of Naples.

Overlapping Rates*

Conservation Collier	School Board	South Water Management	Combined Total
0.2500	5.5270	0.3418	11.0286
0.2500	5.5760	0.3390	11.0490
0.0000	5.6900	0.3278	10.8966
0.0000	5.5800	0.3097	10.7636
0.0000	5.4800	0.2888	10.6366
0.0000	5.2450	0.2695	10.3461
0.0000	5.1220	0.2545	10.3035
0.0000	5.0490	0.2440	10.2443
0.0000	5.0830	0.2344	10.2632
0.2500	4.8890	0.2177	10.2614

Schedule 8
City of Naples
Principal Property Tax Payers
As of September 30, 2021

	2021			2012		
	Taxable Assessed values	Rank	% of total City of Naples assessed values	Taxable Assessed values	Rank	% of total City of Naples assessed values
Top 10 City of Naples Taxpayers						
The Moorings, Inc.	\$ 149,081,853	1	0.70%	\$ 64,289,000	3	0.44%
Westbury Properties, Inc.	66,790,626	2	0.34%	36,603,000	6	0.25%
Coastland Center, LLC	56,172,445	3	0.29%	71,818,000	2	0.49%
2658 Florida Land Trust	52,129,334	4	0.23%			
Sandra Gerry	49,987,787	5	0.22%	51,951,000	4	0.36%
Montana Realty Company, LLC	45,983,705	6	0.20%			
3100 Gordon Drive FL Land Trust	45,934,016	7	0.19%			
2500 Gordon Land Trust	43,749,247	8	0.19%			
Harold Square Land Trust	38,520,564	9	0.17%	25,149,000	10	0.17%
550 Admiralty FL Land Trust	36,413,760	10	0.14%			
Randal D. Bellestri Trust				37,682,000	5	0.26%
Florida Power & Light				122,664,000	1	0.84%
Linda Buananno Trust				25,870,000	9	0.18%
Arthur Allen Jr.				29,994,000	7	0.21%
Judith Herb Trust				28,949,000	8	0.20%
	<u>\$ 584,763,337</u>		<u>2.30%</u>	<u>\$ 494,969,000</u>		<u>3.40%</u>
Total City of Naples Assessed Value	\$ 25,410,677,658			14,557,353,000		

Sources: Collier County Property Appraiser and 2012 Annual Comprehensive Financial Report
Certificate of Taxable Value/TRIM

Schedule 9
City of Naples
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended Sept. 30	Taxes Levied for the Fiscal Year⁽¹⁾	Current Collections		Delinquent Collections⁽²⁾	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2012	\$ 17,439,047	17,308,627	99.3%	82,115	17,390,742	99.7%
2013	17,927,260	17,242,814	96.2%	87,718	17,330,532	96.7%
2014	18,921,717	18,162,559	96.0%	77,324	18,239,883	96.4%
2015	19,959,663	19,117,239	95.8%	140,408	19,257,648	96.5%
2016	21,616,275	21,139,944	97.8%	23,512	21,163,456	97.9%
2017	23,567,473	22,696,202	96.3%	10,781	22,706,983	96.3%
2018	25,356,197	24,413,116	96.3%	18,650	24,431,766	96.4%
2019	27,545,899	26,577,090	96.5%	13,901	26,590,991	96.5%
2020	28,810,558	27,531,304	95.6%	268,367	27,799,671	96.5%
2021	29,616,534	28,551,238	96.4%	172,411	28,723,649	97.0%

Sources: ⁽¹⁾DR 420 MM Line 22

Note: ⁽²⁾From City of Naples Finance Department

Schedule 10
City of Naples
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Government Activities				Business-type Activities		
	General Obligation Bonds	Public Service Tax Bonds	Redevelopment and Refunding Bonds	Capital Improvement Notes	Water Bonds/ Loans	Storm- water Loans	Non major Bonds
2012	\$ 1,690,000	-	-	14,333,000	23,755,858	2,001,606	195,000
2013	-	-	-	13,025,000	21,586,406	1,773,821	140,000
2014	-	-	-	11,536,000	19,210,230	1,465,201	80,000
2015	-	-	-	10,068,000	17,442,467	1,152,770	20,000
2016	-	-	-	8,552,000	14,602,609	1,159,674	-
2017	-	-	-	6,986,000	11,945,407	933,960	-
2018	-	-	-	8,744,058	9,237,539	705,155	-
2019	-	-	-	6,853,626	11,583,113	473,610	-
2020	-	-	-	4,925,070	10,419,985	238,232	-
2021	-	-	-	2,883,166	9,203,093	-	-

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

^(a) See Schedule 14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Total Primary Government	Percentage of Personal Income ^(a)	Per Capita ^(a)
41,975,464	2.56%	510
36,525,227	2.17%	436
32,291,431	1.96%	403
28,683,237	1.61%	339
24,314,283	1.25%	274
19,865,367	1.00%	221
18,686,752	0.85%	188
18,910,349	0.86%	165
15,583,287	0.64%	141
12,086,259	0.55%	106

Schedule 11
City of Naples
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2012	\$ 1,690,000	0.01%	\$ 84.76
2013	-	0.00%	-
2014	-	0.00%	-
2015	-	0.00%	-
2016	-	0.00%	-
2017	-	0.00%	-
2018	-	0.00%	-
2019	-	0.00%	-
2020	-	0.00%	-
2021	-	0.00%	-

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. The only general obligation debt was paid off in 2013.

Schedule 12
City of Naples
Direct and Overlapping Governmental Activities Debt
As of September 30, 2021

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Naples Direct Debt			
Capital improvement notes	\$ 2,883,166	100%	\$ 2,883,166
Total direct debt			<u>2,883,166</u>
Overlapping debt ^(a)			
Collier County ^(b)	365,490,132	20%	<u>87,717,632</u>
Total direct and overlapping debt			<u>87,717,632</u>
			<u><u>\$ 90,600,798</u></u>

Sources: Collier County Annual Comprehensive Financial Report Schedules.

Notes: ^(a)The City of Naples is not responsible for the Overlapping Debt. The applicable percentage was estimated using assessed property values.
Overlapping governments are those that coincide, at least in part with the geographic boundaries of the City.
^(b)Collier County debt outstanding as of September 30, 2020 (2021 Annual Comprehensive Financial Report not available yet).

Schedule 13
City of Naples
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Water Revenue Bonds				
	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service Requirement	Coverage
2012	\$ 28,262,634	23,195,559	5,067,075	1,127,899	4.49
2013	28,747,954	23,462,275	5,285,679	1,043,132	5.07
2014	32,117,638	24,066,181	8,051,457	2,809,207	2.87
2015	29,614,711	23,455,937	6,158,774	2,899,468	2.12
2016	30,730,431	24,010,994	6,719,437	2,899,045	2.32
2017	33,695,352	25,657,266	8,038,086	2,899,045	2.77
2018	32,767,617	26,870,256	5,897,361	2,898,555	2.03
2019	34,867,456	27,576,471	7,290,985	1,189,836	6.13
2020	34,474,021	27,938,372	6,535,649	1,190,268	5.49
2021	35,553,838	30,153,984	5,399,854	1,190,268	4.54

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Prior to the 2011 fiscal year, operating expenses did not include interest, depreciation or amortization expenses.

⁽¹⁾These issues were refunded by the 2010 Capital Improvement Refunding Revenue Note, which was subsequently refunded by the 2013 Capital Improvement Refunding Revenue Note.

Utility Tax Revenue Bonds				Tax Increment Revenue Bonds			
Utility Tax Collections	Debt Service		Coverage	Tax Increment Revenue	Debt Service		Coverage
	Principal	Interest			Principal	Interest	
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)

Schedule 14
City of Naples
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population	Personal Income (thousands of dollars)	Per Capita Income	Median Age	County School Enrollment	Unemployment Rate (June)
2012	19,939	\$ 1,641,299	82,316	64.2	43,238	9.0%
2013	20,115	1,685,597	83,798	64.3	43,789	7.5%
2014	20,537	1,646,164	80,156	64.0	44,415	5.9%
2015	20,968	1,776,430	84,721	64.0	45,995	4.9%
2016	21,898	1,940,338	88,608	64.6	47,225	4.8%
2017	22,041	1,980,648	89,862	65.0	49,393	3.9%
2018	22,214	2,210,493	99,509	64.4	47,961	3.3%
2019	22,039	2,210,688	100,308	66.2	48,318	3.2%
2020	19,115	2,110,736	110,423	67.3	47,084	5.7%
2021	19,186	2,193,689	114,338	66.0	48,000	5.7%

Sources: Population provided by the U.S. Census Bureau; Per Capita Personal Income by the Census Bureau (*), Bureau of Economic and Business Research; Median Age by Florida Statistical Abstract (Table 1.51); County school enrollment data provided by the Collier County Public Schools Finance Department.

Notes: 2020 Population updated to reflect 2020 U.S. Census Bureau figures.

Schedule 15
City of Naples
Principal Employers
Current Year and Nine Years Ago

Employer	2021			2012		
	Employees ⁽¹⁾	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Collier County School District	5,832	1	3.8%	5,374	1	5.0%
NCH Healthcare System	4,315	2	2.8%	3,007	2	2.8%
Arthrex, Inc.	2,856	3	1.8%			
Collier County Government	2,434	4	1.6%	2,121	4	2.0%
Collier County Sheriff	1,526	5	1.0%	1,387	5	1.3%
Publix Supermarkets	1,257	6	0.8%	2,214	3	2.0%
Ritz Carlton - Naples	1,100	7	0.7%	743	6	0.7%
Seminole Casino - Immokalee	900	8	0.6%			
JW Marriott - Marco Island	850	9	0.5%			
City of Naples	508	10	0.3%			
Fifth-Third Bank				733	7	0.7%
The Moorings				730	8	0.7%
Naples Grande				605	9	0.6%
Barron Collier Partnership				600	10	0.6%
Other employers	133,049		86.0%	90,599		83.8%
Estimated Total	<u>154,627</u>		<u>100.0%</u>	<u>108,113</u>		<u>100.0%</u>

Sources: Collier County Clerk of Courts 2020 Annual Comprehensive Financial Report (2021 Annual Comprehensive Financial Report not available).
City of Naples 2012 Annual Comprehensive Financial Report.

Schedule 16
City of Naples
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2012	2013	2014	2015	2016
General Fund					
Mayor and Council	1.0	1.0	1.0	1.0	1.0
City Clerk	6.0	6.0	6.0	6.0	6.0
City Attorney	1.0	1.0	1.0	1.0	1.0
City Manager and Code Enforcement	8.9	5.9	5.9	5.9	4.9
Human Resources	4.0	4.0	4.0	4.0	4.0
Planning	3.5	3.5	3.5	3.5	3.5
Finance	18.8	17.8	13.8	13.8	13.8
Community Services	40.0	40.5	40.5	40.5	40.5
Police	98.4	98.4	98.4	98.4	98.4
Fire	63.0	63.0	63.0	63.0	63.0
Non-departmental	(b)	(b)	(b)	(b)	(b)
Water and Sewer Fund	98.0	99.0	103.0	103.0	104.0
Solid Waste Fund	25.5	25.5	25.5	25.5	26.0
Streets and Traffic Fund	7.5	6.1	5.5	5.5	5.5
Stormwater Fund	6.0	10.4	10.0	11.0	11.0
City Dock Fund	3.6	3.6	3.6	3.6	3.6
Tennis Fund	4.0	4.0	4.0	4.0	4.0
Beach Fund	12.0	12.0	13.0	13.2	13.2
Technology Services Fund	10.0	10.0	8.0	7.0	7.0
Equipment Services Fund	8.5	8.5	8.5	8.5	8.5
Risk Management Fund	1.0	1.0	1.0	1.0	1.0
Building Permit Fund	18.0	23.8	28.0	30.0	36.5
Community Redevelopment	6.3	6.3	6.3	6.3	6.3
TOTAL EMPLOYEES	445.0	451.3	453.5	455.7	462.7

Source: City of Naples Budget Document

Notes: ^(a) Reclassified from Nonoperating to Community Services in the General Fund.

Fiscal Year				
2017	2018	2019	2020	2021
1.0	1.0	1.0	1.0	1.0
6.0	6.0	6.0	6.0	6.0
1.0	1.0	1.0	1.0	1.0
8.9	9.9	9.9	8.9	10.7
4.0	4.0	4.0	5.0	5.0
5.0	6.0	6.0	6.0	6.0
10.8	10.5	10.5	10.5	10.5
42.5	45.5	47.5	50.5	53.4
98.4	99.4	98.4	98.4	98.4
65.0	66.0	66.0	66.0	67.0
(b)	(b)	(b)	(b)	(b)
104.0	104.0	104.0	105.0	105.0
26.0	26.0	26.0	26.0	29.0
5.5	5.5	5.5	6.5	6.5
11.0	11.0	11.0	11.0	13.0
3.6	3.6	4.1	4.1	3.7
4.0	4.0	4.0	4.0	4.0
13.2	15.4	15.4	15.4	15.2
6.0	6.0	5.0	5.0	4.0
8.5	8.5	8.5	8.5	8.5
1.0	1.0	1.0	1.0	1.0
34.0	33.5	32.5	32.5	32.5
6.3	6.3	6.3	6.3	6.3
465.7	474.1	473.6	478.6	487.7

Schedule 17
City of Naples
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2012	2013	2014	2015	2016
General government					
Commercial permits issued	285	225	144	143	144
Residential permits issued	1,267	1,229	1,133	1,124	1,228
Police					
Physical arrests	1,111	758	634	575	579
Parking violations	15,107	12,906	12,778	11,271	8,181
Traffic violations	8,168	6,767	5,489	5,989	6,133
Fire					
Emergency responses	4,839	4,901	5,217	5,539	6,804
Fires extinguished	96	69	98	96	70
Inspections	7,882	7,761	7,299	7,589	8,066
Refuse collection					
Refuse (tons per day)	153	131	119	92	129
Recyclables (tons per day)	17	19	21	28	29
Other public works					
Street resurfacing (miles)	5	5	4.25	4.26	10
Potholes repaired ^(a)	77	72	63	82	44
Parks and recreation					
Special events, participants	3,550	3,640	3,812	3,760	2,717
Beach parking permits issued	5,560	6,590	6,802	5,249	5,802
Camps, Classes, participants ^(b)	4,510	5,350	5,531	11,066	16,773
Water					
New connections	172	171	226	201	169
Water main breaks	16	21	14	17	13
Average daily consumption (millions of gallons)	14	13.5	14.3	13.8	14.0
Peak daily consumption (millions of gallons)	19	17.8	19	18	17
Wastewater					
Average daily sewage treatment (thousands of gallons)	5,688	5,680	5,225	4,800	5,100

Sources: Various City Departments

Notes: ^(a)This number represents the number of work orders given to patch hole contractor.

^(b)The increase is due to Gulfshore Playhouse adding more performances throughout the year and a corresponding increase in attendance.

Fiscal Year				
2017	2018	2019	2020	2021
86	138	138	172	139
1,122	1,057	1,057	1,345	1,441
373	433	396	321	278
10,158	11,534	13,843	11,947	19,073
4,934	4,169	4,163	2,814	2,084
6,234	6,735	6,648	5,981	6,798
84	102	108	106	97
7,863	11,299	11,442	11,638	14,353
117	96	101	108	125
28	15	15	16	15
11	10	8	6	9
78	84	85	79	82
2,164	3,167	3,298	356	3,726
6,050	5,296	5,179	5,198	5,210
10,168	31,561	36,851	19,500	21,700
122	129	120	89	123
11	63	57	108	72
15.0	14.0	14.0	14.0	14.0
19	19	17	17	17
5,270	5,270	4,396	4,731	4,420

Schedule 18
City of Naples
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2012	2013	2014	2015	2016
Police					
Number of employees	104	103	103	103	96
Total Police Incidents Handled	66,622	68,988	65,968	67,193	83,774
Fire stations	3	3	3	3	3
Refuse collection trucks	25	25	25	25	25
Other public works					
Streets (miles)	110	112	112	112	112
Streetlights	3,006	3,006	3,006	3,006	3,006
Traffic signals	42	42	42	42	40
Parks and recreation					
Swimming pools	1	1	1	1	1
Community centers	3	3	3	3	3
Pier	1	1	1	1	1
Dock	1	1	1	1	1
Water					
Active accounts	16,684	16,791	16,943	17,078	17,244
Plants	1	1	1	1	1
Capacity per day (millions of gallons)	30	30	30	30	30
Sewer					
Active accounts	8,951	8,895	8,812	8,820	9,037
Plants	1	1	1	1	1
Capacity per day (millions of gallons)	10	10	10	10	10

Sources: Various City departments

Fiscal Year				
2017	2018	2019	2020	2021
98	99	98	101	99
79,787	73,878	71,674	84,301	83,848
3	3	3	3	3
25	25	25	25	27
112	112	112	112	112
3,006	3,006	3,006	3,170	3,170
40	40	40	40	40
1	1	1	1	1
3	3	3	3	3
1	1	1	1	1
1	1	1	1	1
17,310	17,385	17,547	17,710	17,950
1	1	1	1	1
30	30	30	30	30
9,207	9,262	9,243	9,435	9,621
1	1	1	1	1
10	10	10	10	10

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**OTHER INDEPENDENT AUDITOR
REPORTS AND SCHEDULES**

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**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**

To the Honorable Mayor, City Council
and City Manager
City of Naples, 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, each major fund, and the aggregate remaining fund information of the City of Naples, 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 31, 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the ampersand clearly visible between the two names.

Bradenton, Florida
March 31, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Honorable Mayor, City Council
and City Manager
City of Naples, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of Naples, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2021. The City's major federal program and state financial assistance projects 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 and state 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 and state projects 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), and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.550, 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 program and state project 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 program and state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program and State Project

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 program and state project 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 program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, 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 program 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 program or state project 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 program or state project 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. 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 and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Bradenton, Florida
March 31, 2022

CITY OF NAPLES, FLORIDA

Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2021

Federal/State Agency, Pass-Through Entity, Federal Program	Assistance Listing/CSFA Number	Grantors No.	Expenditures
Federal Awards:			
United States Department of Housing and Urban Development			
Passed through Collier County			
Housing and Community Development Department			
Anthony Park Restroom Facility	14.218	B-17-UC-12-0016	\$ 100,850
Total United States Department of Housing and Urban Development			<u>100,850</u>
United States Department of Justice			
Bulletproof Vest Partnership Program	16.607	2017BUBX17089374	<u>5,038</u>
Total United States Department of Housing and Urban Development			<u>5,038</u>
United States Department of Transportation			
Passed through State of Florida Department of Transportation			
Highway Planning and Construction Cluster			
South Golf Drive	20.205	G1B35	97,780
Traffic Signal Maintenance	20.205	G0V74	282,299
Recreational Trails Program	20.219	T1701	<u>200,000</u>
Total United States Department of Transportation			<u>580,079</u>
United States Department of Treasury			
Coronavirus Relief Funds - COVID-19	21.019	Y2265	<u>1,151,739</u>
Total United States Department of Housing and Urban Development			<u>1,151,739</u>
United States Department of Homeland Security			
Passed through Florida Department of Emergency Management			
FEMA Grants - Hurricane IRMA	97.036	Z0536	<u>300,177</u>
Total United States Department of Homeland Security			<u>300,177</u>
Total Expenditures of Federal Awards			<u>\$ 2,137,883</u>
State Financial Assistance:			
State of Florida Executive Office of the Governor			
Hurricane Loss Mitigation Program	31.066	Y2265	<u>16,677</u>
Total State of Florida Executive Office of the Governor			<u>16,677</u>
State of Florida Department of Environmental Protection			
Water Quality Restoration Projects	37.039	LPA0028	<u>1,200,000</u>
Total State of Florida Department of Environmental Protection			<u>1,200,000</u>
Total Expenditures of State financial assistance			<u>\$ 1,216,677</u>

THE CITY OF NAPLES, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE SEPTEMBER 30, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity of the City of Naples, Florida (the “City”), and is presented on the modified accrual basis of accounting.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – DE MINIMIS INDIRECT COST RATE

The City chose not to use the ten percent de minimis cost rate for the year ended September 30, 2021.

NOTE 3 – NON-CASH AWARDS

The City did not receive non-cash federal awards during the year ended September 30, 2021.

NOTE 4 – CONTINGENCIES

Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in disallowed expenditures under the terms of the grants. Based upon prior experience, the City does not believe that such disallowances, if any, would be material.

NOTE 5 – PRIOR YEAR EXPENDITURES

The Schedule includes financial assistance from the U.S. Department of Homeland Security in the amount of \$300,177, and state financial projects from the Florida Executive Office of the Governor in the amount of \$16,677, that represents expenditures from prior fiscal years.



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Mayor, City Council
and City Manager
City of Naples, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Naples, Florida (the "City"), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 31, 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 for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

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 State Project and Report on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General; 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, which are dated March 31, 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. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of Naples, Florida was incorporated in 1923. Additional information on the City's creation and the City's component units is disclosed within the City's footnotes.

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 identification of 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 the review of financial information provided by same.

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

Special District Component Units

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

Bradenton, Florida
March 31, 2022

Mauldin & Jenkins, LLC

THE CITY OF NAPLES, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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?

___ yes X none reported

Noncompliance material to financial statements noted?

___ yes X no

Federal Programs and State Financial Assistance Projects

Internal Control over major federal programs:

Material weaknesses identified?

___ yes X no

Significant deficiencies identified?

___ 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 2 CFR 200.516(a)?

___ yes X no

Identification of major federal program:

CFDA Number

21.019

Name of Federal Program or Cluster

U.S. Department of the Treasury –
Coronavirus Relief Fund

Identification of major state projects:

CSFA Number

37.039

Name of Federal Program or Cluster

Florida Dept of Environmental Protection –
Water Quality Restoration Projects

Dollar threshold used to distinguish between

Type A and Type B federal programs:

\$750,000

Type A and Type B state programs:

\$365,003

Auditee qualified as low-risk auditee?

X yes ___ no

THE CITY OF NAPLES, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2021

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS

None reported.

THE CITY OF NAPLES, FLORIDA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
SEPTEMBER 30, 2021

None reported.

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INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Mayor, City Council
and City Manager
City of Naples, Florida

We have examined the City of Naples, 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.

Bradenton, Florida
March 31, 2022

Mauldin & Jenkins, LLC

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