

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2020



City of Naples, Florida

THE CITY OF NAPLES, FLORIDA
Comprehensive Annual Financial Report
For the Year Ended September 30, 2020
(With Independent Auditor's Report Thereon)

Prepared By:
FINANCE DEPARTMENT

City of Naples

September 30, 2020



Principal Officers

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

Teresa Heitmann
Terry Hutchison
Ted Blankenship
Ray Christman
Mike McCabe
Paul Perry
Gary Price

City Manager
City Clerk
City Attorney

Charles T. Chapman IV
Patricia L. Rambosk
James D. Fox

Department Directors

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

Dana A. Souza
Craig Mole'
Mike Leslie
Gary Young
Pete DiMaria
Charlotte O'Bryon
Erica Martin
Thomas Weschler
Gregg Strakaluse
Brian Dye
Robert H. Middleton

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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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City of Naples

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March 22, 2021

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

The Comprehensive Annual Financial Report of the City of Naples, Florida (the “City”), for the fiscal year ended September 30, 2020, 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, 2020, 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, 2020, 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 22,039, 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
Terry Hutchison	February 2022
Ted Blankenship	March 2024
Raymond Christman	February 2022
Mike McCabe	March 2024
Paul Perry	March 2024
Gary Price	February 2022

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 Charles T. Chapman IV was selected to be City Manager effective December 3, 2018.

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 Comprehensive Annual 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 2019-2020 represented the seventh consecutive year of taxable value growth in the City. The taxable values increased by 4.57% for fiscal year 2019-2020, following a 6.09% growth in fiscal year 2018-2019. The subsequent growth for fiscal year 2020-2021 (September 2020) of 3.74% 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, despite the COVID-19 pandemic, many facets of the Naples real estate market remained very strong and show no immediate sign of slowing.

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 1.18 mills in 2020, 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 (September 2020) for fiscal year 2020-2021.

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 2019-2020, 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 \$3.8 million in added assets and an additional \$3.5 million in construction in progress in 2020. 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 2020-2021 and construction to begin in fiscal year 2021-2022. The fiscal year 2020-2021 budget includes: \$13.7 million appropriated for the construction of the phase I water outfall project, \$3.5 million for citywide lake management and restoration improvements; \$1.1 million in basin drainage improvement and assessments; \$1.0 million in citywide stormwater improvement; and \$600 thousand to design the phase II water outfall project.
- Water and Sewer infrastructure, equipment, and facilities improvements had \$4.6 million in added assets and an additional \$15.2 million in construction in progress in 2020. 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 2020-2021 budget includes: \$6.1 million in wastewater collections improvements; \$3.2 million in water production improvements; \$3.9 million in water distribution improvements; \$1.4 million in utilities maintenance improvements; and \$1.0 million wastewater treatment improvements.
- In 2013, the City spent \$3.0 million to acquire 6.7 acres of land adjacent to 8 acres of City property, to create a park. The design of Baker Park began, with the conceptual master plan approved on March 5, 2014. The total project included both the park development and the Gordon River Bridge component of the project. The City has received over \$5.3 million in donations since the project began in 2014. Additional donations and pledges remain and continue to offset a portion of the City Funds presently allocated for the completion of the park. The Blair Park Bridge costing \$4.3 million was completed and opened in 2018. The Baker Park is open and vibrant with the City having spent \$16.3 million on the park through September 2019. The City added both a temporary art exhibit and permanent art to the park in 2020. The temporary art is designed to enhance the significance of arts within the park and allow for continuous review and replacement. Allowing the park to grow, mature, and maintain a vibrant art feel throughout the park over time. The City has chosen to pause any future development to allow the park to mature before deciding the next step in the park's evolution.
- Fire Station #1, in the heart of downtown, has been scheduled for replacement for several years. The replacement station will be built to withstand potential flood waters and a Category 5 hurricane, therefore being able to double as the Emergency Operation Center (EOC). In 2019, the City completed the \$9.7 million construction and opened the fire station for operations. This state-of-the-art fire station increased the square footage from 7,500 sq. ft. to just under 20,000 sq. ft. The City issued debt of \$3.4 million in 2018 at a rate of 2.75% payable of 10 years. The remaining \$6.5 was expensed from reserves as planned in the City's CIP. In 2019, the project returned approximately \$500 thousand, the unspent portion of the project budget, to be used for future CIP. The fire station has served the citizens well in 2020 while operating as the EOC in dealing with the COVID-19 pandemic. In the early months of 2021, this facility has been transformed into a COVID-19 vaccination facility as vaccines are available. Fire staff initiate steps to provide vaccinations once weekly to assure the City continues to be responsive to the needs of its residents and the greater community.

The trends in the Southwest Florida economy continued to experience a moderate but steady growth in early fiscal year 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 proven reasonably resilient during the pandemic. As a result, the Southwest Florida economy should be viewed with a degree of optimism both in how it closed out calendar year 2020 and the early months of calendar year 2021.

Despite this resiliency, the February 2021 report by the Florida Gulf Coast University in its year over year economic indicator comparisons, taxable sales for Collier County were down 6% in October 2020 compared to the same period in 2019 and tourist tax revenues in Collier County were down 23% in November 2020 compared to November 2019. The three major Southwest Florida airports declined 41% in December 2020 compared to December 2019 in a year over year comparison. Fortunately, December 2020 was 25% higher than November 2020. Southwest Florida International (RSW) the City's closest commercial airport declined 40% in December 2020 compared to December 2019. While the December 2020 traffic at RSW represented a 29% increase compared to November 2020. The unemployment rate for Collier County was 3.2% in December 2019, despite higher rates at the peak of the pandemic shutdown the unemployment rate in Collier County in December of 2020 was 5.1%. This compares favorably with the State of Florida's 6.1% and the United States unemployment rate of 6.7%. In addition, Collier County recorded 324 single family building permits in December 2020, up 73% from December 2019. The greatest strength of the resiliency lies in property values. Collier County single family homes sales was 754 units in December of 2020 compared to 238 units or 46% higher than December 2019. More importantly the median home price increased substantially by \$133,500 to \$583,500 compared to \$450,000 in December 2020.

While the economic indicators outlined above indicate mixed signals on the economic front, there are enough economic indicators to support a stable 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 June 2007, the City established a 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.

Annually, shortly after each fiscal year-end, the Finance Department prepares a General Fund Five-Year Sustainability Report. This report, which combines historical data with projections, identifies the potential fiscal shortfalls and opportunities in the next five years. This report helps guide City policy relating to tax rates and budgets and aids the City in sound long-term planning.

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 2021.

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 2007 provided 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 2018, the City began evaluating the 2007 Vision Plan to determine if a new Visioning process is warranted. The final report on this evaluation was expected in April 2020. The vision plan draft has undergone significant scrutiny and changes throughout 2020. City Council is expected to formally adopt the new Vision Plan in March or April of 2021.

Vision Goal: Preserve the City's Distinctive Character and Culture

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 re-opened 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 2020.

Residents and visitors alike recognize the ambiance created by the tree-lined streets of Naples. For the 24th 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 two 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 2020-2021 budget includes \$300,000 for replacing trees in addition to a goal of \$1.0 million in donations related to the Blair Foundation Tree Challenge

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. The City expects City Council to identify those priorities in the fiscal year 2021-2022 five-year capital improvement plan and authorize funding for those immediate priorities in the fiscal year 2021-2022 original adopted budget.

Vision Goal: Make Naples the green jewel of Southwest Florida

In a community-vision process, the goal of making Naples the green jewel of Southwest Florida was a critical element determined by the community and adopted by City Council. This goal included three objectives: restore Naples Bay, promote sustainability, and establish more green space.

Throughout the year, staff made numerous presentations to service organizations, homeowner associations, and other groups regarding the environment. Staff provided information in the form of brochures to the public on subjects that include wetlands, sea turtles, mangroves, and rain gardens. In addition, the City continues to direct City funds to beach re-nourishment and expand its artificial reef construction.

Vision Goal: Maintain an extraordinary quality of life for residents

The Community Services Department - Recreation Division during the fiscal year 2019-2020 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 March 2020, everything changed with the COVID-19 Pandemic. The City closed all the parks and recreational facilities for approximately two months and cancelled or reduced many recreational programs after the parks reopened. The impact of which is evident in the large reduction of attendance and revenues as indicated in the following summary.

Norris Center/Cambier Park

The Norris Center located in Cambier Park had a 2019-20 visitors' season which saw 17,441 attendees to indoor performances presented by the City of Naples and Gulfshore Playhouse. The season was cut short due to COVID-19. The venue has seating capacity for 200 people and hosts shows nearly every day throughout fall to the springtime. The fire marshal has approved 100 seats with spacing during the pandemic. The audio/video equipment in the theater has been updated to the latest technology this past season. Cambier Park hosts outdoor concerts and events in the downtown bandshell and park space. The 2019-2020 season hosted over 20 FREE outdoor concerts on Sunday afternoons and Monday evenings, with over 20,000 visitors for the entertainment in the space.

COVID-19 Comparison	Fiscal Year 2018-2019	Fiscal Year 2019-2020
Cambier Park Events	104	45
Norris Performances	8	0
Norris Center Meetings	12	0
Norris Summer Camps	24	1
Norris Center Rentals	150	55

Arthur L. Allen Tennis Center in Cambier Park

In fiscal year 2019-2020, the tennis center offered six USTA sanctioned and non-sanctioned tournaments that drew 385 participating athletes. This number was cut in half due to center closures for COVID-19 and USTA protocols. Five events were designed for juniors that attend from around the state and country, with the other tournament structured for adult participation. This year's 51st Annual "Clay in May" Tennis Championship was cancelled due to the tennis center shut down. There are 38 different adult clinics and round robins for members and guests to participate in that targeted for all skill levels. For the Junior programming, we were able to offer four separate skill levels five days per week. Additionally, we were able to offer a nine week summer program with limited capacity and reduced hours. These programs serve to develop new memberships for the center and provide opportunities for members and guests to meet other players.

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 leagues and programs were cut short and/or cancelled due to the COVID-19 pandemic. Spring baseball and football had to cancel their entire season. Youth programs were able to resume with limited numbers the last few weeks in June allowing children the opportunity to attend a handful of camps. Youth athletics resumed in the fall of 2020. 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. When the doors opened again the skateboarders and BMXers returned and have been able keep safe and enjoy the facility. Fleischmann Park is typically the headquarters for over 150 summer specialty camps with over 1,000 registered campers. As a result of the pandemic the City had only 325 registered campers. Staff provided two types of half day camps per week with limited numbers of campers permitted. Transportation for campers was not provided, nor necessary, due to the limited hours of camp. During the ten weeks of summer, the City did see sold out camps each week and were proud to say the City had no confirmed COVID-19 cases related to the programs.

COVID-19 Comparison	Fiscal Year 2018-2019	Fiscal Year 2019-2020
Classes	14-classes per monthly	14-classes/month for 5 months
Athletics Programs	6 programs	2 for the year
Summer Camps	143 camps offered	24 camps offered
Special Events	3	1

Naples Preserve

Nature talks were offered on Tuesdays from January 7th - March 10th with the speakers coming from the Preserve's conservation partners, the faculty at Florida Southwestern State College, and the Preserve staff and volunteers. There was a program for the Little Eagles pre-school in early February. A new record for visitors was set for the month of February and we were well on the way to breaking the March record when we closed because of COVID-19.

Because of the virus, we closed on March 17th and cancelled the following: Gopher Tortoise Day, five nature programs, Lake Park kindergarten and 2nd grade field trips, Homeschoolers (usually came once a month in the spring and fall) and the Preserving the Holiday Spirit event. The Preserve was closed to the public from March 17th – April 30th. The Preserve continued a service-learning program for Florida Gulf Coast University students. Restoration on the south end of the property began and revealed 120-year-old southern slash pines and a 500-year-old saw palmetto. This restoration became part of the Florida box turtle study. Improvements were made to the boardwalk with new benches, a new kiosk at the chickee, and a section of the boardwalk widened with a new

bench (memorial) placed on it. Some of the Partner's information panels in the Eco-Center were replaced with improved, up-dated panels.

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. From October 1, 2019 to March 17, 2020, the River Park staff and contracted instructors successfully offered multiple programs and specialty camps, which included Zumba classes, LaBlast classes, Yoga classes, camps - Winter/Spring Break and school day out. The center was closed due to COVID-19 on March 18, 2020. COVID-19 uncertainty led to City Council's decision to cancel the summer camp program. During the closure the River Park Community Center continued to collaborate with Collier County Public School (CCPS) and apartment managers to identify children needing services. CCPS provided two drive thru stations one in George Washington Carver Apartments and one at Gordon River Apartments where our neighborhood children could stop in and receive breakfast/lunch (weekend meals included). After being closed for 11 weeks the center reopened to the public on June 8, 2020, with reduced hours, limited capacity, and sanitizing procedures. The recreation team worked diligently to start virtual programming thru social media - Facebook and Instagram. On June 15th we kicked off the 1st virtual program "Kids on the Go". Kids/families could register and virtually walk/run 26 miles, one mile at a time through the summer. The last mile would have an option to be completed in person with a COLOR Run. The program had 56 children register culminating on Friday, August 7, 2020, when 20 children opted in and completed the final mile. A "Back to School" program was offered on Saturday, August 1st as a drive thru to maintain low contact procedures and served 199 children going into K through 12th grade with needed school supplies. The "Drop-In After School" program was cleared to start running in person on Monday, August 31, 2020, 18 children registered. On Friday, December 4, 2020, Santa's Coming to Town was offered as a drive thru to maintain low contact procedures; Santa and his helpers served 155 gifts. Facility improvements for River Park Community Center this year include; painting of all the building exterior, kitchen floor-old tile removed and new tile installed, kitchen painted, sidewalk concrete repaired/replaced as needed, auditorium old carpet removed/new banquet carpet installed, basketball airnasium roof structure repairs, and replacement of 3-three ton HVAC units in the community center.

COVID-19 Comparison	Fiscal Year 2018-2019	Fiscal Year 2019-2020
Summer Camp	83	0
Culinary Camps	26	0
Rec. Sampler	25	18 (Enrolled August 2020 -September 2020)
Yoga	220	98 (Enrolled October 2019 – February 2020)
Back to School	256	199
Santa's Coming to Town	258	155

River Park Aquatic Center

The River Park Aquatic Center offered multiple Red Cross Learn to Swim classes from October 1, 2019 to March 17, 2020. The aquatic center was closed due to COVID-19 on March 18th. All ongoing schedule programming was cancelled. After being closed for 11 weeks the aquatic center reopened to the public on June 8, 2020, with reduced hours, limited capacity, and sanitizing procedures. The aquatic center continues to serve as the home pool for Naples High School. This swim season in collaboration with CCPS, safe swim practice procedures were put in place. Two meets were held on site. 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 through Zoom meetings. Facility improvements for the aquatic center included pressure washing/painting the decking, pressure washing the entrance gable and resealing, painting the exterior of the pool, painting the water features, replacement of main motor pump and six new diving stands.

COVID-19 Comparison	Fiscal Year 2018-2019	Fiscal Year 2019-2020
Learn to Swim/Private Lessons	280	41 (October 2019 – March 2020)
Racing Roosters	37	0
Swim Central (Swim Instruction)	167	0

Charlie C. Anthony Park

Charlie C. Anthony Park continues to host the Rec. Sampler drop-in afterschool program serving 11 children. Tennis classes were offered by a group of City volunteers for multiple sessions. Due to COVID-19, Charlie C. Anthony Park was closed from March 2020 to August 2020. All programs were cancelled during that time. Facility improvement for Anthony Park included a designated area for new outside fitness exercise equipment.

COVID-19 Comparison	Fiscal Year 2018-2019	Fiscal Year 2019-2020
Fishing/Archery	33	0
Rec. Sampler	11	5 (Enrolled August 2020 -September 2020)

In fiscal year 2019-2020, COVID-19 impacted multiple facets of the City of Naples, City residents, and those who are served (in all age groups) by City programs. The details outlined above demonstrate the significant number of people and programs affected during the pandemic. This same information demonstrates the efforts made by community services, throughout fiscal year 2019-2020, to continue to provide safe programs and/or with safe alternatives when possible.

Financial Reporting & 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 2019-2020 received the GFOA's Distinguished Budget Presentation Award. The City has achieved this award for 15 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

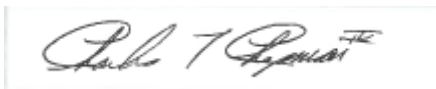
The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Naples, Florida, for the Annual Financial Report for the fiscal year ended September 30, 2019. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual 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 Comprehensive Annual 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,



Charles T. Chapman IV
City Manager



Gary L. Young
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

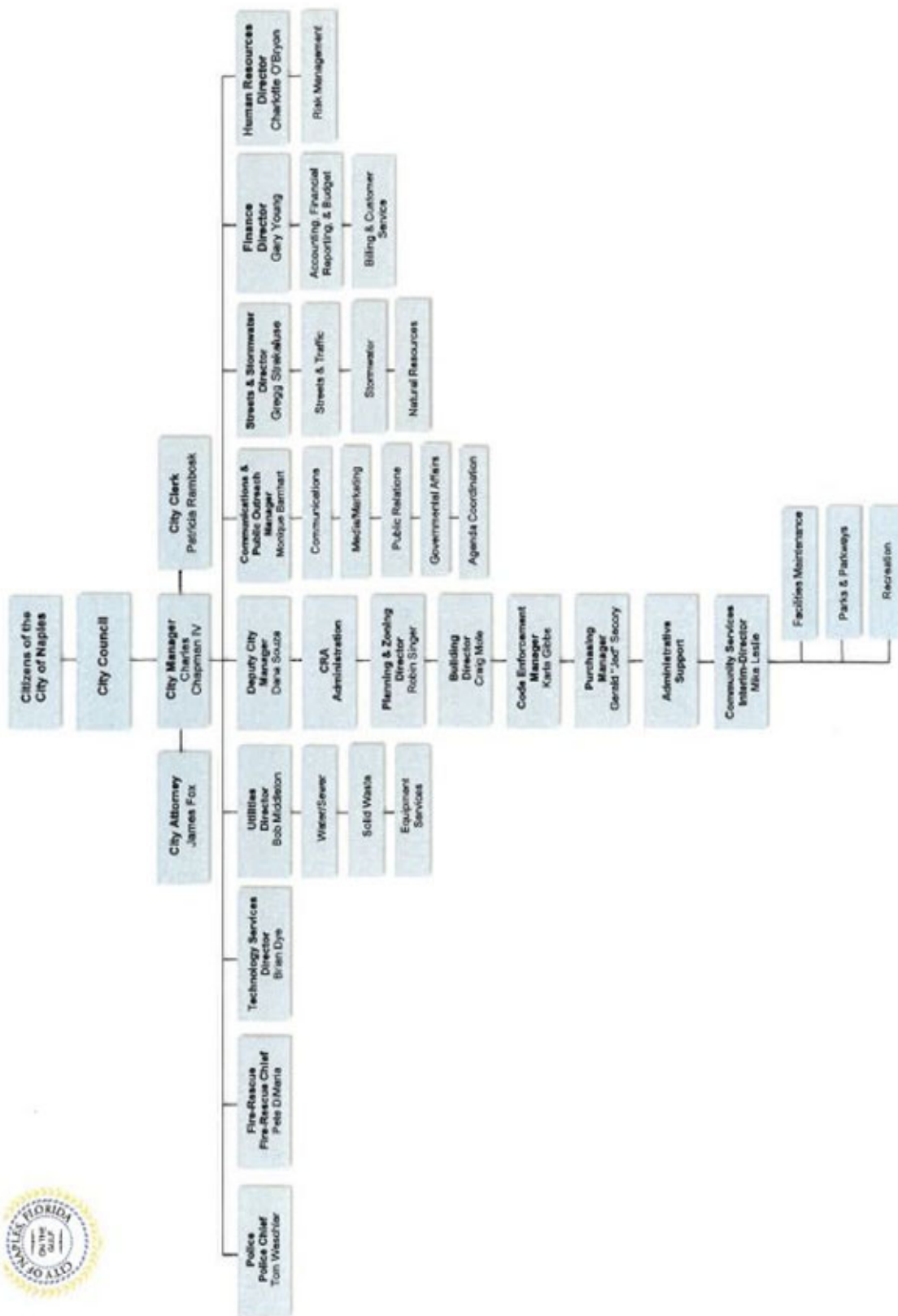
**City of Naples
Florida**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO





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, 2020, 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, 2020, 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 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 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 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 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, 2020, 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.

Bradenton, Florida
March 22, 2020

Mauldin & Jenkins, LLC

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The City of Naples, Florida
Management's Discussion and Analysis
September 30, 2020
(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, 2020.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities at September 30, 2020, by \$311.7 million (net position). Of this amount, \$66.3 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 \$23.8 million due in part to: additional revenue recognition related to 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 2020. The City did experience a reduction in several revenue lines resulting from the COVID-19 pandemic such as: sales tax, fuel tax, state revenue sharing, beach parking fees, and commercial solid waste charges for service. Despite these revenue reductions, operational costs resulting from cancelled events, cancelled programs, reduced fuel usage, and operational decisions led to reductions in operational costs greater than the revenue losses.
- As of September 30, 2020, the City's governmental activities reported a combined ending net position of \$121.6 million. This is an increase of \$14.8 million from the prior year. The City's governmental activities unrestricted net position is \$4.4 million compared to a negative \$1.4 million as of September 30, 2019.
- The City implemented GASB No. 75 in 2018. GASB No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. In 2020, the unfunded OPEB increased an additional \$1.2 million. The City must continue to evaluate its OPEB obligations and its effect on the long-term financial position of the City.

The City experienced the first material increase in its unfunded pension obligation since implementing GASB 68 in 2015. GASB No. 68, *Accounting and Financial Reporting for Pension an amendment of GASB Statement No. 27*. The City continues to evaluate its pension obligations and its effect on the long-term financial position of the City including the plan to reduce the expected rate of return from 7.5% to 7.0% over five years by reducing it 0.10% annually. This expected rate of return adjustment will increase the unfunded in the coming years. In fiscal year 2019-2020 the City chose to expedite the reduction to 7.0 rather than the 7.20 called for in the schedule outlined above. 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 City is expected to continue to reduce the expected rate of return to 6.5%. No schedule to implement this reduction from 7.0% to 6.5% has been implemented to date. Furthermore, the City is exploring issuing taxable pension bonds in order to capitalize on historic low interest rates and reducing the budgetary impact of the unfunded pension obligation on annual pension costs.

- The City's total debt decreased \$3.3 million during the current fiscal year due to scheduled debt service payments in 2020. The City's Governmental Activities Debt decreased by \$1.9 million from scheduled debt service payments. The City's Business-Type Activities Debt decreased by \$1.4 million in scheduled debt service payments in 2020. In addition, the City Dock made the equivalent of two principal payment of \$305 thousand in fiscal year 2020 thus reducing the outstanding interfund loan by \$610 thousand in 2020 leaving a balance of \$4.9 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 five additional funds, the Debt Service Fund, Capital Projects Fund, Community Redevelopment Fund, Baker Park 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, the Baker Park 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 31–38.

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, 2020, was \$311.7 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	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 72,493	\$ 63,014	\$ 72,334	\$ 68,344	\$ 144,827	\$ 131,358
Capital assets	97,779	95,909	138,843	136,039	236,622	231,948
Total assets	170,272	158,923	211,177	204,383	381,449	363,306
Total deferred outflow of resources	11,805	8,852	1,249	1,001	13,054	9,853
Longterm liabilities outstanding	50,769	45,497	16,291	16,788	67,060	62,285
Other liabilities	6,904	7,559	5,415	5,987	12,319	13,546
Total liabilities	57,673	53,056	21,706	22,775	79,379	75,831
Total deferred inflow of resources	2,888	7,961	564	1,493	3,452	9,454
Net position						
Net investment in capital assets	92,916	89,168	128,241	124,045	221,157	213,213
Restricted	24,228	19,004	-	-	24,228	19,004
Unrestricted	4,372	(1,414)	61,915	57,071	66,287	55,657
Total net position	\$ 121,516	\$ 106,758	\$ 190,156	\$ 181,116	\$ 311,672	\$ 287,874

The largest portion of the City's net position (76.5%) 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 7.8% of the total net position) is subject to external restrictions on how it may be used. The remaining 21.2% of unrestricted net position, \$66.3 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 \$125.1 million. Total expenses, City-wide were \$101.3 million. For the total primary government, including both governmental and business-type activities, net position increased \$23.8 million. Net position for Governmental activities increased by \$14.8 million and net position for business-type activities increased by \$9.0 million in 2020.

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	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	\$ 10,964	\$ 12,503	\$ 51,801	\$ 51,358	\$ 62,765	\$ 63,861
Operating grants and contributions	6,633	6,775	659	3,283	7,292	10,058
Capital grants and contributions	5,571	4,409	905	6,411	6,476	10,820
General revenues						
Property taxes	27,800	26,591	-	-	27,800	26,591
Other taxes	9,194	8,908	-	-	9,194	8,908
Franchise fees	3,478	3,627	-	-	3,478	3,627
Intergovernmental revenues	4,209	7,149	-	-	4,209	7,149
Unrestricted investment earnings	1,965	1,979	1,818	1,825	3,783	3,804
Other	-	-	145	177	145	177
Total revenues	<u>69,814</u>	<u>71,941</u>	<u>55,328</u>	<u>63,054</u>	<u>125,142</u>	<u>134,995</u>
Expenses						
General government	10,294	10,754	-	-	10,294	10,754
Public safety	31,834	28,235	-	-	31,834	28,235
Physical and economic environment	2,898	2,920	-	-	2,898	2,920
Transportation	3,436	3,034	-	-	3,436	3,034
Cultural and recreation	8,247	8,386	-	-	8,247	8,386
Interest and fiscal charges	138	219	-	-	138	219
Water and sewer	-	-	28,064	27,588	28,064	27,588
Solid waste	-	-	6,803	6,751	6,803	6,751
Stormwater	-	-	4,951	4,341	4,951	4,341
Dock	-	-	1,782	1,995	1,782	1,995
Other	-	-	2,847	2,918	2,847	2,918
Total expenses	<u>56,847</u>	<u>53,548</u>	<u>44,447</u>	<u>43,593</u>	<u>101,294</u>	<u>97,141</u>
Increase (decrease) in net position						
before transfers	12,967	18,393	10,881	19,461	23,848	37,854
Transfers	1,841	2,020	(1,841)	(2,020)	-	-
Change in net position	<u>14,808</u>	<u>20,413</u>	<u>9,040</u>	<u>17,441</u>	<u>23,848</u>	<u>37,854</u>
Net position, beginning	<u>106,758</u>	<u>86,345</u>	<u>181,116</u>	<u>163,675</u>	<u>287,874</u>	<u>250,020</u>
Net position, ending	<u>\$ 121,566</u>	<u>\$ 106,758</u>	<u>\$ 190,156</u>	<u>\$ 181,116</u>	<u>\$ 311,722</u>	<u>\$ 287,874</u>

The total primary government revenues reported a \$9.8 million or 7.3% decrease over last year's total revenues. The total business-type activities' revenue decreased \$7.7 million including decreased revenue from operating grants, FEMA grants, and capital grants. Revenue from governmental activities show a \$2.1 million decrease. The primary reasons for the decrease in governmental activity revenue are as follows:

- A decrease in charges for service of \$1.5 million is primarily related to community service programs halted or reduced due to pandemic.
- An increase in capital grants and contributions of \$1.2 million including \$4.6 million from Collier County's One Cent Sales Tax.
- An increase in property tax revenue of \$1.2 million due to taxable value growth.
- A decrease in intergovernmental revenue of \$2.9 million include declines in revenue from sales tax, fuel tax, and state revenue sharing.

Business-type activities showed a decrease in revenues in the amount of \$7.7 million or 12.3% from 2019. The charges for services increased by \$443 thousand, operating grants (including FEMA) decreased by \$2.6 million, and capital grants and contributions decreased by \$5.5 million. Revenue in the two non-major enterprise funds (which are recreational based funds), decreased \$397 thousand due to decreased usage as result of facility closures related to the pandemic. The balance of the increase can be attributed to the three utilities, Water/Sewer, Solid Waste and Stormwater with the Water/Sewer showing the largest increase of \$821 thousand, Solid Waste increased \$86 thousand, Stormwater increased \$129 thousand while the City Dock decreased \$196 thousand from 2019 as a result of the pandemic.

The total primary government's expenses increased \$4.2 million or just over 4.3%. Governmental activities reported a 6.2% increase in expenses, with business-type activities reporting a 2.0% 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 \$56.8 million. As shown in the Statement of Activities on page 21, the net cost that was ultimately paid through taxes was \$33.7 million. The \$23.0 million of costs for governmental activities not covered by general revenues was provided by:

- \$10.9 million in charges for services, made of \$4.6 million in building/permit fees, \$602 thousand in police and fire services, \$677 thousand for recreation fees, and the balance from various fees related to transportation, economic environment and general government services.
- \$6.6 million in operating grants and contributions including \$3.7 million from Collier County's share of the Community Redevelopment tax increment financing.
- \$5.6 million in capital grants and contributions including \$4.7 million from Collier County's One Cent Sales Tax.

The total cost of all governmental activities increase of 6.1% in 2020 is the net result of increases in public safety and transportation, offset by decreases in physical and economic environment, cultural and recreation and general government (all other).

Table 3
Governmental Activities
(In Thousands)

	Total Cost of Service		Net Cost of Service	
	2020	2019	2020	2019
Public safety	\$ 31,834	28,235	25,982	21,042
Physical and economic environment	2,898	2,920	(3,312)	(4,541)
Transportation	3,436	3,034	2,948	2,624
Cultural and recreation	8,247	8,386	6,929	7,168
All others	10,432	10,973	1,132	3,568
	<u>\$ 56,847</u>	<u>53,548</u>	<u>33,679</u>	<u>29,861</u>

Business-type Activities

Revenues of the City's business-type activities (see Table 2) totaled \$55 million.

The Water and Sewer Fund represents 63% of the business-type activities' expenses. Total water and sewer operating revenues were \$821 thousand higher than last year, while corresponding operating expenses were \$476 thousand higher as well. 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 2.46% in 2019 and an additional 1.8% in 2020 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 2019, usage was back up tourism appeared to be greater than pre-Irma levels resulting in higher usage and higher revenue. The Solid Waste fees were increase 2.46% in 2019, and an additional 1.8% CPI in 2020.

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, 2020, the City's governmental funds reported combined ending fund balances of \$54.3 million, an increase of \$9.2 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 slated to begin in fiscal year 2020-2021. In 2020, approximately 30.0% of this total (or \$16.3 million) constitutes unassigned fund balance, which is available for spending at the City's discretion. This is up 29.8% (or \$3.7 million) from 2019. 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 (\$10.9 million); (2) restricted for building and zoning (\$4.3 million); (3) restricted for transportation (\$3.3 million); (4) restricted for economic development (\$4.4 million); (5) committed for City-wide emergencies (\$4.1 million); (6) assigned to meet debt service requirements (\$2.2 million); and (7) restricted for Baker Park capital construction project (\$688 thousand); (8) for a variety of other restricted (\$521 thousand).

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 \$16.3 million, while the total fund balance was \$21.6 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 37.9% of the total fiscal year 2020 General Fund expenditures, while total fund balance represents 50.3% of that same amount.

General Fund expenditures were \$1.6 million under the amended budget. Most variances in general government areas were minor and due to short periods of vacancies or minor cost under-runs in operating expenses, unspent litigation (legal services) budget, and unused contingencies. The public safety divisions came in \$601 thousand less than budget and community services was \$749 thousand less than budget. These two divisions have experienced less community events, special events, and City programs leading to these reduced expenses.

The fund balance in the General Fund increased by \$3.8 million during the fiscal year. This increase resulted from higher; property tax collections, charges for service, interest revenue, intergovernmental revenue related to IRMA. The total revenue received exceeded the estimated revenue in the budget by \$2.1 million. This increased revenue coupled with less expenditures as outlined above explain this increased fund balance.

The Debt Service Fund reports a total fund balance of \$2.2 million which is totally assigned for the payment of debt service. The increase in fund balance during the current year in the Debt Service Fund was the net effect of decreased tax revenue of \$437 thousand and offset by slight increase in debt service and decreased 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 \$3.2 million.

The Capital Projects Fund reports a total fund balance of \$4.5 million, \$3.8 million is assigned for future capital projects, and \$747 thousand is committed to existing project contractual commitments. Fund balance increased by \$298 thousand.

The fund balance in the Community Redevelopment Fund increased \$158 thousand in 2020 with an ending fund balance of \$4.4 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 \$688 thousand. This is an increase of \$436 thousand driven payment of expenses related to park's construction.

The fund balance in the Streets and Traffic Fund increased \$82 thousand in 2020 with an ending fund balance of \$3.4 million.

The combined fund balances for all governmental (major and non-major) funds increased by \$9.2 million for fiscal year 2020 or 20.3%.

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 \$45.9 million in the Water and Sewer Fund, \$2.4 million in the Solid Waste Fund, \$11.1 million in the Stormwater Fund, (\$4.1) million in the City Dock Fund, \$4.7 million in the Naples Beach Fund, and \$458 thousand in the Tennis Fund.

General Fund Budgetary Highlights

The original adopted budget for fiscal year 2019-2020 was \$44.2 million in expenditures and other financing uses and \$44.7 million in revenues and other financing sources, with the difference of \$424 thousand being a planned increase in fund balance. The amended budget for fiscal year 2019-2020 is \$44.6 million in expenditures and other financing uses, and \$44.7 million in revenues and other financing sources. The actual fiscal year 2019-2020 is \$42.9 million in expenditures and other financing uses and \$46.7 million in revenues and other financing sources, with the combined net difference of \$3.8 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 \$348,040 resulted from prior year encumbrances carryovers.

The General Fund contingency was budgeted at \$250,000. 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 \$236.4 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 \$4.5 million or 1.9% over last year.

(In Thousands)

	Governmental Activities		Business Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	\$ 16,418	16,418	3,142	3,142	19,560	19,560
Buildings	51,925	49,244	63,790	63,790	115,715	113,034
Improvements other than buildings	44,625	43,620	71,909	71,449	116,534	115,069
Infrastructure	38,248	38,064	130,702	126,457	168,950	164,521
Machinery and equipment	32,995	30,471	42,626	38,350	75,621	68,821
Construction in progress	21,893	19,729	18,881	12,491	40,774	32,220
Less accumulated depreciation	(108,325)	(101,637)	(192,207)	(179,640)	(300,532)	(281,277)
Total	\$ 97,779	95,909	138,843	136,039	236,622	231,948

This year's major additions include:

- Naples Landing Ramp and Dock \$233 thousand
- Stormwater Improvements \$3.8 million
- Water and Sewer Fund infrastructure improvement \$4.6 million
- Police Facility Generators \$358 thousand
- Police Vehicles (9) \$429 thousand
- Building Department Renovations \$2.1 million
- Outdoor fitness equipment \$200 thousand

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 4(D) to the financial statements.

Debt Outstanding

As of September 30, 2020, the City had \$15.6 million in debt (bonds, notes, etc.) outstanding compared to \$18.9 million in 2018, a \$3.3 million decrease. This decrease is the result of regular amortization in accordance with the payment schedules.

Table 5
Outstanding Debt at Year-end

	2020	2019
Governmental		
General obligation bonds	-	-
Capital improvement revenue note	\$ 2,749,070	3,052,626
Capital improvement refunding revenue note	2,176,000	3,801,000
Unamortized discount	-	-
Subtotal	4,925,070	6,853,626
Business-type		
Public Utilities refunding revenue bonds	10,658,217	12,056,724
Capital improvement refunding revenue note	-	-
Subtotal	10,658,217	12,056,724
Total	\$ 15,583,287	18,910,350

Additional information regarding the City's outstanding debt is included in the Note 4(G) to the financial statements.

Economic Factors and Next Year Budget and Rates

In September 2020, the City Council approved a \$165.8 million budget for fiscal year 2020-2021, approximately \$13.3 million more than the fiscal year 2019-2020 budget. The budget includes \$102.9 million for operations and transfers, \$4.6 million for debt service, and \$58.3 million for capital improvements.

The adopted fiscal year 2020-21 budget continues the City's fiscally conservative approach to budget development, while providing quality services to the citizens.

The budget for fiscal year 2020-2021 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: \$13.7 million appropriated for the construction of the phase I water outfall project, \$3.5 million for citywide lake management and restoration improvements; \$1.1 million in basin drainage improvement and assessments; \$1.0 million in citywide stormwater improvement; and \$600 thousand to design the phase II water outfall project. Water and Sewer infrastructure, equipment, and facilities improvements budgeted include: \$6.1 million in wastewater collections improvements; \$3.2 million in water production improvements; \$3.9 million in water distribution improvements; \$1.4 million in utilities maintenance improvements; and \$1.0 million wastewater treatment improvements.

The City's 2020-2021 General Fund budget was balanced using a millage rate of 1.1500. The 2020 millage rate was reduced from the 1.1800 millage rate in 2019. The City had a millage rate of 1.1800 in both 2018 and 2019. In 2017 and 2016 millage rate was 1.1500, prior to 2016 the millage rate had remained constant at 1.1800 since 2009-2010. 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 2020-2021.

- The City showed the eighth consecutive year of increase in taxable value (after four consecutive years of decline) as values increased 5.4% over fiscal year 2019-2020 to \$25.4 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, 2020. The fiscal year 2020-2021 budget included estimated raises of 2.5%. The City and the unions agreed on a one-year extension of existing contracts with a 2.0% raise in November 2020 retroactive to October 1, 2020.
- Health insurance benefits increase 5%. The City increased health insurance rates by 20% in fiscal year 2019-2020. 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 ten positions over fiscal year 2019-2020. There is one debt issuance included in the original budget for fiscal year 2020-2021. City finance staff, at the request of Council, has engaged both Bond Council and Financial Advisors to provide an analysis on the possibility of issuing taxable pension bonds for the purpose of reducing the City's unfunded pension obligations. The City will be exploring financing at a Council workshop slated for April 2021.
- City Council's continued emphasis on water and water quality initiatives is reflected in the budget as well. The budget includes \$20 million for stormwater infrastructure and related lake cleanup, \$15.6 million for water infrastructure and equipment, \$1.4 million in street and traffic improvements, \$1.0 million to police facility operations and equipment, \$1.0 million to fire facility operations and equipment, \$450 thousand to tree fill-in and landscape median restoration, \$250 thousand to Anthony Park improvement, \$230 thousand

to River Park improvements, \$75 thousand to Norris Center improvements and \$70 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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 67,538,052	57,561,427	125,099,479
Restricted cash and investments	-	301,130	301,130
Receivables (net, where applicable, of allowance for uncollectible)	2,417,931	11,878,398	14,296,329
Accrued interest	263,857	148,901	412,758
Internal balances	(540,752)	540,752	-
Due from other governments	2,663,195	888,792	3,551,987
Inventories	85,000	1,014,387	1,099,387
Prepaid items	66,124	-	66,124
Capital assets not being depreciated	38,311,552	22,022,683	60,334,235
Capital assets, net of accumulated depreciation	59,466,985	116,820,240	176,287,225
Total assets	170,271,944	211,176,710	381,448,654
Deferred Outflows of Resources			
Deferred outflows - pensions	10,943,402	834,029	11,777,431
Deferred outflows - OPEB	799,079	359,006	1,158,085
Deferred charge on refunding	62,872	55,803	118,675
Total deferred outflows of resources	11,805,353	1,248,838	13,054,191
Liabilities			
Accounts payable and other current liabilities	\$ 6,410,514	3,923,525	10,334,039
Due to other governments	7,674	1,332,169	1,339,843
Unearned revenue	172,544	29,607	202,151
Accrued interest payable	22,185	38,225	60,410
Customer deposits	291,556	91,792	383,348
Noncurrent liabilities			
Due within one year	3,820,148	1,750,471	5,570,619
Due in more than one year	46,948,923	14,539,773	61,488,696
Total liabilities	57,673,544	21,705,562	79,379,106
Deferred Inflows of Resources			
Deferred inflows - pensions	2,773,183	512,657	3,285,840
Deferred inflows - OPEB	114,738	51,548	166,286
Total deferred inflows of resources	2,887,921	564,205	3,452,126
Net Position			
Net investment in capital assets	92,916,339	128,240,509	221,156,848
Restricted for			
Building and zoning	4,044,004	-	4,044,004
Capital projects	11,637,199	-	11,637,199
Streets and infrastructure	3,318,413	-	3,318,413
Economic development	4,434,070	-	4,434,070
Police programs	272,617	-	272,617
Culture and recreation improvements	521,410	-	521,410
Unrestricted	4,371,780	61,915,272	66,287,052
Total net position	\$ 121,515,832	190,155,781	311,671,613

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

CITY OF NAPLES, FLORIDA

Statement of Activities

Year Ended September 30, 2020

	Expenses	Indirect Expenses Allocation
Functions/programs		
Governmental activities		
General government	\$ 13,438,507	(3,145,350)
Public safety	31,461,655	372,370
Physical and economic environment	2,766,546	130,680
Transportation	3,333,090	103,300
Culture and recreation	8,247,158	-
Interest	188,520	-
Total governmental activities	<u>59,435,476</u>	<u>(2,539,000)</u>
Business-type activities		
Water and sewer	26,391,204	1,672,410
Solid waste	6,427,655	375,630
Stormwater	4,758,033	192,540
Dock	1,709,855	72,460
Beach	1,981,068	177,010
Tennis	640,429	48,950
Total business-type activities	<u>41,908,244</u>	<u>2,539,000</u>
Total primary government	<u><u>\$ 101,343,720</u></u>	<u><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
4,246,518	386,264	4,665,565	(994,810)	-	(994,810)
5,835,585	-	16,926	(25,981,514)	-	(25,981,514)
108,160	5,891,108	247,697	3,349,739	-	3,349,739
96,328	392,193	-	(2,947,869)	-	(2,947,869)
677,172	-	641,022	(6,928,964)	-	(6,928,964)
-	-	-	(188,520)	-	(188,520)
10,963,763	6,669,565	5,571,210	(33,691,938)	-	(33,691,938)
34,469,021	5,000	829,714	-	7,240,121	7,240,121
7,471,244	-	-	-	667,959	667,959
5,209,739	75,000	75,000	-	409,166	409,166
1,951,195	-	-	-	168,880	168,880
2,029,205	579,277	-	-	450,404	450,404
670,626	-	-	-	(18,753)	(18,753)
51,801,030	659,277	904,714	-	8,917,777	8,917,777
62,764,793	7,328,842	6,475,924	(33,691,938)	8,917,777	(24,774,161)
General revenues					
Property taxes			27,799,671	-	27,799,671
Local communication and utility taxes			6,252,727	-	6,252,727
Insurance premium tax			1,390,934	-	1,390,934
Motor fuel taxes			1,284,751	-	1,284,751
Business tax			265,390	-	265,390
Franchise fees			3,478,434	-	3,478,434
Intergovernmental revenues-unrestricted			4,209,062	-	4,209,062
Unrestricted investment earnings			1,927,928	1,817,706	3,745,634
Gain on sale of capital assets			22	144,853	144,875
Transfers			1,841,309	(1,841,309)	-
Total general revenues and transfers			48,450,228	121,250	48,571,478
Change in net position			14,758,290	9,039,027	23,797,317
Net position, beginning			106,757,542	181,116,754	287,874,296
Net position, ending			\$ 121,515,832	190,155,781	311,671,613

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

CITY OF NAPLES, FLORIDA

Balance Sheet
Governmental Funds
September 30, 2020

	General Fund	Debt Service Fund	Capital Projects Fund
Assets			
Cash and investments	\$ 21,502,622	1,854,876	4,754,955
Receivables (net, where applicable, of allowance for uncollectible)			
Accounts	795,149	-	570,371
Utility taxes	-	294,703	-
Accrued interest	115,007	1,865	31,708
Due from other funds	58,700	-	-
Advances due from other funds	881,250	-	-
Due from other governments	2,233,918	-	-
Inventories	-	-	-
Prepaid items	16,124	-	-
Total assets	<u>\$ 25,602,770</u>	<u>2,151,444</u>	<u>5,357,034</u>
Liabilities			
Accounts payable	\$ 2,365,167	-	325,238
Accrued payroll	1,485,830	-	-
Due to other governments	7,674	-	-
Unearned revenue	171,978	-	-
Customer deposits	-	-	-
Total liabilities	<u>4,030,649</u>	<u>-</u>	<u>325,238</u>
Deferred inflows of resources			
Unavailable revenue	<u>8,936</u>	<u>-</u>	<u>504,952</u>
Fund balances			
Nonspendable	897,374	-	-
Restricted	-	-	-
Committed	4,164,759	-	746,982
Assigned	238,334	2,151,444	3,779,862
Unassigned	16,262,718	-	-
Total fund balances	<u>21,563,185</u>	<u>2,151,444</u>	<u>4,526,844</u>
Total liabilities, deferred inflows of resources and fund balances	<u>25,602,770</u>	<u>2,151,444</u>	<u>5,357,034</u>

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

Community Redevelopment Fund	Baker Park Fund	Streets and Traffic Fund	Other Nonmajor Governmental Funds	Total
5,433,781	680,294	3,951,957	17,695,547	55,874,032
-	10,000	-	1,815	1,377,335
-	-	-	-	294,703
17,499	9,662	14,257	37,702	227,700
-	-	-	-	58,700
-	-	-	-	881,250
-	-	30,000	398,531	2,662,449
-	-	15,035	-	15,035
-	-	-	-	16,124
<u>5,451,280</u>	<u>699,956</u>	<u>4,011,249</u>	<u>18,133,595</u>	<u>61,407,328</u>
987,735	11,537	642,324	100,409	4,432,410
29,475	-	35,477	148,649	1,699,431
-	-	-	-	7,674
-	-	-	-	171,978
-	-	-	291,556	291,556
<u>1,017,210</u>	<u>11,537</u>	<u>677,801</u>	<u>540,614</u>	<u>6,603,049</u>
-	-	-	-	513,888
-	-	15,035	-	912,409
4,434,070	688,419	3,318,413	15,786,811	24,227,713
-	-	-	1,701,486	6,613,227
-	-	-	104,684	6,274,324
-	-	-	-	16,262,718
<u>4,434,070</u>	<u>688,419</u>	<u>3,333,448</u>	<u>17,592,981</u>	<u>54,290,391</u>
<u>5,451,280</u>	<u>699,956</u>	<u>4,011,249</u>	<u>18,133,595</u>	<u>61,407,328</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, 2020

Total fund balances governmental funds (page 23)	\$ 54,290,391
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 (\$97,778,537) less amounts included in the internal service funds (\$858,393).	96,920,144
Some deferred inflows of resources are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	513,888
The deferred charge on refunding is not a financial resource and, therefore, is not reported in the governmental funds.	62,872
Accrued interest on long-term debt is not due and payable in the current period and, therefore, is not reported in the funds.	(22,185)
Deferred outflows (\$10,943,402), deferred inflows (\$2,773,183), and the net pension liability (\$35,282,902) related to the City's pension plans less amounts reported in the internal service funds (\$285,961) are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.	(26,826,722)
Deferred outflows (\$799,079), deferred inflows (\$114,738), and the total OPEB liability (\$3,976,890) related to the City's other post-employment benefit plan less amounts reported in the internal service funds (\$190,872) are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.	(3,101,677)
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 (\$11,509,279) less the amounts reported in the internal service funds (\$3,606,921) for compensated absences, and insurance claims payable.	(7,902,358)
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.	7,581,479
Net position of governmental activities (page 20)	<u>\$ 121,515,832</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, 2020

	General Fund	Debt Service Fund	Capital Projects Fund
Revenues			
Taxes	\$ 28,751,505	4,480,243	-
Permits, fees and assessments	3,655,521	-	147,697
Intergovernmental	5,489,062	-	-
Charges for services	1,658,982	-	-
Charges to other funds	3,796,820	-	-
Fines and forfeitures	355,413	-	-
Interest	763,374	58,378	147,064
Donations	800	-	-
Miscellaneous	208,854	-	-
Total revenues	<u>44,680,331</u>	<u>4,538,621</u>	<u>294,761</u>
Expenditures			
Current			
General government	10,946,717	40,530	73,630
Public safety	25,236,800	-	-
Physical and economic environment	-	-	-
Transportation	-	-	-
Culture and recreation	6,504,370	-	-
Capital outlay			
General government	138,324	-	369,516
Public safety	60,180	-	1,196,207
Physical and economic environment	-	-	-
Transportation	-	-	4,414
Culture and recreation	20,183	-	1,640,079
Debt service			
Principal	-	1,928,556	-
Interest and fiscal charges	-	141,522	-
Total expenditures	<u>42,906,574</u>	<u>2,110,608</u>	<u>3,283,846</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,773,757</u>	<u>2,428,013</u>	<u>(2,989,085)</u>
Other financing sources (uses)			
Transfers in	2,067,600	990,669	3,251,083
Transfers out	(47,500)	(3,200,000)	-
Proceeds from sale of capital assets	267	-	35,932
Total other financing sources (uses)	<u>2,020,367</u>	<u>(2,209,331)</u>	<u>3,287,015</u>
Change in fund balances	<u>3,794,124</u>	<u>218,682</u>	<u>297,930</u>
Fund balances, beginning of year	<u>17,769,061</u>	<u>1,932,762</u>	<u>4,228,914</u>
Fund balances, end of year	<u>\$ 21,563,185</u>	<u>2,151,444</u>	<u>4,526,844</u>

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

Community Redevelopment Fund	Baker Park Fund	Streets and Traffic Fund	Other Nonmajor Governmental Funds	Total
1,228,623	-	2,173,751	359,351	36,993,473
-	-	280,400	5,261,360	9,344,978
3,711,379	-	612,193	5,014,182	14,826,816
-	-	-	108,160	1,767,142
-	-	-	-	3,796,820
-	-	-	11,700	367,113
180,743	15,079	119,014	332,927	1,616,579
-	623,801	-	136,847	761,448
-	-	604	8,719	218,177
<u>5,120,745</u>	<u>638,880</u>	<u>3,185,962</u>	<u>11,233,246</u>	<u>69,692,546</u>
-	-	-	19,056	11,079,933
-	-	-	4,551,082	29,787,882
1,190,477	-	-	674,259	1,864,736
-	-	2,604,544	-	2,604,544
-	-	-	48,163	6,552,533
-	-	-	102,354	610,194
-	-	-	1,159,119	2,415,506
2,781,566	202,745	-	233,397	3,217,708
-	-	568,954	39,640	613,008
-	-	-	96,731	1,756,993
-	-	-	-	1,928,556
-	-	-	-	141,522
<u>3,972,043</u>	<u>202,745</u>	<u>3,173,498</u>	<u>6,923,801</u>	<u>62,573,115</u>
<u>1,148,702</u>	<u>436,135</u>	<u>12,464</u>	<u>4,309,445</u>	<u>7,119,431</u>
-	-	-	-	6,309,352
(990,669)	-	-	(51,083)	(4,289,252)
-	-	-	-	36,199
<u>(990,669)</u>	<u>-</u>	<u>-</u>	<u>(51,083)</u>	<u>2,056,299</u>
158,033	436,135	12,464	4,258,362	9,175,730
<u>4,276,037</u>	<u>252,284</u>	<u>3,320,984</u>	<u>13,334,619</u>	<u>45,114,661</u>
<u>4,434,070</u>	<u>688,419</u>	<u>3,333,448</u>	<u>17,592,981</u>	<u>54,290,391</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, 2020

Net change in fund balances—total governmental funds (page 27)	\$ 9,175,730
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	1,787,481
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.	1,928,556
Some revenues reported in the Statement of Activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds.	(227,422)
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.	592,598
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.	1,501,347
Change in net position of governmental activities (page 21)	<u>\$ 14,758,290</u>

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, 2020

	Assets	Business-type Activities—Enterprise Funds			
		Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	City Dock Fund
Current assets					
Cash and investments		\$ 38,407,380	2,423,511	10,114,849	970,248
Restricted cash and investments		301,130	-	-	-
Receivables (net, where applicable, of allowance for uncollectible)					
Accounts		6,017,685	987,845	727,285	19,943
Special assessments		4,118,464	-	-	-
Accrued interest		90,667	8,922	31,488	2,370
Advances due from other funds		2,812,500	-	881,250	-
Due from other governments		536,268	-	128,484	-
Due from other funds		187,600	-	58,700	-
Prepaid items		-	-	-	-
Inventories		1,008,508	-	-	4,621
Total current assets		<u>53,480,202</u>	<u>3,420,278</u>	<u>11,942,056</u>	<u>997,182</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		53,082,458	4,511,402	-	6,869,536
Infrastructure		91,716,973	-	38,983,996	-
Equipment		33,723,263	5,553,487	1,311,685	248,192
Accumulated depreciation		(151,342,412)	(6,846,797)	(23,571,131)	(1,544,049)
Construction in progress		15,247,148	-	3,517,389	-
Net capital assets		<u>105,462,738</u>	<u>4,891,935</u>	<u>20,476,805</u>	<u>5,573,679</u>
Total assets		<u>158,942,940</u>	<u>8,312,213</u>	<u>32,418,861</u>	<u>6,570,861</u>
Deferred Outflow of Resources					
Deferred outflows - pensions		530,038	123,362	79,598	19,026
Deferred outflows - OPEB		243,198	57,904	23,162	5,790
Deferred charge on refunding		55,803	-	-	-
Total deferred outflows of resources		<u>829,039</u>	<u>181,266</u>	<u>102,760</u>	<u>24,816</u>

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

Nonmajor Funds	Total	Governmental Activities– Internal Service Funds
5,645,439	57,561,427	11,664,020
-	301,130	-
7,176	7,759,934	745,893
-	4,118,464	-
15,454	148,901	36,157
-	3,693,750	-
224,040	888,792	746
-	246,300	-
-	-	50,000
1,258	1,014,387	69,965
5,893,367	75,733,085	12,566,781
-	3,141,603	-
1,988,012	63,790,426	846,944
7,446,024	71,909,420	-
-	130,700,969	-
1,789,758	42,626,385	4,018,101
(8,902,571)	(192,206,960)	(4,006,652)
116,543	18,881,080	-
2,437,766	138,842,923	858,393
8,331,133	214,576,008	13,425,174
82,005	834,029	97,094
28,952	359,006	46,323
-	55,803	-
110,957	1,248,838	143,417

(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, 2020

Liabilities	Business-type Activities—Enterprise Funds			
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	City Dock Fund
Current liabilities				
Accounts payable	\$ 2,530,064	217,663	374,722	21,751
Accrued payroll	383,000	88,243	58,812	15,997
Due to other funds	-	-	-	305,000
Due to other governments	1,332,169	-	-	-
Unearned revenue	17,237	-	-	1,802
Accrued interest payable	37,901	-	324	-
Current portion of compensated absences	180,000	63,000	36,000	5,000
Current maturities of long-term debt	1,217,239	-	238,232	-
Insurance claims payable	-	-	-	-
Total payable from current assets	<u>5,697,610</u>	<u>368,906</u>	<u>708,090</u>	<u>349,550</u>
Current liabilities (payable from restricted assets)				
Customer deposits	17,211	-	-	74,581
Total current liabilities	<u>5,714,821</u>	<u>368,906</u>	<u>708,090</u>	<u>424,131</u>
Noncurrent liabilities				
Due in more than one year				
Revenue bonds payable, net of unamortized discounts and premiums	9,202,746	-	-	-
Compensated absences	520,996	94,796	57,593	5,054
Advances due to other funds	-	-	-	4,575,000
Net pension liability	1,765,328	410,864	265,105	63,367
Other post-employment benefits	1,210,358	288,181	115,272	28,818
Insurance claims payable	-	-	-	-
Total noncurrent liabilities	<u>12,699,428</u>	<u>793,841</u>	<u>437,970</u>	<u>4,672,239</u>
Total liabilities	<u>18,414,249</u>	<u>1,162,747</u>	<u>1,146,060</u>	<u>5,096,370</u>
Deferred Inflows of Resources				
Deferred inflows - pension	325,802	75,827	48,927	11,695
Deferred inflows - OPEB	34,920	8,314	3,326	831
Total deferred inflows of resources	<u>360,722</u>	<u>84,141</u>	<u>52,253</u>	<u>12,526</u>
Net Position				
Net investment in capital assets	95,098,556	4,891,935	20,238,573	5,573,679
Restricted for flexible benefits	-	-	-	-
Unrestricted	45,898,452	2,354,656	11,084,735	(4,086,898)
Net position of business-type activities	<u>\$ 140,997,008</u>	<u>7,246,591</u>	<u>31,323,308</u>	<u>1,486,781</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
176,310	3,320,510	209,116
56,963	603,015	69,557
-	305,000	-
-	1,332,169	-
10,568	29,607	566
-	38,225	-
11,000	295,000	19,000
-	1,455,471	-
-	-	998,244
<u>254,841</u>	<u>7,378,997</u>	<u>1,296,483</u>
-	91,792	-
<u>254,841</u>	<u>7,470,789</u>	<u>1,296,483</u>
-	9,202,746	-
94,082	772,521	128,877
-	4,575,000	-
273,123	2,777,787	323,375
144,090	1,786,719	230,544
-	-	2,460,800
<u>511,295</u>	<u>19,114,773</u>	<u>3,143,596</u>
<u>766,136</u>	<u>26,585,562</u>	<u>4,440,079</u>
50,406	512,657	59,680
4,157	51,548	6,651
<u>54,563</u>	<u>564,205</u>	<u>66,331</u>
2,437,766	128,240,509	858,393
-	-	375,785
5,183,625	60,434,570	7,828,003
<u>7,621,391</u>	<u>188,675,079</u>	<u>9,062,181</u>
	<u>1,480,702</u>	
	<u>\$ 190,155,781</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, 2020

	Business-type Activities—Enterprise Funds			
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	City Dock Fund
Operating revenues				
Charges for services				
Water revenues	\$ 18,498,115	-	-	-
Sewer revenues	15,706,602	-	-	-
Intergovernmental	5,000	-	75,000	-
Other	264,304	7,471,244	5,209,739	1,951,195
Total operating revenues	<u>34,474,021</u>	<u>7,471,244</u>	<u>5,284,739</u>	<u>1,951,195</u>
Operating expenses				
Personal services	7,719,464	1,776,670	1,089,613	242,361
Supplies, services and claims	4,654,596	4,019,294	1,013,373	992,123
Materials	2,452,468	-	-	-
Utilities	1,724,079	9,596	36,189	84,046
Depreciation and amortization	9,294,618	623,627	2,568,459	311,089
General administration	1,672,410	375,630	192,540	72,460
Other	420,737	28,102	52,574	-
Total operating expenses	<u>27,938,372</u>	<u>6,832,919</u>	<u>4,952,748</u>	<u>1,702,079</u>
Operating income	<u>6,535,649</u>	<u>638,325</u>	<u>331,991</u>	<u>249,116</u>
Nonoperating revenues (expenses)				
Nonoperating grants	-	-	-	-
Interest income	1,240,816	67,526	305,927	39,128
Interest expense	(288,935)	-	(5,647)	(90,585)
Gain on sale of capital assets	76,136	30,429	29,600	4,150
Total nonoperating revenues (expenses)	<u>1,028,017</u>	<u>97,955</u>	<u>329,880</u>	<u>(47,307)</u>
Income before contributions and transfers	7,563,666	736,280	661,871	201,809
Capital contributions	829,714	178,791	75,000	-
Transfers in	-	-	-	-
Transfers out	(1,722,000)	(345,600)	-	-
Change in net position	<u>6,671,380</u>	<u>569,471</u>	<u>736,871</u>	<u>201,809</u>
Net position, beginning of year	134,325,628	6,677,120	30,586,437	1,284,972
Net position, end of year	<u>\$ 140,997,008</u>	<u>7,246,591</u>	<u>31,323,308</u>	<u>1,486,781</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.

Nonmajor Funds	Totals	Governmental Activities– Internal Service Funds
-	18,498,115	-
-	15,706,602	-
23,750	103,750	-
2,676,081	17,572,563	15,103,168
2,699,831	51,881,030	15,103,168
1,211,719	12,039,827	1,324,484
884,790	11,564,176	11,622,052
-	2,452,468	-
125,436	1,979,346	26,427
497,299	13,295,092	319,550
225,960	2,539,000	431,480
76,621	578,034	4,863
3,021,825	44,447,943	13,728,856
(321,994)	7,433,087	1,374,312
579,277	579,277	-
164,309	1,817,706	348,311
164,568	(220,599)	-
4,538	144,853	22
912,692	2,321,237	348,333
590,698	9,754,324	1,722,645
-	1,083,505	-
47,500	47,500	-
-	(2,067,600)	-
638,198	8,817,729	1,722,645
6,983,193		7,339,536
7,621,391		9,062,181
	221,298	
	<u>\$ 9,039,027</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, 2020

	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	\$ 34,698,508	7,517,818	6,732,927	1,941,341
Cash payments to suppliers	(9,427,771)	(4,088,225)	(1,504,600)	(1,092,091)
Cash payments to employees for services	(7,852,013)	(1,818,672)	(1,092,032)	(72,460)
Cash payments for interfund services	(1,672,410)	(375,630)	(192,540)	(246,534)
Net cash provided by operating activities	<u>15,746,314</u>	<u>1,235,291</u>	<u>3,943,755</u>	<u>530,256</u>
Cash flows from noncapital financing activities				
Transfers in (out)	(1,722,000)	(345,600)	-	-
Loans/advances and repayments from other funds	375,200	-	117,400	(610,000)
Nonoperating grants	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>(1,346,800)</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	(1,163,474)	-	(235,033)	-
Interest paid on long-term debt	(274,952)	-	(5,966)	(90,585)
Capital contributions	829,714	-	75,000	-
Proceeds from sale of capital assets	145,060	30,429	29,600	4,150
Acquisition and construction of capital assets	(12,724,286)	(359,085)	(2,382,907)	-
Net cash used in capital and related financing activities	<u>(13,187,938)</u>	<u>(328,656)</u>	<u>(2,519,306)</u>	<u>(86,435)</u>
Cash flows from investing activities				
Interest and investment earnings	<u>1,250,009</u>	<u>68,207</u>	<u>308,301</u>	<u>39,481</u>
Net cash provided by investing activities	<u>1,250,009</u>	<u>68,207</u>	<u>308,301</u>	<u>39,481</u>
Net change in cash and cash equivalents	2,461,585	629,242	1,850,150	(126,698)
Cash and cash equivalents, beginning of year	<u>36,246,925</u>	<u>1,794,269</u>	<u>8,264,699</u>	<u>1,096,946</u>
Cash and cash equivalents, end of year	<u><u>\$ 38,708,510</u></u>	<u><u>2,423,511</u></u>	<u><u>10,114,849</u></u>	<u><u>970,248</u></u>
Reconciliation of operating income to net cash provided				
by operating activities				
Operating income	\$ 6,535,649	638,325	331,991	249,116
Adjustments to reconcile operating income to net cash				
provided by operating activities				
Depreciation and amortization	9,294,618	623,627	2,568,459	311,089
Changes in assets - (increase) decrease				
Accounts receivable, net	(70,939)	(2,574)	62,168	(9,038)
Miscellaneous receivables	-	-	-	-
Due from other governments	295,426	49,148	1,386,020	-
Inventories	(45,910)	-	-	959
Decrease in prepaid items	-	-	-	-
Deferred outflows	(163,887)	(36,103)	(17,355)	(4,025)
Changes in liabilities - increase (decrease)				
Accounts payable	(248,854)	(31,233)	(402,464)	(16,881)
Accrued payroll	82,612	20,417	12,400	4,487
Due to other governments	118,873	-	-	-
Unearned revenue	-	-	-	734
Customer deposits	-	-	-	(1,550)
Insurance claims payable	-	-	-	-
Deferred inflows	(607,150)	(146,440)	(86,149)	(21,129)
Net pension liability	210,824	40,517	39,400	8,530
Total OPEB liability	255,880	60,924	24,369	6,093
Compensated absences	89,172	18,683	24,916	1,871
Net cash provided by operating activities	<u><u>\$ 15,746,314</u></u>	<u><u>1,235,291</u></u>	<u><u>3,943,755</u></u>	<u><u>530,256</u></u>
Noncash investing, capital, and financing activities				
Capital asset contribution from other funds	<u>\$ -</u>	<u>178,791</u>	<u>-</u>	<u>-</u>
Amortization of loss on revenue refunding bonds	<u><u>\$ 7,440</u></u>	<u><u>-</u></u>	<u><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
2,701,615	53,592,209	14,383,716
(1,190,022)	(17,302,709)	(11,789,354)
(985,938)	(11,821,115)	(863,623)
(417,719)	(2,904,833)	(921,988)
107,936	21,563,552	808,751
47,500	(2,020,100)	-
-	(117,400)	-
579,277	579,277	-
626,777	(1,558,223)	-
-	(1,398,507)	-
-	(371,503)	-
164,568	1,069,282	-
4,538	213,777	22
(515,550)	(15,981,828)	(401,895)
(346,444)	(16,468,779)	(401,873)
165,459	1,831,457	349,493
165,459	1,831,457	349,493
553,728	5,368,007	756,371
5,091,711	52,494,550	10,907,649
5,645,439	57,862,557	11,664,020
(321,994)	7,433,087	1,374,312
497,299	13,295,092	319,550
231,278	210,895	-
-	-	(745,174)
(193,275)	1,537,319	25,722
1,136	(43,815)	5,675
-	-	5,617
(34,173)	(255,543)	(27,789)
88,964	(610,468)	48,271
16,319	136,235	11,241
-	118,873	-
(229,494)	(228,760)	-
-	(1,550)	-
-	-	(195,575)
(67,823)	(928,691)	(117,283)
76,028	375,299	28,528
30,462	377,728	48,739
13,209	147,851	26,917
107,936	21,563,552	808,751
-	178,791	-
-	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, 2020

	Pension Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 4,382,116	137
Contributions receivable	2,490,284	-
Investments, at fair value		
U.S. Treasury securities	8,675,566	-
U.S. Government agency securities	127,317	-
Municipal obligations	41,691	-
Asset-backed securities	6,641,007	-
Corporate bonds	13,511,369	-
Common stock/equity funds	110,423,577	-
Real estate investment trusts	14,395,810	-
Mutual funds	13,112,830	-
Alternative investments	17,015,876	-
Total investments	183,945,043	-
Total assets	190,817,443	137
Liabilities		
Accounts payable	45,480	137
Total liabilities	45,480	137
Net position		
Restricted for pension benefits	\$ 190,771,963	-

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, 2020

	Pension Trust Funds
Additions	
Contributions	
Employee contributions	\$ 1,540,920
Employer contributions	6,713,880
State contributions	1,390,934
Total contributions	<u>9,645,734</u>
Investment earnings	
Interest and dividend income	3,814,495
Net change in fair value of investments	5,458,219
Less investment expense	<u>(870,533)</u>
Net investment earnings	<u>8,402,181</u>
Total additions	<u>18,047,915</u>
Deductions	
Benefits paid	11,514,044
Refunds of contributions	755,366
General administration	408,679
Total deductions	<u>12,678,089</u>
Change in net position	<u>5,369,826</u>
Net position, restricted for pension benefits	
Beginning of year	185,402,137
End of year	<u><u>\$ 190,771,963</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, 2020

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 are not prepared.

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 CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

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

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 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.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

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

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.

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, and account for the activities of the City's internal payroll clearing account.

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 CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

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

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.

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.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

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

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.

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

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

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

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.

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.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

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

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.

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.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

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

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.

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 \$3,796,820 for fiscal year 2020, and included \$2,539,000 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.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

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

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 actuarial 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 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 actuarial 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.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental funds balance sheet includes reconciliation between *total fund balances—governmental funds and net position—governmental activities* as reported in the government-wide Statement of Net Position.

One element of that reconciliation explains that “long-term liabilities, including bonds payable, compensated absences, and other post-employment benefits are not due and payable in the current period, and therefore are not reported in the funds.” The details of this difference are as follows:

Debt payable	\$ (4,925,070)
Compensated absences	<u>(2,977,288)</u>
Net adjustment to reduce total fund balance—governmental funds to arrive at net position—governmental activities.	<u>\$ (7,902,358)</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between the *net change in fund balances—total governmental funds and change in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “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.” The details of this difference are as follows:

Capital outlay	\$ 8,276,731
Depreciation expense	<u>(6,489,250)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities.	<u>\$ 1,787,481</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Another element of that reconciliation states that “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.” The details of this difference are as follows:

Change in	
Compensated absences	\$ (373,764)
Deferred outflows - pensions	2,413,353
Deferred outflows - OPEB	562,578
Accrued interest	3,299
Net pension liability	(6,125,872)
Total OPEB liability	(792,011)
Deferred charge on refunding	(50,297)
Deferred inflows - pensions	4,931,593
Deferred inflows - OPEB	<u>23,719</u>
Net adjustment to increase net change in fund balances– total governmental funds to arrive at change in net position of governmental activities.	<u>\$ 592,598</u>

NOTE 3 – 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, 2020

NOTE 3 – 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	\$ 337,465
Capital Projects Fund	292,590
Community Redevelopment Fund	13,625
Streets and Traffic Fund	397,287
Nonmajor governmental funds	30
Internal service funds	34,198
Business-type activities	
Water and Sewer Fund	6,527,870
Solid Waste Fund	117,221
Stormwater Fund	7,618
City Dock	678,015
Nonmajor Business-type funds	4,157
	<u>\$ 8,410,076</u>

NOTE 4 – 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 \$12,749,738.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Investment Portfolios

Investment holdings consist of a \$112,650,871 General Investment Portfolio and a \$188,327,159 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, 2020, 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	Aaa	\$ 33,934,049	6,459,251	27,474,798
U.S. Government agency securities	Aaa	49,412,329	10,759,903	38,652,426
Corporate bonds	Aaa..Aa2	17,293,841	1,010,180	16,283,661
Money market fund	Aaa..Aa2	304,361	304,361	-
State investment pool	AAAm	11,706,291	11,706,291	-
Total investments		<u>\$ 112,650,871</u>	<u>30,239,986</u>	<u>82,410,885</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – 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	Aaa	\$ 8,675,566	-	7,024,725	1,650,841	-
U.S. Government agency securities	Aaa..A3	127,317	1,016	387	742	125,172
Municipal obligations	Aaa	41,691	-	41,691	-	-
Asset-backed securities	Aaa..Baa3	6,641,007	378,270	2,787,209	487,995	2,987,533
Corporate bonds	Aaa..Ba3	13,511,369	1,666,301	6,119,221	4,741,421	984,426
		28,996,950	<u>\$ 2,045,587</u>	<u>15,973,233</u>	<u>6,880,999</u>	<u>4,097,131</u>
Common stock/equity funds	Not rated	110,423,577				
Real estate investment trusts	Not rated	14,395,810				
Mutual funds	Not rated	13,112,830				
Alternative investments	Not rated	17,015,876				
Total investments		<u>\$ 183,945,043</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, 2020:

General Investment Portfolio

Investment Type	Fair Value	Level 1	Level 2
U.S. Treasury securities	\$ 33,934,049	33,934,049	-
U.S. Government agency securities	49,412,329	-	49,412,329
Corporate bonds	17,293,841	-	17,293,841
Investments Exempt from Level Disclosure:			
Money market fund	304,361	-	-
State investment pool	11,706,291	-	-
Total investments	<u>\$ 112,650,871</u>	<u>33,934,049</u>	<u>66,706,170</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – 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.S. Treasury securities	\$ 8,675,566	8,675,566	-
U.S. Government agency securities	127,317	-	127,317
Municipal obligations	41,691	-	41,691
Asset-backed securities	6,641,007	-	6,641,007
Corporate bonds	13,511,369	-	13,511,369
Common stock/equity funds	110,423,577	108,637,468	1,786,109
Mutual funds	13,112,830	13,112,830	-
Total by fair value level	<u>152,533,357</u>	<u>\$ 130,425,864</u>	<u>22,107,493</u>
Investments Measured at NAV:			
Real estate trust funds	14,395,810		
Alternative investments	17,015,876		
Total measured at fair value	<u>\$ 183,945,043</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, 2020

NOTE 4 – 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, 2020, 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.

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.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

As of September 30, 2020, the City's General Investment Portfolio had the following issuer concentration based on fair value:

General Concentration

Issuer	Fair Value	Percentage of Portfolio
Cash	\$ 12,749,738	10.17%
Money Market	304,361	0.24%
State investment pool	11,706,291	9.34%
United States Treasury securities	33,934,049	27.06%
United States Agency securities	49,412,329	39.40%
Corporate bonds	17,293,841	13.79%
Total	<u>\$ 125,400,609</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.

As of September 30, 2020, the City's Pension Portfolio had the following issuer concentration based on fair value:

Pension Concentration

Issuer	Fair Value	Percentage of Portfolio
Cash	\$ 16,650	0.01%
Money Market	4,365,466	2.32%
U.S. Treasury securities	8,675,566	4.61%
U.S. Government agency securities	127,317	0.07%
Municipal obligations	41,691	0.02%
Asset-backed securities	6,641,007	3.53%
Corporate bonds	13,511,369	7.17%
Common stock/equity funds	110,423,577	58.63%
Real estate investment trusts	14,395,810	7.64%
Mutual funds	13,112,830	6.96%
Alternative investments	17,015,876	9.04%
Total	<u>\$ 188,327,159</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.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

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 2019-2020 tax levy was based was \$23.8 billion. The millage rate to finance general government services for the fiscal year ended September 30, 2020, was 1.1800 (\$1.18 per \$1,000 of assessed value). The assessed values at January 1, 2019, of the dependent special districts, East Naples Bay and Moorings Bay, were \$685 million, and \$2,145 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, 2020.

Total ad valorem taxes collected for the year ended September 30, 2020, aggregated \$27,799,671, net of cash discounts, of which \$26,211,697 was designated for general government services, \$1,228,623 for the Community Redevelopment Agency, \$333,393 for East Naples Bay Taxing District, and \$25,958 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 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 2019 tax roll year, the assessment roll was opened for collection on November 1, 2019, and discounts for payment prior to April 1, 2020, were determined as follows:

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

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

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 2019, 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, 2020, 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	\$ 795,149	-	-	2,233,918	115,007	3,144,074
Debt Service Fund	-	-	294,703	-	1,865	296,568
Capital Projects Fund	-	570,371	-	-	31,708	602,079
Community Redevelopment Fund	-	-	-	-	17,499	17,499
Baker Park Fund	10,000	-	-	-	9,662	19,662
Streets and Traffic Fund	-	-	-	30,000	14,257	44,257
Nonmajor funds	-	1,815	-	398,531	37,702	438,048
Internal Service Fund	745,893	-	-	746	36,157	782,796
	<u>\$ 1,551,042</u>	<u>572,186</u>	<u>294,703</u>	<u>2,663,195</u>	<u>263,857</u>	<u>5,344,983</u>
Business type activities						
Major funds						
Water and Sewer Fund	\$ 6,017,685	4,118,464	-	536,268	90,667	10,763,084
Solid Waste Fund	987,845	-	-	-	8,922	996,767
Stormwater Fund	727,285	-	-	128,484	31,488	887,257
City Dock Fund	19,943	-	-	-	2,370	22,313
Nonmajor funds	7,176	-	-	224,040	15,454	246,670
	<u>\$ 7,759,934</u>	<u>4,118,464</u>	<u>-</u>	<u>888,792</u>	<u>148,901</u>	<u>12,916,091</u>

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, 2020, are as follows:

Water and Sewer Fund	\$ 16,951
Solid Waste Fund	873
Stormwater Fund	3,373
Nonmajor Funds	654,611
	<u>\$ 675,808</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Governmental Activities

A summary of changes in the capital assets of governmental activities for the year ended September 30, 2020, is as follows:

Governmental Activities	Balance October 1	Additions	Transfers/ Retirements	Balance September 30
Capital assets not being depreciated				
Land	\$ 16,418,277	-	-	16,418,277
Construction in progress	19,728,721	4,771,997	(2,607,443)	21,893,275
Total capital assets not being depreciated	36,146,998	4,771,997	(2,607,443)	38,311,552
Capital assets being depreciated				
Buildings	49,244,384	298,481	2,381,687	51,924,552
Improvements other than buildings	43,620,264	1,004,570	-	44,624,834
Infrastructure	38,063,659	14,714	169,621	38,247,994
Equipment	30,470,524	2,588,864	(64,108)	32,995,280
Total capital assets being depreciated	161,398,831	3,906,629	2,487,200	167,792,660
Less accumulated depreciation for				
Buildings	(22,152,291)	(1,698,874)	-	(23,851,165)
Improvements other than buildings	(32,156,136)	(1,400,749)	-	(33,556,885)
Infrastructure	(26,197,580)	(947,290)	-	(27,144,870)
Equipment	(21,131,111)	(2,761,887)	120,243	(23,772,755)
Total accumulated depreciation	(101,637,118)	(6,808,800)	120,243	(108,325,675)
Total capital assets being depreciated, net	59,761,713	(2,902,171)	2,607,443	59,466,985
Total governmental capital assets, net	\$ 95,908,711	1,869,826	-	97,778,537

Depreciation expense was charged to the governmental activities as follows:

Governmental activities	
General government	\$ 361,106
Public safety	2,584,452
Physical and economic environment	1,051,708
Transportation	857,791
Cultural and recreation	1,634,193
Internal service	319,550
Total depreciation expense, governmental activities	<u>\$ 6,808,800</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – 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, 2020, 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	7,187,152	9,225,139	(1,165,143)	15,247,148
Total capital assets not being depreciated	8,948,836	9,225,139	(1,165,143)	17,008,832
Capital assets being depreciated				
Buildings and utility plants	61,273,624	-	-	61,273,624
Improvements other than buildings	52,953,039	129,419	-	53,082,458
Infrastructure	91,491,507	225,466	-	91,716,973
Equipment	29,614,652	3,144,261	964,350	33,723,263
Total capital assets being depreciated	235,332,822	3,499,146	964,350	239,796,318
Less accumulated depreciation for				
Buildings	(35,312,582)	(1,310,159)	-	(36,622,741)
Improvements other than buildings	(34,456,335)	(2,463,625)	-	(36,919,960)
Infrastructure	(55,409,787)	(2,953,929)	-	(58,363,716)
Equipment	(17,008,400)	(2,559,464)	131,869	(19,435,995)
Total accumulated depreciation	(142,187,104)	(9,287,177)	131,869	(151,342,412)
Total capital assets being depreciated, net	93,145,718	(5,788,031)	1,096,219	88,453,906
Water and sewer fund capital assets, net	\$ 102,094,554	3,437,108	(68,924)	105,462,738
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	5,277,171	537,876	(261,560)	5,553,487
Total capital assets being depreciated	10,317,363	537,876	(261,560)	10,593,679
Less accumulated depreciation for				
Buildings	(491,083)	(24,358)	-	(515,441)
Improvements other than buildings	(1,945,621)	(198,159)	-	(2,143,780)
Equipment	(4,048,026)	(401,110)	261,560	(4,187,576)
Total accumulated depreciation	(6,484,730)	(623,627)	261,560	(6,846,797)
Total capital assets being depreciated, net	3,832,633	(85,751)	-	3,746,882
Solid waste fund capital assets, net	\$ 4,977,686	(85,751)	-	4,891,935

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – 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	5,226,913	1,284,439	(2,993,963)	3,517,389
Total capital assets not being depreciated	5,461,779	1,284,439	(2,993,963)	3,752,255
Capital assets being depreciated				
Infrastructure	34,965,131	1,024,902	2,993,963	38,983,996
Equipment	1,526,275	73,566	(288,156)	1,311,685
Total capital assets being depreciated	36,491,406	1,098,468	2,705,807	40,295,681
Less accumulated depreciation for				
Infrastructure	(20,278,194)	(2,288,634)	-	(22,566,828)
Equipment	(1,012,634)	(279,825)	288,156	(1,004,303)
Total accumulated depreciation	(21,290,828)	(2,568,459)	288,156	(23,571,131)
Total capital assets being depreciated, net	15,200,578	(1,469,991)	2,993,963	16,724,550
Stormwater fund capital assets, net	\$ 20,662,357	(185,552)	-	20,476,805

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	269,266	-	(21,074)	248,192
Total capital assets being depreciated	7,138,802	-	(21,074)	7,117,728
Less accumulated depreciation for				
Improvements other than buildings	(984,769)	(311,089)	-	(1,295,858)
Equipment	(269,265)	-	21,074	(248,191)
Total accumulated depreciation	(1,254,034)	(311,089)	21,074	(1,544,049)
Total capital assets being depreciated, net	5,884,768	(311,089)	-	5,573,679
Stormwater fund capital assets, net	\$ 5,884,768	(311,089)	-	5,573,679

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Nonmajor Funds	Balance October 1	Additions	Transfers/ Retirements	Balance September 30
Capital assets not being depreciated:				
Construction in progress	\$ 76,812	39,731		116,543
Total capital assets not being depreciated	76,812	39,731	-	116,543
Capital assets being depreciated				
Buildings and utility plants	1,988,012	-	-	1,988,012
Improvements other than buildings	7,115,350	330,674	-	7,446,024
Equipment	1,662,598	145,145	(17,985)	1,789,758
Total capital assets being depreciated	10,765,960	475,819	(17,985)	11,223,794
Less accumulated depreciation for				
Buildings	(1,677,306)	(23,456)	-	(1,700,762)
Improvements other than buildings	(5,518,857)	(306,008)	-	(5,824,865)
Equipment	(1,227,094)	(167,835)	17,985	(1,376,944)
Total accumulated depreciation	(8,423,257)	(497,299)	17,985	(8,902,571)
Total capital assets being depreciated, net	2,342,703	(21,480)	-	2,321,223
Nonmajor fund capital assets, net	\$ 2,419,515	18,251	-	2,437,766
Total business-type capital assets, net	\$ 136,038,880	2,872,967	(68,924)	138,842,923

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

Business-type activities	
Water and sewer	\$ 9,287,177
Solid waste	623,627
Stormwater	2,568,459
City dock	311,089
Other	497,299
Total depreciation expense, business-type activities	<u>\$ 13,287,651</u>

E. Interfund Transactions

Advances from/to other funds are as follows:

	Advances Receivable	Advances Payable
Governmental activities		
Major fund		
General Fund	\$ 881,250	-
Business-type activities		
Major funds		
Water and Sewer Fund	2,812,500	-
Stormwater Fund	881,250	-
City Dock Fund	-	4,575,000
	<u>\$ 4,575,000</u>	<u>4,575,000</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

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, as follows:

	<u>Interfund receivable</u>	<u>Interfund payable</u>
Governmental activities		
Major fund		
General Fund	\$ 58,700	-
Business-type activities		
Major funds		
Water and Sewer Fund	187,600	-
Stormwater Fund	58,700	-
City Dock Fund	-	305,000
	<u>\$ 305,000</u>	<u>305,000</u>

Transfers during the year consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities		
Major funds		
General Fund	\$ 2,067,600	47,500
Debt Service Fund	990,669	3,200,000
Capital Projects Fund	3,251,083	-
Community Redevelopment Fund	-	990,669
Nonmajor funds	-	51,083
Business-type activities		
Major funds		
Water and Sewer Fund	-	1,722,000
Solid Waste Fund	-	345,600
Nonmajor fund		
Tennis Fund	47,500	-
	<u>\$ 6,356,852</u>	<u>6,356,852</u>

Transfers into the General Fund in the amount of \$2,067,600 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 \$990,669 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 \$3,251,083 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, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at September 30, 2020, for the City's individual major funds and for the total nonmajor funds were as follows:

	Accounts Payable	Accrued Payroll	Total
Governmental activities			
Major funds			
General Fund	\$ 2,365,167	1,485,830	3,850,997
Capital Projects Fund	325,238	-	325,238
Community Redevelopment Fund	987,735	29,475	1,017,210
Baker Park Fund	11,537	-	11,537
Streets and Traffic Fund	642,324	35,477	677,801
Nonmajor funds	100,409	148,649	249,058
Internal Service Fund	209,116	69,557	278,673
	<u>\$ 4,641,526</u>	<u>1,768,988</u>	<u>6,410,514</u>
Business-type activities			
Major funds			
Water and Sewer Fund	\$ 2,530,064	383,000	2,913,064
Solid Waste Fund	217,663	88,243	305,906
Stormwater Fund	374,722	58,812	433,534
City Dock Fund	21,751	15,997	37,748
Nonmajor funds	176,310	56,963	233,273
	<u>\$ 3,320,510</u>	<u>603,015</u>	<u>3,923,525</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-Term Obligations

Long-term liabilities of the governmental activities at September 30, 2020, 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%. \$ 2,749,070

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%. 2,176,000

Claims payable	3,459,044
Net pension liability	35,282,902
Total OPEB liability	3,976,890
Compensated absences payable	3,125,165
	\$ 50,769,071

Changes in long-term obligations for governmental activities for the year ended September 30, 2020, 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	\$ 3,052,626	-	(303,556)	2,749,070	311,904
2013 Capital Improvement Refunding Revenue Note	3,801,000	-	(1,625,000)	2,176,000	1,730,000
Total debt payable	6,853,626	-	(1,928,556)	4,925,070	2,041,904
Claims payable	3,654,619	6,141,471	(6,337,046)	3,459,044	998,244
Net pension liability	29,128,502	20,129,503	(13,975,103)	35,282,902	-
Total OPEB liability	3,136,140	1,042,633	(201,883)	3,976,890	-
Compensated absences payable	2,724,484	2,037,402	(1,636,721)	3,125,165	780,000
Total	\$ 45,497,371	29,351,009	(24,079,309)	50,769,071	3,820,148

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 \$147,877 in compensated absences, \$3,459,044 in claims payable, \$230,544 in total other post-employment benefits liability, and \$323,375 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 \$2,573,328, Building and Zoning Fund \$198,105, Community Redevelopment Fund \$31,729, Streets and Traffic Fund \$174,126. 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, 2020

NOTE 4 – 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			
2021	\$ 2,041,904	95,423	2,137,327
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 - 2028	1,101,386	61,124	1,162,510
	<u>\$ 4,925,070</u>	<u>371,841</u>	<u>5,296,911</u>

Long-term liabilities of the business-type activities at September 30, 2020, 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.

\$ 4,175,000

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.

2,416,000

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%.

214,257

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – 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%.

344,728

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%.

3,270,000

Net pension liability	1,765,328
Total OPEB liability	1,210,358
Compensated absences payable	700,996
Total water and sewer fund	<u>\$ 14,096,667</u>

Solid Waste Fund

Net pension liability	\$ 410,864
Total OPEB liability	288,181
Compensated absences payable	157,796
Total solid waste fund	<u>\$ 856,841</u>

Stormwater Fund

Public Utilities Refunding Revenue Bond, Series 2013, issued in the amount of \$1,925,031 (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 \$1,918 to \$43,695 with final maturity on October 1, 2021; secured by net revenues of the stormwater utility system; interest rate is 1.34%.

	\$ 238,232
Net pension liability	265,105
Total OPEB liability	115,272
Compensated absences payable	93,593
Total stormwater fund	<u>\$ 712,202</u>

City Dock Fund

Net pension liability	\$ 63,367
Total OPEB liability	28,818
Compensated absences payable	10,054
Total city dock fund	<u>\$ 102,239</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Nonmajor funds

Net pension liability	\$ 273,123
Total OPEB liability	144,090
Compensated absences payable	<u>105,082</u>
Total nonmajor funds	<u><u>\$ 522,295</u></u>

Changes in long-term obligations for business-type activities for the year ended September 30, 2020, 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	\$ 4,712,000	-	(537,000)	4,175,000	551,000
Public Utilities Refunding Revenue Bond, Series 2012B	2,728,000	-	(312,000)	2,416,000	320,000
Public Utilities Refunding Revenue Bond, Series 2013	830,725	-	(378,236)	452,489	383,690
Special Assessment Revenue Bond, Series 2015	408,999	-	(64,271)	344,728	65,781
Special Assessment Revenue Bond, Series 2019	3,377,000	-	(107,000)	3,270,000	135,000
Total debt payable	<u>12,056,724</u>	<u>-</u>	<u>(1,398,507)</u>	<u>10,658,217</u>	<u>1,455,471</u>
Net pension liability	2,402,488	2,024,073	(1,648,774)	2,777,787	-
Total OPEB liability	1,408,991	468,429	(90,701)	1,786,719	-
Compensated absences payable	919,670	675,784	(527,933)	1,067,521	295,000
Total	<u>\$ 16,787,873</u>	<u>3,168,286</u>	<u>(3,665,915)</u>	<u>16,290,244</u>	<u>1,750,471</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, 2020, 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:

	Bonds		
	Principal	Interest	Total
Year ended September 30			
2021	\$ 1,217,239	267,100	1,484,339
2022	1,168,125	237,417	1,405,542
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 - 2030	2,816,000	370,326	3,186,326
2031 - 2035	921,000	180,596	1,101,596
2036 - 2039	827,000	54,444	881,444
	<u>\$ 10,419,985</u>	<u>\$ 1,647,961</u>	<u>\$ 12,067,946</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

Stormwater Fund:

Year ended September 30
2021

Bonds		
Principal	Interest	Total
\$ 238,232	1,332	239,564
\$ 238,232	1,332	239,564

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, 2020:

	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	\$ -	-	-	-	-	15,035	-	15,035
Prepaid items	16,124	-	-	-	-	-	-	16,124
Advances to other funds	881,250	-	-	-	-	-	-	881,250
	897,374	-	-	-	-	15,035	-	912,409
Restricted								
Donations, various	-	-	-	-	-	-	516,526	516,526
Capital projects - impact fees	-	-	-	-	-	-	911,662	911,662
Capital projects - parks & rec.	-	-	-	-	688,419	-	-	688,419
Capital projects - sales tax	-	-	-	-	-	-	7,503,337	7,503,337
Dredging projects	-	-	-	-	-	-	2,533,781	2,533,781
Transportation	-	-	-	-	-	3,318,413	-	3,318,413
Police programs	-	-	-	-	-	-	272,617	272,617
Economic development	-	-	-	4,434,070	-	-	-	4,434,070
Coral reef construction	-	-	-	-	-	-	4,884	4,884
Building and zoning operations	-	-	-	-	-	-	4,044,004	4,044,004
	-	-	-	4,434,070	688,419	3,318,413	15,786,811	24,227,713
Committed								
Public arts program	-	-	-	-	-	-	541,751	541,751
Emergency reserve	4,087,299	-	-	-	-	-	-	4,087,299
Capital projects	-	-	746,982	-	-	-	-	746,982
Handicap accessibility	77,460	-	-	-	-	-	-	77,460
Economic development	-	-	-	-	-	-	1,150,525	1,150,525
Land conservation	-	-	-	-	-	-	9,210	9,210
	4,164,759	-	746,982	-	-	-	1,701,486	6,613,227
Assigned								
Debt service	-	2,151,444	-	-	-	-	-	2,151,444
Encumbrances	238,334	-	-	-	-	-	-	238,334
Economic development	-	-	-	-	-	-	104,684	104,684
Capital projects	-	-	3,779,862	-	-	-	-	3,779,862
	238,334	2,151,444	3,779,862	-	-	-	104,684	6,274,324
Unassigned	16,262,718	-	-	-	-	-	-	16,262,718
Total fund balance	\$ 21,563,185	2,151,444	4,526,844	4,434,070	688,419	3,333,448	17,592,981	54,290,391

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – 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, 2019, the date of the most recent actuarial valuation, is as follows:

Inactive plan members or beneficiaries currently receiving benefits	247
Inactive plan members entitled to but not yet receiving benefits	96
Active plan members	316

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, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

As of September 30, 2020, 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, 2020, 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.

General 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 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, 2019. The components of the net pension liability of the City at September 30, 2020, were as follows:

Total pension liability	\$ 70,120,872
Plan fiduciary net position	<u>(60,030,093)</u>
City's net pension liability	<u>\$ 10,090,779</u>
Plan fiduciary net position as a percentage of Total pension liability	85.61%

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – 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, 2020, is as follows:

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

For the year ended September 30, 2020, the City recognized pension expense of \$1,540,971 for the general employee plan. At September 30, 2020, 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	\$ 43,179	1,042,778
Differences between expected and actual experience	496,845	531,408
Net difference between projected and actual earnings on investments	-	288,126
City pension plan contributions subsequent to the measurement date	<u>2,489,724</u>	<u>-</u>
Total	<u>\$ 3,029,748</u>	<u>1,862,312</u>

The deferred outflows of resources related to the Pension Plan, totaling \$2,489,724 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, 2021. 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,	
2021	\$ (988,105)
2022	(975,586)
2023	208,580
2024	<u>432,823</u>
Total	<u>\$ (1,322,288)</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, 2020

NOTE 4 – 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, 2020, are summarized in the following table:

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/Energy Infrastructure	4.34%

Discount rate. The discount rate used to measure the total pension liability was 7.30%. 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, 2020

NOTE 4 – 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, 2020, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2019	\$ 67,889,022	59,941,661	7,947,361
Changes for the year:			
Service cost	1,565,934	-	1,565,934
Interest	4,964,402	-	4,964,402
Differences between expected and actual experience	(221,863)	-	(221,863)
Assumption Changes	662,461	-	662,461
Contributions-employer	-	2,087,382	(2,087,382)
Contributions-employee	-	682,207	(682,207)
Net investment income	-	2,217,376	(2,217,376)
Benefit payments, including refunds of employee contributions	(4,739,084)	(4,739,084)	-
Administrative expense	-	(159,449)	159,449
Net changes	2,231,850	88,432	2,143,418
Balances at September 30, 2020	\$ 70,120,872	60,030,093	10,090,779

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 7.30%, 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 (6.30%) or 1-percentage-point higher (8.30%) than the current rate:

	1% Decrease 6.30%	Current Discount Rate 7.30%	1% Increase 8.30%
City's net pension liability - September 30, 2020 (Measurement date of September 30, 2019)	\$ 17,326,807	10,090,779	3,843,182

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – 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, 2021 (Measurement date of September 30, 2020)	\$ 20,153,948	12,398,699	5,905,011

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.

The assumptions used in the October 1, 2019, actuarial valuation are as follows.

Actuarial Assumptions

Funding Method	Entry Age Actuarial Cost Method.
Amortization Method	Level Percentage of Pay, closed
Remaining Amortization Period	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	7.30% 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 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, 2020

NOTE 4 – 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, 2019, the date of the most recent actuarial valuation, is as follows:

Inactive plan members or beneficiaries currently receiving bene	85
Inactive plan members entitled to but not yet receiving benefits	16
Active plan members	60

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, 2020, 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, 2020, 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, 2020

NOTE 4 – 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, 2019. The components of the net pension liability of the City at September 30, 2020, were as follows:

Total pension liability	\$ 70,560,778
Plan fiduciary net position	<u>(54,590,526)</u>
City's net pension liability	<u>\$ 15,970,252</u>
Plan fiduciary net position as a percentage of Total pension liability	77.37%

In addition, in accordance with GASB Statement No. 67, information related to the plan measured as of September 30, 2019, is 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%

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

For the year ended September 30, 2020, the City recognized pension expense of \$2,228,705 for the police employee plan. At September 30, 2020, 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	\$ -	461,725
Differences between expected and actual experience	716,146	-
Net difference between projected and actual earnings on investments	-	277,126
City pension plan contributions subsequent to the measurement date	<u>2,979,092</u>	<u>-</u>
Total	<u>\$ 3,695,238</u>	<u>738,851</u>

The deferred outflows of resources related to the Pension Plan, totaling \$2,979,092 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, 2021. 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,	
2021	\$ (188,662)
2022	(301,180)
2023	111,411
2024	<u>355,726</u>
Total	<u>\$ (22,705)</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, 2019, are summarized in the table on the following page.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – 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 7.30%. 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, 2020, were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at September 30, 2019	\$ 68,951,868	53,999,325	14,952,543
Changes for the year:			
Service cost	869,370	-	869,370
Interest	5,002,084	-	5,002,084
Differences between expected and actual experience	(584,938)	-	(584,938)
Amortization of Experience Diff's			
Assumption Changes	716,859	-	716,859
Contributions - buyback	54,485	-	54,485
Contributions-employer	-	1,949,202	(1,949,202)
Contributions-state	-	742,751	(742,751)
Contributions subsequent to plan year			
Contributions-employee	-	260,609	(260,609)
Net investment income	-	2,180,941	(2,180,941)
Benefit payments, including refunds of employee contributions	(4,448,950)	(4,448,950)	-
Administrative expense	-	(93,352)	93,352
Net changes	1,608,910	591,201	1,017,709
Balances at September 30, 2020	\$ 70,560,778	54,590,526	15,970,252

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – 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 7.30%, 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 (6.30%) or 1-percentage-point higher (8.30%) than the current rate:

	1% Decrease 6.30%	Current Discount Rate 7.30%	1% Increase 8.30%
City's net pension liability - September 30, 2020 (Measurement date of September 30, 2019)	\$ 23,968,268	15,970,252	9,386,345

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, 2021 (Measurement date of September 30, 2020)	\$ 27,025,789	18,563,475	11,562,032

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, 2019.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

The assumptions used in the October 1, 2019, actuarial valuation are as follows.

Actuarial Assumptions

Funding Method	Entry Age Actuarial Cost Method.
Amortization Method	Level Percentage of Pay, closed
Remaining Amortization Period	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	7.30% 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:

- 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.

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, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

The current membership as of October 1, 2019, the date of the most recent actuarial valuation, is as follows:

Inactive plan members or beneficiaries currently receiving benefits	56
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	51

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 of 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, 2020, 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, 2020, 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, 2020

NOTE 4 – 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, 2019. The components of the net pension liability of the City at September 30, 2020, were as follows:

Total pension liability	\$ 71,029,158
Plan fiduciary net position	<u>(59,029,500)</u>
City's net pension liability	<u>\$ 11,999,658</u>
Plan fiduciary net position as a percentage of Total pension liability	83.11%

In addition, in accordance with GASB Statement No. 67, information related to the plan measured as of September 30, 2020, is 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%

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

For the year ended September 30, 2020, the City recognized pension expense of \$2,167,196 for the firefighters employee plan. At September 30, 2020, 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	\$ 1,317,206	370,965
Differences between expected and actual experience	1,423,258	-
Net difference between projected and actual earnings on investments	-	313,708
City pension plan contributions subsequent to the measurement date	2,311,978	-
Total	<u>\$ 5,052,442</u>	<u>684,673</u>

The deferred outflows of resources related to the Pension Plan, totaling \$2,311,978 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, 2021. 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,	
2021	282,285
2022	369,290
2023	543,507
2024	860,709
Total	<u>\$ 2,055,791</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, 2020, are summarized in the table on the following page.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – 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 7.30%. 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, 2020, were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at September 30, 2018	\$ 68,037,467	59,406,380	8,631,087
Changes for the year:			
Service cost	747,281	-	747,281
Interest	4,904,930	-	4,904,930
Differences between expected and actual experience	1,506,608	-	1,506,608
Assumption changes	833,637	-	833,637
Changes of benefit terms	(3,632)	-	(3,632)
Contributions-employer	-	1,693,876	(1,693,876)
Contributions-state	-	544,971	(544,971)
Contributions-employee	-	148,990	(148,990)
Net investment income	-	2,305,140	(2,305,140)
Benefit payments, including refunds of employee contributions	(4,997,133)	(4,997,133)	-
Administrative expense	-	(72,724)	72,724
Net changes	2,991,691	(376,880)	3,368,571
Balances at September 30, 2019	\$ 71,029,158	59,029,500	11,999,658

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – 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 7.30%, 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 (6.30%) or 1-percentage-point higher (8.30%) than the current rate:

	1% Decrease 6.30%	Current Discount Rate 7.30%	1% Increase 8.30%
City's net pension liability - September 30, 2020 (Measurement date of September 30, 2019)	\$21,439,232	11,999,658	4,470,214

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, 2021 (Measurement date of September 30, 2020)	\$25,043,836	15,143,260	7,188,321

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, 2019.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

The assumptions used in the October 1, 2019, actuarial valuation are as follows.

Actuarial Assumptions

Funding Method	Entry Age Actuarial Cost Method.
Amortization Method	Level Percentage of Pay, closed
Remaining Amortization Period	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	7.30% 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:

- 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 "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, 2020, there was \$777,553 in the share plan.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – 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	Firefighters' Pension Plan	Totals
Net Pension Liability	\$ 10,090,779	15,970,252	11,999,658	38,060,689
Deferred Outflows	3,029,748	3,695,238	5,052,442	11,777,428
Deferred Inflows	1,862,312	738,851	684,673	3,285,836
Pension Expense	1,540,971	2,228,705	2,167,196	5,936,872

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, 2020:

Statements of Fiduciary Net Position

	General Pension Fund	Police Officers' Pension Fund	Firefighters' Pension Fund
Assets			
Cash and cash equivalents	\$ 1,451,790	1,422,921	1,507,405
Contributions receivable	325,828	1,150,945	982,986
Investments, at fair value	59,169,026	53,218,420	58,444,767
Total assets	60,946,644	55,792,286	60,935,158
Liabilities			
Accounts payable	14,557	20,153	10,770
Total liabilities	14,557	20,153	10,770
Net position			
Restricted for pension benefits	\$ 60,932,087	55,772,133	60,924,388

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – 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	\$ 692,717	215,667	160,322
Employer contributions	2,489,724	2,191,944	1,708,192
Direct state contributions	-	787,148	603,786
Total contributions	<u>3,182,441</u>	<u>3,194,759</u>	<u>2,472,300</u>
Investment earnings			
Interest and dividend income	1,339,339	1,189,341	1,280,824
Net change in fair value of investments	1,408,340	1,396,027	1,600,201
Less investment expense	(318,940)	(256,688)	(266,579)
Net investment earnings	<u>2,428,739</u>	<u>2,328,680</u>	<u>2,614,446</u>
Total additions	<u>5,611,180</u>	<u>5,523,439</u>	<u>5,086,746</u>
Deductions			
Benefits paid	4,222,444	4,207,943	3,083,657
Refunds of contributions	319,394	-	759
General administration	167,348	133,889	107,442
Total deductions	<u>4,709,186</u>	<u>4,341,832</u>	<u>3,191,858</u>
Changes in net position	<u>901,994</u>	<u>1,181,607</u>	<u>1,894,888</u>
Net position, beginning of year	<u>60,030,093</u>	<u>54,590,526</u>	<u>59,029,500</u>
Net position, end of year	<u>\$ 60,932,087</u>	<u>55,772,133</u>	<u>60,924,388</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, 2020

NOTE 4 – 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, 2020, there were 216 active Plan members. Covered payroll for the year ended September 30, 2020, was \$12,779,242. City contributions for the year were \$256,747, and employee contributions were \$383,377, 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, 2020, there were seven active Plan members and five retired and terminated members who have maintained account balances. Covered payroll for the year ended September 30, 2020, was \$1,214,113. City contributions for the year were \$67,273, and employee contributions were \$88,837.

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, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position for the City's defined contribution pension plans are as follows, as of and for the year ended September 30, 2020:

Statements of Fiduciary Net Position

	Supplemental General Pension	Managers' 401 Pension
Assets		
Contributions receivable	\$ 24,826	5,699
Investments, at fair value	10,804,167	2,308,663
Total assets	<u>10,828,993</u>	<u>2,314,362</u>
Net position		
Restricted for pension benefits	<u>\$ 10,828,993</u>	<u>2,314,362</u>

Statements of Changes in Fiduciary Net Position

	Supplemental General Pension	Managers' 401 Pension
Additions		
Contributions		
Employee contributions	\$ 383,377	88,837
Employer contributions	256,747	67,273
Total contributions	<u>640,124</u>	<u>156,110</u>
Investment earnings		
Interest and dividend income	4,485	506
Net change in fair value of investments	911,279	142,372
Less investment expense	<u>(23,666)</u>	<u>(4,660)</u>
Net investment earnings	<u>892,098</u>	<u>138,218</u>
Total additions	<u>1,532,222</u>	<u>294,328</u>
Deductions		
Refunds of contributions	<u>397,552</u>	<u>37,661</u>
Total deductions	<u>397,552</u>	<u>37,661</u>
Changes in net position	1,134,670	256,667
Net position, beginning of year	<u>9,694,323</u>	<u>2,057,695</u>
Net position, end of year	<u>\$ 10,828,993</u>	<u>2,314,362</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – 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, the date of the latest actuarial valuation:

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, 2019, and was determined by an actuarial valuation as of September 30, 2019.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements September 30, 2020

NOTE 4 – 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	2.75%
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% plus 0.53% increase for excise tax
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 2.75%

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – 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, 2020, were as follows:

	Total OPEB Liability
Balances at September 30, 2019	\$ 4,545,131
Changes for the year:	
Service cost	343,902
Interest on the total OPEB liability	181,646
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	925,138
Benefit payments	(292,583)
Net changes	1,218,478
Balances at September 30, 2020	\$ 5,763,609

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 (1.75%) or 1-percentage-point higher (3.75%) than the current discount rate:

	1% Decrease 1.75%	Current Discount Rate 2.75%	1% Increase 4.83%
Total OPEB liability	\$ 6,267,849	\$ 5,763,609	\$ 5,312,524

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	\$ 5,196,436	\$ 5,763,609	\$ 6,429,460

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – 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, 2020, the City recognized OPEB expense of \$643,966. At September 30, 2020, 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	\$ 37,630	-
Changes in assumptions and other inputs	792,974	166,286
Benefits paid subsequent to the measurement date	<u>327,481</u>	<u>-</u>
Total	<u>\$ 1,158,085</u>	<u>166,286</u>

The deferred outflows of resources related to the total OPEB liability, totaling \$327,481 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, 2021. Other amounts reported as inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30,	
2021	\$ 101,944
2022	101,944
2023	101,944
2024	101,944
2025	119,779
Thereafter	<u>136,763</u>
Total	<u>\$ 664,318</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2020

NOTE 4 – 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, \$884,162 and \$805,248 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, 2020. Estimates were based on an evaluation of claims pending and past experience. At September 30, 2020, \$3,459,044 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, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

A reconciliation of estimated claims liabilities is as follows:

	Risk Management	Health Benefits	Total
Balance September 30, 2018	\$ 2,931,000	446,470	3,377,470
Current year claims incurred and change in estimates	585,540	5,989,222	6,574,762
Claim payments	<u>(344,540)</u>	<u>(5,953,073)</u>	<u>(6,297,613)</u>
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	<u>\$ 3,076,000</u>	<u>383,044</u>	<u>3,459,044</u>

4. Construction Projects

At September 30, 2020, the City had the following commitments:

Project	Contract Amount	Completed to Date	Balance
Baker Park Project	\$ 18,490,274	17,135,902	1,354,372
8th Street South Improvements	7,472,858	5,539,689	1,933,169
Water - Accelerator Improvements	3,495,475	288,000	3,207,475
Water Treatment Plant - Electrical Improvements	2,817,000	-	2,817,000
Sanitary Sewer Improvement	2,557,041	1,718,520	838,521
Emergency Bypass Pumps	991,340	-	991,340

5. Other

During March 2020, the World Health Organization declared the Coronavirus outbreak a global pandemic. Actions taken around the world to help mitigate the spread of the Coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The Coronavirus and actions taken to mitigate it have had, and are expected to continue to have an adverse impact on the local economies. It is unknown how long these conditions will last and what the complete financial effect will be to the City. As the economy continues to open throughout the region, management anticipates revenue to return to normal levels. The ultimate impact of the pandemic on the City's results of operations, financial position, and liquidity cannot be reasonably estimated at this time.

M. Subsequent Events

Events and transactions that occur after fiscal year-end but prior to issuance of the Comprehensive Annual 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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes				
Ad valorem	\$ 25,851,158	25,851,158	26,211,697	360,539
Local communication and business	447,000	447,000	1,148,874	701,874
Insurance premium tax	1,250,000	1,250,000	1,390,934	140,934
Permits, fees and assessments	3,546,800	3,546,800	3,655,521	108,721
Intergovernmental	4,887,513	4,887,513	5,489,062	601,549
Charges for services	2,342,667	2,342,667	1,658,982	(683,685)
Charges to other funds	3,796,820	3,796,820	3,796,820	-
Fines and forfeitures	157,300	157,300	355,413	198,113
Interest	300,000	300,000	763,374	463,374
Donations	-	-	800	800
Miscellaneous	20,000	20,000	208,854	188,854
Total revenues	<u>42,599,258</u>	<u>42,599,258</u>	<u>44,680,331</u>	<u>2,081,073</u>
Expenditures				
Current				
General government				
Mayor and City Council	541,391	537,031	534,769	2,262
City Attorney	839,320	938,121	937,302	819
City Clerk	749,986	1,257,020	1,251,635	5,385
City Manager	736,533	775,091	769,394	5,697
Human resources	669,271	638,862	620,687	18,175
Planning	717,106	747,376	747,335	41
Finance	1,151,478	1,140,199	1,083,370	56,829
Nondepartmental	5,059,522	5,162,127	5,002,225	159,902
Total general government	<u>10,464,607</u>	<u>11,195,827</u>	<u>10,946,717</u>	<u>249,110</u>
Public safety				
Fire	11,176,130	11,135,228	10,960,289	174,939
Police	14,151,256	14,115,546	13,691,668	423,878
Code inspections	465,842	587,369	584,843	2,526
Total public safety	<u>25,793,228</u>	<u>25,838,143</u>	<u>25,236,800</u>	<u>601,343</u>
Culture and recreation				
Community services	7,997,650	7,300,563	6,504,370	796,193
Total culture and recreation	<u>7,997,650</u>	<u>7,300,563</u>	<u>6,504,370</u>	<u>796,193</u>

CITY OF NAPLES, FLORIDA

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual
Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget
Capital outlay				
General government	\$ -	140,616	138,324	2,292
Public safety	11,000	97,476	60,180	37,296
Culture and recreation	-	20,184	20,183	1
Total capital outlay	<u>11,000</u>	<u>258,276</u>	<u>218,687</u>	<u>39,589</u>
 Total expenditures	<u>44,266,485</u>	<u>44,592,809</u>	<u>42,906,574</u>	<u>1,686,235</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>(1,667,227)</u>	<u>(1,993,551)</u>	<u>1,773,757</u>	<u>3,767,308</u>
 Other financing sources (uses)				
Transfers in	2,067,600	2,067,600	2,067,600	-
Transfers out	(47,500)	(47,500)	(47,500)	-
Proceeds from sale of capital assets	1,000	1,000	267	(733)
Total other financing sources (uses)	<u>2,021,100</u>	<u>2,021,100</u>	<u>2,020,367</u>	<u>(733)</u>
 Change in fund balance	353,873	27,549	3,794,124	3,766,575
 Fund balance, beginning of year	<u>17,769,061</u>	<u>17,769,061</u>	<u>17,769,061</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 18,122,934</u></u>	<u><u>17,796,610</u></u>	<u><u>21,563,185</u></u>	<u><u>3,766,575</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, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Ad valorem	\$ 1,228,623	1,228,623	1,228,623	-
Intergovernmental	3,711,379	3,711,379	3,711,379	-
Interest	10,000	10,000	180,743	170,743
Total revenues	<u>4,950,002</u>	<u>4,950,002</u>	<u>5,120,745</u>	<u>170,743</u>
Expenditures				
Current				
Economic development	1,245,978	1,349,705	1,190,477	159,228
Capital outlay				
Economic development	<u>656,000</u>	<u>4,605,657</u>	<u>2,781,566</u>	<u>1,824,091</u>
Total expenditures	<u>1,901,978</u>	<u>5,955,362</u>	<u>3,972,043</u>	<u>1,983,319</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,048,024</u>	<u>(1,005,360)</u>	<u>1,148,702</u>	<u>2,154,062</u>
Other financing uses				
Transfers out	<u>(990,669)</u>	<u>(990,669)</u>	<u>(990,669)</u>	<u>-</u>
Total other financing uses	<u>(990,669)</u>	<u>(990,669)</u>	<u>(990,669)</u>	<u>-</u>
Change in fund balance	2,057,355	(1,996,029)	158,033	2,154,062
Fund balance, beginning of year	<u>4,276,037</u>	<u>4,276,037</u>	<u>4,276,037</u>	<u>-</u>
Fund balance, end of year	<u>\$ 6,333,392</u>	<u>2,280,008</u>	<u>4,434,070</u>	<u>2,154,062</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, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Motor fuel taxes	\$ 2,266,000	2,266,000	2,173,751	(92,249)
Permits, fees and assessments	275,000	275,000	280,400	5,400
Intergovernmental	773,688	773,688	612,193	(161,495)
Interest	40,000	40,000	119,014	79,014
Miscellaneous	-	-	604	604
Total revenues	<u>3,354,688</u>	<u>3,354,688</u>	<u>3,185,962</u>	<u>(168,726)</u>
Expenditures				
Current				
Transportation	2,733,044	2,885,790	2,604,544	281,246
Capital outlay				
Transportation	<u>535,000</u>	<u>961,223</u>	<u>568,954</u>	<u>392,269</u>
Total expenditures	<u>3,268,044</u>	<u>3,847,013</u>	<u>3,173,498</u>	<u>673,515</u>
Net change in fund balances	86,644	(492,325)	12,464	504,789
Fund balance, beginning of year	<u>3,320,984</u>	<u>3,320,984</u>	<u>3,320,984</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,407,628</u>	<u>2,828,659</u>	<u>3,333,448</u>	<u>504,789</u>

CITY OF NAPLES, FLORIDA
 Baker Park Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Interest	\$ -	-	15,079	15,079
Donations	-	1,450,687	623,801	(826,886)
Total revenues	-	1,450,687	638,880	(811,807)
Expenditures				
Capital outlay				
Physical and economic environment	-	1,450,687	202,745	1,247,942
Total expenditures	-	1,450,687	202,745	1,247,942
Net change in fund balances	-	-	436,135	436,135
Fund balance, beginning of year	252,284	252,284	252,284	-
Fund balance, end of year	<u>\$ 252,284</u>	<u>252,284</u>	<u>688,419</u>	<u>436,135</u>

THE CITY OF NAPLES, FLORIDA

Notes to Required Supplementary Information
September 30, 2020

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, 2020 (Unaudited)

Schedule of Changes in Net Pension Liability and Related Ratios

	General Employees Pension						
Reporting Period Ending	9/30/21	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15
Measurement Date	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15	9/30/14
Total pension liability							
Service cost	\$ 1,537,130	1,565,934	1,505,743	1,550,588	1,515,025	1,500,184	1,471,441
Interest on total pension liability	5,080,127	4,964,402	5,093,386	4,929,787	4,718,425	4,553,080	4,418,330
Differences between expected and actual experience	(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	-	-
Benefit payments, including refunds of employee contributions	(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	3,209,914	2,231,850	(820,526)	2,406,196	2,715,770	2,202,662	2,000,814
Total pension liability - beginning	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)	\$ 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	\$ 2,489,724	2,087,382	1,943,363	1,785,446	1,970,406	2,023,395	1,945,282
Contributions - employee	692,717	682,207	667,203	670,402	711,740	694,975	715,072
Net investment income	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	(4,541,838)	(4,739,084)	(4,604,081)	(4,246,896)	(4,407,869)	(4,354,731)	(3,887,856)
Administrative expenses	(167,348)	(159,449)	(169,463)	(168,640)	(160,414)	(150,741)	(142,904)
Net change in plan fiduciary net position	901,994	88,432	3,702,265	5,252,373	1,108,824	(1,373,071)	4,486,666
Plan fiduciary net position - beginning	60,030,093	59,941,661	56,239,396	50,987,023	49,878,199	51,251,270	46,764,604
Plan fiduciary net position - ending (b)	\$ 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)	\$ 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	83.09%	85.61%	88.29%	81.85%	76.90%	78.44%	83.49%
Covered payroll	\$ 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	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.

For measurement date 09/30/19, amounts reported as changes of assumptions resulted from lowering the investment return assumption from 7.4% to 7.3% per year, compounded annually, net of investment related expenses.

THE CITY OF NAPLES, FLORIDA

Required Supplementary Information September 30, 2020 (Unaudited)

Schedule of Contributions General Employees Pension

	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15	9/30/14
Actuarially determined contribution	\$ 2,112,022	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	2,489,724	2,087,382	1,943,363	1,785,446	1,969,372	2,023,395	1,945,282
Contribution deficiency (excess)	<u>\$ (377,702)</u>	<u>(144,019)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,099)</u>
Covered payroll	\$ 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	14.12%	12.22%	11.84%	11.15%	11.91%	11.16%	12.46%

Notes to the Schedule:

Valuation date October 1, 2018

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, 2020 (Unaudited)

Schedules of Pension Investment Returns

	<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	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	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	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, 2020 (Unaudited)

Schedule of Changes in Net Pension Liability and Related Ratios

Reporting Period Ending Measurement Date	Police Officers' Pension						
	9/30/21 9/30/20	9/30/20 9/30/19	9/30/19 9/30/18	9/30/18 9/30/17	9/30/17 9/30/16	9/30/16 9/30/15	9/30/15 9/30/14
Total pension liability							
Service cost	\$ 929,192	869,370	802,840	765,046	943,492	1,007,847	944,053
Interest on total pension liability	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	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	54,485	2,295	32,551	-	-	-
Benefit payments, including refunds of employee contributions	(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	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	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)	\$ 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	\$ 2,191,944	1,949,202	2,053,662	1,803,678	1,985,703	1,737,998	1,672,462
Contributions - state	787,148	742,751	718,404	792,677	610,146	551,656	540,981
Contributions - employee	215,667	260,609	204,461	232,664	210,895	211,290	229,089
Net investment income	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	(4,207,943)	(4,448,950)	(3,702,997)	(4,249,835)	(2,889,380)	(2,701,145)	(2,622,981)
Administrative expenses	(133,889)	(93,352)	(105,596)	(104,158)	(98,445)	(97,327)	(75,114)
Net change in plan fiduciary net position	1,181,607	591,201	4,312,905	4,629,427	2,543,071	33,919	4,549,323
Plan fiduciary net position - beginning	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)	\$ 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)	\$ 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	75.03%	77.37%	78.31%	74.74%	69.31%	69.07%	71.20%
Covered payroll	\$ 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	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.

For measurement date 09/30/19, amounts reported as changes of assumptions resulted from lowering the investment return assumption from 7.4% to 7.3% per year, compounded annually, net of investment related expenses.

THE CITY OF NAPLES, FLORIDA

Required Supplementary Information September 30, 2020 (Unaudited)

Schedule of Contributions Police Officers' Pension

	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15	9/30/14
Actuarially determined contribution	\$ 2,705,548	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	2,979,092	2,691,953	2,772,066	2,596,355	2,596,706	2,289,654	2,213,443
Contribution deficiency (excess)	\$ (273,544)	80,113	-	-	(1,000)	-	-
Covered payroll	\$ 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	60.95%	56.99%	61.15%	58.61%	56.48%	44.33%	46.24%

Notes to the Schedule:

Valuation date October 1, 2018

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, 2020 (Unaudited)

Schedule of Changes in Net Pension Liability and Related Ratios

	Firefighters' Pension						
Reporting Period Ending	9/30/21	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15
Measurement Date	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15	9/30/14
Total pension liability							
Service cost	\$ 801,078	747,281	725,072	708,830	874,002	842,047	981,492
Interest on total pension liability	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	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	-	-	-	-	15,021	-	-
Benefit payments, including refunds of employee contributions	(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	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	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)	\$ 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	\$ 1,708,192	1,693,876	1,593,953	1,399,309	1,573,305	1,180,670	1,342,378
Contributions - state	603,786	544,971	539,925	509,868	581,196	721,101	871,999
Contributions - employee	160,322	148,990	146,837	141,266	171,558	153,807	177,737
Net investment income	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	(3,084,416)	(4,997,133)	(2,436,995)	(2,523,758)	(2,144,757)	(2,063,933)	(1,911,492)
Administrative expenses	(107,442)	(72,724)	(95,636)	(95,118)	(80,473)	(57,827)	(65,535)
Net change in plan fiduciary net position	1,894,888	(376,880)	5,440,085	5,937,410	3,042,734	270,249	5,411,610
Plan fiduciary net position - beginning	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)	\$ 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)	\$ 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	80.09%	83.11%	87.31%	83.16%	77.56%	78.20%	81.46%
Covered payroll	\$ 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	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.

For measurement date 09/30/19, amounts reported as changes of assumptions resulted from lowering the investment return assumption from 7.4% to 7.3% per year, compounded annually, net of investment related expenses.

THE CITY OF NAPLES, FLORIDA

Required Supplementary Information September 30, 2020 (Unaudited)

Schedule of Contributions Firefighters' Pension

	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15	9/30/14
Actuarially determined contribution	\$ 2,254,843	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	2,311,978	2,238,847	2,133,878	1,909,177	2,148,871	1,901,771	2,214,377
Contribution deficiency (excess)	\$ (57,135)	(118,141)	(13,172)	-	-	-	-
Covered payroll	\$ 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	63.66%	70.37%	67.07%	63.69%	66.37%	43.80%	61.97%

Notes to the Schedule:

Valuation date October 1, 2018 (AIS 12/02/2019)

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, 2020 (Unaudited)

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

Measurement year ended September 30,	2019	2018	2017
Total OPEB liability			
Service cost	\$ 343,902	\$ 347,546	\$ 353,062
Interest on the total opeb liability	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	925,138	(118,384)	(140,703)
Benefit payments	(292,583)	(254,400)	(53,548)
Net change in total OPEB liability	<u>1,218,478</u>	<u>136,767</u>	<u>296,397</u>
Total OPEB liability - beginning	<u>4,545,131</u>	<u>4,408,364</u>	<u>4,111,967</u>
Total OPEB liability - ending	<u>\$ 5,763,609</u>	<u>\$ 4,545,131</u>	<u>\$ 4,408,364</u>
 Covered-employee payroll	 \$ 25,219,941	 \$ 27,687,759	 \$ 24,884,851
City's total OPEB liability as a percentage of covered-employee payroll	22.85%	16.42%	17.72%

Notes to the Schedule

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

**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.

East Naples 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 East Naples Bay.

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, 2020

	Special Revenue Funds	Capital Project Funds	Total
Assets			
Cash and investments	\$ 9,672,745	8,022,802	17,695,547
Accounts receivable	1,815	-	1,815
Accrued interest	34,826	2,876	37,702
Due from other governments	-	398,531	398,531
Total assets	<u>\$ 9,709,386</u>	<u>8,424,209</u>	<u>18,133,595</u>
Liabilities			
Accounts payable	\$ 100,409	-	100,409
Accrued payroll	148,649	-	148,649
Customer deposits	291,556	-	291,556
Total liabilities	<u>540,614</u>	<u>-</u>	<u>540,614</u>
Fund balances			
Restricted	7,371,812	8,414,999	15,786,811
Committed	1,692,276	9,210	1,701,486
Assigned	104,684	-	104,684
Total fund balances	<u>9,168,772</u>	<u>8,424,209</u>	<u>17,592,981</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,709,386</u>	<u>8,424,209</u>	<u>18,133,595</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, 2020

	Special Revenue Funds	Capital Project Funds	Total
Revenues			
Taxes—property	\$ 359,351	-	359,351
Permits, fees and assessments	5,227,213	34,147	5,261,360
Intergovernmental	348,617	4,665,565	5,014,182
Charges for services	108,160	-	108,160
Fines and forfeitures	11,700	-	11,700
Interest	231,520	101,407	332,927
Donations	136,847	-	136,847
Miscellaneous	8,719	-	8,719
Total revenues	<u>6,432,127</u>	<u>4,801,119</u>	<u>11,233,246</u>
Expenditures			
Current			
General government	19,056	-	19,056
Public safety	4,551,082	-	4,551,082
Economic and physical development	674,259	-	674,259
Culture and recreation	48,163	-	48,163
Capital outlay			
General government	-	102,354	102,354
Public safety	801,028	358,091	1,159,119
Economic and physical development	233,397	-	233,397
Transportation	-	39,640	39,640
Culture and recreation	96,731	-	96,731
Total expenditures	<u>6,423,716</u>	<u>500,085</u>	<u>6,923,801</u>
Excess of revenues over expenditures	<u>8,411</u>	<u>4,301,034</u>	<u>4,309,445</u>
Other financing uses			
Transfers out	(51,083)	-	(51,083)
Total other financing uses	<u>(51,083)</u>	<u>-</u>	<u>(51,083)</u>
Change in fund balances	(42,672)	4,301,034	4,258,362
Fund balances, beginning of year	9,211,444	4,123,175	13,334,619
Fund balances, end of year	<u>\$ 9,168,772</u>	<u>8,424,209</u>	<u>17,592,981</u>

CITY OF NAPLES, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Special Revenue Funds
September 30, 2020

	Building and Zoning Fund	Community Development Block Grant Fund	Improvement Fund	Public Arts Fund	Grants Fund
Assets					
Cash and investments	\$ 4,248,221	104,684	526,740	833,307	4,884
Accounts receivable	-	-	1,815	-	-
Accrued interest	21,568	-	-	-	-
Total assets	<u>\$ 4,269,789</u>	<u>104,684</u>	<u>528,555</u>	<u>833,307</u>	<u>4,884</u>
Liabilities					
Accounts payable	\$ 77,136	-	12,029	-	-
Accrued payroll	148,649	-	-	-	-
Customer deposits	-	-	-	291,556	-
Total liabilities	<u>225,785</u>	<u>-</u>	<u>12,029</u>	<u>291,556</u>	<u>-</u>
Fund balances					
Restricted	4,044,004	-	516,526	-	4,884
Committed	-	-	-	541,751	-
Assigned	-	104,684	-	-	-
Total fund balances	<u>4,044,004</u>	<u>104,684</u>	<u>516,526</u>	<u>541,751</u>	<u>4,884</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,269,789</u>	<u>104,684</u>	<u>528,555</u>	<u>833,307</u>	<u>4,884</u>

Confiscated Properties Fund	Business Improvement District Fund	41-10 Public Open Space Fund	Parking Trust Fund	Port Royal Dredging District Fund	East Naples Bay District Fund	Moorings Bay District Fund	Total Nonmajor Special Revenue
277,664	5,943	435,468	706,014	166,199	1,109,185	1,254,436	9,672,745
-	-	-	-	-	-	-	1,815
1,739	-	1,195	2,800	-	2,223	5,301	34,826
<u>279,403</u>	<u>5,943</u>	<u>436,663</u>	<u>708,814</u>	<u>166,199</u>	<u>1,111,408</u>	<u>1,259,737</u>	<u>9,709,386</u>
6,786	895	-	-	-	1,313	2,250	100,409
-	-	-	-	-	-	-	148,649
-	-	-	-	-	-	-	291,556
<u>6,786</u>	<u>895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,313</u>	<u>2,250</u>	<u>540,614</u>
272,617	-	-	-	166,199	1,110,095	1,257,487	7,371,812
-	5,048	436,663	708,814	-	-	-	1,692,276
-	-	-	-	-	-	-	104,684
<u>272,617</u>	<u>5,048</u>	<u>436,663</u>	<u>708,814</u>	<u>166,199</u>	<u>1,110,095</u>	<u>1,257,487</u>	<u>9,168,772</u>
<u>279,403</u>	<u>5,943</u>	<u>436,663</u>	<u>708,814</u>	<u>166,199</u>	<u>1,111,408</u>	<u>1,259,737</u>	<u>9,709,386</u>

CITY OF NAPLES, FLORIDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Special Revenue Funds
Year Ended September 30, 2020

	Building and Zoning Fund	Community Development Block Grant Fund	Improvement Fund	Public Arts Fund	Grants Fund
Revenues					
Taxes—property	\$ -	-	-	-	-
Permits, fees and assessments	4,556,078	-	-	-	-
Intergovernmental	248,617	100,000	-	-	-
Charges for services	-	10,010	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	134,369	-	-	-	-
Donations	-	-	136,847	-	-
Miscellaneous	8,719	-	-	-	-
Total revenues	<u>4,947,783</u>	<u>110,010</u>	<u>136,847</u>	<u>-</u>	<u>-</u>
Expenditures					
Current					
General government	-	-	19,056	-	-
Public safety	4,520,042	-	2,259	-	3,276
Economic and physical development	-	-	-	-	-
Culture and recreation	-	-	16,868	31,295	-
Capital outlay					
Public safety	767,060	-	-	-	-
Economic and physical development	-	100,921	-	-	-
Culture and recreation	-	-	87,946	8,785	-
Total expenditures	<u>5,287,102</u>	<u>100,921</u>	<u>126,129</u>	<u>40,080</u>	<u>3,276</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(339,319)</u>	<u>9,089</u>	<u>10,718</u>	<u>(40,080)</u>	<u>(3,276)</u>
Other financing uses					
Transfers out	-	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(339,319)	9,089	10,718	(40,080)	(3,276)
Fund balances, beginning of year	4,383,323	95,595	505,808	581,831	8,160
Fund balances, end of year	<u>\$ 4,044,004</u>	<u>104,684</u>	<u>516,526</u>	<u>541,751</u>	<u>4,884</u>

Confiscated Properties Fund	Business Improvement District Fund	41-10 Public Open Space Fund	Parking Trust Fund	Port Royal Dredging District Fund	East Naples Bay District Fund	Moorings Bay District Fund	Total Nonmajor Special Revenue
-	-	-	-	-	333,393	25,958	359,351
-	617,067	-	-	54,068	-	-	5,227,213
-	-	-	-	-	-	-	348,617
-	-	-	98,150	-	-	-	108,160
11,700	-	-	-	-	-	-	11,700
5,018	-	7,408	11,405	-	34,263	39,057	231,520
-	-	-	-	-	-	-	136,847
-	-	-	-	-	-	-	8,719
<u>16,718</u>	<u>617,067</u>	<u>7,408</u>	<u>109,555</u>	<u>54,068</u>	<u>367,656</u>	<u>65,015</u>	<u>6,432,127</u>
-	-	-	-	-	-	-	19,056
25,505	-	-	-	-	-	-	4,551,082
-	617,067	-	-	2,985	35,655	18,552	674,259
-	-	-	-	-	-	-	48,163
33,968	-	-	-	-	-	-	801,028
-	-	-	-	-	132,476	-	233,397
-	-	-	-	-	-	-	96,731
<u>59,473</u>	<u>617,067</u>	<u>-</u>	<u>-</u>	<u>2,985</u>	<u>168,131</u>	<u>18,552</u>	<u>6,423,716</u>
<u>(42,755)</u>	<u>-</u>	<u>7,408</u>	<u>109,555</u>	<u>51,083</u>	<u>199,525</u>	<u>46,463</u>	<u>8,411</u>
-	-	-	-	(51,083)	-	-	(51,083)
-	-	-	-	(51,083)	-	-	(51,083)
(42,755)	-	7,408	109,555	-	199,525	46,463	(42,672)
315,372	5,048	429,255	599,259	166,199	910,570	1,211,024	9,211,444
<u>272,617</u>	<u>5,048</u>	<u>436,663</u>	<u>708,814</u>	<u>166,199</u>	<u>1,110,095</u>	<u>1,257,487</u>	<u>9,168,772</u>

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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, 2020

	Capital Project Funds			Total Nonmajor Capital Projects Funds
	Impact Fee Fund	Land Contribution Fund	Sales Tax Fund	
Assets				
Cash and investments	\$ 909,063	9,210	7,104,529	8,022,802
Accrued interest	2,599	-	277	2,876
Due from other governments	-	-	398,531	398,531
Total assets	<u>\$ 911,662</u>	<u>9,210</u>	<u>7,503,337</u>	<u>8,424,209</u>
Fund balances				
Restricted	\$ 911,662	-	7,503,337	8,414,999
Committed	-	9,210	-	9,210
Total fund balances	<u>911,662</u>	<u>9,210</u>	<u>7,503,337</u>	<u>8,424,209</u>
Total liabilities and fund balances	<u>\$ 911,662</u>	<u>9,210</u>	<u>7,503,337</u>	<u>8,424,209</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, 2020

	Capital Project Funds			Total Nonmajor Capital Projects Funds
	Impact Fee Fund	Land Contribution Fund	Sales Tax Fund	
Revenues				
Intergovernmental	\$ -	-	4,665,565	4,665,565
Permits, fees and assessments	34,147	-	-	34,147
Interest	15,162	-	86,245	101,407
Total revenues	<u>49,309</u>	<u>-</u>	<u>4,751,810</u>	<u>4,801,119</u>
Expenditures				
Capital outlay				
General government	-	-	102,354	102,354
Public safety	-	-	358,091	358,091
Transportation	-	-	39,640	39,640
Total expenditures	<u>-</u>	<u>-</u>	<u>500,085</u>	<u>500,085</u>
Change in fund balances	49,309	-	4,251,725	4,301,034
Fund balances, beginning of year	862,353	9,210	3,251,612	4,123,175
Fund balances, end of year	<u>\$ 911,662</u>	<u>9,210</u>	<u>7,503,337</u>	<u>8,424,209</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, 2020

	Building and Zoning Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes - property	\$ -	-	-	-
Permits, fees and assessments	4,521,000	4,521,000	4,556,078	35,078
Intergovernmental	-	-	248,617	248,617
Charges for services	200	200	-	(200)
Fines and forfeitures	-	-	-	-
Interest	56,000	56,000	134,369	78,369
Donations	-	-	-	-
Miscellaneous	306,631	306,631	8,719	(297,912)
Total revenues	<u>4,883,831</u>	<u>4,883,831</u>	<u>4,947,783</u>	<u>63,952</u>
Expenditures				
Current				
Public safety	4,972,003	4,977,376	4,520,042	457,334
Economic and physical development	-	-	-	-
Capital outlay				
Public safety	-	803,318	767,060	36,258
Economic and physical development	-	-	-	-
Debt service				
Interest	-	-	-	-
Total expenditures	<u>4,972,003</u>	<u>5,780,694</u>	<u>5,287,102</u>	<u>493,592</u>
Excess (deficiency) of revenues over expenditures	<u>(88,172)</u>	<u>(896,863)</u>	<u>(339,319)</u>	<u>557,544</u>
Other financing uses				
Transfers out	-	-	-	-
Change in fund balances	(88,172)	(896,863)	(339,319)	557,544
Fund balances, beginning of year	<u>4,383,323</u>	<u>4,383,323</u>	<u>4,383,323</u>	-
Fund balances, end of year	<u>\$ 4,295,151</u>	<u>3,486,460</u>	<u>4,044,004</u>	<u>557,544</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
\$ -	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
108,450	108,450	100,000	(8,450)	-	-	-	-
10,000	10,000	10,010	10	-	-	-	-
-	-	-	-	-	-	11,700	11,700
-	-	-	-	-	-	5,018	5,018
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
118,450	118,450	110,010	(8,440)	-	-	16,718	16,718
-	-	-	-	-	90,000	25,505	64,495
-	-	-	-	-	-	-	-
-	-	-	-	-	72,890	33,968	38,922
108,450	208,450	100,921	107,529	-	-	-	-
-	-	-	-	-	-	-	-
108,450	208,450	100,921	107,529	-	162,890	59,473	103,417
10,000	(90,000)	9,089	99,089	-	(162,890)	(42,755)	120,135
-	-	-	-	-	-	-	-
10,000	(90,000)	9,089	99,089	-	(162,890)	(42,755)	120,135
95,595	95,595	95,595	-	315,372	315,372	315,372	-
\$ 105,595	5,595	104,684	99,089	315,372	152,482	272,617	120,135

(Continued)

CITY OF NAPLES, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Nonmajor Special Revenue Funds
Year Ended September 30, 2020

	Grants Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes - property	\$ -	-	-	-
Permits, fees and assessments	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest	-	-	-	-
Donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
Public safety	-	-	3,276	(3,276)
Economic and physical development	-	-	-	-
Capital outlay				
Public safety	-	-	-	-
Economic and physical development	-	-	-	-
Debt service				
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>3,276</u>	<u>(3,276)</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(3,276)</u>	<u>(3,276)</u>
Other financing uses				
Transfers out	-	-	-	-
Change in fund balances	-	-	(3,276)	(3,276)
Fund balances, beginning of year	<u>8,160</u>	<u>8,160</u>	<u>8,160</u>	<u>-</u>
Fund balances, end of year	<u>\$ 8,160</u>	<u>8,160</u>	<u>4,884</u>	<u>(3,276)</u>

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
\$ -	-	-	-	-	-	-	-
623,253	623,253	617,067	(6,186)	50,000	50,000	54,068	4,068
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
623,253	623,253	617,067	(6,186)	50,000	50,000	54,068	4,068
-	-	-	-	-	-	-	-
623,253	623,253	617,067	6,186	3,600	3,600	2,985	615
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
623,253	623,253	617,067	6,186	3,600	3,600	2,985	615
-	-	-	-	46,400	46,400	51,083	4,683
-	-	-	-	(46,400)	(46,400)	(51,083)	(4,683)
-	-	-	-	-	-	-	-
5,048	5,048	5,048	-	166,199	166,199	166,199	-
\$ 5,048	5,048	5,048	-	166,199	166,199	166,199	-

CITY OF NAPLES, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Nonmajor Special Revenue Funds
Year Ended September 30, 2020

	East Naples Bay District Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes - property	\$ 326,100	326,100	333,393	7,293
Permits, fees and assessments	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest	8,000	8,000	34,263	26,263
Donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>334,100</u>	<u>334,100</u>	<u>367,656</u>	<u>33,556</u>
Expenditures				
Current				
Public safety	-	-	-	-
Economic and physical development	37,000	75,674	35,655	40,019
Capital outlay				
Public safety	-	-	-	-
Economic and physical development	350,000	350,000	132,476	217,524
Debt service				
Interest	-	-	-	-
Total expenditures	<u>387,000</u>	<u>425,674</u>	<u>168,131</u>	<u>257,543</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(52,900)</u>	<u>(91,574)</u>	<u>199,525</u>	<u>291,099</u>
Other financing uses				
Transfer out	-	-	-	-
Change in fund balances	(52,900)	(91,574)	199,525	291,099
Fund balances, beginning of year	<u>910,570</u>	<u>910,570</u>	<u>910,570</u>	<u>-</u>
Fund balances, end of year	<u>\$ 857,670</u>	<u>818,996</u>	<u>1,110,095</u>	<u>291,099</u>

Moorings Bay District Fund

Accounting Day 2020-05-01			Variance
Original Budget	Final Budget	Actual	With Final Budget
\$ 25,581	25,581	25,958	377
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
18,000	18,000	39,057	21,057
-	-	-	-
-	-	-	-
43,581	43,581	65,015	21,434
-	-	-	-
37,250	39,557	18,552	21,005
-	-	-	-
-	-	-	-
-	-	-	-
37,250	39,557	18,552	21,005
6,331	4,024	46,463	42,439
-	-	-	-
6,331	4,024	46,463	42,439
1,211,024	1,211,024	1,211,024	-
\$ 1,217,355	1,215,048	1,257,487	42,439

CITY OF NAPLES, FLORIDA

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

Debt Service Fund

Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 4,267,585	4,267,585	4,480,243	212,658
Interest	10,000	10,000	58,378	48,378
Total revenues	<u>4,277,585</u>	<u>4,277,585</u>	<u>4,538,621</u>	<u>261,036</u>
Expenditures				
Current				
General government	40,530	40,530	40,530	-
Debt service				
Principal	1,928,556	1,928,556	1,928,556	-
Interest and fiscal charges	136,677	136,677	141,522	(4,845)
Total debt service	<u>2,065,233</u>	<u>2,065,233</u>	<u>2,070,078</u>	<u>(4,845)</u>
Total expenditures	<u>2,105,763</u>	<u>2,105,763</u>	<u>2,110,608</u>	<u>(4,845)</u>
Excess of revenues over expenditures	<u>2,171,822</u>	<u>2,171,822</u>	<u>2,428,013</u>	<u>256,191</u>
Other financing sources (uses)				
Transfers in	990,669	990,669	990,669	-
Transfers out	<u>(3,200,000)</u>	<u>(3,200,000)</u>	<u>(3,200,000)</u>	<u>-</u>
Total other financing uses	<u>(2,209,331)</u>	<u>(2,209,331)</u>	<u>(2,209,331)</u>	<u>-</u>
Change in fund balance	(37,509)	(37,509)	218,682	256,191
Fund balances, beginning of year	<u>1,932,762</u>	<u>1,932,762</u>	<u>1,932,762</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,895,253</u>	<u>1,895,253</u>	<u>2,151,444</u>	<u>256,191</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, 2020

	Capital Projects Fund - Major Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Permits, fees and assessments	\$ -	-	147,697	147,697
Investment income	100,000	100,000	147,064	47,064
Total revenues	100,000	100,000	294,761	194,761
Expenditures				
Current				
General government	73,630	73,630	73,630	-
Capital projects				
General government	383,000	637,604	369,516	268,088
Public safety	1,131,900	1,360,235	1,196,207	164,028
Transportation	-	-	4,414	(4,414)
Culture and recreation	1,516,000	2,572,521	1,640,079	932,442
Total capital projects	3,030,900	4,570,360	3,210,216	1,360,144
Total expenditures	3,104,530	4,643,990	3,283,846	1,360,144
Excess (deficiency) of revenues over (under) expenditures	(3,004,530)	(4,543,990)	(2,989,085)	1,554,905
Other financing sources				
Transfers in	3,246,400	3,246,400	3,251,083	4,683
Proceeds from sale of capital assets	35,000	35,000	35,932	932
Total other financing sources	3,281,400	3,281,400	3,287,015	5,615
Change in fund balance	276,870	(1,262,590)	297,930	1,560,520
Fund balances, beginning of year	4,228,914	4,228,914	4,228,914	-
Fund balances, end of year	\$ 4,505,784	2,966,324	4,526,844	1,560,520

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, 2020

	Sales Tax Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental	\$ 4,350,000	4,350,000	4,665,565	315,565
Investment income	28,575	28,575	86,245	57,670
Total revenues	<u>4,378,575</u>	<u>4,378,575</u>	<u>4,751,810</u>	<u>373,235</u>
Expenditures				
Capital projects				
General government	2,325,000	2,495,100	102,354	2,392,746
Public safety	-	361,410	358,091	3,319
Transportation	-	90,000	39,640	50,360
Total current expenditures	<u>2,325,000</u>	<u>2,946,510</u>	<u>500,085</u>	<u>2,446,425</u>
Total expenditures	<u>2,325,000</u>	<u>2,946,510</u>	<u>500,085</u>	<u>2,446,425</u>
Excess of revenues over expenditures	<u>2,053,575</u>	<u>1,432,065</u>	<u>4,251,725</u>	<u>2,819,660</u>
Change in fund balance	2,053,575	1,432,065	4,251,725	2,819,660
Fund balances, beginning of year	<u>3,251,612</u>	<u>3,251,612</u>	<u>3,251,612</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,305,187</u>	<u>4,683,677</u>	<u>7,503,337</u>	<u>2,819,660</u>

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, 2020

Assets	Naples Beach Fund	Tennis Fund	Total
Current assets			
Cash and investments	\$ 5,063,763	581,676	5,645,439
Receivables (net, where applicable, of allowance for uncollectible)			
Accounts	5,200	1,976	7,176
Accrued interest	13,738	1,716	15,454
Due from other governments	224,040	-	224,040
Inventories	-	1,258	1,258
Total current assets	<u>5,306,741</u>	<u>586,626</u>	<u>5,893,367</u>
Capital assets			
Buildings and utility plants	1,284,743	703,269	1,988,012
Improvements other than buildings	7,247,908	198,116	7,446,024
Equipment	1,514,927	274,831	1,789,758
Accumulated depreciation	(7,962,494)	(940,077)	(8,902,571)
Construction in progress	116,543	-	116,543
Net capital assets	<u>2,201,627</u>	<u>236,139</u>	<u>2,437,766</u>
Total assets	<u>7,508,368</u>	<u>822,765</u>	<u>8,331,133</u>
Deferred outflows of resources			
Deferred outflows - pensions	64,408	17,597	82,005
Deferred outflows - OPEB	23,162	5,790	28,952
Total deferred outflows of resources	<u>87,570</u>	<u>23,387</u>	<u>110,957</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 163,040	13,270	176,310
Accrued payroll	45,402	11,561	56,963
Unearned revenue	10,568	-	10,568
Current portion of compensated absences	6,000	5,000	11,000
Total current liabilities	<u>225,010</u>	<u>29,831</u>	<u>254,841</u>
Noncurrent liabilities			
Net pension liability	214,515	58,608	273,123
Total OPEB liability	115,272	28,818	144,090
Compensated absences	71,235	22,847	94,082
Total noncurrent liabilities	<u>401,022</u>	<u>110,273</u>	<u>511,295</u>
Total liabilities	<u>626,032</u>	<u>140,104</u>	<u>766,136</u>
Deferred inflows of resources			
Deferred inflows - pensions	39,590	10,816	50,406
Deferred inflows - OPEB	3,326	831	4,157
Total deferred inflows of resources	<u>42,916</u>	<u>11,647</u>	<u>54,563</u>
Net Position			
Investment in capital assets	2,201,627	236,139	2,437,766
Unrestricted	4,725,363	458,262	5,183,625
Total net position	<u>\$ 6,926,990</u>	<u>694,401</u>	<u>7,621,391</u>

CITY OF NAPLES, FLORIDA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Nonmajor Enterprise Funds

Year Ended September 30, 2020

	Naples Beach Fund	Tennis Fund	Total
Operating revenues			
Charges for services	\$ 2,005,455	670,626	2,676,081
Intergovernmental	23,750	-	23,750
Total operating revenues	<u>2,029,205</u>	<u>670,626</u>	<u>2,699,831</u>
Operating expenses			
Personal services	976,223	235,496	1,211,719
Supplies and services	551,863	332,927	884,790
Utilities	124,373	1,063	125,436
Depreciation and amortization	444,758	52,541	497,299
General administration	177,010	48,950	225,960
Other	54,339	22,282	76,621
Total operating expenses	<u>2,328,566</u>	<u>693,259</u>	<u>3,021,825</u>
Operating loss	<u>(299,361)</u>	<u>(22,633)</u>	<u>(321,994)</u>
Nonoperating revenues			
Grant revenue	579,277	-	579,277
Interest income	146,102	18,207	164,309
Insurance Proceeds	164,568	-	164,568
Gain on sale of capital assets	3,800	738	4,538
Total nonoperating revenues	<u>893,747</u>	<u>18,945</u>	<u>912,692</u>
Income (loss) before transfers	594,386	(3,688)	590,698
Transfers in	<u>-</u>	<u>47,500</u>	<u>47,500</u>
Change in net position	594,386	43,812	638,198
Net position, beginning of year	<u>6,332,604</u>	<u>650,589</u>	<u>6,983,193</u>
Net position, end of year	<u>\$ 6,926,990</u>	<u>694,401</u>	<u>7,621,391</u>

CITY OF NAPLES, FLORIDA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended September 30, 2020

	Naples Beach Fund	Tennis Fund	Total
Cash flows from operating activities			
Cash received from customers	\$ 2,032,965	668,650	2,701,615
Cash payments to suppliers	(847,234)	(342,788)	(1,190,022)
Cash payments for employee services	(936,988)	(48,950)	(985,938)
Cash payments for interfund services	(177,010)	(240,709)	(417,719)
Net cash provided by operating activities	<u>71,733</u>	<u>36,203</u>	<u>107,936</u>
Cash flows from noncapital financing activities			
Transfers	-	47,500	47,500
Nonoperating grants	579,277	-	579,277
Net cash provided by noncapital financing activities	<u>579,277</u>	<u>47,500</u>	<u>626,777</u>
Cash flows from capital and related financing activities			
Insurance proceeds	164,568	-	164,568
Proceeds from sale of capital assets	3,800	738	4,538
Acquisition and construction of capital assets	(453,998)	(61,552)	(515,550)
Net cash used in capital and related financing activities	<u>(285,630)</u>	<u>(60,814)</u>	<u>(346,444)</u>
Cash flows from investing activities			
Interest and investment earnings	147,094	18,365	165,459
Net cash provided by investing activities	<u>147,094</u>	<u>18,365</u>	<u>165,459</u>
Net change in cash and cash equivalents	512,474	41,254	553,728
Cash and cash equivalents, beginning of year	4,551,289	540,422	5,091,711
Cash and cash equivalents, end of year	<u>\$ 5,063,763</u>	<u>581,676</u>	<u>5,645,439</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating loss	\$ (299,361)	(22,633)	(321,994)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Depreciation and amortization	444,758	52,541	497,299
Changes in assets - (increase) decrease			
Receivables, net	233,254	(1,976)	231,278
Due from other governments	(193,275)	-	(193,275)
Inventories	-	1,136	1,136
Deferred outflows	(30,737)	(3,436)	(34,173)
Changes in liabilities - increase (decrease)			
Accounts payable	76,616	12,348	88,964
Accrued payroll	14,400	1,919	16,319
Unearned revenue	(229,494)	-	(229,494)
Deferred inflows	(47,235)	(20,588)	(67,823)
Net pension liability	69,873	6,155	76,028
Total OPEB liability	24,370	6,092	30,462
Compensated absences	8,564	4,645	13,209
Net cash provided by operating activities	<u>\$ 71,733</u>	<u>36,203</u>	<u>107,936</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, 2020

Assets	Equipment Services	Risk Management	Health Benefits	Technology Services	Total
Current assets					
Cash and investments	\$ 214,631	8,594,391	1,803,506	1,051,492	11,664,020
Receivables, miscellaneous	-	735,293	10,600	-	745,893
Accrued interest	655	25,210	7,136	3,156	36,157
Due from other governments	746	-	-	-	746
Inventories	69,965	-	-	-	69,965
Prepays	-	50,000	-	-	50,000
Total current assets	<u>285,997</u>	<u>9,404,894</u>	<u>1,821,242</u>	<u>1,054,648</u>	<u>12,566,781</u>
Capital assets					
Buildings	794,987	-	-	51,957	846,944
Equipment	440,056	25,788	-	3,552,257	4,018,101
Accumulated depreciation	(1,025,060)	(25,788)	-	(2,955,804)	(4,006,652)
Net capital assets	<u>209,983</u>	<u>-</u>	<u>-</u>	<u>648,410</u>	<u>858,393</u>
Total assets	<u>495,980</u>	<u>9,404,894</u>	<u>1,821,242</u>	<u>1,703,058</u>	<u>13,425,174</u>
Deferred outflows of resources					
Deferred outflows - pensions	51,709	11,669	-	33,716	97,094
Deferred outflows - OPEB	17,371	5,790	-	23,162	46,323
Total deferred outflows of resources	<u>69,080</u>	<u>17,459</u>	<u>-</u>	<u>56,878</u>	<u>143,417</u>
Liabilities					
Current liabilities					
Accounts payable	70,073	50,131	922	87,990	209,116
Accrued payroll	37,947	9,022	-	22,588	69,557
Unearned revenue	-	-	566	-	566
Total current liabilities	<u>108,020</u>	<u>59,153</u>	<u>1,488</u>	<u>110,578</u>	<u>279,239</u>
Noncurrent liabilities					
Due within one year					
Compensated absences	9,000	-	-	10,000	19,000
Insurance claims payable	-	615,200	383,044	-	998,244
Due in more than one year					
Compensated absences	59,148	24,480	-	45,249	128,877
Net pension liability	172,219	38,863	-	112,293	323,375
Total OPEB liability	86,454	28,818	-	115,272	230,544
Insurance claims payable	-	2,460,800	-	-	2,460,800
Total noncurrent liabilities	<u>326,821</u>	<u>3,168,161</u>	<u>383,044</u>	<u>282,814</u>	<u>4,160,840</u>
Total liabilities	<u>434,841</u>	<u>3,227,314</u>	<u>384,532</u>	<u>393,392</u>	<u>4,440,079</u>
Deferred inflows of resources					
Deferred inflows - pensions	31,784	7,172	-	20,724	59,680
Deferred inflows - OPEB	2,494	831	-	3,326	6,651
Total deferred inflows of resources	<u>34,278</u>	<u>8,003</u>	<u>-</u>	<u>24,050</u>	<u>66,331</u>
Net Position					
Investment in capital assets	209,983	-	-	648,410	858,393
Restricted, flexible benefits	-	-	375,785	-	375,785
Unrestricted	(114,042)	6,187,036	1,060,925	694,084	7,828,003
Total net position	<u>\$ 95,941</u>	<u>6,187,036</u>	<u>1,436,710</u>	<u>1,342,494</u>	<u>9,062,181</u>

CITY OF NAPLES, FLORIDA
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
Year Ended September 30, 2020

	Equipment Services	Risk Management	Health Benefits	Technology Services	Total
Operating revenues					
Charges for services	\$ 1,840,563	2,741,280	8,691,695	1,829,630	15,103,168
Total operating expenses	<u>1,840,563</u>	<u>2,741,280</u>	<u>8,691,695</u>	<u>1,829,630</u>	<u>15,103,168</u>
Operating expenses					
Personal services	686,170	170,629	-	467,685	1,324,484
Supplies, services and claims	1,021,675	1,943,090	7,803,500	853,787	11,622,052
Utilities	26,427	-	-	-	26,427
Depreciation and amortization	39,468	-	-	280,082	319,550
General administration	123,210	78,920	146,010	83,340	431,480
Other	1,502	3,361	-	-	4,863
Total operating expenses	<u>1,898,452</u>	<u>2,196,000</u>	<u>7,949,510</u>	<u>1,684,894</u>	<u>13,728,856</u>
Operating income (loss)	(57,889)	545,280	742,185	144,736	1,374,312
Nonoperating revenues					
Interest income	1,944	264,780	51,555	30,032	348,311
Gain on sale of capital assets	22	-	-	-	22
Total nonoperating revenues	<u>1,966</u>	<u>264,780</u>	<u>51,555</u>	<u>30,032</u>	<u>348,333</u>
Change in net position	(55,923)	810,060	793,740	174,768	1,722,645
Net position, beginning of year	151,864	5,376,976	642,970	1,167,726	7,339,536
Net position, end of year	<u>\$ 95,941</u>	<u>6,187,036</u>	<u>1,436,710</u>	<u>1,342,494</u>	<u>9,062,181</u>

CITY OF NAPLES, FLORIDA
Combining Statement of Cash Flows
Internal Service Funds
Year Ended September 30, 2020

	Equipment Services	Risk Management	Health Benefits	Technology Services	Total
Cash flows from operating activities					
Cash received from customers	\$ 1,858,563	2,005,987	8,681,814	1,837,352	14,383,716
Cash payments to suppliers for goods and services	(1,023,270)	(2,050,305)	(7,908,548)	(807,231)	(11,789,354)
Cash payments for employee services	(701,363)	(78,920)	-	(83,340)	(863,623)
Cash payments for interfund services	(123,210)	(171,165)	(146,010)	(481,603)	(921,988)
Net cash provided by (used in) operating activities	<u>10,720</u>	<u>(294,403)</u>	<u>627,256</u>	<u>465,178</u>	<u>808,751</u>
Cash flows from capital and related financing activities					
Proceeds from the sale of capital assets	22	-	-	-	22
Acquisition and construction of capital assets	(32,400)	-	-	(369,495)	(401,895)
Net cash used in capital and related financing activities	<u>(32,378)</u>	<u>-</u>	<u>-</u>	<u>(369,495)</u>	<u>(401,873)</u>
Cash flows from investing activities					
Interest on pooled cash and investments	1,914	265,441	51,888	30,250	349,493
Net cash provided by investing activities	<u>1,914</u>	<u>265,441</u>	<u>51,888</u>	<u>30,250</u>	<u>349,493</u>
Net change in cash and cash equivalents	(19,744)	(28,962)	679,144	125,933	756,371
Cash and cash equivalents, beginning of year	234,375	8,623,353	1,124,362	925,559	10,907,649
Cash and cash equivalents, end of year	<u>\$ 214,631</u>	<u>8,594,391</u>	<u>1,803,506</u>	<u>1,051,492</u>	<u>11,664,020</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities					
Operating (loss) income	\$ (57,889)	545,280	742,185	144,736	1,374,312
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities					
Depreciation and amortization	39,468	-	-	280,082	319,550
Changes in assets - (increase) decrease					
Miscellaneous receivables	-	(735,293)	(9,881)	-	(745,174)
Due from other governments	18,000	-	-	7,722	25,722
Inventories	5,675	-	-	-	5,675
Prepays	-	-	-	5,617	5,617
Deferred outflows	(10,348)	(4,791)	-	(12,650)	(27,789)
Changes in liabilities - increase (decrease)					
Accounts payable	20,659	(7,854)	(5,473)	40,939	48,271
Accrued payroll	6,342	2,170	-	2,729	11,241
Insurance claims payable	-	(96,000)	(99,575)	-	(195,575)
Deferred inflows	(60,536)	(11,933)	-	(44,814)	(117,283)
Net pension liability	18,040	7,074	-	3,414	28,528
Total OPEB liability	18,277	6,092	-	24,370	48,739
Compensated absences	13,032	852	-	13,033	26,917
Net cash provided by (used in) operating activities	<u>\$ 10,720</u>	<u>(294,403)</u>	<u>627,256</u>	<u>465,178</u>	<u>808,751</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).

Supplemental General Pension Fund—To account for the activities of the City's supplemental defined contribution retirement plan available to all full-time employees except those covered by the International Association of Firefighters (IAFF) or Fraternal Order of Police (FOP) unions.

Managers' 401 Pension Fund—To account for the activities of the City's defined contribution retirement plan available to all employees whose service to the City is rendered on a contractual or fee basis.

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.

Agency Fund—To account for the activities of the City's internal payroll clearing account.

CITY OF NAPLES, FLORIDA
Combining Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2020

		Pension Trust	
	General Pension Fund	Supplemental General Pension	Managers' 401 Pension
Assets			
Cash and cash equivalents	\$ 1,451,790	-	-
Receivables			
Contributions	325,828	24,826	5,699
Investments, at fair value			
U.S. Treasury securities	2,797,545	-	-
U.S. Government agency securities	48,168	-	-
Municipal obligations	13,189	-	-
Asset-backed securities	2,428,386	-	-
Corporate bonds	4,831,993	-	-
Common stock/equity funds	37,741,391	-	-
Real estate investment trusts	5,408,365	-	-
Mutual funds	-	10,804,167	2,308,663
Alternative investments	5,899,989	-	-
Total investments	<u>59,169,026</u>	<u>10,804,167</u>	<u>2,308,663</u>
Total assets	<u>60,946,644</u>	<u>10,828,993</u>	<u>2,314,362</u>
Liabilities			
Accounts payable	<u>14,557</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>14,557</u>	<u>-</u>	<u>-</u>
Net position			
Restricted for pension benefits	<u>\$ 60,932,087</u>	<u>10,828,993</u>	<u>2,314,362</u>

Pension Trust		
Police Officers' Pension Fund	Firefighters' Pension Fund	Total
1,422,921	1,507,405	4,382,116
1,150,945	982,986	2,490,284
2,832,606	3,045,415	8,675,566
37,030	42,119	127,317
10,991	17,511	41,691
2,012,322	2,200,299	6,641,007
4,037,828	4,641,548	13,511,369
34,480,074	38,202,112	110,423,577
4,497,697	4,489,748	14,395,810
-	-	13,112,830
5,309,872	5,806,015	17,015,876
53,218,420	58,444,767	183,945,043
55,792,286	60,935,158	190,817,443
20,153	10,770	45,480
20,153	10,770	45,480
55,772,133	60,924,388	190,771,963

CITY OF NAPLES, FLORIDA
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended September 30, 2020

	Pension Trust		
	General Pension Fund	Supplemental General Pension	Managers' 401 Pension
Additions			
Contributions			
Employee contributions	\$ 692,717	383,377	88,837
Employer contributions	2,489,724	256,747	67,273
State contributions	-	-	-
Total contributions	<u>3,182,441</u>	<u>640,124</u>	<u>156,110</u>
Investment earnings			
Interest and dividend income	1,339,339	4,485	506
Net change in fair value of investments	1,408,340	911,279	142,372
Less investment expense	<u>(318,940)</u>	<u>(23,666)</u>	<u>(4,660)</u>
Net investment earnings	<u>2,428,739</u>	<u>892,098</u>	<u>138,218</u>
Total additions	<u>5,611,180</u>	<u>1,532,222</u>	<u>294,328</u>
Deductions			
Benefits paid	4,222,444	-	-
Refunds of contributions	319,394	397,552	37,661
General administration	<u>167,348</u>	<u>-</u>	<u>-</u>
Total deductions	<u>4,709,186</u>	<u>397,552</u>	<u>37,661</u>
Changes in net position	901,994	1,134,670	256,667
Net position, beginning of year	<u>60,030,093</u>	<u>9,694,323</u>	<u>2,057,695</u>
Net position, end of year	<u>\$ 60,932,087</u>	<u>10,828,993</u>	<u>2,314,362</u>

Pension Trust		
Police Officers' Pension Fund	Firefighters' Pension Fund	Total
215,667	160,322	1,540,920
2,191,944	1,708,192	6,713,880
787,148	603,786	1,390,934
3,194,759	2,472,300	9,645,734
1,189,341	1,280,824	3,814,495
1,396,027	1,600,201	5,458,219
(256,688)	(266,579)	(870,533)
2,328,680	2,614,446	8,402,181
5,523,439	5,086,746	18,047,915
4,207,943	3,083,657	11,514,044
-	759	755,366
133,889	107,442	408,679
4,341,832	3,191,858	12,678,089
1,181,607	1,894,888	5,369,826
54,590,526	59,029,500	185,402,137
55,772,133	60,924,388	190,771,963

CITY OF NAPLES, FLORIDA
Statement of Changes in Assets and Liabilities—Agency Funds
Year Ended September 30, 2020

	Balance October 1, 2019	Additions	Deductions	Balance September 30, 2020
Assets				
Cash	\$ 137	175,233	(175,233)	137
Total assets	<u>\$ 137</u>	<u>175,233</u>	<u>(175,233)</u>	<u>137</u>
Liabilities				
Accounts payable	\$ 137	175,233	(175,233)	137
Total liabilities	<u>\$ 137</u>	<u>175,233</u>	<u>(175,233)</u>	<u>137</u>

STATISTICAL SECTION

(Unaudited)

This part of the City of Naples, Florida's comprehensive annual 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.

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

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

	Fiscal Year				
	2011	2012	2013	2014	2015
Governmental activities					
Net investment in capital assets	47,910,235	49,368,390	54,372,698	55,192,342	55,794,796
Restricted	12,987,575	13,460,387	13,908,144	13,908,144	22,621,775
Unrestricted	33,134,491	32,162,681	27,048,578	31,850,607	(2,227,579)
Total governmental activities net assets	<u>94,032,301</u>	<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	72,488,908	77,344,733	81,292,018	90,439,602	100,262,238
Restricted	4,070,440	1,645,528	-	-	-
Unrestricted	32,963,324	39,489,625	43,716,346	44,977,055	40,616,760
Total business-type activities net assets	<u>109,522,672</u>	<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	120,399,143	126,713,123	135,664,716	145,631,944	156,057,034
Restricted	17,058,015	15,105,915	13,908,144	13,908,144	22,621,775
Unrestricted	66,097,815	71,652,306	70,764,924	76,827,662	38,389,181
Total primary government net assets	<u>203,554,973</u>	<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
56,389,018	62,307,369	68,234,422	89,168,254	92,916,339
21,362,817	24,075,554	24,295,296	19,003,332	24,227,713
(2,990,374)	(8,830,079)	(6,184,560)	(1,414,044)	4,371,780
<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>
110,151,951	115,191,402	120,073,729	124,045,399	128,240,509
-	-	-	-	-
<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>149,451,589</u>	<u>158,372,608</u>	<u>163,674,676</u>	<u>181,116,754</u>	<u>190,155,781</u>
166,540,969	177,498,771	188,308,151	213,213,653	221,156,848
21,362,817	24,075,554	24,295,296	19,003,332	24,227,713
36,309,264	34,351,127	37,416,387	55,657,311	66,287,052
<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>

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

	Fiscal Year				
	2011	2012	2013	2014	2015
Expenses					
Governmental activities					
General government	5,622,677	5,457,866	5,301,030	7,715,255	7,518,425
Public safety	23,957,097	24,400,324	24,885,076	25,969,504	21,801,426
Physical and economic environment	3,239,638	3,128,378	2,792,363	2,714,222	3,784,334
Transportation	3,553,288	3,355,650	3,450,265	3,089,234	2,923,536
Culture and recreation	6,850,817	6,609,114	6,942,141	7,093,524	6,993,700
Interest	443,739	493,896	397,292	227,976	229,304
Total governmental activities expenses	43,667,256	43,445,228	43,768,167	46,809,715	43,250,725
Business-type activities					
Water and sewer	24,300,280	23,915,729	23,833,110	24,397,347	23,729,514
Solid waste	5,497,576	5,275,918	5,489,089	6,011,637	6,092,583
Stormwater	2,642,191	2,463,801	3,064,173	3,088,139	3,174,847
Other enterprises	3,117,045	3,377,075	3,474,163	3,822,843	3,552,923
Total business-type activities	35,557,092	35,032,523	35,860,535	37,319,966	36,549,867
Total primary governmental expenses	79,224,348	78,477,751	79,628,702	84,129,681	79,800,592
Program Revenues (see Schedule 3)					
Governmental activities					
Charges for services					
General government	1,238,135	837,202	874,008	3,724,592	3,358,243
Public safety	3,803,409	4,792,576	4,506,478	4,940,975	5,646,699
Physical and economic environment	15,372	15,788	16,009	17,616	-
Transportation	3,942	-	31,210	104,501	65,948
Culture and recreation	751,480	751,862	802,130	3,185,180	2,636,165
Operating grants and contributions	2,909,353	2,631,903	2,803,204	4,140,006	3,416,843
Capital grants and contributions	294,062	927,761	352,732	779,103	936,341
Total governmental activities revenues	9,015,753	9,957,092	9,385,771	16,891,973	16,060,239
Business-type activities					
Water and sewer	29,055,653	28,262,634	28,747,954	32,117,638	29,614,711
Solid waste	5,974,018	5,827,277	5,876,369	6,102,494	5,850,216
Stormwater	4,538,097	4,563,918	4,651,910	5,039,675	4,296,017
Beach	1,125,781	1,117,695	1,086,099	1,209,986	1,261,081
Dock	1,298,741	1,512,844	1,649,255	1,785,141	1,635,024
Tennis	452,109	417,161	474,559	531,792	568,002
Operating grants and contributions	621,838	635,642	556,850	784,245	2,067,866
Capital grants and contributions	1,726,470	3,507,039	1,388,630	1,835,613	3,664,105
Total business-type activities	44,792,707	45,844,210	44,431,626	49,406,584	48,957,022
Total primary governmental revenues	53,808,460	55,801,302	53,817,397	66,298,557	65,017,261
Net Expense/Revenue					
Governmental activities	(34,651,503)	(33,488,136)	(34,382,396)	(29,917,742)	(27,190,486)
Business-type activities	9,235,615	10,811,687	8,571,091	12,086,618	12,407,155
Total primary government net expense	(25,415,888)	(22,676,449)	(25,811,305)	(17,831,124)	(14,783,331)

Fiscal Year				
2016	2017	2018	2019	2020
9,555,128	9,454,060	12,982,218	10,753,587	10,293,157
29,016,071	30,594,045	25,994,163	28,234,663	31,834,025
2,805,708	2,633,829	2,859,398	2,920,295	2,897,226
4,042,246	3,123,625	3,682,853	3,034,012	3,436,390
8,397,402	7,644,773	7,717,903	8,386,370	8,247,158
188,208	160,230	198,144	218,975	188,520
54,004,763	53,610,562	53,434,678	53,547,902	56,896,476
24,213,406	25,830,541	26,985,697	27,588,076	28,063,614
6,481,079	6,613,390	6,672,555	6,750,997	6,803,285
3,504,651	4,116,574	4,796,395	4,340,833	4,950,573
4,140,463	3,949,399	4,187,376	4,913,117	4,629,772
38,339,599	40,509,904	42,642,023	43,593,023	44,447,244
92,344,362	94,120,466	96,076,701	97,140,925	101,343,720
3,475,764	3,212,513	3,842,216	3,861,356	4,246,518
5,227,047	4,448,668	6,067,924	7,040,301	5,835,585
10,000	530,000	820,925	526,710	108,160
65,379	87,288	99,854	101,748	96,328
1,012,252	2,039,913	1,031,798	972,706	677,172
3,492,964	4,363,770	4,687,374	6,775,231	6,669,565
501,211	345,987	2,580,766	4,409,074	5,571,210
13,784,617	15,028,139	19,130,857	23,687,126	23,204,538
30,730,431	33,695,352	32,767,617	33,648,343	34,469,021
6,124,348	7,126,711	7,093,443	7,384,825	7,471,244
4,558,685	5,040,865	4,800,239	5,080,504	5,209,739
1,754,058	1,972,942	1,971,709	2,399,249	2,029,205
1,530,363	1,201,692	1,167,545	2,146,595	1,951,195
591,145	560,179	605,002	698,710	670,626
1,211,932	127,100	201,900	3,282,875	659,277
1,998,774	1,424,561	1,011,861	6,410,813	904,714
48,499,736	51,149,402	49,619,316	61,051,914	53,365,021
62,284,353	66,177,541	68,750,173	84,739,040	76,569,559
(40,220,146)	(38,582,423)	(34,303,821)	(29,860,776)	(33,691,938)
10,160,137	10,639,498	6,977,293	17,458,891	8,917,777
(30,060,009)	(27,942,925)	(27,326,528)	(12,401,885)	(24,774,161)
(Continued)				

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

	Fiscal Year				
	2011	2012	2013	2014	2015
General Revenues and Other					
Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	17,872,322	17,390,742	17,330,532	18,539,883	19,523,088
Local communication and utility taxes	5,208,481	5,574,086	5,977,860	5,241,319	5,391,177
Insurance premium tax	1,319,318	1,354,027	1,324,166	1,412,980	1,272,757
Motor fuel taxes	1,386,067	1,397,806	1,367,212	1,190,133	1,167,932
Business taxes	243,716	264,110	255,890	269,562	215,039
Franchise fees	3,474,511	3,361,560	3,299,823	3,579,771	3,553,455
Intergovernmental revenues, unrestricted	2,847,318	2,807,044	2,952,946	3,158,266	3,332,872
Unrestricted investment earnings	371,937	238,259	175,612	232,811	543,147
Miscellaneous revenues	171,799	19,273	50,070	34,155	-
Gain on sale of capital assets	4,718	26,776	-	1,655	159,891
Transfers	1,987,500	2,013,610	2,054,280	1,878,880	4,138,060
Total governmental activities	<u>34,887,687</u>	<u>34,447,293</u>	<u>34,788,391</u>	<u>35,539,415</u>	<u>39,297,418</u>
Business-type activities					
Investment earnings	186,018	153,699	90,583	200,556	420,063
Gain on sale of capital assets	53,633	5,438	-	-	-
Transfers	(1,987,500)	(2,013,610)	(2,054,280)	(1,878,880)	(4,138,060)
Total business-type activities	<u>(1,747,849)</u>	<u>(1,854,473)</u>	<u>(1,963,697)</u>	<u>(1,678,324)</u>	<u>(3,717,997)</u>
Total primary government	<u>33,139,838</u>	<u>32,592,820</u>	<u>32,824,694</u>	<u>33,861,091</u>	<u>35,579,421</u>
Change in Net Position					
Governmental activities	236,184	959,157	405,995	5,621,673	12,106,932
Business-type activities	<u>7,487,766</u>	<u>8,957,214</u>	<u>6,607,394</u>	<u>10,408,294</u>	<u>8,689,158</u>
Total primary government	<u>7,723,950</u>	<u>9,916,371</u>	<u>7,013,389</u>	<u>16,029,967</u>	<u>20,796,090</u>

Fiscal Year				
2016	2017	2018	2019	2020
21,163,455	22,706,983	24,431,766	26,590,992	27,799,671
5,436,983	5,504,862	5,771,309	5,992,589	6,252,727
1,191,342	1,302,545	1,258,329	1,287,722	1,390,934
1,226,385	1,221,409	1,374,149	1,374,754	1,284,751
304,435	302,857	256,858	251,348	265,390
3,451,036	3,523,250	3,552,964	3,627,333	3,478,434
3,440,243	3,823,706	3,883,028	7,148,793	4,209,062
524,052	415,611	675,924	1,979,529	1,927,928
-	-	-	-	-
34,584	552,483	16,121	-	22
2,020,100	2,020,100	2,020,100	2,020,100	1,841,309
38,792,615	41,373,806	43,240,548	50,273,160	48,450,228
432,554	301,621	394,491	1,825,523	1,817,706
-	-	-	177,764	144,853
(2,020,100)	(2,020,100)	(2,020,100)	(2,020,100)	(1,841,309)
(1,587,546)	(1,718,479)	(1,625,609)	(16,813)	121,250
37,205,069	39,655,327	41,614,939	50,256,347	48,571,478
(1,427,531)	2,791,383	8,936,727	20,412,384	14,758,290
8,572,591	8,921,019	5,351,684	17,442,078	9,039,027
7,145,060	11,712,402	14,288,411	37,854,462	23,797,317

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

	Fiscal Year				
	2011	2012	2013	2014	2015
General Fund					
Reserved	N/A	N/A	N/A	N/A	N/A
Unreserved	N/A	N/A	N/A	N/A	N/A
Non-spendable	150,464	487,435	425,592	725,388	643,305
Restricted	13,791	13,791	13,791	13,791	-
Committed	3,528,888	3,515,091	3,597,298	3,597,298	3,597,298
Assigned	46,284	11,765	293,132	293,132	275,909
Unassigned	15,508,265	15,541,877	10,582,398	11,439,262	14,030,183
Total General Fund	<u>19,247,692</u>	<u>19,569,959</u>	<u>14,912,211</u>	<u>16,068,871</u>	<u>18,546,695</u>
All other governmental funds					
Reserved					
Special revenue funds	N/A	N/A	N/A	N/A	N/A
Capital projects funds	N/A	N/A	N/A	N/A	N/A
Debt service funds	N/A	N/A	N/A	N/A	N/A
Unreserved					
Special revenue funds	N/A	N/A	N/A	N/A	N/A
Capital projects funds	N/A	N/A	N/A	N/A	N/A
Debt service funds	N/A	N/A	N/A	N/A	N/A
Non-spendable	121,462	455,198	400,565	390,271	294,674
Restricted	12,973,784	13,446,596	13,487,529	15,818,513	22,621,775
Committed	3,928,985	2,927,725	3,167,293	3,196,870	3,239,337
Assigned	6,715,447	6,758,559	6,083,658	5,962,952	4,412,135
Unassigned	N/A	(571,667)	(603,061)	240,769	(157,009)
Total other governmental funds	<u>23,739,678</u>	<u>23,016,411</u>	<u>22,535,984</u>	<u>25,609,375</u>	<u>30,410,912</u>

Note: GASB 54 was implemented during fiscal year 2011.

Fiscal Year				
2016	2017	2018	2019	2020
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
33,940	6,938,854	1,075,874	1,014,774	897,374
-	-	-	-	-
3,507,279	4,126,391	4,046,897	4,051,297	4,164,759
41,363	625,890	377,931	170,682	238,334
16,356,280	575,674	7,089,378	12,532,308	16,262,718
19,938,862	12,266,809	12,590,080	17,769,061	21,563,185
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
38,524	15,333	16,931	15,765	15,035
21,362,817	24,075,554	24,295,296	19,447,961	24,227,713
3,001,368	4,319,627	8,593,870	2,827,064	2,448,468
5,297,819	8,182,094	4,552,336	5,054,810	6,035,990
-	-	-	-	-
29,700,528	36,592,608	37,458,433	27,345,600	32,727,206

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

	Fiscal Year				
	2011	2012	2013	2014	2015
Revenues					
Taxes	26,029,904	25,980,772	26,255,660	26,653,877	27,569,993
Licenses, permits, fees and assessments	6,655,012	7,539,226	7,179,183	10,397,768	9,150,495
Intergovernmental	5,236,599	5,174,417	5,152,801	5,556,664	6,077,175
Charges for services	1,908,981	2,131,943	1,802,160	1,811,398	1,900,592
Charges to other funds	3,720,708	3,681,838	3,597,960	3,358,100	3,285,250
Fines and forfeitures	232,575	461,537	418,614	195,349	258,806
Impact fees/special assessments	-	-	-	-	-
Interest	336,484	214,851	170,743	199,770	439,445
Contributions	258,985	204,116	115,262	2,342,947	2,069,470
Miscellaneous	177,621	9,273	255,225	35,463	57,067
Total revenues	<u>44,556,869</u>	<u>45,397,973</u>	<u>44,947,608</u>	<u>50,551,336</u>	<u>50,808,293</u>
Expenditures					
General government	8,307,238	8,130,338	8,421,621	8,249,859	8,033,054
Public safety	22,062,961	23,192,344	23,731,367	24,418,391	24,676,027
Physical and economic environment	1,945,948	1,776,115	1,357,378	1,341,014	1,257,343
Transportation	2,191,327	2,069,396	2,298,904	2,072,385	2,193,710
Culture and recreation	5,302,802	5,189,194	5,567,331	5,855,186	5,792,279
Capital outlay	2,830,919	5,193,871	7,381,848	4,537,516	5,223,589
Debt service					
Principal	2,222,000	1,844,000 ^(a)	3,056,000	1,489,000	1,468,000
Interest and fiscal charges	589,568	445,242	333,221	177,679	182,882
Total expenditures	<u>45,452,763</u>	<u>47,840,500</u>	<u>52,147,670</u>	<u>48,141,030</u>	<u>48,826,884</u>
Excess (deficit) of revenues over (under) expenditures	<u>(895,894)</u>	<u>(2,442,527)</u>	<u>(7,200,062)</u>	<u>2,410,306</u>	<u>1,981,409</u>
Other Financing Sources (Uses)					
Debt issued	17,094,000	- ^(a)	13,830,000	-	-
Payments to escrow agents	(8,285,998)	-	(13,793,951)	-	-
Payments to current refund debt	(10,186,000)	-	-	-	-
Transfers in	5,705,136	6,396,488	7,032,679	5,819,706	12,820,232
Transfers out	(3,762,476)	(4,382,878)	(5,037,219)	(4,010,826)	(7,682,172)
Sale of capital assets	36,953	27,917	30,378	10,865	159,891
Total other financing sources (uses)	<u>601,615</u>	<u>2,041,527</u>	<u>2,061,887</u>	<u>1,819,745</u>	<u>5,297,951</u>
Net change in fund balance	<u>(294,279)</u>	<u>(401,000)</u>	<u>(5,138,175)</u>	<u>4,230,051</u>	<u>7,279,360</u>
Debt service as a percentage of noncapital expenditures	6.6%	5.4%	7.6%	3.9%	3.7%

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

Fiscal Year				
2016	2017	2018	2019	2020
29,322,600	31,038,656	33,092,411	35,497,405	36,993,473
8,672,904	7,729,798	9,604,727	11,458,193	9,344,978
6,326,123	7,513,779	7,894,102	15,554,180	14,826,816
1,943,443	2,390,870	2,965,322	2,551,278	1,767,142
3,179,420	3,024,260	3,455,190	3,665,200	3,796,820
464,904	559,789	364,634	120,603	367,113
-	-	-	-	-
421,531	355,429	586,247	1,635,271	1,616,579
108,355	543,987	2,239,082	397,475	761,448
67,045	674,457	106,576	80,837	218,177
50,506,325	53,831,025	60,308,291	70,960,442	69,692,546
8,374,046	9,527,879	11,586,481	11,157,463	11,079,933
25,827,354	26,640,125	27,273,479	28,695,737	29,787,882
1,371,443	1,377,329	1,487,663	1,724,531	1,864,736
3,153,133	2,279,983	2,888,756	2,235,087	2,604,544
7,204,332	6,458,141	6,541,506	6,902,886	6,552,533
4,354,195	9,221,059	13,033,230	25,220,835	8,613,409
1,516,000	1,566,000	1,669,825	1,890,432	1,928,556
139,308	111,786	126,711	172,597	141,522
51,939,811	57,182,302	64,607,651	77,999,568	62,573,115
(1,433,486)	(3,351,277)	(4,299,360)	(7,039,126)	7,119,431
-	-	3,427,883	-	-
-	-	-	-	-
-	-	-	-	-
7,354,699	16,978,221	10,394,122	7,439,241	6,309,352
(5,334,599)	(14,958,121)	(8,374,022)	(5,419,141)	(4,289,252)
95,169	551,204	40,473	85,174	36,199
2,115,269	2,571,304	5,488,456	2,105,274	2,056,299
681,783	(779,973)	1,189,096	(4,933,852)	9,175,730
3.4%	3.5%	3.5%	3.9%	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
2011	\$ 17,872,322	5,208,481	3,474,511	1,386,067	1,911,574	-	2,487,454	32,340,409
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
Change								
2011-2020	55.5%	20.0%	0.1%	-7.3%	34.9%	N/A	-33.4%	47.5%

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
2010-11	\$ 14,627,069,353	419,030,702	185,960,906	14,860,139,149	14,976,570,653	1.2195	17,719,816,637	83.9%
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%

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
2011	1.1800	0.0395	1.2195	0.0826	3.5645	0.0293
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

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	5.6990	0.4814	11.3263
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

Schedule 8
City of Naples
Principal Property Tax Payers
As of September 30, 2020

	2020			2011		
	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.	\$ 160,122,112	1	0.70%			
Coastland Center, LLC	77,290,242	2	0.34%	67,717,247	2	0.46%
Westbury Properties, Inc.	65,237,551	3	0.29%	31,099,913	5	0.21%
2658 Florida Land Trust	51,458,909	4	0.23%			
Sandra Gerry	49,346,930	5	0.22%	47,152,489	3	0.32%
Randall D Bellestri Liv Trust	45,349,128	6	0.20%			
2500 Gordon Land Trust	43,749,247	7	0.19%			
Montana Realty Company, LLC	42,263,891	8	0.19%			
Harold Square Land Trust	38,038,032	9	0.17%			
Moorings, Inc.	31,859,161	10	0.14%			
Gardner and Judith Larned				33,192,174	4	0.22%
Florida Power & Light				112,583,930	1	0.76%
Linda Buananno Trust				21,981,031	10	0.15%
Centurylink				22,885,324	8	0.15%
Arthur Allen Jr.				27,228,893	6	0.18%
Judith Herb Trust				26,281,009	7	0.18%
Susan McCurry Trust				22,536,592	9	0.15%
	<u>\$ 604,715,203</u>		<u>2.66%</u>	<u>412,658,602</u>		<u>2.78%</u>
Total City of Naples Assessed Value	\$ 22,742,216,523			14,860,139,149		

Sources: Collier County Property Appraiser and 2011 Comprehensive Annual 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
2011	\$ 17,989,673	17,849,758	99.2%	22,564	17,872,322	99.3%
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%

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
2011	\$ 2,205,000	-	-	15,662,000	25,908,943	2,182,795	255,000
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	-

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)
46,213,738	3.16%	617
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%	171
15,583,287	0.64%	141

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
2011	\$ 2,205,000	0.01%	\$ 112.86
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%	-

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, 2020

	<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	\$ 4,925,070	100%	\$ 4,925,070
Total direct debt			<u>4,925,070</u>
Overlapping debt ^(a)			
Collier County ^(b)	642,598,682	21%	<u>154,223,684</u>
Total direct and overlapping debt			<u>154,223,684</u>
			<u>\$ 159,148,754</u>

Sources: Collier County Comprehensive Annual 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, 2019 (2020 Comprehensive Annual 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
2011	\$ 29,055,653	23,415,659	5,639,994	1,127,899	5.00
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

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)
2010	22,390	\$ 1,368,953	75,910	63.8	42,098	11.7%
2011	19,537	\$ 1,462,579	74,862	63.9	42,430	11.0%
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	22,088	2,439,023	110,423	67.3	47,084	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.

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

Employer	2020			2011		
	Employees ⁽¹⁾	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Collier County School District	5,731	1	26.5%	5,446	1	34.6%
NCH Healthcare System	4,315	2	19.9%	3,725	2	23.6%
Arthrex, Inc.	2,502	3	11.6%			
Collier County Government	2,396	4	11.1%	1,727	3	11.0%
Collier County Sheriff	1,415	5	6.5%	1,387	4	8.8%
Publix Supermarkets	1,257	6	5.8%			
JW Marriott - Marco Island	1,150	7	5.3%			
Ritz Carlton - Naples	1,100	8	5.1%	743	6	4.7%
Seminole Casino - Immokalee	1,068	9	4.9%			
Naples Grande Beach Resort	700	10	3.2%	605	7	3.8%
Home Depot				1,012	5	6.4%
City of Naples				449	8	2.9%
Naples Beach and Tennis				423	9	2.7%
Collier County Health Dept				235	10	1.5%
Estimated Total	<u>21,634</u>		<u>100.0%</u>	<u>15,752</u>		<u>100.0%</u>

Sources: Collier County Clerk of Courts 2019 Comprehensive Annual Financial Report (2020 Comprehensive Annual Financial Report not available)
City of Naples 2011 Comprehensive Annual Financial Report

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

Function/Program	Fiscal Year				
	2011	2012	2013	2014	2015
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	8.9	5.9	5.9	5.9
Human Resources	4.0	4.0	4.0	4.0	4.0
Planning	4.0	3.5	3.5	3.5	3.5
Finance	19.8	18.8	17.8	13.8	13.8
Community Services	41.0	40.0	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	(a)	(a)	(a)	(a)	(a)
Water and Sewer Fund	97.0	98.0	99.0	103.0	103.0
Solid Waste Fund	25.5	25.5	25.5	25.5	25.5
Streets and Traffic Fund	7.5	7.5	6.1	5.5	5.5
Stormwater Fund	6.0	6.0	10.4	10.0	11.0
City Dock Fund	2.6	3.6	3.6	3.6	3.6
Tennis Fund	4.0	4.0	4.0	4.0	4.0
Beach Fund	13.0	12.0	12.0	13.0	13.2
Technology Services Fund	10.0	10.0	10.0	8.0	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	17.5	18.0	23.8	28.0	30.0
Community Redevelopment	8.3	6.3	6.3	6.3	6.3
TOTAL EMPLOYEES	448.0	445.0	451.3	453.5	455.7

Source: City of Naples Budget Document

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

Fiscal Year				
2016	2017	2018	2019	2020
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
4.9	8.9	9.9	9.9	8.9
4.0	4.0	4.0	4.0	5.0
3.5	5.0	6.0	6.0	6.0
13.8	10.8	10.5	10.5	10.5
40.5	42.5	45.5	47.5	50.5
98.4	98.4	99.4	98.4	98.4
63.0	65.0	66.0	66.0	66.0
(a)	(a)	(a)	(a)	(a)
104.0	104.0	104.0	104.0	105.0
26.0	26.0	26.0	26.0	26.0
5.5	5.5	5.5	5.5	6.5
11.0	11.0	11.0	11.0	11.0
3.6	3.6	3.6	4.1	4.1
4.0	4.0	4.0	4.0	4.0
13.2	13.2	15.4	15.4	15.4
7.0	6.0	6.0	5.0	5.0
8.5	8.5	8.5	8.5	8.5
1.0	1.0	1.0	1.0	1.0
36.5	34.0	33.5	32.5	32.5
6.3	6.3	6.3	6.3	6.3
462.7	465.7	474.1	473.6	478.6

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

Function/Program	Fiscal Year				
	2011	2012	2013	2014	2015
General government					
Commercial permits issued	182	285	225	144	143
Residential permits issued	961	1,267	1,229	1,133	1,124
Police					
Physical arrests	465	1,111	758	634	575
Parking violations	14,351	15,107	12,906	12,778	11,271
Traffic violations	5,641	8,168	6,767	5,489	5,989
Fire					
Emergency responses	4,812	4,839	4,901	5,217	5,539
Fires extinguished	97	96	69	98	96
Inspections	6,557	7,882	7,761	7,299	7,589
Refuse collection					
Refuse (tons per day)	103	153	131	119	92
Recyclables (tons per day)	12	17	19	21	28
Other public works					
Street resurfacing (miles)	9	5	5	4.25	4.26
Potholes repaired ^(a)	98	77	72	63	82
Parks and recreation					
Special events, participants ^(b)	3,501	3,550	3,640	3,812	3,760
Beach parking permits issued ^(c)	N/A	5,560	6,590	6,802	5,249
Camps, Classes, participants ^(d)	876	4,510	5,350	5,531	11,066
Water					
New connections	93	172	171	226	201
Water main breaks	12	16	21	14	17
Average daily consumption (millions of gallons)	15	14	13.5	14.3	13.8
Peak daily consumption (millions of gallons)	18	19	17.8	19	18
Wastewater					
Average daily sewage treatment (thousands of gallons)	5,852	5,688	5,680	5,225	4,800

Sources: Various City Departments

Notes: ^(a)This number represents the number of work orders given to patch hole contractor.
^(b)Change in data collection in fiscal year 2011 for a more accurate count.
^(c)The City did not issue permits in 2011, and after 2011, stopped issuing free permits to non-city residents.
^(d)The increase is due to Gulfshore Playhouse adding more performances throughout the year and a corresponding increase in attendance.

Fiscal Year				
2016	2017	2018	2019	2020
144	86	138	138	172
1,228	1,122	1,057	1,057	1,345
579	373	433	396	321
8,181	10,158	11,534	13,843	11,947
6,133	4,934	4,169	4,163	2,814
6,804	6,234	6,735	6,648	5,981
70	84	102	108	106
8,066	7,863	11,299	11,442	11,638
129	117	96	101	108
29	28	15	15	16
10	11	10	8	6
44	78	84	85	79
2,717	2,164	3,167	3,298	356
5,802	6,050	5,296	5,179	5,198
16,773	10,168	31,561	36,851	19,500
169	122	129	120	89
13	11	63	57	108
14.0	15.0	14.0	14.0	14.0
17	19	19	17	17
5,100	5,270	5,270	4,396	4,731

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

Function/Program	Fiscal Year				
	2011	2012	2013	2014	2015
Police					
Number of employees	98	104	103	103	103
Total Police Incidents Handled	57,602	66,622	68,988	65,968	67,193
Fire stations	3	3	3	3	3
Refuse collection trucks	25	25	25	25	25
Other public works					
Streets (miles)	108	110	112	112	112
Streetlights	2,390	3,006	3,006	3,006	3,006
Traffic signals	44	42	42	42	42
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	16,545	16,684	16,791	16,943	17,078
Plants	1	1	1	1	1
Capacity per day (millions of gallons)	30	30	30	30	30
Sewer					
Active accounts	9,253	8,951	8,895	8,812	8,820
Plants	1	1	1	1	1
Capacity per day (millions of gallons)	10	10	10	10	10

Sources: Various City departments

Fiscal Year				
2016	2017	2018	2019	2020
96	98	99	98	101
83,774	79,787	73,878	71,674	84,301
3	3	3	3	3
25	25	25	25	25
112	112	112	112	112
3,006	3,006	3,006	3,006	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
17,244	17,310	17,385	17,547	17,710
1	1	1	1	1
30	30	30	30	30
9,037	9,207	9,262	9,243	9,435
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, 2020, 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 22, 2021.

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.

Bradenton, Florida
March 22, 2021

Mauldin & Jenkins, LLC



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Naples, Florida's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program 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 each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Naples, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

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 each major federal program 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, 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 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 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Bradenton, Florida
March 22, 2021

Mauldin & Jenkins, LLC

CITY OF NAPLES, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED SEPTEMBER 30, 2020

<u>Federal/State Agency, Pass-through Entity, Federal Program</u>	<u>CFDA</u>	<u>Grantors No.</u>	<u>Expenditures</u>
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	<u>110,010</u>
Total United States Department of Housing and Urban Development			<u>110,010</u>
United States Department of Justice			
Bulletproof Vest Partnership Program	16.607	2017BUBX17089374	<u>2,634</u>
Total United States Department of Housing and Urban Development			<u>2,634</u>
United States Department of Transportation			
Passed through State of Florida Department of Transportation			
Highway Planning and Construction Cluster			
Traffic Signal Maintenance	20.205	G0V74	<u>392,193</u>
Total United States Department of Transportation			<u>392,193</u>
United States Department of Homeland Security			
Passed through Florida Department of Emergency Management			
FEMA Grants - Hurricane IRMA	97.036	Z0536	<u>687,068</u>
Total United States Department of Homeland Security			<u>687,068</u>
Total Expenditures of Federal Awards			<u>\$ 1,191,905</u>

THE CITY OF NAPLES, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

September 30, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal 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*. 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, 2020.

NOTE 3 – NON-CASH AWARDS

The City did not receive non-cash federal awards during the year ended September 30, 2020.

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 \$687,068 that represents expenditures from the 2018 fiscal year.



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, 2020, and have issued our report thereon dated March 22, 2021.

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 Report on Internal Control Over Compliance Required by the Uniform Guidance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 22, 2021, 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 22, 2021

Mauldin & Jenkins, LLC

THE CITY OF NAPLES, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

September 30, 2020

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

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

97.036

Name of Federal Program or Cluster

U.S. Department of Homeland Security –
Disaster Grants – Public Assistance

Dollar threshold used to distinguish between Type A and Type B federal programs:

\$750,000

Auditee qualified as low-risk auditee?

___ yes X no

THE CITY OF NAPLES, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

THE CITY OF NAPLES, FLORIDA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

September 30, 2020

2019-001 Cash and Investments

Criteria: To ensure that financial statements properly present the financial position and results of operations of the City in accordance with generally accepted accounting principles (GAAP), in addition to providing meaningful financial reports to City Council and management, the City should ensure that their review process over journal entries includes a final reconciliation to the general ledger subsequent to posting.

Condition: Our audit procedures over investments disclosed that, while the City prepared and posted the adjustment for the change in market value of City investments in the proper amount, the entry was posted as a reduction to City investments, instead of an increase.

Context/Cause: Investment balances for the City were understated at September 30, 2019.

Status: Resolved.

2019-002 New Revenue Streams

Criteria: To ensure that financial statements properly present the financial position and results of operations of the City in accordance with generally accepted accounting principles (GAAP), in addition to providing meaningful financial reports to City Council and management, the City should ensure that they are reviewing activity in the months surrounding year-end to ensure that a proper cutoff is achieved for all receivable transactions.

Condition: Our testing of the City's new Sales Tax Revenue and new Assessments levied indicated that receivables and related revenues/unearned revenues were understated in the City's Capital Projects Fund, Sales Tax Capital Projects Fund, and Water and Sewer Fund.

Status: Resolved.

2019-003 Solid Waste Fund Capital Assets

Criteria: To ensure that financial statements properly present the financial position and results of operations of the City in accordance with generally accepted accounting principles (GAAP), in addition to providing meaningful financial reports to City Council and management, the City should reconcile the general ledger accounts to subsidiary ledgers and other supporting documentation on a periodic basis. Additionally, reconciliations should be reviewed by management to ensure proper preparation of reconciliations, and that balance sheet accounts are properly supported. The benefit of periodic reconciliations is that errors do not accumulate but can be identified and attributed to a particular period, which makes it easier to perform future reconciliations.

Condition: While testing capital assets, we noted that the City purchased equipment in its Solid Waste Fund, but failed to capitalize it during the fiscal year. An audit adjustment to increase capital assets and decrease expenses in the amount of \$178,791 was recorded in the Solid Waste Fund to ensure proper financial statement presentation.

Status: Resolved.

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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, 2020. 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, 2020.

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 22, 2021

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

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