



**NAPLES COMMUNITY
REDEVELOPMENT AGENCY**

ANNUAL REPORT

FISCAL YEAR 2019-20

MARCH 31, 2021

COMMUNITY REDEVELOPMENT AGENCY

ANNUAL REPORT FOR FY 2019-20

This Annual Report provides a summary of the work undertaken by the Naples Community Redevelopment (CRA) Board during Fiscal Year (FY) 2019-2020. This report is prepared and submitted in accordance with §163.371, Fla. Stat. and includes an independent audit of the CRA performed by Mauldin & Jenkins, LLC which is attached as Exhibit A.

MISSION STATEMENT

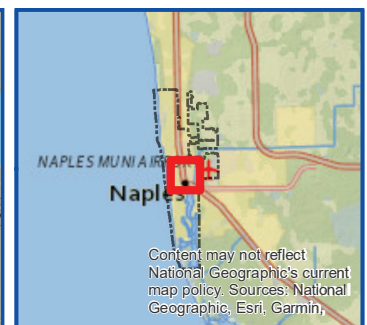
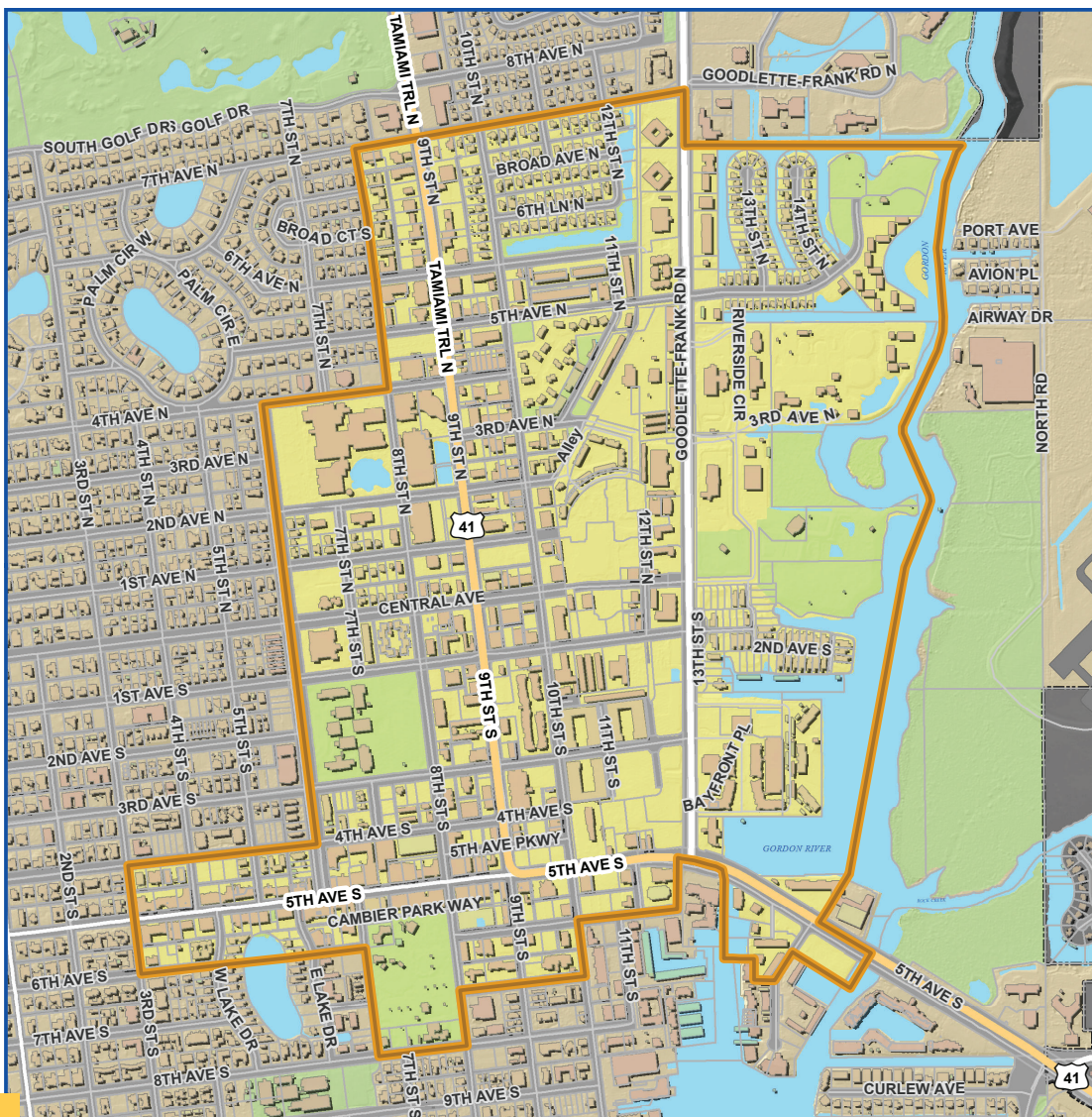
To guide private and public initiatives in the Redevelopment Area to facilitate economic development, improve physical characteristics, and encourage investment, thus improving the quality of life for residents of the Redevelopment Area and the City of Naples.

AGENCY DESCRIPTION

The Naples Community Redevelopment Agency is a dependent special district created by the Naples City Council in 1994 for the purpose eliminating and preventing slum and blight and the preservation or enhancement of the tax base in the Redevelopment Area.

In 1994 the Naples City Council adopted Resolutions 94-7098 and 94-7099, creating the Community Redevelopment Agency (CRA). On May 18, 1994, City Council adopted Resolution 94-7202 approving the original Community Redevelopment Plan. On January 15, 2014, City Council approved Resolution 14-13401 adopting the Naples Community Redevelopment Plan as amended and modified. The Plan, as amended, is designed to provide a workable program for using public resources to fund redevelopment initiatives and provide a broad vision of those initiatives. The CRA may decide to complete any activity in the Plan or decide not to complete any activity in the Plan; however, the CRA may not undertake an activity which is not authorized in the plan.

THE CITY OF NAPLES COMMUNITY REDEVELOPMENT AREA



CRA District City of Naples, FL

Date: 12/21/2020

Legend

- CRA District
- Residential House
- Commercial Building
- Garage
- Shed
- Parks

N 1 in = 1,000 ft
0 500 1,000 Feet

The City of Naples assumes no liability for errors or omissions in the accuracy of this map. All information shown is for reference only.

Map Prepared For:
CITY OF NAPLES
City Manager's Office
735 8th St South
Naples, Florida 34102

Map Prepared By:
CITY OF NAPLES
Technology Services Department
GIS Division
Naples, Florida 34102



COMMUNITY REDEVELOPMENT AGENCY

The CRA Board consists of seven commissioners who are the same individuals as those elected to serve as the Naples City Council. On March 17, 2020, the City of Naples held elections for Mayor and three (3) City Council seats. The election brought a change to the City Council and CRA Board.

Beginning April 1, 2020, the CRA Board Members are: Chair Ray Christman, Vice Chair Mike McCabe, Mayor Teresa Heitmann, Vice Mayor Terry Hutchison, and Council Members Ted Blankenship, Paul Perry and Gary Price.

Between October 1, 2019 and March 31, 2020, the CRA Board Members were: Chair Ellen Seigel, Vice Chair Michelle McLeod, Mayor Bill Barnett, Vice Mayor Gary Price, and Council Members Reg Buxton, Ray Christman, and Terry Hutchison.

During FY 2019-20, the CRA Board met on October 7, 2019, November 4, 2019, December 2, 2019, February 18, 2020, March 2, 2020, May 4, 2020, August 11, 2020 and September 1, 2020.

COMMUNITY REDEVELOPMENT AGENCY ADVISORY BOARD

The Naples Community Redevelopment Agency Advisory Board was established to assist the Naples City Council in its role as the Community Redevelopment Agency Board by providing public input and technical advice, and making recommendations including, but not limited to, land use, economic and cultural vitality and diversity, acquisition/condemnation/demolition of properties, funding alternatives, and staffing needs for the Community Redevelopment Agency. The Advisory Board members are Chair Quenby Tyler, Vice Chair Antonio Dumornay, and Members Jason Andis, George Dondanville, Luke Fredrickson, David Gordley, and Gregory Palmer.

During FY2019-20, the CRA Advisory Board met on October 28, 2019; January 27, 2020, June 22, 2020, July 27, 2020 and September 28, 2020. The onset of the COVID-19 pandemic interrupted the number of meetings the CRA Advisory Board typically holds in a fiscal year.



CRA STAFF CHANGES

On August 5, 2020, long-term Assistant City Manager and CRA Manager Roger Reinke retired. Mr. Reinke served as the Assistant City Manager for 12 years and served as the Naples CRA Manager for a majority of that time.

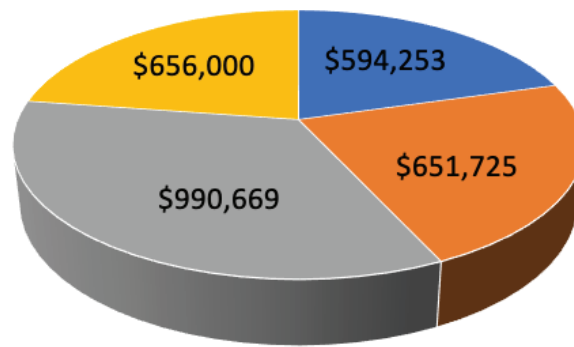
With Mr. Reinke's retirement, City Manager Charles Chapman appointed Jeff Oris, as Interim CRA Manager. Mr. Oris is a consultant with the firm Place Planning and Design and under an agreement with the City, will serve as Interim CRA Manager, at minimum, through December 2020. Mr. Oris is a past president of the Florida Redevelopment Association and, as a consultant, was hired to complete the recent garage site evaluation report, and the 2013-14 update of the Community Redevelopment Plan.

The CRA Board, in collaboration with the City Manager, will determine how best to fill the CRA Manager position during the second quarter of FY21.

CRA ANNUAL BUDGET

Each year the CRA and City Council adopt a budget for the agency, setting forth the goals, objectives, and workplan for the fiscal year.

FY2019-2020 Adopted Budget
Total Budget \$2,892,647



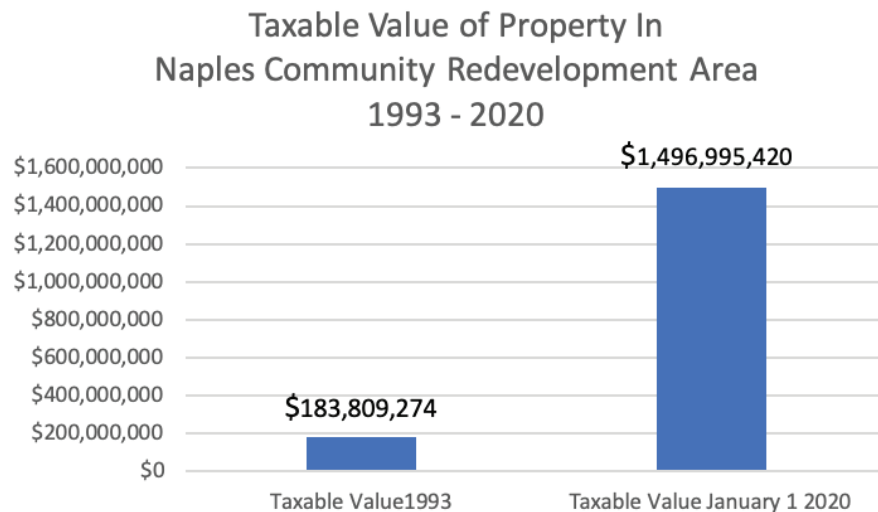
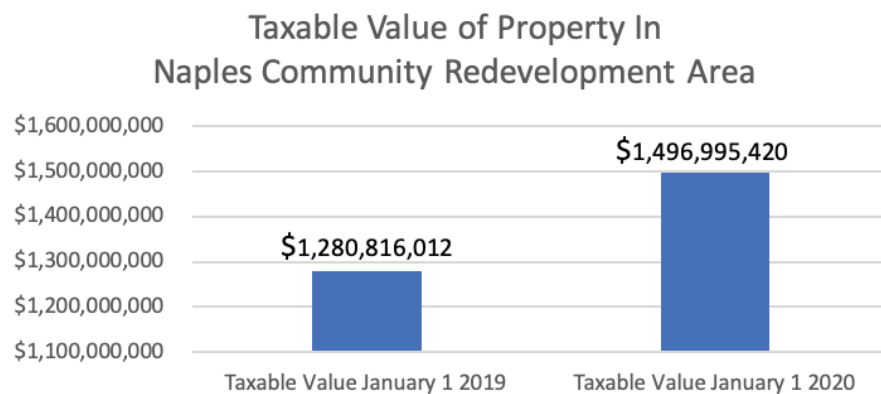
- Personal Services ■ Operating Expenses
- Debt Services ■ Capital Projects

Note: The \$990,669 applied to debt service payment is for the parking garage at 801 6th Avenue South from the Fifth Avenue South Parking Fund.

CRA CAPITAL PROJECTS APPROVED IN THE FY 2019-2020 BUDGET

| | |
|---|------------------|
| 5TH AVENUE NORTH INTERCONNECT | \$300,000 |
| 1ST AVENUE SOUTH IMPROVEMENTS | \$300,000 |
| RIVER PARK INDOOR FITNESS EQUIPMENT | \$30,000 |
| SIDEWALK SWEEPER | \$26,000 |
| <hr/> | |
| TOTAL CAPITAL IMPROVEMENT EXPENDITURES | \$656,000 |

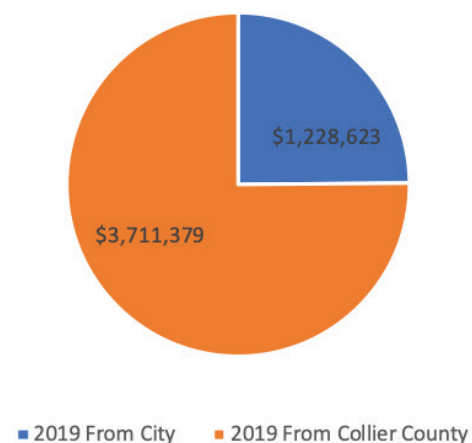
The total taxable value of property located within the CRA for FY20 was \$1,496,995,420 which is an increase of \$216,179,408 over the FY19 final taxable value.



Over the history of the CRA, taxable property values have increased from the base property in 1993 of \$183,809,274 to the FY20 taxable value of \$1,496,995,420. This is an increase of \$1,313,186,146, as shown in the table above.

The primary revenue earned by the CRA is an amount equal to the ad valorem taxes collected on the value of the "Tax Increment". The "Tax Increment" is the amount of tax revenue that is generated from increased property values within the Redevelopment Area in excess of the 1993 base property tax value of \$183,809,274. The CRA receives these revenues, typically received by the City and the County, to improve conditions within the redevelopment area. The graphic below illustrates the amount of revenue generated through the "Tax Increment" in FY20.

FY2019-20 Tax Increment Revenue \$4,940,002



CRA PROJECTS

5TH AVENUE NORTH INTERCONNECT

The FY20 budget provided \$300,000 to design improvements to the 5th Avenue North Interconnect to allow east – west travel across US 41 controlled by a traffic signal interconnected with the existing 4th Avenue North traffic signal. On May 4, 2020, the CRA Board directed that this project be placed on hold.

1ST AVENUE SOUTH IMPROVEMENTS

The FY20 budget provided \$300,000 to design improvements to the 1st Avenue South Corridor from 8th Street to Goodlette-Frank Road. On May 4, 2020, the CRA Board directed that the design of 1st Avenue South should not be completed in this fiscal year. Funding for this project is included in the proposed FY2020 – FY2021 budget.

RIVER PARK COMMUNITY CENTER FITNESS EQUIPMENT

The FY20 budget provided \$30,000 to replace fitness equipment at the River Park Community Center. This project was Phase 2 of a two-year program to replace all the fitness equipment. The total cost of both project phases was \$60,000.

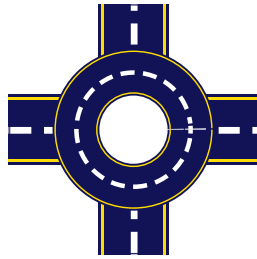


8TH STREET CORRIDOR IMPROVEMENT PROJECT

The total budget for the 8th Street improvement project (Phase 1 and Phase 2) is \$7.5 million, including construction, construction engineering and inspection, the roundabout intersection, and contingency funding. As this project includes safety improvements, as well as improvements to the stormwater system, the water and sewer system, additional fire hydrant connections, multi-modal functionality, lighting and the streetscape, it is funded from multiple sources.

| | |
|---------------------------------------|--------------------|
| CITY WATER & SEWER FUND | \$1,100,000 |
| CITY STORMWATER FUND | \$1,050,000 |
| CITY STREETS FUND | \$ 300,000 |
| COMMUNITY REDEVELOPMENT AGENCY | \$5,050,000 |
| TOTAL | \$7,500,000 |

The contract for construction was awarded to Wright Construction Group, Inc. in the amount of \$7,142,211.35, which includes a City controlled contingency amount of \$625,800. A contract for construction, engineering and inspection services in the amount of \$318,213 was awarded to Q. Grady Minor & Associates.



PHASE 1 CONSTRUCTION - 5TH AVENUE SOUTH TO CENTRAL AVENUE

The first phase of construction for this project was completed on November 1, 2019. The project phase was completed 3-weeks ahead of schedule. The project was separated into construction phases to avoid inconvenience and congestion during the busy winter season.

PHASE 2 CONSTRUCTION - CENTRAL AVENUE TO 7TH AVENUE NORTH

The north section of the project, Phase 2, from Central Avenue north to 7th Avenue North, commenced in April 2020. The project will be completed in December 2020.

**PHASE 1****PHASE 2**

NEIGHBORHOOD PLAN

During the 2nd and 3rd quarters of FY20, the City initiated a planning process to identify priority projects within the CRA residential neighborhoods east of US 41. This process included an engagement process that solicited input from residents in River Park East/West and Lake Park, and property owners/business owners in the 41-10 corridor, and the community, in a conversation about the future direction of the area neighborhoods.

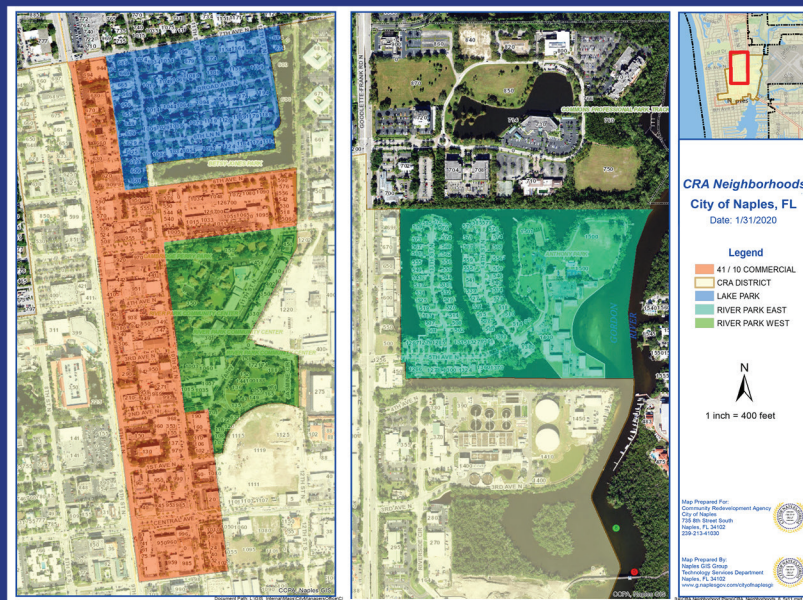
The firm of Place Planning and Design was engaged to complete the Neighborhood Planning process at a contracted cost of \$29,900. The consulting team met with several area property and business owners and surveyed the neighborhoods in person on February 13 and February 14, 2020. On March 3 and March 4, the team hosted public outreach meetings at the River Park Community Center. The consultant presented the draft final plan to the CRA Board on August 4, 2020. The plan will be presented to the CRA board in FY21 for final adoption.

NAPLES REDEVELOPMENT AREA Neighborhood Plans



The Naples Community Redevelopment Agency is holding public outreach meetings for the River Park (East and West) Neighborhoods, the Lake Park neighborhood in the Redevelopment Area south of 7th Avenue North, and in the 41/10 commercial district. The meetings will be held in the auditorium at the River Park Community Center, 301 11th Street North. The goal is to determine what stakeholders want and then develop an implementation plan consistent with the Redevelopment Plan.

UPCOMING MEETINGS



MARCH 3, 2020 - 5:00PM 41/10 Commercial District

MARCH 3, 2020 - 7:00PM Lake Park Neighborhood (South of 7th Ave N)

MARCH 4, 2020 - 6:00PM River Park East & West Neighborhoods

All meeting will be held at River Park Community Center | 301 11th St N

NEIGHBORHOOD PLANS DESIGNED TO DETERMINE THE DESIRES OF THE VARIOUS STAKEHOLDERS IN DEFINED NEIGHBORHOOD AREAS WILL ASSIST THE COMMUNITY REDEVELOPMENT AGENCY (CRA) BOARD AND ADVISORY BOARD IN FUTURE PROJECT PLANNING AND FUNDING DECISIONS.

The River Park (East and West) neighborhoods, and the southernmost portion of the Lake Park neighborhood, located in the Redevelopment Area provide family, workforce and affordable housing within a City that has a higher than average housing prices. These important neighborhoods may have single family homes, as well as multi-family dwelling units. Infrastructure improvements, façade improvement programs, and other amenities may best be identified and prioritized through this planning process. The commercial "neighborhood" located in the US41 / 10th Street corridor from 1st Avenue South to 7th Avenue North presents a unique challenge and may benefit from a "neighborhood plan" as well. The Avenues that connect US 41/Tamiami Trail with 10th St. support a wide variety of businesses and have different parking profiles. Right-of-way parking areas may operate as if they are parking lots for the adjacent users with cars parking perpendicular to the roadway. Attractive landscaping, street furniture, and lighting that highlight and define the area may be considered. Other infrastructure improvements, façade improvement programs, amenities, or branding strategies may best be identified and prioritized through a structured planning process.

5TH AVENUE SOUTH STREETSCAPE AND SUGDEN PLAZA PLAN

On September 1, 2020, the CRA Board voted unanimously to 'accept' the hardscape and landscape plan developed by GAI Consulting for 5th Ave. S. The CRA Board voted to postpone investing in additional design for 5th Ave. S. until City Council undertakes a broader discussion concerning the Andres Duany plan for the street and determining if any changes should be initiated. Funding is earmarked in the FY2020-21 operating budget to continue design if desired by the CRA Board.

5TH AVENUE SOUTH PROPOSED LANDSCAPE PALETTE

LANDSCAPE PALETTE: PROPOSED



SHADE/CANOPY TREES

- | | |
|----------------------|----------|
| 1 Swietenia mahagoni | Mahogany |
| 2 Quercus virginiana | Live oak |

PALM TREES

- | | |
|---------------------------|-------------------|
| 3 Phoenix dactylifera | Medjool Date Palm |
| 4 Roystonea regia | Royal Palm |
| 5 Cocco nucifera | Coconut Palm |
| 6 Pycnosperma macarthurii | Macarthur Palm |

FLOWERING TREES

- | | |
|-------------------|-----------------|
| 7 Tabebuia cariba | Silver Trumpet |
| 8 Delonix regia | Royal Poinciana |

SHRUBS

- | | |
|-------------------------------------|---------------------|
| 9 Podocarpus macrophylla | Podocarpus |
| 10 Ficus microcarpa 'Green Island' | Green Island Ficus |
| 11 Clusia rosea 'Nana' | Dwarf Clusia |
| 12 Ilex vomitoria 'Nana' | Dwarf Yaupon Holly |
| 13 Rhipidolepis indica | Indian Hawthorn |
| 14 Carissa macrocarpa 'Natal Plum' | Natal Plum |
| 15 Chrysobalanus icaco 'Red Tip' | Red Tip Cocoplum |
| 16 Hamelia patens 'Compacta' | Dwarf Firebush |
| 17 Isora moui | Dwarf Isora |
| 18 Schefflera arboricola 'Trinette' | Trinette Schefflera |
| 19 Bougainvillea 'Helen Johnson' | Dwarf Bougainvillea |
| 20 Plumbago auriculata | Plumbago |
| 21 Gardenia jasminoides 'Radicans' | Dwarf Gardenia |
| 22 Nephrolepis biserrata | Mocha Fern |
| 23 Asparagus densiflorus 'Myers' | Faxtail Fern |

GROUND COVER

- | | |
|------------------------------|------------------|
| 24 Trachelospermum asiaticum | Asiatic Jasmine |
| 25 Archis glabra 'Ecoluf' | Perennial Peonut |
| 26 Juniperus 'Parsonii' | Parsons Juniper |
| 27 Liriope muscari | Liriope |
| 28 Dianella isanatica | Flax Lily |
| 29 Evolvulus glomeratus | Blue Daze |
| 30 Mimosa stipitosa | Sunshine Mimosa |

COLOR/ACCENTS

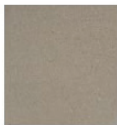
- | | |
|---------------------------------|------------------------|
| 31 Muhlenbergia capillaris | Pink Muhly Grass |
| 32 Pennisetum setaceum 'Rubrum' | Red Fountain Grass |
| 33 Pennisetum setaceum 'Alba' | White Fountain |
| 34 Heliconia spp. | False Bird of Paradise |
| 35 Canna generalis | Canna Lily |
| 36 Alpina zerumbet 'Variegata' | Variegated Ginger |
| 37 Cordyline spp. | Ti Plant/Red Sister |
| 38 Agapanthus africanus | Lily of the Nile |
| 39 Codiaeum variegatum var. | Crotons |
| 40 Hibiscus rosa-sinensis | Hibiscus var. |

5TH AVENUE SOUTH PROPOSED HARDSCAPE PALETTE

HARDSCAPE PALETTE

A SIDEWALK 24X24 PAVER

Manuf.: DC Kerchhoff
Type: Cast Stone Paver
Color: Rico
Finish: Acid Wash



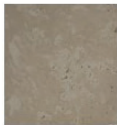
B DINING AREA 24X24 PAVER

Manuf.: DC Kerchhoff
Type: Cast Stone Paver
Color: Aruba
Finish: Acid Wash



C ACCENT BANDS 12X12 PAVER

Manuf.: DC Kerchhoff
Type: Cast Stone Paver
Color: Aruba
Finish: Regular



D LANDING ZONES

Manuf.: Unilock
Type: Optilock Ped. Paver
Color: Natural
Finish: Standard
Laying Pattern: A



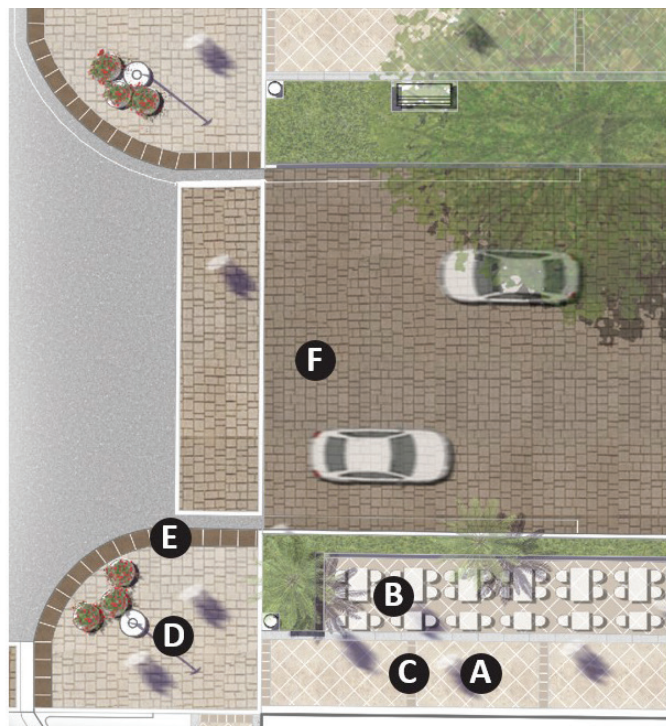
E DETECTABLE WARNING 24X24 PAVER

Manuf.: Tectura
Type: ADA Conc. Paver
Color: ADA-50
ADA Pattern: ADA-2

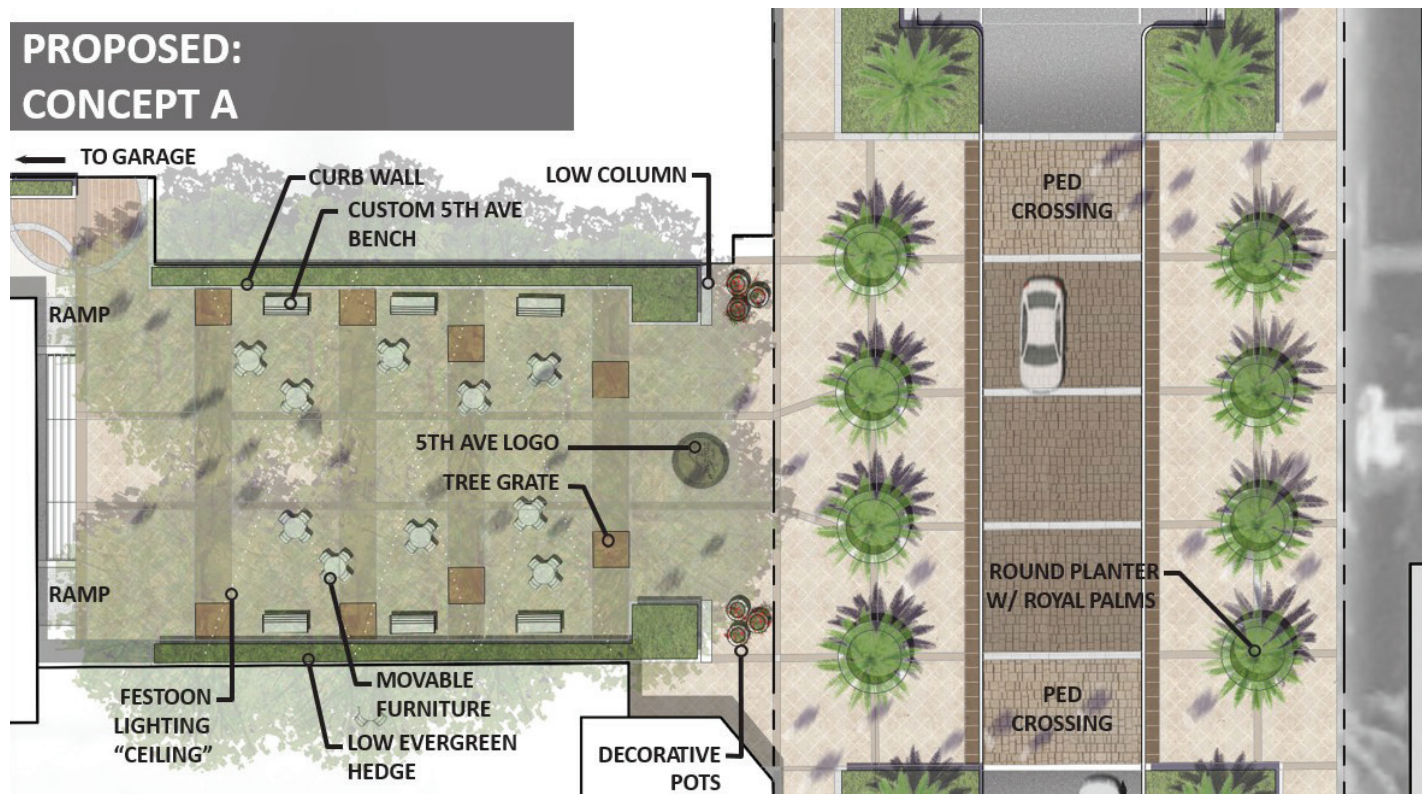


F VEHICULAR PAVEMENT

Manuf.: Unilock
Type: Optilock Veh. Paver
Color: -
Finish: Standard
Laying Pattern: A



SUGDEN PLAZA CONCEPT DESIGN



CRA OPERATING BUDGET FY 2020-21

The Fiscal Year (FY) 2020-21 Operating Budget funds the administrative, maintenance and policing services within the redevelopment area. A total of 6.3 full-time positions are funded by the CRA. These include 30% of the Assistant City Manager's salary, three (3) landscape technician positions (Community Services Department) who maintain the redevelopment area landscaping and irrigation and three (3) Community Police Officers.

The table below identifies the FY 2020-21 Operating budgets.

| EXPENSE | BUDGETED AMOUNT |
|--|---------------------|
| ADMINISTRATION | \$ 387,766 |
| COMMUNITY SERVICES MAINTENANCE | \$ 489,519 |
| LAW ENFORCEMENT | \$ 368,693 |
| TOTAL FY 2020-21 CRA OPERATING BUDGET | \$ 1,245,978 |

Note: The amounts shown in the table do not include CIP projects and debt service.

CRA FY 2020-21 Budget

At the September 1, 2020 CRA Board meeting, the Board unanimously recommended the FY 2020-21 Budget for the CRA in the amount of \$5,374,872 to the Naples City Council. The City Council approved the FY 2020-21 CRA Budget at two readings on September 9 and September 21, 2020, respectively. The table below summarizes expenses for the upcoming fiscal year.

| EXPENSE | AMOUNT |
|--|---------------------|
| PERSONAL SERVICES | \$ 662,245 |
| OPERATING EXPENSES | \$ 826,866 |
| BOND SINKING FUND | \$ 1,035,761 |
| CAPITAL PROJECTS (CIP) | |
| - 1ST AVE. S. IMPROVEMENTS | \$ 800,000 |
| - NEIGHBORHOOD PLAN PROJECT FUNDING | \$ 1,050,000 |
| - PARKING GARAGE PARTNERSHIP/ GULFSHORE PLAYHOUSE | \$ 1,000,000 |
| TOTAL FY 2020-21 CRA BUDGET | \$ 5,374,872 |

The CRA Board also funded projects within the Operating Expenses budget include:

- A Parking Study for the redevelopment area.
- 41-10 Master Plan project – may require a supplemental appropriation.
- Potential completion of the 5th Ave. S. and Sugden Plaza Streetscape project.

Neighborhood Plan Project Funding in the CIP includes:

- Streetlight replacement for the Design District and River Park neighborhoods - \$700,000.
- ROW improvements at the Triumph Church on 5th Ave. N and along 5th Ave. N. East of Goodlette-Frank Rd. - \$50,000
- Drainage improvements:
- 500 block of 10th St. N. - \$100,000
- 5th Ave. N. sidewalk at Cambridge Perry Park - \$25,000
- Avenue landscape and streetscape design plan - \$100,000
- Contingency – Other projects - \$75,000

The CRA Board stated they will consider other projects, including drainage projects and the Design District banner project, for supplemental appropriations during the fiscal year.

City of Naples Community Redevelopment Agency

Florida Department of Economic Opportunity Special District Accountability Program ID

1559

| | |
|----------------------------|--|
| Registered Agent | Mr. Charles Chapman |
| Mailing Address | 735 8th Street South Naples, FL 34102 |
| Telephone | (239) 213-1030 |
| Fax | (239) 213-1033 |
| Email | CChapman@naplesgov.com |
| Website | www.naplesgov.com |
| County | Collier |
| Local Governing Authority | City of Naples |
| Date Created / Established | Wednesday, March 3, 1993 |
| Creation Documents | City Ordinance 94-7099 |
| Board Selection | Identical to Local Governing Authority |
| Authority to Issue Bonds | Yes |
| Revenue | Tax Increment Financing |
| Most Recent Update | Friday, October 5, 2018 |

| | |
|---|---------------------|
| Total number of Activities started | 3 |
| Total number of Activities completed | 4 |
| Current Year Taxable Value in CRA | \$ 1,279,815,636.00 |
| Base Year Taxable Value in CRA | \$ 183,809,274.00 |
| Current Year Tax Increment Value | \$ 1,096,006,362.00 |
| Total Increment Revenue | \$ 4,940,002.00 |
| Total Revenue (Increment Revenue + Interest Income) | \$ 5,120,745.00 |
| Total CRA Expenditures | \$ 4,002,371.00 |

| | |
|--|---------|
| Total amount expended for low and middle income affordable housing | \$ 0.00 |
|--|---------|

The following is a summary of this community redevelopment agency's achievement of its redevelopment plan's goals:

| PROJECT | ACTIVITY | CRA PLAN PAGE | ESTIMATED COST | ACTIVITY STATUS |
|---------------------------------|---------------------|---------------|----------------|-----------------|
| Enhanced CRA Policing | Community Policing | 65 | \$ 368,693 | Started |
| Neighborhood Plans | Community Planning | 63 | \$ 29,900 | Complete |
| 8th Street N. Improvements | Infrastructure | 79 | \$ 5,050,000 | Started |
| 5th Ave Planning | Community Planning | 53 | \$ 100,000 | Complete |
| Anthony Park Equipment | Park Enhancements | 43 | \$ 132,500 | Complete |
| Enhanced Maintenance | Project Maintenance | 44 | \$ 489,519 | Started |
| River Park CC Fitness Equipment | Park Enhancements | 43 | \$ 60,000 | Complete |

EXHIBIT A

NAPLES COMMUNITY REDEVELOPMENT AGENCY (A Component Unit of the City of Naples, Florida)

FINANCIAL STATEMENTS

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020**

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NAPLES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Naples, Florida)
FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors and Executive Director
Naples Community Redevelopment Agency
Naples, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund (the "General Fund") of the Naples Community Redevelopment Agency (the "CRA"), a component unit of the City of Naples, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the CRA'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

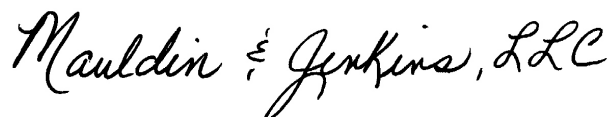
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and major fund (the "General Fund") of the CRA, as of September 30, 2020, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2021, on our consideration of the CRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 CRA'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 CRA's internal control over financial reporting and compliance.

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

Bradenton, Florida
March 25, 2021

NAPLES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Naples, Florida)
FOR THE YEAR ENDED SEPTEMBER 30, 2020
MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the report presents our discussion and analysis of the performance of the Naples Community Redevelopment Agency (the “CRA”) during the year ended September 30, 2020. Please read it in conjunction with the CRA’s financial statements, which follow this section.

Financial Highlights

- The assets of the CRA exceeded its liabilities at the close of the most recent fiscal year by \$3,147,335 (net position). The entire net position is included in the restricted category.
- The CRA’s total net position increased by \$1,118,374 over the course of this year’s operations primarily caused by less than anticipated spending in redevelopment programs.
- The CRA’s operating fund reported an ending fund balance of \$4,434,070, an increase of \$158,033 from the prior period which resulted from excess revenues over expenditures.

Overview of the Financial Statements

The financial section of this annual report consists of two parts: (1) management’s discussion and analysis (this section), and (2) the basic financial statements.

Basic Financial Statements

Government-wide financial statements. The focus of the *government-wide financial statements* is on the overall financial position and activities of the CRA. Reporting is similar to that of a private-sector business. The government-wide financial statements report information about the CRA as a whole and about its activities in a way that helps answer questions about the financial health of the CRA and whether the activities of the year contributed positively or negatively to that health.

The government-wide financial statements include the statement of net position and statement of activities.

- The *Statement of Net Position* presents information on the assets held and liabilities owed by the CRA, both long- and short-term. Assets are reported when acquired and liabilities are reported when they are incurred, regardless of the timing of the related cash flows to acquire these assets or liquidate such liabilities.

The difference between the CRA’s total assets and total liabilities is *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the CRA is improving or deteriorating. Although the purpose of the CRA is not to accumulate net position in general, as this amount increases, it indicates that the financial position of the CRA is improving over time.

- The *Statement of Activities* presents the revenues and expenses of the CRA. The items presented on the statement of activities are measured in a manner like the approach used in the private sector in that revenues are recognized when earned and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

NAPLES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Naples, Florida)
FOR THE YEAR ENDED SEPTEMBER 30, 2020
MANAGEMENT'S DISCUSSION AND ANALYSIS

Both of the government-wide financial statements distinguish functions of the CRA that are principally supported by taxes and intergovernmental revenue (governmental activities). The governmental activities of the CRA are mainly economic environment activities.

Fund financial statements. The focus of fund financial statements is directed to specific activities of the CRA. The CRA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund. The CRA has only one governmental fund, a General Fund. Financial statements consist of a balance sheet and a statement of revenue, expenditures, and change in fund balance. These statements are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables but do not include capital assets such as land and buildings. The difference between a fund's total assets and total liabilities is the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. The operating statement for governmental funds reports only those revenues that were collected during the current period or very shortly after the end of the year. Expenditures are generally recorded when incurred.

For the most part, the balances and activities accounted for in governmental funds are also reported in the governmental activities columns of the government-wide financial statements. However, because different accounting bases are used to prepare governmental fund financial statements and government-wide financial statements, there are often significant differences between the totals presented. For this reason, there is an analysis after the governmental fund balance sheet that reconciles the total fund balance for the governmental fund to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis after the statement of revenue, expenditures, and changes in fund balance that reconciles the total change in fund balance for the General Fund to the change in net position as reported in the governmental activities column in the statement of activities.

Notes to the basic 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.

NAPLES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Naples, Florida)
FOR THE YEAR ENDED SEPTEMBER 30, 2020
MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis

The table below presents a summary of net position as of September 30, 2020 and 2019, derived from the government-wide statement of net position:

Statement of Net Position

| | 2020 | 2019 | Change |
|--------------------------|---------------------|---------------------|---------------------|
| Current and other assets | \$ 5,451,280 | \$ 4,854,976 | \$ 596,304 |
| Total assets | <u>\$ 5,451,280</u> | <u>\$ 4,854,976</u> | <u>\$ 596,304</u> |
| Long-term liabilities | \$ 1,284,889 | \$ 2,244,422 | \$ (959,533) |
| Other liabilities | 1,019,056 | 581,593 | 437,463 |
| Total liabilities | <u>\$ 2,303,945</u> | <u>\$ 2,826,015</u> | <u>\$ (522,070)</u> |
| Restricted | \$ 3,147,335 | \$ 2,028,961 | \$ 1,118,374 |
| Total net position | <u>\$ 3,147,335</u> | <u>\$ 2,028,961</u> | <u>\$ 1,118,374</u> |

As noted earlier, net position may serve, over time, as a useful indication of the CRA's financial position. At the close of the most recent fiscal year, the CRA's assets exceeded its liabilities by \$3,147,335 million. The entire net position of the CRA is restricted for Community Redevelopment.

The table below presents a summary of changes in net position for the years ended September 30, 2020 and 2019, as derived from the government-wide statement of activities:

Statement of Activities

| | 2020 | 2019 | Change |
|--------------------------|---------------------|---------------------|---------------------|
| Revenues | | | |
| Property tax assessments | \$ 1,228,623 | \$ 1,057,953 | \$ 170,670 |
| Intergovernmental | 3,711,379 | 4,175,822 | (464,443) |
| Investment income | 180,743 | 149,855 | 30,888 |
| Total revenues | <u>5,120,745</u> | <u>5,383,630</u> | <u>(262,885)</u> |
| Expenses | | | |
| Economic environment | 4,002,371 | 2,380,857 | 1,621,514 |
| Total expenses | <u>4,002,371</u> | <u>2,380,857</u> | <u>1,621,514</u> |
| Change in net position | 1,118,374 | 3,002,773 | (1,884,399) |
| Beginning net position | <u>2,028,961</u> | <u>(973,812)</u> | <u>3,002,773</u> |
| Ending net position | <u>\$ 3,147,335</u> | <u>\$ 2,028,961</u> | <u>\$ 1,118,374</u> |

NAPLES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Naples, Florida)
FOR THE YEAR ENDED SEPTEMBER 30, 2020
MANAGEMENT’S DISCUSSION AND ANALYSIS

Governmental activities

Governmental activities increased the CRA’s net position by \$1,118,374, while in 2019 there was an increase of \$3,002,773. This was primarily caused by an intergovernmental revenue from the City of Naples for \$980,000.

Financial Analysis of the CRA General Fund

As noted earlier, the CRA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the CRA’s *General Fund* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the CRA’s financing requirements. In particular, the *fund balance* at year-end provides the resources available for spending.

Budgetary Highlights

The difference between the CRA’s original budget and the final amended budget is solely due to reappropriated fund balance for projects that were not completed by September 30, 2019. During the fiscal year, the CRA budget included \$368,693 related to community policing, \$489,519 for landscape and other maintenance, and \$335,385 administrative costs. The combined expenditure in these budgeted items was \$1,190,477 as identified as economic environment on the financial statements. In addition, the CRA expensed and contributed \$100,000 for outdoor fitness equipment in River Park, \$14,247 for a sidewalk sweeper to assist City staff with maintenance, and \$2,688,997 related to road, pedestrian, and sidewalk improvements on 8th Street within the CRA.

Capital Assets and Long-Term Liabilities

Capital assets. As of September 30, 2020 and 2019, the CRA did not report any capital assets.

Long-term liabilities. As of year-end, the CRA had \$1,284,889 in long-term debt, which consist of a 2013 Capital Improvement Refunding Revenue Note which matures in fiscal year 2022.

The debt position of the CRA is summarized below. Additional information can be found in Note 4 Long-Term Liabilities:

| | 2020 | 2019 | Change |
|---------------|--------------|--------------|--------------|
| Notes Payable | \$ 1,284,889 | \$ 2,244,422 | \$ (959,533) |

NAPLES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Naples, Florida)
FOR THE YEAR ENDED SEPTEMBER 30, 2020
MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year Budget and Rates

In September 2020, the CRA Board and City Council approved a \$5.4 million budget for fiscal year 2020-2021, approximately \$2.5 million more than the fiscal year 2019-2020 original budget. The budget includes \$1.5 million for community policing, landscape and other maintenance, and administrative costs. The budget included \$2.9 million in additional capital improvement within the CRA including, \$1.0 million toward design of a new parking deck and \$1.0 million in neighborhood plan project funding within the CRA. The fiscal year 2021 CRA budget was balanced using a millage rate of 1.15 compared to a millage rate of 1.18 in fiscal year 2020. This was possible as property values within the CRA for fiscal year 2021 was \$1,496,995,420 up 16.8% from fiscal year 2020. The total CRA revenue estimate resulting from the total tax increment for fiscal year 2021 of \$1,313,186,146, using a tax rate of 1.15 from the City and 3.5645 from the County, to bring in \$1,434,656 and \$4,446,809, respectively. In addition, the CRA is budgeted to receive approximately \$25,000 in interest income. The CRA fiscal year 2021 budget expects a net increase in fund balance of \$761,769 for fiscal year 2021 as approved in the original budget.

Request for Information

This financial report is designed to provide residents, taxpayers, customers and creditors with a general overview of the CRA's finances and to demonstrate the CRA's accountability. For questions concerning the information in this report or requests for additional financial information, contact the City's Chief Financial Officer at 735 8th Street South, Naples, Florida 34102-6796.

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NAPLES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Naples, Florida)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 5,433,781 |
| Accrued interest receivable | 17,499 |
| Total assets | <u>5,451,280</u> |
| LIABILITIES | |
| Current liabilities | |
| Accounts payable and accrued liabilities | 1,017,210 |
| Accrued interest | 1,846 |
| Noncurrent liabilities | |
| Due within one year | 1,021,534 |
| Due in more than one year | 263,355 |
| Total liabilities | <u>2,303,945</u> |
| NET POSITION | |
| Restricted | 3,147,335 |
| Total net position | <u><u>\$ 3,147,335</u></u> |

The accompanying notes are an integral part of the financial statements.

NAPLES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Naples, Florida)
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) |
|---|---------------------|------------------|---------------|---------------------|
| | | Charges for | Operating | Revenue and |
| | | Services | Grants and | Changes in |
| | | | Contributions | Net Position |
| | | | | Governmental |
| | | | | Activities |
| Governmental activities | | | | |
| Economic environment | \$ 3,972,043 | \$ - | \$ - | \$ (3,972,043) |
| Interest and other fiscal charges | 30,328 | - | - | (30,328) |
| Total governmental activities | <u>\$ 4,002,371</u> | <u>\$ -</u> | <u>\$ -</u> | <u>(4,002,371)</u> |
| General revenues | | | | |
| Property taxes | | | | 1,228,623 |
| Intergovernmental revenue (not restricted to specific programs) | | | | 3,711,379 |
| Unrestricted investment earnings | | | | <u>180,743</u> |
| Total general revenues | | | | <u>5,120,745</u> |
| Change in net position | | | | 1,118,374 |
| Net position, beginning | | | | <u>2,028,961</u> |
| Net position, ending | | | | <u>\$ 3,147,335</u> |

The accompanying notes are an integral part of the financial statements.

NAPLES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Naples, Florida)
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2020

ASSETS

| | |
|-----------------------------|----------------------------|
| Cash and cash equivalents | \$ 5,433,781 |
| Accrued interest receivable | <u>17,499</u> |
| Total assets | <u><u>\$ 5,451,280</u></u> |

LIABILITIES AND FUND BALANCE

LIABILITIES

| | |
|-------------------|------------------|
| Accounts payable | \$ 987,735 |
| Accrued payroll | <u>29,475</u> |
| Total liabilities | <u>1,017,210</u> |

FUND BALANCE

| | |
|------------------------------------|----------------------------|
| Restricted for: | |
| Community redevelopment | <u>4,434,070</u> |
| Total fund balance | <u>4,434,070</u> |
| Total liabilities and fund balance | <u><u>\$ 5,451,280</u></u> |

The accompanying notes are an integral part of the financial statements.

NAPLES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Naples, Florida)
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

| | |
|----------------------------------|--------------|
| Total fund balance, General Fund | \$ 4,434,070 |
|----------------------------------|--------------|

Amounts reported for the governmental activities in the statement of net position are different because:

Long-term liabilities are not due and payable in the current period and therefore are not reported in the General Fund.

| | | |
|---|----------------|--------------------|
| 2013 Capital Improvement Refunding Revenue Note | (1,284,889) | |
| Accrued interest expense | <u>(1,846)</u> | |
| | | <u>(1,286,735)</u> |

| | |
|---|---------------------|
| Total net position, governmental activities | <u>\$ 3,147,335</u> |
|---|---------------------|

The accompanying notes are an integral part of the financial statements.

NAPLES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Naples, Florida)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

REVENUES

| | |
|---|------------------|
| Property taxes | \$ 1,228,623 |
| Intergovernmental - tax increment financing | 3,711,379 |
| Interest | 180,743 |
| Total revenues | <u>5,120,745</u> |

EXPENDITURES

| | |
|----------------------|------------------|
| Current | |
| Economic environment | 1,190,477 |
| Debt service | |
| Principal | 959,533 |
| Interest | 31,136 |
| Capital outlay | 2,781,566 |
| Total expenditures | <u>4,962,712</u> |

| | |
|----------------------------|---------|
| Net change in fund balance | 158,033 |
|----------------------------|---------|

| | |
|--------------------------------|------------------|
| Fund balance, beginning | <u>4,276,037</u> |
|--------------------------------|------------------|

| | |
|-----------------------------|----------------------------|
| Fund balance, ending | <u><u>\$ 4,434,070</u></u> |
|-----------------------------|----------------------------|

The accompanying notes are an integral part of the financial statements.

NAPLES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Naples, Florida)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE—GENERAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:

| | |
|--|------------|
| Net change in fund balance, General Fund | \$ 158,033 |
|--|------------|

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. Current year includes principal paid on long-term debt.

959,533

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are used. The net change associated with these expenses/expenditures is as follows:

| | |
|----------------------------|------------|
| Change in accrued interest | <u>808</u> |
|----------------------------|------------|

| | |
|---|----------------------------|
| Change in net position of governmental activities | <u><u>\$ 1,118,374</u></u> |
|---|----------------------------|

The accompanying notes are an integral part of the financial statements.

NAPLES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Naples, Florida)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Original Budget | Final Budget | Actual Amount | Variance With Final Budget Positive (Negative) |
|--------------------------------------|---------------------|---------------------|---------------------|--|
| Revenues | | | | |
| Property taxes | \$ 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 environment | 1,245,978 | 1,349,705 | 1,190,477 | 159,228 |
| Debt service | | | | |
| Principal | 959,533 | 959,533 | 959,533 | - |
| Interest | 31,136 | 31,136 | 31,136 | - |
| Capital outlay | 656,000 | 4,605,657 | 2,781,566 | 1,824,091 |
| Total expenditures | <u>2,892,647</u> | <u>6,946,031</u> | <u>4,962,712</u> | <u>1,983,319</u> |
| Excess of revenues over expenditures | <u>2,057,355</u> | <u>(1,996,029)</u> | <u>158,033</u> | <u>2,154,062</u> |
| Change in fund balances | 2,057,355 | (1,996,029) | 158,033 | 2,154,062 |
| Fund balances, beginning | <u>4,276,037</u> | <u>4,276,037</u> | <u>4,276,037</u> | <u>-</u> |
| Fund balances, ending | <u>\$ 6,333,392</u> | <u>\$ 2,280,008</u> | <u>\$ 4,434,070</u> | <u>\$ 2,154,062</u> |

The accompanying notes are an integral part of the financial statements.

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NAPLES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Naples, Florida)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Naples Community Redevelopment Agency (the “CRA”) is governed by a board consisting of seven commissioners who are the same individuals as those serving as the City of Naples (the “City”) City Council. The terms of office of the commissioners are concurrent with the terms of the Mayor and the members of the City Council. The City Council Chair and Vice-Chair are designated by a majority vote of the City Council. The CRA was created in 1994 by Resolutions 94-7098 and 94-7099, as adopted by the City Council on January 5, 1994, in accordance with Section 163.356 of the *Florida Statutes*. The boundaries of the CRA district were determined at the time it was created and are shown on the CRA District Map. On January 15, 2014, the City Council adopted Resolution 14-13401 approving a modified Redevelopment Plan.

Florida State Statute Chapter 163 allows a community redevelopment agency to be created for one or more of the following purposes: the elimination and prevention of blight; the reduction or prevention of crime; the provision of affordable housing; or the rehabilitation and revitalization of coastal resort and tourist areas that are deteriorating and economically distressed. The primary goal of the CRA is to provide a tool that will guide private and public initiatives for creating economic development, improved physical characteristics, encourage investment in Downtown Naples, improve the quality of life for residents, and establish a framework for the proper evolution of the CRA District.

The CRA was established in accordance with the Community Redevelopment Act of 1969. This state act allows municipalities to use increases in property tax revenue to finance the necessary public investments in the project area. In accordance with provisions of this act, the CRA developed and implemented a Community Redevelopment Plan to remove the conditions of slum and blight that existed within a large portion of the City's core and the adjacent residential areas.

Funding for redevelopment and restoration projects that are essential for the reduction of slum and blight and the stimulation of private sector revitalization efforts is provided primarily from the tax increment generated by the increased valuation of properties within the community redevelopment area. Increases in property tax revenue above the baseline assessment that was established upon adoption of the Community Redevelopment Plan is set aside in the Community Redevelopment Trust Fund and can be utilized only for projects identified in the plan.

The CRA is a separate entity from the City. However, the City Council of the City of Naples serves as the CRA Board and performs the legislative functions, governing duties and corporate responsibilities of the agency. The City Manager serves as the executive director of the agency, performs the administrative duties and oversees the day to day operations of the agency. Several City departments, including Community Services, Developmental Services, Finance, and Engineering, provide assistance in planning and implementing project activities that are designed to revitalize and restore the identified blighted areas.

B. Government-wide and Fund Financial Statements

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

The government-wide financial statements include a statement of net position and a statement of activities. These statements report on the CRA as a whole and provide a complete financial picture of the CRA.

NAPLES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Naples, Florida)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

The government-wide statement of net position reports all financial and capital resources of the CRA's governmental activities. Governmental activities are those supported by taxes and intergovernmental revenue. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Although there were none, program revenues include charges for services that are recovered directly from customers for services rendered. Taxes and other items not properly included among program revenues are reported instead as general revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Since the CRA fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, reconciliations are provided that briefly explain the adjustments necessary to reconcile the governmental fund financial statements to the government-wide governmental activities 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. Revenues are recorded when earned and expenses reported when a liability is incurred, regardless of the timing of related cash flows. Tax increment financing from property taxes are recognized as revenue in the year when levied.

The governmental fund financial statements (the "General Fund") are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are generally recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the CRA considers revenues to be available if they are collected within 60 days of the end of the fiscal year. 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 are recorded only when payment is due.

D. Deposits

The CRA considers cash on hand, cash with fiscal agents, and overnight investments with original maturities of less than three months to be cash and cash equivalents. The CRA also maintains its own bank account which is used for the majority of CRA transactions.

E. Receivables

Receivables consist of trade receivables and amounts due from other governments and are recorded net of any allowance for uncollectible amounts, if applicable.

Activity between the CRA and the City that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year (if any) are reported as "advances to/from the primary government." All other outstanding balances between the CRA and City (if any) are reported as "due to/from the primary government."

NAPLES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Naples, Florida)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets

There are no capital assets reported by the CRA as of September 30, 2020.

G. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position.

H. Fund Balance/Net Position

In fund financial statements, the General Fund reports fund classifications that comprise a hierarchy based primarily on the extent to which the CRA is bound to honor constraints imposed on the use of resources reported. Amounts that are restricted to specific purposes either by: (a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Directors through a resolution are classified as committed fund balances. These constraints remain binding unless removed or changed in the same manner employed to commit those resources by resolution. Amounts that are constrained by the CRA's intent to be used for specific purposes, however, are neither restricted, nor committed are classified as assigned fund balances. Assignments are approved by the Executive Director.

Non-spendable fund balances include amounts that cannot be spent because they are either: (a) not in spendable form, or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents an amount that has not been restricted, committed, or assigned to specific purposes within the General Fund. When both restricted and unrestricted fund balances are available for use, it is the CRA's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Net position of the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. The first category represents capital assets net of accumulated depreciation, less outstanding debt related to the acquisition or construction of the capital assets.

The restricted category, if any, represents the balance of assets restricted by requirements of revenue bonds and other externally imposed constraints or by legislation. Unrestricted net position represents resources that are available for spending.

I. Budgetary Data

On or before September 1 each year, the Naples Community Redevelopment Manager submits to the City Council a proposed operating budget for the fiscal year commencing October 1. A public hearing is conducted at City Hall to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through passage of an ordinance. Annual budgets are adopted for the General Fund on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at the end of each fiscal year for these funds.

Budgetary control is maintained at the department level. The CRA Manager is permitted to transfer appropriations between line items within the General Fund. All other types of budget transfers or amendments must be approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the department level.

NAPLES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Naples, Florida)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, and liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

K. Risk Management

The CRA is insured, through the City's self-insurance program, for general liability, health, directors and officers, and property damage. There are no outstanding general liability claims related to the CRA.

NOTE 2 – TAX INCREMENT REVENUE

The primary source of revenue is tax increment funds received through the City of Naples and Collier County. The revenue from the City is treated as property taxes, while the remainder is recorded as intergovernmental revenue – tax increment financing.

NOTE 3 – DEPOSITS AND INVESTMENTS

At September 30, 2020, the bank balances, net of reconciling items, of the CRA's deposits was \$5,433,781. All of the CRA's public deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act*. Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledging level. The pledging level may vary depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof.

NOTE 4 – LONG-TERM LIABILITIES

Capital Improvement Refunding Revenue Note, Series 2013 – Funds borrowed by the CRA, as a portion of a larger City of Naples issuance, in the amount of \$6,801,222 to currently refund the outstanding principal amount of the Capital Improvement Refunding Revenue Note, Series 2010; monthly principal and interest payments range from \$79,842 to \$86,313 through December 1, 2021. Interest rate is 1.73%. The outstanding balance as of September 30, 2020, is \$1,284,889.

NAPLES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Naples, Florida)

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of long-term liabilities for the year ended September 30, 2020:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|------------------|---------------------|---------------------------|--------------------------------|
| <u>Governmental Activities:</u> | | | | | |
| Notes Payable: | | | | | |
| 2013 Capital Improvement Refunding Revenue Note | \$ 2,244,422 | \$ - | \$ (959,533) | \$ 1,284,889 | \$ 1,021,534 |
| Total governmental activities | | | | | |
| long-term liabilities | <u>\$ 2,244,422</u> | <u>\$ -</u> | <u>\$ (959,533)</u> | <u>\$ 1,284,889</u> | <u>\$ 1,021,534</u> |

A summary of annual debt service requirements as of September 30, 2020, is as follows:

| Fiscal Year | | | |
|--------------------|---------------------|------------------|---------------------|
| <u>Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2021 | \$ 1,021,534 | \$ 14,227 | \$ 1,035,761 |
| 2022 | 263,355 | 762 | 264,117 |
| | <u>\$ 1,284,889</u> | <u>\$ 14,989</u> | <u>\$ 1,299,878</u> |

NOTE 5 – CONTINGENT LIABILITIES

The CRA sometimes receives revenues from various federal grants. These grants would be for specific purposes and would be subject to review and audit by the grantor agencies. Such audits could result in disallowed expenditures under the terms of the grants. No such grants were received during the year ended September 30, 2020. Based upon prior experience, CRA management believes such disallowances, if any, would be immaterial.

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. While it is unknown how long these conditions will last and what the complete financial effect will be to the CRA. 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 CRA's results of operations, financial position, and liquidity cannot be reasonably estimated at this time.

NOTE 6 – RISK MANAGEMENT

The CRA is exposed to various risks of loss, including general liability, personal injury, workers compensation, and errors and omissions. To manage its risks, the CRA has purchased commercial insurance.

NOTE 7 – SUBSEQUENT EVENTS

The CRA has evaluated all subsequent events through March 25, 2021, the date the financial statements were available to be issued.

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OTHER REPORTS

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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***

Board of Directors and Executive Director
Naples Community Redevelopment Agency
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 and major fund of the Naples Community Redevelopment Agency (the "CRA"), (a component unit of the City of Naples, Florida), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, and have issued our report thereon dated March 25, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CRA'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 CRA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA'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 CRA'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 25, 2021

Mauldin & Jenkins, LLC

NAPLES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Naples, Florida)

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED 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 not considered
to be material weaknesses?

____ Yes X None reported

Noncompliance material to financial statements noted?

____ Yes X No

Federal Awards and State Financial Assistance Projects

The Naples Community Redevelopment Agency did not expend \$750,000 in federal or state funds during its fiscal year ended September 30, 2020.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

NAPLES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Naples, Florida)

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

None.



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Board of Directors and Executive Director
Naples Community Redevelopment Agency
Naples, Florida

Report on the Financial Statements

We have audited the financial statements of the Naples Community Redevelopment Agency (the "CRA"), (a component unit of the City of Naples, Florida) as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated March 25, 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; 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 Standard* 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 25, 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 financial audit report. There were no findings or recommendations in the preceding annual financial report requiring correction.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The CRA has made these disclosures in the notes to the financial statements. There are no component units.

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 CRA has met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and to identify the specific condition(s) met. In connection with our audit, we determined that the CRA 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 CRA'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 the 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.

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 Board of Trustees and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Bradenton, Florida
March 25, 2021



INDEPENDENT ACCOUNTANT'S REPORT

Board of Directors and Executive Director
Naples Community Redevelopment Agency
Naples, Florida

We have examined the Naples Community Redevelopment Agency (the "CRA"), (a component unit of the City of Naples, Florida) compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2020. Management of the CRA is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA'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 CRA complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the CRA 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 CRA's compliance with specified requirements.

In our opinion, the CRA 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 CRA 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 25, 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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