

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2019



City of Naples, Florida

**THE CITY OF NAPLES, FLORIDA**  
Comprehensive Annual Financial Report  
For the Year Ended September 30, 2019  
(With Independent Auditor's Report Thereon)

Prepared By:  
FINANCE DEPARTMENT

# City of Naples

September 30, 2019



## Principal Officers

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

Bill Barnett  
Gary Price  
Reg Buxton  
Ray Christman  
Terry Hutchison  
Michelle McLeod  
Ellen Seigel

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

Roger Reinke  
Craig Mole'  
Dana A. Souza  
Gary Young  
Pete DiMaria  
Denise K. Matson  
Robin D. Singer  
Thomas Weschler  
Gregg Strakaluse  
Brian Dye  
Robert H. Middleton

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**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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## *City of Naples*

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March 19, 2020

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

The Comprehensive Annual Financial Report (CAFR) of the City of Naples, Florida (the “City”), for the fiscal year ended September 30, 2019, 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 Maudlin & 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, 2018, 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, 2019, 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 CAFR’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 and 58 miles of sidewalks. 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 20,500, increasing to over 33,000 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:

<b>Member</b>	<b>Term Ends</b>
Bill Barnett, Mayor	March 2020
Gary Price	February 2022
Reg Buxton	March 2020
Ray Christman	February 2022
Terry Hutchison	February 2022
Michelle McLeod	March 2020
Ellen Seigel	March 2020

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 its Services

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 February, staff develops preliminary future revenue and expenditure estimates and identifies areas of need and concern. By the end of April, the Five-Year General Fund Sustainability Report is developed and presented to City Council. Concurrently, staff works with boards, committees, and the City Council to gather goals for the upcoming fiscal year. In April, Departments start preparing their Five-Year Capital Improvement Program requests. Concurrently, departments will begin preparing their budget requests using line-item budget formats. At the same time, Finance will begin assessing available and potential revenue sources.

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 in 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 2018-2019 represented the sixth year of taxable value growth in the City. The taxable values increased by 5.9% for the 2018-2019 fiscal year, following a 7.74% growth in fiscal year 2017-2018. The subsequent growth for fiscal year 2019-2020 (September 2019) of 4.5% 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.

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 waste water 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 2019, Naples' ad valorem tax remains significantly below the maximum allowed.

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 2018-2019, 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:

- 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 including. Additional donations and pledges remain and to 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's will be identifying options for adding various art pieces in 2020 and then pause 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 ten 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 2019 budget included \$175 thousand for multimedia and audio-visual equipment enhancements to the EOC.
- Water and Sewer infrastructure, equipment, and facilities improvements of \$3.7 million in 2019 included; reclaimed water construction and expansion, utilities wide pump station improvements, water main improvements, sewer main replacement, and continued emphasis on equipment and motor vehicle replacement programs.
- Stormwater master plan completion and design of phase I water outfall, water quality and beach restoration project. The design was completed in 2019 with the fiscal year 2019-2020 budget in Stormwater Fund contributing \$7.9 million and the City's portion of the Collier County One Cent Sales Tax Fund contributing an additional \$3.0 million. The City will continue to evaluate financing options related to stormwater projects in 2020 to accelerate other aspects of the stormwater mater plan.

The trends in the Southwest Florida economy continues to experience a moderate but steady growth with continued positive optimism throughout 2019. In addition, 2019 shook off the downward pressure on tourism felt in 2018 from the effects of Hurricane Irma, red tide and algae blooms in the region. To try and put this into perspective beach parking within the City of Naples by \$397 thousand or 20.1% in 2019 compared to 2018. According to a report by the Florida Gulf Coast University in its year over year economic indicator comparisons, taxable sales for Collier County were up 8% through November 2019 compared November 2018, tourist tax revenues in Collier County were higher in September 2019, and 16% higher for the year over 2018. The three major Southwest Florida airports grew at 12% in September 2019 in a year over year comparison. Southwest Florida International (RSW) the City's closest commercial airport increased 10%. The unemployment rate for Collier County was 3.0% in September 2019, unchanged from September 2018. This compares favorably with the State of Florida's 3.2% and the nations 3.6%. In addition, Collier County recorded 1,113 single family building permits in October 2019, up 25% from October 2018. While Collier's single-family homes sales were up in October 2019, 419 compared to 388 in October 2018, the median price decreased to \$422,192 yielding a decrease of \$22,221 over the same period. This median price decrease was short lived, it has increased consistently in November 2019, December 2019, and January 2020, where is recorded a median price of \$470,000 for the month.

### ***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 to remove the tax stabilization account.

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 is expected in April 2019. Listed below are a few of the initiatives taken to address some of the visions:

#### **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 30 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 10 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 2018.

Residents and visitors alike recognize the ambiance created by the tree-lined streets of Naples. For the twenty-third consecutive year, the City of Naples received the Tree City U.S.A. designation, and for the thirteenth consecutive year, the City received a Tree City U.S.A. Growth Award. The City of Naples urban forest consists of 17,709 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 in with emphasis on replacing the 1,929 trees lost in Hurricane IRMA. 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 2019-2020 budget includes an additional \$500,000 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.

### **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 2018-2019 year 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.

#### ***Norris Center/Cambier Park***

The Norris Center is located in Cambier Park and the 2018-2019 visitors season saw 25,561 attendees to indoor performances presented by the City of Naples and Gulfshore Playhouse in the Norris Center. The venue has seating capacity for 200 people and hosts shows nearly every day throughout fall to the springtime, with showings added as needed for sold out acts. Tile flooring in the center was updated with the wood-like tile and vinyl in the art room and game room. Cambier Park hosts outdoor concerts and events in the downtown

bandshell and park space. The 2018-2019 season hosted over 30 FREE outdoor concerts on Sunday afternoons and Monday evenings, with over 30,000 visitors for the entertainment in the space.

### ***Arthur L. Allen Tennis Center in Cambier Park***

In 2018-2019, the tennis center offered thirteen USTA sanctioned and non-sanctioned tournaments that drew 1,281 participating athletes. Ten events were designed for juniors that attend from around the state and country. The other three tournaments were structured for adult participation. This year's 50th Annual "Clay in May" Tennis Championship hosted 484 players playing in a total of 783 events. There are 42 different clinics and round robins for members and guests to participate targeted for all skill levels. These programs serve to develop new memberships for the center and provide opportunities for members and guests to meet 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 activities and leagues include Naples Gators football, little league baseball (2 separate seasons) and boy's and girl's lacrosse. Fleischmann Park is also the current home facility for Mason Classical Academy's soccer, track, cross-country and baseball teams. Adult sports include co-ed softball (2 separate seasons), pickleball and volleyball leagues. The Edge Johnny Nocera Skate Park is also located at Fleischmann Park. The skate park is very popular with both skateboarding and BMX enthusiasts with an estimated 10,000 visitors annually. Fleischmann Park is the headquarters for over 150 summer specialty camps with over 1,000 registered campers. From Fleischmann park, campers are transported to other city location including Lowdermilk Park, The Naples Preserve, Arthur Allen Tennis Center and the Norris Center. Fleischmann Park hosts gymnastic camps, rock climbing, dance, art camps, fitness and a variety of outdoor sports camps.

### ***Naples Preserve***

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

### ***River Park***

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. River Park staff and contracted instructors successfully offered multiple programs and specialty camps, which included Zumba classes, LaBlast classes, Yoga classes, camps – Winter/Spring/Summer and school day out. River Park Community Center continues to collaborate with organizations, schools and apartment managers to identify children needing services. The River Park Community Center hosted the Girls Scouts Troop 1083. Facility improvements for River Park Community Center this year include, painting of all the interior rooms, new front desk with storage cabinets, Spraycrete of the back patio and bathroom decking area at basketball pavilion, new maple hardwood dance floor, replacement of two 12 ton A/C units, new cardio fitness equipment and a new building generator – hurricane readiness. Back to School program served 265 children going into K through 12<sup>th</sup> grade with needed school supplies. Santa’s also made an appearance at Santa’s Coming to Town and made a delivery of 258 gifts to very excited children.

### ***River Park Aquatic Center***

The River Park Aquatic Center offered multiple classes, programs and camps. Included were Lifeguard Training, Lifeguard and Water Safety Instructor Training, Red Cross Learn to Swim classes, Swim Central Classes, and Recreational (Rosters) Swim Team program. The aquatic center continues to serve as an important community asset and is the home pool for Naples High School. River Park Aquatic Center continued its close collaboration with Safe and Healthy Children’s Coalition with active participation in the coalition’s swim central program providing preschool and special needs children with five important water safety skills to decrease the likelihood of the children drowning. Facility improvements for the aquatic center included painting of the pool decking/water features/bathrooms, bathroom floors were re-epoxied with a blue, white, beige and gray flake color tone, the A/C was replaced in the office and lifeguard room, new tables/chairs and umbrella stands were purchased.

### ***Anthony Park***

Anthony Park continues to host Archery and Fishing camps in 2019 with 33 enrolled. Tennis classes were offered by a group of City volunteers for multiply sessions. Facility improvement for Anthony Park included new kitchen cabinets and marble countertop, shades over the playground, a new Men’s and Women’s bathroom facility for residents to access during park open hours.

## **Financial Reporting and Measurements**

### ***Independent Audit***

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

### ***Distinguished Budget***

The City’s budget for 2018-2019 received the GFOA’s Distinguished Budget Presentation Award. The City has achieved this award for 14 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, 2018. 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,



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Charles T. Chapman IV  
City Manager



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Gary L. Young  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
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Florida**

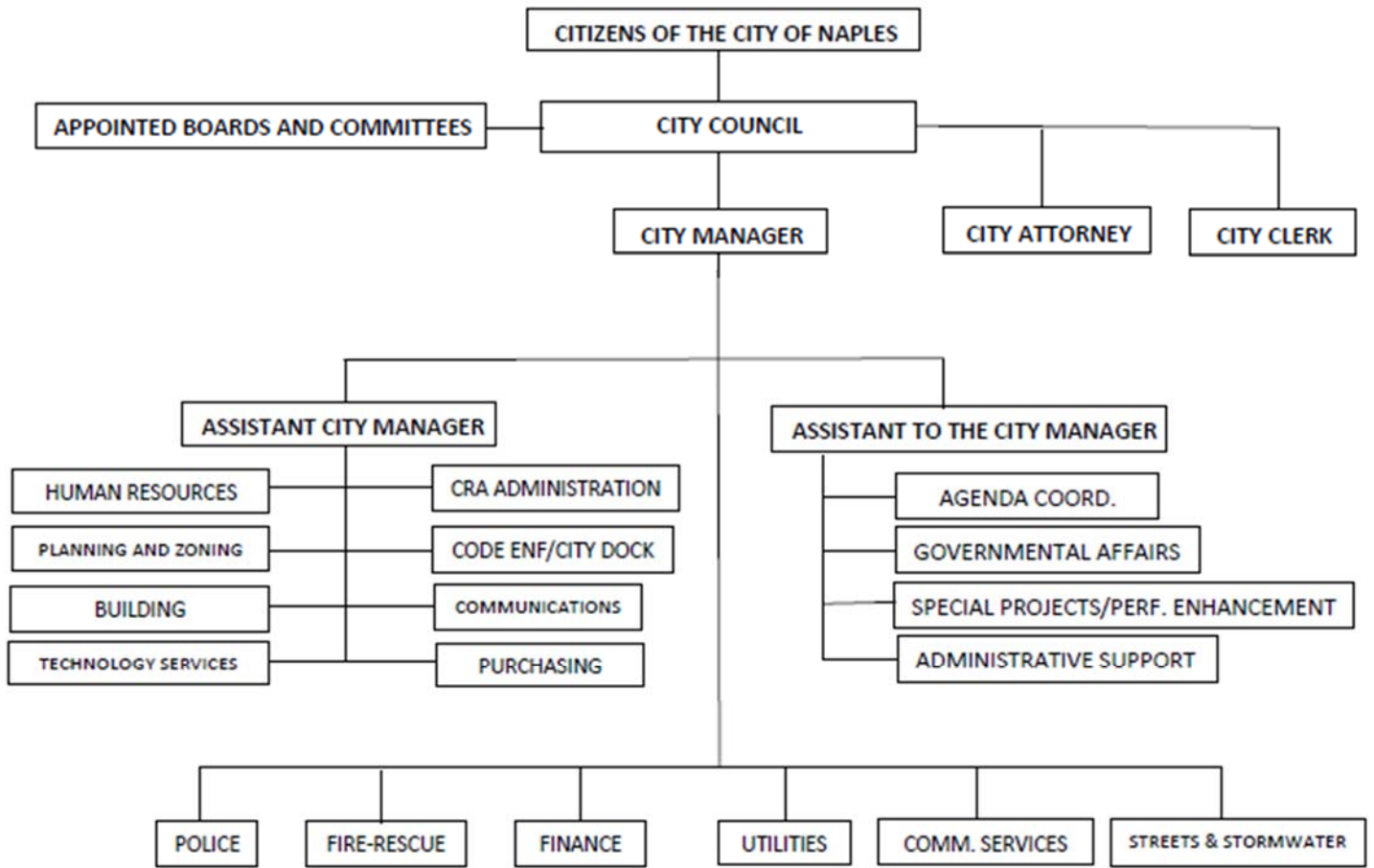
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

# City of Naples Organizational Chart





## INDEPENDENT AUDITOR'S REPORT

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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, 2019, 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, 2019, 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.

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## ***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.

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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 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 19, 2020

*Mauldin & Jenkins, LLC*

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**The City of Naples, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2019**  
**(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, 2019.

**Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities at September 30, 2019, by \$288 million (net position). Of this amount, \$55.7 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 \$37.9 million due in part to: revenue recognition related to FEMA and Florida Department of Emergency Management (FDEM) for IRMA reimbursements; 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 2019.
- As of September 30, 2019, the City's governmental activities reported a combined ending net position of \$105.4 million. This is an increase of \$20.4 million from the prior year. The City's governmental activities unrestricted net position is negative \$1.4 million compared to a negative \$6.2 million as of September 30, 2018.
- The City implemented GASB 75 2019. *GASB No. 75 Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. In 2019, the unfunded OPEB increased an additional \$137 thousand. 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 decrease 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 deferred outflows in governmental activities decreased \$207 thousand and deferred inflows increased \$4.2 million. Deferred outflows in business-type activities decreased \$197 thousand while deferred inflows increased \$817 thousand. These changes were the effect of the decrease of \$8.7 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 continues to evaluate its pension obligations and its effect on the long-term financial position of the City including the most recent change to reduce the expected rate of return from 7.5% to 7.0% over the next five years by reducing it 0.10% annually. This expected rate of return adjustment will increase the unfunded in the coming years.
- The City's total debt increase \$224 thousand during the current fiscal year due to scheduled debt service payments of \$3.2 million offset by an issuance of \$3.4 million in 2019. The City's Governmental Activities Debt decreased by \$1.9 million from scheduled debt service payments. The City's Business-Type Activities Debt increased by \$2.1 million resulting from the net effect of making \$1.3 million in scheduled debt service payments and issuing \$3.4 million of debt in 2019 related to Gulf Acres/Rosemary Heights Special Assessment project. In addition, the City Dock reduced the outstanding interfund loan by \$305 thousand in 2019 leaving a balance of \$5.5 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 together and shown in a single column. Nonmajor funds, however, are disclosed separately in the combining and individual fund financial statements and schedules section of this report.

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

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

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

### *The Government-wide Financial Statements*

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

**The Statement of Net Position (page 20)** presents information on all the City's assets and liabilities, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or not.

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

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

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

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

### ***Fund Financial Statements***

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

A fund is a grouping of related accounts that is used to maintain financial control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. In a highly regulatory environment, fund accounting serves a very important purpose, in that funds received for specific purposes are identified as such. All of the funds of the City can be divided into three categories:

- **Governmental Funds**—account for the City’s tax-supported activities and those supported by other special revenues. These governmental funds include the General Fund, the Debt Service Fund, the Capital Projects Fund, the Community Redevelopment Fund, the Streets and Traffic Fund and other Nonmajor Funds consisting of the Building and Zoning Fund, the Community Development Block Grant Fund, the Improvement Fund, the Public Arts Fund, the Grants Fund, the Confiscated Properties Fund, the Business Improvement District, the 41-10 Public Open Space Fund, the Parking Trust Fund, the Impact Fee Fund, the Land Contribution Fund, and the Maintenance Dredging Funds for the East Naples Bay District, Port Royal and Moorings Bay District. The accounting method used is called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash (usually 60 day focus). The two criteria used are that the revenue is measurable and available. Examples of the difference between this and the economic resources measurement focus are that debt financing is considered current revenue, and purchases of capital assets are considered expenditures whereas depreciation is not since there is no outlay of cash.
- **Proprietary Funds**—are used to account for the business-type activities of the City. There are two types: Enterprise Funds and Internal Service Funds. The City’s Major Enterprise Funds are the Water and Sewer Fund, the Solid Waste Fund, the Stormwater Fund, and Nonmajor Enterprise Funds consist of the Naples Beach Fund, the City Dock Fund and the Tennis Fund. The Internal Service Funds include the Equipment Services Fund, Risk Management Fund, Health Benefits Fund, and the Technology Services Fund. All Proprietary Funds use the full accrual basis of accounting and the economic resources measurement focus. Fees or charges for services are the primary revenue sources for Proprietary Funds.

- ***Fiduciary Funds***—are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City’s own programs. The accounting method used for Fiduciary Funds is similar to Proprietary funds.

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

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

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

#### ***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, 2019, was \$283 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	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 63,014	64,681	68,345	53,568	131,359	118,249
Capital assets	95,909	76,815	136,039	129,946	231,948	206,761
Total assets	158,923	141,496	204,384	183,514	325,010	316,712
Total deferred outflow of resources	8,852	9,083	1,001	1,194	9,853	10,277
Long-term liabilities outstanding	45,497	54,345	16,788	16,010	62,285	131,030
Other liabilities	7,559	6,154	5,987	4,373	13,546	10,527
Total liabilities	60,499	60,499	20,383	20,383	80,882	80,882
Total deferred inflow of resources	7,961	3,734	1,493	651	4,264	4,385
Total deferred inflows	7,961	3,734	1,493	651	4,264	4,385
Net position						
Net investment in capital assets	89,168	68,234	124,045	120,074	213,213	188,308
Restricted	19,004	24,297	-	-	19,004	24,297
Unrestricted	(1,414)	(6,186)	57,071	43,601	55,657	37,415
Total net position	\$ 106,758	86,345	181,116	163,675	287,874	250,020

The largest portion of the City's net position (74.1%) 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 6.6% of the total net position) is subject to external restrictions on how it may be used. The remaining 19.3% of unrestricted net position, \$55.7 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 \$135.0 million. Total expenses, City-wide were \$97.1 million. For the total primary government, including both governmental and business-type activities, net position increased \$37.9 million. Net position for Governmental activities increased by \$20.4 million and net position for Business-type activities increased by \$17.4 million in 2019.

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	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 12,503	11,860	51,358	48,406	63,861	60,266
Operating grants and contributions	6,775	4,687	3,283	202	10,058	4,889
Capital grants and contributions	4,409	2,581	6,411	1,012	10,820	3,593
General revenues						
Property taxes	26,591	24,432	-	-	26,591	24,432
Other taxes	8,908	8,661	-	-	8,908	8,661
Franchise fees	3,627	3,553	-	-	3,627	3,553
Intergovernmental revenues	7,149	3,883	-	-	7,149	3,883
Unrestricted investment earnings	1,979	679	1,825	394	3,804	1,073
Other	-	16	177	-	177	16
<b>Total revenues</b>	<b>\$ 71,941</b>	<b>60,352</b>	<b>63,054</b>	<b>50,014</b>	<b>134,995</b>	<b>110,366</b>
<b>Expenses</b>						
General government	\$ 10,754	12,982	-	-	10,754	12,982
Public safety	28,235	25,994	-	-	28,235	25,994
Physical and economic environment	2,920	2,860	-	-	2,920	2,860
Transportation	3,034	3,683	-	-	3,034	3,683
Cultural and recreation	8,386	7,718	-	-	8,386	7,718
Interest and fiscal charges	219	198	-	-	219	198
Water and sewer	-	-	27,588	26,986	27,588	26,986
Solid waste	-	-	6,751	6,673	6,751	6,673
Stormwater	-	-	4,341	4,796	4,341	4,796
Dock	-	-	1,995	1,161	1,995	1,161
Other	-	-	2,918	3,026	2,918	3,026
<b>Total expenses</b>	<b>53,548</b>	<b>53,435</b>	<b>43,593</b>	<b>42,642</b>	<b>97,141</b>	<b>96,077</b>
Increase (decrease) in net position						
before transfers	18,393	6,917	19,461	7,372	37,854	14,289
Transfers	2,020	2,020	(2,020)	(2,020)	-	-
<b>Change in net position</b>	<b>20,413</b>	<b>8,937</b>	<b>17,441</b>	<b>5,352</b>	<b>37,854</b>	<b>14,289</b>
Net position, beginning as restated	86,345	77,408	163,675	158,323	250,020	235,731
<b>Net position, ending</b>	<b>\$ 106,758</b>	<b>86,345</b>	<b>181,116</b>	<b>163,675</b>	<b>287,874</b>	<b>250,020</b>

The total primary government revenues reported a \$19.2 million or 17.4% increase over last year's total revenues. The total business-type activities' revenue decreased \$9.2 million including substantial increased revenue from operating grants, FEMA grants, capital grants, interest revenue, and charges for services. Revenue from governmental activities show a \$10.0 million increase.

The primary reasons for the increase in governmental activity revenue are as follows:

- An increase in property tax revenue \$2.1 million due to taxable value growth.
- An increase in charges for service of \$643 thousand charges for service.
- An increase in operating other tax revenue of \$225 thousand.
- An increase in operating (including FEMA) \$1.3 million.
- An increase in capital grants and contributions of \$1.8 million including the influx of \$3.2 million from Collier County's Once Cent Sales Tax.
- An increase in interest revenue \$1.3 million resulting from higher fund balances and interest rate.

Business-type activities showed an increase in revenues in the amount of \$13.0 million or 26.1% above the revenues of 2019. The charges for services increased by \$2.9 million, operating grants (including FEMA) increased by \$3.1 million, and capital grants and contributions increased by \$5.4 million. Revenue in the two non-major enterprise funds (which are recreational based funds), increased \$490 thousand due to increased usage. 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 \$878 thousand, Solid Waste increased \$291 thousand, Stormwater increased \$280 thousand while the City Dock completing the first full year since reconstruction was up over \$979 thousand in 2019.

The total primary government's expenses increased \$1.1 million or just over 1%. Governmental activities reported a 0.2% decrease in expenses, with business-type activities reporting a 2.2% 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 \$53.5 million. As shown in the Statement of Activities on page 21, the net cost that was ultimately paid through taxes was \$29.9 million. The \$23.6 million of costs for governmental activities not covered by general revenues was provided by:

- \$12.5 million in charges for services, made of \$5.6 million in building/permit fees, \$1.2 million in police and fire services, \$1.0 million for recreation fees, and the balance from various fees related to transportation, economic environment and general government services.
- \$6.8 million in operating grants and contributions including \$3.2 million from Collier County's share of the Community Redevelopment tax increment financing.
- \$4.4 million in capital grants and contributions including \$3.2 million from Collier County's One Cent Sales Tax.

The total cost of all governmental activities decreased in 2019 by 0.2%, is the net result of increases in public safety, physical and economic environment, cultural and recreation offset by decreases in transportation, and general government (all other).

**Table 3**  
Governmental Activities  
(In Thousands)

	Total Cost of Service		Net Cost of Service	
	2019	2018	2019	2018
Public safety	\$ 28,235	25,994	21,042	19,715
Physical and economic environment	2,920	2,860	(4,541)	(2,691)
Transportation	3,034	3,683	2,624	3,583
Cultural and recreation	8,386	7,718	7,168	4,368
All others	10,973	13,180	3,568	9,329
	\$ 53,548	53,435	29,861	34,304

### ***Business-type Activities***

Revenues of the City’s business-type activities (see Table 2) totaled \$63 million.

The Water and Sewer Fund represents 63% of the business-type activities’ expenses. Total water and sewer operating revenues were \$2.1 million higher than last year, while corresponding operating expenses were \$706 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 2.2% 2018 and an additional 2.46 in 2019 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. A dry 2017 led to higher revenue, hurricane recovery and red tides slowed tourism and return to normalcy post IRMA hurricane leading to lower revenue in 2018. 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 2.2% in 2018, and an additional 2.46 CPI in 2019.

### **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, 2019, the City’s governmental funds reported combined ending fund balances of \$45.1 million, a decrease of \$4.9 million in comparison with the prior year. This decrease is a result of significant committed capital project completions in 2019 offset set by significant improvements in unassigned fund balance improvements in 2019. In 2019, approximately 28.2% of this total (or \$12.5 million) constitutes unassigned fund balance, which is available for spending at the City’s discretion. This is up from 14.2%

(or \$7.1 million) in 2018. 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 (\$6.5 million); (2) restricted for building and zoning (\$4.3 million); (3) restricted for transportation (\$3.3 million); (4) restricted for economic development (\$4.3 million); (5) committed for City-wide emergencies (\$3.8 million); (6) assigned to meet debt service requirements (\$1.9 million); and (7) restricted for Baker Park capital construction project (\$252 thousand); (8) for a variety of other restricted (\$514 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 \$12.5 million, while the total fund balance was \$17.7 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 29.5% of the total fiscal year 2019 General Fund expenditures, while total fund balance represents 41.9% of that same amount.

General Fund expenditures were \$1.1 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 fund balance in the General Fund increased by \$5.2 million during the fiscal year. This increase resulted from higher; property tax collections, charges for service, interest revenue, intergovernmental revenue related to IRMA. This revenue was slightly offset by increased expenses related to personnel, legal/litigation, and costs related to employee health insurance contributions to the City's employee benefits fund.

The Debt Service Fund reports a total fund balance of \$1.90 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 increased tax revenue of \$485 thousand and offset by slight increase in debt service and increased 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 million, \$2.8 million is assigned for future capital projects, and \$1.2 is committed to existing project contractual commitments. Fund balance decreased by \$5.6 million.

The fund balance in the Community Redevelopment Fund increased \$2.1 million in 2019 with an ending fund balance of \$4.3 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 \$252 thousand. This is a decrease of \$11.7 million driven payment of expenses related to park's construction.

The fund balance in the Streets and Traffic Fund increased \$731 thousand in 2019 with an ending fund balance of \$3.3 million. The key factor was an increase in total revenue of \$779 thousand in 2019.

The combined fund balances for all governmental (major and non-major) funds decreased by \$5.7 million for fiscal year 2019 or 11.4%.



## **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 \$43.8 million in the Water and Sewer Fund, \$1.7 million in the Solid Waste Fund, \$10.4 million in the Stormwater Fund, (\$4.6) million in the City Dock Fund, \$4.1 million in the Naples Beach Fund, and \$423 thousand in the Tennis Fund.

## **General Fund Budgetary Highlights**

The adopted budget for fiscal year 2018-2019 was \$39,238,914 in expenditures and other financing uses and \$39,641,681 in revenues and other financing sources, with the difference of \$402,767 being a planned increase in fund balance. The amended budget for fiscal year 2018-2019 is \$40,154,056 in expenditures, and \$39,765,681 in revenues. The actual fiscal year 2018-2019 is \$38,862,257 in expenditures and \$44,041,237 in revenues, with the difference of \$5,178,981 resulting in significant increases in the fund balance. The difference in estimated revenue and actual revenue is due in large part to the Hurricane IRMA reimbursement recognition for obligated projects with FEMA and the Florida Department of Emergency Management.

The increase between the General Fund's original budgeted revenue and the final budgeted revenue is \$124,000 resulting from transfer in for costs related to parking garage maintenance.

The increase between the General Fund's original budgeted expenditures and the amended budgeted expenditures is \$915,142. This includes: (a) \$124,000 was for costs related to Legal Counsel/Litigation, and (b) \$791,141 was for prior year encumbrances.

The General Fund contingency was budgeted at \$500,000. Of that, \$312,183 was appropriated during the year by City Council. This includes (a) \$250,000 for employee health insurance transfers due to increased claims expense, (b) \$40,000 for special election expense, and (c) \$22,183 for Seagate design and legal services.

## Capital Assets and Debt Administration

### Capital Assets

The City as of year-end, had \$231.9 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 \$25 million or 12.19% over last year.

**Table 4**  
Capital Assets at Year-End  
(In Thousands)

	Governmental Activities		Business Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	\$ 16,418	16,418	3,142	3,142	19,560	19,560
Buildings	49,244	40,233	63,790	63,738	113,034	103,971
Improvements other than buildings	43,620	42,193	71,449	71,301	115,069	113,494
Infrastructure	38,064	36,774	126,457	122,596	164,521	159,370
Machinery and equipment	30,471	26,890	38,350	33,033	68,821	59,923
Construction in progress	19,729	10,983	12,491	4,202	32,220	15,185
Less accumulated depreciation	(101,637)	(96,676)	(179,640)	(168,066)	(281,277)	(264,742)
Total	<u>\$ 95,909</u>	<u>76,815</u>	<u>136,039</u>	<u>129,946</u>	<u>231,948</u>	<u>206,761</u>

This year's major additions include:

- Fire Station #1 \$9.7 million
- Baker Park Bridge \$12.1 million
- Stormwater Improvements \$1.4 million
- Water and Sewer Fund infrastructure improvement \$3.7 million
- Naples Bay Oyster Reef \$714 thousand
- Building Department Renovations \$602 thousand
- Multimedia & AV Equipment for EOC \$121 thousand

Note: Land and construction in progress in 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 Note 4(D) to the financial statements.

## ***Debt Outstanding***

As of September 30, 2019, the City had \$18.9 million in debt (bonds, notes, etc.) outstanding compared to \$18.7 million in 2018, a \$200 thousand increase. This decrease is the net effect of regular amortization in accordance with the payment schedules of \$3.2 million offset by an issuance of \$3.4 million in new issuance related to Gulf Acres/Rosemary Heights special assessment project.

**Table 5**  
Outstanding Debt at Year-End

	2019	2018
Governmental		
General obligation bonds	\$ -	-
Capital improvement revenue note	3,052,626	3,348,058
Capital improvement refunding revenue note	3,801,000	5,396,000
Unamortized discount	-	-
Subtotal	6,853,626	8,744,058
Business-type		
Public Utilities refunding revenue bonds	12,056,723	9,942,694
Capital improvement refunding revenue note	-	-
Subtotal	12,056,723	9,942,694
Total	\$ 18,910,349	18,686,752

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 2019, the City Council approved a \$152.5 million budget for fiscal year 2019-2020, approximately \$7.8 million more than the fiscal year 2018-2019 budget. The budget includes \$107.5 million for operations and transfers, \$4.2 million for debt service, and \$40.7 million for capital improvements.

The adopted fiscal year 2019-2020 budget continues the City's fiscally conservative approach to budget development, while providing quality services to the citizens.

The budget for fiscal year 2019-2020 was developed with an emphasis on:

- The City's 10-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.

The City's 2018-2019 General Fund budget was balanced using a millage rate of 1.1800. The 2019 millage rate represents remained unchanged from 2018. The 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 1.1954 is greater than the aggregate roll back rate of 1.1656 mills.

The following economic and operating factors were considered in developing the budget for fiscal year 2019-2020:

- The City showed the seventh consecutive year of increase in taxable value (after four consecutive years of decline) as values increased 4.5% over fiscal year 2018-2019 to \$24.1 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. A 3% raise was approved for employees depending upon the collective bargaining agreement.
- Health insurance benefits increase 20%. The City increased health insurance rates by 5% in fiscal year 2018-2019. 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. However, City Council voted to reimburse employees for their 2019 increase. The budget has a net increase of 4.0 positions over fiscal year 2018-2019.
- There is one debt issuance possible in fiscal year 2019-2020. This debt issuance would be related to stormwater outflow project. The fiscal year 2019-2020 budget includes \$7.9 million in the Stormwater Fund. City Council has expressed a desire to evaluate funding a portion of this project, roughly \$5 million, with debt to free up existing fund balance to accelerate other aspects of the stormwater master plan. Other Capital improvements includes: \$18.8 million of water/sewer projects, \$1.6 million in other stormwater projects, \$920,000 on various other roadway and traffic improvement, \$65,000 on a Pedestrian & Bicycle Master Plan Project, \$500,000 Tree Fill In and Replacement Program, \$150,000 Median Restoration, \$185,000 Fleischmann Park improvement and design, \$60,000 Skate Park, \$136,000 River Park, \$56,000 Norris Center, and \$80,000 Naples Landing. Police department projects total \$750,400 including vehicles, radios, taser replacement, and office furnishings. The Collier County One Cent Sales Tax includes appropriations of \$500,000 for automatic retractable bollards, \$550,000 ADA and Mobility improvements for City buildings, \$1.2 million for City Hall improvements, \$575,000 for building hardening, and \$3.0 million for Naples Bay Water Quality U Beach Restoration.

### **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](mailto: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](http://www.naplesgov.com).

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## **BASIC FINANCIAL STATEMENTS**

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**CITY OF NAPLES, FLORIDA**

Statement of Net Position

September 30, 2019

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and investments	\$ 56,192,798	52,176,562	108,369,360
Restricted cash and investments	-	317,988	317,988
Receivables (net, where applicable, of allowance for uncollectible)	1,929,559	12,089,293	14,018,852
Accrued interest	277,570	162,652	440,222
Internal balances	(202,054)	202,054	-
Due from other governments	4,653,195	2,426,111	7,079,306
Inventories	91,405	970,572	1,061,977
Prepaid items	71,741	-	71,741
Capital assets not being depreciated	36,146,998	15,632,480	51,779,478
Capital assets, net of accumulated depreciation	59,761,713	120,406,400	180,168,113
<b>Total assets</b>	<b>158,922,925</b>	<b>204,384,112</b>	<b>363,307,037</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows - pensions	8,536,879	846,791	9,383,670
Deferred outflows - OPEB	201,882	90,701	292,583
Deferred charge on refunding	113,169	63,243	176,412
<b>Total deferred outflows of resources</b>	<b>8,851,930</b>	<b>1,000,735</b>	<b>9,852,665</b>
<b>Liabilities</b>			
Accounts payable and other current liabilities	\$ 7,097,009	4,397,758	11,494,767
Due to other governments	7,674	1,213,296	1,220,970
Unearned revenue	192,594	258,367	450,961
Accrued interest payable	25,484	24,561	50,045
Customer deposits	236,665	93,342	330,007
Noncurrent liabilities			
Due within one year	3,507,353	1,596,506	5,103,859
Due in more than one year	41,990,018	15,191,367	57,181,385
<b>Total liabilities</b>	<b>53,056,797</b>	<b>22,775,197</b>	<b>75,831,994</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows - pensions	7,820,598	1,430,033	9,250,631
Deferred inflows - OPEB	139,918	62,863	202,781
<b>Total deferred inflows of resources</b>	<b>7,960,516</b>	<b>1,492,896</b>	<b>9,453,412</b>
<b>Net Position</b>			
Net investment in capital assets	89,168,254	124,045,399	213,213,653
Restricted for			
Building and zoning	4,328,437	-	4,328,437
Capital projects	6,020,175	-	6,020,175
Streets and infrastructure	3,305,219	-	3,305,219
Economic development	4,276,037	-	4,276,037
Police programs	315,372	-	315,372
Culture and recreation improvements	758,092	-	758,092
Unrestricted (deficit)	(1,414,044)	57,071,355	55,657,311
<b>Total net position</b>	<b>\$ 106,757,542</b>	<b>181,116,754</b>	<b>287,874,296</b>

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



**CITY OF NAPLES, FLORIDA**

Statement of Activities

Year Ended September 30, 2019

	<u>Expenses</u>	<u>Indirect Expenses Allocation</u>
Functions/programs		
Governmental activities		
General government	\$ 13,795,497	(3,041,910)
Public safety	27,869,543	365,120
Physical and economic environment	2,796,105	124,190
Transportation	2,930,762	103,250
Culture and recreation	8,386,370	-
Interest	218,975	-
Total governmental activities	<u>55,997,252</u>	<u>(2,449,350)</u>
Business-type activities		
Water and sewer	25,959,376	1,628,700
Solid waste	6,396,277	354,720
Stormwater	4,150,063	190,770
Dock	1,931,943	63,230
Beach	2,090,111	165,010
Tennis	615,903	46,920
Total business-type activities	<u>41,143,673</u>	<u>2,449,350</u>
Total primary government	<u>\$ 97,140,925</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
3,861,356	309,386	3,233,353	(3,349,492)	-	(3,349,492)
7,040,301	-	152,489	(21,041,873)	-	(21,041,873)
526,710	6,150,723	784,267	4,541,405	-	4,541,405
101,748	308,022	-	(2,624,242)	-	(2,624,242)
972,706	7,100	238,965	(7,167,599)	-	(7,167,599)
-	-	-	(218,975)	-	(218,975)
<u>12,502,821</u>	<u>6,775,231</u>	<u>4,409,074</u>	<u>(29,860,776)</u>	<u>-</u>	<u>(29,860,776)</u>
33,648,343	1,219,113	5,926,569	-	13,205,949	13,205,949
7,384,825	137,989	-	-	771,817	771,817
5,080,504	1,724,984	484,244	-	2,948,899	2,948,899
2,146,595	-	-	-	151,422	151,422
2,399,249	200,789	-	-	344,917	344,917
698,710	-	-	-	35,887	35,887
<u>51,358,226</u>	<u>3,282,875</u>	<u>6,410,813</u>	<u>-</u>	<u>17,458,891</u>	<u>17,458,891</u>
<u>63,861,047</u>	<u>10,058,106</u>	<u>10,819,887</u>	<u>(29,860,776)</u>	<u>17,458,891</u>	<u>(12,401,885)</u>
General revenues					
Property taxes			26,590,992	-	26,590,992
Local communication and utility taxes			5,992,589	-	5,992,589
Insurance premium tax			1,287,722	-	1,287,722
Motor fuel taxes			1,374,754	-	1,374,754
Business tax			251,348	-	251,348
Franchise fees			3,627,333	-	3,627,333
Intergovernmental revenues—unrestricted			7,148,793	-	7,148,793
Unrestricted investment earnings			1,979,529	1,825,523	3,805,052
Gain on sale of capital assets			-	177,764	177,764
Transfers			2,020,100	(2,020,100)	-
Total general revenues and transfers			<u>50,273,160</u>	<u>(16,813)</u>	<u>50,256,347</u>
Change in net position			20,412,384	17,442,078	37,854,462
Net position, beginning			86,345,158	163,674,676	250,019,834
Net position, ending			<u>\$ 106,757,542</u>	<u>181,116,754</u>	<u>287,874,296</u>

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

**CITY OF NAPLES, FLORIDA**

Balance Sheet  
Governmental Funds  
September 30, 2019

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
<b>Assets</b>			
Cash and investments	\$ 15,758,774	1,631,549	4,233,421
Receivables (net, where applicable, of allowance for uncollectible)			
Accounts	617,811	-	965,434
Utility taxes	-	298,881	-
Accrued interest	120,391	2,332	32,598
Due from other funds	58,700	-	-
Advances due from other funds	998,650	-	-
Due from other governments	3,880,687	-	-
Inventories	-	-	-
Prepaid items	16,124	-	-
Total assets	<u>\$ 21,451,137</u>	<u>1,932,762</u>	<u>5,231,453</u>
<b>Liabilities</b>			
Accounts payable	\$ 2,299,203	-	312,928
Accrued payroll	1,175,181	-	-
Due to other governments	7,674	-	-
Unearned revenue	192,028	-	-
Customer deposits	-	-	-
Total liabilities	<u>3,674,086</u>	<u>-</u>	<u>312,928</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue	<u>7,990</u>	<u>-</u>	<u>689,611</u>
<b>Fund balances</b>			
Nonspendable	1,014,774	-	-
Restricted	-	-	-
Committed	4,051,297	-	1,202,461
Assigned	170,682	1,932,762	3,026,453
Unassigned	12,532,308	-	-
Total fund balances	<u>17,769,061</u>	<u>1,932,762</u>	<u>4,228,914</u>
Total liabilities, deferred inflows of resources and fund balances	<u>21,451,137</u>	<u>1,932,762</u>	<u>5,231,453</u>

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

<b>Community Redevelopment Fund</b>	<b>Baker Park Fund</b>	<b>Streets and Traffic Fund</b>	<b>Other Nonmajor Governmental Funds</b>	<b>Total</b>
4,834,669	1,876,162	3,510,197	13,440,377	45,285,149
-	-	-	46,714	1,629,959
-	-	-	-	298,881
20,307	9,783	15,196	39,624	240,231
-	-	-	-	58,700
-	-	-	-	998,650
-	-	212,307	533,733	4,626,727
-	-	15,765	-	15,765
-	-	-	-	16,124
<u>4,854,976</u>	<u>1,885,945</u>	<u>3,753,465</u>	<u>14,060,448</u>	<u>53,170,186</u>
555,610	1,633,661	406,099	317,642	5,525,143
23,329	-	26,382	127,813	1,352,705
-	-	-	-	7,674
-	-	-	-	192,028
-	-	-	236,665	236,665
<u>578,939</u>	<u>1,633,661</u>	<u>432,481</u>	<u>682,120</u>	<u>7,314,215</u>
-	-	-	43,709	741,310
-	-	15,765	-	1,030,539
4,276,037	252,284	3,305,219	11,614,421	19,447,961
-	-	-	1,624,603	6,878,361
-	-	-	95,595	5,225,492
-	-	-	-	12,532,308
<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>4,854,976</u>	<u>1,885,945</u>	<u>3,753,465</u>	<u>14,060,448</u>	<u>53,170,186</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, 2019

Total fund balances governmental funds (page 23)	\$ 45,114,661
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 (\$95,908,711) less amounts included in the internal service funds (\$776,048).	95,132,663
Some deferred inflows of resources are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	741,310
The deferred charge on refunding is not a financial resource and, therefore, is not reported in the governmental funds.	113,169
Accrued interest on long-term debt is not due and payable in the current period and, therefore, is not reported in the funds.	(25,484)
Deferred outflows (\$8,536,879), deferred inflows (\$7,820,598), and the net pension liability (\$29,128,502) related to the City's pension plans less amounts reported in the internal service funds (\$366,425) are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.	(28,045,796)
Deferred outflows (\$201,882), deferred inflows (\$139,918), and the total OPEB liability (\$3,136,140) related to the City's other post-employment benefit plan less amounts reported in the internal service funds (\$178,213) are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.	(2,895,963)
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 (\$13,232,729) less the amounts reported in the internal service funds (\$3,775,579) for compensated absences, and insurance claims payable.	(9,457,150)
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.	6,080,132
Net position of governmental activities (page 20)	<u>\$ 106,757,542</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, 2019

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>
<b>Revenues</b>			
Taxes	\$ 26,920,438	4,916,803	-
Permits, fees and assessments	3,739,272	-	670,963
Intergovernmental	8,043,172	-	-
Charges for services	2,284,568	-	-
Charges to other funds	3,665,200	-	-
Fines and forfeitures	108,538	-	-
Interest	621,595	44,269	230,880
Donations	20,255	-	-
Miscellaneous	4,840	-	-
Total revenues	<u>45,407,878</u>	<u>4,961,072</u>	<u>901,843</u>
<b>Expenditures</b>			
<b>Current</b>			
General government	11,041,761	36,660	67,430
Public safety	24,351,004	-	-
Physical and economic environment	-	-	-
Transportation	-	-	-
Culture and recreation	6,797,530	-	-
<b>Capital outlay</b>			
General government	37,055	-	228,259
Public safety	32,122	-	6,736,352
Physical and economic environment	-	-	-
Transportation	-	-	1,163,545
Culture and recreation	114,654	-	1,424,753
<b>Debt service</b>			
Principal	-	1,890,432	-
Interest and fiscal charges	-	172,597	-
Total expenditures	<u>42,374,126</u>	<u>2,099,689</u>	<u>9,620,339</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,033,752</u>	<u>2,861,383</u>	<u>(8,718,496)</u>
<b>Other financing sources (uses)</b>			
Transfers in	2,191,600	980,993	3,286,648
Transfers out	(47,500)	(3,235,000)	-
Proceeds from sale of capital assets	1,129	-	84,045
Total other financing sources (uses)	<u>2,145,229</u>	<u>(2,254,007)</u>	<u>3,370,693</u>
Change in fund balances	5,178,981	607,376	(5,347,803)
Fund balances, beginning of year	12,590,080	1,325,386	9,576,717
Fund balances, end of year	<u>\$ 17,769,061</u>	<u>1,932,762</u>	<u>4,228,914</u>

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

<b>Community Redevelopment Fund</b>	<b>Baker Park Fund</b>	<b>Streets and Traffic Fund</b>	<b>Other Nonmajor Governmental Funds</b>	<b>Total</b>
1,057,953	-	2,263,754	338,457	35,497,405
-	-	281,704	6,766,254	11,458,193
3,195,822	-	913,643	3,401,543	15,554,180
-	-	-	266,710	2,551,278
-	-	-	-	3,665,200
-	-	-	12,065	120,603
149,855	180,267	113,632	294,773	1,635,271
-	135,875	-	241,345	397,475
-	-	21,398	54,599	80,837
<u>4,403,630</u>	<u>316,142</u>	<u>3,594,131</u>	<u>11,375,746</u>	<u>70,960,442</u>
-	-	-	11,612	11,157,463
-	-	-	4,344,733	28,695,737
1,025,869	-	-	698,662	1,724,531
-	-	2,235,087	-	2,235,087
-	-	-	105,356	6,902,886
-	-	-	-	265,314
-	-	-	1,353,031	8,121,505
1,312,585	12,061,104	-	121,503	13,495,192
-	-	628,372	-	1,791,917
-	-	-	7,500	1,546,907
-	-	-	-	1,890,432
-	-	-	-	172,597
<u>2,338,454</u>	<u>12,061,104</u>	<u>2,863,459</u>	<u>6,642,397</u>	<u>77,999,568</u>
<u>2,065,176</u>	<u>(11,744,962)</u>	<u>730,672</u>	<u>4,733,349</u>	<u>(7,039,126)</u>
980,000	-	-	-	7,439,241
(980,993)	-	-	(1,155,648)	(5,419,141)
-	-	-	-	85,174
<u>(993)</u>	<u>-</u>	<u>-</u>	<u>(1,155,648)</u>	<u>2,105,274</u>
<u>2,064,183</u>	<u>(11,744,962)</u>	<u>730,672</u>	<u>3,577,701</u>	<u>(4,933,852)</u>
<u>2,211,854</u>	<u>11,997,246</u>	<u>2,590,312</u>	<u>9,756,918</u>	<u>50,048,513</u>
<u>4,276,037</u>	<u>252,284</u>	<u>3,320,984</u>	<u>13,334,619</u>	<u>45,114,661</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, 2019

Net change in fund balances—total governmental funds (page 27)	\$ (4,933,852)
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.	19,503,286
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(336,889)
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.	1,890,432
Some revenues reported in the Statement of Activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds.	635,486
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.	2,763,563
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.	890,358
Change in net position of governmental activities (page 21)	<u>890,358</u> <u>\$ 20,412,384</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, 2019

<b>Assets</b>	<b>Business-type Activities—Enterprise Funds</b>			
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Stormwater Fund</b>	<b>City Dock Fund</b>
Current assets				
Cash and investments	\$ 35,928,937	1,794,269	8,264,699	1,096,946
Restricted cash and investments	317,988	-	-	-
Receivables (net, where applicable, of allowance for uncollectible)				
Accounts	5,852,086	985,271	789,453	10,905
Special assessments	4,213,124	-	-	-
Accrued interest	99,860	9,603	33,862	2,723
Advances due from other funds	3,187,700	-	998,650	-
Due from other governments	831,694	49,148	1,514,504	-
Due from other funds	187,600	-	58,700	-
Prepaid items	-	-	-	-
Inventories	962,598	-	-	5,580
Total current assets	<u>51,581,587</u>	<u>2,838,291</u>	<u>11,659,868</u>	<u>1,116,154</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	52,953,039	4,511,402	-	6,869,536
Infrastructure	91,491,507	-	34,965,131	-
Equipment	29,614,652	5,277,171	1,526,275	269,266
Accumulated depreciation	(142,187,104)	(6,484,730)	(21,290,828)	(1,254,034)
Construction in progress	7,187,152	-	5,226,913	-
Net capital assets	<u>102,094,554</u>	<u>4,977,686</u>	<u>20,662,357</u>	<u>5,884,768</u>
Total assets	<u>153,676,141</u>	<u>7,815,977</u>	<u>32,322,225</u>	<u>7,000,922</u>
	<b>Deferred Outflow of Resources</b>			
Deferred outflows - pensions	547,907	130,534	79,553	19,328
Deferred outflows - OPEB	61,442	14,629	5,852	1,463
Deferred charge on refunding	63,243	-	-	-
Total deferred outflows of resources	<u>672,592</u>	<u>145,163</u>	<u>85,405</u>	<u>20,791</u>

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

<u>Nonmajor Funds</u>	<u>Total</u>	<u>Governmental Activities– Internal Service Funds</u>
5,091,711	52,176,562	10,907,649
-	317,988	-
238,454	7,876,169	719
-	4,213,124	-
16,604	162,652	37,339
-	4,186,350	-
30,765	2,426,111	26,468
-	246,300	-
-	-	55,617
2,394	970,572	75,640
<u>5,379,928</u>	<u>72,575,828</u>	<u>11,103,432</u>
-	3,141,603	-
1,988,012	63,790,426	846,944
7,115,350	71,449,327	-
-	126,456,638	-
1,662,598	38,349,962	3,560,071
(8,423,257)	(179,639,953)	(3,687,102)
76,812	12,490,877	56,135
<u>2,419,515</u>	<u>136,038,880</u>	<u>776,048</u>
<u>7,799,443</u>	<u>208,614,708</u>	<u>11,879,480</u>
69,469	846,791	103,924
7,315	90,701	11,704
-	63,243	-
<u>76,784</u>	<u>1,000,735</u>	<u>115,628</u>

(Continued)

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

**CITY OF NAPLES, FLORIDA**

Statement of Net Position

Proprietary Funds

September 30, 2019

	<b>Business-type Activities—Enterprise Funds</b>			
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Stormwater Fund</b>	<b>City Dock Fund</b>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 2,778,918	248,896	777,186	38,632
Accrued payroll	300,388	67,826	46,412	11,510
Due to other funds	-	-	-	305,000
Due to other governments	1,213,296	-	-	-
Unearned revenue	17,237	-	-	1,068
Accrued interest payable	23,918	-	643	-
Current portion of compensated absences	120,000	40,000	15,000	3,000
Current maturities of long-term debt	1,163,473	-	235,033	-
Insurance claims payable	-	-	-	-
Total payable from current assets	<u>5,617,230</u>	<u>356,722</u>	<u>1,074,274</u>	<u>359,210</u>
Current liabilities (payable from restricted assets)				
Customer deposits	17,211	-	-	76,131
Total current liabilities	<u>5,634,441</u>	<u>356,722</u>	<u>1,074,274</u>	<u>435,341</u>
Noncurrent liabilities				
Due in more than one year				
Revenue bonds payable, net of unamortized discounts and premiums	10,419,986	-	238,232	-
Compensated absences	491,824	99,113	53,677	5,183
Advances due to other funds	-	-	-	5,185,000
Net pension liability	1,554,504	370,347	225,705	54,837
Other post-employment benefits	954,478	227,257	90,903	22,725
Insurance claims payable	-	-	-	-
Total noncurrent liabilities	<u>13,420,792</u>	<u>696,717</u>	<u>608,517</u>	<u>5,267,745</u>
Total liabilities	<u>19,055,233</u>	<u>1,053,439</u>	<u>1,682,791</u>	<u>5,703,086</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows - pension	925,288	220,442	134,346	32,641
Deferred inflows - OPEB	42,584	10,139	4,056	1,014
Total deferred inflows of resources	<u>967,872</u>	<u>230,581</u>	<u>138,402</u>	<u>33,655</u>
<b>Net Position</b>				
Net investment in capital assets	90,574,338	4,977,686	20,189,092	5,884,768
Restricted for flexible benefits	-	-	-	-
Unrestricted	43,751,290	1,699,434	10,397,345	(4,599,796)
Net position of business-type activities	<u>\$ 134,325,628</u>	<u>6,677,120</u>	<u>30,586,437</u>	<u>1,284,972</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.

<u>Nonmajor Funds</u>	<u>Total</u>	<u>Governmental Activities– Internal Service Funds</u>
87,346	3,930,978	160,845
40,644	466,780	58,316
-	305,000	-
-	1,213,296	-
240,062	258,367	566
-	24,561	-
20,000	198,000	35,000
-	1,398,506	-
-	-	1,117,019
<u>388,052</u>	<u>7,795,488</u>	<u>1,371,746</u>
-	93,342	-
<u>388,052</u>	<u>7,888,830</u>	<u>1,371,746</u>
-	10,658,218	-
71,873	721,670	85,960
-	5,185,000	-
197,095	2,402,488	294,847
113,628	1,408,991	181,805
-	-	2,537,600
<u>382,596</u>	<u>20,376,367</u>	<u>3,100,212</u>
<u>770,648</u>	<u>28,265,197</u>	<u>4,471,958</u>
117,316	1,430,033	175,502
5,070	62,863	8,112
<u>122,386</u>	<u>1,492,896</u>	<u>183,614</u>
2,419,515	124,045,399	776,048
-	-	361,072
4,563,678	55,811,951	6,202,416
<u>6,983,193</u>	<u>179,857,350</u>	<u>7,339,536</u>
	<u>1,259,404</u>	
	<u>\$ 181,116,754</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, 2019

	<b>Business-type Activities—Enterprise Funds</b>			
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Stormwater Fund</b>	<b>City Dock Fund</b>
Operating revenues				
Charges for services				
Water revenues	\$ 18,056,172	-	-	-
Sewer revenues	15,524,441	-	-	-
Intergovernmental	1,219,113	137,989	1,694,984	-
Other	67,730	7,384,825	5,080,504	2,146,595
Total operating revenues	<u>34,867,456</u>	<u>7,522,814</u>	<u>6,775,488</u>	<u>2,146,595</u>
Operating expenses				
Personal services	7,533,706	1,809,452	1,031,050	266,184
Supplies, services and claims	4,879,586	3,971,526	1,113,587	1,189,423
Materials	2,298,400	-	-	-
Utilities	1,809,772	9,450	36,652	83,387
Depreciation and amortization	8,765,576	618,320	1,914,502	311,566
General administration	1,628,700	354,720	190,770	63,230
Other	660,731	29,793	52,629	-
Total operating expenses	<u>27,576,471</u>	<u>6,793,261</u>	<u>4,339,190</u>	<u>1,913,790</u>
Operating income	<u>7,290,985</u>	<u>729,553</u>	<u>2,436,298</u>	<u>232,805</u>
Nonoperating revenues (expenses)				
Nonoperating grants	-	-	30,000	-
Interest income	1,225,355	59,632	320,058	44,234
Interest expense	(236,596)	-	(9,454)	(95,618)
Gain on sale of capital assets	62,560	115,079	27	98
Total nonoperating revenues (expenses)	<u>1,051,319</u>	<u>174,711</u>	<u>340,631</u>	<u>(51,286)</u>
Income before contributions and transfers	8,342,304	904,264	2,776,929	181,519
Capital contributions	5,926,569	-	484,244	-
Transfers in	-	-	-	-
Transfers out	(1,722,000)	(345,600)	-	-
Change in net position	<u>12,546,873</u>	<u>558,664</u>	<u>3,261,173</u>	<u>181,519</u>
Net position, beginning of year	121,778,755	6,118,456	27,325,264	1,103,453
Net position, end of year	<u>\$ 134,325,628</u>	<u>6,677,120</u>	<u>30,586,437</u>	<u>1,284,972</u>

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

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

<u>Nonmajor Funds</u>	<u>Totals</u>	<u>Governmental Activities– Internal Service Funds</u>
-	18,056,172	-
-	15,524,441	-
30,765	3,082,851	25,230
<u>3,067,194</u>	<u>17,746,848</u>	<u>14,491,005</u>
<u>3,097,959</u>	<u>54,410,312</u>	<u>14,516,235</u>
1,137,630	11,778,022	1,248,256
795,149	11,949,271	11,636,941
-	2,298,400	-
142,925	2,082,186	26,746
482,701	12,092,665	333,949
211,930	2,449,350	413,370
159,862	903,015	9,319
<u>2,930,197</u>	<u>43,552,909</u>	<u>13,668,581</u>
<u>167,762</u>	<u>10,857,403</u>	<u>847,654</u>
200,789	230,789	-
176,244	1,825,523	344,258
-	(341,668)	-
-	177,764	-
<u>377,033</u>	<u>1,892,408</u>	<u>344,258</u>
544,795	12,749,811	1,191,912
-	6,410,813	-
47,500	47,500	-
-	(2,067,600)	-
<u>592,295</u>	<u>17,140,524</u>	<u>1,191,912</u>
<u>6,390,898</u>		<u>6,147,624</u>
<u>6,983,193</u>		<u>7,339,536</u>
	<u>301,554</u>	
	<u>\$ 17,442,078</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, 2019

	<b>Business-type Activities—Enterprise Funds</b>			
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Stormwater Fund</b>	<b>City Dock Fund</b>
Cash flows from operating activities				
Cash received from customers	\$ 29,728,723	7,413,080	5,177,449	2,164,934
Cash payments to suppliers	(8,468,712)	(4,060,215)	(864,921)	(1,245,769)
Cash payments to employees for services	(7,725,391)	(1,844,540)	(1,053,580)	(63,230)
Cash payments for interfund services	(1,628,700)	(354,720)	(190,770)	(270,630)
Net cash provided by operating activities	<u>11,905,920</u>	<u>1,153,605</u>	<u>3,068,178</u>	<u>585,305</u>
Cash flows from noncapital financing activities				
Transfers in (out)	(1,722,000)	(345,600)	-	-
Loans/advances and repayments from other funds	187,600	-	58,700	(305,000)
Nonoperating grants	-	-	30,000	-
Net cash provided by (used in) noncapital financing activities	<u>(1,534,400)</u>	<u>(345,600)</u>	<u>88,700</u>	<u>(305,000)</u>
Cash flows from capital and related financing activities				
Principal paid on long-term debt	(1,031,080)	-	(231,890)	-
Issuance of long-term debt	3,377,000	-	-	-
Interest paid on long-term debt	(233,880)	-	(9,768)	(95,618)
Capital contributions	5,926,569	-	484,244	-
Proceeds from sale of capital assets	62,560	115,079	27	98
Acquisition and construction of capital assets	(13,253,910)	(819,740)	(3,788,146)	-
Net cash used in capital and related financing activities	<u>(5,152,741)</u>	<u>(704,661)</u>	<u>(3,545,533)</u>	<u>(95,520)</u>
Cash flows from investing activities				
Interest and investment earnings	1,261,181	58,476	312,346	43,184
Net cash provided by investing activities	<u>1,261,181</u>	<u>58,476</u>	<u>312,346</u>	<u>43,184</u>
Net change in cash and cash equivalents	6,479,960	161,820	(76,309)	227,969
Cash and cash equivalents, beginning of year	29,766,965	1,632,449	8,341,008	868,977
Cash and cash equivalents, end of year	<u>\$ 36,246,925</u>	<u>1,794,269</u>	<u>8,264,699</u>	<u>1,096,946</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 7,290,985	729,553	2,436,298	232,805
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	8,765,576	618,320	1,914,502	311,566
Changes in assets - (increase) decrease				
Accounts receivable, net	(4,307,039)	(60,586)	(83,535)	21,794
Miscellaneous receivables	-	-	-	-
Due from other governments	(831,694)	(49,148)	(1,514,504)	-
Inventories	8,250	-	-	(416)
Decrease in prepaid items	-	-	-	-
Deferred outflows	119,633	28,503	17,770	4,312
Changes in liabilities - increase (decrease)				
Accounts payable	1,568,502	(49,446)	337,947	27,457
Accrued payroll	23,002	4,144	4,149	3,058
Due to other governments	(389,921)	-	-	-
Unearned revenue	-	-	-	222
Customer deposits	(7,054)	-	-	(3,677)
Insurance claims payable	-	-	-	-
Deferred inflows	545,573	129,976	78,354	19,049
Net pension liability	(884,658)	(210,762)	(128,447)	(31,207)
Total OPEB liability	28,721	6,838	2,736	683
Compensated absences	(23,956)	6,213	2,908	(341)
Net cash provided by operating activities	<u>\$ 11,905,920</u>	<u>1,153,605</u>	<u>3,068,178</u>	<u>585,305</u>
Noncash investing, capital, and financing activities				
Amortization of loss on revenue refunding bonds	<u>\$ 7,440</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

<b>Nonmajor Funds</b>	<b>Total</b>	<b>Governmental Activities– Internal Service Funds</b>
3,088,759	47,572,945	14,493,647
(1,131,603)	(15,771,220)	(11,490,562)
(968,799)	(11,655,540)	(842,112)
(398,209)	(2,843,029)	(823,574)
<u>590,148</u>	<u>17,303,156</u>	<u>1,337,399</u>
47,500	(2,020,100)	-
-	(58,700)	-
200,789	230,789	-
<u>248,289</u>	<u>(1,848,011)</u>	<u>-</u>
-	(1,262,970)	-
-	3,377,000	-
-	(339,266)	-
-	6,410,813	-
-	177,764	-
(316,569)	(18,178,365)	(261,249)
<u>(316,569)</u>	<u>(9,815,024)</u>	<u>(261,249)</u>
171,864	1,847,051	335,754
<u>171,864</u>	<u>1,847,051</u>	<u>335,754</u>
693,732	7,487,172	1,411,904
4,397,979	45,007,378	9,495,745
<u>5,091,711</u>	<u>52,494,550</u>	<u>10,907,649</u>
167,762	10,857,403	847,654
482,701	12,092,665	333,949
(103,536)	(4,532,902)	-
-	-	3,880
(30,765)	(2,426,111)	(26,468)
455	8,289	1,756
-	-	(55,617)
15,230	185,448	22,683
(3,357)	1,881,103	(40,844)
2,814	37,167	13,943
-	(389,921)	-
94,336	94,558	-
-	(10,731)	-
-	-	277,149
69,039	841,991	103,495
(112,165)	(1,367,239)	(167,796)
3,419	42,397	5,471
4,215	(10,961)	18,144
<u>590,148</u>	<u>17,303,156</u>	<u>1,337,399</u>
<u>-</u>	<u>7,440</u>	<u>-</u>

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, 2019

	<b>Pension Trust Funds</b>	<b>Agency Funds</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 4,226,948	137
Contributions receivable	1,953,548	-
Investments, at fair value		
U.S. Treasury securities	7,854,544	-
U.S. Government agency securities	428,933	-
Municipal obligations	115,103	-
Asset-backed securities	6,560,726	-
Corporate bonds	13,413,966	-
Common stock/equity funds	117,296,729	-
Real estate investment trusts	14,754,613	-
Mutual funds	11,722,929	-
Alternative investments	7,234,138	-
Total investments	179,381,681	-
Total assets	185,562,177	137
<b>Liabilities</b>		
Accounts payable	160,040	137
Total liabilities	160,040	137
<b>Net position</b>		
Restricted for pension benefits	\$ 185,402,137	-

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, 2019

	<b>Pension Trust Funds</b>
Additions	
Contributions	
Employee contributions	\$ 1,570,794
Employer contributions	6,034,849
State contributions	1,287,722
Total contributions	8,893,365
Investment earnings	
Interest and dividend income	4,343,029
Net change in fair value of investments	3,743,092
Less investment expense	(904,291)
Net investment earnings	7,181,830
Total additions	16,075,195
Deductions	
Benefits paid	13,449,857
Refunds of contributions	1,539,084
General administration	325,525
Total deductions	15,314,466
Change in net position	760,729
Net position, restricted for pension benefits	
Beginning of year	184,641,408
End of year	\$ 185,402,137

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, 2019

## 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, 2019

## 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, 2019

## 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, 2019

**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, 2019

**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, 2019

## 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, 2019

## 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, 2019

**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 \$3,665,200 for fiscal year 2019, and included \$2,449,350 charged to enterprise funds, \$413,370 charged to internal service and fiduciary funds, and \$802,480 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, 2019

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

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

### 11. Pension

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

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements  
September 30, 2019

**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	\$ (6,853,626)
Compensated absences	<u>(2,603,524)</u>
Net adjustment to reduce total fund balance—governmental funds to arrive at net position—governmental activities.	<u>\$ (9,457,150)</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	\$ 25,200,982
Depreciation expense	<u>(5,697,696)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities.	<u>\$ 19,503,286</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements  
September 30, 2019

**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	\$ 54,576
Deferred outflows - pensions	(182,410)
Deferred outflows - OPEB	24,818
Accrued interest	3,919
Net pension liability	7,124,765
Total OPEB liability	(88,898)
Deferred charge on refunding	(50,297)
Deferred inflows - pensions	(4,069,680)
Deferred inflows - OPEB	<u>(53,230)</u>
Net adjustment to increase net change in fund balances— total governmental funds to arrive at change in net position of governmental activities.	<u>\$ 2,763,563</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, 2019

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	\$ 155,641
Capital Projects Fund	624,003
Community Redevelopment Fund	3,033,039
Baker Park Fund	1,464,529
Streets and Traffic Fund	397,287
Nonmajor governmental funds	1,418,160
Internal service funds	176,054
Business-type activities	
Water and Sewer Fund	6,527,870
Solid Waste Fund	51,969
Stormwater Fund	830,357
Nonmajor Business-type funds	310,056
	<u>\$ 14,988,965</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 \$9,691,687.

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**Investment Portfolios**

Investment holdings consist of a \$98,995,798 General Investment Portfolio and a \$183,608,629 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, 2019, the City had the following investments with effective durations presented in terms of years:

**General Investment Portfolio**

<u>Investment Type</u>	<u>Credit Rating (Moody's)</u>	<u>Fair Market</u>	<u>Investment Maturity (in Years)</u>	
			<u>Less Than 1</u>	<u>1 - 5</u>
U.S. Treasury securities	Aaa	\$ 29,712,420	16,186,487	13,525,933
U.S. Government agency securities	Aaa	38,383,787	15,098,558	23,285,229
Corporate bonds	Aaa..Aa2	19,932,170	12,005,605	7,926,565
Money market fund	Aaa..Aa2	445,521	445,521	-
State investment pool	AAAm	10,521,900	10,521,900	-
Total investments		<u>\$ 98,995,798</u>	<u>54,258,071</u>	<u>44,737,727</u>

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**Pension Portfolio**

<u>Investment Type</u>	<u>Credit Rating</u> <u>(Moody's)</u>	<u>Fair Market</u>	<u>Investment Maturity (in Years)</u>			
			<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than 10</u>
U.S. Treasury securities	Aaa	\$ 7,854,544	-	5,966,435	1,888,109	-
U.S. Government agency securities	Aaa..A3	428,933	104	3,986	923	423,920
Municipal obligations	Aaa	115,103	-	-	115,103	-
Asset-backed securities	Aaa..Baa3	6,560,726	27,807	2,439,647	1,214,737	2,878,535
Corporate bonds	Aaa..Ba3	13,413,966	1,385,463	7,791,483	3,183,836	1,053,184
		<u>28,373,272</u>	<u>\$ 1,413,374</u>	<u>16,201,551</u>	<u>6,402,708</u>	<u>4,355,639</u>
Common stock/equity funds	Not rated	117,296,729				
Real estate investment trusts	Not rated	14,754,613				
Mutual funds	Not rated	11,722,929				
Alternative investments	Not rated	7,234,138				
Total investments		<u>\$ 179,381,681</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, 2019:

**General Investment Portfolio**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
U.S. Treasury securities	\$ 29,712,420	29,712,420	-
U.S. Government agency securities	38,383,787	-	38,383,787
Corporate bonds	19,932,170	-	19,932,170
Investments Exempt from Level Disclosure:			
Money market fund	445,521	-	-
State investment pool	10,521,900	-	-
Total investments	<u>\$ 98,995,798</u>	<u>29,712,420</u>	<u>58,315,957</u>

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**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	\$ 7,854,544	7,854,544	-
U.S. Government agency securities	428,933	-	428,933
Municipal obligations	115,103	-	115,103
Asset-backed securities	6,560,726	-	6,560,726
Corporate bonds	13,413,966	-	13,413,966
Common stock/equity funds	117,296,729	114,933,356	2,363,373
Mutual funds	11,722,929	11,722,929	-
Total by fair value level	<u>157,392,930</u>	<u>\$ 134,510,829</u>	<u>22,882,101</u>
Investments Measured at NAV:			
Real estate trust funds	14,754,613		
Alternative investments	7,234,138		
Total measured at fair value	<u>\$ 179,381,681</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, 2019

## 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, 2019, 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, 2019

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

As of September 30, 2019, the City’s General Investment Portfolio had the following issuer concentration based on fair value:

**General Concentration**

<u>Issuer</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Cash	\$ 9,691,687	8.92%
Money Market	445,521	0.41%
State investment pool	10,521,900	9.68%
United States Treasury securities	29,712,420	27.34%
United States Agency securities	38,383,787	35.32%
Corporate bonds	19,932,170	18.34%
Total	<u>\$ 108,687,485</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, 2019, the City’s Pension Portfolio had the following issuer concentration based on fair value:

**Pension Concentration**

<u>Issuer</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Cash	\$ 2,670	0.00%
Money Market	4,224,278	2.30%
U.S. Treasury securities	7,854,544	4.28%
U.S. Government agency securities	428,933	0.23%
Municipal obligations	115,103	0.06%
Asset-backed securities	6,560,726	3.57%
Corporate bonds	13,413,966	7.31%
Common stock/equity funds	117,296,729	63.88%
Real estate investment trusts	14,754,613	8.04%
Mutual funds	11,722,929	6.38%
Alternative investments	7,234,138	3.94%
Total	<u>\$ 183,608,629</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, 2019

**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, 2018, the assessed value of the principal taxing authority’s property upon which the 2018-2019 tax levy was based was \$22.8 billion. The millage rate to finance general government services for the fiscal year ended September 30, 2019, was 1.1500 (\$1.15 per \$1,000 of assessed value). The assessed values at January 1, 2018, of the dependent special districts, East Naples Bay and Moorings Bay, were \$644 million, and \$2,103 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, 2019.

Total ad valorem taxes collected for the year ended September 30, 2019, aggregated \$26,590,992, net of cash discounts, of which \$25,194,582 was designated for general government services, \$1,057,953 for the Community Redevelopment Agency, \$313,024 for East Naples Bay Taxing District, and \$25,433 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 2018 tax roll year, the assessment roll was opened for collection on November 1, 2018, and discounts for payment prior to April 1, 2019, were determined as follows:

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

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**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 2018, 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, 2019, for the City’s individual major funds and for the total nonmajor funds were as follows:

	<u>Accounts/ Miscellaneous Receivable</u>	<u>Special Assessments</u>	<u>Utility Taxes</u>	<u>Due From Other Governments</u>	<u>Interest and Other</u>	<u>Total</u>
Governmental activities						
Major funds						
General Fund	\$ 617,811	-	-	3,880,687	120,391	4,618,889
Debt Service Fund	-	-	298,881	-	2,332	301,213
Capital Projects Fund	-	965,434	-	-	32,598	998,032
Community Redevelopment Fund	-	-	-	-	20,307	20,307
Baker Park Fund	-	-	-	-	9,783	9,783
Streets and Traffic Fund	-	-	-	212,307	15,196	227,503
Nonmajor funds	-	46,714	-	533,733	39,624	620,071
Internal Service Fund	719	-	-	26,468	37,339	64,526
	<u>\$ 618,530</u>	<u>1,012,148</u>	<u>298,881</u>	<u>4,653,195</u>	<u>277,570</u>	<u>6,860,324</u>
Business type activities						
Major funds						
Water and Sewer Fund	\$ 5,852,086	4,213,124	-	831,694	99,860	10,996,764
Solid Waste Fund	985,271	-	-	49,148	9,603	1,044,022
Stormwater Fund	789,453	-	-	1,514,504	33,862	2,337,819
City Dock Fund	10,905	-	-	-	2,723	13,628
Nonmajor funds	238,454	-	-	30,765	16,604	285,823
	<u>\$ 7,876,169</u>	<u>4,213,124</u>	<u>-</u>	<u>2,426,111</u>	<u>162,652</u>	<u>14,678,056</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, 2019, are as follows:

Water and Sewer Fund	\$ 13,997
Solid Waste Fund	1,824
Stormwater Fund	<u>2,302</u>
	<u>\$ 18,123</u>



**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**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, 2019, is as follows:

<u>Governmental Activities</u>	<u>Balance October 1</u>	<u>Additions</u>	<u>Transfers/ Retirements</u>	<u>Balance September 30</u>
Capital assets not being depreciated				
Land	\$ 16,418,277	-	-	16,418,277
Construction in progress	10,982,775	14,225,073	(5,479,127)	19,728,721
Total capital assets not being depreciated	<u>27,401,052</u>	<u>14,225,073</u>	<u>(5,479,127)</u>	<u>36,146,998</u>
Capital assets being depreciated				
Buildings	40,233,326	10,080,417	(1,069,359)	49,244,384
Improvements other than buildings	42,192,980	1,427,284	-	43,620,264
Infrastructure	36,773,837	1,289,822	-	38,063,659
Equipment	26,889,457	3,918,761	(337,694)	30,470,524
Total capital assets being depreciated	<u>146,089,600</u>	<u>16,716,284</u>	<u>(1,407,053)</u>	<u>161,398,831</u>
Less accumulated depreciation for				
Buildings	(21,638,793)	(1,245,968)	732,470	(22,152,291)
Improvements other than buildings	(30,535,184)	(1,620,952)	-	(32,156,136)
Infrastructure	(25,227,373)	(970,207)	-	(26,197,580)
Equipment	(19,274,288)	(2,194,517)	337,694	(21,131,111)
Total accumulated depreciation	<u>(96,675,638)</u>	<u>(6,031,644)</u>	<u>1,070,164</u>	<u>(101,637,118)</u>
Total capital assets being depreciated, net	<u>49,413,962</u>	<u>10,684,640</u>	<u>(336,889)</u>	<u>59,761,713</u>
<b>Total governmental capital assets, net</b>	<u>\$ 76,815,014</u>	<u>24,909,713</u>	<u>(5,816,016)</u>	<u>95,908,711</u>

Depreciation expense was charged to the governmental activities as follows:

Governmental activities	
General government	\$ 357,909
Public safety	1,704,963
Physical and economic environment	1,309,887
Transportation	871,919
Cultural and recreation	1,453,017
Internal service	<u>333,949</u>
Total depreciation expense, governmental activities	<u>\$ 6,031,644</u>

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**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, 2019, is as follows:

<b>Water and Sewer Fund</b>	<b>Balance October 1</b>	<b>Additions</b>	<b>Transfers/ Retirements</b>	<b>Balance September 30</b>
Capital assets not being depreciated				
Land and easements	\$ 1,761,684	-	-	1,761,684
Construction in progress	945,970	7,073,641	(832,459)	7,187,152
Total capital assets not being depreciated	<u>2,707,654</u>	<u>7,073,641</u>	<u>(832,459)</u>	<u>8,948,836</u>
Capital assets being depreciated				
Buildings and utility plants	61,273,624	-	-	61,273,624
Improvements other than buildings	52,821,316	131,723	-	52,953,039
Infrastructure	89,076,050	2,415,457	-	91,491,507
Equipment	25,457,397	4,465,548	(308,293)	29,614,652
Total capital assets being depreciated	<u>228,628,387</u>	<u>7,012,728</u>	<u>(308,293)</u>	<u>235,332,822</u>
Less accumulated depreciation for				
Buildings	(33,932,593)	(1,379,989)	-	(35,312,582)
Improvements other than buildings	(31,829,904)	(2,626,431)	-	(34,456,335)
Infrastructure	(52,605,455)	(2,804,332)	-	(55,409,787)
Equipment	(15,369,309)	(1,947,384)	308,293	(17,008,400)
Total accumulated depreciation	<u>(133,737,261)</u>	<u>(8,758,136)</u>	<u>308,293</u>	<u>(142,187,104)</u>
Total capital assets being depreciated, net	<u>94,891,126</u>	<u>(1,745,408)</u>	<u>-</u>	<u>93,145,718</u>
Water and sewer fund capital assets, net	<u>\$ 97,598,780</u>	<u>5,328,233</u>	<u>(832,459)</u>	<u>102,094,554</u>
<b>Solid Waste Fund</b>	<b>Balance October 1</b>	<b>Additions</b>	<b>Transfers/ Retirements</b>	<b>Balance September 30</b>
Capital assets not being depreciated				
Land	\$ 1,145,053	-	-	1,145,053
Total capital assets not being depreciated	<u>1,145,053</u>	<u>-</u>	<u>-</u>	<u>1,145,053</u>
Capital assets being depreciated				
Buildings and utility plants	528,790	-	-	528,790
Improvements other than buildings	4,511,402	-	-	4,511,402
Equipment	4,660,435	819,740	(203,004)	5,277,171
Total capital assets being depreciated	<u>9,700,627</u>	<u>819,740</u>	<u>(203,004)</u>	<u>10,317,363</u>
Less accumulated depreciation for				
Buildings	(466,050)	(25,033)	-	(491,083)
Improvements other than buildings	(1,744,941)	(200,680)	-	(1,945,621)
Equipment	(3,858,423)	(392,607)	203,004	(4,048,026)
Total accumulated depreciation	<u>(6,069,414)</u>	<u>(618,320)</u>	<u>203,004</u>	<u>(6,484,730)</u>
Total capital assets being depreciated, net	<u>3,631,213</u>	<u>201,420</u>	<u>-</u>	<u>3,832,633</u>
Solid waste fund capital assets, net	<u>\$ 4,776,266</u>	<u>201,420</u>	<u>-</u>	<u>4,977,686</u>

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

<b>Stormwater Fund</b>	<b>Balance October 1</b>	<b>Additions</b>	<b>Transfers/ retirements</b>	<b>Balance September 30</b>
Capital assets not being depreciated				
Land	\$ 234,866	-	-	234,866
Construction in progress	3,238,608	1,997,144	(8,839)	5,226,913
Total capital assets not being depreciated	<u>3,473,474</u>	<u>1,997,144</u>	<u>(8,839)</u>	<u>5,461,779</u>
Capital assets being depreciated				
Infrastructure	33,519,484	1,445,647	-	34,965,131
Equipment	1,172,081	354,194	-	1,526,275
Total capital assets being depreciated	<u>34,691,565</u>	<u>1,799,841</u>	<u>-</u>	<u>36,491,406</u>
Less accumulated depreciation for				
Infrastructure	(18,615,537)	(1,662,657)	-	(20,278,194)
Equipment	(760,789)	(251,845)	-	(1,012,634)
Total accumulated depreciation	<u>(19,376,326)</u>	<u>(1,914,502)</u>	<u>-</u>	<u>(21,290,828)</u>
Total capital assets being depreciated, net	<u>15,315,239</u>	<u>(114,661)</u>	<u>-</u>	<u>15,200,578</u>
Stormwater fund capital assets, net	<u>\$ 18,788,713</u>	<u>1,882,483</u>	<u>(8,839)</u>	<u>20,662,357</u>

<b>City Dock Fund</b>	<b>Balance October 1</b>	<b>Additions</b>	<b>Transfers/ retirements</b>	<b>Balance September 30</b>
Capital assets being depreciated				
Improvements other than buildings	\$ 6,869,536	-	-	6,869,536
Equipment	269,266	-	-	269,266
Total capital assets being depreciated	<u>7,138,802</u>	<u>-</u>	<u>-</u>	<u>7,138,802</u>
Less accumulated depreciation for				
Improvements other than buildings	(673,203)	(311,566)	-	(984,769)
Equipment	(269,265)	-	-	(269,265)
Total accumulated depreciation	<u>(942,468)</u>	<u>(311,566)</u>	<u>-</u>	<u>(1,254,034)</u>
Total capital assets being depreciated, net	<u>6,196,334</u>	<u>(311,566)</u>	<u>-</u>	<u>5,884,768</u>
Stormwater fund capital assets, net	<u>\$ 6,196,334</u>	<u>(311,566)</u>	<u>-</u>	<u>5,884,768</u>

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

<b>Nonmajor Funds</b>	<b>Balance October 1</b>	<b>Additions</b>	<b>Transfers/ Retirements</b>	<b>Balance September 30</b>
Capital assets not being depreciated:				
Construction in progress	\$ 17,992	76,812	(17,992)	76,812
Total capital assets not being depreciated	<u>17,992</u>	<u>76,812</u>	<u>(17,992)</u>	<u>76,812</u>
Capital assets being depreciated				
Buildings and utility plants	1,935,394	52,618	-	1,988,012
Improvements other than buildings	7,098,435	16,915	-	7,115,350
Equipment	1,474,382	188,216	-	1,662,598
Total capital assets being depreciated	<u>10,508,211</u>	<u>257,749</u>	<u>-</u>	<u>10,765,960</u>
Less accumulated depreciation for				
Buildings	(1,623,546)	(53,760)	-	(1,677,306)
Improvements other than buildings	(5,222,220)	(296,637)	-	(5,518,857)
Equipment	(1,094,790)	(132,304)	-	(1,227,094)
Total accumulated depreciation	<u>(7,940,556)</u>	<u>(482,701)</u>	<u>-</u>	<u>(8,423,257)</u>
Total capital assets being depreciated, net	<u>2,567,655</u>	<u>(224,952)</u>	<u>-</u>	<u>2,342,703</u>
Nonmajor fund capital assets, net	<u>\$ 2,585,647</u>	<u>(148,140)</u>	<u>(17,992)</u>	<u>2,419,515</u>
<b>Total business-type capital assets, net</b>	<u>\$ 129,945,740</u>	<u>6,952,430</u>	<u>(859,290)</u>	<u>136,038,880</u>

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

Business-type activities	
Water and sewer	\$ 8,758,136
Solid waste	618,320
Stormwater	1,914,502
City dock	311,566
Other	482,701
	<u>                    </u>
Total depreciation expense, business-type activities	<u>\$ 12,085,225</u>

***E. Interfund Transactions***

Advances from/to other funds are as follows:

	<b>Advances Receivable</b>	<b>Advances Payable</b>
Governmental activities		
Major fund		
General Fund	\$ 998,650	-
Business-type activities		
Major funds		
Water & Sewer Fund	3,187,700	-
Stormwater Fund	998,650	-
City Dock Fund	-	5,185,000
	<u>\$ 5,185,000</u>	<u>5,185,000</u>

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**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 & 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	\$ 2,191,600	47,500
Debt Service Fund	980,993	3,235,000
Capital Projects Fund	3,286,648	-
Community Redevelopment Fund	980,000	980,993
Nonmajor funds	-	1,155,648
Business-type activities		
Major funds		
Water and Sewer Fund	-	1,722,000
Solid Waste Fund	-	345,600
Nonmajor fund		
Tennis Fund	47,500	-
	<u>\$ 7,486,741</u>	<u>7,486,741</u>

Transfers into the General Fund in the amount of \$2,191,600 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 \$980,993 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 \$3,286,648 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, 2019

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

***F. Accounts Payable and Accrued Expenses***

Accounts payable and accrued expenses at September 30, 2019, for the City’s individual major funds and for the total nonmajor funds were as follows:

	<u>Accounts Payable</u>	<u>Accrued Payroll</u>	<u>Total</u>
Governmental activities			
Major funds			
General Fund	\$ 2,299,203	1,175,181	3,474,384
Capital Projects Fund	312,928	-	312,928
Community Redevelopment Fund	555,610	23,329	578,939
Baker Park Fund	1,633,661	-	1,633,661
Streets and Traffic Fund	406,099	26,382	432,481
Nonmajor funds	317,642	127,813	445,455
Internal Service Fund	160,844	58,316	219,160
	<u>\$ 5,685,987</u>	<u>1,411,021</u>	<u>7,097,008</u>
 Business-type activities			
Major funds			
Water and Sewer Fund	\$ 2,778,919	300,388	3,079,307
Solid Waste Fund	248,896	67,826	316,722
Stormwater Fund	777,186	46,412	823,598
City Dock Fund	38,632	11,510	50,142
Nonmajor funds	87,345	40,644	127,989
	<u>\$ 3,930,978</u>	<u>466,780</u>	<u>4,397,758</u>

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Long-Term Obligations**

Long-term liabilities of the governmental activities at September 30, 2019, 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%. \$ 3,052,626

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%. 3,801,000

Claims payable	3,654,619
Net pension liability	29,128,502
Total OPEB liability	3,136,140
Compensated absences payable	<u>2,724,484</u>
	<u><u>\$ 45,497,371</u></u>

Changes in long-term obligations for governmental activities for the year ended September 30, 2019, 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	\$ 3,348,058	-	(295,432)	3,052,626	303,556
2013 Capital Improvement Refunding Revenue Note	<u>5,396,000</u>	-	<u>(1,595,000)</u>	3,801,000	1,625,000
Total debt payable	8,744,058	-	(1,890,432)	6,853,626	1,928,556
Claims payable	3,377,470	6,574,762	(6,297,613)	3,654,619	1,117,019
Net pension liability	36,421,063	17,298,370	(24,590,931)	29,128,502	-
Total OPEB liability	3,041,771	351,590	(257,221)	3,136,140	-
Compensated absences payable	<u>2,760,916</u>	<u>1,926,340</u>	<u>(1,962,772)</u>	2,724,484	461,778
Total	<u>\$ 54,345,278</u>	<u>26,151,062</u>	<u>(34,998,969)</u>	45,497,371	<u>3,507,353</u>

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 \$120,960 in compensated absences, \$3,654,619 in claims payable, \$181,805 in total other post-employment benefits liability, and \$294,847 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 \$2,270,710, Building and Zoning Fund \$154,969, Community Redevelopment Fund \$29,441, Streets and Traffic Fund \$148,404. 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, 2019

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

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

<b>Governmental Activities</b>	<b>Bonds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Year ended September 30			
2020	\$ 1,928,556	127,333	2,055,889
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 - 2028	1,449,041	100,973	1,550,014
	<u>\$ 6,853,626</u>	<u>499,174</u>	<u>7,352,800</u>

Long-term liabilities of the business-type activities at September 30, 2019, 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. \$ 4,712,000

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. 2,728,000

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%. 357,460



**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**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%. 408,999

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%. 3,377,000

Net pension liability	1,554,504
Total OPEB liability	954,478
Compensated absences payable	611,824
Total water and sewer fund	<u>\$ 14,704,265</u>

**Solid Waste Fund**

Net pension liability	\$ 370,347
Total OPEB liability	227,257
Compensated absences payable	139,113
Total solid waste fund	<u>\$ 736,717</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%. \$ 473,265

Net pension liability	225,705
Total OPEB liability	90,903
Compensated absences payable	68,677
Total stormwater fund	<u>\$ 858,550</u>

**City Dock Fund**

Net pension liability	\$ 54,837
Total OPEB liability	22,725
Compensated absences payable	8,183
Total city dock fund	<u>\$ 85,745</u>

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**Nonmajor funds**

Net pension liability	\$ 197,095
Total OPEB liability	113,628
Compensated absences payable	<u>91,873</u>
Total nonmajor funds	<u><u>\$ 402,596</u></u>

Changes in long-term obligations for business-type activities for the year ended September 30, 2019, are as follows:

<u>Business-Type Activities</u>	<u>Balance October 1</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance September 30</u>	<u>Due in One Year</u>
Debt payable					
Bonds					
Public Utilities Refunding Revenue Bond, Series 2012A	\$ 5,235,000	-	(523,000)	4,712,000	537,000
Public Utilities Refunding Revenue Bond, Series 2012B	3,032,000	-	(304,000)	2,728,000	312,000
Public Utilities Refunding Revenue Bond, Series 2013	1,203,900	-	(373,175)	830,725	378,236
Special Assessment Revenue Bond, Series 2015	471,794	-	(62,795)	408,999	64,270
Special Assessment Revenue Bond, Series 2019	-	3,377,000	-	3,377,000	107,000
Total debt payable	<u>9,942,694</u>	<u>3,377,000</u>	<u>(1,262,970)</u>	<u>12,056,724</u>	<u>1,398,506</u>
Net pension liability	3,769,727	2,046,145	(3,413,384)	2,402,488	-
Total OPEB liability	1,366,594	157,961	(115,564)	1,408,991	-
Compensated absences payable	930,631	582,546	(593,507)	919,670	198,000
Total	<u>\$ 16,009,646</u>	<u>6,163,652</u>	<u>(5,385,425)</u>	<u>16,787,873</u>	<u>1,596,506</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, 2019, 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:**

	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended September 30			
2020	\$ 1,163,473	278,894	1,442,367
2021	1,216,893	267,100	1,483,993
2022	1,168,471	237,417	1,405,888
2023	1,126,909	208,840	1,335,749
2024	1,157,528	179,624	1,337,152
2025 - 2029	3,832,185	470,072	4,302,257
2030 - 2034	897,000	203,918	1,100,918
2035 - 2039	1,021,000	80,990	1,101,990
	<u>\$ 11,583,459</u>	<u>\$ 1,926,855</u>	<u>\$ 13,510,314</u>

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**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	Bonds		
	Principal	Interest	Total
2020	\$ 235,033	4,903	239,936
2021	238,232	1,332	239,564
	<u>\$ 473,265</u>	<u>6,235</u>	<u>479,500</u>

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, 2019:

	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	\$ -	-	-	-	-	15,765	-	15,765
Prepaid items	16,124	-	-	-	-	-	-	16,124
Advances to other funds	998,650	-	-	-	-	-	-	998,650
	<u>1,014,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,765</u>	<u>-</u>	<u>1,030,539</u>
Restricted								
Donations, various	-	-	-	-	-	-	505,808	505,808
Capital projects - impact fees	-	-	-	-	-	-	862,353	862,353
Capital projects - parks & rec.	-	-	-	-	252,284	-	-	252,284
Capital projects - sales tax	-	-	-	-	-	-	3,251,612	3,251,612
Dredging projects	-	-	-	-	-	-	2,287,793	2,287,793
Transportation	-	-	-	-	-	3,305,219	-	3,305,219
Police programs	-	-	-	-	-	-	315,372	315,372
Economic development	-	-	-	4,276,037	-	-	-	4,276,037
Coral reef construction	-	-	-	-	-	-	8,160	8,160
Building and zoning operations	-	-	-	-	-	-	4,383,323	4,383,323
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,276,037</u>	<u>252,284</u>	<u>3,305,219</u>	<u>11,614,421</u>	<u>19,447,961</u>
Committed								
Public arts program	-	-	-	-	-	-	581,831	581,831
Emergency reserve	3,823,891	-	-	-	-	-	-	3,823,891
Capital projects	-	-	578,458	-	-	-	-	578,458
Contracts	155,641	-	624,003	-	-	-	-	779,644
Handicap accessibility	71,765	-	-	-	-	-	-	71,765
Economic development	-	-	-	-	-	-	1,033,562	1,033,562
Land conservation	-	-	-	-	-	-	9,210	9,210
	<u>4,051,297</u>	<u>-</u>	<u>1,202,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,624,603</u>	<u>6,878,361</u>
Assigned								
Debt service	-	1,932,762	-	-	-	-	-	1,932,762
Encumbrances	170,682	-	-	-	-	-	-	170,682
Economic development	-	-	-	-	-	-	95,595	95,595
Capital projects	-	-	3,026,453	-	-	-	-	3,026,453
	<u>170,682</u>	<u>1,932,762</u>	<u>3,026,453</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,595</u>	<u>5,225,492</u>
Unassigned	12,532,308	-	-	-	-	-	-	12,532,308
Total fund balance	<u>\$ 17,769,061</u>	<u>1,932,762</u>	<u>4,228,914</u>	<u>4,276,037</u>	<u>252,284</u>	<u>3,320,984</u>	<u>13,334,619</u>	<u>45,114,661</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements
September 30, 2019

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:

Table with 2 columns: Category and Count. Rows include Retirees and beneficiaries currently receiving benefits (247), Vested terminated employees (96), and Active employees (316).

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

Table with 2 columns: Benefits and Vesting. The Benefits column describes normal and early retirement rules. The Vesting column describes vesting percentages based on hire date.

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, 2019

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

As of September 30, 2019, 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, 2019, 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, 2018. The components of the net pension liability of the City at September 30, 2019, were as follows:

Total pension liability	\$67,889,022
Plan fiduciary net position	<u>(59,941,661)</u>
City's net pension liability	<u>\$ 7,947,361</u>
Plan fiduciary net position as a percentage of Total pension liability	88.29%

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**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, 2019, is 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%

For the year ended September 30, 2019, the City recognized pension expense of \$918,506 for the general employee plan. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows related to its plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 627,421	(797,111)
Differences between expected and actual experience	86,359	(1,719,444)
Net difference between projected and actual earnings on investments	-	(2,213,956)
City pension plan contributions subsequent to the measurement date	<u>2,087,382</u>	<u>-</u>
Total	<u>\$ 2,801,162</u>	<u>(4,730,511)</u>

The deferred outflows of resources related to the Pension Plan, totaling \$2,087,382 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, 2020. 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,	
2020	\$ 632,704
2021	1,531,076
2022	1,518,558
2023	<u>334,393</u>
Total	<u>\$ 4,016,731</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 CITY OF NAPLES, FLORIDA

Notes to Financial Statements  
September 30, 2019

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, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equity	5.70%
Small/Mid Cap U.S. Equity	5.93%
Non-U.S. Equity Developed	5.20%
U.S. Corp Bonds-Core	1.80%
Real Estate	6.00%
Hedge Funds	3.90%
MLPs	5.10%

*Discount rate.* The discount rate used to measure the total pension liability was 7.50%. 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, 2019

**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, 2019, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2018	\$ 68,709,548	56,239,396	12,470,152
Changes for the year:			
Service cost	1,505,743	-	1,505,743
Interest	5,093,386	-	5,093,386
Differences between expected and actual experience	(1,752,760)	-	(1,752,760)
Assumption Changes	(1,062,814)	-	(1,062,814)
Contributions-employer	-	1,943,363	(1,943,363)
Contributions-employee	-	667,203	(667,203)
Net investment income	-	5,865,243	(5,865,243)
Benefit payments, including refunds of employee contributions	(4,604,081)	(4,604,081)	-
Administrative expense	-	(169,463)	169,463
Net changes	(820,526)	3,702,265	(4,522,791)
Balances at September 30, 2019	\$ 67,889,022	59,941,661	7,947,361

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 7.40%, 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 (6.40%) or 1-percentage-point higher (8.40%) than the current rate:

	Current		
	1% Decrease 6.40%	Discount Rate 7.40%	1% Increase 8.40%
City's net pension liability - September 30, 2018	\$ 14,945,089	7,947,361	1,956,375



**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**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 7.30%, 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	Current Discount Rate	1% Increase
	6.30%	7.30%	8.30%
City's net pension liability - September 30, 2019	\$ 14,945,089	10,090,779	1,956,375

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

The assumptions used in the October 1, 2018, 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	7.40% 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, 2018, valuation of the Plan, all recommended changes from the August 4, 2017, Experience study have been incorporated. Additionally, the investment return assumption will reduce from 7.5% to 7.0% beginning with the October 1, 2018, valuation, and culminating in the October 1, 2022, valuation.

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**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:

Retirees and beneficiaries currently receiving benefits	76
Vested terminated employees	16
DROP employees	9
Active employees	60

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

<b>Benefits</b>	<b>Vesting</b>
<p>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.</p>	<p>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.</p>

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, 2019, 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, 2019, 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, 2019

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 \$742,751. 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, 2018. The components of the net pension liability of the City at September 30, 2019, were as follows:

Total pension liability	\$68,951,868
Plan fiduciary net position	<u>(53,999,325)</u>
City's net pension liability	<u>\$14,952,543</u>
Plan fiduciary net position as a percentage of Total pension liability	78.31%

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	\$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%

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

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

For the year ended September 30, 2019, the City recognized pension expense of \$2,160,990 for the police employee plan. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows related to its plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 357,002	-
Differences between expected and actual experience	49,473	(46,041)
Net difference between projected and actual earnings on investments	-	(1,865,167)
City pension plan contributions subsequent to the measurement date	2,691,953	-
Total	\$ 3,098,428	(1,911,208)

The deferred outflows of resources related to the Pension Plan, totaling \$2,691,953 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, 2020. 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,	
2020	\$ (39,816)
2021	577,368
2022	689,886
2023	277,295
Total	\$ 1,504,733

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, 2019, are summarized in the following table:

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equity	5.70%
Small/Mid Cap U.S. Equity	5.93%
Non-U.S. Equity Developed	5.20%
U.S. Corp Bonds-Core	1.80%
Real Estate	6.00%
Hedge Funds	3.90%
MLPs/Infrastructure	5.10%

*Discount rate.* The discount rate used to measure the total pension liability was 7.40%. 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, 2019, were as follows:

	<u>Increase (Decrease)</u>		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at September 30, 2018	\$ 66,476,240	49,686,420	16,789,820
Changes for the year:			
Service cost	802,840	-	802,840
Interest	4,907,047	-	4,907,047
Differences between expected and actual experience	(69,061)	-	(69,061)
Amortization of Experience Diffs			
Assumption Changes	535,504	-	535,504
Contributions - buyback	2,295	-	2,295
Contributions-employer	-	2,053,662	(2,053,662)
Contributions-state	-	718,404	(718,404)
Contributions subsequent to plan year			
Contributions-employee	-	204,461	(204,461)
Net investment income	-	5,144,971	(5,144,971)
Benefit payments, including refunds of employee contributions	(3,702,997)	(3,702,997)	-
Administrative expense	-	(105,596)	105,596
Net changes	<u>2,475,628</u>	<u>4,312,905</u>	<u>(1,837,277)</u>
Balances at September 30, 2019	<u>\$ 68,951,868</u>	<u>53,999,325</u>	<u>14,952,543</u>

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**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 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 7.40%, 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 (6.40%) or 1-percentage-point higher (8.40%) than the current rate:

	1% Decrease <u>6.40%</u>	Current Discount Rate <u>7.40%</u>	1% Increase <u>8.40%</u>
City's net pension liability - September 30, 2018	\$22,622,265	14,952,543	8,481,838

In addition, in accordance with GASB 67, the following presents the net pension liability of the Plan, 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 <u>6.30%</u>	Current Discount Rate <u>7.30%</u>	1% Increase <u>8.30%</u>
City's net pension liability - September 30, 2019	\$23,968,268	15,970,252	9,386,345

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

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

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

The assumptions used in the October 1, 2018, 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	7.40% 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, 2018, valuation of the Plan, all recommended changes from the August 4, 2017, Experience study have been incorporated. Additionally, the investment return assumption will reduce from 7.5% to 7.0% beginning with the October 1, 2018, valuation, and culminating in the October 1, 2022, valuation.

**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, 2019

**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:

Retirees and beneficiaries currently receiving benefits	50
Vested terminated employees	6
DROP employees	6
Active employees	51

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

<b>Benefits</b>	<b>Vesting</b>
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, 2019, 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, 2019, 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, 2019

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, 2018. The components of the net pension liability of the City at September 30, 2019, were as follows:

Total pension liability	\$ 68,037,466
Plan fiduciary net position	<u>(59,406,380)</u>
City's net pension liability	<u>\$ 8,631,086</u>
Plan fiduciary net position as a percentage of Total pension liability	87.31%

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	\$ 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%

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**Firefighters’ Pension Plan (the “Plan”) (Continued)**

For the year ended September 30, 2019, the City recognized pension expense of \$1,044,971 for the firefighters employee plan. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows related to its plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 1,077,353	-
Differences between expected and actual experience	167,880	(522,070)
Net difference between projected and actual earnings on investments	-	(2,086,845)
City pension plan contributions subsequent to the measurement date	2,238,847	-
Total	<u>\$ 3,484,080</u>	<u>(2,608,915)</u>

The deferred outflows of resources related to the Pension Plan, totaling \$2,238,847 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, 2020. 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,	
2020	
2021	(23,366)
2022	578,425
2023	491,420
2024	317,203
Total	<u>\$ 1,363,682</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, 2019, are summarized in the following table:

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**Firefighters’ Pension Plan (the “Plan”) (Continued)**

<u>Asset Class</u>	<u>Long Term-Expected Real Rate of Return</u>
Large Cap U.S. Equity	5.70%
Small/Mid Cap U.S. Equity	5.93%
Non-U.S. Equity-Developed	5.20%
U.S. Corps Bonds-Core	1.80%
Real Estate	6.00%
Hedge Funds	3.90%
MLPs/Infrastructure	5.10%

*Discount rate.* The discount rate used to measure the total pension liability was 7.40%. 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, 2019, were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	(a)	(b)	(a) - (b)
Balances at September 30, 2018	\$ 64,897,113	53,966,295	10,930,818
Changes for the year:			
Service cost	725,071	-	725,071
Interest	4,830,246	-	4,830,246
Differences between expected and actual experience	(549,657)	-	(549,657)
Assumption changes	571,688	-	571,688
Contributions-buy back	-	-	-
Contributions-employer	-	1,593,953	(1,593,953)
Contributions-state	-	539,925	(539,925)
Contributions-employee	-	146,837	(146,837)
Net investment income	-	5,692,001	(5,692,001)
Benefit payments, including refunds of employee contributions	(2,436,995)	(2,436,995)	-
Administrative expense	-	(95,636)	95,636
Net changes	<u>3,140,353</u>	<u>5,440,085</u>	<u>(2,299,732)</u>
Balances at September 30, 2019	<u>\$ 68,037,466</u>	<u>59,406,380</u>	<u>8,631,086</u>

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**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 7.40%, 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 (6.40%) or 1-percentage-point higher (8.40%) than the current rate:

	1% Decrease <u>6.40%</u>	Current Discount Rate <u>7.40%</u>	1% Increase <u>8.40%</u>
City's net pension liability - September 30, 2018	\$ 17,613,942	8,631,086	1,413,327

In addition, in accordance with GASB 67, the following presents the net pension liability of the Plan, calculated using the discount rate of 7.40%, 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 (6.40%) or 1-percentage-point higher (8.40%) than the current rate:

	1% Decrease <u>6.30%</u>	Current Discount Rate <u>7.30%</u>	1% Increase <u>8.30%</u>
City's net pension liability - September 30, 2019	\$ 21,439,232	11,999,658	4,470,214

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

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements  
September 30, 2019

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Firefighters’ Pension Plan (the “Plan”) (Continued)

The assumptions used in the October 1, 2018, 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	7.40% 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, 2018, valuation of the Plan, all recommended changes from the August 4, 2017, Experience study have been incorporated. Additionally, the investment return assumption will reduce from 7.5% to 7.0% beginning with the October 1, 2018, valuation, and culminating in the October 1, 2022, valuation.

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 5 complete years of credited service to be entitled to receive a distribution of their accumulated account. At September 30, 2019, there was \$749,772 in the share plan.

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

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

	<b>General Employees Pension Plan</b>	<b>Police Officers' Pension Plan</b>	<b>Fire fighters' Pension Plan</b>	<b>Totals</b>
Net Pension Liability	\$ 7,947,361	14,952,543	8,631,086	31,530,990
Deferred Outflows	2,801,162	3,098,428	3,484,080	9,383,670
Deferred Inflows	(4,730,508)	(1,911,208)	(2,608,915)	(9,250,631)
Pension Expense	918,506	2,160,990	1,044,971	4,124,467

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, 2019:

	<b>General Pension Fund</b>	<b>Police Officers' Pension Fund</b>	<b>Fire fighters' Pension Fund</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,568,775	1,241,220	1,416,953
Contributions receivable	98,379	982,816	843,264
Investments, at fair value	58,498,290	52,378,928	56,781,534
Total assets	<u>60,165,444</u>	<u>54,602,964</u>	<u>59,041,751</u>
<b>Liabilities</b>			
Accounts payable	<u>135,351</u>	<u>12,438</u>	<u>12,251</u>
Total liabilities	<u>135,351</u>	<u>12,438</u>	<u>12,251</u>
<b>Net position</b>			
Restricted for pension benefits	<u>\$ 60,030,093</u>	<u>54,590,526</u>	<u>59,029,500</u>

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

	<u>General Pension Fund</u>	<u>Police Officers' Pension Fund</u>	<u>Fire fighters' Pension Fund</u>
Additions			
Contributions			
Employee contributions	\$ 682,207	260,609	148,990
Employer contributions	2,087,382	1,949,202	1,693,876
Direct state contributions	-	742,751	544,971
Total contributions	<u>2,769,589</u>	<u>2,952,562</u>	<u>2,387,837</u>
Investment earnings			
Interest and dividend income	1,544,583	1,346,828	1,441,871
Net change in fair value of investments	972,168	1,103,720	1,173,522
Less investment expense	<u>(299,375)</u>	<u>(269,607)</u>	<u>(310,253)</u>
Net investment earnings	<u>2,217,376</u>	<u>2,180,941</u>	<u>2,305,140</u>
Total additions	<u>4,986,965</u>	<u>5,133,503</u>	<u>4,692,977</u>
Deductions			
Benefits paid	4,233,791	4,448,950	4,767,116
Refunds of contributions	505,293	-	230,017
General administration	<u>159,449</u>	<u>93,352</u>	<u>72,724</u>
Total deductions	<u>4,898,533</u>	<u>4,542,302</u>	<u>5,069,857</u>
Changes in net position	88,432	591,201	(376,880)
Net position, beginning of year	<u>59,941,661</u>	<u>53,999,325</u>	<u>59,406,380</u>
Net position, end of year	<u>\$ 60,030,093</u>	<u>54,590,526</u>	<u>59,029,500</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 6 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, 2019

**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, 2019, there were 214 active Plan members. Covered payroll for the year ended September 30, 2019, was \$12,294,876. City contributions for the year were \$245,886, and employee contributions were \$368,848, 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, 2019, there were seven active Plan members and three retired and terminated members who have maintained account balances. Covered payroll for the year ended September 30, 2019, was \$1,045,646. City contributions for the year were \$58,503, and employee contributions were \$73,402.

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, 2019

**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, 2019:

**Statements of Fiduciary Net Position**

	<b>Supplemental General Pension</b>	<b>Managers’ 401 Pension</b>
	<u>                    </u>	<u>                    </u>
Assets		
Contributions receivable	\$ 23,148	5,941
Investments, at fair value	9,671,175	2,051,754
Total assets	<u>9,694,323</u>	<u>2,057,695</u>
Net position		
Restricted for pension benefits	<u>\$ 9,694,323</u>	<u>2,057,695</u>

**Statements of Changes in Fiduciary Net Position**

	<b>Supplemental General Pension</b>	<b>Managers’ 401 Pension</b>
	<u>                    </u>	<u>                    </u>
Additions		
Contributions		
Employee contributions	\$ 405,586	73,402
Employer contributions	245,886	58,503
Total contributions	<u>651,472</u>	<u>131,905</u>
Investment earnings		
Interest and dividend income	8,793	954
Net change in fair value of investments	397,479	96,203
Less investment expense	<u>(20,960)</u>	<u>(4,096)</u>
Net investment earnings	<u>385,312</u>	<u>93,061</u>
Total additions	<u>1,036,784</u>	<u>224,966</u>
Deductions		
Refunds of contributions	<u>768,913</u>	<u>34,861</u>
Total deductions	<u>768,913</u>	<u>34,861</u>
Changes in net position	267,871	190,105
Net position, beginning of year	<u>9,426,452</u>	<u>1,867,590</u>
Net position, end of year	<u>\$ 9,694,323</u>	<u>2,057,695</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements  
September 30, 2019

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, 2017, the date of the latest actuarial valuation:

Retirees and Beneficiaries	29
Inactive, Nonretired Members	-
Active Members	393
Total	<u>422</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, 2018, and was determined by an actuarial valuation as of September 30, 2017.

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**Actuarial Assumptions.** The total OPEB liability in the September 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate	3.83%
Healthcare cost trend rate	Trend rates for 2018 of 4.6% per capita costs and 5.0% for premiums (based on actual premium rates effective October 1, 2018), and thereafter trend based on the Getzen Model, with a trend rate of 6.75% for 2019, and gradually decreasing to an ultimate trend rate of 4.24% plus 0.39% increase for excise tax.
Inflation rate	2.50%
Salary increase	Rates based on those used in the October 1, 2017 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, 2016, valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.

**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, 2017, valuation was 3.83%

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**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, 2019, were as follows:

	Total OPEB Liability
Balances at September 30, 2018	\$ 4,408,364
Changes for the year:	
Service cost	347,546
Interest on the total OPEB liability	162,005
Changes of benefit terms	-
Difference between expected and actual experience of the total OPEB liability	-
Changes in assumptions and other inputs	(118,384)
Benefit payments	(254,400)
Net changes	136,767
Balances at September 30, 2019	\$ 4,545,131

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 multiyear 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 (2.83%) or 1-percentage-point higher (4.83%) than the current discount rate:

	1% Decrease 2.83%	Current Discount Rate 3.83%	1% Increase 4.83%
Total OPEB liability	\$ 4,916,830	\$ 4,545,131	\$ 4,210,965

**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	\$ 4,102,444	\$ 4,545,131	\$ 5,060,918

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2019

**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, 2017, 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, 2019, the City recognized OPEB expense of \$473,060. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	-
Changes in assumptions and other inputs	-	(202,781)
Benefits paid subsequent to the measurement date	292,583	-
Total	<u>\$ 292,583</u>	<u>(202,781)</u>

The deferred outflows of resources related to the total OPEB liability, totaling \$292,583 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, 2020. Other amounts reported as inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30,	
2020	\$ 36,491
2021	36,491
2022	36,491
2023	36,491
2024	36,491
Thereafter	20,326
Total	<u>\$ 202,781</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements  
September 30, 2019

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, \$881,360 and \$608,829 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, 2019. Estimates were based on an evaluation of claims pending and past experience. At September 30, 2019, \$3,654,619 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, 2019

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A reconciliation of estimated claims liabilities is as follows:

	<b>Risk Management</b>	<b>Health Benefits</b>	<b>Total</b>
Balance September 30, 2017	\$ 3,373,000	328,233	3,701,233
Current year claims incurred and change in estimates	1,636,060	6,373,573	8,009,633
Claim payments	<u>(2,078,060)</u>	<u>(6,255,336)</u>	<u>(8,333,396)</u>
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	<u>\$ 3,172,000</u>	<u>482,619</u>	<u>3,654,619</u>

**4. Construction Projects**

At September 30, 2019, the City had the following commitments:

<b>Project</b>	<b>Contract Amount</b>	<b>Completed to Date</b>	<b>Balance</b>
Baker Park Project	\$ 18,490,274	17,039,588	1,450,686
Community Development Building Upgrades	2,152,848	1,390,297	762,551
8th Street South Improvements	5,042,229	2,122,940	2,919,289
Water Plant Accelerators	3,461,509	1,488,347	1,973,162
Gulf Acres / Rosemary Heights	7,654,761	4,422,494	3,232,267
Generator #1 Replacement WWTP	1,620,467	1,003,591	616,876

***M. Subsequent Events***

Events and transactions that occur after fiscal year-end but prior to issuance of the CAFR 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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes				
Ad valorem	\$ 24,778,965	24,778,965	25,194,582	415,617
Local communication and business	442,000	442,000	438,134	(3,866)
Insurance premium tax	1,445,000	1,445,000	1,287,722	(157,278)
Permits, fees and assessments	3,507,500	3,507,500	3,739,272	231,772
Intergovernmental	4,823,036	4,823,036	8,043,172	3,220,136
Charges for services	2,002,450	2,002,450	2,284,568	282,118
Charges to other funds	3,665,200	3,665,200	3,665,200	-
Fines and forfeitures	188,300	188,300	108,538	(79,762)
Interest	260,000	260,000	621,595	361,595
Donations	-	-	20,255	20,255
Miscellaneous	20,000	20,000	4,840	(15,160)
Total revenues	<u>41,132,451</u>	<u>41,132,451</u>	<u>45,407,878</u>	<u>4,275,427</u>
Expenditures				
Current				
General government				
Mayor and City Council	509,127	515,677	506,628	9,049
City Attorney	651,335	923,959	734,640	189,319
City Clerk	685,786	743,151	702,536	40,615
City Manager	803,654	836,353	824,080	12,273
Human resources	569,287	586,807	573,283	13,524
Planning	683,217	703,896	699,158	4,738
Finance	1,154,693	1,235,347	1,230,882	4,465
Nondepartmental	4,582,703	5,261,666	5,770,554	(508,888)
Total general government	<u>9,639,802</u>	<u>10,806,856</u>	<u>11,041,761</u>	<u>(234,905)</u>
Public safety				
Fire	10,481,407	10,965,052	10,855,404	109,648
Police	13,111,243	13,359,407	13,050,953	308,454
Code inspections	448,302	449,025	444,647	4,378
Total public safety	<u>24,040,952</u>	<u>24,773,484</u>	<u>24,351,004</u>	<u>422,480</u>
Culture and recreation				
Community services	7,385,933	7,407,030	6,797,530	609,500
Total culture and recreation	<u>7,385,933</u>	<u>7,407,030</u>	<u>6,797,530</u>	<u>609,500</u>

**CITY OF NAPLES, FLORIDA**  
 General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual  
 Year Ended September 30, 2019

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
Capital outlay				
General government	\$ -	52,160	37,055	15,105
Public safety	20,000	43,497	32,122	11,375
Culture and recreation	-	114,655	114,654	1
Total capital outlay	<u>20,000</u>	<u>210,312</u>	<u>183,831</u>	<u>26,481</u>
 Total expenditures	 <u>41,086,687</u>	 <u>43,197,682</u>	 <u>42,374,126</u>	 <u>823,556</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>45,764</u>	 <u>(2,065,231)</u>	 <u>3,033,752</u>	 <u>5,098,983</u>
Other financing sources (uses)				
Transfers in	2,067,600	2,191,600	2,191,600	-
Transfers out	(47,500)	(47,500)	(47,500)	-
Proceeds from sale of capital assets	1,000	1,000	1,129	129
Total other financing sources (uses)	<u>2,021,100</u>	<u>2,145,100</u>	<u>2,145,229</u>	<u>129</u>
 Change in fund balance	 2,066,864	 79,869	 5,178,981	 5,099,112
 Fund balance, beginning of year	 <u>12,590,080</u>	 <u>12,590,080</u>	 <u>12,590,080</u>	 <u>-</u>
Fund balance, end of year	<u>\$ 14,656,944</u>	<u>12,669,949</u>	<u>17,769,061</u>	<u>5,099,112</u>

**CITY OF NAPLES, FLORIDA**  
Community Redevelopment Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes				
Ad valorem	\$ 1,057,953	1,057,953	1,057,953	-
Intergovernmental	3,195,822	3,195,822	3,195,822	-
Interest	30,000	30,000	149,855	119,855
Total revenues	<u>4,283,775</u>	<u>4,283,775</u>	<u>4,403,630</u>	<u>119,855</u>
Expenditures				
Current				
Economic development	1,125,255	1,125,255	1,025,869	99,386
Capital outlay				
Economic development	2,662,500	5,273,818	1,312,585	3,961,233
Total expenditures	<u>3,787,755</u>	<u>6,399,073</u>	<u>2,338,454</u>	<u>4,060,619</u>
Excess (deficiency) of revenues over (under) expenditures	<u>496,020</u>	<u>(2,115,298)</u>	<u>2,065,176</u>	<u>4,180,474</u>
Other financing uses				
Transfers out	(980,993)	(980,993)	(980,993)	-
Total other financing uses	<u>(980,993)</u>	<u>(993)</u>	<u>(993)</u>	<u>-</u>
Change in fund balance	(484,973)	(2,116,291)	2,064,183	4,180,474
Fund balance, beginning of year	2,211,854	2,211,854	2,211,854	-
Fund balance, end of year	<u>\$ 1,726,881</u>	<u>95,563</u>	<u>4,276,037</u>	<u>4,180,474</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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes				
Motor fuel taxes	\$ 2,201,500	2,201,500	2,263,754	62,254
Permits, fees and assessments	275,000	275,000	281,704	6,704
Intergovernmental	473,536	681,049	913,643	232,594
Interest	36,000	36,000	113,632	77,632
Miscellaneous	-	-	21,398	21,398
Total revenues	<u>2,986,036</u>	<u>3,193,549</u>	<u>3,594,131</u>	<u>400,582</u>
Expenditures				
Current				
Transportation	2,331,834	2,466,016	2,235,087	230,929
Capital outlay				
Transportation	540,000	1,083,318	628,372	454,946
Total expenditures	<u>2,871,834</u>	<u>3,549,334</u>	<u>2,863,459</u>	<u>685,875</u>
Net change in fund balances	114,202	(355,785)	730,672	1,086,457
Fund balance, beginning of year	2,590,312	2,590,312	2,590,312	-
Fund balance, end of year	<u>\$ 2,704,514</u>	<u>2,234,527</u>	<u>3,320,984</u>	<u>1,086,457</u>

**CITY OF NAPLES, FLORIDA**  
 Baker Park Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Interest	\$ -	-	180,267	180,267
Donations	-	-	135,875	135,875
Total revenues	<u>-</u>	<u>-</u>	<u>316,142</u>	<u>316,142</u>
Expenditures				
Capital outlay				
Physical and economic environment	-	13,197,307	12,061,104	1,136,203
Total expenditures	<u>-</u>	<u>13,197,307</u>	<u>12,061,104</u>	<u>1,136,203</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(13,197,307)</u>	<u>(11,744,962)</u>	<u>1,452,345</u>
Other financing sources				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(13,197,307)	(11,744,962)	1,452,345
Fund balance, beginning of year	11,997,246	11,997,246	11,997,246	-
Fund balance, end of year	<u>\$ 11,997,246</u>	<u>(1,200,061)</u>	<u>252,284</u>	<u>1,452,345</u>

**THE CITY OF NAPLES, FLORIDA**

Notes to Required Supplementary Information  
September 30, 2019

**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, 2019 (Unaudited)

### Schedule of Changes in Net Pension Liability and Related Ratios

Reporting Period Ending Measurement Date	General Employees Pension					
	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
<b>Total pension liability</b>						
Service cost	\$ 1,565,934	1,505,743	1,550,588	1,515,025	1,500,184	1,471,441
Interest on total pension liability	4,964,402	5,093,386	4,929,787	4,718,425	4,553,080	4,418,330
Differences between expected and actual experience	(221,863)	(1,752,760)	172,717	(1,619,494)	504,129	-
Changes of assumptions	662,461	(1,062,814)	-	2,509,683	-	-
Benefit payments, including refunds of employee contributions	(4,739,084)	(4,604,081)	(4,246,896)	(4,407,869)	(4,354,731)	(3,888,957)
<b>Net change in total pension liability</b>	<u>2,231,850</u>	<u>(820,526)</u>	<u>2,406,196</u>	<u>2,715,770</u>	<u>2,202,662</u>	<u>2,000,814</u>
<b>Total pension liability - beginning</b>	<u>67,889,022</u>	<u>68,709,548</u>	<u>66,303,352</u>	<u>63,587,582</u>	<u>61,384,920</u>	<u>59,384,106</u>
<b>Total pension liability - ending (a)</b>	<u>\$70,120,872</u>	<u>67,889,022</u>	<u>68,709,548</u>	<u>66,303,352</u>	<u>63,587,582</u>	<u>61,384,920</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 2,087,382	1,943,363	1,785,446	1,970,406	2,023,395	1,945,282
Contributions - employee	682,207	667,203	670,402	711,740	694,975	715,072
Net investment income	2,217,376	5,865,243	7,212,061	2,994,961	414,031	5,857,072
Benefit payments, including refunds of member contributions	(4,739,084)	(4,604,081)	(4,246,896)	(4,407,869)	(4,354,731)	(3,887,856)
Administrative expenses	(159,449)	(169,463)	(168,640)	(160,414)	(150,741)	(142,904)
<b>Net change in plan fiduciary net position</b>	<u>88,432</u>	<u>3,702,265</u>	<u>5,252,373</u>	<u>1,108,824</u>	<u>(1,373,071)</u>	<u>4,486,666</u>
<b>Plan fiduciary net position - beginning</b>	<u>59,941,661</u>	<u>56,239,396</u>	<u>50,987,023</u>	<u>49,878,199</u>	<u>51,251,270</u>	<u>46,764,604</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$60,030,093</u>	<u>59,941,661</u>	<u>56,239,396</u>	<u>50,987,023</u>	<u>49,878,199</u>	<u>51,251,270</u>
<b>City's net pension liability - ending (a) - (b)</b>	<u>\$10,090,779</u>	<u>7,947,361</u>	<u>12,470,152</u>	<u>15,316,329</u>	<u>13,709,383</u>	<u>10,133,650</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	85.61%	88.29%	81.85%	76.90%	78.44%	83.49%
<b>Covered payroll</b>	\$17,081,690	\$16,413,536	16,012,972	16,535,449	18,135,744	15,618,366
<b>City's net pension liability as a percentage of covered payroll</b>	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.



**THE CITY OF NAPLES, FLORIDA**

Required Supplementary Information  
September 30, 2019  
(Unaudited)

**Schedule of Contributions  
General Employees Pension**

	<u>9/30/19</u>	<u>9/30/18</u>	<u>9/30/17</u>	<u>9/30/16</u>	<u>9/30/15</u>	<u>9/30/14</u>
Actuarially determined contribution	\$ 2,087,382	1,943,363	1,785,446	1,969,372	2,023,395	1,924,183
Contributions in relation to the actuarially determined contribution	<u>2,087,382</u>	<u>1,943,363</u>	<u>1,785,446</u>	<u>1,969,372</u>	<u>2,023,395</u>	<u>1,945,282</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,099)</u>
Covered payroll	\$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	12.22%	11.84%	11.15%	11.91%	11.16%	12.46%

**Notes to the Schedule:**

Valuation date                      October 1, 2017

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.

Methods and assumptions used to determine contribution rates:

Funding method:                      Entry age normal actuarial cost method

Amortization method:                Level percentage of pay, closed

Remaining amortization period:    30 years

Asset valuation method:              All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses over a five-year period.

Inflation:                                2.3% per year

Salary increases:	<u>Years of</u>	
	<u>Service</u>	<u>Increase</u>
	1	6.0%
	2 to 9	5.5%
	10 to 14	5.0%
	15 to 19	50.0%
	20+	4.0%

Interest rate:                            7.5% per year, compounded annually, net of investment-related expenses

Payroll growth:                        1.6% per year for amortization of the Unfunded Actuarial Accrued Liability

Retirement age:                      For Members hired after September 30, 2011, 100% retirement is assumed at the earlier of: (1) Age 65 with 8 years of Credited Service, and (2) the completion of 33 years of Credit Service, regardless of Age.

Early retirement                        Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

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

**THE CITY OF NAPLES, FLORIDA**

Required Supplementary Information  
September 30, 2019  
(Unaudited)

**Schedules of Pension Investment Returns**

	<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	3.66%	10.34%	12.00%	7.93%	0.79%	12.72%
Police:						
Annual money-weighted rate of return, net of investment expenses	4.01%	10.21%	11.98%	7.89%	0.79%	12.60%
Fire:						
Annual money-weighted rate of return, net of investment expenses	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, 2019  
(Unaudited)

**Schedule of Changes in Net Pension Liability and Related Ratios**

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

**Notes to the Schedule:**

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

**THE CITY OF NAPLES, FLORIDA**

Required Supplementary Information  
September 30, 2019  
(Unaudited)

**Schedule of Contributions  
Police Officers' Pension**

	<u>9/30/19</u>	<u>9/30/18</u>	<u>9/30/17</u>	<u>9/30/16</u>	<u>9/30/15</u>	<u>9/30/14</u>
Actuarially determined contribution	\$ 2,691,953	2,772,066	2,596,355	2,595,706	2,289,654	2,213,443
Contributions in relation to the actuarially determined contribution	<u>2,691,953</u>	<u>2,772,066</u>	<u>2,596,355</u>	<u>2,596,706</u>	<u>2,289,654</u>	<u>2,213,443</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 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	56.99%	61.15%	58.61%	56.48%	44.33%	46.24%

**Notes to the Schedule:**

Valuation date                      October 1, 2017

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.

Methods and assumptions used to determine contribution rates:

Funding method:                      Entry age normal actuarial cost method  
 Amortization method:                Level percentage of pay, closed  
 Remaining amortization period:    30 years  
 Asset valuation method:              All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses over a five-year period.

Inflation:                                3.0% per year

Salary increases:	<u>Years of</u>	
	<u>Service</u>	<u>Increase</u>
	1	6.0%
	2-9	5.5%
	10-14	5.0%
	15-19	4.5%
	20+	4.0%

Interest rate:                            7.5% per year, compounded annually, net of investment-related expenses

Payroll growth:                        0.0% per year for amortization of Unfunded Actuarial Accrued Liability.

Retirement age:                      The earlier of age 50, or 25 years of credited service, regardless of age. Also, any member who has reached normal retirement is assumed to continue employment for one additional year.

Early retirement                        Hired prior to 4/1/2012: Earlier of: (1) age 45 or (2) the completion of 20 years of credited service. Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

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

**THE CITY OF NAPLES, FLORIDA**

Required Supplementary Information  
September 30, 2019  
(Unaudited)

**Schedule of Changes in Net Pension Liability and Related Ratios**

Reporting Period Ending Measurement Date	Firefighters' Pension					
	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
<b>Total pension liability</b>						
Service cost	\$ 747,281	725,072	708,830	874,002	842,047	981,492
Interest on total pension liability	4,904,930	4,830,246	4,603,003	4,299,587	4,102,672	3,896,369
Differences between expected and actual experience	1,506,608	(549,657)	182,694	116,520	(247,033)	-
Changes of assumptions	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	(4,997,133)	(2,436,995)	(2,523,758)	(2,144,757)	(2,063,933)	(1,911,491)
<b>Net change in total pension liability</b>	<b>2,991,691</b>	<b>3,140,354</b>	<b>2,970,769</b>	<b>4,400,379</b>	<b>2,633,753</b>	<b>2,966,370</b>
<b>Total pension liability - beginning</b>	<b>68,037,467</b>	<b>64,897,113</b>	<b>61,926,344</b>	<b>57,525,965</b>	<b>54,892,212</b>	<b>51,925,842</b>
<b>Total pension liability - ending (a)</b>	<b>\$71,029,158</b>	<b>68,037,467</b>	<b>64,897,113</b>	<b>61,926,344</b>	<b>57,525,965</b>	<b>54,892,212</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 1,693,876	1,593,953	1,399,309	1,573,305	1,180,670	1,342,378
Contributions - state	544,971	539,925	509,868	581,196	721,101	871,999
Contributions - employee	148,990	146,837	141,266	171,558	153,807	177,737
Net investment income	2,305,140	5,692,001	6,505,843	2,941,905	336,431	4,996,523
Benefit payments, including refunds of member contributions	(4,997,133)	(2,436,995)	(2,523,758)	(2,144,757)	(2,063,933)	(1,911,492)
Administrative expenses	(72,724)	(95,636)	(95,118)	(80,473)	(57,827)	(65,535)
<b>Net change in plan fiduciary net position</b>	<b>(376,880)</b>	<b>5,440,085</b>	<b>5,937,410</b>	<b>3,042,734</b>	<b>270,249</b>	<b>5,411,610</b>
<b>Plan fiduciary net position - beginning</b>	<b>59,406,380</b>	<b>53,966,295</b>	<b>48,028,885</b>	<b>44,986,151</b>	<b>44,715,902</b>	<b>39,304,292</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$59,029,500</b>	<b>59,406,380</b>	<b>53,966,295</b>	<b>48,028,885</b>	<b>44,986,151</b>	<b>44,715,902</b>
<b>City's net pension liability - ending (a) - (b)</b>	<b>\$11,999,658</b>	<b>8,631,087</b>	<b>10,930,818</b>	<b>13,897,459</b>	<b>12,539,814</b>	<b>10,176,310</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	83.11%	87.31%	83.16%	77.56%	78.20%	81.46%
<b>Covered payroll</b>	\$ 3,307,128	3,181,377	2,997,608	3,237,715	4,341,784	3,573,306
<b>City's net pension liability as a percentage of covered payroll</b>	362.84%	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.

**THE CITY OF NAPLES, FLORIDA**

Required Supplementary Information  
September 30, 2019  
(Unaudited)

**Schedule of Contributions  
Firefighters' Pension**

	<u>9/30/19</u>	<u>9/30/18</u>	<u>9/30/17</u>	<u>9/30/16</u>	<u>9/30/15</u>	<u>9/30/14</u>
Actuarially determined contribution	\$ 2,181,712	2,120,706	1,909,177	2,148,871	1,901,771	2,214,377
Contributions in relation to the actuarially determined contribution	<u>2,238,847</u>	<u>2,133,878</u>	<u>1,909,177</u>	<u>2,148,871</u>	<u>1,901,771</u>	<u>2,214,377</u>
Contribution deficiency (excess)	<u>\$ (57,135)</u>	<u>(13,172)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 3,307,128	3,181,377	2,997,608	3,237,715	4,341,784	3,573,306
Contributions as a percentage of covered payroll	67.70%	67.07%	63.69%	66.37%	43.80%	61.97%

**Notes to the Schedule:**

Valuation date                      October 1, 2017

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.

Methods and assumptions used to determine contribution rates:

Funding method:                      Entry age normal actuarial cost method

Amortization method:                Level percentage of pay, closed

Remaining amortization period:    30 years

Asset valuation method:              The Actuarial Value of Assets utilizes a five-year smoothing methodology. The annual difference between expected and actual investment earnings (Market Value, net of investment-related expenses), is phased-in over a five-year period.

Inflation:                                2.3% per year

Salary increases:	<u>Years of</u>	
	<u>Service</u>	<u>Increase</u>
	1	6.0%
	2-9	5.5%
	10-14	5.0%
	15-19	4.5%
	20+	4.0%

Interest rate:                            7.5% per year, compounded annually, net of investment-related expenses

Payroll growth:                        0.8% per year for amortization of the Unfunded Actuarial Accrued Liability. The assumption was 1.0% for the October 1, 2014, valuation.

Post retirement COLA:                3% per year at beginning at age 50 for Service Retirees and surviving Beneficiaries. No COLA for Disability or Vested, Terminated Members.

Retirement age:                        Earlier of: (1) age 55, or (2) the completion of 25 years of credited service, regardless of age, or (3) the attainment of age 50 with 20 years of credited service.

Early retirement                        Attainment of age 50, regardless of years of credited service. Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

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

**THE CITY OF NAPLES, FLORIDA**

Required Supplementary Information  
September 30, 2019  
(Unaudited)

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

Measurement year ended September 30,	<u>2018</u>	<u>2017</u>
<b>Total OPEB liability</b>		
Service cost	\$ 347,546	\$ 353,062
Interest on the total opeb liability	162,005	137,586
Changes in assumptions and other inputs	(118,384)	(140,703)
Benefit payments	<u>(254,400)</u>	<u>(53,548)</u>
<b>Net change in total OPEB liability</b>	136,767	296,397
<b>Total OPEB liability - beginning</b>	<u>4,408,364</u>	<u>4,111,967</u>
<b>Total OPEB liability - ending</b>	<u>\$ 4,545,131</u>	<u>\$ 4,408,364</u>
<b>Covered-employee payroll</b>	\$ 27,687,759	\$ 24,884,851
<b>City's total OPEB liability as a percentage of covered-employee payroll</b>	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, FLORIDA**Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2019

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Total</b>
Assets			
Cash and investments	\$ 9,710,204	3,730,173	13,440,377
Accounts receivable	46,714	-	46,714
Accrued interest	36,365	3,259	39,624
Due from other governments	143,990	389,743	533,733
Total assets	<u>\$ 9,937,273</u>	<u>4,123,175</u>	<u>14,060,448</u>
Liabilities			
Accounts payable	\$ 317,642	-	317,642
Accrued payroll	127,813	-	127,813
Customer deposits	236,665	-	236,665
Total liabilities	<u>682,120</u>	<u>-</u>	<u>682,120</u>
Deferred inflows of resources			
Unavailable revenue	<u>43,709</u>	<u>-</u>	<u>43,709</u>
Fund balances			
Restricted	7,500,456	4,113,965	11,614,421
Committed	1,615,393	9,210	1,624,603
Assigned	95,595	-	95,595
Total fund balances	<u>9,211,444</u>	<u>4,123,175</u>	<u>13,334,619</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,937,273</u>	<u>4,123,175</u>	<u>14,060,448</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, 2019

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Total</b>
Revenues			
Taxes—property	\$ 338,457	-	338,457
Permits, fees and assessments	6,510,675	255,579	6,766,254
Intergovernmental	168,190	3,233,353	3,401,543
Charges for services	266,710	-	266,710
Fines and forfeitures	12,065	-	12,065
Interest	261,630	33,143	294,773
Donations	241,345	-	241,345
Miscellaneous	54,599	-	54,599
Total revenues	<u>7,853,671</u>	<u>3,522,075</u>	<u>11,375,746</u>
Expenditures			
Current			
General government	11,612	-	11,612
Public safety	4,344,733	-	4,344,733
Economic and physical development	698,662	-	698,662
Culture and recreation	105,356	-	105,356
Capital outlay			
Public safety	1,353,031	-	1,353,031
Economic and physical development	121,503	-	121,503
Culture and recreation	7,500	-	7,500
Total expenditures	<u>6,642,397</u>	<u>-</u>	<u>6,642,397</u>
Excess of revenues over expenditures	<u>1,211,274</u>	<u>3,522,075</u>	<u>4,733,349</u>
Other financing uses			
Transfers out	<u>(1,155,648)</u>	<u>-</u>	<u>(1,155,648)</u>
Total other financing uses	<u>(1,155,648)</u>	<u>-</u>	<u>(1,155,648)</u>
Change in fund balances	55,626	3,522,075	3,577,701
Fund balances, beginning of year	<u>9,155,818</u>	<u>601,100</u>	<u>9,756,918</u>
Fund balances, end of year	<u>\$ 9,211,444</u>	<u>4,123,175</u>	<u>13,334,619</u>

**CITY OF NAPLES, FLORIDA**  
Combining Balance Sheet  
Nonmajor Governmental Special Revenue Funds  
September 30, 2019

	<b>Building and Zoning Fund</b>	<b>Community Development Block Grant Fund</b>	<b>Improvement Fund</b>	<b>Public Arts Fund</b>	<b>Grants Fund</b>
<b>Assets</b>					
Cash and investments	\$ 4,720,827	6,491	502,827	818,496	8,160
Accounts receivable	-	-	3,005	-	-
Accrued interest	22,256	-	-	-	-
Due from other governments	54,886	89,104	-	-	-
<b>Total assets</b>	<b>\$ 4,797,969</b>	<b>95,595</b>	<b>505,832</b>	<b>818,496</b>	<b>8,160</b>
<b>Liabilities</b>					
Accounts payable	\$ 286,833	-	24	-	-
Accrued payroll	127,813	-	-	-	-
Customer deposits	-	-	-	236,665	-
<b>Total liabilities</b>	<b>414,646</b>	<b>-</b>	<b>24</b>	<b>236,665</b>	<b>-</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue	-	-	-	-	-
<b>Fund balances</b>					
Restricted	4,383,323	-	505,808	-	8,160
Committed	-	-	-	581,831	-
Assigned	-	95,595	-	-	-
<b>Total fund balances</b>	<b>4,383,323</b>	<b>95,595</b>	<b>505,808</b>	<b>581,831</b>	<b>8,160</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 4,797,969</b>	<b>95,595</b>	<b>505,832</b>	<b>818,496</b>	<b>8,160</b>

<b>Confiscated Properties Fund</b>	<b>Business Improvement District Fund</b>	<b>41-10 Public Open Space Fund</b>	<b>Parking Trust Fund</b>	<b>Port Royal Dredging District Fund</b>	<b>East Naples Bay District Fund</b>	<b>Moorings Bay District Fund</b>	<b>Total Nonmajor Special Revenue</b>
315,420	5,063	427,968	596,228	166,199	908,108	1,234,417	9,710,204
-	-	-	-	43,709	-	-	46,714
1,767	-	1,287	3,031	-	2,462	5,562	36,365
-	-	-	-	-	-	-	143,990
<u>317,187</u>	<u>5,063</u>	<u>429,255</u>	<u>599,259</u>	<u>209,908</u>	<u>910,570</u>	<u>1,239,979</u>	<u>9,937,273</u>
1,815	15	-	-	-	-	28,955	317,642
-	-	-	-	-	-	-	127,813
-	-	-	-	-	-	-	236,665
<u>1,815</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,955</u>	<u>682,120</u>
-	-	-	-	43,709	-	-	43,709
315,372	-	-	-	166,199	910,570	1,211,024	7,500,456
-	5,048	429,255	599,259	-	-	-	1,615,393
-	-	-	-	-	-	-	95,595
<u>315,372</u>	<u>5,048</u>	<u>429,255</u>	<u>599,259</u>	<u>166,199</u>	<u>910,570</u>	<u>1,211,024</u>	<u>9,211,444</u>
<u>317,187</u>	<u>5,063</u>	<u>429,255</u>	<u>599,259</u>	<u>209,908</u>	<u>910,570</u>	<u>1,239,979</u>	<u>9,937,273</u>



**CITY OF NAPLES, FLORIDA**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Special Revenue Funds  
Year Ended September 30, 2019

	<b>Building and Zoning Fund</b>	<b>Community Development Block Grant Fund</b>	<b>Improvement Fund</b>	<b>Public Arts Fund</b>	<b>Grants Fund</b>
<b>Revenues</b>					
Taxes—property	\$ -	-	-	-	-
Permits, fees and assessments	5,631,260	-	-	-	-
Intergovernmental	54,886	113,304	-	-	-
Charges for services	-	10,010	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	142,749	-	-	-	-
Donations	-	-	241,345	-	-
Miscellaneous	20,712	-	-	33,887	-
Total revenues	<u>5,849,607</u>	<u>123,314</u>	<u>241,345</u>	<u>33,887</u>	<u>-</u>
<b>Expenditures</b>					
Current					
General government	-	-	11,612	-	-
Public safety	4,282,273	-	4,984	-	-
Economic and physical development	-	-	-	-	-
Culture and recreation	-	-	97,656	7,700	-
Capital outlay					
Public safety	1,287,243	-	-	-	-
Economic and physical development	-	121,503	-	-	-
Culture and recreation	-	-	7,500	-	-
Total expenditures	<u>5,569,516</u>	<u>121,503</u>	<u>121,752</u>	<u>7,700</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>280,091</u>	<u>1,811</u>	<u>119,593</u>	<u>26,187</u>	<u>-</u>
<b>Other financing uses</b>					
Transfers out	-	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	280,091	1,811	119,593	26,187	-
Fund balances, beginning of year	4,103,232	93,784	386,215	555,644	8,160
Fund balances, end of year	<u>\$ 4,383,323</u>	<u>95,595</u>	<u>505,808</u>	<u>581,831</u>	<u>8,160</u>

<b>Confiscated Properties Fund</b>	<b>Business Improvement District Fund</b>	<b>41-10 Public Open Space Fund</b>	<b>Parking Trust Fund</b>	<b>Port Royal Dredging District Fund</b>	<b>East Naples Bay District Fund</b>	<b>Moorings Bay District Fund</b>	<b>Total Nonmajor Special Revenue</b>
-	-	-	-	-	313,024	25,433	338,457
-	564,983	260,000	-	54,432	-	-	6,510,675
-	-	-	-	-	-	-	168,190
-	-	-	256,700	-	-	-	266,710
12,065	-	-	-	-	-	-	12,065
8,586	-	3,545	31,852	-	31,574	43,324	261,630
-	-	-	-	-	-	-	241,345
-	-	-	-	-	-	-	54,599
<u>20,651</u>	<u>564,983</u>	<u>263,545</u>	<u>288,552</u>	<u>54,432</u>	<u>344,598</u>	<u>68,757</u>	<u>7,853,671</u>
-	-	-	-	-	-	-	11,612
57,476	-	-	-	-	-	-	4,344,733
-	564,983	-	-	2,748	64,798	66,133	698,662
-	-	-	-	-	-	-	105,356
65,788	-	-	-	-	-	-	1,353,031
-	-	-	-	-	-	-	121,503
-	-	-	-	-	-	-	7,500
<u>123,264</u>	<u>564,983</u>	<u>-</u>	<u>-</u>	<u>2,748</u>	<u>64,798</u>	<u>66,133</u>	<u>6,642,397</u>
<u>(102,613)</u>	<u>-</u>	<u>263,545</u>	<u>288,552</u>	<u>51,684</u>	<u>279,800</u>	<u>2,624</u>	<u>1,211,274</u>
-	-	-	(1,104,000)	(51,648)	-	-	(1,155,648)
-	-	-	(1,104,000)	(51,648)	-	-	(1,155,648)
(102,613)	-	263,545	(815,448)	36	279,800	2,624	55,626
417,985	5,048	165,710	1,414,707	166,163	630,770	1,208,400	9,155,818
<u>315,372</u>	<u>5,048</u>	<u>429,255</u>	<u>599,259</u>	<u>166,199</u>	<u>910,570</u>	<u>1,211,024</u>	<u>9,211,444</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, 2019

	<b>Capital Project Funds</b>			<b>Total Nonmajor Capital Projects Funds</b>
	<b>Impact Fee Fund</b>	<b>Land Contribution Fund</b>	<b>Sales Tax Fund</b>	
<b>Assets</b>				
Cash and investments	\$ 859,557	9,210	2,861,406	3,730,173
Accrued interest	2,796	-	463	3,259
Due from other governments	-	-	389,743	389,743
<b>Total assets</b>	<b>\$ 862,353</b>	<b>9,210</b>	<b>3,251,612</b>	<b>4,123,175</b>
<b>Fund balances</b>				
Restricted	862,353	-	3,251,612	4,113,965
Committed	-	9,210	-	9,210
<b>Total fund balances</b>	<b>862,353</b>	<b>9,210</b>	<b>3,251,612</b>	<b>4,123,175</b>
<b>Total liabilities and fund balances</b>	<b>\$ 862,353</b>	<b>9,210</b>	<b>3,251,612</b>	<b>4,123,175</b>

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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, 2019

	<b>Capital Project Funds</b>			<b>Total Nonmajor Capital Projects Funds</b>
	<b>Impact Fee Fund</b>	<b>Land Contribution Fund</b>	<b>Sales Tax Fund</b>	
Revenues				
Intergovernmental	\$ -	-	3,233,353	3,233,353
Permits, fees and assessments	255,579	-	-	255,579
Interest	14,884	-	18,259	33,143
Total revenues	<u>270,463</u>	<u>-</u>	<u>3,251,612</u>	<u>3,522,075</u>
 Change in fund balances	 270,463	 -	 3,251,612	 3,522,075
 Fund balances, beginning of year	 591,890	 9,210	 -	 601,100
Fund balances, end of year	<u>\$ 862,353</u>	<u>9,210</u>	<u>3,251,612</u>	<u>4,123,175</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, 2019

	<b>Building and Zoning Fund</b>			<b>Variance With Final Budget</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
Revenues				
Taxes - property	\$ -	-	-	-
Permits, fees and assessments	4,492,000	4,492,000	5,631,260	1,139,260
Intergovernmental	-	-	54,886	54,886
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest	48,000	48,000	142,749	94,749
Donations	-	-	-	-
Miscellaneous	252,000	5,000	20,712	15,712
Total revenues	<u>4,792,000</u>	<u>4,545,000</u>	<u>5,849,607</u>	<u>1,304,607</u>
Expenditures				
Current				
Public safety	4,517,130	4,594,390	4,282,273	312,117
Economic and physical development	-	-	-	-
Capital outlay				
Public safety	780,000	2,429,610	1,287,243	1,142,367
Economic and physical development	-	-	-	-
Debt service				
Interest	-	-	-	-
Total expenditures	<u>5,297,130</u>	<u>7,024,000</u>	<u>5,569,516</u>	<u>1,454,484</u>
Excess (deficiency) of revenues over expenditures	<u>(505,130)</u>	<u>(2,479,000)</u>	<u>280,091</u>	<u>2,759,091</u>
Other financing uses				
Transfers out	-	-	-	-
Change in fund balances	(505,130)	(2,479,000)	280,091	2,759,091
Fund balances, beginning of year	4,103,232	4,103,232	4,103,232	-
Fund balances, end of year	<u>\$ 3,598,102</u>	<u>1,624,232</u>	<u>4,383,323</u>	<u>2,759,091</u>

<b>Community Development Block Grant Fund</b>				<b>Confiscated Properties Fund</b>			
<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
\$ -	-	-	-	\$ -	-	-	-
-	-	-	-	-	-	-	-
100,000	223,304	113,304	(110,000)	-	-	-	-
10,000	10,000	10,010	10	-	-	-	-
-	-	-	-	-	-	12,065	12,065
-	-	-	-	-	-	8,586	8,586
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>110,000</u>	<u>233,304</u>	<u>123,314</u>	<u>(109,990)</u>	<u>-</u>	<u>-</u>	<u>20,651</u>	<u>20,651</u>
-	-	-	-	-	125,000	57,476	67,524
-	-	-	-	-	-	-	-
-	-	-	-	-	115,000	65,788	49,212
-	123,304	121,503	1,801	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>123,304</u>	<u>121,503</u>	<u>1,801</u>	<u>-</u>	<u>240,000</u>	<u>123,264</u>	<u>116,736</u>
<u>110,000</u>	<u>110,000</u>	<u>1,811</u>	<u>(108,189)</u>	<u>-</u>	<u>(240,000)</u>	<u>(102,613)</u>	<u>137,387</u>
-	-	-	-	-	-	-	-
110,000	110,000	1,811	(108,189)	-	(240,000)	(102,613)	137,387
93,784	93,784	93,784	-	417,985	417,985	417,985	-
<u>\$ 203,784</u>	<u>203,784</u>	<u>95,595</u>	<u>(108,189)</u>	<u>\$ 417,985</u>	<u>177,985</u>	<u>315,372</u>	<u>137,387</u>

(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, 2019

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

<b>Business Improvement District</b>				<b>Port Royal Dredging District Fund</b>			
<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
\$ -	-	-	-	\$ -	-	-	-
545,898	545,898	564,983	19,085	58,000	58,000	54,432	(3,568)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>545,898</u>	<u>545,898</u>	<u>564,983</u>	<u>19,085</u>	<u>58,000</u>	<u>58,000</u>	<u>54,432</u>	<u>(3,568)</u>
-	-	-	-	-	-	-	-
545,898	545,898	564,983	(19,085)	3,750	3,750	2,748	1,002
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>545,898</u>	<u>545,898</u>	<u>564,983</u>	<u>(19,085)</u>	<u>3,750</u>	<u>3,750</u>	<u>2,748</u>	<u>1,002</u>
-	-	-	-	54,250	54,250	51,684	(2,566)
-	-	-	-	(54,250)	(54,250)	(51,648)	2,602
-	-	-	-	-	-	36	36
5,048	5,048	5,048	-	166,163	166,163	166,163	-
<u>\$ 5,048</u>	<u>5,048</u>	<u>5,048</u>	<u>-</u>	<u>\$ 166,163</u>	<u>166,163</u>	<u>166,199</u>	<u>36</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, 2019

	<b>East Naples Bay District Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
Revenues				
Taxes - property	306,593	306,593	313,024	6,431
Permits, fees and assessments	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest	7,000	7,000	31,574	24,574
Donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>313,593</u>	<u>313,593</u>	<u>344,598</u>	<u>31,005</u>
Expenditures				
Current				
Public safety	-	-	-	-
Economic and physical development	186,000	186,000	64,798	121,202
Capital outlay				
Public safety	-	-	-	-
Economic and physical development	-	-	-	-
Debt service				
Interest	-	-	-	-
Total expenditures	<u>186,000</u>	<u>186,000</u>	<u>64,798</u>	<u>121,202</u>
Excess (deficiency) of revenues over (under) expenditures	<u>127,593</u>	<u>127,593</u>	<u>279,800</u>	<u>152,207</u>
Other financing uses				
Transfer out	-	-	-	-
Change in fund balances	127,593	127,593	279,800	152,207
Fund balances, beginning of year	<u>630,770</u>	<u>630,770</u>	<u>630,770</u>	-
Fund balances, end of year	<u>\$ 758,363</u>	<u>758,363</u>	<u>910,570</u>	<u>152,207</u>

**Moorings Bay District Fund**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
\$	25,094	25,094	25,433	339
	-	-	-	-
	-	-	-	-
	-	-	-	-
	16,000	16,000	43,324	27,324
	-	-	-	-
	-	-	-	-
	<u>41,094</u>	<u>41,094</u>	<u>68,757</u>	<u>27,663</u>
	-	-	-	-
	54,250	84,250	66,133	18,117
	-	-	-	-
	-	-	-	-
	<u>54,250</u>	<u>84,250</u>	<u>66,133</u>	<u>18,117</u>
	<u>(13,156)</u>	<u>(43,156)</u>	<u>2,624</u>	<u>45,780</u>
	-	-	-	-
	(13,156)	(43,156)	2,624	45,780
	<u>1,208,400</u>	<u>1,208,400</u>	<u>1,208,400</u>	<u>-</u>
\$	<u><u>1,195,244</u></u>	<u><u>1,165,244</u></u>	<u><u>1,211,024</u></u>	<u><u>45,780</u></u>

**CITY OF NAPLES, FLORIDA**  
Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual  
Debt Service Fund  
Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes	\$ 4,313,585	4,313,585	4,916,803	603,218
Interest	8,000	8,000	44,269	36,269
Total revenues	<u>4,321,585</u>	<u>4,321,585</u>	<u>4,961,072</u>	<u>639,487</u>
Expenditures				
Current				
General government	36,660	36,660	36,660	-
Debt service				
Principal	1,890,432	1,890,432	1,890,432	-
Interest and fiscal charges	158,377	172,646	172,597	49
Total debt service	<u>2,048,809</u>	<u>2,063,078</u>	<u>2,063,029</u>	<u>49</u>
Total expenditures	<u>2,085,469</u>	<u>2,099,738</u>	<u>2,099,689</u>	<u>49</u>
Excess of revenues over expenditures	<u>2,236,116</u>	<u>2,221,847</u>	<u>2,861,383</u>	<u>639,536</u>
Other financing sources (uses)				
Transfers in	980,993	980,993	980,993	-
Transfers out	<u>(3,235,000)</u>	<u>(3,235,000)</u>	<u>(3,235,000)</u>	<u>-</u>
Total other financing uses	<u>(2,254,007)</u>	<u>(2,254,007)</u>	<u>(2,254,007)</u>	<u>-</u>
Change in fund balance	(17,891)	(32,160)	607,376	639,536
Fund balances, beginning of year	<u>1,325,386</u>	<u>1,325,386</u>	<u>1,325,386</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,307,495</u>	<u>1,293,226</u>	<u>1,932,762</u>	<u>639,536</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, 2019

	<b>Capital Projects Fund - Major Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
Revenues				
Permits, fees and assessments	\$ -	1,360,840	670,963	(689,877)
Investment income	80,050	80,050	230,880	150,830
Total revenues	<u>80,050</u>	<u>1,440,890</u>	<u>901,843</u>	<u>(539,047)</u>
Expenditures				
Current				
General government	67,430	67,430	67,430	-
Capital projects				
General government	325,000	533,492	228,259	305,233
Public safety	1,340,533	7,513,605	6,736,352	777,253
Transportation	-	1,360,840	1,163,545	197,295
Culture and recreation	1,965,925	2,628,562	1,424,753	1,203,809
Total capital projects	<u>3,631,458</u>	<u>12,036,499</u>	<u>9,552,909</u>	<u>2,483,590</u>
Total expenditures	<u>3,698,888</u>	<u>12,103,929</u>	<u>9,620,339</u>	<u>2,483,590</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,618,838)</u>	<u>(10,663,039)</u>	<u>(8,718,496)</u>	<u>1,944,543</u>
Other financing sources				
Transfers in	3,289,250	3,289,250	3,286,648	(2,602)
Proceeds from sale of capital assets	40,000	40,000	84,045	44,045
Total other financing sources	<u>3,329,250</u>	<u>3,329,250</u>	<u>3,370,693</u>	<u>41,443</u>
Change in fund balance	(289,588)	(7,333,789)	(5,347,803)	1,985,986
Fund balances, beginning of year	9,576,717	9,576,717	9,576,717	-
Fund balances, end of year	<u>\$ 9,287,129</u>	<u>2,242,928</u>	<u>4,228,914</u>	<u>1,985,986</u>



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## **Nonmajor Enterprise Funds**

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

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

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

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**CITY OF NAPLES, FLORIDA**  
Combining Statement of Net Position  
Nonmajor Enterprise Funds  
September 30, 2019

<b>Assets</b>	<b>Naples Beach Fund</b>	<b>Tennis Fund</b>	<b>Total</b>
Current assets			
Cash and investments	\$ 4,551,289	540,422	5,091,711
Receivables (net, where applicable, of allowance for uncollectible)			
Accounts	238,454	-	238,454
Accrued interest	14,730	1,874	16,604
Due from other governments	30,765	-	30,765
Inventories	-	2,394	2,394
Total current assets	<u>4,835,238</u>	<u>544,690</u>	<u>5,379,928</u>
Capital assets			
Buildings and utility plants	1,284,743	703,269	1,988,012
Improvements other than buildings	6,917,234	198,116	7,115,350
Equipment	1,449,319	213,279	1,662,598
Accumulated depreciation	(7,535,721)	(887,536)	(8,423,257)
Construction in progress	76,812	-	76,812
Net capital assets	<u>2,192,387</u>	<u>227,128</u>	<u>2,419,515</u>
Total assets	<u>7,027,625</u>	<u>771,818</u>	<u>7,799,443</u>
<b>Deferred outflows of resources</b>			
Deferred outflows - pensions	50,981	18,488	69,469
Deferred outflows - OPEB	5,852	1,463	7,315
Total deferred outflows of resources	<u>56,833</u>	<u>19,951</u>	<u>76,784</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	\$ 86,424	922	87,346
Accrued payroll	31,002	9,642	40,644
Unearned revenue	240,062	-	240,062
Current portion of compensated absences	15,000	5,000	20,000
Total current liabilities	<u>372,488</u>	<u>15,564</u>	<u>388,052</u>
Noncurrent liabilities			
Net pension liability	144,642	52,453	197,095
Total OPEB liability	90,902	22,726	113,628
Compensated absences	53,671	18,202	71,873
Total noncurrent liabilities	<u>289,215</u>	<u>93,381</u>	<u>382,596</u>
Total liabilities	<u>661,703</u>	<u>108,945</u>	<u>770,648</u>
<b>Deferred inflows of resources</b>			
Deferred inflows - pensions	86,095	31,221	117,316
Deferred inflows - OPEB	4,056	1,014	5,070
Total deferred inflows of resources	<u>90,151</u>	<u>32,235</u>	<u>122,386</u>
<b>Net Position</b>			
Investment in capital assets	2,192,387	227,128	2,419,515
Unrestricted	4,140,217	423,461	4,563,678
Total net position	<u>\$ 6,332,604</u>	<u>650,589</u>	<u>6,983,193</u>

**CITY OF NAPLES, FLORIDA**  
Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
Nonmajor Enterprise Funds  
Year Ended September 30, 2019

	<b>Naples Beach Fund</b>	<b>Tennis Fund</b>	<b>Total</b>
Operating revenues			
Charges for services	\$ 2,368,484	698,710	3,067,194
Intergovernmental	30,765	-	30,765
Total operating revenues	<u>2,399,249</u>	<u>698,710</u>	<u>3,097,959</u>
Operating expenses			
Personal services	908,172	229,458	1,137,630
Supplies and services	489,575	305,574	795,149
Utilities	141,760	1,165	142,925
Depreciation and amortization	424,914	57,787	482,701
General administration	165,010	46,920	211,930
Other	132,440	27,422	159,862
Total operating expenses	<u>2,261,871</u>	<u>668,326</u>	<u>2,930,197</u>
Operating income	<u>137,378</u>	<u>30,384</u>	<u>167,762</u>
Nonoperating revenues			
Grant revenue	200,789	-	200,789
Interest income	157,094	19,150	176,244
Total nonoperating revenues	<u>357,883</u>	<u>19,150</u>	<u>377,033</u>
Income before transfers	495,261	49,534	544,795
Transfers in	<u>-</u>	<u>47,500</u>	<u>47,500</u>
Change in net position	495,261	97,034	592,295
Net position, beginning of year	<u>5,837,343</u>	<u>553,555</u>	<u>6,390,898</u>
Net position, end of year	<u>\$ 6,332,604</u>	<u>650,589</u>	<u>6,983,193</u>

**CITY OF NAPLES, FLORIDA**  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
Year Ended September 30, 2019

	<b>Naples Beach Fund</b>	<b>Tennis Fund</b>	<b>Total</b>
Cash flows from operating activities			
Cash received from customers	\$ 2,390,049	698,710	3,088,759
Cash payments to suppliers	(788,355)	(343,248)	(1,131,603)
Cash payments for employee services	(921,879)	(46,920)	(968,799)
Cash payments for interfund services	(165,010)	(233,199)	(398,209)
Net cash provided by operating activities	<u>514,805</u>	<u>75,343</u>	<u>590,148</u>
Cash flows from noncapital financing activities			
Transfers	-	47,500	47,500
Nonoperating grants	200,789	-	200,789
Net cash provided by noncapital financing activities	<u>200,789</u>	<u>47,500</u>	<u>248,289</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(212,969)	(103,600)	(316,569)
Net cash used by capital and related financing activities	<u>(212,969)</u>	<u>(103,600)</u>	<u>(316,569)</u>
Cash flows from investing activities			
Interest and investment earnings	153,253	18,611	171,864
Net cash provided by investing activities	<u>153,253</u>	<u>18,611</u>	<u>171,864</u>
Net change in cash and cash equivalents	655,878	37,854	693,732
Cash and cash equivalents, beginning of year	3,895,411	502,568	4,397,979
Cash and cash equivalents, end of year	<u>\$ 4,551,289</u>	<u>540,422</u>	<u>5,091,711</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 137,378	30,384	167,762
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	424,914	57,787	482,701
Changes in assets - (increase) decrease			
Receivables, net	(103,536)	-	(103,536)
Due from other governments	(30,765)	-	(30,765)
Inventories	-	455	455
Deferred outflows	11,114	4,116	15,230
Changes in liabilities - increase (decrease)			
Accounts payable	6,185	(9,542)	(3,357)
Accrued payroll	1,289	1,525	2,814
Unearned revenue	94,336	-	94,336
Deferred inflows	50,801	18,238	69,039
Net pension liability	(82,315)	(29,850)	(112,165)
Total OPEB liability	2,735	684	3,419
Compensated absences	2,669	1,546	4,215
Net cash provided by operating activities	<u>\$ 514,805</u>	<u>75,343</u>	<u>590,148</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, 2019

<b>Assets</b>	<b>Equipment Services</b>	<b>Risk Management</b>	<b>Health Benefits</b>	<b>Technology Services</b>	<b>Total</b>
<b>Current assets</b>					
Cash and investments	\$ 234,375	8,623,353	1,124,362	925,559	10,907,649
Receivables, miscellaneous	-	-	719	-	719
Accrued interest	625	25,871	7,469	3,374	37,339
Due from other governments	18,746	-	-	7,722	26,468
Inventories	75,640	-	-	-	75,640
Prepays	-	50,000	-	5,617	55,617
Total current assets	<u>329,386</u>	<u>8,699,224</u>	<u>1,132,550</u>	<u>942,272</u>	<u>11,103,432</u>
<b>Capital assets</b>					
Buildings	794,987	-	-	51,957	846,944
Equipment	407,656	25,788	-	3,126,627	3,560,071
Accumulated depreciation	(985,592)	(25,788)	-	(2,675,722)	(3,687,102)
Construction in progress	-	-	-	56,135	56,135
Net capital assets	<u>217,051</u>	<u>-</u>	<u>-</u>	<u>558,997</u>	<u>776,048</u>
Total assets	<u>546,437</u>	<u>8,699,224</u>	<u>1,132,550</u>	<u>1,501,269</u>	<u>11,879,480</u>
<b>Deferred outflows of resources</b>					
Deferred outflows - pensions	54,343	11,205	-	38,376	103,924
Deferred outflows - OPEB	4,389	1,463	-	5,852	11,704
Total deferred outflows of resources	<u>58,732</u>	<u>12,668</u>	<u>-</u>	<u>44,228</u>	<u>115,628</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable	49,414	57,985	6,395	47,051	160,845
Accrued payroll	31,605	6,852	-	19,859	58,316
Unearned revenue	-	-	566	-	566
Total current liabilities	<u>81,019</u>	<u>64,837</u>	<u>6,961</u>	<u>66,910</u>	<u>219,727</u>
<b>Noncurrent liabilities</b>					
Due within one year					
Compensated absences	20,000	-	-	15,000	35,000
Insurance claims payable	-	634,400	482,619	-	1,117,019
Due in more than one year					
Compensated absences	35,116	23,628	-	27,216	85,960
Net pension liability	154,179	31,789	-	108,879	294,847
Total OPEB liability	68,177	22,726	-	90,902	181,805
Insurance claims payable	-	2,537,600	-	-	2,537,600
Total noncurrent liabilities	<u>277,472</u>	<u>3,250,143</u>	<u>482,619</u>	<u>241,997</u>	<u>4,252,231</u>
Total liabilities	<u>358,491</u>	<u>3,314,980</u>	<u>489,580</u>	<u>308,907</u>	<u>4,471,958</u>
<b>Deferred inflows of resources</b>					
Deferred inflows - pensions	91,772	18,922	-	64,808	175,502
Deferred inflows - OPEB	3,042	1,014	-	4,056	8,112
Total deferred inflows of resources	<u>94,814</u>	<u>19,936</u>	<u>-</u>	<u>68,864</u>	<u>183,614</u>
<b>Net Position</b>					
Investment in capital assets	217,051	-	-	558,997	776,048
Restricted, flexible benefits	-	-	361,072	-	361,072
Unrestricted	(65,187)	5,376,976	281,898	608,729	6,202,416
Total net position	<u>\$ 151,864</u>	<u>5,376,976</u>	<u>642,970</u>	<u>1,167,726</u>	<u>7,339,536</u>

**CITY OF NAPLES, FLORIDA**  
Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
Internal Service Funds  
Year Ended September 30, 2019

	<b>Equipment Services</b>	<b>Risk Management</b>	<b>Health Benefits</b>	<b>Technology Services</b>	<b>Total</b>
Operating revenues					
Charges for services	\$ 1,879,669	2,686,332	8,340,104	1,584,900	14,491,005
Intergovernmental	17,508	-	-	7,722	25,230
Total operating expenses	<u>1,897,177</u>	<u>2,686,332</u>	<u>8,340,104</u>	<u>1,592,622</u>	<u>14,516,235</u>
Operating expenses					
Personal services	672,128	160,940	-	415,188	1,248,256
Supplies, services and claims	1,038,881	1,624,129	8,241,129	732,802	11,636,941
Utilities	26,746	-	-	-	26,746
Depreciation and amortization	28,259	-	-	305,690	333,949
General administration	117,980	76,030	134,620	84,740	413,370
Other	3,131	6,188	-	-	9,319
Total operating expenses	<u>1,887,125</u>	<u>1,867,287</u>	<u>8,375,749</u>	<u>1,538,420</u>	<u>13,668,581</u>
Operating income (loss)	10,052	819,045	(35,645)	54,202	847,654
Nonoperating revenues					
Interest income	4,512	286,576	20,932	32,238	344,258
Total nonoperating revenues	<u>4,512</u>	<u>286,576</u>	<u>20,932</u>	<u>32,238</u>	<u>344,258</u>
Change in net position	14,564	1,105,621	(14,713)	86,440	1,191,912
Net position, beginning of year	137,300	4,271,355	657,683	1,081,286	6,147,624
Net position, end of year	<u>\$ 151,864</u>	<u>5,376,976</u>	<u>642,970</u>	<u>1,167,726</u>	<u>7,339,536</u>

**CITY OF NAPLES, FLORIDA**  
Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended September 30, 2019

	<b>Equipment Services</b>	<b>Risk Management</b>	<b>Health Benefits</b>	<b>Technology Services</b>	<b>Total</b>
Cash flows from operating activities					
Cash received from customers	\$ 1,878,431	2,686,332	8,343,984	1,584,900	14,493,647
Cash payments to suppliers for goods and services	(1,085,396)	(1,432,956)	(8,199,216)	(772,994)	(11,490,562)
Cash payments for employee services	(681,342)	(76,030)	-	(84,740)	(842,112)
Cash payments for interfund services	(117,980)	(160,391)	(134,620)	(410,583)	(823,574)
Net cash provided by (used in) operating activities	<u>(6,287)</u>	<u>1,016,955</u>	<u>10,148</u>	<u>316,583</u>	<u>1,337,399</u>
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	<u>(45,258)</u>	<u>-</u>	<u>-</u>	<u>(215,991)</u>	<u>(261,249)</u>
Net cash used in capital and related financing activities	<u>(45,258)</u>	<u>-</u>	<u>-</u>	<u>(215,991)</u>	<u>(261,249)</u>
Cash flows from investing activities					
Interest on pooled cash and investments	<u>4,278</u>	<u>279,753</u>	<u>19,862</u>	<u>31,861</u>	<u>335,754</u>
Net cash provided by investing activities	<u>4,278</u>	<u>279,753</u>	<u>19,862</u>	<u>31,861</u>	<u>335,754</u>
Net change in cash and cash equivalents	(47,267)	1,296,708	30,010	132,453	1,411,904
Cash and cash equivalents, beginning of year	<u>281,642</u>	<u>7,326,645</u>	<u>1,094,352</u>	<u>793,106</u>	<u>9,495,745</u>
Cash and cash equivalents, end of year	<u>\$ 234,375</u>	<u>8,623,353</u>	<u>1,124,362</u>	<u>925,559</u>	<u>10,907,649</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities					
Operating (loss) income	\$ 10,052	819,045	(35,645)	54,202	847,654
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities					
Depreciation and amortization	28,259	-	-	305,690	333,949
Changes in assets - (increase) decrease					
Miscellaneous receivables	-	-	3,880	-	3,880
Due from other governments	(18,746)	-	-	(7,722)	(26,468)
Inventories	1,756	-	-	-	1,756
(Increase) decrease in prepaids	-	(50,000)	-	(5,617)	(55,617)
Deferred outflows	12,087	2,419	-	8,177	22,683
Changes in liabilities - increase (decrease)					
Accounts payable	(18,394)	6,361	5,764	(34,575)	(40,844)
Accrued payroll	5,615	987	-	7,341	13,943
Insurance claims payable	-	241,000	36,149	-	277,149
Deferred inflows	53,634	11,215	-	38,646	103,495
Net pension liability	(87,742)	(18,092)	-	(61,962)	(167,796)
Total OPEB liability	2,052	684	-	2,735	5,471
Compensated absences	5,140	3,336	-	9,668	18,144
Net cash (used in) provided by operating activities	<u>\$ (6,287)</u>	<u>1,016,955</u>	<u>10,148</u>	<u>316,583</u>	<u>1,337,399</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, 2019

	<b>Pension Trust</b>		
	<b>General Pension Fund</b>	<b>Supplemental General Pension</b>	<b>Managers' 401 Pension</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,568,775	-	-
Receivables			
Contributions	98,379	23,148	5,941
Investments, at fair value			
U.S. Treasury securities	2,890,127	-	-
U.S. Government agency securities	151,060	-	-
Municipal obligations	43,760	-	-
Asset-backed securities	2,476,406	-	-
Corporate bonds	4,640,455	-	-
Common stock/equity funds	40,454,898	-	-
Real estate investment trusts	5,553,647	-	-
Mutual funds	-	9,671,175	2,051,754
Alternative investments	2,287,937	-	-
Total investments	<u>58,498,290</u>	<u>9,671,175</u>	<u>2,051,754</u>
Total assets	<u>60,165,444</u>	<u>9,694,323</u>	<u>2,057,695</u>
<b>Liabilities</b>			
Accounts payable	<u>135,351</u>	-	-
Total liabilities	<u>135,351</u>	-	-
<b>Net position</b>			
Restricted for pension benefits	<u>\$ 60,030,093</u>	<u>9,694,323</u>	<u>2,057,695</u>

**Pension Trust**

<b>Police Officers' Pension Fund</b>	<b>Firefighters' Pension Fund</b>	<b>Total</b>
1,241,220	1,416,953	4,226,948
982,816	843,264	1,953,548
2,266,407	2,698,010	7,854,544
116,551	161,322	428,933
36,268	35,075	115,103
1,937,290	2,147,030	6,560,726
4,242,800	4,530,711	13,413,966
36,774,445	40,067,386	117,296,729
4,608,750	4,592,216	14,754,613
-	-	11,722,929
2,396,417	2,549,784	7,234,138
<u>52,378,928</u>	<u>56,781,534</u>	<u>179,381,681</u>
<u>54,602,964</u>	<u>59,041,751</u>	<u>185,562,177</u>
<u>12,438</u>	<u>12,251</u>	<u>160,040</u>
<u>12,438</u>	<u>12,251</u>	<u>160,040</u>
<u>54,590,526</u>	<u>59,029,500</u>	<u>185,402,137</u>



**CITY OF NAPLES, FLORIDA**  
Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended September 30, 2019

	<b>Pension Trust</b>		
	<b>General Pension Fund</b>	<b>Supplemental General Pension</b>	<b>Managers' 401 Pension</b>
<b>Additions</b>			
<b>Contributions</b>			
Employee contributions	\$ 682,207	405,586	73,402
Employer contributions	2,087,382	245,886	58,503
State contributions	-	-	-
Total contributions	<u>2,769,589</u>	<u>651,472</u>	<u>131,905</u>
<b>Investment earnings</b>			
Interest and dividend income	1,544,583	8,793	954
Net change in fair value of investments	972,168	397,479	96,203
Less investment expense	<u>(299,375)</u>	<u>(20,960)</u>	<u>(4,096)</u>
Net investment earnings	<u>2,217,376</u>	<u>385,312</u>	<u>93,061</u>
Total additions	<u>4,986,965</u>	<u>1,036,784</u>	<u>224,966</u>
<b>Deductions</b>			
Benefits paid	4,233,791	-	-
Refunds of contributions	505,293	768,913	34,861
General administration	<u>159,449</u>	<u>-</u>	<u>-</u>
Total deductions	<u>4,898,533</u>	<u>768,913</u>	<u>34,861</u>
Changes in net position	88,432	267,871	190,105
Net position, beginning of year	59,941,661	9,426,452	1,867,590
Net position, end of year	<u>\$ 60,030,093</u>	<u>9,694,323</u>	<u>2,057,695</u>

**Pension Trust**

<b>Police Officers’ Pension Fund</b>	<b>Firefighters’ Pension Fund</b>	<b>Total</b>
260,609	148,990	1,570,794
1,949,202	1,693,876	6,034,849
742,751	544,971	1,287,722
<u>2,952,562</u>	<u>2,387,837</u>	<u>8,893,365</u>
1,346,828	1,441,871	4,343,029
1,103,720	1,173,522	3,743,092
(269,607)	(310,253)	(904,291)
<u>2,180,941</u>	<u>2,305,140</u>	<u>7,181,830</u>
<u>5,133,503</u>	<u>4,692,977</u>	<u>16,075,195</u>
4,448,950	4,767,116	13,449,857
-	230,017	1,539,084
93,352	72,724	325,525
<u>4,542,302</u>	<u>5,069,857</u>	<u>15,314,466</u>
591,201	(376,880)	760,729
<u>53,999,325</u>	<u>59,406,380</u>	<u>184,641,408</u>
<u>54,590,526</u>	<u>59,029,500</u>	<u>185,402,137</u>

**CITY OF NAPLES, FLORIDA**  
Statement of Changes in Assets and Liabilities—Agency Funds  
Year Ended September 30, 2019

	<b>Balance October 1, 2018</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance September 30, 2019</b>
Assets				
Cash	\$ 137	246,546	(246,546)	137
Total assets	<u>\$ 137</u>	<u>246,546</u>	<u>(246,546)</u>	<u>137</u>
Liabilities				
Accounts payable	\$ 137	246,546	(246,546)	137
Total liabilities	<u>\$ 137</u>	<u>246,546</u>	<u>(246,546)</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.

<b>Contents</b>	<b><u>Page</u></b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	159
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source, the property tax.	169
<b>Debt Capacity</b>	
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
<b>Demographic and Economic Information</b>	
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
<b>Operating Information</b>	
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
<b>Sources:</b> <i>Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.</i>	

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

	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Governmental activities					
Net investment in capital assets	\$ 47,101,732	47,910,235	49,368,390	54,372,698	55,192,342
Restricted	983,750	12,987,575	13,460,387	13,908,144	13,908,144
Unrestricted	45,710,635	33,134,491	32,162,681	27,048,578	31,850,607
Total governmental activities net assets	<u>\$ 93,796,117</u>	<u>94,032,301</u>	<u>94,991,458</u>	<u>95,329,420</u>	<u>100,951,093</u>
Business-type activities					
Net investment in capital assets	\$ 70,342,384	72,488,908	77,344,733	81,292,018	90,439,602
Restricted	3,122,630	4,070,440	1,645,528	-	-
Unrestricted	28,569,892	32,963,324	39,489,625	43,716,346	44,977,055
Total business-type activities net assets	<u>\$ 102,034,906</u>	<u>109,522,672</u>	<u>118,479,886</u>	<u>125,008,364</u>	<u>135,416,657</u>
Primary government					
Net investment in capital assets	\$ 117,444,116	120,399,143	126,713,123	135,664,716	145,631,944
Restricted	4,106,380	17,058,015	15,105,915	13,908,144	13,908,144
Unrestricted	74,280,527	66,097,815	71,652,306	70,764,924	76,827,662
<b>Total primary government net assets</b>	<u>\$ 195,831,023</u>	<u>203,554,973</u>	<u>213,471,344</u>	<u>220,337,784</u>	<u>236,367,750</u>

<b>Fiscal Year</b>				
<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
55,794,796	56,389,018	62,307,369	68,234,422	89,168,254
22,621,775	21,362,817	24,075,554	24,295,296	19,003,332
<u>(2,227,579)</u>	<u>(2,990,374)</u>	<u>(8,830,079)</u>	<u>(6,184,560)</u>	<u>(1,414,044)</u>
<u>76,188,992</u>	<u>74,761,461</u>	<u>77,552,844</u>	<u>86,345,158</u>	<u>106,757,542</u>
100,262,238	110,151,951	115,191,402	120,073,729	124,045,399
-	-	-	-	-
<u>40,616,760</u>	<u>39,299,638</u>	<u>43,181,206</u>	<u>43,600,947</u>	<u>57,071,355</u>
<u>140,878,998</u>	<u>149,451,589</u>	<u>158,372,608</u>	<u>163,674,676</u>	<u>181,116,754</u>
156,057,034	166,540,969	177,498,771	188,308,151	213,213,653
22,621,775	21,362,817	24,075,554	24,295,296	19,003,332
38,389,181	36,309,264	34,351,127	37,416,387	55,657,311
<u>217,067,990</u>	<u>224,213,050</u>	<u>235,925,452</u>	<u>250,019,834</u>	<u>287,874,296</u>

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

	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Expenses</b>					
<b>Governmental activities</b>					
General government	\$ 6,394,914	5,622,677	5,457,866	5,301,030	7,715,255
Public safety	25,616,678	23,957,097	24,400,324	24,885,076	25,969,504
Physical and economic environment	3,207,529	3,239,638	3,128,378	2,792,363	2,714,222
Transportation	3,715,335	3,553,288	3,355,650	3,450,265	3,089,234
Culture and recreation	7,243,542	6,850,817	6,609,114	6,942,141	7,093,524
Interest	955,784	443,739	493,896	397,292	227,976
<b>Total governmental activities expenses</b>	<b>47,133,782</b>	<b>43,667,256</b>	<b>43,445,228</b>	<b>43,768,167</b>	<b>46,809,715</b>
<b>Business-type activities</b>					
Water and sewer	24,334,032	24,300,280	23,915,729	23,833,110	24,397,347
Solid waste	5,366,770	5,497,576	5,275,918	5,489,089	6,011,637
Stormwater	2,458,129	2,642,191	2,463,801	3,064,173	3,088,139
Other enterprises	3,094,200	3,117,045	3,377,075	3,474,163	3,822,843
<b>Total business-type activities</b>	<b>35,253,131</b>	<b>35,557,092</b>	<b>35,032,523</b>	<b>35,860,535</b>	<b>37,319,966</b>
<b>Total primary governmental expenses</b>	<b>\$ 82,386,913</b>	<b>79,224,348</b>	<b>78,477,751</b>	<b>79,628,702</b>	<b>84,129,681</b>
<b>Program Revenues (see Schedule 3)</b>					
<b>Governmental activities</b>					
<b>Charges for services</b>					
General government	\$ 1,139,439	1,238,135	837,202	874,008	3,724,592
Public safety	3,631,525	3,803,409	4,792,576	4,506,478	4,940,975
Physical and economic environment	12,064	15,372	15,788	16,009	17,616
Transportation	6,618	3,942	-	31,210	104,501
Culture and recreation	840,364	751,480	751,862	802,130	3,185,180
Operating grants and contributions	3,190,239	2,909,353	2,631,903	2,803,204	4,140,006
Capital grants and contributions	425,002	294,062	927,761	352,732	779,103
<b>Total governmental activities revenues</b>	<b>9,245,251</b>	<b>9,015,753</b>	<b>9,957,092</b>	<b>9,385,771</b>	<b>16,891,973</b>
<b>Business-type activities</b>					
Water and sewer	28,303,440	29,055,653	28,262,634	28,747,954	32,117,638
Solid waste	6,089,265	5,974,018	5,827,277	5,876,369	6,102,494
Stormwater	4,422,225	4,538,097	4,563,918	4,651,910	5,039,675
Beach	1,046,660	1,125,781	1,117,695	1,086,099	1,209,986
Dock	1,067,358	1,298,741	1,512,844	1,649,255	1,785,141
Tennis	534,095	452,109	417,161	474,559	531,792
Operating grants and contributions	637,810	621,838	635,642	556,850	784,245
Capital grants and contributions	2,991,732	1,726,470	3,507,039	1,388,630	1,835,613
<b>Total business-type activities</b>	<b>45,092,585</b>	<b>44,792,707</b>	<b>45,844,210</b>	<b>44,431,626</b>	<b>49,406,584</b>
<b>Total primary governmental revenues</b>	<b>\$ 54,337,836</b>	<b>53,808,460</b>	<b>55,801,302</b>	<b>53,817,397</b>	<b>66,298,557</b>
<b>Net Expense/Revenue</b>					
Governmental activities	\$ (37,888,531)	(34,651,503)	(33,488,136)	(34,382,396)	(29,917,742)
Business-type activities	9,839,454	9,235,615	10,811,687	8,571,091	12,086,618
<b>Total primary government net expense</b>	<b>\$ (28,049,077)</b>	<b>(25,415,888)</b>	<b>(22,676,449)</b>	<b>(25,811,305)</b>	<b>(17,831,124)</b>

<b>Fiscal Year</b>				
<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
7,518,425	9,555,128	9,454,060	12,982,218	10,753,587
21,801,426	29,016,071	30,594,045	25,994,163	28,234,663
3,784,334	2,805,708	2,633,829	2,859,398	2,920,295
2,923,536	4,042,246	3,123,625	3,682,853	3,034,012
6,993,700	8,397,402	7,644,773	7,717,903	8,386,370
229,304	188,208	160,230	198,144	218,975
<u>43,250,725</u>	<u>54,004,763</u>	<u>53,610,562</u>	<u>53,434,678</u>	<u>53,547,902</u>
23,729,514	24,213,406	25,830,541	26,985,697	27,588,076
6,092,583	6,481,079	6,613,390	6,672,555	6,750,997
3,174,847	3,504,651	4,116,574	4,796,395	4,340,833
3,552,923	4,140,463	3,949,399	4,187,376	4,913,117
<u>36,549,867</u>	<u>38,339,599</u>	<u>40,509,904</u>	<u>42,642,023</u>	<u>43,593,023</u>
<u>79,800,592</u>	<u>92,344,362</u>	<u>94,120,466</u>	<u>96,076,701</u>	<u>97,140,925</u>
3,358,243	3,475,764	3,212,513	3,842,216	3,861,356
5,646,699	5,227,047	4,448,668	6,067,924	7,040,301
-	10,000	530,000	820,925	526,710
65,948	65,379	87,288	99,854	101,748
2,636,165	1,012,252	2,039,913	1,031,798	972,706
3,416,843	3,492,964	4,363,770	4,687,374	6,775,231
936,341	501,211	345,987	2,580,766	4,409,074
<u>16,060,239</u>	<u>13,784,617</u>	<u>15,028,139</u>	<u>19,130,857</u>	<u>23,687,126</u>
29,614,711	30,730,431	33,695,352	32,767,617	33,648,343
5,850,216	6,124,348	7,126,711	7,093,443	7,384,825
4,296,017	4,558,685	5,040,865	4,800,239	5,080,504
1,261,081	1,754,058	1,972,942	1,971,709	2,399,249
1,635,024	1,530,363	1,201,692	1,167,545	2,146,595
568,002	591,145	560,179	605,002	698,710
2,067,866	1,211,932	127,100	201,900	3,282,875
3,664,105	1,998,774	1,424,561	1,011,861	6,410,813
<u>48,957,022</u>	<u>48,499,736</u>	<u>51,149,402</u>	<u>49,619,316</u>	<u>61,051,914</u>
<u>65,017,261</u>	<u>62,284,353</u>	<u>66,177,541</u>	<u>68,750,173</u>	<u>84,739,040</u>
(27,190,486)	(40,220,146)	(38,582,423)	(34,303,821)	(29,860,776)
12,407,155	10,160,137	10,639,498	6,977,293	17,458,891
<u>(14,783,331)</u>	<u>(30,060,009)</u>	<u>(27,942,925)</u>	<u>(27,326,528)</u>	<u>(12,401,885)</u>

(Continued)



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

	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>General Revenues and Other</b>					
<b>Changes in Net Position</b>					
Governmental activities					
Taxes					
Property taxes	\$ 19,418,905	17,872,322	17,390,742	17,330,532	18,539,883
Local communication and utility taxes	4,846,484	5,208,481	5,574,086	5,977,860	5,241,319
Insurance premium tax	1,440,033	1,319,318	1,354,027	1,324,166	1,412,980
Motor fuel taxes	1,396,616	1,386,067	1,397,806	1,367,212	1,190,133
Business taxes	270,748	243,716	264,110	255,890	269,562
Franchise fees	3,498,659	3,474,511	3,361,560	3,299,823	3,579,771
Intergovernmental revenues, unrestricted	2,825,967	2,847,318	2,807,044	2,952,946	3,158,266
Unrestricted investment earnings	542,317	371,937	238,259	175,612	232,811
Miscellaneous revenues	44,415	171,799	19,273	50,070	34,155
Gain on sale of capital assets	-	4,718	26,776	-	1,655
Transfers	1,986,000	1,987,500	2,013,610	2,054,280	1,878,880
Total governmental activities	<u>36,270,144</u>	<u>34,887,687</u>	<u>34,447,293</u>	<u>34,788,391</u>	<u>35,539,415</u>
Business-type activities					
Investment earnings	258,101	186,018	153,699	90,583	200,556
Gain on sale of capital assets	17,936	53,633	5,438	-	-
Transfers	<u>(1,986,000)</u>	<u>(1,987,500)</u>	<u>(2,013,610)</u>	<u>(2,054,280)</u>	<u>(1,878,880)</u>
Total business-type activities	<u>(1,709,963)</u>	<u>(1,747,849)</u>	<u>(1,854,473)</u>	<u>(1,963,697)</u>	<u>(1,678,324)</u>
Total primary government	<u>\$ 34,560,181</u>	<u>33,139,838</u>	<u>32,592,820</u>	<u>32,824,694</u>	<u>33,861,091</u>
<b>Change in Net Position</b>					
Governmental activities	\$ (1,618,387)	236,184	959,157	405,995	5,621,673
Business-type activities	8,129,491	7,487,766	8,957,214	6,607,394	10,408,294
Total primary government	<u>\$ 6,511,104</u>	<u>7,723,950</u>	<u>9,916,371</u>	<u>7,013,389</u>	<u>16,029,967</u>

<b>Fiscal Year</b>				
<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
19,523,088	21,163,455	22,706,983	24,431,766	26,590,992
5,391,177	5,436,983	5,504,862	5,771,309	5,992,589
1,272,757	1,191,342	1,302,545	1,258,329	1,287,722
1,167,932	1,226,385	1,221,409	1,374,149	1,374,754
215,039	304,435	302,857	256,858	251,348
3,553,455	3,451,036	3,523,250	3,552,964	3,627,333
3,332,872	3,440,243	3,823,706	3,883,028	7,148,793
543,147	524,052	415,611	675,924	1,979,529
-	-	-	-	-
159,891	34,584	552,483	16,121	-
4,138,060	2,020,100	2,020,100	2,020,100	2,020,100
<u>39,297,418</u>	<u>38,792,615</u>	<u>41,373,806</u>	<u>43,240,548</u>	<u>50,273,160</u>
420,063	432,554	301,621	394,491	1,825,523
-	-	-	-	177,764
<u>(4,138,060)</u>	<u>(2,020,100)</u>	<u>(2,020,100)</u>	<u>(2,020,100)</u>	<u>(2,020,100)</u>
<u>(3,717,997)</u>	<u>(1,587,546)</u>	<u>(1,718,479)</u>	<u>(1,625,609)</u>	<u>(16,813)</u>
<u>35,579,421</u>	<u>37,205,069</u>	<u>39,655,327</u>	<u>41,614,939</u>	<u>50,256,347</u>
12,106,932	(1,427,531)	2,791,383	8,936,727	20,412,384
8,689,158	8,572,591	8,921,019	5,351,684	17,442,078
<u>20,796,090</u>	<u>7,145,060</u>	<u>11,712,402</u>	<u>14,288,411</u>	<u>37,854,462</u>

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

	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
General Fund					
Reserved	420,844	N/A	N/A	N/A	N/A
Unreserved	17,052,805	N/A	N/A	N/A	N/A
Non-spendable	N/A	150,464	487,435	425,592	725,388
Restricted	N/A	13,791	13,791	13,791	13,791
Committed	N/A	3,528,888	3,515,091	3,597,298	3,597,298
Assigned	N/A	46,284	11,765	293,132	293,132
Unassigned	N/A	15,508,265	15,541,877	10,582,398	11,439,262
<b>Total General Fund</b>	<b>17,473,649</b>	<b>19,247,692</b>	<b>19,569,959</b>	<b>14,912,211</b>	<b>16,068,871</b>
All other governmental funds					
Reserved					
Special revenue funds	10,731	N/A	N/A	N/A	N/A
Capital projects funds	1,225,757	N/A	N/A	N/A	N/A
Debt service funds	1,560,104	N/A	N/A	N/A	N/A
Unreserved					
Special revenue funds	5,317,018	N/A	N/A	N/A	N/A
Capital projects funds	15,809,889	N/A	N/A	N/A	N/A
Debt service funds	1,884,501	N/A	N/A	N/A	N/A
Non-spendable	N/A	121,462	455,198	400,565	390,271
Restricted	N/A	12,973,784	13,446,596	13,487,529	15,818,513
Committed	N/A	3,928,985	2,927,725	3,167,293	3,196,870
Assigned	N/A	6,715,447	6,758,559	6,083,658	5,962,952
Unassigned	N/A	N/A	(571,667)	(603,061)	240,769
<b>Total other governmental funds</b>	<b>25,808,000</b>	<b>23,739,678</b>	<b>23,016,411</b>	<b>22,535,984</b>	<b>25,609,375</b>

Note: GASB 54 was implemented during fiscal year 2011.

<b>Fiscal Year</b>				
<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
643,305	33,940	6,938,854	1,075,874	1,014,774
-	-	-	-	-
3,597,298	3,507,279	4,126,391	4,046,897	4,051,297
275,909	41,363	625,890	377,931	170,682
14,030,183	16,356,280	575,674	7,089,378	12,532,308
<u>18,546,695</u>	<u>19,938,862</u>	<u>12,266,809</u>	<u>12,590,080</u>	<u>17,769,061</u>
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
294,674	38,524	15,333	16,931	15,765
22,621,775	21,362,817	24,075,554	24,295,296	19,447,961
3,239,337	3,001,368	4,319,627	8,593,870	2,827,064
4,412,135	5,297,819	8,182,094	4,552,336	5,054,810
(157,009)	-	-	-	-
<u>30,410,912</u>	<u>29,700,528</u>	<u>36,592,608</u>	<u>37,458,433</u>	<u>27,345,600</u>

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

	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Revenues</b>					
Taxes	\$ 27,372,786	26,029,904	25,980,772	26,255,660	26,653,877
Licenses, permits, fees and assessments	6,072,977	6,655,012	7,539,226	7,179,183	10,397,768
Intergovernmental	6,038,913	5,236,599	5,174,417	5,152,801	5,556,664
Charges for services	2,045,248	1,908,981	2,131,943	1,802,160	1,811,398
Charges to other funds	3,720,709	3,720,708	3,681,838	3,597,960	3,358,100
Fines and forfeitures	254,385	232,575	461,537	418,614	195,349
Impact fees/special assessments	-	-	-	-	-
Interest	492,471	336,484	214,851	170,743	199,770
Contributions	211,302	258,985	204,116	115,262	2,342,947
Miscellaneous	75,544	177,621	9,273	255,225	35,463
Total revenues	<u>46,284,335</u>	<u>44,556,869</u>	<u>45,397,973</u>	<u>44,947,608</u>	<u>50,551,336</u>
<b>Expenditures</b>					
General government	8,620,881	8,307,238	8,130,338	8,421,621	8,249,859
Public safety	23,680,724	22,062,961	23,192,344	23,731,367	24,418,391
Physical and economic environment	2,024,380	1,945,948	1,776,115	1,357,378	1,341,014
Transportation	2,246,827	2,191,327	2,069,396	2,298,904	2,072,385
Culture and recreation	5,433,931	5,302,802	5,189,194	5,567,331	5,855,186
Capital outlay	2,303,468	2,830,919	5,193,871	7,381,848	4,537,516
Debt service					
Principal	1,612,000	2,222,000	1,844,000 <sup>(a)</sup>	3,056,000	1,489,000
Interest and fiscal charges	957,917	589,568	445,242	333,221	177,679
Total expenditures	<u>46,880,128</u>	<u>45,452,763</u>	<u>47,840,500</u>	<u>52,147,670</u>	<u>48,141,030</u>
Excess (deficit) of revenues over (under) expenditures	<u>(595,793)</u>	<u>(895,894)</u>	<u>(2,442,527)</u>	<u>(7,200,062)</u>	<u>2,410,306</u>
<b>Other Financing Sources (Uses)</b>					
Debt issued	-	17,094,000	- <sup>(a)</sup>	13,830,000	-
Payments to escrow agents	-	(8,285,998)	-	(13,793,951)	-
Payments to current refund debt	-	(10,186,000)	-	-	-
Transfers in	5,766,183	5,705,136	6,396,488	7,032,679	5,819,706
Transfers out	(3,780,183)	(3,762,476)	(4,382,878)	(5,037,219)	(4,010,826)
Sale of capital assets	23,888	36,953	27,917	30,378	10,865
Total other financing sources (uses)	<u>2,009,888</u>	<u>601,615</u>	<u>2,041,527</u>	<u>2,061,887</u>	<u>1,819,745</u>
Net change in fund balance	<u>\$ 1,414,095</u>	<u>(294,279)</u>	<u>(401,000)</u>	<u>(5,138,175)</u>	<u>4,230,051</u>
Debt service as a percentage of noncapital expenditures	5.8%	6.6%	5.4%	7.6%	3.9%

**Note:** <sup>(a)</sup> The City refunded the 2010 Capital Improvement Refunding Revenue Notes.

<b>Fiscal Year</b>				
<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
27,569,993	29,322,600	31,038,656	33,092,411	35,497,405
9,150,495	8,672,904	7,729,798	9,604,727	11,458,193
6,077,175	6,326,123	7,513,779	7,894,102	15,554,180
1,900,592	1,943,443	2,390,870	2,965,322	2,551,278
3,285,250	3,179,420	3,024,260	3,455,190	3,665,200
258,806	464,904	559,789	364,634	120,603
-	-	-	-	-
439,445	421,531	355,429	586,247	1,635,271
2,069,470	108,355	543,987	2,239,082	397,475
57,067	67,045	674,457	106,576	80,837
<u>50,808,293</u>	<u>50,506,325</u>	<u>53,831,025</u>	<u>60,308,291</u>	<u>70,960,442</u>
8,033,054	8,374,046	9,527,879	11,586,481	11,157,463
24,676,027	25,827,354	26,640,125	27,273,479	28,695,737
1,257,343	1,371,443	1,377,329	1,487,663	1,724,531
2,193,710	3,153,133	2,279,983	2,888,756	2,235,087
5,792,279	7,204,332	6,458,141	6,541,506	6,902,886
5,223,589	4,354,195	9,221,059	13,033,230	25,220,835
1,468,000	1,516,000	1,566,000	1,669,825	1,890,432
182,882	139,308	111,786	126,711	172,597
<u>48,826,884</u>	<u>51,939,811</u>	<u>57,182,302</u>	<u>64,607,651</u>	<u>77,999,568</u>
<u>1,981,409</u>	<u>(1,433,486)</u>	<u>(3,351,277)</u>	<u>(4,299,360)</u>	<u>(7,039,126)</u>
-	-	-	3,427,883	-
-	-	-	-	-
-	-	-	-	-
12,820,232	7,354,699	16,978,221	10,394,122	7,439,241
(7,682,172)	(5,334,599)	(14,958,121)	(8,374,022)	(5,419,141)
159,891	95,169	551,204	40,473	85,174
<u>5,297,951</u>	<u>2,115,269</u>	<u>2,571,304</u>	<u>5,488,456</u>	<u>2,105,274</u>
<u>7,279,360</u>	<u>681,783</u>	<u>(779,973)</u>	<u>1,189,096</u>	<u>(4,933,852)</u>
3.7%	3.4%	3.5%	3.5%	3.9%

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

<b>Fiscal Year</b>	<b>Property</b>	<b>Utility and Communication</b>	<b>Franchise Fees</b>	<b>Fuel Taxes</b>	<b>Sales and Use</b>	<b>One-Cent Tax</b>	<b>Other</b>	<b>Total</b>
2010	\$ 19,418,905	4,846,484	3,498,659	1,396,616	1,896,824	-	2,535,655	33,593,143
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
Change 2010-2019	36.9%	23.6%	3.7%	-1.6%	42.6%	N/A	-39.3%	34.1%

**Source:** City of Naples Finance Department

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

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Less Net New Taxable Value</b>	<b>Adjusted Total Taxable Value (for roll back)</b>	<b>Final Taxable Value</b>	<b>Total Direct Tax Rate</b>	<b>Market/Just Value</b>	<b>Actual Taxable Value as a Percentage of Market/Just Value</b>
2009-10	\$ 15,962,605,246	421,136,474	311,015,976	16,072,725,744	16,287,802,409	1.2175	19,738,257,718	81.4%
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%

**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
2010	1.1800	0.0375	1.2175	0.0720	3.5938	0.0293
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	N/A	3.5645	0.0293
2016	1.1800	0.0000	1.1800	N/A	3.5645	0.0293
2017	1.1500	0.0000	1.1500	0.1832	3.5645	0.0293
2018	1.1500	0.0000	1.1500	0.1775	3.5645	0.0293
2019	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.

Mosquito Control did not include this in fiscal year 2014-2015. It was .1050 for fiscal year 2013-2014.

**Overlapping Rates\***

<b>Conservation Collier</b>	<b>School Board</b>	<b>South Water Management</b>	<b>Combined Total</b>
0.2500	5.2390	0.4814	10.8830
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	10.6635
0.0000	5.8418	0.2695	10.8851
0.0000	5.1220	0.2545	10.3035
0.0000	5.0490	0.2440	10.2143
0.0000	5.0830	0.2344	10.2632

**Schedule 8  
City of Naples  
Principal Property Tax Payers  
As of September 30, 2019**

	2019				2010				
	Taxable Assessed values	Rank	% of total City of Naples assessed values		Taxable Assessed values	Rank	% of total City of Naples assessed values		
<b>Top 10 City of Naples Taxpayers</b>									
The Moorings, Inc.	\$ 154,126,295	1	0.71%		77,946,745	2	0.46%		
Coastland Center, LLC	74,902,588	2	0.34%		75,922,109	3	0.51%		
Westbury Properties, Inc.	62,245,971	3	0.29%		32,414,883	6	0.17%		
2658 Florida Land Trust	50,301,964	4	0.23%						
Sandra Gerry	48,237,468	5	0.22%		49,086,667	4	0.27%		
2500 Gordon Drive LLC	45,937,604	6	0.21%						
Randall D Bellestri Liv Trust	44,329,548	7	0.20%						
Montana Realty Company, LLC	40,571,497	8	0.19%						
Harold Square Land Trust	37,182,827	9	0.17%						
Shankaran & Vyoma Nair	29,000,000	10	0.13%						
Gardner and Judith Larned					33,192,174	5			
Florida Power & Light					115,070,646	1	0.67%		
Panthers RPN Limited					23,973,328	10	0.18%		
Centurylink					25,126,015	9	0.18%		
Arthur Allen Jr.					31,225,558	7	0.16%		
Judith Herb Trust					27,135,749	8	0.15%		
	<u>\$ 586,835,762</u>		<u>2.70%</u>		<u>491,093,874</u>		<u>2.90%</u>		
Total City of Naples Assessed Value	\$ 21,759,390,578				16,961,855,227				

**Sources:** Collier County Property Appraiser and 2010 CAFR Certificate of Taxable Value/TRIM

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

<b>Fiscal Year Ended Sept. 30</b>	<b>Taxes Levied for the Fiscal Year<sup>(1)</sup></b>	<b>Current Collections</b>		<b>Delinquent Collections<sup>(2)</sup></b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>% of Levy</b>		<b>Amount</b>	<b>% of Levy</b>
2010	\$ 19,589,041	19,407,423	99.1%	11,482	19,418,905	99.1%
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%

**Sources:** <sup>(1)</sup>DR 420 MM Line 22

**Note:** <sup>(2)</sup>From City of Naples Finance Department

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

<b>Fiscal Year</b>	<b>Government Activities</b>				<b>Business-type Activities</b>		
	<b>General Obligation Bonds</b>	<b>Public Service Tax Bonds</b>	<b>Redevelopment and Refunding Bonds</b>	<b>Capital Improvement Notes</b>	<b>Water Bonds/Loans</b>	<b>Storm-water Loans</b>	<b>Non major Bonds</b>
2010	\$ 2,700,000	7,895,000	10,481,000	-	28,046,845	2,377,508	300,000
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	-

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

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

<b>Total Primary Government</b>	<b>Percentage of Personal Income <sup>(a)</sup></b>	<b>Per Capita <sup>(a)</sup></b>
51,800,353	3.78%	682
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%	189

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

<b>Fiscal Year</b>	<b>General Obligation Bonds Outstanding</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
2010	\$ 2,700,000	0.02%	\$ 120.59
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%	-

**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, 2019**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>City of Naples Direct Debt</b>			
Capital Improvement Notes	\$ 6,853,626	100%	\$ 6,853,626
Total direct debt			<u>6,853,626</u>
<b>Overlapping debt <sup>(a)</sup></b>			
Collier County <sup>(b)</sup>	512,024,316	24%	<u>122,885,836</u>
<b>Total direct and overlapping debt</b>			<u>122,885,836</u>
			<u>\$ 129,739,462</u>

**Sources:** Collier County Comprehensive Annual Financial Report Schedules

**Notes:** <sup>(a)</sup>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

<sup>(b)</sup>Collier County debt outstanding as of September 30, 2018 (2019 CAFR not available yet)



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

<b>Fiscal Year</b>	<b>Water Revenue Bonds</b>				
	<b>Utility Service Charges</b>	<b>Less Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service Requirement</b>	<b>Coverage</b>
2010	\$ 28,303,440	17,224,710	11,078,730	1,127,899	9.82
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

**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.

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

<b>Utility Tax Revenue Bonds</b>				<b>Tax Increment Revenue Bonds</b>			
<b>Utility Tax Collections</b>	<b>Debt Service</b>		<b>Coverage</b>	<b>Tax Increment Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>
	<b>Principal</b>	<b>Interest</b>			<b>Principal</b>	<b>Interest</b>	
3,716,989	510,000	390,860	4.13	2,863,692	632,000	425,286	2.71
(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**

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income</b> <i>(thousands of dollars)</i>	<b>Per Capita Income</b>	<b>Median Age</b>	<b>County School Enrollment</b>	<b>Unemployment Rate (June)</b>
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%

**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	2019			2010		
	Employees <sup>(1)</sup>	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Collier County School District	5,606	1	27.0%	5,393	1	34.3%
NCH Healthcare System	4,315	2	20.8%	3,725	2	23.7%
Arthrex, Inc.	2,500	3	12.1%			
Collier County Government	2,313	4	11.2%	1,727	3	11.0%
Collier County Sheriff	1,405	5	6.8%	1,387	4	8.8%
Publix Supermarkets	1,257	6	6.1%	-		
Ritz Carlton, Naples	1,100	7	5.3%	743	6	4.7%
JW Marriott - Marco Island	1,050	8	5.1%			
Naples Grande Beach Resort	700	9	3.4%	605	7	3.9%
City of Naples	493	10	2.4%	451	8	2.9%
Home Depot	-		-	1,012	5	6.4%
Naples Beach and Tennis	-		-	423	9	2.7%
Collier County Health Dept	-		-	235	10	1.5%
Estimated Total	<u>20,739</u>		<u>100.0%</u>	<u>15,701</u>		<u>100.0%</u>

**Sources:** Employer Historical Records  
Collier County Public Schools  
Collier County Clerk of Courts  
City of Naples Payroll Records

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

Function/Program	Fiscal Year				
	2010	2011	2012	2013	2014
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	6.7	8.9	8.9	5.9	5.9
Human Resources	5.0	4.0	4.0	4.0	4.0
Planning	5.0	4.0	3.5	3.5	3.5
Finance	19.8	19.8	18.8	17.8	13.8
Community Services	30.0	41.0	40.0	40.5	40.5
Police	104.4	98.4	98.4	98.4	98.4
Fire	61.0	63.0	63.0	63.0	63.0
Non-departmental	11.0	(a)	(a)	(a)	(a)
Water and Sewer Fund	98.0	97.0	98.0	99.0	103.0
Solid Waste Fund	24.0	25.5	25.5	25.5	25.5
Streets and Traffic Fund	7.5	7.5	7.5	6.1	5.5
Stormwater Fund	6.0	6.0	6.0	10.4	10.0
City Dock Fund	3.0	2.6	3.6	3.6	3.6
Tennis Fund	4.0	4.0	4.0	4.0	4.0
Beach Fund	12.8	13.0	12.0	12.0	13.0
Technology Services Fund	10.0	10.0	10.0	10.0	8.0
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	17.5	18.0	23.8	28.0
Community Redevelopment	8.3	8.3	6.3	6.3	6.3
<b>TOTAL EMPLOYEES</b>	<b>451.5</b>	<b>448.0</b>	<b>445.0</b>	<b>451.3</b>	<b>453.5</b>

**Source:** City of Naples Budget Document

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

<b>Fiscal Year</b>				
<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
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
5.9	4.9	8.9	9.9	9.9
4.0	4.0	4.0	4.0	4.0
3.5	3.5	5.0	6.0	6.0
13.8	13.8	10.8	10.5	10.5
40.5	40.5	42.5	45.5	47.5
98.4	98.4	98.4	99.4	98.4
63.0	63.0	65.0	66.0	66.0
(a)	(a)	(a)	(a)	(a)
103.0	104.0	104.0	104.0	104.0
25.5	26.0	26.0	26.0	26.0
5.5	5.5	5.5	5.5	5.5
11.0	11.0	11.0	11.0	11.0
3.6	3.6	3.6	3.6	4.1
4.0	4.0	4.0	4.0	4.0
13.2	13.2	13.2	15.4	15.4
7.0	7.0	6.0	6.0	5.0
8.5	8.5	8.5	8.5	8.5
1.0	1.0	1.0	1.0	1.0
30.0	36.5	34.0	33.5	32.5
6.3	6.3	6.3	6.3	6.3
<b>455.7</b>	<b>462.7</b>	<b>465.7</b>	<b>474.1</b>	<b>473.6</b>

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

Function/Program	Fiscal Year				
	2010	2011	2012	2013	2014
General government					
Commercial permits issued	237	182	285	225	144
Residential permits issued	828	961	1,267	1,229	1,133
Police					
Physical arrests	658	465	1,111	758	634
Parking violations	15,985	14,351	15,107	12,906	12,778
Traffic violations	7,601	5,641	8,168	6,767	5,489
Fire					
Emergency responses	4,423	4,812	4,839	4,901	5,217
Fires extinguished	61	97	96	69	98
Inspections	8,412	6,557	7,882	7,761	7,299
Refuse collection					
Refuse (tons per day)	101	103	153	131	119
Recyclables (tons per day)	10	12	17	19	21
Other public works					
Street resurfacing (miles)	9	9	5	5	4.25
Potholes repaired <sup>(a)</sup>	73	98	77	72	63
Parks and recreation					
Special events, participants <sup>(b)</sup>	980	3,501	3,550	3,640	3,812
Beach parking permits issued <sup>(c)</sup>	N/A	N/A	5,560	6,590	6,802
Camps, Classes, participants <sup>(d)</sup>	850	876	4,510	5,350	5,531
Water					
New connections	70	93	172	171	226
Water main breaks	16	12	16	21	14
Average daily consumption (millions of gallons)	14.7	15	14	13.5	14.3
Peak daily consumption (millions of gallons)	19.2	18	19	17.8	19
Wastewater					
Average daily sewage treatment (thousands of gallons)	6,330	5,852	5,688	5,680	5,225

**Sources:** Various City Departments

- Notes:**
- <sup>(a)</sup>This number represents the number of work orders given to patch hole contractor.
  - <sup>(b)</sup>Change in data collection in fiscal year 2011 for a more accurate count.
  - <sup>(c)</sup>The City did not issue permits in 2010 and 2011, and after 2011, stopped issuing free permits to non-city residents.
  - <sup>(d)</sup>The increase is due to Gulfshore Playhouse adding more performances throughout the year and a corresponding increase in attendance.

<b>Fiscal Year</b>				
<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
143	144	86	138	138
1,124	1,228	1,122	1,057	1,057
575	579	373	433	396
11,271	8,181	10,158	11,534	13,843
5,989	6,133	4,934	4,169	4,163
5,539	6,804	6,234	6,735	6,648
96	70	84	102	108
7,589	8,066	7,863	11,299	11,442
92	129	117	96	101
28	29	28	15	15
4.26	10	11	10	8
82	44	78	84	85
3,760	2,717	2,164	3,167	3,298
5,249	5,802	6,050	5,296	5,179
11,066	16,773	10,168	31,561	36,851
201	169	122	129	120
17	13	11	63	57
13.8	14.0	15.0	14.0	14.0
18	17	19	19	17
4,800	5,100	5,270	5,270	4,396



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

Function/Program	Fiscal Year				
	2010	2011	2012	2013	2014
Police					
Number of employees	104	98	104	103	103
Total Police Incidents Handled	48,192	57,602	66,622	68,988	65,968
Fire stations	3	3	3	3	3
Refuse collection trucks	25	25	25	25	25
Other public works					
Streets (miles)	108	108	110	112	112
Streetlights	2,390	2,390	3,006	3,006	3,006
Traffic signals	44	44	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	16,495	16,545	16,684	16,791	16,943
Plants	1	1	1	1	1
Capacity per day (millions of gallons)	30	30	30	30	30
Sewer					
Active accounts	8,814	9,253	8,951	8,895	8,812
Plants	1	1	1	1	1
Capacity per day (millions of gallons)	10	10	10	10	10

**Sources:** Various City departments

<b>Fiscal Year</b>				
<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
103	96	98	99	98
67,193	83,774	79,787	73,878	71,674
3	3	3	3	3
25	25	25	25	25
112	112	112	112	112
3,006	3,006	3,006	3,006	3,006
42	40	40	40	40
1	1	1	1	1
3	3	3	3	3
1	1	1	1	1
1	1	1	1	1
17,078	17,244	17,310	17,385	17,547
1	1	1	1	1
30	30	30	30	30
8,820	9,037	9,207	9,262	9,243
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***

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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, 2019, 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 19, 2020.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs (Findings 2019-001, 2019-002, and 2019-003) that we consider to be material weaknesses.

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**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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

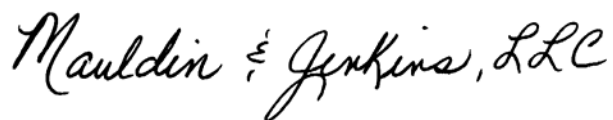
**City's Response to Findings**

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**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 19, 2020





**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR 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, 2019. 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, 2019.



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### **Report on Internal Control over Compliance**

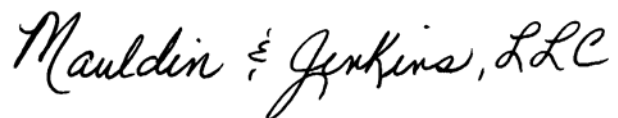
Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types 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 19, 2020



**CITY OF NAPLES, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR YEAR ENDED SEPTEMBER 30, 2019**

<u>Federal/State Agency, Pass-through Entity, Federal Program</u>	<u>CFDA</u>	<u>Grantors No.</u>	<u>Expenditures</u>
<b>Federal Awards:</b>			
United States Department of Commerce			
Direct			
National Oceanic and Atmospheric Administration			
Oyster Reef Grant	11.463	NA17NMF4630285	\$ 484,244
Total United States Department of Commerce			<u>484,244</u>
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	123,314
Total United States Department of Housing and Urban Development			<u>123,314</u>
United States Department of Transportation			
Passed through State of Florida Department of Transportation			
Highway Planning and Construction			
Traffic Signal Maintenance	20.205	G0V74	95,715
Total United States Department of Transportation			<u>95,715</u>
United States Department of Homeland Security			
Passed through Florida Department of Emergency Management			
FEMA Grants - Hurricane IRMA	97.036	Z0536	6,165,517
Total United States Department of Homeland Security			<u>6,165,517</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 6,868,790</u></b>

**THE CITY OF NAPLES, FLORIDA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**September 30, 2019**

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**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, 2019.

**NOTE 3 – NON-CASH AWARDS**

The City did not receive non-cash federal awards during the year ended September 30, 2019.

**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.



## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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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, 2019, and have issued our report thereon dated March 19, 2020.

### **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 19, 2020, 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.

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### **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 19, 2020



THE CITY OF NAPLES, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
September 30, 2019

SECTION I

SUMMARY OF AUDIT RESULTS

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:  
Material weaknesses identified?  yes  no

Significant deficiencies identified not considered  
to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**Federal Programs**

Internal Control over major federal programs:  
Material weaknesses identified?  yes  no

Significant deficiencies identified not considered  
to be material weaknesses?  yes  none reported

Type of auditor's report issued on compliance for  
major federal programs: Unmodified

Any audit findings disclosed that are required to  
be reported in accordance with the Uniform Guidance?  yes  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  no

THE CITY OF NAPLES, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

September 30, 2019

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SECTION II  
FINANCIAL STATEMENT FINDINGS AND RESPONSES

**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.

**Effect:** Material audit adjustments were required to be posted within the reporting units participating in the City's Pooled Investments to ensure the fair presentation of the financial statements.

**Recommendation:** We recommend the City's review process include a reconciliation of ending balances to the General Ledger subsequent to posting a journal entry to ensure that the accounting records were properly adjusted.

**Management's Response:** City's Pooled Investment reconciliation adjustment for mark to market was made however, the significant swing was captured incorrectly on the trial balance due to data entry error. This resulted in only a portion of the unrealized gain recognition on the trial delivered to the auditor. The City concurs with the finding and provided the modified mark to market adjustment that was made to the financial statement.

**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 & Sewer Fund.

**Context/Cause:** The City's new Sales Tax & Assessment Revenues were understated for the period.

**Effect:** Material audit adjustments in the amount of \$389,743 (Sales Tax Capital Projects), \$965,434 (Capital Projects) and \$3,810,943 (Water & Sewer) were required to ensure the fair presentation of the financial statements.

**Recommendation:** We recommend the City's finance department monitor new revenue streams to ensure that they recognize the related transactions properly within the financial records.

**THE CITY OF NAPLES, FLORIDA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**September 30, 2019**

---

**Management's Response:** The City reviewed the recommendation and had timing discussions related to these new revenue streams. A full mapping of new revenue streams regardless of origin will be delivered with the trials to the audit staff in future years.

**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.

**Context/Cause:** Finance Department oversight caused these accounts to be misstated.

**Effect:** A material audit adjustment was required to be posted within the Solid Waste Fund for the fair presentation of the financial statements.

**Recommendation:** We recommend the City evaluate its period closing process to ensure subsidiary ledger reconciliations are being performed timely, properly, and are being reviewed by management.

**Management's Response:** The City concurs regarding the audit adjustment to add the Solid Waste vehicle received in September 2019 identified in the finding. The City will continue to manage oversight levels to assure all assets are added and subsidiary ledgers are reconciled.

**SECTION III  
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported.



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## INDEPENDENT ACCOUNTANT'S REPORT

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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, 2019. Management 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 for the year ended September 30, 2019.

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 19, 2020

A handwritten signature in cursive script that reads "Mauldin &amp; Jenkins, LLC".

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