

**THE CITY OF NAPLES, FLORIDA**  
Annual Comprehensive Financial Report  
For the Year Ended September 30, 2022  
(With Independent Auditor's Report Thereon)

Prepared By:  
FINANCE DEPARTMENT

# City of Naples

September 30, 2022



## Principal Officers

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

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

City Manager  
City Clerk  
City Attorney

Jay Boodheshwar  
Patricia L. Rambosk  
Nancy Stuparich

## *Department Directors*

Deputy City Manager/CFO-Finance Director  
Deputy City Manager  
Building Director/Building Official  
Fire Chief (Interim)  
Human Resources Director  
Parks, Recreation, and Facilities Director  
Planning Director  
Police Chief  
Public Works Director  
Technology Services Director

Gary Young  
Mari Gallet  
Stephen Beckman  
Phillip Pennington  
Charlotte Loewel  
Chad Merritt  
Erica Martin  
Thomas Weschler  
Robert H. Middleton  
Andrew Hunter

**CITY OF NAPLES, FLORIDA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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## *City of Naples*

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March 28, 2023

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

The Annual Comprehensive Financial Report of the City of Naples, Florida (the “City”), for the fiscal year ended September 30, 2022 is hereby submitted. This Annual Report was prepared by the Finance Department, and is in compliance with Florida Statutes Chapter 218.39, Chapter 10.550 of the Rules of the Auditor General of the State of Florida, and Section 2-601 of the City Code of Ordinances.

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

The City’s basic financial statements have been audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2022, 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, 2022, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor’s report is presented as the first component of the financial section of this report.

The Governmental Accounting Standards Board (GASB) and GAAP require that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of “Management’s Discussion and Analysis” (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found just preceding the basic financial statements in the annual report’s financial section.

### **City Profile**

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

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

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

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

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

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

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

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

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

The City Council appoints the City Manager, who is the chief administrative officer of the City. The City Manager hires all other City employees, except the City Attorney, the City Clerk, and the Deputy City Clerk, who are appointed by the City Council. City Manager Jay Boodheshwar was appointed City Manager effective May 1, 2022.



## **The Reporting Entity and Services Provided**

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

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

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

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

## ***Accounting System and Budgetary Control***

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

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

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

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

The adopted budget may be amended in two ways:

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

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

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

## **Factors Affecting Financial Condition**

### ***Local Economy***

Fiscal year 2021-2022 represented the eighth consecutive year of taxable value growth in the City. The taxable values increased by 5.74% for fiscal year 2021-2022, following a 5.34% growth in fiscal year 2020-2021. The subsequent growth for fiscal year 2022-2023 (September 2022) of 16.50% 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 slowed following the COVID-19 pandemic, many facets of the Naples real estate market remained very strong resulting in steady growth. The City's growth rate exploded 16.50% exceeding all national and regional rates for 2022. The only year on record exceed this rate of growth was 2006 where the City experience 20.27% growth just prior to the economic downturn of 2008. The City expects "minimal" or "no" growth in the next fiscal year resulting from slower taxable value growth of existing homes and the unfortunate effect of lost homes from Hurricane Ian.

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

The City is limited by the Constitution of the State of Florida to an ad valorem tax levy of ten mills on each dollar of assessed valuation for operating expenditures. At 1.15 mills in 2022, Naples' ad valorem tax remains significantly below the maximum allowed. Further evidence of this strength is evident by the City's ability to reduce the 1.18 mills to 1.15 for fiscal year 2020-2021 and continuing to maintain the 1.15 for through fiscal year 2022-2023.

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 2021-2022, the City continued its journey to enhance the quality of life for its residents while providing the best essential services possible. Some of the events and projects include:

- Stormwater infrastructure, equipment, and facilities improvements had \$1.1 million in added assets and an additional \$1.2 million in construction in progress in 2022. Stormwater master plan completion and design of phase I water outfall, water quality and beach restoration project. The design is expected to be completed in fiscal year 2021-2022 and partial construction (underground boring) is already under contract. The City spent \$4.6 million budgeted for citywide lake maintenance and improvement during the year. The fiscal year 2022-2023 budget includes: \$26.5 million appropriated for the construction of the phase I and II water outfall project, \$3.5 million for City-wide lake management and restoration improvements; \$1.8 million in basin drainage improvement and assessments; \$1.0 million in city-wide stormwater improvement; and \$275 thousand for oyster reef restoration.
- Water and Sewer infrastructure, equipment, and facilities improvements had \$11.1 million in added assets and an additional \$5.4 million in construction in progress in 2022. These asset additions and construction in progress included: reclaimed water construction and expansion; utilities wide pump station improvements; increased generator capacity, water main improvements, sewer main replacement, and continued emphasis on equipment and motor vehicle replacement programs. The fiscal year 2022-2023 budget includes: \$12.2 million in wastewater collections improvements; \$5.9 million in water production improvements; \$8.6 million in water distribution improvements; \$1.4 million in utilities maintenance improvements; and \$2.9 million wastewater treatment improvements.

The trends in the Southwest Florida economy continued to experience steady growth through early 2019-2020. All of that drastically changed in March 2020 with the onset of the COVID-19 pandemic. Despite the obvious ramifications of shutting down such a large economy for any period-of-time, the Florida and in particular the Southwest Florida economy has proved reasonably resilient during the pandemic. Subsequent to the pandemic shutdowns, the Southwest Florida economy has experienced significant growth in all facets of the economic spectrum. These robust economic numbers continued throughout fiscal year 2021-2022 and continue to increase in early fiscal year 2022-2023. As a result, the Southwest Florida economy should be viewed with both optimism and concern. Optimism with the performance for calendar year 2022 and concern the potential for long-term inflationary pressure and the short-term costs and effects from Hurricane Ian.

The January 2023 report by the Florida Gulf Coast University in its year over year economic indicator comparisons, taxable sales for Collier County were up 16% in October 2022 compared to the same period in 2021 and tourist tax revenues in Collier County were down 10% in September 2022 compared to November 2022. In part from the lead up and immediate aftermath of Hurricane Ian. The three major Southwest Florida airports decreased 11% in November 2022 compared to November 2021 and yet a 54% increase above the prior month (October 2022). Undoubtedly this is due in part from the continued effects of Hurricane Ian. Southwest Florida International (RSW) the City's closest commercial airport decreased 18% in November 2022 compared to November 2021. The unemployment rate for Collier County was 3.1% in November 2022 down 0.3% compared to November of 2022. This compares favorably with the State of Florida's 2.6% and the United States unemployment rate of 3.7%. In addition, Collier County recorded 212 single family building permits in November 2022, down 26% from November 2021. The greatest strength of the resiliency lies in property values. Collier County single family homes sales was 301 units in November of 2022 compared to 503 units or 40% lower than November 2021. More importantly the median home price increased substantially by \$191,000 to \$850,000 in November 2021 following the \$147,000 increase to \$730,000 in December 2021 from \$583,000 in December 2020.

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

### ***Long-Term Financial Planning***

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

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

### **Relevant Financial Policies**

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

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

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

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

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

### ***Major Initiatives***

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

### **Vision Goal: Preserve the Small Town Character and Culture**

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

The Naples Pier, originally built in 1888, is one of the most visited attractions in southwest Florida drawing over 1.4 million visitors annually. The last major renovation was completed in November of 2015. The \$2.7 million project included the replacement of deck boards and railings with IPE wood, a Brazilian hardwood with a life expectancy exceeding 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 percent accessible and prohibiting fishing from the accessible areas. The Pier repairs of \$244,000 (including engineering and project oversight) were completed and the Pier reopened in its entirety on August 1, 2018.

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

Residents and visitors alike recognize the ambiance created by the tree-lined streets of Naples. For the 26<sup>th</sup> consecutive year, the City of Naples received the Tree City U.S.A. designation, and for the 15<sup>th</sup> consecutive year, the City received a Tree City U.S.A. Growth Award. The City has also received the designation of Tree Cities of the World for the past four years. The City of Naples urban forest consists of 20,773 managed hardwood trees and palms on streets, rights-of-way, parks and other public property within the City. Staff continued the annual Tree Fill-In Program by continuing to plant the 1,374 vacant sites, some lost in Hurricane IRMA or before. The Trees Fill-In Program continues to: (1) Protect and enrich the environment; (2) Maintain and improve neighborhood character; (3) Enhance the appearance of streets within the City; (4) Improve the appearance and urban design of commercial corridors while protecting the residential character and charm of the City. The City's 2021-2022 budget includes \$300,000 for replacing trees.

#### **Vision Goal: Environmental Sensitivity**

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

#### **Vision Goal: Maintain an Extraordinary Quality of Life for Residents.**

The Parks, Recreation, and Facilities Department - Recreation Division during the fiscal year 2021-2022 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.

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

For fiscal year 2021-2022, the tennis center offered 13 USTA sanctioned and non-sanctioned tournaments that drew 1,375 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 past year's 52<sup>nd</sup> Annual "Clay in May" Tennis Championship hosted 425 players playing in a total of 575 events. There were 48 separate adult and junior clinics and round robins offered for members and guests to participate targeted for all skill levels. These programs serve to develop new memberships for the center and provide opportunities for members and guests to meet and play with one another. Membership numbers increased up to 826 in January of 2022 individuals, up at total of 92 from fiscal year 2020-2021. Also, for fiscal year 2021-2022, tennis racquet restringing remained steady with a total of 641 racquets strung for the year. Lastly, the ball machine rental remained strong with rentals at \$10,185 for the fiscal year.

***Fleischmann Park***

Fleischmann Park provides multiple recreational opportunities and supports several athletic leagues for City and County residents. The athletic areas of Fleischmann Park are filled with activities every evening with programs changing seasonally. Youth activities and leagues include the Naples Gators football (2 seasons), Greater Naples Little League (2 seasons) and boys lacrosse. Fleischmann Park is also the current home facility for Mason Classical Academy’s baseball team. Adult sports include co-ed softball and pickleball. The Edge Johnny Nocera Skate Park is also located at Fleischmann Park. The skate park is very popular with both skateboarding and BMX enthusiasts with an estimated 7,000 visitors annually. Fleischmann Park is the headquarters for summer specialty camps with over 1,000 registered campers. Fleischmann Park itself hosts adventure, soccer, art and skate/BMX camps.

	<b>Fiscal Year 2019-2020</b>	<b>Fiscal Year 2020-2021</b>	<b>Fiscal Year 2021-2022</b>
Classes	14-classes per monthly	12-classes/month for 5 months	7 classes per month
Athletics Programs	2 programs	4 for the year	9 for the year
Summer Camps	24 camps offered	45 camps offered	55 camps offered
Special Events	1	1	5

***Norris Center/Cambier Park***

The 2021-2022 season in Norris Center had over 16,500 patrons attend shows in our theater space by contracted groups including Gulfshore Playhouse. Our 200-seat theater has performances almost every day, often twice a day with matinees, from October through May. The space is also rented by groups for movie nights and civic presentations. The outdoor space of Cambier Park is very popular for events and our nautical themed playground. The 2021-2022 season had over 70,000 patrons attend the park grounds for events including over 30 FREE outdoor concerts.

	<b>Fiscal Year 2019-2020</b>	<b>Fiscal Year 2020-2021</b>	<b>Fiscal Year 2021-2022</b>
Cambier Park Events	45	103	111
Norris Performances	0	130	157
Norris Center Meetings	0	12	125
Norris Summer Camps	1	24	15
Norris Center Rentals	55	90	125

***River Park Community Center***

The River Park Community Center is an active facility with a computer lab, fitness center, full kitchen, classroom/meeting rooms and a covered outdoor basketball court. The playground is located across the street from the community center. The River Park staff, and contracted instructors successfully offered multiple programs and specialty camps, which included, Yoga classes, camps - Winter/Spring Break and school day out. A “Back to School” program was offered on Saturday, July 30<sup>th</sup>, 2022, staff served 335 children going into K through 12<sup>th</sup> grade with needed school supplies. On Friday, December 2<sup>nd</sup>, 2022, Santa’s Coming to Town was offered; Santa and his helpers drove to Jasmine Apartment, George Washington Apartment, thru the River Park East/Anthony Park neighborhood and Still Water Cove, ending at Anthony Park a total 335 gifts were provided. Facility improvements for River Park Community Center this year include, a Commercial Refrigerator, Electrical Range with six French Hotplates with Griddle and Oven. Retractable Awing for Room B and replaced interior cabinets in Room A, Room B and Computer Room.

	<b>Fiscal Year 2019-2020</b>	<b>Fiscal Year 2020-2021</b>	<b>Fiscal Year 2021-2022</b>
Summer Camp	0	53	65
Culinary Camps	0	0	0
Rec. Sampler	18 (Enrolled August 2020 - September 2020)	17	16
Yoga	98 (Enrolled October 2019 – February 2020)	91	142
Back to School	199	313	335
Santa’s Coming to Town	155	151	215

***River Park Aquatic Center***

The River Park Aquatic Center offered multiple classes, programs and camps. Included were Lifeguard Training, Red Cross Learn to Swim classes, private lessons and Recreational (Rosters) Swim Team program. The aquatic center continues to serve as an important community asset and is the home pool for Naples High School. The aquatic center also provides The Village School space to have their swim practices. River Park Aquatic Center continued its close collaboration with Safe and Healthy Children’s Coalition with active participation in the coalition’s swim central program providing preschool and special needs children with five important water safety skills to decrease the likelihood of the children drowning. Facility improvements for the aquatic center include, adding durock to bathroom walls, painted bathrooms, replaced existing bathroom counter tops and added Dry Deck flooring in bathrooms/showers.

	<b>Fiscal Year 2019-2020</b>	<b>Fiscal Year 2020-2021</b>	<b>Fiscal Year 2021-2022</b>
Learn to Swim/Private Lessons	41 (October 2019 – March 2020)	181	248
Racing Roosters	0	37	17
Swim Central (Swim Instruction)	0	5	2

***Charlie C. Anthony Park***

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

	<b>Fiscal Year 2019-2020</b>	<b>Fiscal Year 2020-2021</b>	<b>Fiscal Year 2021-2022</b>
Fishing/Archery	0	44	42
Rec. Sampler	5 (Enrolled August 2020 - September 2020)	5	3

The City continues to make significant commits to items identified in the City’s Parks Master Plan. City Council identified those priorities in the fiscal year 2021-2022 five-year capital improvement plan; \$4.5 million-Fleischmann Park, \$2.1 million-Anthony Park, \$1.4 million-Cambier Park, \$550 thousand-River Park Community Center and Park, and \$675 thousand-Seagate Master Plan Development. The Parks, Recreation, and Facilities Department continues with design and construction on these projects consistent with the funding provided in each year of the five-year capital improvement plan.

## Financial Reporting and Measurements

### *Independent Audit*

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

### *Distinguished Budget*

The City's budget for fiscal year 2021-2022 received the GFOA's Distinguished Budget Presentation Award. The City has achieved this award for 17 years. In order to qualify for the Distinguished Budget Presentation Award, the budget had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

### *Certificate of Achievement*

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Naples, Florida, for the Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to industry standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we will submit it to the GFOA to determine its eligibility for another certificate.

### *Acknowledgements*

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

Respectfully submitted,



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Jay Boodheshwar  
City Manager



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Gary L. Young  
Deputy City Manager/CFO-Finance Director





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

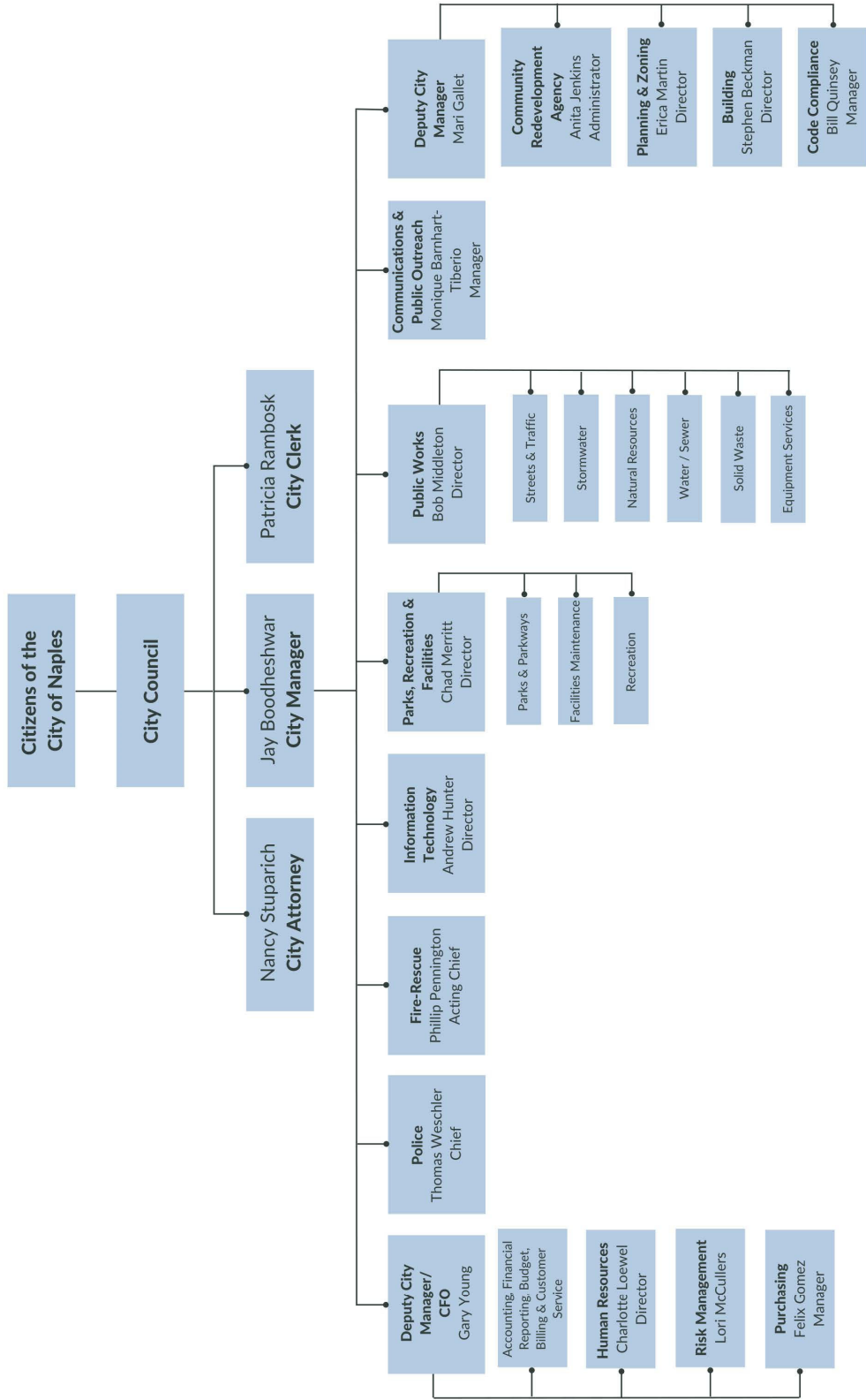
**City of Naples  
Florida**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2021

*Christopher P. Morill*

Executive Director/CEO





## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, 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.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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 through 15 and 97 through 110, respectively be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

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***Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedules and schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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. The 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 nonmajor fund financial 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.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2023, 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 City's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
March 28, 2023

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**The City of Naples, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2022**  
**(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, 2022.

**Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities at September 30, 2022, by \$362.9 million (net position). Of this amount, \$86.5 million of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$25.3 million due in part to: additional revenue recognition related FEMA and Mitigation reimbursements; continued influx of the Collier County Capital Improvement One Cent Sales Tax revenue; increased property tax collections; increased revenue for charges for service in both governmental and business-type activities, and expenditures coming in significantly lower than authorized budgets in 2022.
- As of September 30, 2022, the City's governmental activities reported a combined ending net position of \$158 million. This is an increase of \$18.4 million from the prior year. The City's governmental activities unrestricted net position is \$21.5 million compared to \$16.6 million as of September 30, 2021.
- The City's total debt decreased \$1.9 million during the current fiscal year due to scheduled debt service payments in 2022. The City's Governmental Activities Debt decreased by \$766 thousand from scheduled debt service payments. The City's Business-Type Activities Debt decreased by \$1.2 million in scheduled debt service payments in 2022. In addition, the City Dock made the equivalent of two principal payment of \$305 thousand in FY2022 thus reducing the outstanding interfund loan by \$610 thousand in 2022 leaving a balance of \$3.7 million outstanding from the \$6.5 loan received in 2017.

**Overview of the Financial Statements**

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

***Major Fund Presentation***

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

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

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

The statement also allows management the flexibility to report funds that do not meet the above criteria but believe the funds have a significant impact on the City. Management determined that four additional funds, the Debt Service Fund, 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 18)** 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 19)** 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 21.

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 24 and 28 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 29 through 36.

## 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 40.

### 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, 2022, was \$362.9 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 107,340	\$ 86,121	\$ 73,636	\$ 74,281	\$ 180,976	\$ 160,402
Capital assets	94,195	97,721	147,470	143,377	241,665	241,098
Total assets	201,535	183,842	221,106	217,658	422,641	401,500
Total deferred outflow of resources	13,817	19,384	1,379	2,102	15,196	21,486
Longterm liabilities outstanding	30,633	56,710	11,396	15,411	42,029	72,121
Other liabilities	9,274	4,648	4,672	6,600	13,946	11,248
Total liabilities	39,907	61,358	16,068	22,011	55,975	83,369
Total deferred inflow of resources	17,026	1,888	1,955	534	18,981	2,422
<b>Net position</b>						
Net investment in capital assets	92,079	94,851	139,477	134,622	231,556	229,473
Restricted	44,802	28,358	-	-	44,802	28,358
Unrestricted	21,538	16,775	64,985	62,993	86,523	79,768
Total net position	<u>\$ 158,419</u>	<u>\$ 139,984</u>	<u>\$ 204,462</u>	<u>\$ 197,615</u>	<u>\$ 362,881</u>	<u>\$ 337,599</u>

The largest portion of the City's net position is \$231.6 million or 63.8% of total net position, reflects its investment in capital assets (land, buildings, plants, and equipment) less outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. It is also important to recognize that other resources will be required to repay the outstanding debt on capital assets. Restricted net position representing 12.3% of the total net position) is subject to external restrictions on how it may be used. The remaining 23.8% of unrestricted net position, \$86.5 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 \$137.8 million. Total expenses, City-wide were \$112.4 million. For the total primary government, including both governmental and business-type activities, net position increased \$25.3 million. Net position for Governmental activities increased by \$18.4 million and net position for Business-type activities increased by \$6.8 million in 2022.

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	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 15,079	\$ 14,393	\$ 58,175	\$ 54,408	\$ 73,254	\$ 68,801
Operating grants and contributions	8,359	7,223	1,204	1,323	9,563	8,546
Capital grants and contributions	7,848	7,623	3,346	1,496	11,194	9,119
General revenues						
Property taxes	30,189	28,551	-	-	30,189	28,551
Other taxes	10,054	9,542	-	-	10,054	9,542
Franchise fees	4,241	3,639	-	-	4,241	3,639
Intergovernmental revenues	4,914	4,217	-	-	4,914	4,217
Unrestricted investment earnings	(3,309)	148	(2,529)	(114)	(5,838)	34
Other	89	-	100	156	189	156
Total revenues	<u>77,464</u>	<u>75,336</u>	<u>60,296</u>	<u>57,269</u>	<u>137,760</u>	<u>132,605</u>
<b>Expenses</b>						
General government	10,314	10,536	-	-	10,314	10,536
Public safety	32,077	32,891	-	-	32,077	32,891
Physical and economic environment	5,106	3,066	-	-	5,106	3,066
Transportation	3,548	3,482	-	-	3,548	3,482
Cultural and recreation	9,878	8,767	-	-	9,878	8,767
Interest and fiscal charges	126	145	-	-	126	145
Water and sewer	-	-	33,130	30,691	33,130	30,691
Solid waste	-	-	7,273	7,431	7,273	7,431
Stormwater	-	-	4,986	4,322	4,986	4,322
Dock	-	-	2,623	2,186	2,623	2,186
Other	-	-	3,418	3,159	3,418	3,159
Total expenses	<u>61,049</u>	<u>58,887</u>	<u>51,430</u>	<u>47,789</u>	<u>112,479</u>	<u>106,676</u>
Increase (decrease) in net position						
before transfers	16,415	16,449	8,866	9,480	25,281	25,929
Transfers	2,020	2,020	(2,020)	(2,020)	-	-
Change in net position	<u>18,435</u>	<u>18,469</u>	<u>6,846</u>	<u>7,460</u>	<u>25,281</u>	<u>25,929</u>
Net position, beginning	<u>139,984</u>	<u>121,515</u>	<u>197,616</u>	<u>190,156</u>	<u>337,600</u>	<u>311,671</u>
Net position, ending	<u>\$ 158,419</u>	<u>\$ 139,984</u>	<u>\$ 204,462</u>	<u>\$ 197,616</u>	<u>\$ 362,881</u>	<u>\$ 337,600</u>

The total primary government revenues reported a \$5.2 million or 3.9% decrease over last year's total revenues. The total business-type activities' revenue increased \$3.0 million including increased revenue from operating grants, FEMA mitigation grants, and capital grants offset slightly by declines in interest revenue. Revenue from governmental activities show a \$2.1 million increase. The primary reasons for the decrease in governmental activity revenue are as follows:

- An increase in charges for service of \$686 thousand primarily related to sustaining regrowth that occurred in 2021 in virtually all areas and service programs returning to near pre pandemic levels.
- An increase in capital grants and contributions of \$1.1 million including \$1.0 million increase from Collier County's Once Cent Sales Tax which was \$6.7 million in fiscal year 2022.
- An increase in property tax revenue of \$1.6 million due to taxable value growth.

Business-type activities showed an increase in revenues in the amount of \$3.0 million or 5.3% from 2021. The charges for services increased by \$3.8 million, operating grants decreased by \$119 thousand, and capital grants and contributions increased by \$1.9 million.

The total primary government’s expenses increased \$5.8 million or just over 5.4%. Governmental activities reported a 3.7% increase in expenses, with business-type activities reporting a 7.6% 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 \$61 million. As shown in the statement of activities on page 21, the net cost that was ultimately paid through taxes was \$29.8 million. The \$31.3 million of costs for governmental activities not covered by general revenues was provided by:

- \$15.1 million in charges for services, made of \$6.2 million in building/permit fees, \$1.3 million in police and fire services, \$1.2 million for recreation fees, and the balance from various fees related to transportation, economic environment and general government services.
- \$8.4 million in operating grants and contributions including \$4.7 million from Collier County’s share of the Community Redevelopment tax increment financing.
- \$7.8 million in capital grants and contributions including \$6.7 million from Collier County’s One Cent Sales Tax.

The total cost of all governmental activities increased by 3.7% in fiscal year 2022, representing increases in all categories of governmental activities as identified in Table 3 below:

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

	Total Cost of Service		Net Cost of Service	
	2022	2021	2022	2021
Public safety	\$ 32,077	32,891	23,822	22,889
Physical and economic environment	5,106	3,066	(3,560)	(3,712)
Transportation	3,548	3,482	3,080	3,007
Cultural and recreation	9,878	8,767	8,377	7,306
All others	10,440	10,681	(1,956)	159
	<u>\$ 61,049</u>	<u>58,887</u>	<u>29,763</u>	<u>29,649</u>

**Business-Type Activities**

Revenues of the City’s business-type activities (see Table 2) totaled \$60.3 million. The Water and Sewer Fund represents 61.6% of the business-type activities’ expenses. Total water and sewer operating revenues were \$1.5 million higher than last year, while corresponding operating expenses were \$2.4 million higher. City Code allows for Water Sewer Fees, Stormwater Fees, and Solid Waste Fees to be adjusted automatically, based on the Consumers Price Index, respectively. The Water and Sewer fees were increased 4.1% in 2022 across all components of the rate structure. The water/sewer charges are tiered for higher rate with higher usage making a year over year comparison difficult in large part. In fiscal year 2021 and throughout fiscal year 2022 , usage was back up tourism appeared to

be greater than pre pandemic levels. The Solid Waste fees increased an average additional 9-11% 2022 for the second consecutive year resulting from a rate study recommending changes in a variety of specific rates within the overall solid waste rate structure

## **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 21. 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, 2022, the City's governmental funds reported combined ending fund balances of \$83.5 million, an increase of \$14.7 million in comparison with the prior year. This increase resulted from increased tax property tax revenue, increased operational and program revenue, and increased revenue from Collier County's sales tax obligated to capital projects underway. In 2022, approximately 22.9% of this total (or \$19.1 million) constitutes unassigned fund balance, which is available for spending at the City's discretion. This is down \$1.0 million from 2021. 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 (\$25.2 million); (2) restricted for building and zoning (\$6.0 million); (3) restricted for transportation (\$4.3 million); (4) restricted for economic development (\$10.3 million); (5) committed for City-wide emergencies (\$4.3 million); (6) assigned to meet debt service requirements (\$2.1 million); and (7) restricted for Baker Park capital construction project (\$1.8 million); (8) for a variety of other restricted (\$8.1 million).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$19.1 million, while the total fund balance was \$27.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 39.4% of the total fiscal year 2022 General Fund expenditures, while total fund balance represents 56.9% of that same amount.

General Fund expenditures were \$4.3 million under the amended budget. Most variances in general government areas were due to periods of vacancies or minor cost under-runs in operating expenses, and unused contingencies. The general government divisions came in \$620 thousand less than budget, public safety divisions came in \$517 thousand less than budget, and community services was \$860 thousand less than budget. Employee vacancies in these division were the largest contributor to less expenditures.

The fund balance in the General Fund increased by \$1.2 million during the fiscal year. This increase resulted from higher property tax collections, charges for service, and intergovernmental revenue. The total revenue received exceeded the original estimated revenue in the budget by \$2.2 million and the final estimated revenue by \$382 thousand. This increased revenue coupled with less expenditures as outlined above explain the increase in fund balance.

The Debt Service Fund reports a total fund balance of \$2.1 million which is totally assigned for the payment of debt service. The slight increase in fund balance during the current year in the Debt Service Fund was the direct result of decreased interest revenue of \$80 thousand and offset by decrease in debt service despite the increase of \$700 thousand in transfers to fund capital projects. Taxes received in this fund first pay for the general government debt, and the balance may be used to provide funds for general government capital projects. This year the amount transferred to fund capital projects was \$4.1 million.

The Capital Projects Fund reports a total fund balance of \$7.2 million, \$5.3 million is assigned for future capital projects, and \$1.1 million is committed to existing project contractual commitments. Fund balance increased by \$1.7 million.

The fund balance in the Community Redevelopment Fund increased \$3.5 million in 2022 with an ending fund balance of \$10.3 million. As a fund with major capital goals, the fund balance will be directed toward future capital projects identified in the Redevelopment Plan including a planned parking garage, neighborhood improvements, design district, and \$3.0 million budgeted for affordable housing in fiscal year 2023.

The fund balance in the Baker Park Fund reports a total fund balance of \$1.8 million. This is an increase of \$1.0 million resulting from capital grant reimbursements from original construction and additional unspent park development funds.

The fund balance in the Streets and Traffic Fund increased \$303 thousand in 2022 with an ending fund balance of \$3.7 million.

The combined fund balances for all governmental (major and non-major) funds increased by \$14.7 million for fiscal year 2022 or 21.4%.

### **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 29.

Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to \$46.4 million in the Water and Sewer Fund, \$4.3 million in the Solid Waste Fund, \$8.5 million in the Stormwater Fund, (\$2.9) million in the City Dock Fund, \$6.9 million in the Naples Beach Fund, and \$831 thousand in the Tennis Fund.

### **General Fund Budgetary Highlights**

The original adopted budget for fiscal year 2021-2022 was \$47.6 million in expenditures and other financing uses and \$47.4 million in revenues and other financing sources, with the difference of \$200 thousand being a planned decrease in fund balance. The amended budget for fiscal year 2021-2022 is \$52.7 million in expenditures and other financing uses, and \$49.3 million in revenues and other financing sources. The actual fiscal year 2021-2022 is \$48.5 million in expenditures and other financing uses and \$49.7 million in revenues and other financing sources, with the combined net difference of \$1.2 million resulting in an increase in the fund balance.

The increase between the General Fund's original budgeted expenditures and the amended budgeted expenditures is \$1.9 million related to the seawall improvement project resulting from a legal settlement for specific seawall reconstruction project from damage caused by Hurricane Irma.

The General Fund contingency was budgeted at \$100,000. The City did not use any portion of the budgeted contingency.

## Capital Assets and Debt Administration

### Capital Assets

The City as of year-end had \$241.7 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 \$167 thousand or 0.07% over last year:

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

	Governmental Activities		Business Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Land	16,418	16,418	3,142	3,142	19,560	19,560
Buildings	52,243	52,121	63,940	63,936	116,183	116,057
Improvements other than buildings	50,886	50,387	82,814	80,877	133,700	131,264
Infrastructure	57,029	56,508	149,951	137,656	206,980	194,164
Machinery and equipment	35,960	35,472	54,322	51,039	90,282	86,511
Construction in progress	3,617	1,791	13,865	12,362	17,482	14,153
Less accumulated depreciation	(121,958)	(114,976)	(220,564)	(205,235)	(342,522)	(320,211)
Total	94,195	97,721	147,470	143,777	241,665	241,498

This year's major additions include:

- Stormwater Improvements and Lake Restoration \$5.2 million.
- Water and Sewer Fund building and infrastructure improvement \$12.9 million.
- Once Cent Sales Tax – Phase I outfall \$1.3 million.

Note: Land and construction in progress in the Table 4 (above) equate to the capital assets not being depreciated on the statement of net position on page 18. Additional information regarding the City's capital assets is included in the Note 3 (D) to the financial statements.

### Debt Outstanding

As of September 30, 2022, the City had \$10.2 million in debt (bonds, notes, etc.) outstanding compared to \$12.1 million in 2021, a \$1.9 million decrease. This decrease is the result of regular amortization in accordance with the payment schedules.

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

	2022	2021
Governmental		
Capital improvement revenue note	\$ 2,116,685	2,437,166
Capital improvement refunding revenue note	-	446,000
Subtotal	2,116,685	2,883,166
Business-type		
Public Utilities refunding revenue bonds	8,034,621	9,203,093
Subtotal	8,034,621	9,203,093
Total	\$ 10,151,306	12,086,259

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

## **Economic Factors and Next Year Budget and Rates**

In September 2022, the City Council approved a \$215.9 million budget for fiscal year 2022-2023, approximately \$39.1 million more than the fiscal year 2021-2022 budget. The budget includes \$130.1 million for operations and transfers, \$2.4 million for debt service, and \$83.4 million for capital improvements.

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

The budget for fiscal year 2022-2023 was developed with an emphasis on:

- The City's ten-year vision plan.
- Reasonable revenue projections.
- Maintenance of levels of service desired by the community.
- Maintenance of fiscally responsible reserves while utilizing excess reserves to provide capital investment into quality-of-life improvement initiatives and essential service infrastructure.
- This budget contains significant investment both capital and operational to water quality and water quality improvements. Among these are Stormwater infrastructure, equipment, and facilities improvements including: \$26.6 million appropriated for the construction of the phase I & II water outfall project (including reappropriated funds from fiscal year 2021-2022), \$3.5 million for City-wide lake management and restoration improvements; \$1.8 million in basin drainage improvements; and \$1.0 million in City-wide stormwater improvement. Water and Sewer infrastructure, equipment, and facilities improvements budgeted include: \$12.2 million in wastewater collections improvements; \$5.9 million in water production improvements; \$8.6 million in water distribution improvements; \$1.4 million in utilities maintenance improvements; and \$2.9 million wastewater treatment improvements.

The City's 2022-2023 General Fund budget was balanced using a millage rate of 1.1500 remaining unchanged from 2021-2022. 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 1.1666 is greater than the aggregate roll back rate of 1.0176 mills.

The following economic and operating factors were considered in developing the budget for fiscal year 2022-2023:

- The City showed the twelfth consecutive year of increase in taxable value as values increased 16.5% over fiscal year 2021-2022 to \$31.3 billion.
- The City expects minimal fluctuations for most other revenue sources, including an incremental increase in investment earnings.
- The City has five union contracts for its employees. All union contracts included negotiated increases ranging from 5% to 7% effective October 1, 2022. Specifically, the Fraternal Order of Police (Sergeants) and International Association of Fire Fighters will receive 7% while the OPEIU, AFSCME, and Fraternal Order of Police (Officers) will receive 5% October 1, 2023. This same 5% was awarded to non-union employees as well.
- Health insurance benefits remained unchanged from fiscal year 2021-2022. The City increased health insurance rates by 5% in fiscal year 2021-2022. The City increased both the employer and employee premium contributions to maintain the current 85% employer and 15% employee cost sharing of healthcare premiums and comply with the labor contracts.
- The budget has a net increase of three positions over fiscal year 2021-2022.



- There are two potential debt issuance opportunities included in the original budget for fiscal year 2022-2023. One debt issuance of \$9.0 million related to the CRA Garage Parking Partnership. The garage is not expected to be under construction until fiscal year 2022-2023. The second debt issuance of \$5.5 million is a small portion of the estimated \$32.2 million Phase I and Phase II Stormwater Outfall and Beach Restoration projects. The City continues to seek grant opportunities to close this gap and avoid any need for financing. Both projects estimated debt is contingent upon engineers estimates at the time the budget was adopted.
- In addition to City Council's continued emphasis on water and water quality initiatives is reflected above the budget includes \$2.8 million in street and traffic improvements, \$547 thousand to police facility operations and equipment, \$806 thousand to fire facility operations and equipment, \$300 thousand to tree fill-in and landscape median restoration, \$300 thousand to Anthony Park improvement, \$190 thousand to River Park improvements, \$25 thousand to Norris Center improvements, \$350 thousand to Cambier Park Plan Development, and \$2.1 million to Fleischmann Park improvement.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Naples finances to all users (citizens, taxpayers, customers, investors and creditors). If you have questions regarding this report or need additional financial information, contact the Finance Director at City Hall, 735 8th Street South, Naples, Florida 34102, or at (239) 213-1820, or by email at [finance@naplesgov.com](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, 2022

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 9,079,063	4,696,105	13,775,168
Investments	96,148,694	51,712,433	147,861,127
Restricted cash	-	215,478	215,478
Receivables (net, where applicable, of allowance for uncollectible)	2,026,767	13,398,434	15,425,201
Accrued interest	330,123	195,129	525,252
Internal balances	(1,978,099)	1,978,099	-
Due from other governments	1,542,212	345,879	1,888,091
Inventories	124,818	1,053,754	1,178,572
Prepaid items	66,124	39,990	106,114
Capital assets not being depreciated	20,034,853	17,007,074	37,041,927
Capital assets, net of accumulated depreciation	74,160,553	130,463,332	204,623,885
Net capital assets	94,195,406	147,470,406	241,665,812
Total assets	201,535,108	221,105,707	422,640,815
<b>Deferred Outflows of Resources</b>			
Deferred outflows - pensions	13,192,812	1,057,550	14,250,362
Deferred outflows - OPEB	624,362	280,509	904,871
Deferred charge on refunding	-	40,923	40,923
Total deferred outflows of resources	13,817,174	1,378,982	15,196,156
<b>Liabilities</b>			
Accounts payable and other current liabilities	5,231,211	2,994,579	8,225,790
Due to other governments	18,174	1,530,045	1,548,219
Unearned revenue	3,180,494	19,897	3,200,391
Accrued interest payable	14,552	30,584	45,136
Customer deposits	830,320	97,233	927,553
Noncurrent liabilities			
Due within one year	2,716,513	1,475,009	4,191,522
Due in more than one year	27,916,079	9,920,992	37,837,071
Total liabilities	39,907,343	16,068,339	55,975,682
<b>Deferred Inflows of Resources</b>			
Deferred inflows - pensions	16,201,302	1,583,895	17,785,197
Deferred inflows - OPEB	824,897	370,606	1,195,503
Total deferred inflows of resources	17,026,199	1,954,501	18,980,700
<b>Net Position</b>			
Net investment in capital assets	92,078,721	139,476,708	231,555,429
Restricted for			
Building and zoning	6,032,394	-	6,032,394
Capital projects	22,737,096	-	22,737,096
Streets and infrastructure	3,625,439	-	3,625,439
Economic development	10,306,439	-	10,306,439
Police programs	767,034	-	767,034
Culture and recreation improvements	1,333,309	-	1,333,309
Unrestricted	21,538,308	64,985,141	86,523,449
Total net position	\$ 158,418,740	\$ 204,461,849	\$ 362,880,589

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

**CITY OF NAPLES, FLORIDA**

Statement of Activities  
Year Ended September 30, 2022

	<u>Expenses</u>	<u>Indirect Expenses Allocation</u>
Functions/programs		
Governmental activities		
General government	\$ 13,732,910	(3,419,130)
Public safety	31,653,313	423,830
Physical and economic environment	4,980,591	125,120
Transportation	3,432,670	115,980
Culture and recreation	9,877,881	-
Interest	125,755	-
Total governmental activities	<u>63,803,120</u>	<u>(2,754,200)</u>
Business-type activities		
Water and sewer	31,336,727	1,793,100
Solid waste	6,843,113	429,950
Stormwater	4,790,969	195,260
Dock	2,539,877	82,740
Beach	2,363,473	198,970
Tennis	801,869	54,180
Total business-type activities	<u>48,676,028</u>	<u>2,754,200</u>
Total primary government	<u>\$ 112,479,148</u>	<u>-</u>

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

Program Revenues			Net (Expense) Revenue and Change In Net Position		
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
4,557,907	1,130,126	6,707,330	2,081,583	-	2,081,583
7,989,963	18,999	246,378	(23,821,803)	-	(23,821,803)
950,096	6,994,330	720,980	3,559,695	-	3,559,695
174,666	207,076	87,159	(3,079,749)	-	(3,079,749)
1,405,949	8,500	86,380	(8,377,052)	-	(8,377,052)
-	-	-	(125,755)	-	(125,755)
<u>15,078,581</u>	<u>8,359,031</u>	<u>7,848,227</u>	<u>(29,763,081)</u>	<u>-</u>	<u>(29,763,081)</u>
35,862,643	1,015,975	3,346,403	-	7,095,194	7,095,194
9,114,971	-	-	-	1,841,908	1,841,908
5,666,381	-	-	-	680,152	680,152
2,952,492	-	-	-	329,875	329,875
3,582,828	187,810	-	-	1,208,195	1,208,195
995,517	-	-	-	139,468	139,468
<u>58,174,832</u>	<u>1,203,785</u>	<u>3,346,403</u>	<u>-</u>	<u>11,294,792</u>	<u>11,294,792</u>
<u>73,253,413</u>	<u>9,562,816</u>	<u>11,194,630</u>	<u>(29,763,081)</u>	<u>11,294,792</u>	<u>(18,468,289)</u>
General revenues					
Property taxes			30,189,027	-	30,189,027
Local communication and utility taxes			6,885,720	-	6,885,720
Insurance premium tax			1,446,361	-	1,446,361
Motor fuel taxes			1,477,117	-	1,477,117
Business tax			243,644	-	243,644
Franchise fees			4,240,289	-	4,240,289
Intergovernmental revenues—unrestricted			4,914,931	-	4,914,931
Unrestricted investment losses			(3,308,685)	(2,528,500)	(5,837,185)
Gain on sale of capital assets			89,335	100,329	189,664
Transfers			2,020,100	(2,020,100)	-
Total general revenues and transfers			<u>48,197,839</u>	<u>(4,448,271)</u>	<u>43,749,568</u>
Change in net position			18,434,758	6,846,521	25,281,279
Net position, beginning			139,983,982	197,615,328	337,599,310
Net position, ending			<u>\$ 158,418,740</u>	<u>204,461,849</u>	<u>362,880,589</u>

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

**CITY OF NAPLES, FLORIDA**

Balance Sheet  
Governmental Funds  
September 30, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Community Redevelopment Fund</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 2,357,123	153,899	549,113	893,171
Investments	25,171,303	1,646,838	5,875,922	9,557,600
Receivables (net, where applicable, of allowance for uncollectible)				
Accounts	727,259	-	-	-
Special assessments	-	-	792,639	-
Utility taxes	-	333,486	-	-
Accrued interest	120,808	910	29,018	14,484
Due from other funds	158,700	-	-	-
Advances due from other funds	1,446,450	-	-	-
Due from other governments	840,093	-	-	-
Inventories	-	-	-	-
Prepaid items	16,124	-	-	-
<b>Total assets</b>	<u><u>\$ 30,837,860</u></u>	<u><u>2,135,133</u></u>	<u><u>7,246,692</u></u>	<u><u>10,465,255</u></u>
<b>Liabilities</b>				
Accounts payable	\$ 2,084,806	-	172,378	146,725
Accrued payroll	991,087	-	-	12,091
Due to other governments	7,492	-	-	-
Due to other funds	-	-	-	-
Advances payable to other funds	-	-	-	-
Unearned revenue	168,610	-	273,243	-
Customer deposits	-	-	-	-
<b>Total liabilities</b>	<u><u>3,251,995</u></u>	<u><u>-</u></u>	<u><u>445,621</u></u>	<u><u>158,816</u></u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	<u>12,977</u>	<u>-</u>	<u>416,410</u>	<u>-</u>
<b>Fund balances</b>				
Nonspendable	1,462,574	-	-	-
Restricted	-	-	-	10,306,439
Committed	4,443,788	-	1,069,746	-
Assigned	2,593,282	2,135,133	5,314,915	-
Unassigned	19,073,244	-	-	-
<b>Total fund balances</b>	<u><u>27,572,888</u></u>	<u><u>2,135,133</u></u>	<u><u>6,384,661</u></u>	<u><u>10,306,439</u></u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u><u>\$ 30,837,860</u></u>	<u><u>2,135,133</u></u>	<u><u>7,246,692</u></u>	<u><u>10,465,255</u></u>

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



<b>American Rescue Plan Act Fund</b>	<b>Streets and Traffic Fund</b>	<b>East Naples Bay District Fund</b>	<b>Sales Tax Fund</b>	<b>Other Nonmajor Governmental Funds</b>	<b>Total</b>
219,122	345,700	261,421	1,562,033	1,345,618	7,687,200
2,344,768	3,699,242	2,797,405	16,714,930	14,399,110	82,207,118
-	564	-	-	1,815	729,638
-	-	158,531	-	-	951,170
-	-	-	-	-	333,486
-	12,196	725	84,041	38,693	300,875
-	-	-	-	-	158,700
-	-	-	-	-	1,446,450
-	133,538	-	544,909	10	1,518,550
-	41,244	-	-	-	41,244
-	-	-	-	-	16,124
<u>2,563,890</u>	<u>4,232,484</u>	<u>3,218,082</u>	<u>18,905,913</u>	<u>15,785,246</u>	<u>95,390,555</u>
-	542,976	326,788	152,445	272,200	3,698,318
-	22,825	-	-	85,655	1,111,658
-	-	-	-	10,682	18,174
-	-	290,000	-	-	290,000
-	-	2,320,000	-	-	2,320,000
2,563,890	-	170,414	-	-	3,176,157
-	-	-	-	830,320	830,320
<u>2,563,890</u>	<u>565,801</u>	<u>3,107,202</u>	<u>152,445</u>	<u>1,198,857</u>	<u>11,444,627</u>
-	-	-	-	-	429,387
-	41,244	-	-	-	1,503,818
-	3,625,439	110,880	18,753,468	12,005,485	44,801,711
-	-	-	-	2,448,997	7,962,531
-	-	-	-	131,907	10,175,237
-	-	-	-	-	19,073,244
-	3,666,683	110,880	18,753,468	14,586,389	83,516,541
<u>2,563,890</u>	<u>4,232,484</u>	<u>3,218,082</u>	<u>18,905,913</u>	<u>15,785,246</u>	<u>95,390,555</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, 2022

Total fund balances governmental funds (page 21)	\$ 83,516,541
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 (\$94,195,406) less amounts included in the internal service funds (\$815,521).	93,379,885
Some deferred inflows of resources are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	429,387
Accrued interest on long-term debt is not due and payable in the current period and, therefore, is not reported in the funds.	(14,552)
Deferred outflows (\$13,192,812), deferred inflows (\$16,201,302), and the net pension liability (\$16,874,431) related to the City's pension plans less amounts reported in the internal service funds (\$159,557) are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.	(19,723,364)
Deferred outflows (\$624,362), deferred inflows (\$824,897), and the total OPEB liability (\$3,467,339) related to the City's other post-employment benefit plan less amounts reported in the internal service funds (\$212,632) are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.	(3,455,242)
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 (\$10,290,822) less the amounts reported in the internal service funds (\$5,095,247) for compensated absences, and insurance claims payable.	
Debt payable	\$(2,116,685)
Compensated absences	<u>(3,078,890)</u>
	(5,195,575)
Internal service funds are used by management to charge the costs of certain activities, such as fleet management, insurance and information services to individual funds. This is the net position included in the governmental activities in the Statement of Net Position.	<u>9,481,660</u>
Net position of governmental activities (page 19)	<u><u>\$158,418,740</u></u>

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

**CITY OF NAPLES, FLORIDA**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended September 30, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Community Redevelopment Fund</u>
<b>Revenues</b>				
Taxes	\$ 31,029,117	4,802,825	-	1,520,417
Permits, fees and assessments	4,517,102	-	599,303	-
Intergovernmental	6,194,931	-	-	4,712,633
Charges for services	2,602,267	-	-	-
Charges to other funds	4,139,640	-	-	-
Fines and forfeitures	282,436	-	-	-
Investment earnings (losses)	(1,364,877)	(80,411)	(314,125)	(517,526)
Donations	8,500	-	-	-
Miscellaneous	223,898	-	-	-
Total revenues	<u>47,633,014</u>	<u>4,722,414</u>	<u>285,178</u>	<u>5,715,524</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	12,623,673	46,800	75,620	-
Public safety	28,256,592	-	-	-
Physical and economic environment	-	-	-	1,628,174
Transportation	67,926	-	-	-
Culture and recreation	7,389,504	-	-	-
<b>Capital outlay</b>				
General government	48,500	-	100,956	-
Public safety	61,462	-	941,108	-
Physical and economic environment	-	-	-	297,472
Transportation	-	-	722,478	-
Culture and recreation	2,868	-	1,051,334	-
<b>Debt service</b>				
Principal	-	766,481	-	-
Interest and fiscal charges	-	68,312	-	-
Total expenditures	<u>48,450,525</u>	<u>881,593</u>	<u>2,891,496</u>	<u>1,925,646</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(817,511)</u>	<u>3,840,821</u>	<u>(2,606,318)</u>	<u>3,789,878</u>
<b>Other financing sources (uses)</b>				
Transfers in	2,067,600	264,117	4,100,000	-
Transfers out	(47,500)	(4,100,000)	-	(264,117)
Proceeds from sale of capital assets	1,387	-	169,610	-
Total other financing sources (uses)	<u>2,021,487</u>	<u>(3,835,883)</u>	<u>4,269,610</u>	<u>(264,117)</u>
Change in fund balances	1,203,976	4,938	1,663,292	3,525,761
Fund balances, beginning of year	26,368,912	2,130,195	4,721,369	6,780,678
Fund balances, end of year	<u>\$ 27,572,888</u>	<u>2,135,133</u>	<u>6,384,661</u>	<u>10,306,439</u>

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

<b>American Rescue Plan Act Fund</b>	<b>Streets and Traffic Fund</b>	<b>East Naples Bay District Fund</b>	<b>Sales Tax Fund</b>	<b>Other Nonmajor Governmental Funds</b>	<b>Total</b>
-	2,477,117	383,408	-	28,985	40,241,869
-	318,000	-	-	8,034,215	13,468,620
-	514,235	-	6,707,330	18,999	18,148,128
-	-	-	-	70,428	2,672,695
-	-	-	-	-	4,139,640
-	-	-	-	222,463	504,899
-	(200,691)	(52,156)	245,748	(432,490)	(2,716,528)
-	-	-	-	1,130,126	1,138,626
-	13,242	-	-	5,938	243,078
-	<u>3,121,903</u>	<u>331,252</u>	<u>6,953,078</u>	<u>9,078,664</u>	<u>77,841,027</u>
-	-	-	-	1,116	12,747,209
-	-	-	-	5,341,949	33,598,541
-	-	219	-	593,185	2,221,578
-	2,561,436	-	-	98,150	2,727,512
-	-	-	-	40,582	7,430,086
-	-	-	19,524	-	168,980
-	-	-	-	191,949	1,194,519
-	-	1,561,487	239,603	12,520	2,111,082
-	257,108	-	86,801	-	1,066,387
-	-	-	-	86,749	1,140,951
-	-	-	-	-	766,481
-	-	47,850	-	-	116,162
-	<u>2,818,544</u>	<u>1,609,556</u>	<u>345,928</u>	<u>6,366,200</u>	<u>65,289,488</u>
-	<u>303,359</u>	<u>(1,278,304)</u>	<u>6,607,150</u>	<u>2,712,464</u>	<u>12,551,539</u>
-	-	-	-	-	6,431,717
-	-	-	-	-	(4,411,617)
-	-	-	-	-	170,997
-	-	-	-	-	2,191,097
-	<u>303,359</u>	<u>(1,278,304)</u>	<u>6,607,150</u>	<u>2,712,464</u>	<u>14,742,636</u>
-	<u>3,363,324</u>	<u>1,389,184</u>	<u>12,146,318</u>	<u>11,873,925</u>	<u>68,773,905</u>
-	<u>3,666,683</u>	<u>110,880</u>	<u>18,753,468</u>	<u>14,586,389</u>	<u>83,516,541</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, 2022

Net change in fund balances—total governmental funds (page 25) \$ 14,742,636  
Amounts reported for governmental activities in the Statement of Activities are  
different because:

Governmental funds report capital outlays as expenditures. However, in the Statement  
of Activities the cost of those assets is allocated over their estimated useful lives and  
reported as depreciation expense.

Capital outlay	\$ 4,055,979	
Less current year depreciation	<u>(7,496,859)</u>	(3,440,880)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales,  
trade-ins, and donations) is to decrease net position. (81,659)

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

Repayment of principal of long-term debt	766,481
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Some revenues reported in the Statement of Activities do not provide current financial  
resources and, therefore, are not reported as revenues in governmental funds. 125,373

Some expenses reported in the Statement of Activities do not require the use of  
current financial resources and, therefore, are not reported as expenditures in  
governmental funds.

Compensated absences	(262,092)	
Deferred outflows - pensions	(5,359,776)	
Deferred outflows - OPEB	(110,575)	
Accrued interest	2,982	
Net pension liability	25,518,956	
Total OPEB liability	567,022	
Deferred charge on refunding	(12,575)	
Deferred inflows - pensions	(14,352,422)	
Deferred inflows - OPEB	<u>(617,021)</u>	5,374,499

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. 948,308  
Change in net position of governmental activities (page 26) \$ 18,434,758

**CITY OF NAPLES, FLORIDA**

Statement of Net Position

Proprietary Funds

September 30, 2022

Assets	Business-Type Activities—Enterprise Funds			
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	City Dock Fund
Current assets				
Cash and cash equivalents	\$ 2,883,565	313,143	725,696	80,207
Investments	33,050,670	3,350,872	7,031,723	858,267
Restricted cash	215,478	-	-	-
Receivables (net, where applicable, of allowance for uncollectible)				
Accounts	7,211,536	1,498,893	912,081	31,715
Special assessments	3,744,209	-	-	-
Accrued interest	150,461	6,679	25,526	1,385
Advances due from other funds	3,582,100	-	646,450	-
Due from other governments	305,144	-	40,735	-
Due from other funds	377,600	-	58,700	-
Prepaid items	-	-	-	-
Inventories	1,026,875	-	-	23,837
Total current assets	<u>52,547,638</u>	<u>5,169,587</u>	<u>9,440,911</u>	<u>995,411</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	63,778,926	4,511,402	-	6,869,536
Infrastructure	101,753,841	-	48,197,371	-
Equipment	43,564,659	6,889,118	1,703,879	279,378
Accumulated depreciation	(172,297,199)	(8,213,962)	(28,095,207)	(2,172,984)
Construction in progress	11,718,620	-	1,992,520	10,809
Net capital assets	<u>111,554,155</u>	<u>4,860,401</u>	<u>24,033,429</u>	<u>4,986,739</u>
Total assets	<u>164,101,793</u>	<u>10,029,988</u>	<u>33,474,340</u>	<u>5,982,150</u>
<b>Deferred Outflow of Resources</b>				
Deferred outflows - pensions	654,501	169,690	106,503	21,649
Deferred outflows - OPEB	190,023	45,244	18,097	4,524
Deferred charge on refunding	40,923	-	-	-
Total deferred outflows of resources	<u>885,447</u>	<u>214,934</u>	<u>124,600</u>	<u>26,173</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>
693,494	4,696,105	1,391,863
7,420,901	51,712,433	13,941,576
-	215,478	-
-	9,654,225	12,473
-	3,744,209	-
11,078	195,129	29,248
-	4,228,550	-
-	345,879	23,662
-	436,300	-
39,990	39,990	50,000
3,042	1,053,754	83,574
<u>8,168,505</u>	<u>76,322,052</u>	<u>15,532,396</u>
-	3,141,603	-
2,138,045	63,940,459	846,944
7,653,999	82,813,863	-
-	149,951,212	-
1,885,259	54,322,293	4,312,623
(9,785,143)	(220,564,495)	(4,434,602)
143,522	13,865,471	90,556
<u>2,035,682</u>	<u>147,470,406</u>	<u>815,521</u>
<u>10,204,187</u>	<u>223,792,458</u>	<u>16,347,917</u>
105,207	1,057,550	122,876
22,621	280,509	36,194
-	40,923	-
<u>127,828</u>	<u>1,378,982</u>	<u>159,070</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, 2022

	<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	\$ 1,773,165	203,714	598,788	49,553
Accrued payroll	210,856	47,084	33,333	5,377
Due to other funds	-	-	-	305,000
Due to other governments	1,530,045	-	-	-
Unearned revenue	17,237	-	-	2,660
Accrued interest payable	30,584	-	-	-
Current portion of compensated absences	213,000	63,000	41,000	11,000
Current maturities of long-term debt	1,126,909	-	-	-
Insurance claims payable	-	-	-	-
Total payable from current assets	<u>4,901,796</u>	<u>313,798</u>	<u>673,121</u>	<u>373,590</u>
Current liabilities (payable from restricted assets)				
Customer deposits	16,362	-	-	80,871
Total current liabilities	<u>4,918,158</u>	<u>313,798</u>	<u>673,121</u>	<u>454,461</u>
Noncurrent liabilities				
Due in more than one year				
Revenue bonds payable, net of unamortized discounts and premiums	6,907,712	-	-	-
Compensated absences	418,022	102,001	15,709	9,751
Advances due to other funds	-	-	-	3,355,000
Net pension liability	524,122	135,887	85,287	17,336
Total OPEB liability	1,055,278	251,257	100,503	25,125
Insurance claims payable	-	-	-	-
Total noncurrent liabilities	<u>8,905,134</u>	<u>489,145</u>	<u>201,499</u>	<u>3,407,212</u>
Total liabilities	<u>13,823,292</u>	<u>802,943</u>	<u>874,620</u>	<u>3,861,673</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows - pension	980,247	254,145	159,510	32,424
Deferred inflows - OPEB	251,055	59,775	23,910	5,978
Total deferred inflows of resources	<u>1,231,302</u>	<u>313,920</u>	<u>183,420</u>	<u>38,402</u>
<b>Net Position</b>				
Net investment in capital assets	103,560,457	4,860,401	24,033,429	4,986,739
Restricted for flexible benefits	-	-	-	-
Unrestricted	46,372,189	4,267,658	8,507,471	(2,878,491)
Net position of business-type activities	<u>\$ 149,932,646</u>	<u>9,128,059</u>	<u>32,540,900</u>	<u>2,108,248</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>
40,222	2,665,442	253,370
32,487	329,137	167,865
-	305,000	-
-	1,530,045	-
-	19,897	4,337
-	30,584	-
20,100	348,100	70,000
-	1,126,909	-
-	-	1,303,127
<u>92,809</u>	<u>6,355,114</u>	<u>1,798,699</u>
-	97,233	-
<u>92,809</u>	<u>6,452,347</u>	<u>1,798,699</u>
-	6,907,712	-
63,124	608,607	125,320
-	3,355,000	-
84,250	846,882	98,399
125,628	1,557,791	201,005
-	-	3,596,800
<u>273,002</u>	<u>13,275,992</u>	<u>4,021,524</u>
<u>365,811</u>	<u>19,728,339</u>	<u>5,820,223</u>
157,569	1,583,895	184,034
29,888	370,606	47,821
<u>187,457</u>	<u>1,954,501</u>	<u>231,855</u>
2,035,682	139,476,708	815,521
-	-	375,785
7,743,065	64,011,892	9,263,603
<u>9,778,747</u>	<u>203,488,600</u>	<u>10,454,909</u>
	<u>973,249</u>	
	<u>\$ 204,461,849</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, 2022

	<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	\$ 19,371,992	-	-	-
Sewer revenues	16,438,226	-	-	-
Intergovernmental	1,015,975	-	-	-
Other	52,425	9,114,971	5,666,381	2,952,492
Total operating revenues	<u>36,878,618</u>	<u>9,114,971</u>	<u>5,666,381</u>	<u>2,952,492</u>
Operating expenses				
Personal services	8,014,865	2,134,341	1,448,965	268,641
Supplies, services and claims	5,283,002	3,928,422	810,967	1,808,763
Materials	2,782,047	-	-	-
Utilities	2,040,086	11,887	37,630	67,779
Depreciation and amortization	11,604,871	711,890	2,433,499	317,326
General administration	1,793,100	429,950	195,260	82,740
Other	1,269,035	36,234	55,787	-
Total operating expenses	<u>32,787,006</u>	<u>7,252,724</u>	<u>4,982,108</u>	<u>2,545,249</u>
Operating income	<u>4,091,612</u>	<u>1,862,247</u>	<u>684,273</u>	<u>407,243</u>
Nonoperating revenues (expenses)				
Nonoperating grants	-	-	-	-
Investment earnings (losses)	(1,520,040)	(189,375)	(348,307)	(66,346)
Interest expense	(233,140)	-	-	(70,455)
Gain on sale of capital assets	79,933	20,396	-	-
Total nonoperating revenues (expenses)	<u>(1,673,247)</u>	<u>(168,979)</u>	<u>(348,307)</u>	<u>(136,801)</u>
Income before contributions and transfers	2,418,365	1,693,268	335,966	270,442
Capital contributions	3,346,403	-	-	-
Transfers in	-	-	-	-
Transfers out	(1,722,000)	(345,600)	-	-
Change in net position	<u>4,042,768</u>	<u>1,347,668</u>	<u>335,966</u>	<u>270,442</u>
Net position, beginning of year	145,889,878	7,780,391	32,204,934	1,837,806
Net position, end of year	<u>\$ 149,932,646</u>	<u>9,128,059</u>	<u>32,540,900</u>	<u>2,108,248</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>
-	19,371,992	-
-	16,438,226	-
-	1,015,975	-
4,578,345	22,364,614	17,241,961
<u>4,578,345</u>	<u>59,190,807</u>	<u>17,241,961</u>
1,361,714	13,228,526	1,427,650
1,163,366	12,994,520	13,691,355
-	2,782,047	-
130,291	2,287,673	28,921
450,014	15,517,600	206,678
253,150	2,754,200	492,260
53,850	1,414,906	1,793
<u>3,412,385</u>	<u>50,979,472</u>	<u>15,848,657</u>
<u>1,165,960</u>	<u>8,211,335</u>	<u>1,393,304</u>
187,810	187,810	-
(404,432)	(2,528,500)	(592,157)
-	(303,595)	-
-	100,329	-
<u>(216,622)</u>	<u>(2,543,956)</u>	<u>(592,157)</u>
949,338	5,667,379	801,147
-	3,346,403	-
47,500	47,500	-
-	(2,067,600)	-
<u>996,838</u>	<u>6,993,682</u>	<u>801,147</u>
<u>8,781,909</u>		<u>9,653,762</u>
<u>9,778,747</u>		<u>10,454,909</u>
	<u>(147,161)</u>	
	<u>\$ 6,846,521</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, 2022

	<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	\$ 36,117,918	8,772,560	5,474,792	2,958,159
Cash payments to suppliers	(12,274,922)	(3,982,707)	(1,633,741)	(1,871,500)
Cash payments to employees for services	(8,352,171)	(2,164,972)	(1,516,663)	(82,740)
Cash payments for interfund services	(1,793,100)	(429,950)	(195,260)	(281,831)
Net cash provided by operating activities	<u>13,697,725</u>	<u>2,194,931</u>	<u>2,129,128</u>	<u>722,088</u>
Cash flows from noncapital financing activities				
Transfers in (out)	(1,722,000)	(345,600)	-	-
Loans/advances and repayments from other funds	565,200	-	117,400	(610,000)
Nonoperating grants	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>(1,156,800)</u>	<u>(345,600)</u>	<u>117,400</u>	<u>(610,000)</u>
Cash flows from capital and related financing activities				
Principal paid on long-term debt	(1,168,472)	-	-	-
Interest paid on long-term debt	(237,116)	-	-	(70,455)
Capital contributions	3,346,403	-	-	-
Proceeds from sale of capital assets	79,933	20,396	-	-
Acquisition and construction of capital assets	(12,964,479)	(507,406)	(5,495,404)	(10,809)
Net cash used in capital and related financing activities	<u>(10,943,731)</u>	<u>(487,010)</u>	<u>(5,495,404)</u>	<u>(81,264)</u>
Cash flows from investing activities				
Purchase of investments	(8,721,315)	(884,218)	(1,855,511)	(226,477)
Sale of investments	5,967,088	(459,937)	4,469,583	158,080
Interest and investment earnings	481,479	35,644	117,207	16,361
Net cash used in investing activities	<u>(2,272,748)</u>	<u>(1,308,511)</u>	<u>2,731,279</u>	<u>(52,036)</u>
Net change in cash and cash equivalents	<u>(675,554)</u>	<u>53,810</u>	<u>(517,597)</u>	<u>(21,212)</u>
Cash and cash equivalents, beginning of year	3,774,597	259,333	1,243,293	101,419
Cash and cash equivalents, end of year	<u>\$ 3,099,043</u>	<u>313,143</u>	<u>725,696</u>	<u>80,207</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 4,091,612	1,862,247	684,273	407,243
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	11,604,871	711,890	2,433,499	317,326
Changes in assets - (increase) decrease				
Accounts receivable, net	(885,433)	(342,411)	(191,589)	(535)
Due from other governments	124,733	-	-	-
Inventories	(58,915)	-	-	(23,287)
Decrease in prepaid items	-	-	-	-
Deferred outflows	474,446	93,252	61,073	18,443
Changes in liabilities - increase (decrease)				
Accounts payable	(1,115,322)	(6,164)	(729,357)	28,329
Accrued payroll	114,898	23,706	14,554	1,974
Due to other governments	274,154	-	-	-
Unearned revenue	-	-	-	385
Customer deposits	(669)	-	-	5,817
Insurance claims payable	-	-	-	-
Deferred inflows	888,509	233,861	134,782	26,723
Net pension liability	(1,644,964)	(368,948)	(240,452)	(60,524)
Total OPEB liability	(183,191)	(43,617)	(17,446)	(4,362)
Compensated absences	12,996	31,115	(20,209)	4,556
Net cash provided by operating activities	<u>\$ 13,697,725</u>	<u>2,194,931</u>	<u>2,129,128</u>	<u>722,088</u>
Noncash investing, capital, and financing activities				
Unrealized loss on investments	\$ 2,073,903	223,939	463,501	82,483
Amortization of loss on revenue refunding bonds	7,440	-	-	-
Total noncash investing, capital and financing activities	<u>\$ 2,081,343</u>	<u>223,939</u>	<u>463,501</u>	<u>82,483</u>

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

<u>Nonmajor Funds</u>	<u>Total</u>	<b>Governmental Activities– Internal Service Funds</b>
4,570,077	57,893,506	17,242,538
(1,563,261)	(21,326,131)	(12,788,392)
(1,217,369)	(13,333,915)	(931,949)
(488,469)	(3,188,610)	(1,016,148)
<u>1,300,978</u>	<u>20,044,850</u>	<u>2,506,049</u>
47,500	(2,020,100)	-
-	72,600	-
187,810	187,810	-
<u>235,310</u>	<u>(1,759,690)</u>	<u>-</u>
-	(1,168,472)	-
-	(307,571)	-
-	3,346,403	-
-	100,329	-
(225,088)	(19,203,186)	(203,298)
<u>(225,088)</u>	<u>(17,232,497)</u>	<u>(203,298)</u>
(1,958,206)	(13,645,727)	(4,678,862)
502,156	10,636,970	2,130,208
87,860	738,551	142,354
<u>(1,368,190)</u>	<u>(2,270,206)</u>	<u>(2,406,300)</u>
(56,990)	(1,217,543)	(103,549)
750,484	6,129,126	1,495,412
<u>693,494</u>	<u>4,911,583</u>	<u>1,391,863</u>
1,165,960	8,211,335	1,393,304
450,014	15,517,600	206,678
256,605	(1,163,363)	577
9,290	134,023	-
(1,884)	(84,086)	(25,758)
63,782	63,782	-
68,185	715,399	84,188
(286,942)	(2,109,456)	123,479
15,765	170,897	41,771
-	274,154	-
(264,873)	(264,488)	-
-	5,148	-
-	-	813,373
136,266	1,420,141	168,684
(251,340)	(2,566,228)	(298,938)
(21,809)	(270,425)	(34,893)
(38,041)	(9,583)	33,584
<u>1,300,978</u>	<u>20,044,850</u>	<u>2,506,049</u>
490,446	3,334,272	731,603
-	7,440	-
<u>490,446</u>	<u>3,341,712</u>	<u>731,603</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, 2022

	<b>Pension Trust Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 6,282,749
Contributions receivable	1,142,396
Investments, at fair value	
U.S. Treasury securities	12,112,681
U.S. government agency securities	37,957
Asset-backed securities	4,869,518
Corporate bonds	12,589,227
Common stock/equity funds	107,719,948
Real estate investment trusts	17,514,607
Alternative investments	18,686,051
Total investments	173,529,989
Total assets	180,955,134
<b>Liabilities</b>	
Accounts payable	222,358
Total liabilities	222,358
<b>Net position</b>	
Restricted for pension benefits	\$ 180,732,776

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, 2022

	<b>Pension Trust Funds</b>
Additions	
Contributions	
Employee contributions	\$ 1,159,395
Employer contributions	7,494,873
State contributions	1,446,361
Total contributions	10,100,629
Investment earnings	
Interest and dividend income	4,362,726
Net depreciation in fair value of investments	(29,689,510)
Less investment expense	(1,081,885)
Net investment earnings	(26,408,669)
Total additions	(16,308,040)
Deductions	
Benefits paid	13,238,421
Refunds of contributions	750,674
General administration	416,225
Total deductions	14,405,320
Change in net position	(30,713,360)
Net position, restricted for pension benefits	
Beginning of year	211,446,136
End of year	\$ 180,732,776

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, 2022

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

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

#### **A. Reporting Entity**

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

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

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

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

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

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

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

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

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

#### ***B. Government-Wide and Fund Financial Statements***

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which principally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as *general revenues*.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus and only report assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

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

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

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

The City reports the following major governmental funds:

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

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

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

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

American Rescue Plan Act Fund is used to account for the receipt and disbursement of the City's share of the American Rescue Plan Act grant funds.

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

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

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

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.

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

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

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.

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

Amounts reported as *program revenues* include: (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **D. Assets, Liabilities and Fund Balance/Net Position**

##### **1. Deposits and Investments**

###### **a. Cash and Cash Equivalents**

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

###### **b. Investments**

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

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

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

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

#### 2. Receivables and Payables

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

##### a. Advances to Other Funds

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

##### b. Short-Term Interfund Receivables/Payables

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

#### 3. Inventories

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

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

#### 4. Restricted Assets

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

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

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

#### 5. Capital Assets

Capital assets which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable City or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, works of art and similar items, and capital assets received in a service concession arrangement are recorded at the acquisition value at the date of donation.

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

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

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

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

#### 6. Compensated Absences

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

#### 7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures/expenses.



# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

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

#### 8. Net Position

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

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

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

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

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

#### 9. Fund Balance

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

Nonspendable—This component includes amounts that cannot be spent because they are either: (a) not in spendable form or, (b) legally or contractually required to be maintained intact.

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

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

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use, it is the City’s policy to use committed resources first, then assigned, and then unassigned as they are needed.

#### 10. Fund Balance/Net Position Policy

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

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

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

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

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

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

#### 11. 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 \$4,033,810 for fiscal year 2022, and included \$2,754,200 charged to enterprise funds, \$492,260 charged to internal service and fiduciary funds, and \$787,350 charged to the debt service fund, building and zoning, streets and traffic and CRA special revenue funds, and capital projects funds.

#### 12. 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The following items qualify for reporting in these categories.

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

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

# THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements  
September 30, 2022

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

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

### 13. Pension

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

## NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### A. Budgetary Information

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

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

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

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to restrict that portion of the applicable appropriation, is employed throughout the fiscal year as an operating tool for budgeted funds. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental activities	
General Fund	\$ 2,593,282
Capital Projects Fund	1,069,746
Community Redevelopment Fund	847,518
Streets and Traffic Fund	947,970
East Naples Bay District Fund	2,479,897
Sales Tax Fund	5,714,871
Nonmajor governmental funds	839,016
Internal service funds	235,491
Business-type activities	
Water and Sewer Fund	8,653,735
Solid Waste Fund	617,200
Stormwater Fund	2,345,639
City Dock	103,933
Nonmajor Business-type funds	150,389
	<u>\$ 26,598,687</u>

### NOTE 3 – DETAILED NOTES ON ALL FUNDS

#### *A. Cash and Investments*

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

#### **Cash and Cash Equivalents**

Cash and cash equivalents in the general investment portfolio and pension portfolio consist of cash and money market accounts held by banks that qualify as public depositories under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes in the amount of \$13,990,646.

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

#### **Investment Portfolios**

Investment holdings consist of a \$147,861,127 General Investment Portfolio and a \$179,812,738 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, 2022, 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		\$ 52,435,307	6,824,080	45,611,227
U.S. government agency securities		36,782,888	11,053,583	25,729,305
Other government	Aaa	19,965,120	-	19,965,120
Corporate bonds	Aaa..Aa2	3,786,728	3,786,728	-
Money market fund	Aaa..Aa2	4,454,070	4,454,070	-
State investment pool	AAAm	30,437,014	30,437,014	-
Total investments		<u>\$ 147,861,127</u>	<u>56,555,475</u>	<u>91,305,652</u>

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

#### Pension Portfolio

Investment Type	Credit Rating (Moody's)	Fair Market	Investment Maturity (in Years)			
			Less Than 1	1 - 5	6 - 10	More than 10
U.S. Treasury securities		\$ 12,112,681	-	10,598,226	1,514,455	-
U.S. government agency securities		37,957	-	48	346	37,563
Municipal obligations	Aaa	-	-	-	-	-
Asset-backed securities	Aaa..Baa3	4,869,518	204,090	1,912,719	486,701	2,266,008
Corporate bonds	Aaa..Ba3	12,589,227	1,155,793	6,454,871	4,093,466	885,097
		<u>29,609,383</u>	<u>\$ 1,359,883</u>	<u>18,965,864</u>	<u>6,094,968</u>	<u>3,188,668</u>
Common stock/equity funds	Not rated	107,719,948				
Real estate investment trusts	Not rated	17,514,607				
Alternative investments	Not rated	18,686,051				
Total investments		<u>\$ 173,529,989</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, 2022:

#### General Investment Portfolio

Investment Type	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury securities	\$ 52,435,307	52,435,307	-	-
U.S. government agency securities	36,782,888	-	36,782,888	-
Other government	19,965,120	-	19,965,120	-
Corporate bonds	3,786,728	-	3,786,728	-
Investments exempt from level disclosure:				
Money market fund	4,454,070	-	-	-
State investment pool	30,437,014	-	-	-
Total investments	<u>\$ 147,861,127</u>	<u>52,435,307</u>	<u>60,534,736</u>	<u>-</u>

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

#### Pension Portfolio

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasury securities	\$ 12,112,681	12,112,681	-	-
U.S. government agency securities	37,957	-	37,957	-
Municipal obligations	-	-	-	-
Asset-backed securities	4,869,518	-	4,869,518	-
Corporate bonds	12,589,227	-	12,589,227	-
Common stock/equity funds	107,719,948	105,849,013	1,870,935	-
Total by fair value level	<u>137,329,331</u>	<u>\$ 117,961,694</u>	<u>19,367,637</u>	<u>-</u>
Investments measured at NAV:				
Real estate trust funds	17,514,607			
Alternative investments	18,686,051			
Total measured at fair value	<u>\$ 173,529,989</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, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

#### **Credit Risk**

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

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

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

#### **Custodial Credit Risk**

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

As of September 30, 2022, 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, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

As of September 30, 2022, the City’s General Investment Portfolio had the following issuer concentration based on fair value:

#### General Concentration

Issuer	Fair Value	Percentage of Portfolio
Cash	\$ 13,990,646	8.64%
Money Market	4,454,070	2.75%
State investment pool	30,437,014	18.81%
United States Treasury securities	52,435,307	32.40%
United States Agency securities	36,782,888	22.73%
Other government securities	19,965,120	12.34%
Corporate bonds	3,786,728	2.34%
Total	\$ 161,851,773	

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, 2022, the City’s Pension Portfolio had the following issuer concentration based on fair value:

#### Pension Concentration

Issuer	Fair Value	Percentage of Portfolio
Cash and cash equivalents	\$ 6,282,749	3.49%
U.S. Treasury securities	12,112,681	6.74%
U.S. government agency securities	37,957	0.02%
Municipal obligations	-	0.00%
Asset-backed securities	4,869,518	2.71%
Corporate bonds	12,589,227	7.00%
Common stock/equity funds	107,719,948	59.91%
Real estate investment trusts	17,514,607	9.74%
Alternative investments	18,686,051	10.39%
Total	\$ 179,812,738	

#### 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, 2022

**NOTE 3 – 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, 2021, the assessed value of the principal taxing authority’s property upon which the 2021-2022 tax levy was based was \$26.6 billion. The millage rate to finance general government services for the fiscal year ended September 30, 2022, was 1.1500 (\$1.15 per \$1,000 of assessed value). The assessed values at January 1, 2021, of the dependent special districts, East Naples Bay and Moorings Bay, were \$797 million, and \$2,408 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, 2022.

Total ad valorem taxes collected for the year ended September 30, 2022 aggregated \$32,961,927, net of cash discounts, of which \$31,029,117 was designated for general government services, \$1,520,417 for the Community Redevelopment Agency, \$383,408 for East Naples Bay Taxing District, and \$28,985 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 2021 tax roll year, the assessment roll was opened for collection on November 1, 2021 and discounts for payment prior to April 1, 2022 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, 2022

### NOTE 3 – 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 2022, 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, 2022 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	\$ 727,259	-	-	840,093	120,808	1,688,160
Debt Service Fund	-	-	333,486	-	910	334,396
Capital Projects Fund	-	792,639	-	-	29,018	821,657
Community Redevelopment Fund	-	-	-	-	14,484	14,484
Sales Tax Fund	-	-	-	544,909	84,041	628,950
Streets and Traffic Fund	564	-	-	133,538	12,196	146,298
East Naples Bay District Fund	-	158,531	-	-	725	159,256
Nonmajor funds	1,815	-	-	10	38,693	40,518
Internal Service Fund	12,473	-	-	23,662	29,248	65,383
	<u>\$ 742,111</u>	<u>951,170</u>	<u>333,486</u>	<u>1,542,212</u>	<u>330,123</u>	<u>3,899,102</u>
Business type activities						
Major funds						
Water and Sewer Fund	\$ 7,211,536	3,744,209	-	305,144	150,461	11,411,350
Solid Waste Fund	1,498,893	-	-	-	6,679	1,505,572
Stormwater Fund	912,081	-	-	40,735	25,526	978,342
City Dock Fund	31,715	-	-	-	1,385	33,100
Nonmajor funds	-	-	-	-	11,078	11,078
	<u>\$ 9,654,225</u>	<u>3,744,209</u>	<u>-</u>	<u>345,879</u>	<u>195,129</u>	<u>13,939,442</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, 2022 are as follows:

Nonmajor Funds	<u>\$ 1,308,234</u>
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# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 3 – 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, 2022 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	1,791,780	2,075,563	(250,767)	3,616,576
Total capital assets not being depreciated	<u>18,210,057</u>	<u>2,075,563</u>	<u>(250,767)</u>	<u>20,034,853</u>
Capital assets being depreciated				
Buildings	52,121,100	121,635	-	52,242,735
Improvements other than buildings	50,386,440	275,848	223,423	50,885,711
Infrastructure	56,507,778	514,317	7,183	57,029,278
Equipment	35,472,417	1,271,914	(783,917)	35,960,414
Total capital assets being depreciated	<u>194,487,735</u>	<u>2,183,714</u>	<u>(553,311)</u>	<u>196,118,138</u>
Less accumulated depreciation for				
Buildings	(25,603,009)	(1,720,547)	-	(27,323,556)
Improvements other than buildings	(35,242,653)	(1,733,092)	-	(36,975,745)
Infrastructure	(28,268,351)	(1,792,620)	-	(30,060,971)
Equipment	(25,862,454)	(2,457,278)	722,419	(27,597,313)
Total accumulated depreciation	<u>(114,976,467)</u>	<u>(7,703,537)</u>	<u>722,419</u>	<u>(121,957,585)</u>
Total capital assets being depreciated, net	<u>79,511,268</u>	<u>(5,519,823)</u>	<u>169,108</u>	<u>74,160,553</u>
<b>Total governmental capital assets, net</b>	<u>\$ 97,721,325</u>	<u>(3,444,260)</u>	<u>(81,659)</u>	<u>94,195,406</u>

Depreciation expense was charged to the governmental activities as follows:

Governmental activities	
General government	\$ 393,100
Public safety	2,394,179
Physical and economic environment	1,480,922
Transportation	823,129
Cultural and recreation	2,405,529
Internal service	<u>206,678</u>
 Total depreciation expense, governmental activities	 <u>\$ 7,703,537</u>

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2022

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

**Business-Type Activities**

A summary of changes in capital assets of business-type activities for the year ended September 30, 2022 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	9,843,946	5,435,425	(3,560,751)	11,718,620
Total capital assets not being depreciated	<u>11,605,630</u>	<u>5,435,425</u>	<u>(3,560,751)</u>	<u>13,480,304</u>
Capital assets being depreciated				
Buildings and utility plants	61,273,624	-	-	61,273,624
Improvements other than buildings	61,915,368	1,864,944	(1,386)	63,778,926
Infrastructure	94,939,316	6,814,525	-	101,753,841
Equipment	41,251,097	2,410,336	(96,774)	43,564,659
Total capital assets being depreciated	<u>259,379,405</u>	<u>11,089,805</u>	<u>(98,160)</u>	<u>270,371,050</u>
Less accumulated depreciation for				
Buildings	(37,914,888)	(1,264,353)	-	(39,179,241)
Improvements other than buildings	(39,511,079)	(3,169,605)	1,386	(42,679,298)
Infrastructure	(61,300,794)	(3,184,748)	-	(64,485,542)
Equipment	(22,071,167)	(3,978,725)	96,774	(25,953,118)
Total accumulated depreciation	<u>(160,797,928)</u>	<u>(11,597,431)</u>	<u>98,160</u>	<u>(172,297,199)</u>
Total capital assets being depreciated, net	<u>98,581,477</u>	<u>(507,626)</u>	<u>-</u>	<u>98,073,851</u>
Water and sewer fund capital assets, net	<u>\$ 110,187,107</u>	<u>4,927,799</u>	<u>(3,560,751)</u>	<u>111,554,155</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	6,381,712	507,406	-	6,889,118
Total capital assets being depreciated	<u>11,421,904</u>	<u>507,406</u>	<u>-</u>	<u>11,929,310</u>
Less accumulated depreciation for				
Buildings	(528,791)	-	-	(528,791)
Improvements other than buildings	(2,340,668)	(196,266)	-	(2,536,934)
Equipment	(4,632,613)	(515,624)	-	(5,148,237)
Total accumulated depreciation	<u>(7,502,072)</u>	<u>(711,890)</u>	<u>-</u>	<u>(8,213,962)</u>
Total capital assets being depreciated, net	<u>3,919,832</u>	<u>(204,484)</u>	<u>-</u>	<u>3,715,348</u>
Solid waste fund capital assets, net	<u>\$ 5,064,885</u>	<u>(204,484)</u>	<u>-</u>	<u>4,860,401</u>

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 3 – 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	2,447,119	4,281,954	(4,736,553)	1,992,520
Total capital assets not being depreciated	2,681,985	4,281,954	(4,736,553)	2,227,386
Capital assets being depreciated				
Infrastructure	42,716,949	5,480,422	-	48,197,371
Equipment	1,316,311	469,581	(82,013)	1,703,879
Total capital assets being depreciated	44,033,260	5,950,003	(82,013)	49,901,250
Less accumulated depreciation for				
Infrastructure	(24,388,540)	(2,049,464)	-	(26,438,004)
Equipment	(1,355,181)	(384,035)	82,013	(1,657,203)
Total accumulated depreciation	(25,743,721)	(2,433,499)	82,013	(28,095,207)
Total capital assets being depreciated, net	18,289,539	3,516,504	-	21,806,043
Stormwater fund capital assets, net	\$ 20,971,524	7,798,458	(4,736,553)	24,033,429
<b>City Dock Fund</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	\$ -	10,809	-	10,809
Total capital assets not being depreciated	-	10,809	-	10,809
Capital assets being depreciated				
Improvements other than buildings	6,869,536	-	-	6,869,536
Equipment	279,378	-	-	279,378
Total capital assets being depreciated	7,148,914	-	-	7,148,914
Less accumulated depreciation for				
Improvements other than buildings	(1,606,947)	(311,089)	-	(1,918,036)
Equipment	(248,711)	(6,237)	-	(254,948)
Total accumulated depreciation	(1,855,658)	(317,326)	-	(2,172,984)
Total capital assets being depreciated, net	5,293,256	(317,326)	-	4,975,930
Stormwater fund capital assets, net	\$ 5,293,256	(306,517)	-	4,986,739
<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	\$ 70,623	98,656	(25,757)	143,522
Total capital assets not being depreciated	70,623	98,656	(25,757)	143,522
Capital assets being depreciated				
Buildings and utility plants	2,133,821	49,205	(44,981)	2,138,045
Improvements other than buildings	7,580,986	28,032	44,981	7,653,999
Equipment	1,810,307	74,952	-	1,885,259
Total capital assets being depreciated	11,525,114	152,189	-	11,677,303
Less accumulated depreciation for				
Buildings	(1,724,805)	(30,764)	-	(1,755,569)
Improvements other than buildings	(6,143,217)	(314,730)	-	(6,457,947)
Equipment	(1,467,108)	(104,519)	-	(1,571,627)
Total accumulated depreciation	(9,335,130)	(450,013)	-	(9,785,143)
Total capital assets being depreciated, net	2,189,984	(297,824)	-	1,892,160
Nonmajor fund capital assets, net	\$ 2,260,607	(199,168)	(25,757)	2,035,682
<b>Total business-type capital assets, net</b>	<b>\$ 143,777,379</b>	<b>12,016,088</b>	<b>(8,323,061)</b>	<b>147,470,406</b>

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2022

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

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

Business-type activities	
Water and Sewer	\$ 11,597,431
Solid Waste	711,890
Stormwater	2,433,499
City Dock	317,326
Other	<u>450,014</u>
Total depreciation expense, business-type activities	<u><u>\$ 15,510,160</u></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	\$ 1,446,450	-
East Naples Bay District Fund	-	2,320,000
Business-type activities		
Major funds		
Water and Sewer Fund	3,582,100	-
Stormwater Fund	646,450	-
City Dock Fund	-	3,355,000
	<u>\$ 5,675,000</u>	<u>5,675,000</u>

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

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



**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2022

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

Transfers during the year consisted of the following:

	<b>Transfers In</b>	<b>Transfers Out</b>
Governmental activities		
Major funds		
General Fund	\$ 2,067,600	47,500
Debt Service Fund	264,117	4,100,000
Capital Projects Fund	4,100,000	-
Community Redevelopment Fund	-	264,117
Business-type activities		
Major funds		
Water and Sewer Fund	-	1,722,000
Solid Waste Fund	-	345,600
Nonmajor fund	47,500	
	\$ 6,479,217	6,479,217

Transfers into the General Fund in the amount of \$2,067,600 were payments in-lieu of taxes from the Water and Sewer Fund and Solid Waste Fund. The transfer into the Debt Service Fund from the Community Redevelopment Fund in the amount of \$264,117 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 \$4,100,000 used for capital expenditures. The transfer from the General Fund into the Tennis Fund in the amount of \$47,500 was to help defer costs when members could not use the facility due to tournaments and public events.

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2022

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

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

Accounts payable and accrued expenses at September 30, 2022 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	\$ 2,084,806	991,087	3,075,893
Capital Projects Fund	172,378	-	172,378
Community Redevelopment Fund	146,725	12,091	158,816
Streets and Traffic Fund	542,976	22,825	565,801
East Naples Bay District Fund	326,788	-	326,788
Sales Tax Fund	152,445	-	152,445
Nonmajor funds	272,200	85,655	357,855
Internal Service Fund	253,370	167,865	421,235
	<u>\$ 3,951,688</u>	<u>1,279,523</u>	<u>5,231,211</u>
Business-type activities			
Major funds			
Water and Sewer Fund	\$ 1,773,165	210,856	1,984,021
Solid Waste Fund	203,714	47,084	250,798
Stormwater Fund	598,788	33,333	632,121
City Dock Fund	49,553	5,377	54,930
Nonmajor funds	40,222	32,487	72,709
	<u>\$ 2,665,442</u>	<u>329,137</u>	<u>2,994,579</u>

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

#### G. Long-Term Obligations

Long-term liabilities of the governmental activities at September 30, 2022 are comprised of the following:

Capital Improvement Refunding Revenue Note, Series 2018, issued in the amount of \$3,427,883 to finance the construction of Fire Station #1; annual principal and interest payments in the amount of \$387,503 through September 30, 2028. Non-ad valorem revenues are pledged to secure this issue. Interest rate is 2.75%.	\$ 2,116,685
Claims payable	4,899,927
Net pension liability	16,874,431
Total OPEB liability	3,467,339
Compensated absences payable	3,274,210
	\$ 30,632,592

Changes in long-term obligations for governmental activities for the year ended September 30, 2022 are as follows:

Governmental Activities	Balance October 1	Additions	Retired	Balance September 30	Due in One Year
Debt payable					
Bonds					
2018 Capital Improvement Revenue Note	\$ 2,437,166	-	(320,481)	2,116,685	329,294
2013 Capital Improvement Refunding Revenue Note	446,000	-	(446,000)	-	-
Total debt payable	2,883,166	-	(766,481)	2,116,685	329,294
Claims payable	4,086,554	7,282,398	(6,469,025)	4,899,927	1,303,127
Net pension liability	42,692,325	18,324,197	(44,142,091)	16,874,431	-
Total OPEB liability	4,069,254	458,347	(1,060,262)	3,467,339	-
Compensated absences payable	2,978,534	3,333,050	(3,037,374)	3,274,210	1,084,092
Total	\$ 56,709,833	29,397,992	(55,475,233)	30,632,592	2,716,513

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 \$195,320 in compensated absences, \$4,899,927 in claims payable, \$201,005 in total other post-employment benefits liability, and \$98,399 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: General Fund, Building and Zoning Fund, Community Redevelopment Fund, and the Streets and Traffic Fund. 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, 2022

**NOTE 3 – 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>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended September 30			
2023	\$ 329,294	58,209	387,503
2024	338,350	49,153	387,503
2025	347,655	39,849	387,504
2026	357,215	30,288	387,503
2027	367,039	20,465	387,504
2028	377,132	10,371	387,503
	<u>\$ 2,116,685</u>	<u>208,335</u>	<u>2,325,020</u>

Long-term liabilities of the business-type activities at September 30, 2022 are comprised of the following issues:

**Water and Sewer Fund**

Public Utilities Refunding Revenue Bond, Series 2012A, issued in the amount of \$8,324,000 to currently refund the outstanding principal amount of the City's Public Utilities Revenue Bond, Series 2007A. Bonds mature annually on September 1, with final maturity on September 1, 2027. Interest is payable semi-annually on March 1 and September 1, at a fixed rate of 2.65%. The principal and interest is secured by the net revenue of the water and sewer system and from the investment of monies in various funds established by Ordinance. \$ 3,059,000

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. 1,768,000

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%. 211,621

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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%.

	2,996,000
Net pension liability	524,122
Total OPEB liability	1,055,278
Compensated absences payable	631,022
Total Water and Sewer Fund	\$ 10,245,043

#### Nonmajor funds

Net pension liability	\$ 84,250
Total OPEB liability	125,628
Compensated absences payable	83,224
Total nonmajor funds	\$ 293,102

#### Solid Waste Fund

Net pension liability	\$ 135,887
Total OPEB liability	251,257
Compensated absences payable	165,001
Total Solid Waste Fund	\$ 552,145

#### City Dock Fund

Net pension liability	\$ 17,336
Total OPEB liability	25,125
Compensated absences payable	20,751
Total City Dock Fund	\$ 63,212

#### Stormwater Fund

Net pension liability	\$ 85,287
Total OPEB liability	100,503
Compensated absences payable	56,709
Total Stormwater Fund	\$ 242,499

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

Changes in long-term obligations for business-type activities for the year ended September 30, 2022 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	\$ 3,624,000	-	(565,000)	3,059,000	580,000
Public Utilities Refunding Revenue Bond, Series 2012B	2,096,000	-	(328,000)	1,768,000	336,000
Public Utilities Refunding Revenue Bond, Series 2013	69,146	-	(69,146)	-	-
Special Assessment Revenue Bond, Series 2015	278,947	-	(67,326)	211,621	68,909
Special Assessment Revenue Bond, Series 2019	3,135,000	-	(139,000)	2,996,000	142,000
Total debt payable	<u>9,203,093</u>	<u>-</u>	<u>(1,168,472)</u>	<u>8,034,621</u>	<u>1,126,909</u>
Net pension liability	3,413,110	1,880,529	(4,446,757)	846,882	-
Total OPEB liability	1,828,216	205,924	(476,349)	1,557,791	-
Compensated absences payable	966,290	1,687,353	(1,696,936)	956,707	348,100
Total	<u>\$ 15,410,709</u>	<u>3,773,806</u>	<u>(7,788,514)</u>	<u>11,396,001</u>	<u>1,475,009</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, 2022 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			
2023	\$ 1,126,909	208,840	1,335,749
2024	1,157,527	179,624	1,337,151
2025	1,186,185	149,614	1,335,799
2026	1,144,000	118,860	1,262,860
2027	1,174,000	89,019	1,263,019
2028 - 2032	852,000	248,794	1,100,794
2033 - 2037	970,000	132,080	1,102,080
2038 - 2039	424,000	16,614	440,614
	<u>\$ 8,034,621</u>	<u>1,143,445</u>	<u>9,178,066</u>

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2022

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

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

**H. Fund Equity**

The following is a summary of fund balances that were nonspendable, restricted, committed or assigned as of September 30, 2022:

	General Fund	Debt Service Fund	Capital Projects Fund	Community Redevelopment Fund	American Rescue Plan Act Fund	Streets and Traffic Fund	East Naples Bay District Fund	Sales Tax Fund	Other Nonmajor Governmental	Total
Fund balances										
Nonspendable										
Inventory	\$ -	-	-	-	-	41,244	-	-	-	41,244
Prepaid items	16,124	-	-	-	-	-	-	-	-	16,124
Advances to other funds	1,446,450	-	-	-	-	-	-	-	-	1,446,450
	<u>1,462,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,503,818</u>
Restricted										
Donations, various	-	-	-	-	-	-	-	-	724,456	724,456
Capital projects - impact fees	-	-	-	-	-	-	-	-	1,550,670	1,550,670
Capital projects - parks and rec.	-	-	-	-	-	-	-	-	1,708,502	1,708,502
Capital projects - sales tax	-	-	-	-	-	-	-	18,753,468	-	18,753,468
Dredging projects	-	-	-	-	-	-	-	-	1,222,429	1,222,429
Transportation	-	-	-	-	-	3,625,439	110,880	-	-	3,736,319
Police programs	-	-	-	-	-	-	-	-	742,838	742,838
Economic development	-	-	-	10,306,439	-	-	-	-	-	10,306,439
Coral reef construction	-	-	-	-	-	-	-	-	24,196	24,196
Building and zoning operations	-	-	-	-	-	-	-	-	6,032,394	6,032,394
	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,306,439</u>	<u>-</u>	<u>3,625,439</u>	<u>110,880</u>	<u>18,753,468</u>	<u>12,005,485</u>	<u>44,801,711</u>
Committed										
Public arts program	-	-	-	-	-	-	-	-	479,302	479,302
Emergency reserve	4,355,943	-	-	-	-	-	-	-	-	4,355,943
Capital projects	-	-	1,069,746	-	-	-	-	-	-	1,069,746
Handicap accessibility	87,845	-	-	-	-	-	-	-	-	87,845
Economic development	-	-	-	-	-	-	-	-	1,960,485	1,960,485
Land conservation	-	-	-	-	-	-	-	-	9,210	9,210
	<u>4,443,788</u>	<u>-</u>	<u>1,069,746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,448,997</u>	<u>7,962,531</u>
Assigned										
Debt service	-	2,135,133	-	-	-	-	-	-	-	2,135,133
Encumbrances (capital outlay)	2,593,282	-	-	-	-	-	-	-	-	2,593,282
Economic development	-	-	-	-	-	-	-	-	131,907	131,907
Capital projects	-	-	5,314,915	-	-	-	-	-	-	5,314,915
	<u>2,593,282</u>	<u>2,135,133</u>	<u>5,314,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,907</u>	<u>10,175,237</u>
Unassigned	<u>19,073,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,073,244</u>
Total fund balance	<u>\$27,572,888</u>	<u>2,135,133</u>	<u>6,384,661</u>	<u>10,306,439</u>	<u>-</u>	<u>3,666,683</u>	<u>110,880</u>	<u>18,753,468</u>	<u>14,586,389</u>	<u>83,516,541</u>

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2022

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

***I. Employee Pension Plans***

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

**General Pension Plan (the “Plan”)**

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

The current membership as of October 1, 2021, the date of the most recent actuarial valuation, is as follows:

Inactive plan members or beneficiaries currently receiving benefits	255
Inactive plan members entitled to but not yet receiving benefits	135
Active plan members	320
	710
	710

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

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

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, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

As of September 30, 2022, 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, 2022, there was no investment type or similar relationships with any related party, including officers and employees of the Pension Plan, the sponsoring City of Naples, and organizations included in the reporting entity.

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

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

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, 2021. The components of the net pension liability of the City at September 30, 2022 were as follows:

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

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

In addition, in accordance with GASB Statement No. 67, information related to the plan measured as of September 30, 2022 is as follows:

Total pension liability	\$ 77,404,721
Plan fiduciary net position	<u>(61,521,686)</u>
City's net pension liability	<u>\$ 15,883,035</u>
Plan fiduciary net position as a percentage of Total pension liability	79.48%

For the year ended September 30, 2022, the City recognized pension expense of \$11,525 for the general employee plan. At September 30, 2022, 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	\$ 1,298,885	-
Differences between expected and actual experience	370,374	621,488
Net difference between projected and actual earnings on investments	-	5,565,055
City pension plan contributions subsequent to the measurement date	<u>2,461,428</u>	<u>-</u>
Total	<u>\$ 4,130,687</u>	<u>6,186,543</u>

The deferred outflows of resources related to the Pension Plan, totaling \$2,461,428 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, 2023. 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,	
2023	\$ (812,597)
2024	(588,354)
2025	(1,304,801)
2026	<u>(1,811,532)</u>
Total	<u>\$ (4,517,284)</u>

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

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	5.59%
International Equity	4.44%
Fixed Income	1.26%
Real Estate	4.34%
MLP/Energy Infrastructure	4.48%

*Discount Rate.* The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

*Changes in the Net Pension Liability of the City.* The changes in components of the net pension liability to the City for the year ended September 30, 2022 were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at September 30, 2021	\$ 73,330,786	60,932,087	12,398,699
Changes for the year:			
Service cost	1,658,150	-	1,658,150
Interest	5,091,399	-	5,091,399
Differences between expected and actual experience	493,832	-	493,832
Assumption changes	-	-	-
Contributions-employer	-	2,535,318	(2,535,318)
Contributions-employee	-	716,578	(716,578)
Net investment income	-	13,184,129	(13,184,129)
Benefit payments, including refunds of employee contributions	(4,693,314)	(4,693,314)	-
Administrative expense	-	(101,786)	101,786
Net changes	2,550,067	11,640,925	(9,090,858)
Balances at September 30, 2022	\$ 75,880,853	72,573,012	3,307,841

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

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

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

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2022

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

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

In addition, in accordance with GASB 67, the following presents the net pension liability of the Plan, calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City's net pension liability - September 30, 2023 (Measurement date of September 30, 2022)	\$ 24,026,654	15,883,035	9,076,021

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of October 1, 2020 updated to September 30, 2021 using the following actuarial assumptions:

**Actuarial Assumptions**

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

There have been no plan changes since the prior actuarial valuation.

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

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

The current membership as of October 1, 2021, the date of the most recent actuarial valuation, is as follows:

Inactive plan members or beneficiaries currently receiving benefits	92
Inactive plan members entitled to but not yet receiving benefits	18
Active plan members	56

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

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

The Plan also provides disability and survivors' benefits.

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

As of September 30, 2022, 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, 2022, 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, 2022

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

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

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

The Plan’s funding policy requires employees to contribute 5% of annual salary to the Plan on a pre-tax basis or 3% for employees hired after April 1, 2012. This amount is fixed unless changed by ordinance. The City is required to make annual contributions that fluctuate according to the most recent actuarial valuation report, after deducting estimated contributions by members, investment earnings and all Plan expenditures. Significant actuarial assumptions used to compute actuarially determined contribution requirements are the same as those used to compute the net pension obligation. The Plan prepares a valuation report annually, and the City’s contribution is adjusted accordingly. All costs of administering the Plan are paid from the Plan assets. The State of Florida makes contributions from taxes on casualty insurance premiums. The State of Florida’s contribution to the Police Officers’ Pension Plan for the year ended September 30, 2022, was \$836,870. The City recognized these on-behalf payments from the state as revenues and expenditures in the governmental fund financial statements.

**Net Pension Liability of the City**

The City’s net pension liability was measured as of September 30, 2021. The components of the net pension liability of the City at September 30, 2022 were as follows:

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

In addition, in accordance with GASB Statement No. 67, information related to the plan measured as of September 30, 2022 is as follows:

Total pension liability	\$ 77,434,849
Plan fiduciary net position	<u>(57,605,050)</u>
City's net pension liability	<u>\$ 19,829,799</u>
Plan fiduciary net position as a percentage of Total pension liability	74.39%

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

For the year ended September 30, 2022, the City recognized pension expense of \$1,025,642 for the police employee plan. At September 30, 2022, 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	\$ 806,929	-
Differences between expected and actual experience	37,918	379,227
Net difference between projected and actual earnings on investments	-	5,174,650
City pension plan contributions subsequent to the measurement date	3,297,647	-
<b>Total</b>	<b>\$ 4,142,494</b>	<b>5,553,877</b>

The deferred outflows of resources related to the Pension Plan, totaling \$3,297,647 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, 2023. 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,	
2023	\$ (660,533)
2024	(1,081,850)
2025	(1,321,080)
2026	(1,645,567)
<b>Total</b>	<b>\$ (4,709,030)</b>

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021, are summarized in the table on the following page.



# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	5.59%
International Equity	4.44%
Fixed Income	1.26%
Real Estate	4.34%
MLP/Infrastructure	4.48%

*Discount Rate.* The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in the Net Pension Liability of the City.* The changes in components of the net pension liability to the City for the year ended September 30, 2022, were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at September 30, 2021	\$ 74,335,608	55,772,133	18,563,475
Changes for the year:			
Service cost	956,334	-	956,334
Interest	5,119,390	-	5,119,390
Differences between expected and actual experience	(349,489)	-	(349,489)
Amortization of experience diffs			
Assumption changes	-	-	-
Contributions-buyback	5,782	-	5,782
Contributions-employer	-	2,637,659	(2,637,659)
Contributions-state	-	757,213	(757,213)
Contributions subsequent to plan year			
Contributions-employee	-	216,849	(216,849)
Net investment income	-	12,093,347	(12,093,347)
Benefit payments, including refunds of employee contributions	(4,665,665)	(4,665,665)	-
Administrative expense	-	(99,622)	99,622
Net changes	1,066,352	10,939,781	(9,873,429)
Balances at September 30, 2022	\$ 75,401,960	66,711,914	8,690,046

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

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

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

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

In addition, in accordance with GASB 67, the following presents the net pension liability of the Plan, calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City's net pension liability - September 30, 2023 (Measurement date of September 30, 2022)	\$ 28,394,168	19,829,799	12,721,832

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, 2021.

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

The assumptions used in the October 1, 2021 actuarial valuation are as follows.

#### Actuarial Assumptions

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

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

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

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

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2022

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

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

The current membership as of October 1, 2021, the date of the most recent actuarial valuation, is as follows:

Inactive plan members or beneficiaries currently receiving benefits	58
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	52

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

<u>Benefits</u>	<u>Vesting</u>
Normal retirement at age 55 with five 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 eight 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 eight years of credited service, or the completion of 25 years of credited of service, regardless of age.	100% after five years of credited service for members hired prior to May 31, 2013, and 100% after eight 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, 2022, 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, 2022, 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, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

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

The Plan’s funding policy requires employees to contribute 5% of annual salary to the Plan on a pre-tax basis or 3% for employees hired after May 31, 2014. This amount is fixed unless changed by ordinance. The City is required to make annual contributions that fluctuate according to the most recent actuarial valuation report, after deducting estimated contributions by members, investment earnings and all plan expenditures. Significant actuarial assumptions used to compute actuarially determined contribution requirements are the same as those used to compute the net pension obligation. The Plan prepares a valuation report annually, and the City’s contribution is adjusted accordingly. All costs of administering the Plan are paid from Plan assets. The State of Florida makes contributions from taxes on casualty insurance premiums. The State of Florida’s contribution to the Firefighters’ Pension Plan for the year ended September 30, 2022, was \$609,491. The City recognized these on-behalf payments from the state as revenues and expenditures in the governmental fund financial statements.

Net Pension Liability of the City

The City’s net pension liability was measured as of September 30, 2021. The components of the net pension liability of the City at September 30, 2022 were as follows:

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

In addition, in accordance with GASB Statement No. 67, information related to the plan measured as of September 30, 2022 is as follows:

Total pension liability	\$ 79,524,960
Plan fiduciary net position	<u>(61,606,040)</u>
City's net pension liability	<u>\$ 17,918,920</u>
Plan fiduciary net position as a percentage of Total pension liability	77.47%

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

For the year ended September 30, 2022, the City recognized pension expense of \$1,161,156 for the firefighters employee plan. At September 30, 2022, 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	\$ 1,565,304	-
Differences between expected and actual experience	1,229,718	109,931
Net difference between projected and actual earnings on investments	-	5,934,846
City pension plan contributions subsequent to the measurement date	3,182,159	-
<b>Total</b>	<b>\$ 5,977,181</b>	<b>6,044,777</b>

The deferred outflows of resources related to the Pension Plan, totaling \$3,182,159 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, 2023. 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,	
2023	\$ (429,222)
2024	(112,020)
2025	(972,729)
2026	(1,735,784)
<b>Total</b>	<b>\$ (3,249,755)</b>

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022 are summarized in the table on the following page.

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

Asset Class	Long Term-Expected Real Rate of Return
Domestic Equity	5.59%
International Equity	4.44%
Fixed Income	1.26%
Real Estate	4.34%
MLP/Infrastructure	4.48%

*Discount Rate.* The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in the Net Pension Liability of the City.* The changes in components of the net pension liability to the City for the year ended September 30, 2022 were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at September 30, 2021	\$ 76,067,648	60,924,388	15,143,260
Changes for the year:			
Service cost	827,646	-	827,646
Interest	5,214,200	-	5,214,200
Differences between expected and actual experience	539,454	-	539,454
Amortization of experience diffs			-
Assumption changes	-	-	-
Contributions - buy back	16,509	-	16,509
Contributions-employer	-	1,949,767	(1,949,767)
Contributions-state	-	623,358	(623,358)
Contributions-employee	-	182,388	(182,388)
Net investment income	-	13,342,752	(13,342,752)
Benefit payments, including refunds of employee contributions	(4,780,821)	(4,780,821)	-
Administrative expense	-	(80,622)	80,622
Net changes	1,816,988	11,236,822	(9,419,834)
Balances at September 30, 2022	\$ 77,884,636	72,161,210	5,723,426

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2022

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

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

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

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

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

In addition, in accordance with GASB 67, the following presents the net pension liability of the Plan, calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
City's net pension liability - September 30, 2023 (Measurement date of September 30, 2022)	\$ 28,062,332	17,918,920	9,602,671

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, 2021.



# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

The assumptions used in the October 1, 2021 actuarial valuation are as follows:

##### Actuarial Assumptions

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

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

The "share plan" supplemental retirement benefit, effective October 1, 2009, created an individual share account for each active firefighter as of that date. This supplemental benefit is funded solely by the premium tax revenues received by the City. The initial amount allocated to the active members' share accounts was \$663,717. For all years beginning on and after October 1, 2009, all premium tax revenues received by the City in excess of \$1,668,662 are allocated to the members' individual share accounts. Effective January 1, 2011, and each January following, the individual share accounts for each active firefighter is credited or debited with earnings or losses at a rate equal to the Plan's actual net rate of investment return for the preceding Plan year. A firefighter must attain five complete years of credited service to be entitled to receive a distribution of their accumulated account. At September 30, 2022, there was \$651,176 in the share plan.

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2022

**NOTE 3 – 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>Firefighters' Pension Plan</b>	<b>Totals</b>
Net Pension Liability	\$ 3,307,841	8,690,046	5,723,426	17,721,313
Deferred Outflows	4,130,687	4,142,494	5,977,181	14,250,362
Deferred Inflows	6,186,543	5,553,877	6,044,777	17,785,197
Pension Expense	11,525	1,025,642	1,228,770	2,265,937

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, 2022:

**Statements of Fiduciary Net Position**

	<b>General Pension Fund</b>	<b>Police Officers' Pension Fund</b>	<b>Firefighters' Pension Fund</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,743,023	2,590,486	1,949,240
Contributions receivable	227,169	58,631	856,596
Investments, at fair value	59,736,929	54,974,264	58,818,796
Total assets	<u>61,707,121</u>	<u>57,623,381</u>	<u>61,624,632</u>
<b>Liabilities</b>			
Accounts payable	<u>185,435</u>	<u>18,331</u>	<u>18,592</u>
Total liabilities	<u>185,435</u>	<u>18,331</u>	<u>18,592</u>
<b>Net position</b>			
Restricted for pension benefits	<u>\$ 61,521,686</u>	<u>57,605,050</u>	<u>61,606,040</u>

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2022

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

**Statements of Changes in Fiduciary Net Position**

	<b>General Pension Fund</b>	<b>Police Officers' Pension Fund</b>	<b>Firefighters' Pension Fund</b>
Additions			
Contributions			
Employee contributions	\$ 731,882	222,472	205,041
Employer contributions	2,461,428	2,460,777	2,572,668
Direct state contributions	-	836,870	609,491
Total contributions	3,193,310	3,520,119	3,387,200
Investment earnings			
Interest and dividend income	1,541,812	1,329,453	1,491,461
Net change in fair value of investments	(10,120,392)	(9,321,152)	(10,247,966)
Less investment expense	(373,634)	(341,077)	(367,174)
Net investment earnings	(8,952,214)	(8,332,776)	(9,123,679)
Total additions	(5,758,904)	(4,812,657)	(5,736,479)
Deductions			
Benefits paid	4,435,293	4,107,897	4,695,231
Refunds of contributions	672,789	67,721	10,164
General administration	184,340	118,589	113,296
Total deductions	5,292,422	4,294,207	4,818,691
Changes in net position	(11,051,326)	(9,106,864)	(10,555,170)
Net position, beginning of year	72,573,012	66,711,914	72,161,210
Net position, end of year	\$ 61,521,686	57,605,050	61,606,040

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

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

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

**Employer Contributions**

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

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

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

As of September 30, 2022, there were 243 active Plan members. Covered payroll for the year ended September 30, 2022 was \$14,072,847. City contributions for the year were \$283,383, and employee contributions were \$422,298, 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 Mission Square.

#### **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 vested as follows: 25% after 1 year of service; 50% after 2 years of service; 100% after 3 years of service.

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, 2022, there were four active Plan members and eight retired and terminated members who have maintained account balances. Covered payroll for the year ended September 30, 2022 was \$801,703. City contributions for the year were \$58,780, and employee contributions were \$37,523.

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 Mission Square.

# THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements  
September 30, 2022

## NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

### Managers’ Retirement Savings Plan (the “Plan”) (Continued)

Statements of Net Position and Statements of Changes in Net Position for the City’s defined contribution pension plans are as follows, as of and for the year ended September 30, 2022. These plans do not meet the definition of a Fiduciary Activity per GASB Statement No. 84, *Fiduciary Activities*.

#### Statements of Net Position

	<b>Supplemental General Pension</b>	<b>Managers’ 401 Pension</b>
Assets		
Investments, at fair value	\$ 10,286,269	1,500,416
Total assets	10,286,269	1,500,416
Net position		
Restricted for pension benefits	\$ 10,286,269	1,500,416

#### Statements of Changes in Net Position

	<b>Supplemental General Pension</b>	<b>Managers’ 401 Pension</b>
Additions		
Contributions		
Employee contributions	\$ 481,458	58,780
Employer contributions	283,383	37,523
Total contributions	764,841	96,303
Investment earnings		
Net change in fair value of investments	(1,826,664)	(254,894)
Less investment expense	(13,479)	(3,998)
Net investment earnings	(1,840,143)	(258,892)
Total additions	(1,075,302)	(162,589)
Deductions		
Refunds of contributions	1,246,644	4,533
Total deductions	1,246,644	4,533
Changes in net position	(2,321,946)	(167,122)
Net position, beginning of year	12,611,215	1,667,538
Net position, end of year	\$ 10,289,269	1,500,416

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

#### **K. Other Post-Employment Benefits**

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

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

**Plan Membership.** Membership of the plan consisted of the following at September 30, 2021 rolled forward 12 months from the valuation date to the measurement date using standard actuarial techniques:

Retirees and Beneficiaries	32
Inactive, Nonretired Members	-
Active Members	398
Total	<u>430</u>

The City’s total OPEB liability was measured as of September 30, 2021 rolled forward 12 months from the valuation date to the measurement date using standard actuarial techniques.

**Actuarial Assumptions.** The total OPEB liability in the September 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate	2.19%
Healthcare Cost Trend Rate	Based on the Getzen Model with trend starting at 6.00% (0.00% for premiums), followed by 5.75%, and gradually decreasing to an ultimate trend rate of 3.75%.
Inflation Rate	2.25%
Salary Increase	Rates based on those used in the October 1, 2021 actuarial valuations of the City's three pension plans
Participation Rate	Medical Acceptance Rate: 25% Coverage Lapsing Rate: 100%

**THE CITY OF NAPLES, FLORIDA**

Notes to Financial Statements  
September 30, 2022

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

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

**Discount Rate.** Under GASB Statement No. 75, when there are currently no invested plan assets held in trust to finance the OPEB obligations, the discount rate equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. The rate used in the September 30, 2021 valuation was 2.19%.

**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, 2022 were as follows:

	Total OPEB Liability
Balances at September 30, 2021	\$ 5,897,470
Changes for the year:	
Service cost	443,012
Interest on the total OPEB liability	148,193
Difference between expected and actual experience	(1,153,792)
Changes in assumptions and other inputs	73066
Benefit payments	(382,819)
Net changes	(872,340)
Balances at September 30, 2022	\$ 5,025,130

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

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.** The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.19%) or 1-percentage-point higher (3.19%) than the current discount rate:

	1% Decrease 1.19%	Current Discount Rate 2.19%	1% Increase 3.19%
Total OPEB liability	\$ 5,410,358	\$ 5,025,130	\$ 4,672,485

# THE CITY OF NAPLES, FLORIDA

## Notes to Financial Statements September 30, 2022

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

**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:

	<u>1% Decrease</u>	Current Healthcare Cost Trend Rate	<u>1% Increase</u>
Total OPEB liability	\$ 4,583,653	\$ 5,025,130	\$ 5,537,884

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, 2021, 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, 2022, the City recognized OPEB expense of \$534,601. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 88,663	-
Changes in assumptions and other inputs	528,649	1,195,503
Benefits paid subsequent to the measurement date	<u>287,559</u>	<u>-</u>
Total	<u>\$ 904,871</u>	<u>1,195,503</u>

The deferred outflows of resources related to the total OPEB liability, totaling \$287,559 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, 2023. Other amounts reported as inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30,	
2023	\$ (56,604)
2024	(56,604)
2025	(38,770)
2026	(21,783)
2027	(158,548)
Thereafter	<u>(245,882)</u>
Total	<u>\$ (578,191)</u>



THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements  
September 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

L. Contingencies

1. Litigation

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

2. Federal and State Assistance Programs

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

3. Self-Insurance Funds

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

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

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

The liability for unpaid claims is estimated based upon historical actual results adjusted for current economic trends. The estimated claims liability for all self-insured risks are reported as claims payable in the Risk Management Fund and Health Benefits Fund which include an estimate for incurred but not reported claims. In addition, reimbursements from excess loss reinsurers are netted against claims expenses, as applicable, in the Risk Management and Health Benefits Internal Service funds. During the current year, \$230,559 and \$511,973 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, 2022. Estimates were based on an evaluation of claims pending and past experience. At September 30, 2022, \$4,496,000 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, 2022

**NOTE 3 – 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, 2020	\$ 3,076,000	383,044	3,459,044
Current year claims incurred and change in estimates	2,662,825	5,405,203	8,068,028
Claim payments	(2,024,825)	(5,415,693)	(7,440,518)
Balance September 30, 2021	3,714,000	372,554	4,086,554
Current year claims incurred and change in estimates	2,212,834	5,069,564	7,282,398
Claim payments	(1,430,834)	(5,038,191)	(6,469,025)
Balance September 30, 2022	\$ 4,496,000	403,927	4,899,927

**4. Construction Projects**

At September 30, 2022, the City had the following commitments:

<b>Project</b>	<b>Contract Amount</b>	<b>Completed to Date</b>	<b>Balance</b>
Gulf Shore Boulevard North Seawall	\$ 2,099,995	-	2,099,995
East Naples Bay Dredging Project	3,284,325	1,141,064	2,143,261
Beach Restoration Stormwater Outfall Phase I & II Design	1,658,400	1,304,604	353,796
Beach Restoration Stormwater Outfall Project Construction	4,219,741	3,919,376	300,365
City of Naples Playhouse Garage Design (CRA)	987,864	599,130	388,734
Septic to Sewer Design Services	2,747,120	1,555,322	1,191,798

**M. Subsequent Events**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF NAPLES, FLORIDA**

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual  
Year Ended September 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes				
Ad valorem	\$ 27,951,305	28,176,305	28,256,217	79,912
Local communication and business	910,000	1,360,000	1,326,539	(33,461)
Insurance premium tax	1,250,000	1,250,000	1,446,361	196,361
Permits, fees and assessments	3,715,718	4,055,718	4,517,102	461,384
Intergovernmental	4,697,011	5,497,011	6,194,931	697,920
Charges for services	2,165,738	2,265,738	2,602,267	336,529
Charges to other funds	4,139,640	4,139,640	4,139,640	-
Fines and forfeitures	146,300	146,300	282,436	136,136
Investment earnings (loss)	340,000	340,000	(1,364,877)	(1,704,877)
Donations	-	-	8,500	8,500
Miscellaneous	20,000	20,000	223,898	203,898
Total revenues	<u>45,335,712</u>	<u>47,250,712</u>	<u>47,633,014</u>	<u>382,302</u>
Expenditures				
Current				
General government				
Mayor and City Council	555,984	559,322	558,763	559
City Attorney	600,686	810,300	800,016	10,284
City Clerk	1,006,258	1,099,687	1,063,004	36,683
City Manager	1,065,807	1,036,241	966,707	69,534
Human resources	772,607	836,628	802,797	33,831
Planning	874,961	874,961	827,895	47,066
Finance	1,259,424	1,321,739	1,218,527	103,212
Nondepartmental	6,092,277	6,705,422	6,385,964	319,458
Total general government	<u>12,228,004</u>	<u>13,244,300</u>	<u>12,623,673</u>	<u>620,627</u>
Public safety				
Fire	11,486,112	12,602,221	12,971,655	(369,434)
Police	15,060,466	15,398,028	14,586,342	811,686
Code inspections	678,612	774,074	698,595	75,479
Total public safety	<u>27,225,190</u>	<u>28,774,323</u>	<u>28,256,592</u>	<u>517,731</u>
Transportation	<u>-</u>	<u>161,540</u>	<u>67,926</u>	<u>93,614</u>
Culture and recreation				
Community services	8,015,193	8,249,825	7,389,504	860,321
Total culture and recreation	<u>8,015,193</u>	<u>8,249,825</u>	<u>7,389,504</u>	<u>860,321</u>

(Continued)

**CITY OF NAPLES, FLORIDA**

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual  
Year Ended September 30, 2022

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
Capital outlay				
General government	\$ 43,850	95,665	48,500	47,165
Public safety	33,500	73,157	61,462	11,695
Transportation	-	2,099,995	-	2,099,995
Culture and recreation	-	2,868	2,868	-
Total capital outlay	<u>77,350</u>	<u>2,271,685</u>	<u>112,830</u>	<u>2,158,855</u>
 Total expenditures	<u>47,545,737</u>	<u>52,701,673</u>	<u>48,450,525</u>	<u>4,251,148</u>
 Deficiency of revenues under expenditures	<u>(2,210,025)</u>	<u>(5,450,961)</u>	<u>(817,511)</u>	<u>4,633,450</u>
 Other financing sources (uses)				
Transfers in	2,067,600	2,067,600	2,067,600	-
Transfers out	(47,500)	(47,500)	(47,500)	-
Proceeds from sale of capital assets	500	500	1,387	887
Total other financing sources, net	<u>2,020,600</u>	<u>2,020,600</u>	<u>2,021,487</u>	<u>887</u>
 Change in fund balance	(189,425)	(3,430,361)	1,203,976	4,634,337
 Fund balance, beginning of year	26,368,912	26,368,912	26,368,912	-
Fund balance, end of year	<u>\$ 26,179,487</u>	<u>22,938,551</u>	<u>27,572,888</u>	<u>4,634,337</u>

**CITY OF NAPLES, FLORIDA**  
**Community Redevelopment Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Year Ended September 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes				
Ad valorem	\$ 1,520,417	1,520,417	1,520,417	-
Intergovernmental	4,712,633	4,712,633	4,712,633	-
Investment earnings (loss)	55,000	55,000	(517,526)	(572,526)
Total revenues	<u>6,288,050</u>	<u>6,288,050</u>	<u>5,715,524</u>	<u>(572,526)</u>
Expenditures				
Current				
Economic development	1,596,830	1,973,783	1,628,174	345,609
Capital outlay				
Economic development	10,500,000	12,518,409	297,472	12,220,937
Total expenditures	<u>12,096,830</u>	<u>14,492,192</u>	<u>1,925,646</u>	<u>12,566,546</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,808,780)</u>	<u>(8,204,142)</u>	<u>3,789,878</u>	<u>11,994,020</u>
Other financing sources (uses)				
Transfers out	(264,117)	(264,117)	(264,117)	-
Debt proceeds	4,000,000	4,000,000	-	(4,000,000)
Total other financing sources (uses)	<u>3,735,883</u>	<u>3,735,883</u>	<u>(264,117)</u>	<u>(4,000,000)</u>
Change in fund balance	(2,072,897)	(4,468,259)	3,525,761	7,994,020
Fund balance, beginning of year	6,780,678	6,780,678	6,780,678	-
Fund balance, end of year	<u>\$ 4,707,781</u>	<u>2,312,419</u>	<u>10,306,439</u>	<u>7,994,020</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes				
Motor fuel taxes	\$ 2,260,000	2,260,000	2,477,117	217,117
Permits, fees and assessments	280,000	280,000	318,000	38,000
Intergovernmental	885,121	885,121	514,235	(370,886)
Investment earnings (loss)	40,000	40,000	(200,691)	(240,691)
Miscellaneous	-	-	13,242	13,242
Total revenues	<u>3,465,121</u>	<u>3,465,121</u>	<u>3,121,903</u>	<u>(343,218)</u>
Expenditures				
Current				
Transportation	3,121,720	3,644,558	2,561,436	1,083,122
Capital outlay				
Transportation	875,000	1,393,533	257,108	1,136,425
Total expenditures	<u>3,996,720</u>	<u>5,038,091</u>	<u>2,818,544</u>	<u>2,219,547</u>
Net change in fund balances	(531,599)	(1,572,970)	303,359	1,876,329
Fund balance, beginning of year	3,363,324	3,363,324	3,363,324	-
Fund balance, end of year	<u>\$ 2,831,725</u>	<u>1,790,354</u>	<u>3,666,683</u>	<u>1,876,329</u>



**CITY OF NAPLES, FLORIDA**  
 East Naples Bay District Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 Year Ended September 30, 2022

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
Revenues				
Taxes - property	\$ 378,352	378,352	383,408	5,056
Investment earnings (loss)	10,000	10,000	(52,156)	(62,156)
Total revenues	<u>388,352</u>	<u>388,352</u>	<u>331,252</u>	<u>(57,100)</u>
Expenditures				
Current				
Economic and physical development	37,000	37,000	219	36,781
Capital outlay				
Economic and physical development	-	4,041,384	1,561,487	2,479,897
Debt service				
Principal	290,000	290,000	-	290,000
Interest	47,850	47,850	47,850	-
Total expenditures	<u>374,850</u>	<u>4,416,234</u>	<u>1,609,556</u>	<u>2,806,678</u>
Change in fund balances	13,502	(4,027,882)	(1,278,304)	2,749,578
Fund balances, beginning of year	1,389,184	1,389,184	1,389,184	-
Fund balances, end of year	<u>\$ 1,402,686</u>	<u>(2,638,698)</u>	<u>110,880</u>	<u>2,749,578</u>

**THE CITY OF NAPLES, FLORIDA**

Notes to Required Supplementary Information  
September 30, 2022

**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, 2022 (Unaudited)

Reporting period ending Measurement date	Schedule of Changes in Net Pension Liability and Related Ratios								
	General Employees' Pension								
	9/30/23	9/30/22	9/30/21	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15
	9/30/22	9/30/21	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15	9/30/14
<b>Total pension liability</b>									
Service cost	\$ 1,628,610	1,658,150	1,537,130	1,565,934	1,505,743	1,550,588	1,515,025	1,500,184	1,471,441
Interest on total pension liability	5,252,334	5,072,240	5,080,127	4,964,402	5,093,386	4,929,787	4,718,425	4,553,080	4,418,330
Differences between expected and actual experience	(248,994)	493,832	(1,132,043)	(221,863)	(1,752,760)	172,717	(1,619,494)	504,129	-
Changes of assumptions	-	-	2,266,538	662,461	(1,062,814)	-	2,509,683	-	-
Contributions - buy back	-	19,159	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(5,108,082)	(4,693,314)	(4,541,838)	(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>	<b>1,523,868</b>	<b>2,550,067</b>	<b>3,209,914</b>	<b>2,231,850</b>	<b>(820,526)</b>	<b>2,406,196</b>	<b>2,715,770</b>	<b>2,202,662</b>	<b>2,000,814</b>
<b>Total pension liability - beginning</b>	<b>75,880,853</b>	<b>73,330,786</b>	<b>70,120,872</b>	<b>67,889,022</b>	<b>68,709,548</b>	<b>66,303,352</b>	<b>63,587,582</b>	<b>61,384,920</b>	<b>59,384,106</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 77,404,721</b>	<b>75,880,853</b>	<b>73,330,786</b>	<b>70,120,872</b>	<b>67,889,022</b>	<b>68,709,548</b>	<b>66,303,352</b>	<b>63,587,582</b>	<b>61,384,920</b>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 2,461,428	2,535,318	2,489,724	2,087,382	1,943,363	1,785,446	1,970,406	2,023,395	1,945,282
Contributions - employee	731,882	716,578	692,717	682,207	667,203	670,402	711,740	694,975	715,072
Net investment income	(8,952,214)	13,184,129	2,428,739	2,217,376	5,865,243	7,212,061	2,994,961	414,031	5,857,072
Benefit payments, including refunds of member contributions	(5,108,082)	(4,693,314)	(4,541,838)	(4,739,084)	(4,604,081)	(4,246,896)	(4,407,869)	(4,354,731)	(3,887,856)
Administrative expenses	(184,340)	(101,786)	(167,348)	(159,449)	(169,463)	(168,640)	(160,414)	(150,741)	(142,904)
<b>Net change in plan fiduciary net position</b>	<b>(11,051,326)</b>	<b>11,640,925</b>	<b>901,994</b>	<b>88,432</b>	<b>3,702,265</b>	<b>5,252,373</b>	<b>1,108,824</b>	<b>(1,373,071)</b>	<b>4,486,666</b>
<b>Plan fiduciary net position - beginning</b>	<b>72,573,012</b>	<b>60,932,087</b>	<b>60,030,093</b>	<b>59,941,661</b>	<b>56,239,396</b>	<b>50,987,023</b>	<b>49,878,199</b>	<b>51,251,270</b>	<b>46,764,604</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 61,521,686</b>	<b>72,573,012</b>	<b>60,932,087</b>	<b>60,030,093</b>	<b>59,941,661</b>	<b>56,239,396</b>	<b>50,987,023</b>	<b>49,878,199</b>	<b>51,251,270</b>
<b>City's net pension liability - ending (a) - (b)</b>	<b>\$ 15,883,035</b>	<b>3,307,841</b>	<b>12,398,699</b>	<b>10,090,779</b>	<b>7,947,361</b>	<b>12,470,152</b>	<b>15,316,329</b>	<b>13,709,383</b>	<b>10,133,650</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	79.48%	95.64%	83.09%	85.61%	88.29%	81.85%	76.90%	78.44%	83.49%
<b>Covered payroll</b>	\$ 19,305,323	18,053,742	17,629,562	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>	82.27%	18.32%	70.33%	59.07%	48.42%	77.88%	92.63%	75.59%	64.88%

**Notes to the Schedule:**

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

# THE CITY OF NAPLES, FLORIDA

## Required Supplementary Information September 30, 2022 (Unaudited)

### Schedule of Contributions General Employees' Pension

	9/30/22	9/30/21	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15	9/30/14
Actuarially determined contribution	\$ 2,461,428	2,043,684	2,112,022	1,943,363	1,943,363	1,785,446	1,969,372	2,023,395	1,924,183
Contributions in relation to the actuarially determined contribution	<u>2,461,428</u>	<u>2,535,318</u>	<u>2,489,724</u>	<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>(491,634)</u>	<u>(377,702)</u>	<u>(144,019)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,099)</u>
Covered payroll	\$ 19,305,323	18,053,742	17,629,562	17,081,690	16,413,536	16,012,972	16,535,449	18,135,744	15,618,366
Contributions as a percentage of covered payroll	12.75%	14.04%	14.12%	12.22%	11.84%	11.15%	11.91%	11.16%	12.46%

**Notes to the Schedule:**

Valuation date                      October 1, 2020

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

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

# THE CITY OF NAPLES, FLORIDA

## Required Supplementary Information September 30, 2022 (Unaudited)

### Schedules of Pension Investment Returns

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Employees:									
Annual money-weighted rate of return, net of investment expenses	-12.37%	21.69%	4.00%	3.66%	10.34%	12.00%	7.93%	0.79%	12.72%
Police:									
Annual money-weighted rate of return, net of investment expenses	-12.51%	21.59%	4.26%	4.01%	10.21%	11.98%	7.89%	0.79%	12.60%
Fire:									
Annual money-weighted rate of return, net of investment expenses	-12.85%	22.07%	4.50%	3.94%	10.43%	12.02%	8.01%	0.77%	12.67%

**Notes to the Schedules:**

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

# THE CITY OF NAPLES, FLORIDA

## Required Supplementary Information September 30, 2022 (Unaudited)

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

#### Police Officers' Pension

Reporting period ending	9/30/23	9/30/22	9/30/21	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15
Measurement date	9/30/22	9/30/21	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15	9/30/14
<b>Total pension liability</b>									
Service cost	\$ 933,890	956,334	929,192	869,370	802,840	765,046	943,492	1,007,847	944,053
Interest on total pension liability	5,200,077	5,107,552	5,050,903	5,002,084	4,907,047	4,773,491	4,579,541	4,448,873	4,254,147
Differences between expected and actual experience	4,009	(349,489)	113,753	(584,938)	(69,061)	148,418	163,041	(860,949)	-
Changes of benefit terms	70,976	-	-	-	-	-	-	-	-
Changes of assumptions	-	-	1,883,143	716,859	535,504	-	653,912	-	-
Contributions - buy back	(445)	5,782	5,782	54,485	2,295	32,551	-	-	-
Benefit payments, including refunds of employee contributions	(4,175,618)	(4,653,827)	(4,207,943)	(4,448,950)	(3,702,997)	(4,249,528)	(2,889,380)	(2,701,145)	(2,630,150)
<b>Net change in total pension liability</b>	<u>2,032,889</u>	<u>1,066,352</u>	<u>3,774,830</u>	<u>1,608,910</u>	<u>2,475,628</u>	<u>1,469,978</u>	<u>3,450,606</u>	<u>1,894,626</u>	<u>2,568,050</u>
<b>Total pension liability - beginning</b>	<u>75,401,960</u>	<u>74,335,608</u>	<u>70,560,778</u>	<u>68,951,868</u>	<u>66,476,240</u>	<u>65,006,262</u>	<u>61,555,656</u>	<u>59,661,030</u>	<u>57,092,980</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 77,434,849</u>	<u>75,401,960</u>	<u>74,335,608</u>	<u>70,560,778</u>	<u>68,951,868</u>	<u>66,476,240</u>	<u>65,006,262</u>	<u>61,555,656</u>	<u>59,661,030</u>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 2,460,777	2,637,659	2,191,944	1,949,202	2,053,662	1,803,678	1,985,703	1,737,998	1,672,462
Contributions - state	836,870	757,213	787,148	742,751	718,404	792,677	610,146	551,656	540,981
Contributions - employee	222,472	216,849	215,667	260,609	204,461	232,664	210,895	211,290	229,089
Net investment income	(8,332,776)	12,093,347	2,328,680	2,180,941	5,144,971	6,154,401	2,724,152	331,447	4,804,886
Benefit payments, including refunds of member contributions	(4,175,618)	(4,665,665)	(4,207,943)	(4,448,950)	(3,702,997)	(4,249,835)	(2,889,380)	(2,701,145)	(2,622,981)
Administrative expenses	(118,589)	(99,622)	(133,889)	(93,352)	(105,596)	(104,158)	(98,445)	(97,327)	(75,114)
<b>Net change in plan fiduciary net position</b>	<u>(9,106,864)</u>	<u>10,939,781</u>	<u>1,181,607</u>	<u>591,201</u>	<u>4,312,905</u>	<u>4,629,427</u>	<u>2,543,071</u>	<u>33,919</u>	<u>4,549,323</u>
<b>Plan fiduciary net position - beginning</b>	<u>66,711,914</u>	<u>55,772,133</u>	<u>54,590,526</u>	<u>53,999,325</u>	<u>49,686,420</u>	<u>45,056,993</u>	<u>42,513,922</u>	<u>42,480,003</u>	<u>37,930,680</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 57,605,050</u>	<u>66,711,914</u>	<u>55,772,133</u>	<u>54,590,526</u>	<u>53,999,325</u>	<u>49,686,420</u>	<u>45,056,993</u>	<u>42,513,922</u>	<u>42,480,003</u>
<b>City's net pension liability - ending (a) - (b)</b>	<u>\$ 19,829,799</u>	<u>8,690,046</u>	<u>18,563,475</u>	<u>15,970,252</u>	<u>14,952,543</u>	<u>16,789,820</u>	<u>19,949,269</u>	<u>19,041,734</u>	<u>17,181,027</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	74.39%	88.48%	75.03%	77.37%	78.31%	74.74%	69.31%	69.07%	71.20%
<b>Covered payroll</b>	\$ 5,481,516	4,964,737	4,888,073	4,723,555	4,533,223	4,429,884	4,597,424	5,164,848	4,786,859
<b>City's net pension liability as a percentage of covered payroll</b>	361.76%	175.04%	379.77%	338.10%	329.84%	379.01%	433.92%	368.68%	358.92%

**Notes to the Schedule:**

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

*Changes of benefit terms:*

For measurement date 09/30/2022, amounts reported as changes of benefit terms resulted from the following addition to the definition of Prior Service Credit:

If a member should become disabled, receive a disability retirement and be awarded a benefit that does not include any prior purchased service credit as a basis for its calculation, the amount paid by the member for such prior service credit shall be refunded without interest.

**THE CITY OF NAPLES, FLORIDA**

Required Supplementary Information  
September 30, 2022  
(Unaudited)

**Schedule of Contributions  
Police Officers' Pension**

	<u>9/30/22</u>	<u>9/30/21</u>	<u>9/30/20</u>	<u>9/30/19</u>	<u>9/30/18</u>	<u>9/30/17</u>	<u>9/30/16</u>	<u>9/30/15</u>	<u>9/30/14</u>
Actuarially determined contribution	\$ 3,196,820	2,683,440	2,705,548	2,772,066	2,772,066	2,596,355	2,595,706	2,289,654	2,213,443
Contributions in relation to the actuarially determined contribution	<u>3,297,647</u>	<u>3,394,872</u>	<u>2,979,092</u>	<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>\$ (100,827)</u>	<u>(711,432)</u>	<u>(273,544)</u>	<u>80,113</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 5,481,516	4,964,737	4,888,073	4,723,555	4,533,223	4,429,884	4,597,424	5,164,848	4,786,859
Contributions as a percentage of covered payroll	60.16%	68.38%	60.95%	56.99%	61.15%	58.61%	56.48%	44.33%	46.24%

**Notes to the Schedule:**

Valuation date                      October 1, 2020

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

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

# THE CITY OF NAPLES, FLORIDA

## Required Supplementary Information September 30, 2022 (Unaudited)

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

Reporting period ending Measurement date	Fire fighters' Pension								
	9/30/23 9/30/22	9/30/22 9/30/21	9/30/21 9/30/20	9/30/20 9/30/19	9/30/19 9/30/18	9/30/18 9/30/17	9/30/17 9/30/16	9/30/16 9/30/15	9/30/15 9/30/14
<b>Total pension liability</b>									
Service cost	\$ 874,440	827,646	801,078	747,281	725,072	708,830	874,002	842,047	981,492
Interest on total pension liability	5,352,341	5,215,303	5,133,458	4,904,930	4,830,246	4,603,003	4,299,587	4,102,672	3,896,369
Differences between expected and actual experience	117,668	539,454	325,848	1,506,608	(549,657)	182,694	116,520	(247,033)	-
Changes of assumptions	-	-	1,862,522	833,637	571,688	-	1,240,006	-	-
Changes of benefit terms	-	-	-	(3,632)	-	-	-	-	-
Contributions - buy back	1,270	16,509	-	-	-	-	15,021	-	-
Benefit payments, including refunds of employee contributions	(4,705,395)	(4,781,924)	(3,084,416)	(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>	<u>1,640,324</u>	<u>1,816,988</u>	<u>5,038,490</u>	<u>2,991,691</u>	<u>3,140,354</u>	<u>2,970,769</u>	<u>4,400,379</u>	<u>2,633,753</u>	<u>2,966,370</u>
<b>Total pension liability - beginning</b>	<u>77,884,636</u>	<u>76,067,648</u>	<u>71,029,158</u>	<u>68,037,467</u>	<u>64,897,113</u>	<u>61,926,344</u>	<u>57,525,965</u>	<u>54,892,212</u>	<u>51,925,842</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 79,524,960</u>	<u>77,884,636</u>	<u>76,067,648</u>	<u>71,029,158</u>	<u>68,037,467</u>	<u>64,897,113</u>	<u>61,926,344</u>	<u>57,525,965</u>	<u>54,892,212</u>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 2,572,668	1,949,767	1,708,192	1,693,876	1,593,953	1,399,309	1,573,305	1,180,670	1,342,378
Contributions - state	609,491	623,358	603,786	544,971	539,925	509,868	581,196	721,101	871,999
Contributions - employee	205,041	182,388	160,322	148,990	146,837	141,266	171,558	153,807	177,737
Net investment income	(9,123,679)	13,342,752	2,614,446	2,305,140	5,692,001	6,505,843	2,941,905	336,431	4,996,523
Benefit payments, including refunds of member contributions	(4,705,395)	(4,780,821)	(3,084,416)	(4,997,133)	(2,436,995)	(2,523,758)	(2,144,757)	(2,063,933)	(1,911,492)
Administrative expenses	(113,296)	(80,622)	(107,442)	(72,724)	(95,636)	(95,118)	(80,473)	(57,827)	(65,535)
<b>Net change in plan fiduciary net position</b>	<u>(10,555,170)</u>	<u>11,236,822</u>	<u>1,894,888</u>	<u>(376,880)</u>	<u>5,440,085</u>	<u>5,937,410</u>	<u>3,042,734</u>	<u>270,249</u>	<u>5,411,610</u>
<b>Plan fiduciary net position - beginning</b>	<u>72,161,210</u>	<u>60,924,388</u>	<u>59,029,500</u>	<u>59,406,380</u>	<u>53,966,295</u>	<u>48,028,885</u>	<u>44,986,151</u>	<u>44,715,902</u>	<u>39,304,292</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 61,606,040</u>	<u>72,161,210</u>	<u>60,924,388</u>	<u>59,029,500</u>	<u>59,406,380</u>	<u>53,966,295</u>	<u>48,028,885</u>	<u>44,986,151</u>	<u>44,715,902</u>
<b>City's net pension liability - ending (a) - (b)</b>	<u>\$ 17,918,920</u>	<u>5,723,426</u>	<u>15,143,260</u>	<u>11,999,658</u>	<u>8,631,087</u>	<u>10,930,818</u>	<u>13,897,459</u>	<u>12,539,814</u>	<u>10,176,310</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	77.47%	92.65%	80.09%	83.11%	87.31%	83.16%	77.56%	78.20%	81.46%
<b>Covered payroll</b>	\$ 4,728,319	3,782,903	3,631,573	3,181,377	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>	378.97%	151.30%	416.99%	377.18%	271.30%	364.65%	429.24%	288.82%	284.79%

**Notes to the Schedule:**

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



# THE CITY OF NAPLES, FLORIDA

## Required Supplementary Information September 30, 2022 (Unaudited)

### Schedule of Contributions Firefighters' Pension

	9/30/22	9/30/21	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15	9/30/14
Actuarially determined contribution	\$ 3,182,159	2,266,338	2,254,843	2,120,706	2,120,706	1,909,177	2,148,871	1,901,771	2,214,377
Contributions in relation to the actuarially determined contribution	<u>3,182,159</u>	<u>2,573,125</u>	<u>2,311,978</u>	<u>2,238,847</u>	<u>2,133,878</u>	<u>1,909,177</u>	<u>2,148,871</u>	<u>1,901,771</u>	<u>2,214,377</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>(306,787)</u>	<u>(57,135)</u>	<u>(118,141)</u>	<u>(13,172)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 4,728,319	3,782,903	3,631,573	3,181,377	3,181,377	2,997,608	3,237,715	4,341,784	3,573,306
Contributions as a percentage of covered payroll	67.30%	68.02%	63.66%	70.37%	67.07%	63.69%	66.37%	43.80%	61.97%

**Notes to the Schedule:**

Valuation date                      October 1, 2020

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

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

**THE CITY OF NAPLES, FLORIDA**

Required Supplementary Information  
September 30, 2022  
(Unaudited)

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

Measurement year ended September 30,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB liability</b>					
Service cost	\$ 443,012	430,152	343,902	347,546	353,062
Interest on the total OPEB liability	148,193	165,826	181,646	162,005	137,586
Changes of benefit terms	-	-	16,473	-	-
Difference between expected and actual experience of the total OPEB liability	73,066	-	43,902	-	-
Changes in assumptions and other inputs	(1,153,792)	(134,636)	925,138	(118,384)	(140,703)
Benefit payments	(382,819)	(327,481)	(292,583)	(254,400)	(53,548)
<b>Net change in total OPEB liability</b>	<u>(872,340)</u>	<u>133,861</u>	<u>1,218,478</u>	<u>136,767</u>	<u>296,397</u>
<b>Total OPEB liability - beginning</b>	<u>5,897,470</u>	<u>5,763,609</u>	<u>4,545,131</u>	<u>4,408,364</u>	<u>4,111,967</u>
<b>Total OPEB liability - ending</b>	<u>\$ 5,025,130</u>	<u>5,897,470</u>	<u>5,763,609</u>	<u>4,545,131</u>	<u>4,408,364</u>
<b>Covered-employee payroll</b>	\$ 27,596,993	31,285,739	25,219,941	27,687,759	24,884,851
<b>City's total OPEB liability as a percentage of covered-employee payroll</b>	18.21%	18.85%	22.85%	16.42%	17.72%

**Notes to the Schedule**

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

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**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.

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

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

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

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

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

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**CITY OF NAPLES, FLORIDA**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2022

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,212,461	133,157	1,345,618
Investments	12,974,230	1,424,880	14,399,110
Accounts receivable	1,815	-	1,815
Accrued interest	36,850	1,843	38,693
Due from other governments	10	-	10
Total assets	<u>\$ 14,225,366</u>	<u>1,559,880</u>	<u>15,785,246</u>
<b>Liabilities</b>			
Accounts payable	\$ 272,200	-	272,200
Accrued payroll	85,655	-	85,655
Due to other governments	10,682	-	10,682
Customer deposits	830,320	-	830,320
Unearned revenue	-	-	-
Total liabilities	<u>1,198,857</u>	<u>-</u>	<u>1,198,857</u>
<b>Fund balances</b>			
Restricted	10,454,815	1,550,670	12,005,485
Committed	2,439,787	9,210	2,448,997
Assigned	131,907	-	131,907
Total fund balances	<u>13,026,509</u>	<u>1,559,880</u>	<u>14,586,389</u>
Total liabilities and fund balances	<u>\$ 14,225,366</u>	<u>1,559,880</u>	<u>15,785,246</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, 2022

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues			
Taxes—property	\$ 28,985	-	28,985
Permits, fees and assessments	7,701,457	332,758	8,034,215
Intergovernmental	18,999	-	18,999
Charges for services	70,428	-	70,428
Fines and forfeitures	222,463	-	222,463
Interest	(447,116)	14,626	(432,490)
Donations	1,130,126	-	1,130,126
Miscellaneous	5,938	-	5,938
Total revenues	<u>8,731,280</u>	<u>347,384</u>	<u>9,078,664</u>
Expenditures			
Current			
General government	1,116	-	1,116
Public safety	5,341,949	-	5,341,949
Physical and economic environment	593,185	-	593,185
Transportation	98,150	-	98,150
Culture and recreation	40,582	-	40,582
Capital outlay			
General government	-	-	-
Public safety	191,949	-	191,949
Physical and economic environment	12,520	-	12,520
Transportation	-	-	-
Culture and recreation	86,749	-	86,749
Total expenditures	<u>6,366,200</u>	<u>-</u>	<u>6,366,200</u>
Excess of revenues over expenditures	<u>2,365,080</u>	<u>347,384</u>	<u>2,712,464</u>
Other financing uses			
Transfers out	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	2,365,080	347,384	2,712,464
Fund balances, beginning of year	10,661,429	1,212,496	11,873,925
Fund balances, end of year	<u>\$ 13,026,509</u>	<u>1,559,880</u>	<u>14,586,389</u>

**CITY OF NAPLES, FLORIDA**  
Combining Balance Sheet  
Nonmajor Governmental Special Revenue Funds  
September 30, 2022

	<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>Confiscated Properties Fund</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 539,707	11,273	67,481	111,927	2,068	63,364
Investments	5,775,272	120,624	722,098	1,197,695	22,128	678,036
Accounts receivable	-	-	1,815	-	-	-
Accrued interest	18,133	-	-	-	-	1,438
Due from other governments	-	10	-	-	-	-
Total assets	<u>\$ 6,333,112</u>	<u>131,907</u>	<u>791,394</u>	<u>1,309,622</u>	<u>24,196</u>	<u>742,838</u>
<b>Liabilities</b>						
Accounts payable	\$ 204,381	-	66,938	-	-	-
Accrued payroll	85,655	-	-	-	-	-
Due to other governments	10,682	-	-	-	-	-
Customer deposits	-	-	-	830,320	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>300,718</u>	<u>-</u>	<u>66,938</u>	<u>830,320</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>						
Restricted	6,032,394	-	724,456	-	24,196	742,838
Committed	-	-	-	479,302	-	-
Assigned	-	131,907	-	-	-	-
Total fund balances	<u>6,032,394</u>	<u>131,907</u>	<u>724,456</u>	<u>479,302</u>	<u>24,196</u>	<u>742,838</u>
Total liabilities and fund balances	<u>\$ 6,333,112</u>	<u>131,907</u>	<u>791,394</u>	<u>1,309,622</u>	<u>24,196</u>	<u>742,838</u>

<b>Business Improvement District Fund</b>	<b>Baker Park Fund</b>	<b>41-10 Public Open Space Fund</b>	<b>Parking Trust Fund</b>	<b>Port Royal Dredging District Fund</b>	<b>Moorings Bay District Fund</b>	<b>Total Nonmajor Special Revenue</b>
308	145,245	113,671	53,336	9,146	94,935	1,212,461
3,305	1,554,227	1,216,374	570,728	97,871	1,015,872	12,974,230
-	-	-	-	-	-	1,815
-	9,030	836	2,808	-	4,605	36,850
-	-	-	-	-	-	10
<u>3,613</u>	<u>1,708,502</u>	<u>1,330,881</u>	<u>626,872</u>	<u>107,017</u>	<u>1,115,412</u>	<u>14,225,366</u>
881	-	-	-	-	-	272,200
-	-	-	-	-	-	85,655
-	-	-	-	-	-	10,682
-	-	-	-	-	-	830,320
-	-	-	-	-	-	-
<u>881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,198,857</u>
-	1,708,502	-	-	107,017	1,115,412	10,454,815
2,732	-	1,330,881	626,872	-	-	2,439,787
-	-	-	-	-	-	131,907
<u>2,732</u>	<u>1,708,502</u>	<u>1,330,881</u>	<u>626,872</u>	<u>107,017</u>	<u>1,115,412</u>	<u>13,026,509</u>
<u>3,613</u>	<u>1,708,502</u>	<u>1,330,881</u>	<u>626,872</u>	<u>107,017</u>	<u>1,115,412</u>	<u>14,225,366</u>

**CITY OF NAPLES, FLORIDA**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Special Revenue Funds  
Year Ended September 30, 2022

	<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>Confiscated Properties Fund</b>
<b>Revenues</b>						
Taxes—property	\$ -	-	-	-	-	-
Permits, fees and assessments	6,239,760	-	-	-	-	-
Intergovernmental	-	-	-	-	18,999	-
Charges for services	332	70,096	-	-	-	-
Fines and forfeitures	-	-	-	-	-	222,463
Investment earnings (loss)	(312,236)	-	-	-	-	5,990
Donations	-	-	330,911	-	-	-
Miscellaneous	5,132	-	-	-	-	-
Total revenues	<u>5,932,988</u>	<u>70,096</u>	<u>330,911</u>	<u>-</u>	<u>18,999</u>	<u>228,453</u>
<b>Expenditures</b>						
<b>Current</b>						
General government	-	-	1,116	-	-	-
Public safety	5,257,993	-	75,059	-	2,574	6,323
Physical and economic environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Culture and recreation	-	-	19,733	20,849	-	-
<b>Capital outlay</b>						
Public safety	167,867	-	-	-	-	24,082
Physical and economic environment	-	10,820	-	-	-	-
Culture and recreation	-	-	86,749	-	-	-
Total expenditures	<u>5,425,860</u>	<u>10,820</u>	<u>182,657</u>	<u>20,849</u>	<u>2,574</u>	<u>30,405</u>
Change in fund balances	507,128	59,276	148,254	(20,849)	16,425	198,048
Fund balances, beginning of year	5,525,266	72,631	576,202	500,151	7,771	544,790
Fund balances, end of year	<u>\$ 6,032,394</u>	<u>131,907</u>	<u>724,456</u>	<u>479,302</u>	<u>24,196</u>	<u>742,838</u>

<b>Business Improvement District Fund</b>	<b>Baker Park Fund</b>	<b>41-10 Public Open Space Fund</b>	<b>Parking Trust Fund</b>	<b>Port Royal Dredging District Fund</b>	<b>Moorings Bay District Fund</b>	<b>Total Nonmajor Special Revenue</b>
-	-	-	-	-	28,985	28,985
581,697	-	880,000	-	-	-	7,701,457
-	-	-	-	-	-	18,999
-	-	-	-	-	-	70,428
-	-	-	-	-	-	222,463
-	16,072	9,639	8,784	-	(175,365)	(447,116)
-	799,215	-	-	-	-	1,130,126
-	-	-	-	806	-	5,938
<u>581,697</u>	<u>815,287</u>	<u>889,639</u>	<u>8,784</u>	<u>806</u>	<u>(146,380)</u>	<u>8,731,280</u>
-	-	-	-	-	-	1,116
-	-	-	-	-	-	5,341,949
584,013	-	-	-	-	9,172	593,185
-	-	-	98,150	-	-	98,150
-	-	-	-	-	-	40,582
-	-	-	-	-	-	191,949
-	1,700	-	-	-	-	12,520
-	-	-	-	-	-	86,749
<u>584,013</u>	<u>1,700</u>	<u>-</u>	<u>98,150</u>	<u>-</u>	<u>9,172</u>	<u>6,366,200</u>
(2,316)	813,587	889,639	(89,366)	806	(155,552)	2,365,080
5,048	894,915	441,242	716,238	106,211	1,270,964	10,661,429
<u>2,732</u>	<u>1,708,502</u>	<u>1,330,881</u>	<u>626,872</u>	<u>107,017</u>	<u>1,115,412</u>	<u>13,026,509</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.

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**CITY OF NAPLES, FLORIDA**  
Combining Balance Sheet  
Nonmajor Governmental Capital Projects Funds  
September 30, 2022

	<b>Capital Project Funds</b>		<b>Total Nonmajor Capital Projects Funds</b>
	<b>Impact Fee Fund</b>	<b>Land Contribution Fund</b>	
<b>Assets</b>			
Cash and cash equivalents	\$ 132,370	787	133,157
Investments	1,416,457	8,423	1,424,880
Accrued interest	1,843	-	1,843
Total assets	<u>\$ 1,550,670</u>	<u>9,210</u>	<u>1,559,880</u>
<b>Liabilities</b>			
Accounts payable	\$ -	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>			
Restricted	1,550,670	-	1,550,670
Committed	-	9,210	9,210
Total fund balances	<u>1,550,670</u>	<u>9,210</u>	<u>1,559,880</u>
Total liabilities and fund balances	<u>\$ 1,550,670</u>	<u>9,210</u>	<u>1,559,880</u>

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**CITY OF NAPLES, FLORIDA**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Capital Projects Funds  
Year Ended September 30, 2022

	<u>Capital Project Funds</u>		<u>Total Nonmajor Capital Projects Funds</u>
	<u>Impact Fee Fund</u>	<u>Land Contribution Fund</u>	
Revenues			
Permits, fees and assessments	\$ 332,758	-	332,758
Investment earnings	14,626	-	14,626
Total revenues	<u>347,384</u>	<u>-</u>	<u>347,384</u>
Change in fund balances	347,384	-	347,384
Fund balances, beginning of year	<u>1,203,286</u>	<u>9,210</u>	<u>1,212,496</u>
Fund balances, end of year	<u>\$ 1,550,670</u>	<u>9,210</u>	<u>1,559,880</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, 2022

	<b>Building and Zoning Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
Revenues				
Permits, fees and assessments	\$ 6,001,209	6,001,209	6,239,760	238,551
Charges for services	68	68	332	264
Fines and forfeitures	-	-	-	-
Investment earnings (loss)	46,031	46,031	(312,236)	(358,267)
Miscellaneous	81	81	5,132	5,051
Total revenues	<u>6,047,389</u>	<u>6,047,389</u>	<u>5,932,988</u>	<u>(114,401)</u>
Expenditures				
Current				
Public safety	5,734,287	5,696,046	5,257,993	438,053
Capital outlay				
Public safety	330,000	375,711	167,867	207,844
Economic and physical development	-	-	-	-
Total expenditures	<u>6,064,287</u>	<u>6,071,757</u>	<u>5,425,860</u>	<u>645,897</u>
Change in fund balances	(16,898)	(24,368)	507,128	531,496
Fund balances, beginning of year	5,525,266	5,525,266	5,525,266	-
Fund balances, end of year	<u>\$ 5,508,368</u>	<u>5,500,898</u>	<u>6,032,394</u>	<u>531,496</u>

Community Development Block Grant Fund				Confiscated Properties Fund			
Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
-	-	-	-	-	-	-	-
-	-	70,096	70,096	-	-	-	-
-	-	-	-	-	-	222,463	222,463
-	-	-	-	-	-	5,990	5,990
-	-	-	-	-	-	-	-
-	-	70,096	70,096	-	-	228,453	228,453
-	-	-	-	-	215,000	6,323	208,677
-	-	-	-	-	120,000	24,082	95,918
-	9,921	10,820	(899)	-	-	-	-
-	9,921	10,820	(899)	-	335,000	30,405	304,595
-	(9,921)	59,276	69,197	-	(335,000)	198,048	533,048
72,631	72,631	72,631	-	544,790	544,790	544,790	-
72,631	62,710	131,907	69,197	544,790	209,790	742,838	533,048

(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, 2022

	<b>Grants Fund</b>			<b>Variance With Final Budget</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
Revenues				
Permits, fees and assessments	\$ -	-	-	-
Intergovernmental	-	-	18,999	18,999
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>18,999</u>	<u>18,999</u>
Expenditures				
Current				
Public safety	-	-	2,574	(2,574)
Economic and physical development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>2,574</u>	<u>(2,574)</u>
Change in fund balances	-	-	16,425	16,425
Fund balances, beginning of year	<u>7,771</u>	<u>7,771</u>	<u>7,771</u>	<u>-</u>
Fund balances, end of year	<u>\$ 7,771</u>	<u>7,771</u>	<u>24,196</u>	<u>16,425</u>

<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>
582,831	582,831	581,697	(1,134)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	806	-
<u>582,831</u>	<u>582,831</u>	<u>581,697</u>	<u>(1,134)</u>	<u>-</u>	<u>-</u>	<u>806</u>	<u>-</u>
-	-	-	-	-	-	-	-
582,831	582,831	584,013	(1,182)	-	-	-	-
<u>582,831</u>	<u>582,831</u>	<u>584,013</u>	<u>(1,182)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	(2,316)	(2,316)	-	-	806	806
5,048	5,048	5,048	-	106,211	106,211	106,211	-
<u>5,048</u>	<u>5,048</u>	<u>2,732</u>	<u>(2,316)</u>	<u>106,211</u>	<u>106,211</u>	<u>107,017</u>	<u>806</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, 2022

	<b>Improvement Fund</b>			<b>Variance With Final Budget</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
Revenues				
Taxes - property	\$ -	-	-	-
Investment earnings (loss)	-	-	-	-
Donations	-	84,859	330,911	246,052
Total revenues	<u>-</u>	<u>84,859</u>	<u>330,911</u>	<u>246,052</u>
Expenditures				
Current				
General government	-	-	1,116	(1,116)
Public safety	-	-	75,059	(75,059)
Economic and physical development	-	-	-	-
Culture and recreation	-	-	19,733	(19,733)
Capital outlay				
Culture and recreation	-	189,605	86,749	102,856
Total expenditures	<u>-</u>	<u>189,605</u>	<u>182,657</u>	<u>6,948</u>
Change in fund balances	-	(104,746)	148,254	253,000
Fund balances, beginning of year	576,202	576,202	576,202	-
Fund balances, end of year	<u>\$ 576,202</u>	<u>471,456</u>	<u>724,456</u>	<u>253,000</u>



Public Arts Fund				Moorings Bay District Fund			
Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
-	-	-	-	28,595	28,595	28,985	390
-	-	-	-	15,000	15,000	(175,365)	(190,365)
-	-	-	-	-	-	-	-
-	-	-	-	43,595	43,595	(146,380)	(189,975)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	97,500	97,500	9,172	88,328
-	20,849	20,849	-	-	-	-	-
-	-	-	-	-	-	-	-
-	20,849	20,849	-	97,500	97,500	9,172	88,328
-	(20,849)	(20,849)	-	(53,905)	(53,905)	(155,552)	(101,647)
500,151	500,151	500,151	-	1,270,964	1,270,964	1,270,964	-
500,151	479,302	479,302	-	1,217,059	1,217,059	1,115,412	(101,647)

**CITY OF NAPLES, FLORIDA**  
 Baker Park Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 Year Ended September 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Investment earnings	\$ -	-	16,072	16,072
Donations	-	-	799,215	799,215
Total revenues	<u>-</u>	<u>-</u>	<u>815,287</u>	<u>815,287</u>
Expenditures				
Capital outlay				
Physical and economic environment	-	1,150,227	1,700	1,148,527
Total expenditures	<u>-</u>	<u>1,150,227</u>	<u>1,700</u>	<u>1,148,527</u>
Net change in fund balances	-	(1,150,227)	813,587	1,963,814
Fund balance, beginning of year	894,915	894,915	894,915	-
Fund balance, end of year	<u>\$ 894,915</u>	<u>(255,312)</u>	<u>1,708,502</u>	<u>1,963,814</u>

**CITY OF NAPLES, FLORIDA**

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

Debt Service Fund

Year Ended September 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes	\$ 4,290,530	4,290,530	4,802,825	512,295
Investment earnings (loss)	18,000	18,000	(80,411)	(98,411)
Total revenues	<u>4,308,530</u>	<u>4,308,530</u>	<u>4,722,414</u>	<u>413,884</u>
Expenditures				
Current				
General government	46,800	46,800	46,800	-
Debt service				
Principal	766,481	766,481	766,481	-
Interest and fiscal charges	68,312	68,312	68,312	-
Total debt service	<u>834,793</u>	<u>834,793</u>	<u>834,793</u>	<u>-</u>
Total expenditures	<u>881,593</u>	<u>881,593</u>	<u>881,593</u>	<u>-</u>
Excess of revenues over expenditures	<u>3,426,937</u>	<u>3,426,937</u>	<u>3,840,821</u>	<u>413,884</u>
Other financing sources (uses)				
Transfers in	264,117	264,117	264,117	-
Transfers out	<u>(4,100,000)</u>	<u>(4,100,000)</u>	<u>(4,100,000)</u>	<u>-</u>
Total other financing uses	<u>(3,835,883)</u>	<u>(3,835,883)</u>	<u>(3,835,883)</u>	<u>-</u>
Change in fund balance	(408,946)	(408,946)	4,938	413,884
Fund balances, beginning of year	2,130,195	2,130,195	2,130,195	-
Fund balances, end of year	<u>\$ 1,721,249</u>	<u>1,721,249</u>	<u>2,135,133</u>	<u>413,884</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, 2022

	<b>Capital Projects Fund - Major Fund</b>			<b>Variance With Final Budget</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
Revenues				
Permits, fees and assessments	\$ 140,000	140,000	599,303	459,303
Investment earnings (loss)	60,000	60,000	(314,125)	(374,125)
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>285,178</u>	<u>85,178</u>
Expenditures				
Current				
General government	75,620	75,620	75,620	-
Capital projects				
General government	1,189,000	1,194,105	100,956	1,093,149
Public safety	1,781,988	2,025,253	941,108	1,084,145
Transportation	-	807,612	722,478	85,134
Culture and recreation	3,007,000	3,583,994	1,051,334	2,532,660
Total capital projects	<u>5,977,988</u>	<u>7,610,964</u>	<u>2,815,876</u>	<u>4,795,088</u>
Total expenditures	<u>6,053,608</u>	<u>7,686,584</u>	<u>2,891,496</u>	<u>4,795,088</u>
Deficiency of revenues under expenditures	<u>(5,853,608)</u>	<u>(7,486,584)</u>	<u>(2,606,318)</u>	<u>4,880,266</u>
Other financing sources				
Transfers in	4,100,000	4,100,000	4,100,000	-
Proceeds from sale of capital assets	40,000	40,000	169,610	129,610
Total other financing sources	<u>4,140,000</u>	<u>4,140,000</u>	<u>4,269,610</u>	<u>129,610</u>
Change in fund balance	(1,713,608)	(3,346,584)	1,663,292	5,009,876
Fund balances, beginning of year	4,721,369	4,721,369	4,721,369	-
Fund balances, end of year	<u>\$ 3,007,761</u>	<u>1,374,785</u>	<u>6,384,661</u>	<u>5,009,876</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, 2022

	<b>Sales Tax Fund</b>			<b>Variance With Final Budget</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
Revenues				
Intergovernmental	\$ 4,850,000	4,850,000	6,707,330	1,857,330
Investment earnings	80,000	80,000	245,748	165,748
Total revenues	<u>4,930,000</u>	<u>4,930,000</u>	<u>6,953,078</u>	<u>2,023,078</u>
Expenditures				
Capital projects				
General government	3,275,000	4,028,586	19,524	4,009,062
Physical and economic environment	11,501,600	12,133,713	239,603	11,894,110
Transportation	250,000	250,000	86,801	163,199
Total current expenditures	<u>15,026,600</u>	<u>16,412,299</u>	<u>345,928</u>	<u>16,066,371</u>
Total expenditures	<u>15,026,600</u>	<u>16,412,299</u>	<u>345,928</u>	<u>16,066,371</u>
Change in fund balance	(10,096,600)	(11,482,299)	6,607,150	18,089,449
Fund balances, beginning of year	12,146,318	12,146,318	12,146,318	-
Fund balances, end of year	<u>\$ 2,049,718</u>	<u>664,019</u>	<u>18,753,468</u>	<u>18,089,449</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, 2022

<b>Assets</b>	<b>Naples Beach Fund</b>	<b>Tennis Fund</b>	<b>Total</b>
<b>Current assets</b>			
Cash and cash equivalents	\$ 614,620	78,874	693,494
Investments	6,576,896	844,005	7,420,901
Accrued interest	9,777	1,301	11,078
Prepays	39,990	-	39,990
Inventories	-	3,042	3,042
Total current assets	<u>7,241,283</u>	<u>927,222</u>	<u>8,168,505</u>
<b>Capital assets</b>			
Buildings and utility plants	1,434,776	703,269	2,138,045
Improvements other than buildings	7,386,911	267,088	7,653,999
Equipment	1,610,428	274,831	1,885,259
Accumulated depreciation	(8,735,320)	(1,049,823)	(9,785,143)
Construction in progress	143,522	-	143,522
Net capital assets	<u>1,840,317</u>	<u>195,365</u>	<u>2,035,682</u>
Total assets	<u>9,081,600</u>	<u>1,122,587</u>	<u>10,204,187</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows - pensions	84,161	21,046	105,207
Deferred outflows - OPEB	18,097	4,524	22,621
Total deferred outflows of resources	<u>102,258</u>	<u>25,570</u>	<u>127,828</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	26,606	13,616	40,222
Accrued payroll	24,809	7,678	32,487
Current portion of compensated absences	11,000	9,100	20,100
Total current liabilities	<u>62,415</u>	<u>30,394</u>	<u>92,809</u>
<b>Noncurrent liabilities</b>			
Net pension liability	67,396	16,854	84,250
Total OPEB liability	100,502	25,126	125,628
Compensated absences	51,537	11,587	63,124
Total noncurrent liabilities	<u>219,435</u>	<u>53,567</u>	<u>273,002</u>
Total liabilities	<u>281,850</u>	<u>83,961</u>	<u>365,811</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows - pensions	126,048	31,521	157,569
Deferred inflows - OPEB	23,910	5,978	29,888
Total deferred inflows of resources	<u>149,958</u>	<u>37,499</u>	<u>187,457</u>
<b>Net Position</b>			
Investment in capital assets	1,840,317	195,365	2,035,682
Unrestricted	6,911,733	831,332	7,743,065
Total net position	<u>\$ 8,752,050</u>	<u>1,026,697</u>	<u>9,778,747</u>

**CITY OF NAPLES, FLORIDA**  
Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
Nonmajor Enterprise Funds  
Year Ended September 30, 2022

	<u>Naples Beach Fund</u>	<u>Tennis Fund</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 3,582,828	995,517	4,578,345
Total operating revenues	<u>3,582,828</u>	<u>995,517</u>	<u>4,578,345</u>
Operating expenses			
Personal services	1,087,508	274,206	1,361,714
Supplies and services	720,475	442,891	1,163,366
Utilities	129,208	1,083	130,291
Depreciation and amortization	395,216	54,798	450,014
General administration	198,970	54,180	253,150
Other	27,615	26,235	53,850
Total operating expenses	<u>2,558,992</u>	<u>853,393</u>	<u>3,412,385</u>
Operating income	<u>1,023,836</u>	<u>142,124</u>	<u>1,165,960</u>
Nonoperating revenues (expenses)			
Grant revenue	187,810	-	187,810
Interest income (loss)	<u>(357,944)</u>	<u>(46,488)</u>	<u>(404,432)</u>
Total nonoperating revenues (expenses)	<u>(170,134)</u>	<u>(46,488)</u>	<u>(216,622)</u>
Income before transfers	853,702	95,636	949,338
Transfers in	<u>-</u>	<u>47,500</u>	<u>47,500</u>
Change in net position	853,702	143,136	996,838
Net position, beginning of year	7,898,348	883,561	8,781,909
Net position, end of year	<u>\$ 8,752,050</u>	<u>1,026,697</u>	<u>9,778,747</u>

**CITY OF NAPLES, FLORIDA**  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
Year Ended September 30, 2022

	<u>Naples Beach Fund</u>	<u>Tennis Fund</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from customers	\$ 3,574,560	995,517	4,570,077
Cash payments to suppliers	(1,104,523)	(458,738)	(1,563,261)
Cash payments for employee services	(1,163,189)	(54,180)	(1,217,369)
Cash payments for interfund services	(198,970)	(289,499)	(488,469)
Net cash provided by operating activities	<u>1,107,878</u>	<u>193,100</u>	<u>1,300,978</u>
Cash flows from noncapital financing activities			
Transfers	-	47,500	47,500
Nonoperating grants	187,810	-	187,810
Net cash provided by noncapital financing activities	<u>187,810</u>	<u>47,500</u>	<u>235,310</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(180,106)	(44,982)	(225,088)
Net cash used in capital and related financing activities	<u>(180,106)</u>	<u>(44,982)</u>	<u>(225,088)</u>
Cash flows from investing activities			
Purchase of investments	(1,735,492)	(222,714)	(1,958,206)
Sale of investments	487,219	14,937	502,156
Interest and investment earnings	77,400	10,460	87,860
Net cash used in investing activities	<u>(1,170,873)</u>	<u>(197,317)</u>	<u>(1,368,190)</u>
Net change in cash and cash equivalents	(55,291)	(1,699)	(56,990)
Cash and cash equivalents, beginning of year	669,911	80,573	750,484
Cash and cash equivalents, end of year	<u>\$ 614,620</u>	<u>78,874</u>	<u>693,494</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 1,023,836	142,124	1,165,960
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	395,216	54,798	450,014
Changes in assets - (increase) decrease			
Receivables, net	256,605	-	256,605
Due from other governments	9,290	-	9,290
Inventories	-	(1,884)	(1,884)
Prepays	63,782	-	63,782
Deferred outflows	52,086	16,099	68,185
Changes in liabilities - increase (decrease)			
Accounts payable	(300,297)	13,355	(286,942)
Accrued payroll	11,847	3,918	15,765
Unearned revenue	(264,873)	-	(264,873)
Deferred inflows	109,662	26,604	136,266
Net pension liability	(196,182)	(55,158)	(251,340)
Total OPEB liability	(17,447)	(4,362)	(21,809)
Compensated absences	(35,647)	(2,394)	(38,041)
Net cash provided by operating activities	<u>\$ 1,107,878</u>	<u>193,100</u>	<u>1,300,978</u>
Schedule of noncash capital and related financing activities:			
Unrealized loss on investments	<u>\$ 433,629</u>	<u>56,817</u>	<u>490,446</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, 2022

<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 cash equivalents	\$ 3,767	745,292	542,233	100,571	1,391,863
Investments	40,308	7,975,180	4,849,905	1,076,183	13,941,576
Receivables, miscellaneous	-	-	12,473	-	12,473
Accrued interest	707	20,668	5,402	2,471	29,248
Due from other governments	23,662	-	-	-	23,662
Inventories	83,574	-	-	-	83,574
Prepays	-	50,000	-	-	50,000
Total current assets	<u>152,018</u>	<u>8,791,140</u>	<u>5,410,013</u>	<u>1,179,225</u>	<u>15,532,396</u>
<b>Capital assets</b>					
Buildings	794,987	-	-	51,957	846,944
Equipment	524,738	25,788	-	3,762,097	4,312,623
Accumulated depreciation	(1,100,926)	(25,788)	-	(3,307,888)	(4,434,602)
Construction in progress	-	-	-	90,556	90,556
Net capital assets	<u>218,799</u>	<u>-</u>	<u>-</u>	<u>596,722</u>	<u>815,521</u>
Total assets	<u>370,817</u>	<u>8,791,140</u>	<u>5,410,013</u>	<u>1,775,947</u>	<u>16,347,917</u>
<b>Deferred outflows of resources</b>					
Deferred outflows - pensions	65,040	15,773	-	42,063	122,876
Deferred outflows - OPEB	13,573	4,524	-	18,097	36,194
Total deferred outflows of resources	<u>78,613</u>	<u>20,297</u>	<u>-</u>	<u>60,160</u>	<u>159,070</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable	157,009	8,523	7,017	80,821	253,370
Accrued payroll	19,962	6,442	130,003	11,458	167,865
Unearned revenue	-	-	4,337	-	4,337
Total current liabilities	<u>176,971</u>	<u>14,965</u>	<u>141,357</u>	<u>92,279</u>	<u>425,572</u>
<b>Noncurrent liabilities</b>					
<b>Due within one year</b>					
Compensated absences	34,000	-	-	36,000	70,000
Insurance claims payable	-	899,200	403,927	-	1,303,127
<b>Due in more than one year</b>					
Compensated absences	46,662	35,649	-	43,009	125,320
Net pension liability	52,084	12,631	-	33,684	98,399
Total OPEB liability	75,377	25,126	-	100,502	201,005
Insurance claims payable	-	3,596,800	-	-	3,596,800
Total noncurrent liabilities	<u>208,123</u>	<u>4,569,406</u>	<u>403,927</u>	<u>213,195</u>	<u>5,394,651</u>
Total liabilities	<u>385,094</u>	<u>4,584,371</u>	<u>545,284</u>	<u>305,474</u>	<u>5,820,223</u>
<b>Deferred inflows of resources</b>					
Deferred inflows - pensions	97,411	23,624	-	62,999	184,034
Deferred inflows - OPEB	17,933	5,978	-	23,910	47,821
Total deferred inflows of resources	<u>115,344</u>	<u>29,602</u>	<u>-</u>	<u>86,909</u>	<u>231,855</u>
<b>Net Position</b>					
Investment in capital assets	218,799	-	-	596,722	815,521
Restricted, flexible benefits	-	-	375,785	-	375,785
Unrestricted	(269,807)	4,197,464	4,488,944	847,002	9,263,603
Total net position	<u>\$ (51,008)</u>	<u>4,197,464</u>	<u>4,864,729</u>	<u>1,443,724</u>	<u>10,454,909</u>

**CITY OF NAPLES, FLORIDA**  
Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
Internal Service Funds  
Year Ended September 30, 2022

	<u>Equipment Services</u>	<u>Risk Management</u>	<u>Health Benefits</u>	<u>Technology Services</u>	<u>Total</u>
Operating revenues					
Charges for services	\$ 2,155,741	3,473,210	9,766,170	1,846,840	17,241,961
Total operating expenses	<u>2,155,741</u>	<u>3,473,210</u>	<u>9,766,170</u>	<u>1,846,840</u>	<u>17,241,961</u>
Operating expenses					
Personal services	728,260	191,140	-	508,250	1,427,650
Supplies, services and claims	1,405,234	3,582,353	7,563,885	1,139,883	13,691,355
Utilities	28,921	-	-	-	28,921
Depreciation and amortization	45,373	-	-	161,305	206,678
General administration	132,710	88,500	189,700	81,350	492,260
Other	353	1,440	-	-	1,793
Total operating expenses	<u>2,340,851</u>	<u>3,863,433</u>	<u>7,753,585</u>	<u>1,890,788</u>	<u>15,848,657</u>
Operating income (loss)	(185,110)	(390,223)	2,012,585	(43,948)	1,393,304
Nonoperating revenues (expenses)					
Interest income (loss)	(1,135)	(445,004)	(80,982)	(65,036)	(592,157)
Total nonoperating revenues (expenses)	<u>(1,135)</u>	<u>(445,004)</u>	<u>(80,982)</u>	<u>(65,036)</u>	<u>(592,157)</u>
Change in net position	(186,245)	(835,227)	1,931,603	(108,984)	801,147
Net position, beginning of year	135,237	5,032,691	2,933,126	1,552,708	9,653,762
Net position, end of year	<u>\$ (51,008)</u>	<u>4,197,464</u>	<u>4,864,729</u>	<u>1,443,724</u>	<u>10,454,909</u>



**CITY OF NAPLES, FLORIDA**  
Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended September 30, 2022

	<b>Equipment Services</b>	<b>Risk Management</b>	<b>Health Benefits</b>	<b>Technology Services</b>	<b>Total</b>
<b>Cash flows from operating activities</b>					
Cash received from customers	\$ 2,155,741	3,473,210	9,766,747	1,846,840	17,242,538
Cash payments to suppliers for goods and services	(1,404,018)	(2,802,613)	(7,503,632)	(1,078,129)	(12,788,392)
Cash payments for employee services	(762,099)	(88,500)	-	(81,350)	(931,949)
Cash payments for interfund services	(132,710)	(189,191)	(189,700)	(504,547)	(1,016,148)
Net cash provided by (used in) operating activities	<u>(143,086)</u>	<u>392,906</u>	<u>2,073,415</u>	<u>182,814</u>	<u>2,506,049</u>
<b>Cash flows from capital and related financing activities</b>					
Acquisition and construction of capital assets	-	-	-	(203,298)	(203,298)
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(203,298)</u>	<u>(203,298)</u>
<b>Cash flows from investing activities</b>					
Purchase of investments	(10,636)	(2,104,467)	(2,279,779)	(283,980)	(4,678,862)
Sale of investments	137,695	1,449,412	283,141	259,960	2,130,208
Interest and investment earnings	182	93,971	34,559	13,642	142,354
Net cash provided by (used in) investing activities	<u>127,241</u>	<u>(561,084)</u>	<u>(1,962,079)</u>	<u>(10,378)</u>	<u>(2,406,300)</u>
Net change in cash and cash equivalents	(15,845)	(168,178)	111,336	(30,862)	(103,549)
Cash and cash equivalents, beginning of year	19,612	913,470	430,897	131,433	1,495,412
Cash and cash equivalents, end of year	<u>\$ 3,767</u>	<u>745,292</u>	<u>542,233</u>	<u>100,571</u>	<u>1,391,863</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>					
Operating income (loss)	\$ (185,110)	(390,223)	2,012,585	(43,948)	1,393,304
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	45,373	-	-	161,305	206,678
Changes in assets - (increase) decrease					
Miscellaneous receivables	-	-	577	-	577
Inventories	(25,758)	-	-	-	(25,758)
Deferred outflows	44,163	9,145	-	30,880	84,188
Changes in liabilities - increase (decrease)					
Accounts payable	56,248	(820)	6,297	61,754	123,479
Accrued payroll	10,343	3,864	22,583	4,981	41,771
Insurance claims payable	-	782,000	31,373	-	813,373
Deferred inflows	83,253	21,963	-	63,468	168,684
Net pension liability	(159,524)	(35,121)	-	(104,293)	(298,938)
Total OPEB liability	(13,085)	(4,361)	-	(17,447)	(34,893)
Compensated absences	1,011	6,459	-	26,114	33,584
Net cash provided by (used in) operating activities	<u>\$ (143,086)</u>	<u>392,906</u>	<u>2,073,415</u>	<u>182,814</u>	<u>2,506,049</u>
<b>Schedule of non-cash capital and related financing activities:</b>					
Unrealized loss on investments	<u>\$ 1,314</u>	<u>537,104</u>	<u>114,825</u>	<u>78,360</u>	<u>731,603</u>

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## **Fiduciary Funds**

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

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

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

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

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**CITY OF NAPLES, FLORIDA**  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
September 30, 2022

	<b>Pension Trust</b>			<b>Total</b>
	<b>General Pension Fund</b>	<b>Police Officers' Pension Fund</b>	<b>Firefighters' Pension Fund</b>	
<b>Assets</b>				
Cash and cash equivalents	\$ 1,743,023	2,590,486	1,949,240	6,282,749
Receivables				
Contributions	227,169	58,631	856,596	1,142,396
Investments, at fair value				
U.S. Treasury securities	4,161,309	3,778,985	4,172,387	12,112,681
U.S. Government agency securities	15,199	11,542	11,216	37,957
Asset-backed securities	1,621,801	1,617,959	1,629,758	4,869,518
Corporate bonds	4,319,258	3,921,752	4,348,217	12,589,227
Common stock/equity funds	36,625,896	34,334,647	36,759,405	107,719,948
Real estate investment trusts	6,517,026	5,478,410	5,519,171	17,514,607
Alternative investments	6,476,440	5,830,969	6,378,642	18,686,051
Total investments	<u>59,736,929</u>	<u>54,974,264</u>	<u>58,818,796</u>	<u>173,529,989</u>
Total assets	<u>61,707,121</u>	<u>57,623,381</u>	<u>61,624,632</u>	<u>180,955,134</u>
<b>Liabilities</b>				
Accounts payable	<u>185,435</u>	<u>18,331</u>	<u>18,592</u>	<u>222,358</u>
Total liabilities	<u>185,435</u>	<u>18,331</u>	<u>18,592</u>	<u>222,358</u>
<b>Net position</b>				
Restricted for pension benefits	<u>\$ 61,521,686</u>	<u>57,605,050</u>	<u>61,606,040</u>	<u>180,732,776</u>

**CITY OF NAPLES, FLORIDA**  
Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended September 30, 2022

	<b>Pension Trust</b>			<b>Total</b>
	<b>General Pension Fund</b>	<b>Police Officers' Pension Fund</b>	<b>Firefighters' Pension Fund</b>	
<b>Additions</b>				
Contributions				
Employee contributions	\$ 731,882	222,472	205,041	1,159,395
Employer contributions	2,461,428	2,460,777	2,572,668	7,494,873
State contributions	-	836,870	609,491	1,446,361
Total contributions	<u>3,193,310</u>	<u>3,520,119</u>	<u>3,387,200</u>	<u>10,100,629</u>
Investment earnings				
Interest and dividend income	1,541,812	1,329,453	1,491,461	4,362,726
Net change in fair value of investments	(10,120,392)	(9,321,152)	(10,247,966)	(29,689,510)
Less investment expense	(373,634)	(341,077)	(367,174)	(1,081,885)
Net investment earnings	<u>(8,952,214)</u>	<u>(8,332,776)</u>	<u>(9,123,679)</u>	<u>(26,408,669)</u>
Total additions	<u>(5,758,904)</u>	<u>(4,812,657)</u>	<u>(5,736,479)</u>	<u>(16,308,040)</u>
Deductions				
Benefits paid	4,435,293	4,107,897	4,695,231	13,238,421
Refunds of contributions	672,789	67,721	10,164	750,674
General administration	184,340	118,589	113,296	416,225
Total deductions	<u>5,292,422</u>	<u>4,294,207</u>	<u>4,818,691</u>	<u>14,405,320</u>
Changes in net position	(11,051,326)	(9,106,864)	(10,555,170)	(30,713,360)
Net position, beginning of year	72,573,012	66,711,914	72,161,210	211,446,136
Net position, end of year	<u>\$ 61,521,686</u>	<u>57,605,050</u>	<u>61,606,040</u>	<u>180,732,776</u>

## STATISTICAL SECTION (Unaudited)

This part of the City of Naples, Florida's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<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.	155
<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.	165
<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.	171
<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.	177
<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.	179
<i>Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.</i>	

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

	<b>Fiscal Year</b>			
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Governmental activities				
Net investment in capital assets	\$ 54,372,698	55,192,342	55,794,796	56,389,018
Restricted	13,908,144	13,908,144	22,621,775	21,362,817
Unrestricted	27,048,578	31,850,607	(2,227,579)	(2,990,374)
Total governmental activities net assets	<u>\$ 95,329,420</u>	<u>100,951,093</u>	<u>76,188,992</u>	<u>74,761,461</u>
Business-type activities				
Net investment in capital assets	\$ 81,292,018	90,439,602	100,262,238	110,151,951
Restricted	-	-	-	-
Unrestricted	43,716,346	44,977,055	40,616,760	39,299,638
Total business-type activities net assets	<u>\$ 125,008,364</u>	<u>135,416,657</u>	<u>140,878,998</u>	<u>149,451,589</u>
Primary government				
Net investment in capital assets	\$ 135,664,716	145,631,944	156,057,034	166,540,969
Restricted	13,908,144	13,908,144	22,621,775	21,362,817
Unrestricted	70,764,924	76,827,662	38,389,181	36,309,264
<b>Total primary government net assets</b>	<u>\$ 220,337,784</u>	<u>236,367,750</u>	<u>217,067,990</u>	<u>224,213,050</u>



<b>Fiscal Year</b>					
<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
62,307,369	68,234,422	89,168,254	92,916,339	94,850,734	92,078,721
24,075,554	24,295,296	19,003,332	24,227,713	28,358,617	44,801,711
(8,830,079)	(6,184,560)	(1,414,044)	4,371,780	16,774,631	21,538,308
<u>77,552,844</u>	<u>86,345,158</u>	<u>106,757,542</u>	<u>121,515,832</u>	<u>139,983,982</u>	<u>158,418,740</u>
115,191,402	120,073,729	124,045,399	128,240,509	134,622,649	139,476,708
-	-	-	-	-	-
43,181,206	43,600,947	57,071,355	61,915,272	62,992,679	64,985,141
<u>158,372,608</u>	<u>163,674,676</u>	<u>181,116,754</u>	<u>190,155,781</u>	<u>197,615,328</u>	<u>204,461,849</u>
177,498,771	188,308,151	213,213,653	221,156,848	229,473,383	231,555,429
24,075,554	24,295,296	19,003,332	24,227,713	28,358,617	44,801,711
34,351,127	37,416,387	55,657,311	66,287,052	79,767,310	86,523,449
<u>235,925,452</u>	<u>250,019,834</u>	<u>287,874,296</u>	<u>311,671,613</u>	<u>337,599,310</u>	<u>362,880,589</u>

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

	<b>Fiscal Year</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Expenses</b>					
<b>Governmental activities</b>					
General government	\$ 5,301,030	7,715,255	7,518,425	9,555,128	9,454,060
Public safety	24,885,076	25,969,504	21,801,426	29,016,071	30,594,045
Physical and economic environment	2,792,363	2,714,222	3,784,334	2,805,708	2,633,829
Transportation	3,450,265	3,089,234	2,923,536	4,042,246	3,123,625
Culture and recreation	6,942,141	7,093,524	6,993,700	8,397,402	7,644,773
Interest	397,292	227,976	229,304	188,208	160,230
Total governmental activities expenses	<u>43,768,167</u>	<u>46,809,715</u>	<u>43,250,725</u>	<u>54,004,763</u>	<u>53,610,562</u>
<b>Business-type activities</b>					
Water and sewer	23,833,110	24,397,347	23,729,514	24,213,406	25,830,541
Solid waste	5,489,089	6,011,637	6,092,583	6,481,079	6,613,390
Stormwater	3,064,173	3,088,139	3,174,847	3,504,651	4,116,574
Other enterprises	3,474,163	3,822,843	3,552,923	4,140,463	3,949,399
Total business-type activities	<u>35,860,535</u>	<u>37,319,966</u>	<u>36,549,867</u>	<u>38,339,599</u>	<u>40,509,904</u>
Total primary governmental expenses	<u>\$ 79,628,702</u>	<u>84,129,681</u>	<u>79,800,592</u>	<u>92,344,362</u>	<u>94,120,466</u>
<b>Program Revenues (see Schedule 3)</b>					
<b>Governmental activities</b>					
<b>Charges for services</b>					
General government	\$ 874,008	3,724,592	3,358,243	3,475,764	3,212,513
Public safety	4,506,478	4,940,975	5,646,699	5,227,047	4,448,668
Physical and economic environment	16,009	17,616	-	10,000	530,000
Transportation	31,210	104,501	65,948	65,379	87,288
Culture and recreation	802,130	3,185,180	2,636,165	1,012,252	2,039,913
Operating grants and contributions	2,803,204	4,140,006	3,416,843	3,492,964	4,363,770
Capital grants and contributions	352,732	779,103	936,341	501,211	345,987
Total governmental activities revenues	<u>9,385,771</u>	<u>16,891,973</u>	<u>16,060,239</u>	<u>13,784,617</u>	<u>15,028,139</u>
<b>Business-type activities</b>					
Water and sewer	28,747,954	32,117,638	29,614,711	30,730,431	33,695,352
Solid waste	5,876,369	6,102,494	5,850,216	6,124,348	7,126,711
Stormwater	4,651,910	5,039,675	4,296,017	4,558,685	5,040,865
Beach	1,086,099	1,209,986	1,261,081	1,754,058	1,972,942
Dock	1,649,255	1,785,141	1,635,024	1,530,363	1,201,692
Tennis	474,559	531,792	568,002	591,145	560,179
Operating grants and contributions	556,850	784,245	2,067,866	1,211,932	127,100
Capital grants and contributions	1,388,630	1,835,613	3,664,105	1,998,774	1,424,561
Total business-type activities	<u>44,431,626</u>	<u>49,406,584</u>	<u>48,957,022</u>	<u>48,499,736</u>	<u>51,149,402</u>
Total primary governmental revenues	<u>\$ 53,817,397</u>	<u>66,298,557</u>	<u>65,017,261</u>	<u>62,284,353</u>	<u>66,177,541</u>
<b>Net Expense/Revenue</b>					
Governmental activities	\$ (34,382,396)	(29,917,742)	(27,190,486)	(40,220,146)	(38,582,423)
Business-type activities	8,571,091	12,086,618	12,407,155	10,160,137	10,639,498
Total primary government net expense	<u>\$ (25,811,305)</u>	<u>(17,831,124)</u>	<u>(14,783,331)</u>	<u>(30,060,009)</u>	<u>(27,942,925)</u>

<b>Fiscal Year</b>				
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
12,982,218	10,753,587	10,293,157	10,535,569	10,313,780
25,994,163	28,234,663	31,834,025	32,891,234	32,077,143
2,859,398	2,920,295	2,897,226	3,066,298	5,105,711
3,682,853	3,034,012	3,436,390	3,481,853	3,548,650
7,717,903	8,386,370	8,247,158	8,767,374	9,877,881
198,144	218,975	188,520	145,316	125,755
<u>53,434,678</u>	<u>53,547,902</u>	<u>56,896,476</u>	<u>58,887,644</u>	<u>61,048,920</u>
26,985,697	27,588,076	28,063,614	30,690,321	33,129,827
6,672,555	6,750,997	6,803,285	7,430,512	7,273,063
4,796,395	4,340,833	4,950,573	4,322,265	4,986,229
4,187,376	4,913,117	4,629,772	5,344,798	6,041,109
<u>42,642,023</u>	<u>43,593,023</u>	<u>44,447,244</u>	<u>47,787,896</u>	<u>51,430,228</u>
<u>96,076,701</u>	<u>97,140,925</u>	<u>101,343,720</u>	<u>106,675,540</u>	<u>112,479,148</u>
3,842,216	3,861,356	4,246,518	4,691,569	4,557,907
6,067,924	7,040,301	5,835,585	8,390,314	7,989,963
820,925	526,710	108,160	108,615	950,096
99,854	101,748	96,328	95,100	174,666
1,031,798	972,706	677,172	1,106,982	1,405,949
4,687,374	6,775,231	6,669,565	7,222,842	8,359,031
2,580,766	4,409,074	5,571,210	7,623,278	7,848,227
<u>19,130,857</u>	<u>23,687,126</u>	<u>23,204,538</u>	<u>29,238,700</u>	<u>31,285,839</u>
32,767,617	33,648,343	34,469,021	34,353,838	35,862,643
7,093,443	7,384,825	7,471,244	8,237,984	9,114,971
4,800,239	5,080,504	5,209,739	5,146,330	5,666,381
1,971,709	2,399,249	2,029,205	3,251,989	3,582,828
1,167,545	2,146,595	1,951,195	2,524,252	2,952,492
605,002	698,710	670,626	893,514	995,517
201,900	3,282,875	659,277	1,322,836	1,203,785
1,011,861	6,410,813	904,714	1,496,121	3,346,403
<u>49,619,316</u>	<u>61,051,914</u>	<u>53,365,021</u>	<u>57,226,864</u>	<u>62,725,020</u>
<u>68,750,173</u>	<u>84,739,040</u>	<u>76,569,559</u>	<u>86,465,564</u>	<u>94,010,859</u>
(34,303,821)	(29,860,776)	(33,691,938)	(29,648,944)	(29,763,081)
6,977,293	17,458,891	8,917,777	9,438,968	11,294,792
<u>(27,326,528)</u>	<u>(12,401,885)</u>	<u>(24,774,161)</u>	<u>(20,209,976)</u>	<u>(18,468,289)</u>

(Continued)

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>General Revenues and Other</b>					
<b>Changes in Net Position</b>					
Governmental activities					
Taxes					
Property taxes	\$ 17,330,532	18,539,883	19,523,088	21,163,455	22,706,983
Local communication and utility taxes	5,977,860	5,241,319	5,391,177	5,436,983	5,504,862
Insurance premium tax	1,324,166	1,412,980	1,272,757	1,191,342	1,302,545
Motor fuel taxes	1,367,212	1,190,133	1,167,932	1,226,385	1,221,409
Business taxes	255,890	269,562	215,039	304,435	302,857
Franchise fees	3,299,823	3,579,771	3,553,455	3,451,036	3,523,250
Intergovernmental revenues, unrestricted	2,952,946	3,158,266	3,332,872	3,440,243	3,823,706
Unrestricted investment earnings	175,612	232,811	543,147	524,052	415,611
Miscellaneous revenues	50,070	34,155	-	-	-
Gain on sale of capital assets	-	1,655	159,891	34,584	552,483
Transfers	2,054,280	1,878,880	4,138,060	2,020,100	2,020,100
Total governmental activities	<u>34,788,391</u>	<u>35,539,415</u>	<u>39,297,418</u>	<u>38,792,615</u>	<u>41,373,806</u>
Business-type activities					
Investment earnings	90,583	200,556	420,063	432,554	301,621
Gain on sale of capital assets	-	-	-	-	-
Transfers	(2,054,280)	(1,878,880)	(4,138,060)	(2,020,100)	(2,020,100)
Total business-type activities	<u>(1,963,697)</u>	<u>(1,678,324)</u>	<u>(3,717,997)</u>	<u>(1,587,546)</u>	<u>(1,718,479)</u>
Total primary government	<u>\$ 32,824,694</u>	<u>33,861,091</u>	<u>35,579,421</u>	<u>37,205,069</u>	<u>39,655,327</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 405,995	5,621,673	12,106,932	(1,427,531)	2,791,383
Business-type activities	6,607,394	10,408,294	8,689,158	8,572,591	8,921,019
Total primary government	<u>\$ 7,013,389</u>	<u>16,029,967</u>	<u>20,796,090</u>	<u>7,145,060</u>	<u>11,712,402</u>

Fiscal Year				
2018	2019	2020	2021	2022
24,431,766	26,590,992	27,799,671	28,551,238	30,189,027
5,771,309	5,992,589	6,252,727	6,531,312	6,885,720
1,258,329	1,287,722	1,390,934	1,380,571	1,446,361
1,374,149	1,374,754	1,284,751	1,378,628	1,477,117
256,858	251,348	265,390	251,517	243,644
3,552,964	3,627,333	3,478,434	3,639,643	4,240,289
3,883,028	7,148,793	4,209,062	4,216,510	4,914,931
675,924	1,979,529	1,927,928	147,575	(3,308,685)
-	-	-	-	-
16,121	-	22	-	89,335
2,020,100	2,020,100	1,841,309	2,020,100	2,020,100
<u>43,240,548</u>	<u>50,273,160</u>	<u>48,450,228</u>	<u>48,117,094</u>	<u>48,197,839</u>
394,491	1,825,523	1,817,706	(113,849)	(2,528,500)
-	177,764	144,853	154,528	100,329
(2,020,100)	(2,020,100)	(1,841,309)	(2,020,100)	(2,020,100)
<u>(1,625,609)</u>	<u>(16,813)</u>	<u>121,250</u>	<u>(1,979,421)</u>	<u>(4,448,271)</u>
<u>41,614,939</u>	<u>50,256,347</u>	<u>48,571,478</u>	<u>46,137,673</u>	<u>43,749,568</u>
8,936,727	20,412,384	14,758,290	18,468,150	18,434,758
5,351,684	17,442,078	9,039,027	7,459,547	6,846,521
<u>14,288,411</u>	<u>37,854,462</u>	<u>23,797,317</u>	<u>25,927,697</u>	<u>25,281,279</u>

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

	<b>Fiscal Year</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General Fund					
Non-spendable	\$ 425,592	725,388	643,305	33,940	6,938,854
Restricted	13,791	13,791	-	-	-
Committed	3,597,298	3,597,298	3,597,298	3,507,279	4,126,391
Assigned	293,132	293,132	275,909	41,363	625,890
Unassigned	10,582,398	11,439,262	14,030,183	16,356,280	575,674
Total General Fund	<u>\$ 14,912,211</u>	<u>16,068,871</u>	<u>18,546,695</u>	<u>19,938,862</u>	<u>12,266,809</u>
All other governmental funds					
Non-spendable	\$ 400,565	390,271	294,674	38,524	15,333
Restricted	13,487,529	15,818,513	22,621,775	21,362,817	24,075,554
Committed	3,167,293	3,196,870	3,239,337	3,001,368	4,319,627
Assigned	6,083,658	5,962,952	4,412,135	5,297,819	8,182,094
Unassigned	(603,061)	240,769	(157,009)	-	-
Total other governmental funds	<u>\$ 22,535,984</u>	<u>25,609,375</u>	<u>30,410,912</u>	<u>29,700,528</u>	<u>36,592,608</u>

<b>Fiscal Year</b>				
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
1,075,874	1,014,774	897,374	1,679,974	1,462,574
-	-	-	-	-
4,046,897	4,051,297	4,164,759	4,344,507	4,443,788
377,931	170,682	238,334	215,755	2,593,282
7,089,378	12,532,308	16,262,718	20,128,676	19,073,244
<u>12,590,080</u>	<u>17,769,061</u>	<u>21,563,185</u>	<u>26,368,912</u>	<u>27,572,888</u>
16,931	15,765	15,035	14,050	41,244
24,295,296	19,447,961	24,227,713	33,794,859	44,801,711
8,593,870	2,827,064	2,448,468	1,782,862	3,518,743
4,552,336	5,054,810	6,035,990	6,813,222	7,581,955
-	-	-	-	-
<u>37,458,433</u>	<u>27,345,600</u>	<u>32,727,206</u>	<u>42,404,993</u>	<u>55,943,653</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>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Revenues</b>					
Taxes	\$ 26,255,660	26,653,877	27,569,993	29,322,600	31,038,656
Licenses, permits, fees and assessments	7,179,183	10,397,768	9,150,495	8,672,904	7,729,798
Intergovernmental	5,152,801	5,556,664	6,077,175	6,326,123	7,513,779
Charges for services	1,802,160	1,811,398	1,900,592	1,943,443	2,390,870
Charges to other funds	3,597,960	3,358,100	3,285,250	3,179,420	3,024,260
Fines and forfeitures	418,614	195,349	258,806	464,904	559,789
Impact fees/special assessments	-	-	-	-	-
Interest	170,743	199,770	439,445	421,531	355,429
Contributions	115,262	2,342,947	2,069,470	108,355	543,987
Miscellaneous	255,225	35,463	57,067	67,045	674,457
<b>Total revenues</b>	<b>44,947,608</b>	<b>50,551,336</b>	<b>50,808,293</b>	<b>50,506,325</b>	<b>53,831,025</b>
<b>Expenditures</b>					
General government	8,421,621	8,249,859	8,033,054	8,374,046	9,527,879
Public safety	23,731,367	24,418,391	24,676,027	25,827,354	26,640,125
Physical and economic environment	1,357,378	1,341,014	1,257,343	1,371,443	1,377,329
Transportation	2,298,904	2,072,385	2,193,710	3,153,133	2,279,983
Culture and recreation	5,567,331	5,855,186	5,792,279	7,204,332	6,458,141
Capital outlay	7,381,848	4,537,516	5,223,589	4,354,195	9,221,059
Debt service					
Principal	3,056,000	1,489,000	1,468,000	1,516,000	1,566,000
Interest and fiscal charges	333,221	177,679	182,882	139,308	111,786
<b>Total expenditures</b>	<b>52,147,670</b>	<b>48,141,030</b>	<b>48,826,884</b>	<b>51,939,811</b>	<b>57,182,302</b>
Excess (deficit) of revenues over (under) expenditures	(7,200,062)	2,410,306	1,981,409	(1,433,486)	(3,351,277)
<b>Other Financing Sources (Uses)</b>					
Debt issued	13,830,000	-	-	-	-
Payments to escrow agents	(13,793,951)	-	-	-	-
Payments to current refund debt	-	-	-	-	-
Transfers in	7,032,679	5,819,706	12,820,232	7,354,699	16,978,221
Transfers out	(5,037,219)	(4,010,826)	(7,682,172)	(5,334,599)	(14,958,121)
Sale of capital assets	30,378	10,865	159,891	95,169	551,204
<b>Total other financing sources (uses)</b>	<b>2,061,887</b>	<b>1,819,745</b>	<b>5,297,951</b>	<b>2,115,269</b>	<b>2,571,304</b>
<b>Net change in fund balance</b>	<b>\$ (5,138,175)</b>	<b>4,230,051</b>	<b>7,279,360</b>	<b>681,783</b>	<b>(779,973)</b>
Debt service as a percentage of noncapital expenditures	7.6%	3.9%	3.7%	3.4%	3.5%



<b>Fiscal Year</b>				
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
33,092,411	35,497,405	36,993,473	38,093,266	40,241,869
9,604,727	11,458,193	9,344,978	11,931,372	13,468,620
7,894,102	15,554,180	14,826,816	17,883,148	18,148,128
2,965,322	2,551,278	1,767,142	2,195,754	2,672,695
3,455,190	3,665,200	3,796,820	3,966,090	4,139,640
364,634	120,603	367,113	921,365	504,899
-	-	-	-	-
586,247	1,635,271	1,616,579	172,866	(2,716,528)
2,239,082	397,475	761,448	176,431	1,138,626
106,576	80,837	218,177	230,567	243,078
<u>60,308,291</u>	<u>70,960,442</u>	<u>69,692,546</u>	<u>75,570,859</u>	<u>77,841,027</u>
11,586,481	11,157,463	11,079,933	11,635,347	12,747,209
27,273,479	28,695,737	29,787,882	30,999,528	33,598,541
1,487,663	1,724,531	1,864,736	1,879,196	2,221,578
2,888,756	2,235,087	2,604,544	2,455,558	2,727,512
6,541,506	6,902,886	6,552,533	6,999,211	7,430,086
13,033,230	25,220,835	8,613,409	7,142,988	5,681,919
1,669,825	1,890,432	1,928,556	2,041,904	766,481
126,711	172,597	141,522	99,670	116,162
<u>64,607,651</u>	<u>77,999,568</u>	<u>62,573,115</u>	<u>63,253,402</u>	<u>65,289,488</u>
<u>(4,299,360)</u>	<u>(7,039,126)</u>	<u>7,119,431</u>	<u>12,317,457</u>	<u>12,551,539</u>
3,427,883	-	-	-	-
-	-	-	-	-
-	-	-	-	-
10,394,122	7,439,241	6,309,352	6,621,819	6,431,717
(8,374,022)	(5,419,141)	(4,289,252)	(4,601,719)	(4,411,617)
40,473	85,174	36,199	145,957	170,997
<u>5,488,456</u>	<u>2,105,274</u>	<u>2,056,299</u>	<u>2,166,057</u>	<u>2,191,097</u>
<u>1,189,096</u>	<u>(4,933,852)</u>	<u>9,175,730</u>	<u>14,483,514</u>	<u>14,742,636</u>
3.5%	3.9%	3.8%	3.8%	1.4%

**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>
2013	\$ 17,330,532	5,977,860	3,299,823	1,367,212	2,006,377	-	1,580,056	31,561,860
2014	18,239,883	5,541,318	3,579,771	1,190,133	2,204,960	-	1,682,542	32,438,607
2015	19,523,089	5,391,177	3,553,455	1,167,932	2,349,564	-	1,487,795	33,473,012
2016	21,163,444	5,436,983	3,451,036	1,226,385	2,443,233	-	1,495,788	35,216,869
2017	22,706,969	5,504,862	3,523,250	1,221,409	2,460,631	-	1,605,416	37,022,537
2018	24,431,761	5,771,309	3,552,964	1,374,149	2,576,547	-	1,515,192	39,221,922
2019	26,590,992	5,992,589	3,627,333	1,374,754	2,704,892	3,233,353	1,539,070	45,062,983
2020	27,799,671	6,252,727	3,478,434	1,284,751	2,578,272	4,665,565	1,656,324	47,715,744
2021	28,203,526	6,531,312	3,639,643	1,378,628	3,159,813	5,653,369	1,979,800	50,546,091
2022	29,805,619	6,885,720	4,240,289	1,477,117	3,633,221	6,707,330	2,073,413	54,822,709
Change 2013-2022	72.0%	15.2%	28.5%	8.0%	81.1%	N/A	31.2%	73.7%

**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>
2012-13	\$ 14,642,097,786	354,038,345	127,383,048	14,868,753,083	14,982,785,178	1.1800	17,730,212,166	83.9%
2013-14	15,469,458,476	355,090,471	185,411,425	15,639,137,522	15,813,172,702	1.1800	18,964,343,443	82.5%
2014-15	16,549,429,908	365,538,552	238,579,023	16,676,389,437	16,915,260,543	1.1800	20,669,042,253	80.7%
2015-16	17,982,866,222	336,010,949	222,286,865	18,096,590,306	18,318,354,095	1.1800	23,247,294,157	77.8%
2016-17	19,811,155,560	411,967,727	511,139,848	19,711,983,439	20,211,468,549	1.1500	25,880,754,301	76.2%
2017-18	21,465,448,412	293,942,163	469,960,656	21,289,429,919	21,759,390,578	1.1500	27,471,643,277	77.5%
2018-19	22,754,619,799	293,478,330	358,574,015	22,689,524,114	23,068,526,395	1.1800	28,389,087,498	79.9%
2019-20	23,833,267,516	268,739,203	318,584,152	23,783,422,567	24,127,506,073	1.1800	29,674,122,650	80.1%
2020-21	25,122,404,248	293,113,096	393,776,995	25,021,740,349	25,410,677,658	1.1500	31,180,920,796	80.2%
2021-22	26,615,183,780	291,636,056	379,877,018	26,526,942,818	26,866,404,146	1.1500	32,974,930,815	80.4%

**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
2013	1.1800	0.0000	1.1800	0.1102	3.5645	0.0293
2014	1.1800	0.0000	1.1800	0.1050	3.5645	0.0293
2015	1.1800	0.0000	1.1800	0.1001	3.5645	0.0293
2016	1.1800	0.0000	1.1800	0.0940	3.5645	0.0293
2017	1.1500	0.0000	1.1500	0.0878	3.5645	0.0293
2018	1.1500	0.0000	1.1500	0.1832	3.5645	0.0293
2019	1.1800	0.0000	1.1800	0.1775	3.5645	0.0293
2020	1.1800	0.0000	1.1800	0.1720	3.5645	0.0293
2021	1.1500	0.0000	1.1500	0.1609	3.5645	0.0293
2022	1.1500	0.0000	1.1500	0.1609	3.5645	0.0293

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

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

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

**Overlapping Rates\***

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<b>Conservation Collier</b>	<b>School Board</b>	<b>South Water Management</b>	<b>Combined Total</b>
0.2500	5.5760	0.3390	11.0490
0.0000	5.6900	0.3278	10.8966
0.0000	5.5800	0.3097	10.7636
0.0000	5.4800	0.2888	10.6366
0.0000	5.2450	0.2695	10.3461
0.0000	5.1220	0.2545	10.3035
0.0000	5.0490	0.2440	10.2443
0.0000	5.0830	0.2344	10.2632
0.2500	4.8890	0.2177	10.2614
0.2500	4.4590	0.1926	9.8063

**Schedule 8**  
**City of Naples**  
**Principal Property Tax Payers**  
**As of September 30, 2022**

	2022			2013		
	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.	\$ 162,862,836	1	0.70%	\$ 110,250,000	2	0.70%
Naples Bch Club Land Trust Tract RT-2	158,782,095	2	0.34%			
Naples Bch Club Land Trust Tract H-2	121,877,180	3	0.29%			
Westbury Properties, Inc.	73,469,689	4	0.23%	45,502,000	8	0.29%
Coastland Center, LLC	57,874,518	5	0.22%	73,641,000	4	0.47%
2658 Florida Land Trust	53,694,714	6	0.20%			
Montana Realty Company, LLC	54,429,586	7	0.19%			
Quarton Capital LLC	52,215,683	8	0.19%			
Sandra Gerry	51,488,921	9	0.17%	52,835,000	6	0.33%
2500 Gordon Land Trust	48,124,162	10	0.14%			
Florida Power & Light				131,622,000	1	0.83%
City National Bank of Miami				78,048,000	3	0.49%
Marco Beach Hotel				66,750,000	5	0.42%
Randal D. Bellestri Trust				49,162,000	7	0.31%
Harold Square Land Trust				40,034,000	9	0.25%
Marriott Ownership Resorts				36,079,000	10	0.23%
	<u>\$ 834,819,384</u>		<u>3.11%</u>	<u>\$ 683,923,000</u>		<u>4.33%</u>
Total City of Naples Assessed Value	\$26,866,404,146			15,813,172,702		

**Sources:** Collier County Property Appraiser and 2013 Annual Comprehensive Financial Report, 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>
2013	\$ 17,927,260	17,242,814	96.2%	87,718	17,330,532	96.7%
2014	18,921,717	18,162,559	96.0%	77,324	18,239,883	96.4%
2015	19,959,663	19,117,239	95.8%	140,408	19,257,648	96.5%
2016	21,616,275	21,139,944	97.8%	23,512	21,163,456	97.9%
2017	23,567,473	22,696,202	96.3%	10,781	22,706,983	96.3%
2018	25,356,197	24,413,116	96.3%	18,650	24,431,766	96.4%
2019	27,545,899	26,577,090	96.5%	13,901	26,590,991	96.5%
2020	28,810,558	27,531,304	95.6%	268,367	27,799,671	96.5%
2021	29,616,534	28,551,238	96.4%	172,411	28,723,649	97.0%
2022	30,942,843	30,189,027	97.6%	184,698	30,373,725	98.2%

**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**

Fiscal Year	Government Activities				Business-Type Activities		
	General Obligation Bonds	Public Service Tax Bonds	Redevelopment and Refunding Bonds	Capital Improvement Notes	Water Bonds/Loans	Storm-water Loans	Non major Bonds
2013	\$ -	-	-	13,025,000	21,586,406	1,773,821	140,000
2014	-	-	-	11,536,000	19,210,230	1,465,201	80,000
2015	-	-	-	10,068,000	17,442,467	1,152,770	20,000
2016	-	-	-	8,552,000	14,602,609	1,159,674	-
2017	-	-	-	6,986,000	11,945,407	933,960	-
2018	-	-	-	8,744,058	9,237,539	705,155	-
2019	-	-	-	6,853,626	11,583,113	473,610	-
2020	-	-	-	4,925,070	10,419,985	238,232	-
2021	-	-	-	2,883,166	9,203,093	-	-
2022	-	-	-	2,116,685	8,034,621	-	-

**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>
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
15,583,287	0.64%	141
12,086,259	0.55%	106
10,151,306	0.41%	80

**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>
2013	\$ -	0.00%	-
2014	-	0.00%	-
2015	-	0.00%	-
2016	-	0.00%	-
2017	-	0.00%	-
2018	-	0.00%	-
2019	-	0.00%	-
2020	-	0.00%	-
2021	-	0.00%	-
2022	-	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, 2022**

	<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	\$ 2,116,685	100%	\$ 2,116,685
Total direct debt			<u>2,116,685</u>
<b>Overlapping debt <sup>(a)</sup></b>			
Collier County <sup>(b)</sup>	449,095,637	20%	107,782,953
<b>Total direct and overlapping debt</b>			<u>107,782,953</u>
			<u>\$ 109,899,638</u>

**Sources:** Collier County Annual Comprehensive 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, 2021 (2022 Annual Comprehensive Financial Report not available yet).

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

Fiscal Year	Water Revenue Bonds				
	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service Requirement	Coverage
2013	\$ 28,747,954	23,462,275	5,285,679	1,043,132	5.07
2014	32,117,638	24,066,181	8,051,457	2,809,207	2.87
2015	29,614,711	23,455,937	6,158,774	2,899,468	2.12
2016	30,730,431	24,010,994	6,719,437	2,899,045	2.32
2017	33,695,352	25,657,266	8,038,086	2,899,045	2.77
2018	32,767,617	26,870,256	5,897,361	2,898,555	2.03
2019	34,867,456	27,576,471	7,290,985	1,189,836	6.13
2020	34,474,021	27,938,372	6,535,649	1,190,268	5.49
2021	35,553,838	30,153,984	5,399,854	1,723,902	3.13
2022	36,878,618	32,787,006	4,091,612	1,405,541	2.91

**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.

**Utility Tax Revenue Bonds**

**Tax Increment Revenue Bonds**

<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>	
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)

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

<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>
2013	20,115	\$ 1,685,597	83,798	64.3	43,789	7.5%
2014	20,537	1,646,164	80,156	64.0	44,415	5.9%
2015	20,968	1,776,430	84,721	64.0	45,995	4.9%
2016	21,898	1,940,338	88,608	64.6	47,225	4.8%
2017	22,041	1,980,648	89,862	65.0	49,393	3.9%
2018	22,214	2,210,493	99,509	64.4	47,961	3.3%
2019	22,039	2,210,688	100,308	66.2	48,318	3.2%
2020	19,115	2,110,736	110,423	67.3	47,084	5.7%
2021	19,186	2,193,689	114,338	66.0	48,000	2.9%
2022	19,372	2,459,101	126,941	65.4	49,994	2.6%

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

**Notes:** 2022 Population updated to reflect 2021 U.S. Census Bureau figures (2022 not available).

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

Employer	2022			2013		
	Employees <sup>(1)</sup>	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Collier County School District	5,785	1	3.9%	5,288	1	20.8%
NCH Healthcare System	4,315	2	2.9%	4,000	2	15.7%
Publix Supermarkets	3,041	3	2.0%	800	7	3.1%
Arthrex, Inc.	2,856	4	1.9%			
Collier County Government (excl. Sheriff)	2,477	5	1.7%	2,157	3	8.5%
Collier County Sheriff	1,440	6	1.0%	1,867	4	7.3%
Ritz Carlton - Naples	1,100	7	0.7%			
Seminole Casino - Immokalee	900	8	0.6%			
JW Marriott - Marco Island	850	9	0.6%			
City of Naples	488	10	0.3%			
Allen Systems Group				1,300	5	5.1%
Marriott Corporation (Ritz Carlton)				1,100	6	4.3%
Waldorf Asoria (Naples Grande)				760	8	3.0%
Fifth-Third Bank				733	9	2.9%
The Moorings				730	10	2.9%
Other employers	125,950		84.4%	6,684		26.3%
Estimated Total	149,202		100.0%	25,419		100.0%

**Sources:** Collier County Clerk of Courts 2021 Annual Comprehensive Financial Report (2022 Annual Comprehensive Financial Report not available).  
City of Naples 2013 Annual Comprehensive Financial Report.

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

Function/Program	Fiscal Year				
	2013	2014	2015	2016	2017
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	5.9	5.9	5.9	4.9	8.9
Purchasing <sup>(a)</sup>					
Human Resources	4.0	4.0	4.0	4.0	4.0
Planning	3.5	3.5	3.5	3.5	5.0
Finance	17.8	13.8	13.8	13.8	10.8
Community Services	40.5	40.5	40.5	40.5	42.5
Police	98.4	98.4	98.4	98.4	98.4
Fire	63.0	63.0	63.0	63.0	65.0
Water and Sewer Fund	99.0	103.0	103.0	104.0	104.0
Solid Waste Fund	25.5	25.5	25.5	26.0	26.0
Streets and Traffic Fund	6.1	5.5	5.5	5.5	5.5
Stormwater Fund	10.4	10.0	11.0	11.0	11.0
City Dock Fund	3.6	3.6	3.6	3.6	3.6
Tennis Fund	4.0	4.0	4.0	4.0	4.0
Beach Fund	12.0	13.0	13.2	13.2	13.2
Technology Services Fund	10.0	8.0	7.0	7.0	6.0
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	23.8	28.0	30.0	36.5	34.0
Community Redevelopment	6.3	6.3	6.3	6.3	6.3
<b>TOTAL EMPLOYEES</b>	<b>451.3</b>	<b>453.5</b>	<b>455.7</b>	<b>462.7</b>	<b>465.7</b>

**Source:** City of Naples Budget Document.

**Notes:** <sup>(a)</sup> Purchasing separated from City Manager and Code Enforcement in 2022.



<b>Fiscal Year</b>				
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
1.0	1.0	1.0	1.0	1.0
6.0	6.0	6.0	6.0	8.0
1.0	1.0	1.0	1.0	1.0
9.9	9.9	8.9	10.7	9.0
				4.0
4.0	4.0	5.0	5.0	5.0
6.0	6.0	6.0	6.0	7.0
10.5	10.5	10.5	10.5	10.5
45.5	47.5	50.5	53.4	53.4
99.4	98.4	98.4	98.4	98.4
66.0	66.0	66.0	67.0	69.0
104.0	104.0	105.0	105.0	104.8
26.0	26.0	26.0	29.0	29.0
5.5	5.5	6.5	6.5	8.5
11.0	11.0	11.0	13.0	19.0
3.6	4.1	4.1	3.7	3.7
4.0	4.0	4.0	4.0	4.3
15.4	15.4	15.4	15.2	18.5
6.0	5.0	5.0	4.0	4.0
8.5	8.5	8.5	8.5	8.5
1.0	1.0	1.0	1.0	1.0
33.5	32.5	32.5	32.5	34.5
6.3	6.3	6.3	6.3	7.1
<b>474.1</b>	<b>473.6</b>	<b>478.6</b>	<b>487.7</b>	<b>509.2</b>

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

Function/Program	Fiscal Year				
	2013	2014	2015	2016	2017
General government					
Commercial permits issued	225	144	143	144	86
Residential permits issued	1,229	1,133	1,124	1,228	1,122
Police					
Physical arrests	758	634	575	579	373
Parking violations	12,906	12,778	11,271	8,181	10,158
Traffic violations	6,767	5,489	5,989	6,133	4,934
Fire <sup>(b)</sup>					
Emergency responses	4,901	5,217	5,539	6,804	6,234
Fires extinguished	69	98	96	70	84
Inspections	7,761	7,299	7,589	8,066	7,863
Refuse collection					
Refuse (tons per day)	131	119	92	129	117
Recyclables (tons per day)	19	21	28	29	28
Other public works					
Street resurfacing (miles)	5	4.25	4.26	10	11
Potholes repaired <sup>(a)</sup>	72	63	82	44	78
Parks and recreation					
Special events, participants	3,640	3,812	3,760	2,717	2,164
Beach parking permits issued	6,590	6,802	5,249	5,802	6,050
Camps, classes, participants	5,350	5,531	11,066	16,773	10,168
Water					
New connections	171	226	201	169	122
Water main breaks	21	14	17	13	11
Average daily consumption (millions of gallons)	13.5	14.3	13.8	14.0	15.0
Peak daily consumption (millions of gallons)	17.8	19	18	17	19
Wastewater					
Average daily sewage treatment (thousands of gallons)	5,680	5,225	4,800	5,100	5,270

**Sources:** Various City Departments.

**Notes:** <sup>(a)</sup>This number represents the number of work orders given to patch hole contractor.

<sup>(b)</sup>4th quarter results for 2022 not yet available due to Hurricane Ian.

<b>Fiscal Year</b>				
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
138	138	172	139	18
1,057	1,057	1,345	1,441	1,538
433	396	321	278	318
11,534	13,843	11,947	19,073	22,567
4,169	4,163	2,814	2,084	2,777
6,735	6,648	5,981	6,798	6,318
102	108	106	97	68
11,299	11,442	11,638	14,353	11,831
96	101	108	125	134
15	15	16	15	17
10	8	6	9	8
84	85	79	82	76
3,167	3,298	356	3,726	3,892
5,296	5,179	5,198	5,210	5,850
31,561	36,851	19,500	21,700	22,100
129	120	89	123	109
63	57	108	72	64
14.0	14.0	14.0	14.0	14.0
19	17	17	17	17
5,270	4,396	4,731	4,420	4,597

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

Function/Program	Fiscal Year				
	2013	2014	2015	2016	2017
Police					
Number of employees	103	103	103	96	98
Total police incidents handled	68,988	65,968	67,193	83,774	79,787
Fire stations	3	3	3	3	3
Refuse collection trucks	25	25	25	25	25
Other public works					
Streets (miles)	112	112	112	112	112
Streetlights	3,006	3,006	3,006	3,006	3,006
Traffic signals	42	42	42	40	40
Parks and recreation					
Swimming pools	1	1	1	1	1
Community centers	3	3	3	3	3
Pier	1	1	1	1	1
Dock	1	1	1	1	1
Water					
Active accounts	16,791	16,943	17,078	17,244	17,310
Plants	1	1	1	1	1
Capacity per day (millions of gallons)	30	30	30	30	30
Sewer					
Active accounts	8,895	8,812	8,820	9,037	9,207
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>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
99	98	101	99	98
73,878	71,674	84,301	83,848	85,558
3	3	3	3	3
25	25	25	27	27
112	112	112	112	112
3,006	3,006	3,170	3,170	3,170
40	40	40	40	40
1	1	1	1	1
3	3	3	3	3
1	1	1	1	1
1	1	1	1	1
17,385	17,547	17,710	17,950	18,315
1	1	1	1	1
30	30	30	30	30
9,262	9,243	9,435	9,621	10,060
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, 2022, 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 28, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

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## Report on Compliance and Other Matters

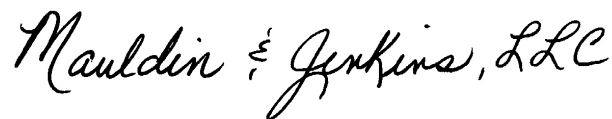
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### City's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### 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 28, 2023



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

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Naples, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

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### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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.

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Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 28, 2023

*Mauldin & Jenkins, LLC*

**CITY OF NAPLES, FLORIDA**

Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2022

<u>Federal Agency, Pass-Through Entity, Federal Program</u>	<u>Assistance Listing Number</u>	<u>Grantors No.</u>	<u>Expenditures</u>
<b>Federal Awards:</b>			
United States Department of Justice			
Bulletproof Vest Partnership Program	16.607	2021BVP010318803	\$ 2,178
Justice Assistance Grant	16.738	2019-JAGD-COLL-1-N3-086	18,999
Total United States Department of Housing and Urban Development			<u>21,177</u>
United States Department of Homeland Security			
Passed through Florida Department of Emergency Management			
Hazard Mitigation Grants	97.039	FEMA 5309	25,660
Hazard Mitigation Grants	97.039	H0143	1,065,915
Total United States Department of Homeland Security			<u>1,091,575</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 1,112,752</u></b>

**THE CITY OF NAPLES, FLORIDA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**SEPTEMBER 30, 2022**

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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, 2022.

**NOTE 3 – NON-CASH AWARDS**

The City did not receive non-cash federal awards during the year ended September 30, 2022.

**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.

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## 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, 2022, and have issued our report thereon dated March 28, 2023.

### **Auditor's Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 28, 2023, 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.

## Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the City of Naples East Naples Bay Special Taxing District ("East Naples Bay") reported:

- a. The total number of district employees compensated in the last pay period of East Naples Bay's fiscal year as zero.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of East Naples Bay's fiscal year as zero.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as zero.
- d. All compensation earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as zero.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as: East Naples Bay Dredging Project - \$1,561,487.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as see page 101.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the City of Naples Moorings Bay Special Taxing District ("Moorings Bay") reported:

- a. The total number of district employees compensated in the last pay period of Moorings Bay's fiscal year as zero.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of Moorings Bay's fiscal year as zero.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as zero.
- d. All compensation earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as zero.

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- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as none.
  - f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as see page 132.

### **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.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
March 28, 2023

THE CITY OF NAPLES, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2022

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SECTION I

SUMMARY OF AUDIT RESULTS

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

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

Significant deficiencies identified?  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?  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 2 CFR 200.516(a)?  yes  no

Identification of major federal program:

AL Number  
97.039

Name of Federal Program or Cluster  
U.S. Department of Homeland Security–  
Hazard Mitigation Grant

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, 2022**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES**

**2022-001 Audit Adjustments**

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 all accounts are properly reflected at year-end. Additionally, reconciliations should be reviewed by management to ensure proper preparation of reconciliations, and that balance sheet accounts are properly supported.

Condition: During testing of the City's capital assets, we noted the City did not properly accrue all current year capital asset additions as of September 30, 2022. An entry to increase the City's capital assets in the amount of \$1,353,719 in the City's Stormwater Fund was required to be recorded. Additionally, during testing of the City's accounts payable, we noted the City did not properly record its year end pension contribution within the General Fund to match the receivable accruals recorded within the City's pension funds. This resulted in an adjustment to accounts payable in the amount of \$815,441 to be recorded in the General Fund.

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

Effect: Audit adjustments were required to be posted within the Stormwater Fund and General Fund as noted above, for the fair presentation of the financial statements.

Recommendation: We recommend the City implement a review process on all accounts and reconciliations to better identify any potential errors. We also recommend the City evaluate its period closing process to ensure subsidiary ledger reconciliations are being performed timely, properly, and are being reviewed by appropriate levels of management.

Management's Response: While we try to conduct our secondary reviews prior to providing trial balances to the auditors, the workload and strain on resources between Hurricane Ian response and preparing for the audit did not allow for all secondary reviews to be completed prior to delivering trial balances to the auditors. While we cannot control events like Hurricane Ian, we will continue to work to improve our review process to ensure we are conducting our secondary reviews prior to delivering the trial balances to the auditors.

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

None reported.

**THE CITY OF NAPLES, FLORIDA**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**SEPTEMBER 30, 2022**

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None reported.



## 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, 2022. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2022.

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 28, 2023

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

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