

City of Naples, Florida



**Comprehensive Annual Financial Report
For the Year Ended September 30, 2015**

THE CITY OF NAPLES, FLORIDA
Comprehensive Annual Financial Report
For the Year Ended September 30, 2015
(With Independent Auditor's Report Thereon)

Prepared By:
FINANCE DEPARTMENT

City of Naples
Principal Officers
September 30, 2015



Bottom row pictured left to right: City Clerk Pat Rambosk, Mayor John F. Sorey III, Councilwoman Teresa Heitmann, Vice-Mayor Margaret "Dee" Sulick, and Councilman Sam J. Saad III.

Top row pictured left to right: City Attorney Robert Pritt, Councilman Doug Finlay, Councilwoman Linda Penniman, City Manager A. William Moss, and Councilman Bill Barnett.

Department Directors

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

Roger Reinke
Craig Mole'
Dana Souza
Ann Marie S. Ricardi
Stephen R. McInerny II
Denise K. Perez
Robin D. Singer
Thomas Weschler
Gregg Strakaluse
Selpan Inc./Mark Jackson
Bob Middleton

CITY OF NAPLES, FLORIDA
COMPREHINSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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City of Naples

FINANCE DEPARTMENT
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May 9, 2016

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

The Comprehensive Annual Financial Report (CAFR) of the City of Naples, Florida (the “City”), for the fiscal year ended September 30, 2015, is hereby submitted. This Annual Report was prepared by the Finance Department, and is in compliance with Florida Statutes Chapter 218.39, Chapter 10.550 of the Rules of the Auditor General of the State of Florida, and Section 2-601 of the City Code of Ordinances.

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

The City’s basic financial statements have been audited by Maudlin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2015, 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, 2015, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor’s report is presented as the first component of the financial section of this report.

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

City Profile

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

With a history dating back to the late 1800's, Naples was incorporated on December 1, 1923. It is approximately 16 square miles in size and has 112 lane miles of streets and 58 miles of sidewalks. Originally developed as a winter retreat for people with permanent homes in the north, Naples grew from a small frontier-style fishing camp in the 1920s to its current status as a premier city. Naples continues to attract a retirement population that is among the most affluent and well educated in the State.

The City is located on the Gulf of Mexico in Southwest Florida, and it is the cultural and activity center of Collier County. The City has a permanent population of approximately 20,500, increasing to over 33,000 during the peak winter season. In addition to its natural features, the City is known for its world-class shopping and exceptional dining opportunities.

Naples continues to enjoy the results of proper planning. Parks and open space are abundant and 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, central city villas, bungalows, and high rise condominiums, disbursed between a cohesive blend of both older and newer communities. 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 and all of its beauty and benefits is at the forefront in Naples as evidenced by its numerous parks, open spaces, preserves, the Naples Zoo and the Naples Aquarium. In addition, Naples is positioned less than 20 miles from the tropical wilderness that is the Florida Everglades. The Florida Everglades reveals its natural wonder in the form of alligators, natural orchids, Florida panthers, wood storks, West Indian manatee, cypress forests and mangrove forests, just to name a few.

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

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

Member	Term Ends
John F. Sorey III, Mayor	February 2016
Linda Penniman	February 2018
Bill Barnett	February 2016
Doug Finlay	February 2018
Teresa Heitmann	February 2016
Sam Saad III	February 2018
Margaret "Dee" Sulick	February 2016

The City Council appoints the City Manager, who is the chief administrative officer of the City. As Chief Executive Officer, the City Manager hires all other City employees, except the City Clerk and the Deputy City Clerk, who are appointed by the City Council. City Manager A. William Moss was selected by the City Council to be the City Manager as of January 1, 2008.

The Reporting Entity and its Services

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

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

The Community Redevelopment Agency is a blended component unit of this reporting entity, because this District is governed by Naples City Council and a financial benefit / burden relationship does exist between the two entities. 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 special district and not part of the City. Its financial data is not included in the financial statements in this report. Naples Community Hospital is a private nonprofit corporation providing quality medical care to the community. It is not part of the City's municipal government and its financial data is not included in the financial statements in this report.

Accounting System and Budgetary Control

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

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

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

The City's fiscal year begins October 1. In February, staff develops preliminary future revenue and expenditure estimates and identifies areas of need and concern. During February, the Five Year General Fund Sustainability Report is developed for a March presentation. Concurrently, staff begins working with boards, committees, and the City Council to gather goals for the upcoming fiscal year. In March, Departments start preparing their Five-Year Capital Improvement Program requests. During April, departments will begin preparing their budget requests using line-item budget formats. At the same time, Finance will begin assessing available and potential revenue sources.

The Five-Year Capital Improvement Program is presented to City Council by June 1, in accordance with the City Code of Ordinances. The proposed budget is presented to Council in July then discussed during August and September, and the budget is adopted in September.

The adopted budget may be amended in two ways.

1. The budget ordinance 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 for Fiscal Year 2014-15.

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. During the course of 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 2014-15 represented the third year of taxable value growth in the City. The taxable values increased by 6.9% for the FY 14-15 fiscal year, following a 5.5% growth in Fiscal Year 13-14. The subsequent growth for FY 15-16 (September 2015) of 8.2% confirms the return of stability after the nation's great recession. The historic high growth rates of the early 2000s seem to be past, and it appears that there is a sustainable level of growth within the property values of the City. With more than half of the City's General Fund revenue coming from the taxable values, values and growth rates must be monitored.

Despite the City nearing build-out, there are significant construction projects planned or underway on vacant or recently vacated sites. Because of this, the City faces a challenge to preserve and maintain the City's infrastructure and services in the manner in which the citizens and guests have become accustomed. The City has maintained a high quality infrastructure system of transportation, stormwater management, potable (drinking) water and waste water and public safety, all which tends to be less visible than the quality of life amenities, such as parks, recreation, entertainment, and cultural opportunities, although they all rank high in importance.

The City is limited by the Constitution of the State of Florida to an ad valorem tax levy of ten mills on each dollar of assessed valuation for operating expenditures. At 1.1800 mills, Naples' ad valorem tax remains significantly below the maximum allowed and has remained unchanged for several years.

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 2014-15, the City continued its journey to enhance the quality of life for its residents. Some of the events and projects include:

- The Naples Pier had improvements totaling \$1,780,784 in 2015, including upgrades to the Pier Restrooms, all of which was scheduled for completion in early 2016, and a grand opening on November 13, 2015.
- Baker Park Development saw architectural/engineering plans continue, with expenses reaching approximately \$0.6 million, in 2015. Total project cost of \$15.9 million is expected, including \$13.4 million in the park development and an additional \$2.5 million in the Gordon River Bridge Component of the project. In 2014, the City acquired 6.7 acres of land adjacent to 8 acres of city property, to create a park. The design of Baker Park began, with the conceptual master plan approved on March 5, 2014.
- Artificial Reef Creation Project, a collaborative project between the City of Naples, Collier County and the City of Marco Island, using a BP Grant and supplemented by other donations to create multiple reefs offshore to establish marine life habitat continued in 2015.
- Landscape Median Restoration expensed \$0.4 million in 2015, primarily for the Gulf Shore Blvd. Median restoration project. Maintaining esthetically pleasing trees and roadways, is an ongoing priority for the City and its residents.
- The Port Royal Dredge project continued and expensed \$.7 million in 2015. This project will enhance the water transportation for the affected neighborhood.

The trends in the Southwest Florida economy continue to experience a moderate but steady recovery. According to a report by the Florida Gulf Coast University for the year ending December 31, 2015, taxable sales for the region were up 5%, tourist tax revenues in Collier County increased by 5%, and the three Southwest Florida airports grew 6% in 2015 over the same 12 month period in 2014. In addition, Collier County issued 202 single family building permits in October 2015, an increase of 4 percent over October 2014 following the 52 percent increase experienced from October 2013 to October 2014.

Long-term Financial Planning

The City has several long-term financial and operating planning processes in place, all of which eventually integrate into the budget. In June 2007, the City established a Ten-Year Vision Plan, which was created by the citizens and adopted by the City Council. This vision has been incorporated into each subsequent budget with goals and objectives to achieve the vision.

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

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

Relevant Financial Policies

In September 2009, the City Council passed Resolution #09-12512, which amended and updated the City's financial policies. These policies covered five major areas: Budgetary and Financial Planning; Financial Reporting; Capital Improvement; Debt Management; Investments and Fund Balance. The financial policies were subsequently amended in 2012, retroactively to September 30, 2011, to have the Fund Balance Policy reflect the requirements of GASB 54, with resolutions 12-13051 and 12-13052. In November 2015, the Fund Balance Policy was again amended with resolution 15-13720 to create a General Fund Tax Stabilization Account.

In 2014, the Investment Policy of the City was updated, via ordinance 14-13453 to allow a less restrictive stance on the portfolio composition of Corporate Notes and Commercial Paper.

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

Major Initiatives

The Ten-Year Vision Plan adopted in 2007 provided a framework for many of the City's programs and projects. Major initiatives of the City typically are aimed at achieving the major goals of the vision plan. Listed below are a few of the initiatives taken to address some of the visions:

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

The Naples Pier, originally built in 1888, is one of the most visited attractions in southwest Florida drawing nearly 1.1 million visitors in 2014. The last major renovation of the structure occurred in two phases, first in the mid-1990s and the remainder in 2001. In February 2014, a structural evaluation of the Pier was conducted by the AD Morgan Corporation to assess conditions, identify structural deficiencies, and determine future scheduling and probable costs of required maintenance and desired improvements intended to enhance safety and extend the useful life of the structure. The total renovation project cost, including design, and project management fees, was \$2,710,907. The Pier was closed on July 6, 2015 to begin the renovations, including the replacement of deck boards and railings with IPE wood, a Brazilian hardwood with a life expectancy exceeding thirty years. New lighting was installed and the restrooms were completely rebuilt and expanded to double the capacity. A reopening ceremony of the Pier was held on Friday November 13, 2015. Despite the closure period, 894,434 visitors were recorded at the Pier during the fiscal year.

Residents and visitors alike recognize the ambiance created by the tree-lined streets of Naples. For the eighteenth consecutive year, the City of Naples received the Tree City U.S.A. designation and, for the eighth consecutive year, the City received a Tree City U.S.A. Growth Award. The City of Naples urban forest consists of 20,537 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 with particular emphasis on Gulf Shore Blvd. North in 2015 where an additional 109 trees are expected. 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.

City Council provided mid-year direction to develop a Parks Master Plan, encompassing all city parks, recreation facilities, and programs. This included the development and distribution of a formal, random, mailed citywide survey seeking input to determine City resident attitudes, interests, and expectations. The survey was released mid-June 2015 with a completion date of July 31, 2015. A total of 6,000 surveys were mailed and 880 surveys (14.6%) were received, exceeding the targeted number of 600. Survey results were presented to City Council at the October 19, 2015 Workshop. A draft master plan recommendation is to be presented to City Council in 2016.

Vision Goal: Make Naples the green jewel of Southwest Florida

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

Throughout the year, staff made over 20 presentations to service organizations, homeowner associations, and other groups regarding the environment. Staff provided information in the form of brochures to the public on subjects that include wetlands, sea turtles, mangroves, and rain gardens.

The City benefited from Collier County's expenditure of \$2.7 million on the Naples Beach Re-nourishment Project in 2015. This occurred on the heels of the City's collaboration with Collier County and the City of Marco Island in an effort to create artificial reefs in the Gulf of Mexico. The reefs will improve the environment by establishing habitat for marine life, and provide a positive economic impact on the local economy. Funding for the project specifically from BP grant totaling \$1.3 million completed in 2015; however, private donations have supplemented this effort and are expected to continue into the future.

Vision Goal: Maintain an extraordinary quality of life for residents

The Community Services Department - Recreation Division provides a wide variety of recreational opportunities for residents of all ages, integrating social and cultural pursuits. The Norris Center at Cambier Park remains known for the variety of cultural programs that are offered such as the Bluewater Bluegrass & Acoustic Series, Paradise Coastmen Barbershop Chorus, Tribute to Patsy Cline, and nationally known comedians, all performing on stage during the winter season. The Norris Center offers a mix of programs for adults and children throughout the year. For adults, programs such as art, foreign language, computer skills, and a sit and stretch program are offered. In the summer months, the building is full of children's specialty camps that focus on cultural arts and science. The Center continued a partnership with the United Arts Council to use the Art Gallery for monthly art exhibits during season. During off-season, the gallery is reserved by other local artists.

The Norris Community Center offers 20 specialty camps over the summer months. The Norris Center hosts weekly theater camps and holds performances following the week course. Science and art camps are held in the Dance room and art rooms. Over the course of the summer there are over 250 campers registered at Norris. The Norris Center is also the home of Gulfshore Playhouse, which welcomed approximately 20,000 patrons.

Fleischmann Park is the headquarters for over 150 summer specialty camps with over 1,000 registered campers. As the headquarters campers are transported to other city camps in the morning and afternoon. Other sites include Lowdermilk Park, The Naples Preserve, Arthur Allen Tennis Center and the Norris Center. Fleischmann Park hosts gymnastic camps, rock climbing, Dance, Cartooning, Tree House Kids and a variety of outdoor sports camps.

River Park staff and contracted instructors successfully offered 83 classes, 3 camps, 7 specialty camps and 116 clubs/rentals which included exercise classes, art classes, culinary classes, dance classes, camps - Winter/Spring/Summer and school day out. River Park Community Center continues to collaborate with organizations, schools and apartment managers to identify children needing services. The Back to School program served 97 children going into K through 12th grade with needed school supplies. Santa's also made an appearance at Santa's Coming to Town and made a delivery of 179 gifts to very excited children.

River Park Aquatic Center offered 106 programs, 2 camps, and held 39 rentals. Included were lifeguard training, lifeguard and water safety instructor training, learn to swim classes, swim central classes, swim & snorkel camps, and recreational swim team programs. The River Park Aquatic Center was the home pool for Naples High School for the fourth consecutive season. Seacrest Country Day School had ongoing rentals, with swim practices for their own swim teams throughout the 2014-15 season.

Anthony Park hosted Archery and Fishing camps in summer 2015 with 51 enrolled. Anthony Park has seen several improvements with a new Play and Park Structures Swing Set to include seating for children with disabilities, a new Climbing Play Feature for 5 – 12 years olds and the wooden pier was renovated with new planks and supports, making it a safe and fun area to fish.

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 2014-15 received the GFOA's Distinguished Budget Presentation Award. The City has achieved this award for 11 years. In order to qualify for the Distinguished Budget Presentation Award, the budget had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

Certificate of Achievement

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Naples, Florida, for the Annual Financial Report for the fiscal year ended September 30, 2014.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to industry standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

Respectfully submitted,



A. William Moss
City Manager



Ann Marie S. Ricardi
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

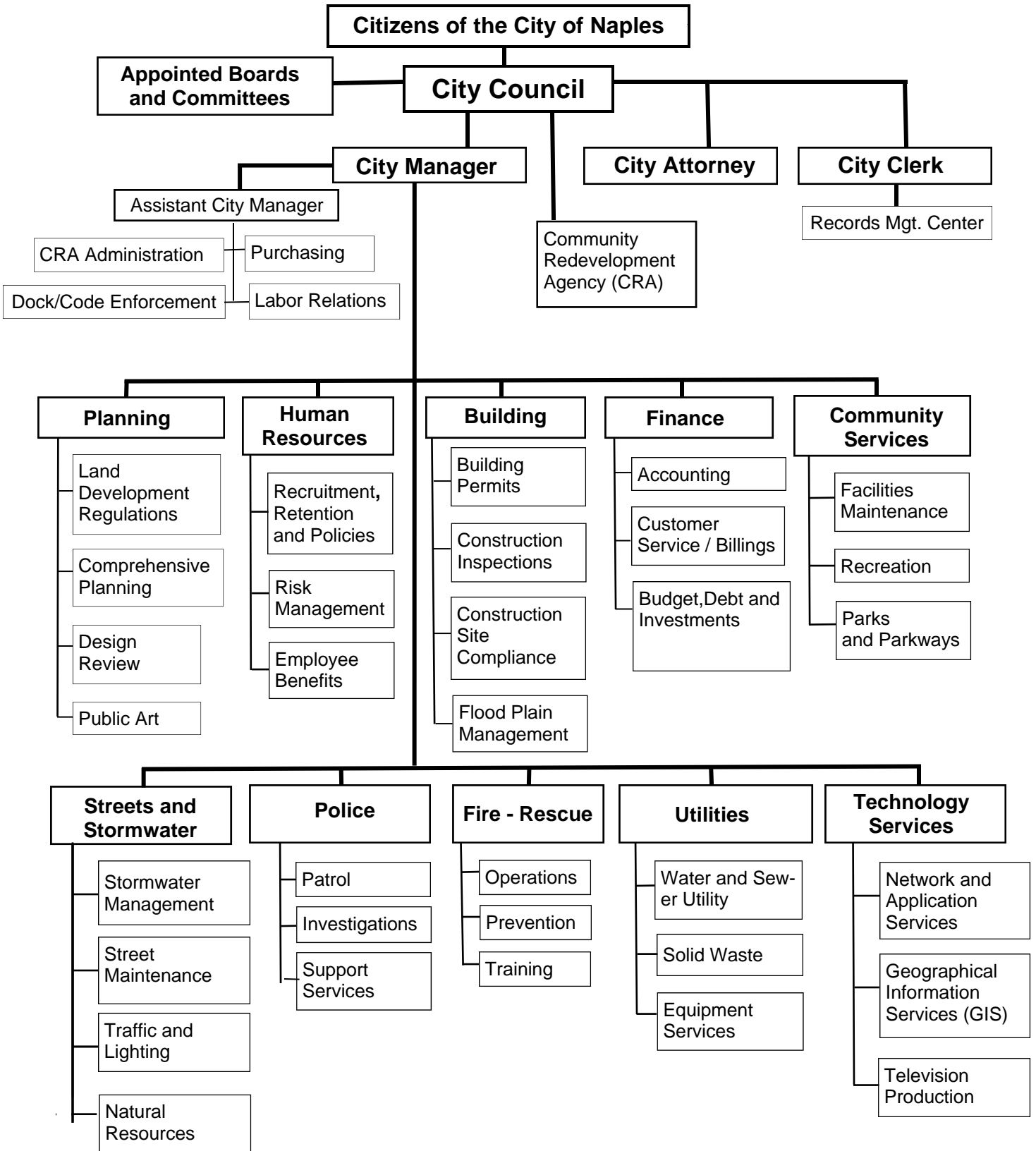
**City of Naples
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

City of Naples Organizational Chart





INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Naples, Florida (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015, 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.

Emphasis of Matter

As discussed in Note 1, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of October 1, 2014. These standards significantly changed the accounting for the City’s net pension liability and the related disclosures. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information and pension and other post-employment benefit schedules on pages 5-14 and 96-108, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

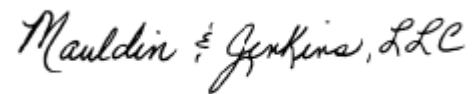
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information including the Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information including the Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2016, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Bradenton, Florida
May 9, 2016

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The City of Naples, Florida
Management's Discussion and Analysis
September 30, 2015
(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, 2015.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities at September 30, 2015, by \$217.1 million (net position). Of this amount, \$38.4 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 \$20.8 million.
- As of September 30, 2015, the City's governmental activities reported combined ending net position of \$76.2 million. This is an increase of \$12.1 million from the prior year.
- The City implemented GASB 68 in 2015. GASB No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, provides the procedures for the accounting and recognition of total net pension liabilities and stating the effect on the City's net position. The effect of GASB 68 on the restated net position of the City's government activities for the year ending September 30, 2014, funds was a \$36.9 million reduction from \$101 million to \$64.1 million. The effect of GASB 68 on the restated net position of the City's business-type activities for the year ending September 30, 2014, funds was a \$3.2 million reduction from \$135.4 million to \$132.2 million.
- The City's total debt decreased by \$3.61 million during the current fiscal year due to scheduled debt service payments despite the issuance of an additional \$650 thousand Special Assessment Bond to fund the Bembury Project.

Overview of the Financial Statements

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

Major Fund Presentation

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

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

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

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

The Government-wide Financial Statements

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

The Statement of Net Position (page 16) 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 18) 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 20.

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 23 and 27 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 28–35.

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 39.

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, 2015, was \$217 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	
	2015	2014 (Restated)	2015	2014 (Restated)	2015	2014 (Restated)
	Current and other assets	\$ 64,086	55,736	49,904	53,018	113,990
Capital assets	65,548	66,417	118,784	111,095	184,332	177,512
Total assets	<u>129,634</u>	<u>122,153</u>	<u>168,688</u>	<u>164,113</u>	<u>298,322</u>	<u>286,266</u>
Total deferred outflow of resources	<u>5,377</u>	<u>6,150</u>	<u>705</u>	<u>688</u>	<u>6,082</u>	<u>6,838</u>
Long term liabilities outstanding	52,794	59,714	23,414	26,084	76,208	85,798
Other liabilities	5,975	4,507	5,097	6,527	11,072	11,034
Total liabilities	<u>58,769</u>	<u>64,221</u>	<u>28,511</u>	<u>32,611</u>	<u>87,280</u>	<u>96,832</u>
Total deferred inflows of resources	<u>53</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>56</u>	<u>-</u>
Net position:						
Net investment in capital assets	55,795	55,246	100,262	90,440	156,057	145,686
Restricted	22,636	13,909	-	-	22,636	13,909
Unrestricted	<u>(2,242)</u>	<u>(5,073)</u>	<u>40,617</u>	<u>41,750</u>	<u>38,375</u>	<u>36,677</u>
Total net position	<u>\$ 76,189</u>	<u>64,082</u>	<u>140,879</u>	<u>132,190</u>	<u>217,068</u>	<u>196,272</u>

The largest portion of the City’s net position (72%) 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 10% of the total net position) is subject to external restrictions on how it may be used. The remaining 18% of unrestricted net position, \$38.4 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 \$100.6 million. Total expenses, City-wide were \$79.9 million. For the total primary government, including both governmental and business-type activities, net position increased \$20.7 million. Net position for Governmental activities increased by \$12.1 million and net position for Business-type activities increased by \$8.7 million in 2015

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	
	2015	Restated 2014	2015	Restated 2014	2015	Restated 2014
	Revenues					
Program revenues						
Charges for services	\$ 11,707	11,973	43,225	46,787	54,932	58,760
Operating grants and contributions	3,417	4,140	2,068	784	5,485	4,924
Capital grants and contributions	936	779	3,664	1,836	4,600	2,615
General revenues						
Property taxes	19,523	18,540	-	-	19,523	18,540
Other taxes	8,047	8,114	-	-	8,047	8,114
Franchise fees	3,553	3,580	-	-	3,553	3,580
Intergovernmental revenues	3,333	3,158	-	-	3,333	3,158
Unrestricted investment earnings	543	233	420	201	963	434
Other	160	77	-	-	160	77
Total revenues	<u>\$ 51,219</u>	<u>50,594</u>	<u>49,377</u>	<u>49,608</u>	<u>100,596</u>	<u>100,202</u>
Expenses						
General government	\$ 7,518	7,715	-	-	7,518	7,715
Public safety	21,801	25,970	-	-	21,801	25,970
Physical and economic environment	3,784	2,701	-	-	3,784	2,701
Transportation	2,924	3,089	-	-	2,924	3,089
Cultural and recreation	6,994	7,094	-	-	6,994	7,094
Interest and fiscal charges	229	228	-	-	229	228
Water and sewer	-	-	23,722	24,397	23,722	24,397
Solid waste	-	-	6,095	6,012	6,095	6,012
Stormwater	-	-	3,175	3,088	3,175	3,088
Other	-	-	3,558	3,823	3,558	3,823
Total expenses	<u>\$ 43,250</u>	<u>46,797</u>	<u>36,550</u>	<u>37,320</u>	<u>79,800</u>	<u>84,117</u>
Increase (decrease) in net position before transfers	\$ 7,969	3,797	12,827	12,288	20,796	16,085
Transfers	4,138	1,879	(4,138)	(1,879)	-	-
Change in net position	12,107	5,676	8,689	10,409	20,796	16,085
Prior Period Adjustment (Pension)		(36,923)		(3,227)		(40,150)
Net position, beginning	64,082	95,329	132,190	125,008	196,272	220,337
Net position, ending	<u>\$ 76,189</u>	<u>64,082</u>	<u>140,879</u>	<u>132,190</u>	<u>217,068</u>	<u>196,272</u>

The total primary government revenues reported a \$394 thousand or 0.4% increase over last year's total revenues. The total business-type activities' revenue decreased \$231 thousand. Revenue from governmental activities show a \$625 thousand increase. The primary reasons for the increase in governmental activity revenue are as follows:

- An increase in charges property tax revenue \$983 thousand due to taxable value growth.
- An increase in investment earnings of \$310 thousand.
- Small increases in capital grants and contribution and intergovernmental revenue
- Offset by downward pressure on revenue in both charges for service and operating grants.

Business-type activities showed a decrease in revenues in the amount of \$231 thousand or .4% below the revenues of 2014. The charges for services decreased by \$3.5 million in 2015; however, this decline was significantly offset by an increase of \$1.3 million and \$1.8 million in operating and capital grants respectively. Revenue in the three non-major enterprise funds (which are recreational based funds), decreased \$63 thousand due to tapered usage. The balance of the decreases can be attributed to the three utilities, Water/Sewer, Solid Waste and Stormwater.

The total primary government's expenses decreased \$4.3 million or 5.1%. Governmental activities reported a 7.5% decrease in expenses, with business-type activities reporting a 2.1% decrease.

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 \$43.3 million. As shown in the Statement of Activities on page 18, the net cost that was ultimately paid through taxes was \$27.2 million. The \$16.9 million of costs for governmental activities not covered by general revenues was provided by:

- \$11.7 million in charges for services, made of \$4.4 million in building/permit fees, \$9 million in police and fire services, \$.8 million for recreation fees, and the balance from various fees related to transportation, economic environment and general government services.
- \$3.4 million in operating grants and contributions, including \$1.6million from Collier County's share of the Community Redevelopment tax increment financing, \$1.7 million in Baker Park donations, and the remaining from other grants.
- \$0.94 million in capital grants and contributions.

The total cost of all governmental activities this year decreased 7.5%, due primarily to decreases in costs related to public safety, transportation, and general government (all other) offset by an increase in physical and economic environment.

Table 3
Governmental Activities
(In Thousands)

	Total Cost of Service		Net Cost of Service	
	2015	2014	2015	2014
Public safety	\$ 21,801	25,970	15,946	20,700
Physical and economic environment	3,784	2,701	502	(1,368)
Transportation	2,924	3,089	2,697	2,492
Cultural and recreation	6,994	7,094	3,656	3,863
All others	7,748	7,943	4,389	4,218
	<u>\$ 43,251</u>	<u>46,797</u>	<u>27,190</u>	<u>29,905</u>

Business-type Activities

Revenues of the City's business-type activities (see Table 2) totaled \$49.6 million.

The Water and Sewer Fund represents 64.4% of the business-type activities' expenses. Total water and sewer operating revenues were \$2.5 million lower than last year, while operating expenses were \$.6 million less than last year.

City Code allows for Water Sewer Fees, Stormwater Fees, and Solid Waste Fees to be adjusted automatically, based on the Consumers Price Index, respectively. For fiscal year 14-15 the Water Sewer rates were updated due to a rate study, and the Stormwater and Solid Waste fees were increased 1.95% based on the April 2014 Consumers Price Index.

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 20. 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, 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, 2015, the City's governmental funds reported combined ending fund balances of \$48.957 million, an increase of \$7.28 million in comparison with the prior year. Approximately 28% of this total (or \$13.9 million) constitutes unassigned fund balance, which is available for spending at the City's discretion. 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 (\$4.6 million); (2) restricted for building and zoning (\$5.4 million); (3) restricted for transportation (\$3.2 million); (4) restricted for economic development (\$2.5 million); (5) committed for City-wide emergencies (\$3.4 million); (6) assigned to meet debt service requirements (\$1.4 million); and (7) for a variety of other restricted (\$14.6 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 \$14 million, while the total fund balance was \$18.5 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 41% of the total fiscal year 2015 General Fund expenditures, while total fund balance represents 54% of that same amount.

General Fund expenditures were \$1.629 million under the amended budget. Most variances in general government areas were minor and due to short periods of vacancies or minor cost under-runs in operating expenses.

The fund balance in the General Fund increased by \$2.48 million during the fiscal year. There were no extraordinary items contributing to this, simply revenues higher than budgeted and expenditures lower than budgeted.

The Debt Service Fund reports a total fund balance of \$1.42 million which is totally assigned for the payment of debt service. The decrease in fund balance during the current year in the Debt Service Fund was \$.73 million, due to an increased transfer to fund capital projects. Taxes received in this fund first pay for the general government debt, and the balance may be used to provide funds for general government capital projects. This year the amount transferred to fund capital projects was \$3.38 million.

The Capital Projects Fund reports a total fund balance of \$4.6 million, \$4.4 million is assigned for future capital projects, and \$248 thousand is nonspendable as advances or loans. Fund balance decreased by \$591 thousand.

The fund balance in the Community Redevelopment Fund increased \$30 thousand in 2015 with an ending fund balance of \$2.48 million. As a fund with major capital goals, the fund balance will be directed toward future capital projects identified in the Redevelopment Plan, specifically the Central Avenue project.

The fund balance in the Streets and Traffic Fund decreased \$244 thousand in 2015 with an ending fund balance of \$3.24 million. The key factor was the appropriation of some prior year reserves for ongoing annual overlay program and capital purchase.

The combined fund balances for all governmental (major and non-major) funds increased by \$7.28 million for fiscal year 2015 or 17.5%.

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 28.

Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to \$26.6 million in the Water and Sewer Fund, \$1.2 million in the Solid Waste Fund, \$8.5 million in the Stormwater Fund, \$1.7 million in the Naples Beach Fund, \$931 thousand in the City Dock Fund and \$291 thousand in the Tennis Fund.

General Fund Budgetary Highlights

The adopted budget for Fiscal Year 2014-15 was \$32,899,438 in expenditures and other financing uses and \$33,028,409 in revenues and other financing sources, with the difference of \$128,971 being a planned increase in fund balance. The amended budget for FY 2014-15 is \$33,007,848 in expenditures, and \$33,060,657 in revenues with a variance of \$52,809 being a planned increase in fund balance.

The increase between the General Fund's original budgeted revenue and the final budgeted revenue is \$32,248. This is an increase of \$32,248 for the Police and Fire Insurance Premium Taxes, which was under budgeted.

The increase between the General Fund's original budgeted expenditures and the amended budgeted expenditures is \$108,410. This includes (a) \$32,248 for the Insurance Premium Taxes and (b) \$76,162 was for prior year encumbrances.

The General Fund contingency was budgeted at \$442,160. Of that \$311,805 was appropriated during the year by City Council. The purposes included: (1) Freedom Memorial Donation \$100,000 (2) Development of a Park Master Plan \$78,500 and \$9,500 for a citizen survey related to the plan (3) Transfer to capital improvement fund for the Golf Shore Boulevard North median restoration \$63,805 (4) Development of a Master Plan for the Naples Fire – Rescue Department \$45,000 and (5) Opportunity Naples \$15,000.

Capital Assets and Debt Administration

Capital Assets

The City as of year-end had \$184.3 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 \$6.82 million or 3.84% over last year.

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

	Governmental Activities		Business Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 16,418	16,418	3,142	3,142	19,560	19,560
Buildings	38,368	38,173	61,926	61,545	100,294	99,718
Improvements other than buildings	37,845	36,963	57,841	51,535	95,686	88,498
Infrastructure	31,736	31,736	108,793	99,940	140,529	131,676
Machinery and equipment	22,185	19,529	21,649	20,012	43,834	39,541
Construction in progress	434	434	5,470	6,530	5,904	6,964
Less accumulated depreciation	(81,438)	(76,836)	(140,037)	(131,610)	(221,475)	(208,446)
Total	\$ 65,548	66,417	118,784	111,094	184,332	177,511

This year's major additions are in the Business type activities and include:

- Reclaimed Water Distribution Expansion \$2.1 million
- Royal Harbor Water System Improvements \$.7 million
- Storm Water – Public Works Pump Station Imp. Project \$1.6 million
- Naples Pier Replacement Project \$1.8 million

Additional information regarding the City's capital assets is included in the Note 5 (D) to the financial statements.

Debt Outstanding

As of year-end, the City had \$28.68 million in debt (bonds, notes, etc.) outstanding compared to \$32.29 million in 2014, a \$3.61 million decrease. This decrease is the net effect of regular amortization in accordance with the payment schedules of \$4.26 million slightly offset by the 2015 issuance of a \$.65 million Special Assessment Bond to fund the Bembury Project.

Table 5
Outstanding Debt at Year-end

	2015	2014
Governmental		
Capital improvement refunding revenue note	\$ 10,068,000	11,536,000
Business-type		
Public Utilities refunding revenue bonds	18,595,237	20,675,431
Capital improvement refunding revenue note	20,000	80,000
Subtotal	18,615,237	20,755,431
Total	\$ 28,683,237	32,291,431

Additional information regarding the City's outstanding debt is included in the Note 5 (G) to the financial statements.

Economic Factors and Next Year Budget and Rates

In September 2015, the City Council approved a \$125.2 million budget for fiscal year 2015-16, approximately \$7.2 million less than the fiscal year 2014-15 budget. The budget includes \$99.7 million for operations and transfers and \$25.5 million for capital improvements.

The adopted fiscal year 2015-16 budget continues the City's fiscally conservative approach to budget development, while providing quality services to the citizens.

The budget for fiscal year 2015-16 was developed with an emphasis on:

- The City's 10-year vision plan
- Reasonable revenue projections
- Maintenance of levels of service desired by the community
- Maintenance of fiscally responsible reserves

The City's 2015-16 General Fund budget was balanced using a millage rate of 1.1800. The millage rate has remained the same since 2009-2010. The City's aggregate millage rate, which includes the two taxing districts of East Naples Bay and Moorings Bay, was 1.1963, or 6.73% greater than the aggregate rolled back rate of 1.1209.

The following economic and operating factors were considered in developing the budget for fiscal year 2015-16.

- The City showed the fourth consecutive year of increase in taxable value (after four consecutive years of decline) as values increased 7.7% over fiscal year 2014-15 to \$18.319 billion.
- Flat growth rates are expected for most other revenue sources, including investment earnings.
- The City has five union contracts for its employees. A 2% or 3% raise was approved for employees depending upon the collective bargaining agreement.
- The budget has a net increase of 7.0 positions over fiscal year 2014-15.
- There are no debt issues planned in fiscal year 2015-16
- Capital includes \$2.6 million for the development of the new Baker Park, \$14.1 million of water/sewer projects, \$3.9 million in stormwater projects, and \$1.9 million on the Central Avenue Improvement Project. Police department projects include \$450,000 for roof replacement at the police administration building, \$455,000 for seven marked and three unmarked vehicles, and \$375,000 for a police records management system. Other capital improvements include \$250,000 in renovations to Fire Station No.2, \$111,000 in improvements within the Tennis Fund, and an additional \$110,000 for the beach parking meter replacement project from the Beach Fund.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF NAPLES, FLORIDA

Statement of Net Position

September 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 60,630,145	36,939,163	97,569,308
Receivables (net, where applicable, of allowance for uncollectible)			
Accounts	1,525,508	5,158,653	6,684,161
Special assessments	-	650,162	650,162
Utility taxes	256,244	-	256,244
Miscellaneous	342	-	342
Accrued interest	120,477	55,594	176,071
Internal balances	(1,086,833)	1,086,833	-
Due from other governments	2,155,491	2,019,267	4,174,758
Inventories	117,507	975,510	1,093,017
Prepaid items	367,450	1,724	369,174
Restricted assets			
Cash and investments	-	3,016,911	3,016,911
Capital assets			
Land and land improvements	16,418,277	3,141,603	19,559,880
Buildings and utility plants	38,367,570	61,926,269	100,293,839
Improvements other than buildings	37,845,725	57,840,771	95,686,496
Infrastructure	31,735,904	108,793,519	140,529,423
Equipment	22,185,107	21,649,321	43,834,428
Accumulated depreciation	(81,438,389)	(140,037,039)	(221,475,428)
Construction in progress	434,245	5,470,028	5,904,273
Net capital assets	<u>65,548,439</u>	<u>118,784,472</u>	<u>184,332,911</u>
Total assets	<u>129,634,770</u>	<u>168,688,289</u>	<u>298,323,059</u>
Deferred Outflows of Resources			
Deferred outflows - pensions	5,062,168	611,671	5,673,839
Deferred charge on refunding	314,357	93,003	407,360
Total deferred outflows of resources	<u>5,376,525</u>	<u>704,674</u>	<u>6,081,199</u>

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

CITY OF NAPLES, FLORIDA

Statement of Net Position

September 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable and other current liabilities	\$ 5,229,783	3,470,202	8,699,985
Due to other governments	10,109	1,152,110	1,162,219
Unearned revenue	366,499	165,195	531,694
Customer deposits	356,748	35,489	392,237
Accrued interest payable	11,517	-	11,517
Liabilities payable from restricted assets			
Customer deposits	-	273,726	273,726
Total current liabilities	<u>5,974,656</u>	<u>5,096,722</u>	<u>11,071,378</u>
Noncurrent liabilities			
Revenue bonds payable, net of unamortized discounts and premiums			
Due within one year	1,516,000	2,852,954	4,368,954
Due in more than one year	8,552,000	15,762,283	24,314,283
Compensated absences			
Due within one year	388,087	173,000	561,087
Due in more than one year	2,199,161	704,489	2,903,650
Net pension liability	34,427,585	3,063,402	37,490,987
Other post-employment benefits	1,888,337	858,264	2,746,601
Claims payable			
Due within one year	1,138,530	-	1,138,530
Due in more than one year	2,684,800	-	2,684,800
Total noncurrent liabilities	<u>52,794,500</u>	<u>23,414,392</u>	<u>76,208,892</u>
Total liabilities	<u>58,769,156</u>	<u>28,511,114</u>	<u>87,280,270</u>
Deferred Inflows of Resources			
Deferred inflows - pensions	<u>53,147</u>	<u>2,851</u>	<u>55,998</u>
Net Position			
Net investment in capital assets	55,794,796	100,262,238	156,057,034
Restricted for			
Building and zoning	5,354,998	-	5,354,998
Capital projects	781,864	-	781,864
Streets and infrastructure	3,211,144	-	3,211,144
Economic development	2,484,775	-	2,484,775
Police programs	418,275	-	418,275
Culture and recreation improvements	10,384,885	-	10,384,885
Unrestricted	<u>(2,241,745)</u>	<u>40,616,760</u>	<u>38,375,015</u>
Total net position	<u>\$ 76,188,992</u>	<u>140,878,998</u>	<u>217,067,990</u>

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

CITY OF NAPLES, FLORIDA
Statement of Activities
Year Ended September 30, 2015

	Expenses	Indirect Expenses Allocation
Functions/programs		
Governmental activities		
General government	\$ 10,177,585	(2,659,160)
Public safety	21,397,276	404,150
Physical and economic environment	3,693,284	91,050
Transportation	2,831,346	92,190
Culture and recreation	6,993,700	-
Interest	229,304	-
Total governmental activities	45,322,495	(2,071,770)
Business-type activities		
Water and sewer	22,343,174	1,386,340
Solid waste	5,788,223	304,360
Stormwater	3,010,047	164,800
Beach	1,301,463	125,970
Dock	1,488,078	50,430
Tennis	547,112	39,870
Total business-type activities	34,478,097	2,071,770
Total primary government	\$ 79,800,592	-

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

Program Revenues			Net (Expense) Revenue and Change In Net Position		
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
3,358,243	-	-	(4,160,182)	-	(4,160,182)
5,646,699	-	209,051	(15,945,676)	-	(15,945,676)
-	2,952,939	329,238	(502,157)	-	(502,157)
65,948	160,090	-	(2,697,498)	-	(2,697,498)
2,636,165	303,814	398,052	(3,655,669)	-	(3,655,669)
-	-	-	(229,304)	-	(229,304)
<u>11,707,055</u>	<u>3,416,843</u>	<u>936,341</u>	<u>(27,190,486)</u>	<u>-</u>	<u>(27,190,486)</u>
29,614,711	-	3,664,105	-	9,549,302	9,549,302
5,850,216	-	-	-	(242,367)	(242,367)
4,296,017	-	-	-	1,121,170	1,121,170
1,261,081	2,067,866	-	-	1,901,514	1,901,514
1,635,024	-	-	-	96,516	96,516
568,002	-	-	-	(18,980)	(18,980)
<u>43,225,051</u>	<u>2,067,866</u>	<u>3,664,105</u>	<u>-</u>	<u>12,407,155</u>	<u>12,407,155</u>
<u>54,932,106</u>	<u>5,484,709</u>	<u>4,600,446</u>	<u>(27,190,486)</u>	<u>12,407,155</u>	<u>(14,783,331)</u>
General revenues					
Property taxes			19,523,088	-	19,523,088
Local communication and utility taxes			5,391,177	-	5,391,177
Insurance premium tax			1,272,757	-	1,272,757
Motor fuel taxes			1,167,932	-	1,167,932
Business tax			215,039	-	215,039
Franchise fees			3,553,455	-	3,553,455
Intergovernmental revenues—unrestricted			3,332,872	-	3,332,872
Unrestricted investment earnings			543,147	420,063	963,210
Gain on sale of capital assets			159,891	-	159,891
Transfers			4,138,060	(4,138,060)	-
Total general revenues and transfers			<u>39,297,418</u>	<u>(3,717,997)</u>	<u>35,579,421</u>
Change in net position			12,106,932	8,689,158	20,796,090
Net position, beginning, as restated			64,082,060	132,189,840	196,271,900
Net position, ending			<u>\$ 76,188,992</u>	<u>140,878,998</u>	<u>217,067,990</u>

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

CITY OF NAPLES, FLORIDA

Balance Sheet
Governmental Funds
September 30, 2015

	General Fund	Debt Service Fund	Capital Projects Fund
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and investments	\$ 18,220,321	1,166,232	4,992,908
Receivables (net, where applicable, of allowance for uncollectible)			
Accounts	692,996	-	-
Utility taxes	-	256,244	-
Accrued interest	54,387	-	15,809
Due from other funds	89,769	-	-
Advances due from other funds	275,855	-	248,066
Due from other governments	1,909,653	-	-
Inventories	-	-	-
Prepaid items	367,450	-	-
Total assets	<u><u>\$ 21,610,431</u></u>	<u><u>1,422,476</u></u>	<u><u>5,256,783</u></u>
Liabilities			
Accounts payable	\$ 1,922,014	-	641,806
Accrued payroll	755,098	-	-
Due to other governments	7,707	-	-
Due to other funds	-	-	-
Advances payable to other funds	-	-	-
Unearned revenue	365,980	-	-
Customer deposits	-	-	-
Total liabilities	<u><u>3,050,799</u></u>	<u><u>-</u></u>	<u><u>641,806</u></u>
Deferred inflows of resources			
Unavailable revenue	<u>12,937</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	643,305	-	-
Restricted	-	-	-
Committed	3,597,298	-	1,690,170
Assigned	275,909	1,422,476	2,924,807
Unassigned	14,030,183	-	-
Total fund balances	<u><u>18,546,695</u></u>	<u><u>1,422,476</u></u>	<u><u>4,614,977</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 21,610,431</u></u>	<u><u>1,422,476</u></u>	<u><u>5,256,783</u></u>

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

Community Redevelopment Fund	Streets and Traffic Fund	Other Nonmajor Governmental Fund	Total
2,647,975	4,073,447	19,969,135	51,070,018
-	-	832,512	1,525,508
-	-	-	256,244
12,677	8,830	19,448	111,151
-	-	-	89,769
-	14,166	-	538,087
-	90,648	154,621	2,154,922
-	32,442	-	32,442
-	-	-	367,450
<u>2,660,652</u>	<u>4,219,533</u>	<u>20,975,716</u>	<u>56,145,591</u>
112,568	959,195	510,686	4,146,269
21,352	14,350	77,339	868,139
-	2,402	-	10,109
-	-	89,769	89,769
41,957	-	992,262	1,034,219
-	-	-	365,980
-	-	356,748	356,748
<u>175,877</u>	<u>975,947</u>	<u>2,026,804</u>	<u>6,871,233</u>
-	-	303,814	316,751
-	32,442	-	675,747
2,484,775	3,211,144	16,940,022	22,635,941
-	-	1,797,233	7,084,701
-	-	64,852	4,688,044
-	-	(157,009)	13,873,174
<u>2,484,775</u>	<u>3,243,586</u>	<u>18,645,098</u>	<u>48,957,607</u>
<u>2,660,652</u>	<u>4,219,533</u>	<u>20,975,716</u>	<u>56,145,591</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, 2015

Total fund balances governmental funds (page 20)	\$ 48,957,607
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 (\$65,548,439) less amounts included in the internal service funds (\$979,001).	64,569,438
Some deferred inflows of resources are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	316,751
The net pension assets and deferred outflows of resources are not available and, therefore, are not reported in the governmental funds.	314,357
Accrued long term debt interest expense is not a financial use and, therefore, is not reported in the funds.	(11,517)
Deferred outflows (\$5,062,168), deferred inflows (\$53,147), and the net pension liability (\$34,427,585) related to the City's pension plans less amounts reported in the internal service funds (\$301,240) are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds.	(29,117,324)
Long term liabilities, including bonds payable, compensated absences, and other post-employment benefits are not due and payable in the current period and, therefore, are not reported in the funds. Total long term liabilities (\$18,366,915) less amounts reported in the internal service funds (\$4,084,015).	(14,282,900)
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.	5,442,580
Net position of governmental activities (page 16)	\$ 76,188,992

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, 2015

	General Fund	Debt Service Fund	Capital Projects Fund
Revenues			
Taxes	\$ 21,923,779	3,370,018	-
Permits, fees and assessments	3,627,775	-	122,856
Intergovernmental	3,725,201	-	-
Charges for services	1,879,748	-	-
Charges to other funds	3,285,250	-	-
Fines and forfeitures	193,115	-	-
Interest	188,502	3,994	75,410
Donations	-	-	50,000
Miscellaneous	44,020	-	-
Total revenues	<u>34,867,390</u>	<u>3,374,012</u>	<u>248,266</u>
Expenditures			
Current			
General government	7,909,274	59,980	63,800
Public safety	20,639,776	-	-
Physical and economic environment	-	-	-
Transportation	-	-	-
Culture and recreation	5,790,425	-	-
Capital outlay			
General government	-	-	515,621
Public safety	5,100	-	1,255,330
Physical and economic environment	-	-	-
Transportation	-	-	-
Culture and recreation	-	-	1,078,041
Debt service			
Principal	-	1,468,000	-
Interest and fiscal charges	-	154,247	-
Total expenditures	<u>34,344,575</u>	<u>1,682,227</u>	<u>2,912,792</u>
Excess (deficiency) of revenues over (under) expenditures	<u>522,815</u>	<u>1,691,785</u>	<u>(2,664,526)</u>
Other financing sources (uses)			
Transfers in	2,101,780	958,105	3,605,305
Transfers out	(153,195)	(3,375,000)	(2,013,152)
Proceeds from sale of capital assets	6,424	-	153,467
Total other financing sources (uses)	<u>1,955,009</u>	<u>(2,416,895)</u>	<u>1,745,620</u>
Change in fund balances	<u>2,477,824</u>	<u>(725,110)</u>	<u>(918,906)</u>
Fund balances, beginning of year	<u>16,068,871</u>	<u>2,147,586</u>	<u>5,533,883</u>
Fund balances, end of year	<u>\$ 18,546,695</u>	<u>1,422,476</u>	<u>4,614,977</u>

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

Community Redevelopment Fund	Streets and Traffic Fund	Other Nonmajor Governmental Fund	Total
547,870	1,467,932	260,394	27,569,993
-	247,622	5,152,242	9,150,495
1,654,975	367,761	329,238	6,077,175
-	-	20,844	1,900,592
-	-	-	3,285,250
-	-	65,691	258,806
29,475	42,863	99,201	439,445
-	-	2,019,470	2,069,470
-	-	13,047	57,067
<u>2,232,320</u>	<u>2,126,178</u>	<u>7,960,127</u>	<u>50,808,293</u>
-	-	-	8,033,054
-	-	4,036,251	24,676,027
865,429	-	391,914	1,257,343
-	2,193,710	-	2,193,710
-	-	1,854	5,792,279
-	-	-	515,621
-	-	277,969	1,538,399
376,714	-	1,483,097	1,859,811
-	176,435	-	176,435
-	-	55,282	1,133,323
-	-	-	1,468,000
1,827	-	26,808	182,882
<u>1,243,970</u>	<u>2,370,145</u>	<u>6,273,175</u>	<u>48,826,884</u>
<u>988,350</u>	<u>(243,967)</u>	<u>1,686,952</u>	<u>1,981,409</u>
-	-	6,238,822	12,904,012
(958,105)	-	(1,266,500)	(7,765,952)
-	-	-	159,891
<u>(958,105)</u>	<u>-</u>	<u>4,972,322</u>	<u>5,297,951</u>
<u>30,245</u>	<u>(243,967)</u>	<u>6,659,274</u>	<u>7,279,360</u>
<u>2,454,530</u>	<u>3,487,553</u>	<u>11,985,824</u>	<u>41,678,247</u>
<u>2,484,775</u>	<u>3,243,586</u>	<u>18,645,098</u>	<u>48,957,607</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, 2015

Net change in fund balances—total governmental funds (page 24)	\$ 7,279,360
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	(863,114)
Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt payments made in the current period.	1,468,000
Some revenues reported in the Statement of Activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds.	147,711
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.	4,808,802
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(expense) of the internal service funds reported within governmental activities.	(733,827)
Change in net position of governmental activities (page 16)	<u>\$ 12,106,932</u>

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

CITY OF NAPLES, FLORIDA

Statement of Net Position

Proprietary Funds

September 30, 2015

Assets	Business-type Activities—Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund
Current assets			
Cash and investments	\$ 23,746,412	1,327,315	9,029,862
Restricted cash and investments	2,956,010	-	-
Receivables (net, where applicable, of allowance for uncollectible)			
Accounts	3,805,891	717,974	544,363
Special assessments	650,162	-	-
Accrued interest	27,347	8,578	10,023
Advances due from other funds	248,066	-	248,066
Due from other governments	184,878	971	-
Prepaid items	-	745	979
Inventories	956,758	-	-
Total current assets	<u>32,575,524</u>	<u>2,055,583</u>	<u>9,833,293</u>
Capital assets			
Land	1,761,684	1,145,053	234,866
Buildings and utility plants	59,482,305	528,790	-
Improvements other than buildings	46,483,896	4,405,535	-
Infrastructure	81,909,723	-	26,883,796
Equipment	15,417,445	3,910,915	698,947
Accumulated depreciation	(112,253,299)	(4,587,500)	(13,904,892)
Construction in progress	100,341	-	3,588,903
Net capital assets	<u>92,902,095</u>	<u>5,402,793</u>	<u>17,501,620</u>
Total assets	<u>125,477,619</u>	<u>7,458,376</u>	<u>27,334,913</u>
Deferred Outflow of Resources			
Deferred outflows - pensions	395,776	94,290	57,464
Deferred charge on refunding	93,003	-	-
Total deferred outflow of resources	<u>488,779</u>	<u>94,290</u>	<u>57,464</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>
2,835,574	36,939,163	9,560,127
60,901	3,016,911	-
90,425	5,158,653	342
-	650,162	-
9,646	55,594	9,326
-	496,132	-
1,833,418	2,019,267	569
-	1,724	-
18,752	975,510	85,065
<u>4,848,716</u>	<u>49,313,116</u>	<u>9,655,429</u>
-	3,141,603	-
1,915,174	61,926,269	831,246
6,951,340	57,840,771	-
-	108,793,519	-
1,622,014	21,649,321	2,681,512
(9,291,348)	(140,037,039)	(2,533,757)
1,780,784	5,470,028	-
<u>2,977,964</u>	<u>118,784,472</u>	<u>979,001</u>
<u>7,826,680</u>	<u>168,097,588</u>	<u>10,634,430</u>
64,141	611,671	75,069
-	93,003	-
<u>64,141</u>	<u>704,674</u>	<u>75,069</u>

(Continued)

CITY OF NAPLES, FLORIDA

Statement of Net Position

Proprietary Funds

September 30, 2015

	Business-type Activities—Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund
Liabilities			
Current liabilities			
Accounts payable	\$ 1,485,819	133,415	946,722
Accrued payroll	221,961	54,113	34,270
Due to other governments	1,152,110	-	-
Unearned revenue	70,709	-	-
Accrued interest payable	34,221	-	1,245
Current portion of compensated absences	90,000	50,000	8,000
Current maturities of long-term debt	2,516,295	-	316,659
Insurance claims payable	-	-	-
Total payable from current assets	<u>5,571,115</u>	<u>237,528</u>	<u>1,306,896</u>
Current liabilities (payable from restricted assets)			
Customer deposits	212,825	-	-
Total current liabilities	<u>5,783,940</u>	<u>237,528</u>	<u>1,306,896</u>
Noncurrent liabilities			
Due in more than one year			
Revenue bonds payable, net of unamortized discounts and premiums	14,926,172	-	836,111
Compensated absences	519,081	87,946	40,958
Net pension liability	1,982,142	472,228	287,796
Other post-employment benefits	590,845	145,133	50,822
Insurance claims payable	-	-	-
Total noncurrent liabilities	<u>18,018,240</u>	<u>705,307</u>	<u>1,215,687</u>
Total liabilities	<u>23,802,180</u>	<u>942,835</u>	<u>2,522,583</u>
Deferred Inflows of Resources			
Deferred amount on pension	<u>1,845</u>	<u>439</u>	<u>268</u>
Net Position			
Net investment in capital assets	75,552,631	5,402,793	16,348,850
Restricted for flexible benefits	-	-	-
Unrestricted	26,609,742	1,206,599	8,520,676
Net position of business-type activities	<u>\$ 102,162,373</u>	<u>6,609,392</u>	<u>24,869,526</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

<u>Nonmajor Funds</u>	<u>Total</u>	<u>Governmental Activities- Internal Service Funds</u>
559,328	3,125,284	158,303
34,574	344,918	57,072
-	1,152,110	-
94,486	165,195	519
23	35,489	-
25,000	173,000	25,266
20,000	2,852,954	-
-	-	1,138,530
<u>733,411</u>	<u>7,848,950</u>	<u>1,379,690</u>
60,901	273,726	-
<u>794,312</u>	<u>8,122,676</u>	<u>1,379,690</u>
-	15,762,283	-
56,504	704,489	128,828
321,236	3,063,402	375,959
71,464	858,264	106,591
-	-	2,684,800
<u>449,204</u>	<u>20,388,438</u>	<u>3,296,178</u>
<u>1,243,516</u>	<u>28,511,114</u>	<u>4,675,868</u>
299	2,851	350
2,957,964	100,262,238	979,001
-	-	309,506
<u>3,689,042</u>	<u>40,026,059</u>	<u>4,744,774</u>
<u>6,647,006</u>	<u>140,288,297</u>	<u>6,033,281</u>
	<u>590,701</u>	
	<u>\$ 140,878,998</u>	

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

CITY OF NAPLES, FLORIDA
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
Year Ended September 30, 2015

	Business-type Activities—Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund
Operating revenues			
Charges for services			
Water revenues	\$ 16,018,944	-	-
Sewer revenues	13,463,364	-	-
Other	132,403	5,850,216	4,296,017
Total operating revenues	<u>29,614,711</u>	<u>5,850,216</u>	<u>4,296,017</u>
Operating expenses			
Personal services	6,913,248	1,664,885	961,177
Supplies, services and claims	4,162,715	3,486,966	469,204
Materials	2,108,691	-	-
Utilities	1,881,892	18,111	30,728
Depreciation and amortization	6,573,252	612,299	1,514,733
General administration	1,386,340	304,360	164,800
Other	429,799	85,324	23,210
Total operating expenses	<u>23,455,937</u>	<u>6,171,945</u>	<u>3,163,852</u>
Operating income (loss)	<u>6,158,774</u>	<u>(321,729)</u>	<u>1,132,165</u>
Nonoperating revenues (expenses)			
Operating grants	-	-	-
Interest income	235,968	20,408	120,457
Interest expense	(388,794)	-	(16,984)
Gain (loss) on sale of capital assets	70,462	70,917	4,660
Total nonoperating revenues (expenses)	<u>(82,364)</u>	<u>91,325</u>	<u>108,133</u>
Income (loss) before contributions and transfers	6,076,410	(230,404)	1,240,298
Capital contributions	3,664,105	-	-
Transfers in	-	-	-
Transfers out	(1,785,230)	(1,358,440)	(1,041,890)
Change in net position	<u>7,955,285</u>	<u>(1,588,844)</u>	<u>198,408</u>
Net position, beginning of year (restated)	94,207,088	8,198,236	24,671,118
Net position, end of year	<u>\$ 102,162,373</u>	<u>6,609,392</u>	<u>24,869,526</u>

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

<u>Nonmajor Funds</u>	<u>Totals</u>	<u>Governmental Activities– Internal Service Funds</u>
-	16,018,944	-
-	13,463,364	-
3,464,107	13,742,743	13,392,535
<u>3,464,107</u>	<u>43,225,051</u>	<u>13,392,535</u>
1,115,657	10,654,967	1,325,909
1,765,441	9,884,326	11,125,063
-	2,108,691	-
189,655	2,120,386	28,177
200,264	8,900,548	289,597
216,270	2,071,770	396,537
63,504	601,837	5,073
<u>3,550,791</u>	<u>36,342,525</u>	<u>13,170,356</u>
<u>(86,684)</u>	<u>6,882,526</u>	<u>222,179</u>
2,067,866	2,067,866	-
43,230	420,063	103,702
(582)	(406,360)	-
(6,729)	139,310	-
<u>2,103,785</u>	<u>2,220,879</u>	<u>103,702</u>
2,017,101	9,103,405	325,881
-	3,664,105	-
47,500	47,500	-
-	(4,185,560)	(1,000,000)
<u>2,064,601</u>	<u>8,629,450</u>	<u>(674,119)</u>
4,582,405		6,707,400
<u>6,647,006</u>		<u>6,033,281</u>
	59,708	
	<u>\$ 8,689,158</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, 2015

	Business-type Activities—Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund
Cash flows from operating activities			
Cash received from customers	\$ 32,847,630	6,283,132	4,847,341
Cash payments to suppliers	(10,446,334)	(3,652,862)	(479,678)
Cash payments to employees for services	(7,251,665)	(1,750,211)	(1,007,213)
Cash payments for interfund services	(1,386,340)	(304,360)	(164,800)
Net cash provided by (used in) operating activities	<u>13,763,291</u>	<u>575,699</u>	<u>3,195,650</u>
Cash flows from noncapital financing activities			
Transfers in (out)	(1,701,292)	(1,358,440)	(957,952)
Net cash provided by (used in) noncapital financing activities	<u>(1,701,292)</u>	<u>(1,358,440)</u>	<u>(957,952)</u>
Cash flows from capital and related financing activities			
Principal paid on long-term debt	(2,417,762)	-	(312,430)
Issuance of long-term debt	650,000	-	-
Interest paid on long-term debt	(384,034)	-	(17,720)
Capital contributions	3,664,105	-	-
Proceeds from sale of capital assets	68,411	94,990	36,527
Acquisition and construction of capital assets	(9,560,741)	(114,037)	(4,791,817)
Net cash used in capital and related financing activities	<u>(7,980,021)</u>	<u>(19,047)</u>	<u>(5,085,440)</u>
Cash flows from investing activities			
Interest and investment earnings	229,040	19,998	118,356
Net cash provided by investing activities	<u>229,040</u>	<u>19,998</u>	<u>118,356</u>
Net change in cash and cash equivalents	4,311,018	(781,790)	(2,729,386)
Cash and cash equivalents, beginning of year	22,391,404	2,109,105	11,759,248
Cash and cash equivalents, end of year	<u>\$ 26,702,422</u>	<u>1,327,315</u>	<u>9,029,862</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 6,158,774	(321,729)	1,132,165
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation and amortization	6,573,252	612,299	1,514,733
Changes in assets and liabilities			
(Increase) decrease in accounts receivable, net	2,348,366	428,504	548,324
(Increase) decrease in miscellaneous receivables	-	-	-
(Increase) decrease in due from other governments	1,058,522	4,412	3,000
(Increase) decrease in inventories	(68,482)	-	-
(Increase) decrease in prepaid items	-	(745)	(979)
(Increase) decrease in deferred outflows	(15,279)	(3,640)	(2,218)
Increase (decrease) in accounts payable	(1,243,668)	(61,716)	44,443
Increase (decrease) in accrued payroll	18,396	(4,472)	9,383
Increase (decrease) in due to other governments	(494,606)	-	-
Increase (decrease) in unearned revenue	(173,969)	-	-
Increase (decrease) in customer deposits	(56,481)	-	-
Increase (decrease) in insurance claims payable	-	-	-
Increase (decrease) in deferred inflows	1,845	439	268
Increase (decrease) in net pension liability	(486,232)	(115,841)	(70,598)
Increase (decrease) in other post-employment benefits	138,887	31,534	14,762
Increase (decrease) in compensated absences	3,966	6,654	2,367
Net cash provided (used) by operating activities	<u>\$ 13,763,291</u>	<u>575,699</u>	<u>3,195,650</u>
Noncash investing, capital, and financing activities			
Amortization of loss on revenue refunding bonds	\$ 7,440	-	-

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>
3,461,244	47,439,347	13,397,039
(3,215,348)	(17,794,222)	(10,966,741)
(809,612)	(10,818,701)	(883,527)
(573,912)	(2,429,412)	(876,906)
<u>(1,137,628)</u>	<u>16,397,012</u>	<u>669,865</u>
47,500	(3,970,184)	(1,000,000)
<u>47,500</u>	<u>(3,970,184)</u>	<u>(1,000,000)</u>
(60,000)	(2,790,192)	-
-	650,000	-
(746)	(402,500)	-
2,067,866	5,731,971	-
40,000	239,928	-
<u>(2,224,458)</u>	<u>(16,691,053)</u>	<u>(283,748)</u>
<u>(177,338)</u>	<u>(13,261,846)</u>	<u>(283,748)</u>
42,075	409,469	101,835
<u>42,075</u>	<u>409,469</u>	<u>101,835</u>
(1,225,391)	(425,549)	(512,048)
4,121,866	40,381,623	10,072,175
<u>2,896,475</u>	<u>39,956,074</u>	<u>9,560,127</u>
(86,684)	6,882,526	222,179
200,264	8,900,548	289,597
(39,548)	3,285,646	-
-	-	2,613
(1,697,398)	(631,464)	1,860
6,440	(62,042)	17,928
-	(1,724)	18,588
(2,476)	(23,613)	(2,900)
489,203	(771,738)	(86,871)
5,409	28,716	23,854
-	(494,606)	-
6,161	(167,808)	31
35,531	(20,950)	-
-	-	241,927
299	2,851	350
(78,802)	(751,473)	(92,224)
19,276	204,459	21,814
4,697	17,684	11,119
<u>(1,137,628)</u>	<u>16,397,012</u>	<u>669,865</u>
-	7,440	-

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

CITY OF NAPLES, FLORIDA
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2015

	Pension Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 3,067,625	137
Contributions receivable	1,335,028	-
Investments, at fair value		
U.S. Treasury securities	3,854,886	-
U.S. Government agency securities	5,230,506	-
Municipal obligations	584,053	-
Asset-backed securities	3,672,002	-
Corporate bonds	13,598,723	-
Common stock/equity funds	87,836,229	-
Real estate investment trusts	6,361,095	-
Mutual funds	8,330,540	-
Alternative investments	12,221,559	-
Total investments	141,689,593	-
Total assets	146,092,246	137
Liabilities		
Accounts payable	383,434	137
Total liabilities	383,434	137
Net position		
Restricted for pension benefits	\$ 145,708,812	-

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, 2015

	<u>Pension Trust Funds</u>
Additions	
Contributions	
Employee contributions	\$ 1,521,961
Employer contributions	5,206,577
State contributions	<u>1,272,757</u>
Total contributions	<u>8,001,295</u>
Investment earnings	
Interest and dividend income	2,923,848
Net change in fair value of investments	(1,127,439)
Less investment expense	<u>(778,271)</u>
Net investment earnings	<u>1,018,138</u>
Total additions	<u>9,019,433</u>
Deductions	
Benefits paid	8,325,379
Refunds of contributions	1,356,880
General administration	<u>305,895</u>
Total deductions	<u>9,988,154</u>
Change in net position	(968,721)
Net position, restricted for pension benefits	
Beginning of year	<u>146,677,533</u>
End of year	<u>\$ 145,708,812</u>

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

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THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

I. 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. Naples was incorporated in December 1923. The City operates under a Council Manager form of government. The governing body of the City is comprised of an elected City Council (six members) and an elected Mayor. In addition to the public safety, general government, recreation, sanitation, and public works services provided to its residents, the City operates water and sewer enterprises and maintains various pension and agency funds in a fiduciary capacity.

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

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

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

Separate financial statements for the blended component unit are not prepared.

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

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, 2015

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.

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

The City reports the following major proprietary funds:

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

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

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

Additionally the City reports the following fund types:

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

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

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

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

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.

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

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

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.

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

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life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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.

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8. Net Position

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

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

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

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

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

Fund Balance

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

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Council removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.

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

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

See Section 5 (H) for a detail of restricted, committed and assigned fund balances.

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

Fund Balance/Net Position Policy

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

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

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

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

9. Administrative Fees

Certain administrative expenses are incurred by the General Fund on behalf of other funds of the City. The General Fund collects for these services based on a percentage of operating costs and personnel costs. The related reimbursements for these services are recorded as either an operating expense in the proprietary funds or as expenditure in the governmental funds. Such fees amounted to \$3,179,420 for fiscal year 2015, and included \$2,071,770 charged to enterprise funds, \$396,480 charged to internal service and fiduciary funds, and \$711,170 charged to the debt service fund, building and zoning, streets and traffic and CRA special revenue funds, and capital projects funds.

10. Deferred Outflows / Inflows of Resources

The City has deferred inflows and deferred outflows related to the recording of changes in its net pension liability. Certain changes in the 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 studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service life of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining lives 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.

11. Pension

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

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E. Implementation of Governmental Accounting Standards Statements

Effective October 1, 2014, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of October 1, 2014. These standards significantly changed the accounting for the City’s net pension liability and the related disclosures.

The City has restated its October 1, 2014 beginning net position to recognize the change in accounting principle for implementation of GASB No. 68. This adjustment resulted in a change to the beginning net position of the City as follows.

Net position, Governmental Activities, previously reported	\$ 101,004,808
Implementation of GASB 68	<u>(36,922,748)</u>
Beginning net position, Governmental Activities, as restated	<u>\$ 64,082,060</u>
Net position, Business-type Activities, previously reported	\$ 135,416,657
Implementation of GASB 68	<u>(3,226,817)</u>
Beginning net position, Business-type Activities, as restated	<u>\$ 132,189,840</u>
Net position, Water and Sewer Fund, previously reported	\$ 96,294,965
Implementation of GASB 68	<u>(2,087,877)</u>
Beginning fund balance, Water and Sewer Fund, as restated	<u>\$ 94,207,088</u>
Net position, Solid Waste Fund, previously reported	\$ 8,695,655
Implementation of GASB 68	<u>(497,419)</u>
Beginning net position, Solid Waste Fund, as restated	<u>\$ 8,198,236</u>
Net position, Stormwater Fund, previously reported	\$ 24,974,266
Implementation of GASB 68	<u>(303,148)</u>
Beginning net position, Stormwater Fund, as restated	<u>\$ 24,671,118</u>
Net position, Naples Beach Fund, previously reported	\$ 3,710,659
Implementation of GASB 68	<u>(194,271)</u>
Beginning net position, Naples Beach Fund, as restated	<u>\$ 3,516,388</u>
Net position, City Dock Fund, previously reported	\$ 795,639
Implementation of GASB 68	<u>(73,652)</u>
Beginning net position, City Dock Fund, as restated	<u>\$ 721,987</u>
Net position, Tennis Fund, previously reported	\$ 414,480
Implementation of GASB 68	<u>(70,450)</u>
Beginning net position, Tennis Fund, as restated	<u>\$ 344,030</u>

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Net position, Equipment Services Fund, previously reported	\$	475,064
Implementation of GASB 68		(207,080)
Beginning net position, Equipment Services Fund, as restated	\$	<u>267,984</u>
Net position, Risk Management Fund, previously reported	\$	3,777,897
Implementation of GASB 68		(42,697)
Beginning net position, Risk Management Fund, as restated	\$	<u>3,735,200</u>
Net position, Technology Services Fund, previously reported	\$	1,383,082
Implementation of GASB 68		(146,237)
Beginning net position, Technology Services Fund, as restated	\$	<u>1,236,845</u>

II. Reconciliation of Government-wide and Fund Financial Statements

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

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

One element of that reconciliation explains that “net pension assets and deferred outflows of resources are not available to pay for current period expenditures and, therefore are not recorded in the funds.” The details of this difference are as follows:

Deferred outflows of resources		<u>\$ 316,751</u>
Net adjustment to increase fund balance—governmental funds to arrive at net position—governmental activities.		<u>\$ 316,751</u>

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

Debt payable		\$ (10,068,000)
Other post-employment benefits		(1,781,746)
Compensated absences		<u>(2,433,154)</u>
Net adjustment to reduce total fund balance—governmental funds to arrive at net position—governmental activities.		<u>\$ (14,282,900)</u>

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

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between the *net change in fund balances—total governmental funds* and *change in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$ 3,984,659
Depreciation expense	<u>(4,847,773)</u>
Net adjustment to decrease net change in fund balances— total governmental funds to arrive at change in net position of governmental activities.	<u>\$ (863,114)</u>

Another element of that reconciliation states that “some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Change in	
Compensated absences	\$ (38,295)
Other post-employment benefits	(396,577)
Deferred outflows - pensions	(725,774)
Accrued interest	3,875
Net pension liability	6,068,667
Deferred charge on refunding	(50,297)
Deferred inflows - pensions	<u>(52,797)</u>
Net adjustment to increase net change in fund balances— total governmental funds to arrive at change in net position of governmental activities.	<u>\$ 4,808,802</u>

III. 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.

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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.

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 Port Royal Dredging Fund in the amount of \$877 thousand for the purchase of capital assets.

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

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Governmental activities	
General Fund	\$ 275,909
Capital Projects Fund	333,669
Community Redevelopment Fund	329,746
Streets and Traffic Fund	26,009
Nonmajor governmental funds	29,940
Internal service funds	32,978
Business-type activities	
Water and Sewer Fund	2,178,306
Solid Waste Fund	75,946
Stormwater Fund	903,014
Nonmajor Business-type funds	29,592
	<u>\$ 4,215,109</u>

B. Deficit Fund Balance/Net Position

The East Naples Bay District Fund is reporting negative unassigned fund balances of \$157,009. Funds have been advanced to this fund to cover costs for dredging. A positive fund balance will be restored through future ad valorem assessments.

IV. 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 \$6,853,331 and amounts placed with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pool created by Section 218.405, Florida Statutes. This investment pool operates under investment guidelines established by Section 215.47, Florida Statutes.

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The funds in the money market accounts are rated Aaa by Moody's. The City's investment in the Local Government Surplus Funds Trust Fund ("LGIP") Fund A, a Securities and Exchange Commission Rule 2a7-like external investment pool, in the amount of \$310,182 is reported at amortized cost and has a weighted average of 29 days to maturity as of September 30, 2015. Fund A is rated AAAM by Standard & Poors.

Investment Portfolios

Investment holdings consist of a \$96,800,650 General Investment Portfolio and a \$141,689,593 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, 2015, the City had the following investments with effective durations presented in terms of years:

General Investment Portfolio

<u>Investment Type</u>	<u>Credit Rating (Moody's)</u>	<u>Fair Market</u>	<u>Investment Maturity (in Years)</u>	
			<u>Less Than 1</u>	<u>1 - 5</u>
U.S. Treasury securities	Aaa	\$ 56,116,623	11,021,250	45,095,373
U.S. Government agency securities	Aaa	33,584,195	-	33,584,195
Corporate bonds	Aaa..Aa3	6,005,690	5,003,330	1,002,360
State investment pool	Aaa	310,182	310,182	-
Certificates of deposit	N/A	783,960	783,960	-
Total investments		<u>\$ 96,800,650</u>	<u>17,118,722</u>	<u>79,681,928</u>

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Pension 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>6 - 10</u>	<u>More than 10</u>
U.S. Treasury securities	Aaa	\$ 3,854,886	-	1,977,174	1,877,712	-
U.S. Government agency securities	Aaa..A3	5,230,506	-	1,362,557	1,174,359	2,693,590
Municipal obligations	Aaa	584,053	-	-	584,053	-
Asset-backed securities	Aaa..Baa3	3,672,002	-	1,269,416	1,902,937	499,649
Corporate bonds	Aaa..Ba3	13,598,723	1,647,440	5,415,260	4,480,701	2,055,322
		26,940,170	\$ 1,647,440	\$ 10,024,407	\$ 10,019,762	\$ 5,248,561
Common stock/equity funds	Not rated	87,836,229				
Real estate investment trusts	Not rated	6,361,095				
Mutual funds	Not rated	8,330,540				
Alternative investments	Not rated	12,221,559				
Total investments		\$ 141,689,593				

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.

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.

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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, 2015, 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.

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As of September 30, 2015, the City's General Investment Portfolio had the following issuer concentration based on fair value:

General Concentration

Issuer	Fair Value	Percentage of Portfolio
Cash	\$ 3,785,706	3.76%
Local Government Surplus Funds Trust Fund ("SBA"), Fund A	310,182	0.31%
Certificates of deposit	783,960	0.78%
United States Treasury securities	56,116,623	55.79%
United States Agency securities	33,584,195	33.40%
Corporate bonds	6,005,690	5.97%
Total	<u>\$ 100,586,356</u>	

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

The pension investment policies target an asset allocation of 65% in equities, 30% in fixed income securities, and 5% in private real estate.

As of September 30, 2015, the City's Pension Portfolio had the following issuer concentration based on fair value:

Pension Concentration

Issuer	Fair Value	Percentage of Portfolio
Cash	\$ 1,334	0.00%
Money Market	3,066,291	2.12%
U.S. Treasury securities	3,854,886	2.66%
U.S. Government agency securities	5,230,506	3.61%
Municipal obligations	584,053	0.41%
Asset-backed securities	3,672,002	2.54%
Corporate bonds	13,598,723	9.39%
Common stock/equity funds	87,836,229	60.67%
Real estate investment trusts	6,361,095	4.39%
Mutual funds	8,330,540	5.75%
Alternative investments	12,221,559	8.44%
Total	<u>\$ 144,757,218</u>	

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Foreign Currency Risk

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

B. *Property Taxes*

The City's property tax is levied each November 1, on the assessed value for all property located within the City. Assessed values are established by the Collier County Property Appraiser at fair values. At January 1, 2014, the assessed value of the principal taxing authority's property upon which the 2014-2015 tax levy was based was \$16.9 billion. The millage rate to finance general government services for the fiscal year ended September 30, 2015, was 1.1800 (\$1.18 per \$1,000 of assessed value). The assessed values at January 1, 2014, of the dependent special districts, East Naples Bay and Moorings Bay, were \$460 million, and \$1,567 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 0.0252 (\$0.0252 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, 2015.

Total ad valorem taxes collected for the year ended September 30, 2015, aggregated \$19,523,052, net of cash discounts, of which \$18,714,788 was designated for general government services, \$547,870 for the Community Redevelopment Agency, \$222,304 for East Naples Bay Taxing District, and \$38,090 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

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

For the 2014 tax roll year, the assessment roll was opened for collection on November 1, 2014, and discounts for payment prior to April 1, 2015, were determined as follows:

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

Taxes become delinquent on April 1 of each year and tax certificates for the full amount of any unpaid taxes must be sold no later than June 1 of the same year. No amount for the property tax levy becoming due in November 2015 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, 2015, for the City's individual major funds and for the total nonmajor funds were as follows:

	Accounts/ Miscellaneous Receivable	Special Assessments	Utility Taxes	Due From Other Governments	Interest and Other	Total
Governmental activities						
Major funds						
General Fund	\$ 692,996	-	-	1,909,653	54,387	2,657,036
Debt Service Fund	-	-	256,244	-	-	256,244
Capital Projects Fund	-	-	-	-	15,809	15,809
Community Redevelopment Fund	-	-	-	-	12,677	12,677
Streets and Traffic Fund	-	-	-	90,648	8,830	99,478
Nonmajor funds	528,698	303,814	-	154,621	19,448	1,006,581
Internal Service Fund	342	-	-	569	9,326	10,237
	<u>\$ 1,222,036</u>	<u>303,814</u>	<u>256,244</u>	<u>2,155,491</u>	<u>120,477</u>	<u>4,058,062</u>
Business type activities						
Major funds						
Water and Sewer Fund	\$ 3,805,891	650,162	-	184,878	27,347	4,668,278
Solid Waste Fund	717,974	-	-	971	8,578	727,523
Stormwater Fund	544,363	-	-	-	10,023	554,386
Nonmajor funds	90,425	-	-	1,833,418	9,646	1,933,489
	<u>\$ 5,158,653</u>	<u>650,162</u>	<u>-</u>	<u>2,019,267</u>	<u>55,594</u>	<u>7,883,676</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

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, 2015, are as follows:

Water and Sewer Fund	\$	13,441
Solid Waste Fund		1,475
Stormwater Fund		2,954
		<hr/>
	\$	17,870
		<hr/> <hr/>

D. Capital Assets

Governmental Activities

A summary of changes in the capital assets of governmental activities for the year ended September 30, 2015, 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	434,245	-	-	434,245
Total capital assets not being depreciated	<hr/> 16,852,522	<hr/> -	<hr/> -	<hr/> 16,852,522
Capital assets being depreciated				
Buildings	38,172,910	194,660	-	38,367,570
Improvements other than buildings	36,962,908	882,817	-	37,845,725
Infrastructure	31,735,904	-	-	31,735,904
Equipment	19,529,459	3,190,927	(535,279)	22,185,107
Total capital assets being depreciated	<hr/> 126,401,181	<hr/> 4,268,404	<hr/> (535,279)	<hr/> 130,134,306
Less accumulated depreciation for				
Buildings	(16,665,973)	(1,322,078)	-	(17,988,051)
Improvements other than buildings	(23,959,383)	(1,671,226)	-	(25,630,609)
Infrastructure	(22,246,419)	(681,226)	-	(22,927,645)
Equipment	(13,964,523)	(1,462,840)	535,279	(14,892,084)
Total accumulated depreciation	<hr/> (76,836,298)	<hr/> (5,137,370)	<hr/> 535,279	<hr/> (81,438,389)
Total capital assets being depreciated, net	<hr/> 49,564,883	<hr/> (868,966)	<hr/> -	<hr/> 48,695,917
Total governmental capital assets, net	<hr/> <hr/> \$ 66,417,405	<hr/> <hr/> (868,966)	<hr/> <hr/> -	<hr/> <hr/> 65,548,439

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

Depreciation expense was charged to the governmental activities as follows:

Governmental activities	
General government	\$ 508,789
Public safety	1,041,552
Physical and economic environment	1,406,796
Transportation	749,345
Cultural and recreation	1,141,291
Internal service	<u>289,597</u>
Total depreciation expense, governmental activities	<u><u>\$ 5,137,370</u></u>

Business-type Activities

A summary of changes in capital assets of business-type activities for the year ended September 30, 2015, is as follows:

Water and Sewer Fund	Balance October 1	Additions	Transfers/ Retirements	Balance September 30
Capital assets not being depreciated				
Land and easements	\$ 1,761,684	-	-	1,761,684
Construction in progress	<u>5,252,376</u>	<u>58,136</u>	<u>(5,210,171)</u>	<u>100,341</u>
Total capital assets not being depreciated	<u>7,014,060</u>	<u>58,136</u>	<u>(5,210,171)</u>	<u>1,862,025</u>
Capital assets being depreciated				
Buildings and utility plants	59,101,253	381,052	-	59,482,305
Improvements other than buildings	40,249,136	8,152,927	(1,918,167)	46,483,896
Infrastructure	75,310,644	4,680,912	1,918,167	81,909,723
Equipment	<u>14,101,432</u>	<u>1,499,936</u>	<u>(183,923)</u>	<u>15,417,445</u>
Total capital assets being depreciated	<u>188,762,465</u>	<u>14,714,827</u>	<u>(183,923)</u>	<u>203,293,369</u>
Less accumulated depreciation for				
Buildings	(29,822,404)	(780,459)	-	(30,602,863)
Improvements other than buildings	(22,264,629)	(1,946,714)	-	(24,211,343)
Infrastructure	(43,051,953)	(2,581,351)	-	(45,633,304)
Equipment	<u>(10,724,984)</u>	<u>(1,264,728)</u>	<u>183,923</u>	<u>(11,805,789)</u>
Total accumulated depreciation	<u>(105,863,970)</u>	<u>(6,573,252)</u>	<u>183,923</u>	<u>(112,253,299)</u>
Total capital assets being depreciated, net	<u>82,898,495</u>	<u>8,141,575</u>	<u>-</u>	<u>91,040,070</u>
Water and sewer fund capital assets, net	<u>\$ 89,912,555</u>	<u>8,199,711</u>	<u>(5,210,171)</u>	<u>92,902,095</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

Solid Waste Fund	Balance October 1	Additions	Transfers/ Retirements	Balance September 30
Capital assets not being depreciated				
Land	\$ 1,145,053	-	-	1,145,053
Total capital assets not being depreciated	<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	4,401,066	4,469	-	4,405,535
Equipment	4,024,731	109,568	(223,384)	3,910,915
Total capital assets being depreciated	<u>8,954,587</u>	<u>114,037</u>	<u>(223,384)</u>	<u>8,845,240</u>
Less accumulated depreciation for				
Buildings	(363,934)	(25,544)	-	(389,478)
Improvements other than buildings	(918,222)	(204,009)	-	(1,122,231)
Equipment	(2,892,356)	(382,746)	199,311	(3,075,791)
Total accumulated depreciation	<u>(4,174,512)</u>	<u>(612,299)</u>	<u>199,311</u>	<u>(4,587,500)</u>
Total capital assets being depreciated, net	<u>4,780,075</u>	<u>(498,262)</u>	<u>(24,073)</u>	<u>4,257,740</u>
Solid waste fund capital assets, net	<u>\$ 5,925,128</u>	<u>(498,262)</u>	<u>(24,073)</u>	<u>5,402,793</u>

Stormwater Fund	Balance October 1	Additions	Transfers/ retirements	Balance September 30
Capital assets not being depreciated				
Land	\$ 234,866	-	-	234,866
Construction in progress	1,277,732	2,311,171	-	3,588,903
Total capital assets not being depreciated	<u>1,512,598</u>	<u>2,311,171</u>	<u>-</u>	<u>3,823,769</u>
Capital assets being depreciated				
Infrastructure	24,629,533	2,286,397	(32,134)	26,883,796
Equipment	541,753	194,249	(37,055)	698,947
Total capital assets being depreciated	<u>25,171,286</u>	<u>2,480,646</u>	<u>(69,189)</u>	<u>27,582,743</u>
Less accumulated depreciation for				
Infrastructure	(12,244,019)	(1,325,349)	267	(13,569,101)
Equipment	(183,462)	(189,384)	37,055	(335,791)
Total accumulated depreciation	<u>(12,427,481)</u>	<u>(1,514,733)</u>	<u>37,322</u>	<u>(13,904,892)</u>
Total capital assets being depreciated, net	<u>12,743,805</u>	<u>965,913</u>	<u>(31,867)</u>	<u>13,677,851</u>
Stormwater fund capital assets, net	<u>\$ 14,256,403</u>	<u>3,277,084</u>	<u>(31,867)</u>	<u>17,501,620</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

Nonmajor Funds	Balance October 1	Additions	Transfers/ Retirements	Balance September 30
Capital assets not being depreciated:				
Construction in progress	\$ -	1,780,784	-	1,780,784
Total capital assets not being depreciated	-	1,780,784	-	1,780,784
Capital assets being depreciated				
Buildings and utility plants	1,915,174	-	-	1,915,174
Improvements other than buildings	6,885,137	66,203	-	6,951,340
Equipment	1,343,918	377,471	(99,375)	1,622,014
Total capital assets being depreciated	10,144,229	443,674	(99,375)	10,488,528
Less accumulated depreciation for				
Buildings	(1,486,370)	(52,220)	-	(1,538,590)
Improvements other than buildings	(6,514,132)	(75,137)	-	(6,589,269)
Equipment	(1,143,228)	(72,907)	52,646	(1,163,489)
Total accumulated depreciation	(9,143,730)	(200,264)	52,646	(9,291,348)
Total capital assets being depreciated, net	1,000,499	243,410	(46,729)	1,197,180
Nonmajor fund capital assets, net	\$ 1,000,499	2,024,194	(46,729)	2,977,964
Total business-type capital assets, net	\$ 111,094,585	13,002,727	(5,312,840)	118,784,472

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

Business-type activities	
Water and sewer	\$ 6,573,252
Solid waste	612,299
Stormwater	1,514,733
Other	200,264
Total depreciation expense, business-type activities	<u>\$ 8,900,548</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

E. Interfund Transactions

Due to due from other funds are as follows:

	<u>Interfund receivable</u>	<u>Interfund payable</u>
Governmental activities		
Major fund		
General Fund	\$ 89,769	-
Nonmajor funds		
Community Development Block Grant	-	89,769
	<u>\$ 89,769</u>	<u>89,769</u>

Advances from/to other funds are as follows:

	<u>Advances Receivable</u>	<u>Advances Payable</u>
Governmental activities		
Major funds		
General Fund	\$ 275,855	-
Capital Projects Fund	248,066	-
Community Redevelopment Fund	-	41,957
Streets and Traffic Fund	14,166	-
Nonmajor Fund		
East Naples Bay District	-	992,262
Business-type activities		
Major funds		
Water and Sewer Fund	248,066	-
Stormwater Fund	248,066	-
	<u>\$ 1,034,219</u>	<u>1,034,219</u>

Advances to other funds represent funds provided to the Community Redevelopment Fund and the East Naples Bay District Fund used to construct certain infrastructure and dredging improvements and will be repaid according to set schedules. Advances expected to be repaid within one year are \$40,168 and \$148,174, respectively.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

Transfers during the year consisted of the following:

	Transfers In	Transfers Out
Governmental activities		
Major funds		
General Fund	\$ 2,101,780	153,195
Debt Service Fund	958,105	3,375,000
Capital Projects Fund	3,605,305	2,013,152
Community Redevelopment Fund	-	958,105
Nonmajor funds	6,238,822	1,266,500
Internal service fund		
Risk Management Fund	-	1,000,000
Business-type activities		
Major funds		
Water and Sewer Fund	-	1,785,230
Solid Waste Fund	-	1,358,440
Stormwater Fund	-	1,041,890
Nonmajor fund		
Tennis Fund	47,500	-
	\$ 12,951,512	12,951,512

Transfers into the General Fund in the amount of \$2,101,780 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 \$958,105 was for debt service payments. The transfer into the Capital Projects Fund included utility tax revenues from the Debt Service Fund in the amount of \$3,375,000 used for capital expenditures. The transfer from the Capital Projects Fund into the Nonmajor funds in the amount of \$1,971,000 was 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, 2015

F. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at September 30, 2015, for the City's individual major funds and for the total nonmajor funds were as follows:

	Accounts Payable	Accrued Payroll	Total
Governmental activities			
Major funds			
General Fund	\$ 1,922,014	755,098	2,677,112
Capital Projects Fund	641,806	-	641,806
Community Redevelopment Fund	112,568	21,352	133,920
Streets and Traffic Fund	959,195	14,350	973,545
Nonmajor funds	510,686	77,339	588,025
Internal Service Fund	158,303	57,072	215,375
	\$ 4,304,572	925,211	5,229,783
Business-type activities			
Major funds			
Water and Sewer Fund	\$ 1,485,819	221,961	1,707,780
Solid Waste Fund	133,415	54,113	187,528
Stormwater Fund	946,722	34,270	980,992
Nonmajor funds	559,328	34,574	593,902
	\$ 3,125,284	344,918	3,470,202

G. Long-Term Obligations

Long-term liabilities of the governmental activities at September 30, 2015, are comprised of the following:

Capital Improvement Refunding Revenue Note, Series 2013, issued in the amount of \$13,830,000 (total note was \$14,000,000) to currently refund the outstanding principal amount of the Capital Improvement Refunding Revenue Note, Series 2010; monthly principal and interest payments range from \$137,340 to \$156,096 through December 1, 2021. Non-ad valorem revenues are pledged to secure this issue. Interest rate is 1.42%.	\$ 10,068,000
Claims payable	3,823,330
Net pension liability	34,427,585
Other post-employment benefits payable	1,888,337
Compensated absences payable	2,587,248
	\$ 52,794,500

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

Changes in long-term obligations for governmental activities for the year ended September 30, 2015, are as follows:

<u>Governmental 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					
2013 Capital Improvement Refunding Revenue Note	\$ 11,536,000	-	(1,468,000)	10,068,000	1,516,000
Total debt payable	11,536,000	-	(1,468,000)	10,068,000	1,516,000
Claims payable	3,581,403	7,160,537	(6,918,610)	3,823,330	1,138,530
Net pension liability	40,588,477	14,194,000	(20,354,892)	34,427,585	-
Other post-employment benefits payable	1,469,946	619,118	(200,727)	1,888,337	-
Compensated absences payable	2,537,834	437,501	(388,087)	2,587,248	388,087
 Total	 <u>\$ 59,713,660</u>	 <u>22,411,156</u>	 <u>(29,330,316)</u>	 <u>52,794,500</u>	 <u>3,042,617</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end \$154,094 in compensated absences, \$3,823,330 in claims payable, and \$106,591 in other post-employment benefits 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 made up by the following funds: General Fund \$2,161,773, Building and Zoning Fund \$127,422, Community Redevelopment Fund \$11,111, Streets and Traffic Fund \$132,848. These funds will be used to liquidate the compensated absences liability. The remaining other post-employment benefits payable will generally be liquidated by the General Fund.

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

<u>Governmental Activities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended September 30			
2016	\$ 1,516,000	133,197	1,649,197
2017	1,566,000	111,230	1,677,230
2018	1,590,000	88,836	1,678,836
2019	1,595,000	66,250	1,661,250
2020	1,625,000	43,386	1,668,386
2021-2022	2,176,000	20,886	2,196,886
	<u>\$ 10,068,000</u>	<u>463,785</u>	<u>10,531,785</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

Long-term liabilities of the business-type activities at September 30, 2015, 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.	\$ 6,723,000
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.	3,899,000
Public Utilities Refunding Revenue Bond, Series 2013 issued in the amount of \$10,300,503 (total bond issue was \$12,225,534) to currently refund the outstanding principal amount of State of Florida Revolving Loan Funds; monthly principal and interest payments range from \$10,264 to \$233,804, with final maturity on October 1, 2021; secured by net revenues of the water/sewer utility system; interest rate of 1.34%.	6,170,467
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%.	650,000
Net pension liability	1,982,141
Other post-employment benefits payable	590,845
Compensated absences payable	609,081
Total water and sewer fund	<u><u>\$ 20,624,534</u></u>

Solid Waste Fund

Net pension liability	\$ 472,228
Other post-employment benefits payable	145,133
Compensated absences payable	137,946
Total solid waste fund	<u><u>\$ 755,307</u></u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

Stormwater Fund

Public Utilities Refunding Revenue Bond, Series 2013 issued in the amount of \$1,925,031 (total bond issue was \$12,225,534) to currently refund the outstanding principal amount of State of Florida Revolving Loan Funds; monthly principal and interest payments range from \$1,918 to \$43,695 with final maturity on October 1, 2021; secured by net revenues of the stormwater utility system; interest rate is 1.34%.

	\$ 1,152,770
Net pension liability	287,796
Other post-employment benefits payable	50,822
Compensated absences payable	48,958
Total stormwater fund	<u>\$ 1,540,346</u>

Nonmajor funds

Capital Improvement Refunding Revenue Note, Series 2013, issued in the amount of \$170,000 for refunding the Capital Improvement Refunding Revenue Note, Series 2010, due in monthly installments of \$5,000 through January 1, 2016. Non-ad valorem revenues are pledged to secure this issue. Interest rate is 1.42%.

	\$ 20,000
Net pension liability	321,237
Other post-employment benefits payable	71,464
Compensated absences payable	81,504
Total nonmajor funds	<u>\$ 494,205</u>

Changes in long-term obligations for business-type activities for the year ended September 30, 2015, are as follows:

<u>Business-Type Activities</u>	<u>Balance</u> <u>October 1</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance</u> <u>September 30</u>	<u>Due in</u> <u>One Year</u>
Debt payable					
Public Utilities Refunding Revenue Bond, Series 2012A	\$ 7,194,000	-	(471,000)	6,723,000	483,000
Public Utilities Refunding Revenue Bond, Series 2012B	4,174,000	-	(275,000)	3,899,000	282,000
Public Utilities Refunding Revenue Bond, Series 2013	9,307,429	-	(1,984,192)	7,323,237	2,011,045
2013 Capital Improvement Refunding Revenue Note	80,000	-	(60,000)	20,000	20,000
Special Assessment Revenue Bond, Series 2015	-	650,000	-	650,000	56,909
Total debt payable	<u>20,755,429</u>	<u>650,000</u>	<u>(2,790,192)</u>	<u>18,615,237</u>	<u>2,852,954</u>
Net pension liability	3,814,875	2,047,116	(2,798,589)	3,063,402	-
Other post-employment benefits payable	653,805	281,394	(76,935)	858,264	-
Compensated absences payable	859,805	202,185	(184,501)	877,489	173,000
Total	<u>\$ 26,083,914</u>	<u>3,180,695</u>	<u>(5,850,217)</u>	<u>23,414,392</u>	<u>3,025,954</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, 2015, no amounts were earned that will have to be rebated.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

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

Water and Sewer Fund

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended September 30			
2016	\$ 2,516,295	366,440	2,882,735
2017	2,562,017	320,599	2,882,616
2018	2,610,680	271,526	2,882,206
2019	1,204,210	238,489	1,442,699
2020	1,231,949	211,192	1,443,141
2021-2025	5,311,315	654,355	5,965,670
2026-2027	2,006,000	78,866	2,084,866
	<u>\$ 17,442,466</u>	<u>2,141,467</u>	<u>19,583,933</u>

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

Stormwater Fund

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended September 30			
2016	\$ 316,659	13,507	330,166
2017	320,899	9,238	330,137
2018	325,992	4,158	330,150
2019	58,760	2,179	60,939
2020	59,557	1,387	60,944
2021-2022	70,903	533	71,436
	<u>\$ 1,152,770</u>	<u>31,002</u>	<u>1,183,772</u>

Annual debt service requirements to maturity for nonmajor enterprise funds are as follows:

Nonmajor Enterprise Funds

Nonmajor Enterprise Funds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended September 30			
2016	\$ 20,000	59	20,059
	<u>\$ 20,000</u>	<u>59</u>	<u>20,059</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

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.

Net interest cost (interest cost less the interest earned on the investment of unexpended debt proceeds) is capitalized in the proprietary funds on construction projects financed with long-term debt. Interest cost is not capitalized on projects financed by government grants or third-party donations. Interest cost is not capitalized on assets in the governmental activities. Interest was not capitalized during the year ended September 30, 2015.

H. Fund Equity

The following is a summary of fund balances that were nonspendable, restricted, committed or assigned as of September 30, 2015:

	General Fund	Debt Service Fund	Capital Projects Fund	Community Redevelopment Fund	Streets and Traffic Fund	Other Nonmajor Governmental	Total
Fund balances							
Nonspendable							
Inventory	\$ -	-	-	-	32,442	-	32,442
Prepaid items	367,450	-	-	-	-	-	367,450
Advances to other funds	275,855	-	-	-	-	-	275,855
	<u>643,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,442</u>	<u>-</u>	<u>675,747</u>
Restricted							
Donations, various	-	-	-	-	-	10,384,885	10,384,885
Capital projects - impact fees	-	-	-	-	-	555,250	555,250
Dredging projects	-	-	-	-	-	166,197	166,197
Transportation	-	-	-	-	3,211,144	-	3,211,144
Police programs	-	-	-	-	-	418,275	418,275
Economic development	-	-	-	2,484,775	-	-	2,484,775
Coral reef construction	-	-	-	-	-	60,417	60,417
Building and zoning operations	-	-	-	-	-	5,354,998	5,354,998
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,484,775</u>	<u>3,211,144</u>	<u>16,940,022</u>	<u>22,635,941</u>
Committed							
Public arts program	-	-	-	-	-	126,778	126,778
Emergency reserve	3,419,823	-	-	-	-	-	3,419,823
Capital projects	-	-	1,690,170	-	-	-	1,690,170
Contracts	124,612	-	-	-	-	-	124,612
Handicap accessibility	52,863	-	-	-	-	-	52,863
Economic development	-	-	-	-	-	525,828	525,828
Land conservation	-	-	-	-	-	9,205	9,205
Dredging projects	-	-	-	-	-	1,135,422	1,135,422
	<u>3,597,298</u>	<u>-</u>	<u>1,690,170</u>	<u>-</u>	<u>-</u>	<u>1,797,233</u>	<u>7,084,701</u>
Assigned							
Debt service	-	1,422,476	-	-	-	-	1,422,476
Encumbrances	275,909	-	-	-	-	-	275,909
Economic development	-	-	-	-	-	64,852	64,852
Capital projects	-	-	2,924,807	-	-	-	2,924,807
	<u>275,909</u>	<u>1,422,476</u>	<u>2,924,807</u>	<u>-</u>	<u>-</u>	<u>64,852</u>	<u>4,688,044</u>
Unassigned	<u>14,030,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(157,009)</u>	<u>13,873,174</u>
Total fund balance	\$ <u>18,546,695</u>	<u>1,422,476</u>	<u>4,614,977</u>	<u>2,484,775</u>	<u>3,243,586</u>	<u>18,645,098</u>	<u>48,957,607</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

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, 2015, the date of the most recent actuarial valuation, is as follows:

Retirees and beneficiaries currently receiving benefits	239
Vested terminated employees	27
Active employees	
Fully vested	142
Nonvested	159

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

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

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

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.

As of September 30, 2015, 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, 2015, there was no investment type or similar relationships with any related party, including officers and employees of the Pension Plan, the sponsoring City of Naples, and organizations included in the reporting entity.

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

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

Plan Disclosures

Effective October 1, 2013, the Plan implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, which significantly changed the disclosures required related to the Plans. The information disclosed below is presented in accordance with this new standard. 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, 2014. The components of the net pension liability of the City at September 30, 2015, were as follows:

Total pension liability	\$61,384,920
Plan fiduciary net position	<u>(51,251,270)</u>
City's net pension liability	<u>\$10,133,650</u>
Plan fiduciary net position as a percentage of Total pension liability	83.49%

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

For the year ended September 30, 2015, the City recognized pension expense of \$550,001 for the general employee plan. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows related to its plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ -
Net difference between projected and actual earnings on investments	-	9,431
City pension plan contributions subsequent to the measurement date	2,023,395	-
Total	<u>\$ 2,023,395</u>	<u>\$ 9,431</u>

The deferred outflows of resources related to the Pension Plan, totaling \$2,023,395 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, 2016. 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,	
2016	\$ 2,358
2017	2,358
2018	2,358
2019	2,357
2020	-
Total	<u>\$ 9,431</u>

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

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2015 using the following actuarial assumptions applied to all measurement periods.

Inflation	3.0%
Salary increases	4.0% to 6.0%
Investment rate of return	7.5 %

RP-2000 Sex-Distinct Healthy Mortality Table, projected to Valuation Date using Scale AA. Disabled lives are set forward 5 years.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

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, 2015 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.80%
International Equity	7.70%
Fixed Income	2.30%
Real Estate	6.90%
Hedge Funds	5.10%

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. 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.

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 7.50 percent, 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's net pension liability	\$ 16,470,722	\$ 10,133,650	\$ 5,263,245

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, 2013.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

The assumptions used in the October 1, 2015 actuarial valuation are as follows.

Actuarial Assumptions

Funding Method	Entry Age Actuarial Cost Method.
Amortization Method	Level Percentage of Pay, closed
Remaining Amortization Period	30 years
Actuarial Asset Valuation Method	All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.
Inflation	3.00%
Interest rate	7.50% per year, compounded annually, net of investment related expenses.
Projected Salary Increases	4.50% to 10.0% 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:

- Mortality rates are based on the RP 2000 Sex-Distinct Healthy Mortality Table, projected to October 1, 2015, using Scale AA. The prior valuation projected rates to October 1, 2013, using Scale AA.
- In conjunction with this valuation, the Board approved modifying the individual salary increase assumption to 6.0% for one to two years of service, 5.5% for three through nine years of service, 5.0% for 10-19 years of service, and 4% for greater than 20 years of service.

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 CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

The current membership as of October 1, 2015, the date of the most recent actuarial valuation, is as follows:

Retirees and beneficiaries currently receiving benefits	64
Vested terminated employees	16
DROP employees	5
Active employees	
Fully vested	50
Nonvested	12

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

The Plan also provides disability and survivors' benefits.

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

As of September 30, 2015, 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, 2015, 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, 2015

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

The Plan's funding policy requires employees to contribute 5% of annual salary to the Plan on a pre-tax basis or 3% for employees hired after April 1, 2012. This amount is fixed unless changed by ordinance. The City is required to make annual contributions that fluctuate according to the most recent actuarial valuation report, after deducting estimated contributions by members, investment earnings and all Plan expenditures. Significant actuarial assumptions used to compute actuarially determined contribution requirements are the same as those used to compute the net pension obligation. The Plan prepares a valuation report annually, and the City's contribution is adjusted accordingly. All costs of administering the Plan are paid from the Plan assets. The State of Florida makes contributions from taxes on casualty insurance premiums. The State of Florida's contribution to the Police Officers' Pension Plan for the year ended was \$540,981. The City recognized these on-behalf payments from the State as revenues and expenditures in the governmental fund financial statements.

Plan Disclosures

Effective October 1, 2013, the Plan implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, which significantly changed the disclosures required related to the Plans. The information disclosed below is presented in accordance with this new standard. 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, 2014. The components of the net pension liability of the City at September 30, 2015, were as follows:

Total pension liability	\$59,661,030
Plan fiduciary net position	<u>(42,480,003)</u>
City's net pension liability	<u>\$17,181,027</u>
Plan fiduciary net position as a percentage of Total pension liability	71.20%

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

For the year ended September 30, 2015, the City recognized pension expense of \$278,737 for the police employee plan. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows related to its plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ -
Net difference between projected and actual earnings on investments	-	46,567
City pension plan contributions subsequent to the measurement date	2,289,655	-
Total	<u>\$ 2,289,655</u>	<u>\$ 46,567</u>

The deferred outflows of resources related to the Pension Plan, totaling \$2,289,655 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, 2016. 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,	
2016	\$ 11,642
2017	11,642
2018	11,642
2019	11,641
2020	-
Total	<u>\$ 46,567</u>

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

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2015 using the following actuarial assumptions applied to all measurement periods.

Inflation	3.0%
Salary increases	4.0% to 6.0%
Investment rate of return	7.5 %

RP-2000 Sex-Distinct Healthy Mortality Table, projected to Valuation Date using Scale AA. Disabled lives are set forward 5 years.

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Notes to Financial Statements

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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, 2015 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.80%
International Equity	7.70%
Fixed Income	2.30%
Real Estate	6.90%
Hedge Funds	5.10%

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. 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.

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 7.50 percent, 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's net pension liability	\$ 24,255,006	\$17,181,027	\$ 11,657,177

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, 2013.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

The assumptions used in the October 1, 2015 actuarial valuation are as follows.

Actuarial Assumptions

Funding Method	Entry Age Actuarial Cost Method.
Amortization Method	Level Percentage of Pay, closed
Remaining Amortization Period	30 years
Actuarial Asset Valuation Method	All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.
Inflation	3.00%
Interest rate	7.50% per year, compounded annually, net of investment related expenses.
Projected Salary Increases	4.50% to 10.0% 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:

- Mortality rates are based on the RP 2000 Sex-Distinct Healthy Mortality Table, projected to October 1, 2015, using Scale AA. The prior valuation projected rates to October 1, 2013, using Scale AA.
- The payroll growth assumption, utilized for purposes of amortizing the Unfunded Actuarial Accrued Liability, was lowered from 2.7% to 1.2% per year. This reduction complies with the requirements of Part VII of Chapter 112, Florida Statutes, whereby the use of a payroll growth assumption is limited to the Plan’s actual ten-year payroll growth average, determined as of the valuation date.

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, 2015

The current membership as of October 1, 2015, the date of the most recent actuarial valuation, is as follows:

Retirees and beneficiaries currently receiving benefits	37
Vested terminated employees	5
DROP employees	6
Active employees	
Fully vested	35
Nonvested	13

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

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

The Plan also provides disability and survivors' benefits.

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

As of September 30, 2015, 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, 2015, there were no investment types or similar

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

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 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, 2015, was \$871,999. The City recognized these on-behalf payments from the State as revenues and expenditures in the governmental fund financial statements.

Plan Disclosures

Effective October 1, 2013, the Plan implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, which significantly changed the disclosures required related to the Plans. The information disclosed below is presented in accordance with this new standard. 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, 2014. The components of the net pension liability of the City at September 30, 2015, were as follows:

Total pension liability	\$54,892,212
Plan fiduciary net position	<u>(44,715,902)</u>
City's net pension liability	<u>\$10,176,310</u>
Plan fiduciary net position as a percentage of Total pension liability	81.46%

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

For the year ended September 30, 2015, the City recognized pension expense of \$230,863 for the firefighters employee plan. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows related to its plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ -
Net difference between projected and actual earnings on investments	-	-
City pension plan contributions subsequent to the measurement date	1,901,771	-
Total	\$ 1,901,771	\$ -

The deferred outflows of resources related to the Pension Plan, totaling \$1,901,771 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, 2016.

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

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2015 using the following actuarial assumptions applied to all measurement periods.

Inflation	3.0%
Salary increases	4.0% to 6.0%
Investment rate of return	7.5 %

RP-2000 Sex-Distinct Healthy Mortality Table, projected to Valuation Date using Scale AA. Disabled lives are set forward 5 years.

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.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

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, 2015 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.80%
International Equity	7.70%
Fixed Income	2.30%
Real Estate	6.90%
Hedge Funds	5.10%

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. 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.

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 7.50 percent, 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's net pension liability	\$ 17,636,467	\$ 10,176,310	\$ 4,318,984

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, 2013.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

The assumptions used in the October 1, 2015 actuarial valuation are as follows.

Actuarial Assumptions

Funding Method	Entry Age Actuarial Cost Method.
Amortization Method	Level Percentage of Pay, closed
Remaining Amortization Period	30 years
Actuarial Asset Valuation Method	All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.
Inflation	3.00%
Interest rate	7.50% per year, compounded annually, net of investment related expenses.
Projected Salary Increases	4.50% to 10.0% 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:

- Mortality rates are based on the RP 2000 Sex-Distinct Health Mortality Table, projected to October 1, 2015, using Scale AA. The prior valuation projected rates to October 1, 2013, using Scale AA.
- In conjunction with this valuation, the Board approved modifying the individual salary increase assumption to 6.0% for one to two years of service, 5.5% for three through nine years of service, 5.0% for 10-19 years of service, and 4% for greater than 20 years of service.

The “share plan” supplemental retirement benefit, effective October 1, 2009, created an individual share account for each active firefighter as of that date. This supplemental benefit is funded solely by the premium tax revenues received by the City. The initial amount allocated to the active members’ share accounts was \$663,717. For all years beginning on and after October 1, 2009, all premium tax revenues received by the City in excess of \$1,668,662 are allocated to the members’ individual share accounts. Effective January 1, 2011, and each January following, the individual share accounts for each active firefighter is credited or debited with earnings or losses at a rate equal to the Plan’s actual net rate of investment return for the preceding Plan year. A firefighter must attain 5 complete years of credited service to be entitled to receive a distribution of their accumulated account. At September 30, 2015, there was \$783,232 in the share plan.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

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, 2015:

Statements of Fiduciary Net Position

	<u>General Pension Fund</u>	<u>Police Officers' Pension Fund</u>	<u>Firefighters' Pension Fund</u>
Assets			
Cash and investments	\$ 1,160,805	950,038	956,782
Contributions receivable	24,845	570,997	739,186
Investments, at fair value	48,722,150	41,197,886	43,439,017
Total assets	<u>49,907,800</u>	<u>42,718,921</u>	<u>45,134,985</u>
Liabilities			
Accounts payable	29,601	204,999	148,834
Total liabilities	<u>29,601</u>	<u>204,999</u>	<u>148,834</u>
Net position			
Restricted for pension benefits	<u>\$ 49,878,199</u>	<u>42,513,922</u>	<u>44,986,151</u>

Statements of Changes in Fiduciary Net Position

	<u>General Pension Fund</u>	<u>Police Officers' Pension Fund</u>	<u>Firefighters' Pension Fund</u>
Additions			
Contributions			
Employee contributions	\$ 694,975	211,290	153,807
Employer contributions	2,023,395	1,737,998	1,180,670
Direct state contributions	-	551,656	721,101
Total contributions	<u>2,718,370</u>	<u>2,500,944</u>	<u>2,055,578</u>
Investment earnings			
Interest and dividend income	1,035,932	840,336	875,849
Net change in fair value of investments	(342,056)	(276,960)	(296,450)
Less investment expense	(279,845)	(231,929)	(242,968)
Net investment earnings	414,031	331,447	336,431
Total additions	<u>3,132,401</u>	<u>2,832,391</u>	<u>2,392,009</u>
Deductions			
Benefits paid	3,591,008	2,689,052	2,045,319
Refunds of contributions	763,723	12,093	18,614
General administration	150,741	97,327	57,827
Total deductions	<u>4,505,472</u>	<u>2,798,472</u>	<u>2,121,760</u>
Changes in net position	(1,373,071)	33,919	270,249
Net position, beginning of year	<u>51,251,270</u>	<u>42,480,003</u>	<u>44,715,902</u>
Net position, end of year	<u>\$ 49,878,199</u>	<u>42,513,922</u>	<u>44,986,151</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

J. Employee Retirement Savings Plans

Supplemental Retirement Savings Plan

All Retirement Plan provisions, including benefits, eligibility, vesting, etc., are established by City Ordinance, the most recent of which is Ordinance 99-8642. The Plan Ordinance may be amended by the City Council after public notice has been made, two public readings are conducted and one public hearing held. The Supplemental Plan does not issue a stand-alone financial report and is not included in any other retirement system or entity's financial report. Membership is voluntary and includes all full-time employees who have completed 6 months employment with the City. Persons rendering services on a contractual basis are excluded from participation in this plan, as well as temporary and seasonal employees and persons covered by the International Association of Firefighters (IAFF) or the Fraternal Order of Police (FOP).

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

Employer Contributions

25% - Year 1

50% - Year 2

100% - Year 3

The 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, 2015, there were 172 active Plan members. Covered payroll for the year ended September 30, 2015, was \$10,084,520. City contributions for the year were \$216,904, and employee contributions were \$315,181, 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 Nationwide, VALIC Insurance, and ICMA.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

Managers' Retirement Savings Plan (the "Plan")

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

Employee and employer contributions are 100% vested immediately.

The Plan is a defined contribution plan. Plan members are required to contribute 3% of annual base pay to the Plan and the City is required to contribute 7% of the employee's annual base pay. Plan provision and contribution requirements are established and may be amended by the City Council. The plan falls under IRC Code Section 401(a) (17) and IRC 414(s) rules. The City contributes 25% of the City Manager's salary.

As of September 30, 2015, there were six active Plan members and four retired and terminated members who have maintained account balances. Covered payroll for the year ended September 30, 2015, was \$870,642. City contributions for the year were \$47,610, and employee contributions were \$68,744.

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

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

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position for the City's defined contribution pension plans are as follows, as of and for the year ended September 30, 2015:

Statements of Fiduciary Net Position

	Supplemental General Pension	Managers' 401 Pension
	<u> </u>	<u> </u>
Assets		
Investments, at fair value	\$ 7,055,791	1,274,749
Total assets	<u>7,055,791</u>	<u>1,274,749</u>
Net position		
Restricted for pension benefits	<u>\$ 7,055,791</u>	<u>1,274,749</u>

Statements of Changes in Fiduciary Net Position

	Supplemental General Pension	Managers' 401 Pension
	<u> </u>	<u> </u>
Additions		
Contributions		
Employee contributions	\$ 393,145	68,744
Employer contributions	216,904	47,610
Total contributions	<u>610,049</u>	<u>116,354</u>
Investment earnings		
Interest and dividend income	165,496	6,235
Net change in fair value of investments	(184,166)	(27,807)
Less investment expense	<u>(22,376)</u>	<u>(1,153)</u>
Net investment earnings	<u>(41,046)</u>	<u>(22,725)</u>
Total additions	<u>569,003</u>	<u>93,629</u>
Deductions		
Refunds of contributions	<u>562,450</u>	-
Total deductions	<u>562,450</u>	-
Changes in net position	6,553	93,629
Net position, beginning of year	<u>7,049,238</u>	<u>1,181,120</u>
Net position, end of year	<u>\$ 7,055,791</u>	<u>1,274,749</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

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.

As of October 1, 2013, the date of the most recent actuarial valuation, there were 30 retirees and eligible dependents receiving post-employment health care benefits along with 184 retirees participating in life insurance benefits.

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 or the net OPEB obligation. For the 2013-2015 fiscal year the City provided required contributions of \$355,467 toward annual OPEB costs, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance payments, net of retiree contributions totaling \$325,730. Required contributions are based on a projected pay-as-you-go basis.

As of the most recent actuarial valuation, the funded status of the Plan is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
10/01/13	\$ -	9,946	9,946	0%	25,793	39%

The schedule of funding progress included as required supplementary information presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

Annual OPEB Cost and Net OPEB Obligation. The following table shows the City’s annual OPEB cost, the amount actually contributed to the Plan, and changes in the City’s net OPEB obligation for the last three years:

	2015	2014	2013
Normal cost	\$ 482,088	\$ 462,568	448,884
Amortization of unfunded actuarial accrued liability	421,964	405,735	373,838
Annual required contribution	904,052	868,303	822,722
Interest on Net OPEB obligation	84,951	64,437	48,491
Adjustment to annual required contribution	(88,490)	(64,437)	(44,899)
Total expense or annual OPEB cost	900,513	868,303	826,314
Actual contribution toward OPEB cost	(277,663)	(355,467)	(427,663)
Increase in net OPEB obligation	622,850	512,836	398,651
Net OPEB obligation, beginning of year	2,123,751	1,610,915	1,212,264
Net OPEB obligation, end of year	\$ 2,746,601	\$ 2,123,751	1,610,915

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of September 30, 2015, was as follows:

**Other Post-employment Benefits
Three Year Trend Information**

Fiscal Year Ended	Annual OPEB Cost (AOC)	% of AOC Contributed	Net OPEB Obligation
09/30/15	\$ 900,513	30.83%	2,746,601
09/30/14	868,303	40.94%	2,123,751
09/30/13	826,314	51.76%	1,610,915

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The City's OPEB actuarial valuation for the 2014-2015 fiscal year used the entry age normal cost actuarial method to estimate the unfunded actuarial liability and to determine the annual required contribution. The amortization method is a level percentage, closed with a 26 year remaining amortization period. Although the OPEB liability is currently unfunded, the actuarial assumptions included a 4.0% rate of return on invested assets (including inflation at 3%), which is the City's long-term expectation of investment returns under its investment policy. The actuarial assumptions included projected salary increases ranging from 4.5% to 10% per year (including inflation at 3%), and a 4% payroll growth assumption. The initial trend rate was 5% for the first year, 8% for the second year, and 5.35% for the ultimate trend rate.

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 OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

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, \$202,485 and \$172,117 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, 2015. Estimates were based on an evaluation of claims pending and past experience. At September 30, 2015, \$3,823,330 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.

A reconciliation of estimated claims liabilities is as follows:

	Risk Management	Health Benefits	Total
Balance September 30, 2013	\$ 3,075,000	442,066	3,517,066
Current year claims incurred and change in estimates	2,293,700	4,191,649	6,485,349
Claim payments	<u>(2,214,700)</u>	<u>(4,206,312)</u>	<u>(6,421,012)</u>
Balance September 30, 2014	3,154,000	427,403	3,581,403
Current year claims incurred and change in estimates	2,664,610	4,495,927	7,160,537
Claim payments	<u>(2,462,610)</u>	<u>(4,456,000)</u>	<u>(6,918,610)</u>
Balance September 30, 2015	\$ <u>3,356,000</u>	<u>467,330</u>	<u>3,823,330</u>

THE CITY OF NAPLES, FLORIDA

Notes to Financial Statements

September 30, 2015

4. Construction Projects

At September 30, 2015, the City had the following commitments:

<u>Project</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance</u>
Port Royal Dredging Project	\$ 1,308,973	1,010,806	298,167
Royal Harbor Water System Improvements Phase 2/3	1,845,000	626,681	1,218,319
Public Works Pump Station Improvements	3,289,450	976,222	2,313,228
Waste Water Treatment Plant Reuse Pump Replacement	828,457	462,029	366,428
Pier & Restroom Renovation	2,578,908	1,780,783	798,125
Lake Manor Restoration	1,366,800	947,482	419,318
Gulf Shore Blvd South Sewer Main Replacement & Sewer Project	584,536	434,280	150,256

M. Subsequent Events

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NAPLES, FLORIDA

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual
Year Ended September 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes				
Ad valorem	\$ 18,413,810	18,413,810	18,714,787	300,977
Local communication and business	2,243,290	2,243,290	1,936,234	(307,056)
Insurance premium tax	1,354,027	1,386,275	1,272,758	(113,517)
Permits, fees and assessments	3,484,600	3,484,600	3,627,775	143,175
Intergovernmental	3,493,300	3,493,300	3,725,201	231,901
Charges for services	1,606,651	1,606,651	1,879,748	273,097
Charges to other funds	3,179,420	3,179,420	3,285,250	105,830
Fines and forfeitures	159,800	159,800	193,115	33,315
Interest	75,000	75,000	188,502	113,502
Miscellaneous	15,000	15,000	44,020	29,020
Total revenues	<u>34,024,898</u>	<u>34,057,146</u>	<u>34,867,390</u>	<u>810,244</u>
Expenditures				
Current				
General government				
Mayor and City Council	384,888	384,888	344,067	40,821
City Attorney	526,411	526,411	451,742	74,669
City Clerk	562,914	568,342	565,400	2,942
City Manager	644,579	644,579	616,208	28,371
Human resources	523,873	523,873	515,553	8,320
Planning	418,266	418,266	402,819	15,447
Finance	1,020,799	1,035,989	1,039,659	(3,670)
Nondepartmental	4,183,449	4,407,581	3,973,826	433,755
Total general government	<u>8,265,179</u>	<u>8,509,929</u>	<u>7,909,274</u>	<u>600,655</u>
Public safety				
Fire	8,978,035	8,978,035	8,578,946	399,089
Police	11,907,176	11,939,424	11,701,817	237,607
Code inspections	400,437	400,437	359,013	41,424
Total public safety	<u>21,285,648</u>	<u>21,317,896</u>	<u>20,639,776</u>	<u>678,120</u>
Culture and recreation				
Community services	6,036,473	6,140,224	5,790,425	349,799
Total culture and recreation	<u>6,036,473</u>	<u>6,140,224</u>	<u>5,790,425</u>	<u>349,799</u>

CITY OF NAPLES, FLORIDA
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual
 Year Ended September 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Capital outlay				
General government				
Nondepartmental	\$ 6,000	6,000	5,100	900
Total capital outlay	<u>6,000</u>	<u>6,000</u>	<u>5,100</u>	<u>900</u>
Total expenditures	35,593,300	35,974,049	34,344,575	1,629,474
Deficiency of revenues under expenditures	<u>(1,568,402)</u>	<u>(1,916,903)</u>	<u>522,815</u>	<u>2,439,718</u>
Other financing sources (uses)				
Transfers in	2,178,931	2,130,181	2,101,780	(28,401)
Transfers out	(47,500)	(62,555)	(153,195)	(90,640)
Proceeds from sale of capital assets	4,000	4,000	6,424	2,424
Total other financing sources	<u>2,135,431</u>	<u>2,071,626</u>	<u>1,955,009</u>	<u>(116,617)</u>
Change in fund balance	567,029	154,723	2,477,824	2,323,101
Fund balance, beginning of year	<u>16,068,871</u>	<u>16,068,871</u>	<u>16,068,871</u>	<u>-</u>
Fund balance, end of year	<u>\$ 16,635,900</u>	<u>16,223,594</u>	<u>18,546,695</u>	<u>2,323,101</u>

CITY OF NAPLES, FLORIDA
Community Redevelopment Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended September 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes				
Ad valorem	\$ 547,870	547,870	547,870	-
Intergovernmental	1,634,000	1,634,000	1,654,975	20,975
Interest	9,000	9,000	29,475	20,475
Total revenues	<u>2,190,870</u>	<u>2,190,870</u>	<u>2,232,320</u>	<u>41,450</u>
Expenditures				
Current				
Economic development	1,023,079	1,023,079	865,429	157,650
Capital outlay				
Economic development	-	442,480	376,714	65,766
Debt service				
Interest	-	-	1,827	(1,827)
Total expenditures	<u>1,023,079</u>	<u>1,465,559</u>	<u>1,243,970</u>	<u>221,589</u>
Excess of revenues over expenditures	<u>1,167,791</u>	<u>725,311</u>	<u>988,350</u>	<u>263,039</u>
Other financing sources (uses)				
Transfers out	(1,000,983)	(1,000,983)	(958,105)	42,878
Total other financing sources (uses)	<u>(1,000,983)</u>	<u>(1,000,983)</u>	<u>(958,105)</u>	<u>42,878</u>
Changes in fund balance	166,808	(275,672)	30,245	305,917
Fund balances, beginning of year	2,454,530	2,454,530	2,454,530	-
Fund balances, end of year	<u>\$ 2,621,338</u>	<u>2,178,858</u>	<u>2,484,775</u>	<u>305,917</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, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Motor fuel taxes	\$ 1,517,460	1,517,460	1,467,932	(49,528)
Permits, fees and assessments	220,000	220,000	247,622	27,622
Intergovernmental	339,000	339,000	367,761	28,761
Interest	17,000	17,000	42,863	25,863
Miscellaneous	50	50	-	(50)
Total revenues	<u>2,093,510</u>	<u>2,093,510</u>	<u>2,126,178</u>	<u>32,668</u>
Expenditures				
Current				
Transportation	2,345,870	3,037,549	2,193,710	843,839
Capital outlay				
Transportation	273,000	303,867	176,435	127,432
Total expenditures	<u>2,618,870</u>	<u>3,341,416</u>	<u>2,370,145</u>	<u>971,271</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(525,360)</u>	<u>(1,247,906)</u>	<u>(243,967)</u>	<u>1,003,939</u>
Other financing sources				
Transfers in	14,477	14,477	-	(14,477)
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources	<u>14,477</u>	<u>14,477</u>	<u>-</u>	<u>(14,477)</u>
Net changes in fund balances	(510,883)	(1,233,429)	(243,967)	989,462
Fund balances, beginning of year	<u>3,487,553</u>	<u>3,487,553</u>	<u>3,487,553</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,976,670</u>	<u>2,254,124</u>	<u>3,243,586</u>	<u>989,462</u>

THE CITY OF NAPLES, FLORIDA

Notes to Required Supplementary Information

September 30, 2015

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, 2015
(Unaudited)

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

Reporting Period Ending Measurement Date	<u>9/30/16</u> <u>9/30/15</u>	<u>9/30/15</u> <u>9/30/14</u>
Total pension liability		
Service cost	\$ 1,500,184	\$ 1,471,441
Interest on total pension liability	4,553,080	4,418,330
Differences between expected and actual experience	504,129	-
Benefit payments, including refunds of employee contributions	<u>(4,354,731)</u>	<u>(3,888,957)</u>
Net change in total pension liability	2,202,662	2,000,814
Total pension liability - beginning	<u>61,384,920</u>	<u>59,384,106</u>
Total pension liability - ending (a)	<u>\$ 63,587,582</u>	<u>\$ 61,384,920</u>
Plan fiduciary net position		
Contributions - employer	\$ 2,023,395	\$ 1,945,282
Contributions - state	-	-
Contributions - employee	694,975	715,072
Net investment income	414,031	5,857,072
Benefit payments, including refunds of member contributions	(4,354,731)	(3,887,856)
Administrative expenses	<u>(150,741)</u>	<u>(142,904)</u>
Net change in plan fiduciary net position	(1,373,071)	4,486,666
Plan fiduciary net position - beginning	<u>51,251,270</u>	<u>46,764,604</u>
Plan fiduciary net position - ending (b)	<u>\$ 49,878,199</u>	<u>\$ 51,251,270</u>
City's net pension liability - ending (a) - (b)	<u>\$ 13,709,383</u>	<u>\$ 10,133,650</u>
Plan fiduciary net position as a percentage of the total pension liability	78.44%	83.49%
Covered-employee payroll	\$ 18,135,744	\$ 15,618,366
City's net pension liability as a percentage of covered-employee payroll	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, 2015
(Unaudited)

**Schedule of Contributions
General Employees Pension**

Reporting Period Ending Measurement Date	<u>9/30/16</u> <u>9/30/15</u>	<u>9/30/15</u> <u>9/30/14</u>
Actuarially determined contribution	\$ 2,023,395	\$ 1,924,183
Contributions in relation to the actuarially determined contribution	<u>2,023,395</u>	<u>1,945,282</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (21,099)</u>
Covered employee payroll	\$ 18,135,744	\$ 15,618,366
Contributions as a percentage of covered-employee payroll	11.16%	12.46%

Notes to the Schedule:

Valuation Date October 1, 2013

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

Methods and assumptions used to determine contribution rates:

Funding method: Entry age normal actuarial cost method

Amortization method: Level percentage of pay, closed

Remaining amortization period: 30 years

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

Inflation: 3.0% per year

Salary increases:	<u>Years of Service</u>	<u>Increase</u>
	1 to 2	10.0%
	3	9.5%
	4	8.5%
	5	8.0%
	6	7.5%
	7 to 8	7.0%
	9	6.0%
	10 to 19	5.5%
	20+	4.5%

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

Payroll growth: 3.5% per year for amortization of the Unfunded Actuarial Accrued Liability. The prior valuation utilized a 4.20% payroll growth assumption.

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

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

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

THE CITY OF NAPLES, FLORIDA

Required Supplementary Information
September 30, 2015
(Unaudited)

Schedules of Pension Investment Returns

	<u>2015</u>	<u>2014</u>
General Employees:		
Annual money-weighted rate of return, net of investment expenses	0.79%	12.72%
Police:		
Annual money-weighted rate of return, net of investment expenses	0.79%	12.60%
Fire:		
Annual money-weighted rate of return, net of investment expenses	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, 2015
(Unaudited)

**Schedule of Changes in Net Pension Liability and Related Ratios
Police Officers' Pension**

Reporting Period Ending Measurement Date	<u>9/30/16</u> <u>9/30/15</u>	<u>9/30/15</u> <u>9/30/14</u>
Total pension liability		
Service cost	\$ 1,007,847	\$ 944,053
Interest on total pension liability	4,448,873	4,254,147
Differences between expected and actual experience	(860,949)	-
Benefit payments, including refunds of employee contributions	<u>(2,701,145)</u>	<u>(2,630,150)</u>
Net change in total pension liability	1,894,626	2,568,050
Total pension liability - beginning	<u>59,661,030</u>	<u>57,092,980</u>
Total pension liability - ending (a)	<u>\$ 61,555,656</u>	<u>\$ 59,661,030</u>
Plan fiduciary net position		
Contributions - employer	\$ 1,737,998	\$ 1,672,462
Contributions - state	551,656	540,981
Contributions - employee	211,290	229,089
Net investment income	331,447	4,804,886
Benefit payments, including refunds of member contributions	(2,701,145)	(2,622,981)
Administrative expenses	(97,327)	(75,114)
Other	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	33,919	4,549,323
Plan fiduciary net position - beginning	<u>42,480,003</u>	<u>37,930,680</u>
Plan fiduciary net position - ending (b)	<u>\$ 42,513,922</u>	<u>\$ 42,480,003</u>
City's net pension liability - ending (a) - (b)	<u>\$ 19,041,734</u>	<u>\$ 17,181,027</u>
Plan fiduciary net position as a percentage of the total pension liability	69.07%	71.20%
Covered-employee payroll	\$ 5,164,848	\$ 4,786,859
City's net pension liability as a percentage of covered-employee payroll	368.68%	358.92%

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, 2015
(Unaudited)

**Schedule of Contributions
Police Officers' Pension**

Reporting Period Ending Measurement Date	<u>9/30/16</u> <u>9/30/15</u>	<u>9/30/15</u> <u>9/30/14</u>
Actuarially determined contribution	\$ 2,289,654	\$ 2,213,443
Contributions in relation to the actuarially determined contribution	<u>2,289,654</u>	<u>2,213,443</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 5,164,848	\$ 4,786,859
Contributions as a percentage of covered-employee payroll	44.33%	46.24%

Notes to the Schedule:

Valuation Date October 1, 2013

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

Methods and assumptions used to determine contribution rates:

Funding method:	Entry age normal actuarial cost method
Amortization method:	Level percentage of pay, closed
Remaining amortization period:	30 years
Asset valuation method:	All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses over a five-year period.
Inflation:	3.0% per year

Salary increases:	<u>Years of Service</u>	<u>Increase</u>
	1	10.0%
	2-9	7.5%
	10-14	6.0%
	15-19	5.5%
	20+	4.5%

Interest Rate:	7.5% per year, compounded annually, net of investment-related expenses
Payroll growth:	2.7% per year for amortization of Unfunded Actuarial Accrued Liability. The assumption was 4.7% for the prior valuation.
Retirement age:	The earlier of age 60, age 55 with 10 years of credited service, or 25 years of credited service, regardless of age. Also, any member who has reached normal retirement is assumed to continue employment for one additional year.
Early retirement	Hired prior to 4/1/2012: Earlier of 1) age 45 or 2) the completion of 20 years of credited service. Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

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

THE CITY OF NAPLES, FLORIDA

Required Supplementary Information
September 30, 2015
(Unaudited)

**Schedule of Changes in Net Pension Liability and Related Ratios
Fire Fighters' Pension**

Reporting Period Ending Measurement Date	<u>9/30/16</u> <u>9/30/15</u>	<u>9/30/15</u> <u>9/30/14</u>
Total pension liability		
Service cost	\$ 842,047	\$ 981,492
Interest on total pension liability	4,102,672	3,896,369
Differences between expected and actual experience	(247,033)	-
Benefit payments, including refunds of employee contributions	<u>(2,063,933)</u>	<u>(1,911,491)</u>
Net change in total pension liability	2,633,753	2,966,370
Total pension liability - beginning	<u>54,892,212</u>	<u>51,925,842</u>
Total pension liability - ending (a)	<u>\$ 57,525,965</u>	<u>\$ 54,892,212</u>
Plan fiduciary net position		
Contributions - employer	\$ 1,180,670	\$ 1,342,378
Contributions - state	721,101	871,999
Contributions - employee	153,807	177,737
Net investment income	336,431	4,996,523
Benefit payments, including refunds of member contributions	(2,063,933)	(1,911,492)
Administrative expenses	<u>(57,827)</u>	<u>(65,535)</u>
Net change in plan fiduciary net position	270,249	5,411,610
Plan fiduciary net position - beginning	<u>44,715,902</u>	<u>39,304,292</u>
Plan fiduciary net position - ending (b)	<u>\$ 44,986,151</u>	<u>\$ 44,715,902</u>
City's net pension liability - ending (a) - (b)	<u>\$ 12,539,814</u>	<u>\$ 10,176,310</u>
Plan fiduciary net position as a percentage of the total pension liability	78.20%	81.46%
Covered-employee payroll	\$ 4,341,784	\$ 3,573,306
City's net pension liability as a percentage of covered-employee payroll	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, 2015
(Unaudited)

**Schedule of Contributions
Fire Fighters' Pension**

Reporting Period Ending Measurement Date	<u>9/30/16</u> <u>9/30/15</u>	<u>9/30/15</u> <u>9/30/14</u>
Actuarially determined contribution	\$ 1,901,771	\$ 2,214,377
Contributions in relation to the actuarially determined contribution	<u>1,901,771</u>	<u>2,214,377</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 4,341,784	\$ 3,573,306
Contributions as a percentage of covered-employee payroll	43.80%	61.97%

Notes to the Schedule:

Valuation Date October 1, 2013

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

Methods and assumptions used to determine contribution rates:

Funding method: Entry age normal actuarial cost method

Amortization method: Level percentage of pay, closed

Remaining amortization period: 30 years

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

Inflation: 3.0% per year

Salary increases:	<u>Years of Service</u>	<u>Increase</u>
	1	10.0%
	2-9	7.5%
	10-14	6.0%
	15-19	5.5%
	20+	4.5%

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

Payroll growth: 3.2% per year for amortization of the Unfunded Actuarial Accrued Liability. The assumption was 4.1% for the prior valuation.

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

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

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

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

THE CITY OF NAPLES, FLORIDA

Required Supplementary Information
September 30, 2015
(Unaudited)

**Other Post-employment Benefits
Schedule of Funding Progress
(in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/01/13	\$ -	9,946	9,946	0%	25,793	39%
10/01/11	-	9,517	9,517	0%	24,449	39%
10/01/09	-	6,690	6,690	0%	23,317	29%

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.

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

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

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

Grants Fund—To account for various grant activity.

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

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

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

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

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

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

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

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.

CITY OF NAPLES, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2015

	Special Revenue Funds	Capital Project Funds	Total
Assets			
Cash and investments	\$ 19,407,827	561,308	19,969,135
Accounts receivable	832,512	-	832,512
Accrued interest	16,301	3,147	19,448
Due from other governments	154,621	-	154,621
Total assets	\$ 20,411,261	564,455	20,975,716
Liabilities			
Accounts payable	\$ 510,686	-	510,686
Accrued payroll	77,339	-	77,339
Due to other funds	89,769	-	89,769
Advances payable to other funds	992,262	-	992,262
Customer deposits	356,748	-	356,748
Total liabilities	2,026,804	-	2,026,804
Deferred inflows of resources			
Unavailable revenue	303,814	-	303,814
Fund balances			
Restricted	16,384,772	555,250	16,940,022
Committed	1,788,028	9,205	1,797,233
Assigned	64,852	-	64,852
Unassigned	(157,009)	-	(157,009)
Total fund balances	18,080,643	564,455	18,645,098
Total liabilities, deferred inflows of resources, and fund balances	\$ 20,411,261	564,455	20,975,716

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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, 2015

	Special Revenue Funds	Capital Project Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Taxes—property	\$ 260,394	-	260,394
Permits, fees and assessments	4,921,816	230,426	5,152,242
Intergovernmental	329,238	-	329,238
Charges for services	20,844	-	20,844
Fines and forfeitures	65,691	-	65,691
Interest	97,097	2,104	99,201
Donations	2,019,470	-	2,019,470
Miscellaneous	13,047	-	13,047
Total revenues	<u>7,727,597</u>	<u>232,530</u>	<u>7,960,127</u>
Expenditures			
Current			
Public safety	4,036,251	-	4,036,251
Economic and physical development	391,914	-	391,914
Culture and recreation	1,854	-	1,854
Capital outlay			
Public safety	277,969	-	277,969
Economic and physical development	1,483,097	-	1,483,097
Culture and recreation	55,282	-	55,282
Debt service			
Interest	26,808	-	26,808
Total expenditures	<u>6,273,175</u>	<u>-</u>	<u>6,273,175</u>
Excess of revenues over expenditures	<u>1,454,422</u>	<u>232,530</u>	<u>1,686,952</u>
Other financing sources (uses)			
Transfers in	6,238,822	-	6,238,822
Transfers out	<u>(1,000,000)</u>	<u>(266,500)</u>	<u>(1,266,500)</u>
Total other financing sources (uses)	<u>5,238,822</u>	<u>(266,500)</u>	<u>4,972,322</u>
Change in fund balances	6,693,244	(33,970)	6,659,274
Fund balances, beginning of year	11,387,399	598,425	11,985,824
Fund balances, end of year	<u>\$ 18,080,643</u>	<u>564,455</u>	<u>18,645,098</u>

CITY OF NAPLES, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Special Revenue Funds
September 30, 2015

	Building and Zoning Fund	Community Development Block Grant Fund	Baker Park Fund	Improvement Fund	Public Arts Fund	Grants Fund
Assets						
Cash and investments	\$ 5,689,331	-	9,604,913	307,851	483,313	60,417
Accounts receivable	-	-	528,048	650	-	-
Accrued interest	9,282	-	-	-	213	-
Due from other governments	-	154,621	-	-	-	-
Total assets	<u>\$ 5,698,613</u>	<u>154,621</u>	<u>10,132,961</u>	<u>308,501</u>	<u>483,526</u>	<u>60,417</u>
Liabilities						
Accounts payable	\$ 266,276	-	49,201	7,376	-	-
Accrued payroll	77,339	-	-	-	-	-
Due to other funds	-	89,769	-	-	-	-
Advances payable to other funds	-	-	-	-	-	-
Customer deposits	-	-	-	-	356,748	-
Total liabilities	<u>343,615</u>	<u>89,769</u>	<u>49,201</u>	<u>7,376</u>	<u>356,748</u>	<u>-</u>
Deferred inflows of resources						
Unavailable revenue	-	-	-	-	-	-
Fund balances						
Restricted	5,354,998	-	10,083,760	301,125	-	60,417
Committed	-	-	-	-	126,778	-
Assigned	-	64,852	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>5,354,998</u>	<u>64,852</u>	<u>10,083,760</u>	<u>301,125</u>	<u>126,778</u>	<u>60,417</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,698,613</u>	<u>154,621</u>	<u>10,132,961</u>	<u>308,501</u>	<u>483,526</u>	<u>60,417</u>

Confiscated Properties Fund	Business Improvement District Fund	41-10 Public Open Space Fund	Parking Trust Fund	Port Royal Dredging District Fund	East Naples Bay District Fund	Moorings Bay District Fund	Total Nonmajor Special Revenue
423,397	5,053	158,330	360,411	342,288	836,844	1,135,679	19,407,827
-	-	-	-	303,814	-	-	832,512
273	-	1,180	854	-	1,683	2,816	16,301
-	-	-	-	-	-	-	154,621
<u>423,670</u>	<u>5,053</u>	<u>159,510</u>	<u>361,265</u>	<u>646,102</u>	<u>838,527</u>	<u>1,138,495</u>	<u>20,411,261</u>
5,395	-	-	-	176,091	3,274	3,073	510,686
-	-	-	-	-	-	-	77,339
-	-	-	-	-	-	-	89,769
-	-	-	-	-	992,262	-	992,262
-	-	-	-	-	-	-	356,748
<u>5,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,091</u>	<u>995,536</u>	<u>3,073</u>	<u>2,026,804</u>
-	-	-	-	303,814	-	-	303,814
418,275	-	-	-	166,197	-	-	16,384,772
-	5,053	159,510	361,265	-	-	1,135,422	1,788,028
-	-	-	-	-	-	-	64,852
-	-	-	-	-	(157,009)	-	(157,009)
<u>418,275</u>	<u>5,053</u>	<u>159,510</u>	<u>361,265</u>	<u>166,197</u>	<u>(157,009)</u>	<u>1,135,422</u>	<u>18,080,643</u>
<u>423,670</u>	<u>5,053</u>	<u>159,510</u>	<u>361,265</u>	<u>646,102</u>	<u>838,527</u>	<u>1,138,495</u>	<u>20,411,261</u>

CITY OF NAPLES, FLORIDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Special Revenue Funds
Year Ended September 30, 2015

	Building and Zoning Fund	Community Development Block Grant Fund	Baker Park Fund	Improvement Fund	Public Arts Fund	Grants Fund
Revenues						
Taxes–property	\$ -	-	-	-	-	-
Permits, fees and assessments	4,423,852	-	-	-	-	-
Intergovernmental	-	325,382	-	-	-	3,856
Charges for services	10,844	10,000	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	66,569	-	-	-	-	-
Donations	-	-	1,761,249	4,400	-	253,821
Miscellaneous	10,136	-	-	-	2,911	-
Total revenues	<u>4,511,401</u>	<u>335,382</u>	<u>1,761,249</u>	<u>4,400</u>	<u>2,911</u>	<u>257,677</u>
Expenditures						
Current						
Public safety	3,935,412	-	-	3,691	-	3,939
Economic and physical development	-	-	-	-	-	-
Culture and recreation	-	-	1,854	-	-	-
Capital outlay						
Public safety	270,515	-	-	-	-	-
Economic and physical development	-	326,121	-	-	-	428,536
Culture and recreation	-	-	55,282	-	-	-
Debt service						
Interest	-	-	-	-	-	-
Total expenditures	<u>4,205,927</u>	<u>326,121</u>	<u>57,136</u>	<u>3,691</u>	<u>-</u>	<u>432,475</u>
Excess (deficiency) of revenues over (under) expenditures	<u>305,474</u>	<u>9,261</u>	<u>1,704,113</u>	<u>709</u>	<u>2,911</u>	<u>(174,798)</u>
Other financing sources (uses)						
Transfers in	-	-	6,071,262	-	-	-
Transfers out	(1,000,000)	-	-	-	-	-
Total other financing sources (uses)	<u>(1,000,000)</u>	<u>-</u>	<u>6,071,262</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(694,526)	9,261	7,775,375	709	2,911	(174,798)
Fund balances, beginning of year	6,049,524	55,591	2,308,385	300,416	123,867	235,215
Fund balances, end of year	<u>\$ 5,354,998</u>	<u>64,852</u>	<u>10,083,760</u>	<u>301,125</u>	<u>126,778</u>	<u>60,417</u>

Confiscated Properties Fund	Business Improvement District Fund	41-10 Public Open Space Fund	Parking Trust Fund	Port Royal Dredging District Fund	East Naples Bay District Fund	Moorings Bay District Fund	Total Nonmajor Special Revenue
-	-	-	-	-	222,304	38,090	260,394
-	374,580	-	-	123,384	-	-	4,921,816
-	-	-	-	-	-	-	329,238
-	-	-	-	-	-	-	20,844
65,691	-	-	-	-	-	-	65,691
1,332	-	524	1,181	5,206	9,454	12,831	97,097
-	-	-	-	-	-	-	2,019,470
-	-	-	-	-	-	-	13,047
<u>67,023</u>	<u>374,580</u>	<u>524</u>	<u>1,181</u>	<u>128,590</u>	<u>231,758</u>	<u>50,921</u>	<u>7,727,597</u>
93,209	-	-	-	-	-	-	4,036,251
-	374,072	-	-	4,030	211	13,601	391,914
-	-	-	-	-	-	-	1,854
7,454	-	-	-	-	-	-	277,969
-	-	-	-	724,323	4,117	-	1,483,097
-	-	-	-	-	-	-	55,282
-	-	-	-	-	26,808	-	26,808
<u>100,663</u>	<u>374,072</u>	<u>-</u>	<u>-</u>	<u>728,353</u>	<u>31,136</u>	<u>13,601</u>	<u>6,273,175</u>
(33,640)	508	524	1,181	(599,763)	200,622	37,320	1,454,422
-	-	-	-	-	167,560	-	6,238,822
-	-	-	-	-	-	-	(1,000,000)
-	-	-	-	-	167,560	-	5,238,822
(33,640)	508	524	1,181	(599,763)	368,182	37,320	6,693,244
451,915	4,545	158,986	360,084	765,960	(525,191)	1,098,102	11,387,399
<u>418,275</u>	<u>5,053</u>	<u>159,510</u>	<u>361,265</u>	<u>166,197</u>	<u>(157,009)</u>	<u>1,135,422</u>	<u>18,080,643</u>

CITY OF NAPLES, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Capital Projects Funds
September 30, 2015

	Capital Project Funds		Total Nonmajor Capital Projects Funds
	Impact Fee Fund	Land Contribution Fund	
Assets			
Cash and investments	\$ 554,564	6,744	561,308
Accrued interest	686	2,461	3,147
Total assets	<u>\$ 555,250</u>	<u>9,205</u>	<u>564,455</u>
Liabilities			
Accounts payable	\$ -	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances			
Restricted	555,250	-	555,250
Committed	-	9,205	9,205
Total fund balances	<u>555,250</u>	<u>9,205</u>	<u>564,455</u>
Total liabilities and fund balances	<u>\$ 555,250</u>	<u>9,205</u>	<u>564,455</u>

CITY OF NAPLES, FLORIDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Capital Projects Funds
Year Ended September 30, 2015

	Capital Project Funds		Total Nonmajor Capital Projects Funds
	Impact Fee Fund	Land Contribution Fund	
Revenues			
Permits, fees and assessments	\$ 230,426	-	230,426
Interest	2,082	22	2,104
Total revenues	<u>232,508</u>	<u>22</u>	<u>232,530</u>
Expenditures			
Capital outlay			
General government	-	-	-
Economic and physical development	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	232,508	22	232,530
Other financing uses			
Transfers out	(266,500)	-	(266,500)
Total other financing uses	<u>(266,500)</u>	<u>-</u>	<u>(266,500)</u>
Change in fund balances	(33,992)	22	(33,970)
Fund balances, beginning of year	589,242	9,183	598,425
Fund balances, end of year	<u>\$ 555,250</u>	<u>9,205</u>	<u>564,455</u>

CITY OF NAPLES, FLORIDA
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2015

	Building and Zoning Fund			Variance With Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Permits, fees and assessments	\$ 3,181,000	3,181,000	4,423,852	1,242,852
Intergovernmental	-	-	-	-
Charges for services	13,200	13,200	10,844	(2,356)
Interest	30,000	30,000	66,569	36,569
Donations	-	-	-	-
Miscellaneous	5,000	5,000	10,136	5,136
Total revenues	<u>3,229,200</u>	<u>3,229,200</u>	<u>4,511,401</u>	<u>1,282,201</u>
Expenditures				
Current				
Public safety	3,920,982	4,106,040	3,935,412	170,628
Culture and recreation	-	-	-	-
Capital outlay				
Public safety	307,000	406,143	270,515	135,628
Economic and physical development	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>4,227,982</u>	<u>4,512,183</u>	<u>4,205,927</u>	<u>306,256</u>
Excess (deficiency) of revenues over expenditures	<u>(998,782)</u>	<u>(1,282,983)</u>	<u>305,474</u>	<u>1,588,457</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
Change in fund balances	(1,998,782)	(2,282,983)	(694,526)	1,588,457
Fund balances, beginning of year	6,049,524	6,049,524	6,049,524	-
Fund balances, end of year	<u>\$ 4,050,742</u>	<u>3,766,541</u>	<u>5,354,998</u>	<u>1,588,457</u>

Community Development Block Grant Fund				Baker Park Fund			
Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
-	-	-	-	-	-	-	-
-	174,641	325,382	150,741	-	-	-	-
-	-	10,000	10,000	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	6,144,050	6,144,050	1,761,249	(4,382,801)
-	-	-	-	-	-	-	-
-	174,641	335,382	160,741	6,144,050	6,144,050	1,761,249	(4,382,801)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,854	(1,854)
-	-	-	-	-	-	-	-
-	364,531	326,121	38,410	13,383,250	13,383,250	55,282	13,327,968
-	-	-	-	-	-	-	-
-	364,531	326,121	38,410	13,383,250	13,383,250	57,136	13,326,114
-	(189,890)	9,261	199,151	(7,239,200)	(7,239,200)	1,704,113	8,943,313
-	-	-	-	4,000,000	4,000,000	6,071,262	2,071,262
-	-	-	-	-	-	-	-
-	-	-	-	4,000,000	4,000,000	6,071,262	2,071,262
-	(189,890)	9,261	199,151	(3,239,200)	(3,239,200)	7,775,375	11,014,575
55,591	55,591	55,591	-	2,308,385	2,308,385	2,308,385	-
55,591	(134,299)	64,852	199,151	(930,815)	(930,815)	10,083,760	11,014,575

(Continued)

CITY OF NAPLES, FLORIDA
 Nonmajor Special Revenue Funds
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 Year Ended September 30, 2015

	Confiscated Properties Fund			Variance With Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Permits, fees and assessments	\$ -	-	-	-
Fines and forfeitures	-	-	65,691	65,691
Interest	-	-	1,332	1,332
Total revenues	<u>-</u>	<u>-</u>	<u>67,023</u>	<u>67,023</u>
Expenditures				
Current				
Public safety	-	-	93,209	(93,209)
Economic and physical development	-	-	-	-
Capital outlay				
Public safety	-	-	7,454	(7,454)
Total expenditures	<u>-</u>	<u>-</u>	<u>100,663</u>	<u>(100,663)</u>
Change in fund balances	-	-	(33,640)	(33,640)
Fund balances, beginning of year	451,915	451,915	451,915	-
Fund balances, end of year	<u>\$ 451,915</u>	<u>451,915</u>	<u>418,275</u>	<u>(33,640)</u>

Business Improvement District

Original Budget	Final Budget	Actual	Variance With Final Budget
373,650	373,650	374,580	930
-	-	-	-
-	-	-	-
<u>373,650</u>	<u>373,650</u>	<u>374,580</u>	<u>930</u>
-	-	-	-
373,647	373,647	374,072	(425)
-	-	-	-
<u>373,647</u>	<u>373,647</u>	<u>374,072</u>	<u>(425)</u>
3	3	508	505
4,545	4,545	4,545	-
<u>4,548</u>	<u>4,548</u>	<u>5,053</u>	<u>505</u>

CITY OF NAPLES, FLORIDA
 Nonmajor Special Revenue Funds
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Year Ended September 30, 2015

	Port Royal Dredging District Fund			Variance With Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Taxes - property	\$ -	-	-	-
Permits, fees and assessments	151,000	151,000	123,384	(27,616)
Interest	-	-	5,206	5,206
Total revenues	<u>151,000</u>	<u>151,000</u>	<u>128,590</u>	<u>(22,410)</u>
Expenditures				
Current				
Economic and physical development	143,660	6,660	4,030	2,630
Capital outlay				
Economic and physical development	-	876,911	724,323	152,588
Debt service				
Interest	-	-	-	-
Total expenditures	<u>143,660</u>	<u>883,571</u>	<u>728,353</u>	<u>155,218</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,340</u>	<u>(732,571)</u>	<u>(599,763)</u>	<u>132,808</u>
Other financing sources				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	7,340	(732,571)	(599,763)	132,808
Fund balances, beginning of year	765,960	765,960	765,960	-
Fund balances, end of year	<u>\$ 773,300</u>	<u>33,389</u>	<u>166,197</u>	<u>132,808</u>

East Naples Bay District Fund				Moorings Bay District Fund			
Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
219,050	219,050	222,304	3,254	37,540	37,540	38,090	550
-	-	-	-	-	-	-	-
4,500	4,500	9,454	4,954	5,900	5,900	12,831	6,931
<u>223,550</u>	<u>223,550</u>	<u>231,758</u>	<u>8,208</u>	<u>43,440</u>	<u>43,440</u>	<u>50,921</u>	<u>7,481</u>
3,550	3,550	211	3,339	24,250	24,250	13,601	10,649
-	54,963	4,117	50,846	-	-	-	-
-	-	26,808	(26,808)	-	-	-	-
<u>3,550</u>	<u>58,513</u>	<u>31,136</u>	<u>27,377</u>	<u>24,250</u>	<u>24,250</u>	<u>13,601</u>	<u>10,649</u>
<u>220,000</u>	<u>165,037</u>	<u>200,622</u>	<u>35,585</u>	<u>19,190</u>	<u>19,190</u>	<u>37,320</u>	<u>18,130</u>
-	-	167,560	167,560	-	-	-	-
<u>(195,000)</u>	<u>(195,000)</u>	<u>-</u>	<u>195,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(195,000)</u>	<u>(195,000)</u>	<u>167,560</u>	<u>362,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
25,000	(29,963)	368,182	398,145	19,190	19,190	37,320	18,130
<u>(525,191)</u>	<u>(525,191)</u>	<u>(525,191)</u>	<u>-</u>	<u>1,098,102</u>	<u>1,098,102</u>	<u>1,098,102</u>	<u>-</u>
<u>(500,191)</u>	<u>(555,154)</u>	<u>(157,009)</u>	<u>398,145</u>	<u>1,117,292</u>	<u>1,117,292</u>	<u>1,135,422</u>	<u>18,130</u>

CITY OF NAPLES, FLORIDA
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual
Year Ended September 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes	\$ 3,232,585	3,232,585	3,370,018	137,433
Interest	25	25	3,994	3,969
Total revenues	<u>3,232,610</u>	<u>3,232,610</u>	<u>3,374,012</u>	<u>141,402</u>
Expenditures				
Current				
General government	59,980	59,980	59,980	-
Debt service				
Principal	1,468,000	1,468,000	1,468,000	-
Interest and fiscal charges	154,341	154,341	154,247	94
Total debt service	<u>1,622,341</u>	<u>1,622,341</u>	<u>1,622,247</u>	<u>94</u>
Total expenditures	<u>1,682,321</u>	<u>1,682,321</u>	<u>1,682,227</u>	<u>94</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,550,289</u>	<u>1,550,289</u>	<u>1,691,785</u>	<u>141,496</u>
Other financing sources (uses)				
Transfers in	958,105	958,105	958,105	-
Transfers out	(3,375,000)	(3,375,000)	(3,375,000)	-
Total other financing sources (uses)	<u>(2,416,895)</u>	<u>(2,416,895)</u>	<u>(2,416,895)</u>	<u>-</u>
Change in fund balance	(866,606)	(866,606)	(725,110)	141,496
Fund balances, beginning of year	2,147,586	2,147,586	2,147,586	-
Fund balances, end of year	<u>\$ 1,280,980</u>	<u>1,280,980</u>	<u>1,422,476</u>	<u>141,496</u>

CITY OF NAPLES, FLORIDA
Capital Projects Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended September 30, 2015

	Capital Projects Fund - Major Fund			Variance With Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Permits, fees and assessments	\$ 51,000	51,000	122,856	71,856
Investment income	35,000	35,000	75,410	40,410
Donations	-	50,000	50,000	-
Miscellaneous	166,500	-	-	-
Total revenues	<u>252,500</u>	<u>136,000</u>	<u>248,266</u>	<u>112,266</u>
Expenditures				
Current				
General government	63,800	63,800	63,800	-
Capital projects				
General government	1,053,500	1,063,244	515,621	547,623
Public safety	1,496,585	1,754,840	1,255,330	499,510
Physical and economic environment	464,300	1,091,971	1,078,041	13,930
Total expenditures	<u>3,078,185</u>	<u>3,973,855</u>	<u>2,912,792</u>	<u>1,061,063</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,825,685)</u>	<u>(3,837,855)</u>	<u>(2,664,526)</u>	<u>1,173,329</u>
Other financing sources (uses)				
Transfers in	3,423,750	3,654,055	3,605,305	(48,750)
Transfers out	(500,000)	(500,000)	(2,013,152)	(1,513,152)
Proceeds from sale of capital assets	15,000	15,000	153,467	138,467
Total other financing sources (uses)	<u>2,938,750</u>	<u>3,169,055</u>	<u>1,745,620</u>	<u>(1,423,435)</u>
Changes in fund balance	113,065	(668,800)	(918,906)	(250,106)
Fund balances, beginning of year	<u>5,533,883</u>	<u>5,533,883</u>	<u>5,533,883</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,646,948</u>	<u>4,865,083</u>	<u>4,614,977</u>	<u>(250,106)</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.

City Dock Fund—To account for funds used in the construction of the City’s dock and the subsequent operations of the dock. Repayment of any funding will be provided through user charges.

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.

CITY OF NAPLES, FLORIDA
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2015

Assets	Naples Beach Fund	City Dock Fund	Tennis Fund	Total
Current assets				
Cash and investments	\$ 1,679,701	864,455	291,418	2,835,574
Restricted cash and investments	-	60,901	-	60,901
Receivables (net, where applicable, of allowance for uncollectible)				
Accounts	75,272	15,153	-	90,425
Accrued interest	8,008	699	939	9,646
Due from other governments	1,825,336	8,082	-	1,833,418
Inventories	-	15,982	2,770	18,752
Total current assets	<u>3,588,317</u>	<u>965,272</u>	<u>295,127</u>	<u>4,848,716</u>
Capital assets				
Buildings and utility plants	1,126,190	85,715	703,269	1,915,174
Improvements other than buildings	4,437,286	2,413,880	100,174	6,951,340
Equipment	1,150,880	400,771	70,363	1,622,014
Accumulated depreciation	(5,793,301)	(2,815,606)	(682,441)	(9,291,348)
Construction in progress	1,780,784	-	-	1,780,784
Net capital assets	<u>2,701,839</u>	<u>84,760</u>	<u>191,365</u>	<u>2,977,964</u>
Total assets	<u>6,290,156</u>	<u>1,050,032</u>	<u>486,492</u>	<u>7,826,680</u>
Deferred outflows of resources				
Deferred outflows - pensions	<u>\$ 36,826</u>	<u>13,961</u>	<u>13,354</u>	<u>64,141</u>

CITY OF NAPLES, FLORIDA
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2015

Liabilities	Naples Beach Fund	City Dock Fund	Tennis Fund	Total
Current liabilities				
Accounts payable	\$ 499,218	57,181	2,929	559,328
Accrued payroll	22,344	6,560	5,670	34,574
Accrued interest payable	-	-	23	23
Unearned revenue	70,713	23,773	-	94,486
Current portion of compensated absences	20,000	2,000	3,000	25,000
Current maturities of long-term debt	-	-	20,000	20,000
Total current liabilities	<u>612,275</u>	<u>89,514</u>	<u>31,622</u>	<u>733,411</u>
Current liabilities (payable from restricted assets)				
Customer deposits	-	60,901	-	60,901
Total current liabilities	<u>612,275</u>	<u>150,415</u>	<u>31,622</u>	<u>794,312</u>
Noncurrent liabilities				
Net pension liability	184,432	69,922	66,882	321,236
Other post-employment benefits	51,915	8,972	10,577	71,464
Compensated absences	29,528	8,792	18,184	56,504
Total noncurrent liabilities	<u>265,875</u>	<u>87,686</u>	<u>95,643</u>	<u>449,204</u>
Total liabilities	<u>878,150</u>	<u>238,101</u>	<u>127,265</u>	<u>1,243,516</u>
Deferred inflows of resources				
Deferred inflows - pensions	172	65	62	299
Net Position				
Net investment in capital assets	2,701,839	84,760	171,365	2,957,964
Unrestricted	2,746,821	741,067	201,154	3,689,042
Total net position	<u>\$ 5,448,660</u>	<u>825,827</u>	<u>372,519</u>	<u>6,647,006</u>

CITY OF NAPLES, FLORIDA
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
Year Ended September 30, 2015

	<u>Naples Beach Fund</u>	<u>City Dock Fund</u>	<u>Tennis Fund</u>	<u>Total</u>
Operating revenues				
Charges for services	\$ 1,261,081	1,635,024	568,002	3,464,107
Total operating revenues	<u>1,261,081</u>	<u>1,635,024</u>	<u>568,002</u>	<u>3,464,107</u>
Operating expenses				
Personal services	689,879	217,241	208,537	1,115,657
Supplies and services	334,206	1,173,240	257,995	1,765,441
Utilities	119,919	68,683	1,053	189,655
Depreciation and amortization	113,121	31,672	55,471	200,264
General administration	125,970	50,430	39,870	216,270
Other	38,939	-	24,565	63,504
Total operating expenses	<u>1,422,034</u>	<u>1,541,266</u>	<u>587,491</u>	<u>3,550,791</u>
Operating income (loss)	<u>(160,953)</u>	<u>93,758</u>	<u>(19,489)</u>	<u>(86,684)</u>
Nonoperating revenues (expenses)				
Grant revenue	2,067,866	-	-	2,067,866
Interest income	32,088	10,082	1,060	43,230
Interest expense	-	-	(582)	(582)
Gain (loss) on sale of capital assets	(6,729)	-	-	(6,729)
Total nonoperating revenues (expenses)	<u>2,093,225</u>	<u>10,082</u>	<u>478</u>	<u>2,103,785</u>
Income (loss) before transfers	1,932,272	103,840	(19,011)	2,017,101
Transfers in	<u>-</u>	<u>-</u>	<u>47,500</u>	<u>47,500</u>
Change in net position	1,932,272	103,840	28,489	2,064,601
Net position, beginning of year, as restated	<u>3,516,388</u>	<u>721,987</u>	<u>344,030</u>	<u>4,582,405</u>
Net position, end of year	<u>\$ 5,448,660</u>	<u>825,827</u>	<u>372,519</u>	<u>6,647,006</u>

CITY OF NAPLES, FLORIDA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended September 30, 2015

	<u>Naples Beach Fund</u>	<u>City Dock Fund</u>	<u>Tennis Fund</u>	<u>Total</u>
Cash flows from operating activities				
Cash received from customers	\$ 1,254,906	1,638,336	568,002	3,461,244
Cash payments to suppliers	(1,714,169)	(1,213,311)	(287,868)	(3,215,348)
Cash payments for employee services	(719,312)	(50,430)	(39,870)	(809,612)
Cash payments for interfund services	(125,970)	(227,814)	(220,128)	(573,912)
Net cash provided (used) by operating activities	<u>(1,304,545)</u>	<u>146,781</u>	<u>20,136</u>	<u>(1,137,628)</u>
Cash flows from noncapital financing activities				
Transfers	-	-	47,500	47,500
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>47,500</u>	<u>47,500</u>
Cash flows from capital and related financing activities				
Principal paid on long-term debt	-	-	(60,000)	(60,000)
Interest paid on long-term debt	-	-	(746)	(746)
Capital contributions	2,067,866	-	-	2,067,866
Proceeds from sale of capital assets	40,000	-	-	40,000
Acquisition and construction of capital assets	(2,224,458)	-	-	(2,224,458)
Net cash used by capital and related financing activities	<u>(116,592)</u>	<u>-</u>	<u>(60,746)</u>	<u>(177,338)</u>
Cash flows from investing activities				
Interest and investment earnings	31,290	9,820	965	42,075
Net cash provided by investing activities	<u>31,290</u>	<u>9,820</u>	<u>965</u>	<u>42,075</u>
Net increase (decrease) in cash and cash equivalents	(1,389,847)	156,601	7,855	(1,225,391)
Cash and cash equivalents, beginning of year	3,069,548	768,755	283,563	4,121,866
Cash and cash equivalents, end of year	<u>\$ 1,679,701</u>	<u>925,356</u>	<u>291,418</u>	<u>2,896,475</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (160,953)	93,758	(19,489)	(86,684)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation and amortization	113,121	31,672	55,471	200,264
Changes in assets and liabilities				
Decrease (increase) in receivables, net	(40,264)	716	-	(39,548)
Decrease (increase) in due from other governments	(1,692,391)	(5,007)	-	(1,697,398)
Decrease (increase) in inventories	-	7,034	(594)	6,440
Increase in deferred outflows	(1,422)	(539)	(515)	(2,476)
Increase (decrease) in accounts payable	471,286	21,578	(3,661)	489,203
Increase (decrease) in accrued payroll	4,307	1,170	(68)	5,409
Increase (decrease) in unearned revenue	34,089	(27,928)	-	6,161
Increase (decrease) in customer deposits	-	35,531	-	35,531
Increase (decrease) in deferred inflows	172	65	62	299
Increase (decrease) in net pension liability	(45,243)	(17,152)	(16,407)	(78,802)
Increase (decrease) in other post-employment benefits	14,395	2,525	2,356	19,276
Increase (decrease) in compensated absences	(1,642)	3,358	2,981	4,697
Net cash provided (used) by operating activities	<u>\$ (1,304,545)</u>	<u>146,781</u>	<u>20,136</u>	<u>(1,137,628)</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.

CITY OF NAPLES, FLORIDA
Combining Statement of Net Position
Internal Service Funds
September 30, 2015

Assets	Equipment Services	Risk Management	Health Benefits	Technology Services	Total
Current assets					
Cash and investments	\$ 110,460	6,382,532	2,215,386	851,749	9,560,127
Receivables, miscellaneous	-	-	342	-	342
Accrued interest	249	6,170	2,236	671	9,326
Due from other governments	569	-	-	-	569
Inventories	85,065	-	-	-	85,065
Total current assets	<u>196,343</u>	<u>6,388,702</u>	<u>2,217,964</u>	<u>852,420</u>	<u>9,655,429</u>
Capital assets					
Buildings	779,289	-	-	51,957	831,246
Equipment	340,927	25,788	-	2,314,797	2,681,512
Accumulated depreciation	(824,632)	(25,788)	-	(1,683,337)	(2,533,757)
Net capital assets	<u>295,584</u>	<u>-</u>	<u>-</u>	<u>683,417</u>	<u>979,001</u>
Total assets	<u>491,927</u>	<u>6,388,702</u>	<u>2,217,964</u>	<u>1,535,837</u>	<u>10,634,430</u>
Deferred outflows of resources					
Deferred outflows - pensions	39,254	8,094	-	27,721	75,069
Liabilities					
Current liabilities					
Accounts payable	87,849	10,298	468	59,688	158,303
Accrued payroll	36,672	4,172	-	16,228	57,072
Unearned revenue	-	-	519	-	519
Total current liabilities	<u>124,521</u>	<u>14,470</u>	<u>987</u>	<u>75,916</u>	<u>215,894</u>
Noncurrent liabilities					
Due within one year					
Compensated absences	12,000	1,266	-	12,000	25,266
Insurance claims payable	-	671,200	467,330	-	1,138,530
Due in more than one year					
Compensated absences	91,094	8,148	-	29,586	128,828
Net pension liability	196,593	40,535	-	138,831	375,959
Other post-employment benefits	46,715	6,610	-	53,266	106,591
Insurance claims payable	-	2,684,800	-	-	2,684,800
Total noncurrent liabilities	<u>346,402</u>	<u>3,412,559</u>	<u>467,330</u>	<u>233,683</u>	<u>4,459,974</u>
Total liabilities	<u>470,923</u>	<u>3,427,029</u>	<u>468,317</u>	<u>309,599</u>	<u>4,675,868</u>
Deferred inflows of resources					
Deferred inflows - pensions	183	38	-	129	350
Net Position					
Net investment in capital assets	295,584	-	-	683,417	979,001
Restricted, flexible benefits	-	-	309,506	-	309,506
Unrestricted	(235,509)	2,969,729	1,440,141	570,413	4,744,774
Total net position	<u>\$ 60,075</u>	<u>2,969,729</u>	<u>1,749,647</u>	<u>1,253,830</u>	<u>6,033,281</u>

CITY OF NAPLES, FLORIDA
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
Year Ended September 30, 2015

	<u>Equipment Services</u>	<u>Risk Management</u>	<u>Health Benefits</u>	<u>Technology Services</u>	<u>Total</u>
Operating revenues					
Charges for services	\$ 1,930,042	3,129,759	6,718,288	1,614,446	13,392,535
Operating expenses					
Personal services	697,370	128,137	-	500,402	1,325,909
Supplies, services and claims	1,240,145	2,767,101	6,335,643	782,174	11,125,063
Utilities	28,177	-	-	-	28,177
Depreciation and amortization	62,644	-	-	226,953	289,597
General administration	107,770	68,500	122,080	98,187	396,537
Other	2,119	2,954	-	-	5,073
Total operating expenses	<u>2,138,225</u>	<u>2,966,692</u>	<u>6,457,723</u>	<u>1,607,716</u>	<u>13,170,356</u>
Operating income (loss)	(208,183)	163,067	260,565	6,730	222,179
Nonoperating revenues (expenses)					
Interest income	274	71,462	21,711	10,255	103,702
Total nonoperating revenues (expenses)	<u>274</u>	<u>71,462</u>	<u>21,711</u>	<u>10,255</u>	<u>103,702</u>
Income (loss) before transfers	(207,909)	234,529	282,276	16,985	325,881
Transfers out	-	(1,000,000)	-	-	(1,000,000)
Change in net position	(207,909)	(765,471)	282,276	16,985	(674,119)
Net position, beginning of year, as restated	267,984	3,735,200	1,467,371	1,236,845	6,707,400
Net position, end of year	<u>\$ 60,075</u>	<u>2,969,729</u>	<u>1,749,647</u>	<u>1,253,830</u>	<u>6,033,281</u>

CITY OF NAPLES, FLORIDA
Combining Statement of Cash Flows
Internal Service Funds
Year Ended September 30, 2015

	<u>Equipment Services</u>	<u>Risk Management</u>	<u>Health Benefits</u>	<u>Technology Services</u>	<u>Total</u>
Cash flows from operating activities					
Cash received from customers	\$ 1,931,902	3,129,654	6,721,037	1,614,446	13,397,039
Cash payments to suppliers for goods and services	(1,221,875)	(2,577,770)	(6,295,740)	(871,356)	(10,966,741)
Cash payments for employee services	(716,840)	(68,500)	-	(98,187)	(883,527)
Cash payments for interfund services	(107,770)	(134,804)	(122,080)	(512,252)	(876,906)
Net cash provided (used) by operating activities	<u>(114,583)</u>	<u>348,580</u>	<u>303,217</u>	<u>132,651</u>	<u>669,865</u>
Cash flows from noncapital and related financing activities					
Transfers in (out)	-	(1,000,000)	-	-	(1,000,000)
Net cash used by noncapital and related financing activities	<u>-</u>	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(5,559)	-	-	(278,189)	(283,748)
Net cash (used) by capital and related financing activities	<u>(5,559)</u>	<u>-</u>	<u>-</u>	<u>(278,189)</u>	<u>(283,748)</u>
Cash flows from investing activities					
Interest on pooled cash and investments	303	70,298	21,075	10,159	101,835
Net cash provided by investing activities	<u>303</u>	<u>70,298</u>	<u>21,075</u>	<u>10,159</u>	<u>101,835</u>
Net increase (decrease) in cash and cash equivalents	(119,839)	(581,122)	324,292	(135,379)	(512,048)
Cash and cash equivalents, beginning of year	230,299	6,963,654	1,891,094	987,128	10,072,175
Cash and cash equivalents, end of year	<u>\$ 110,460</u>	<u>6,382,532</u>	<u>2,215,386</u>	<u>851,749</u>	<u>9,560,127</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ (208,183)	163,067	260,565	6,730	222,179
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation and amortization	62,644	-	-	226,953	289,597
Changes in assets and liabilities					
(Increase) decrease in miscellaneous receivables	-	-	2,613	-	2,613
(Increase) decrease in due from other governments	1,860	-	-	-	1,860
(Increase) decrease in inventories	17,928	-	-	-	17,928
(Increase) decrease in prepaids	-	-	-	18,588	18,588
(Increase) decrease in deferred outflows	(1,516)	(313)	-	(1,071)	(2,900)
Increase (decrease) in accounts payable	30,638	(9,715)	(24)	(107,770)	(86,871)
Increase (decrease) in accrued payroll	17,700	590	-	5,564	23,854
Increase (decrease) in unearned revenue	-	(105)	136	-	31
Increase (decrease) in insurance claims payable	-	202,000	39,927	-	241,927
Increase (decrease) in deferred inflows	183	38	-	129	350
Increase (decrease) in net pension liability	(48,225)	(9,943)	-	(34,056)	(92,224)
Increase (decrease) in other post-employment benefits	10,062	1,560	-	10,192	21,814
Increase (decrease) in compensated absences	2,326	1,401	-	7,392	11,119
Net cash provided (used) by operating activities	<u>\$ (114,583)</u>	<u>348,580</u>	<u>303,217</u>	<u>132,651</u>	<u>669,865</u>

Fiduciary Funds

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

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

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

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

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

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

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

CITY OF NAPLES, FLORIDA
Combining Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2015

	Pension Trust		
	General Pension Fund	Supplemental General Pension	Managers' 401 Pension
Assets			
Cash and cash equivalents	\$ 1,160,805	-	-
Receivables			
Contributions	24,845	-	-
Investments, at fair value			
U.S. Treasury securities	1,215,357	-	-
U.S. Government agency securities	1,969,129	-	-
Municipal obligations	222,810	-	-
Asset-backed securities	1,313,731	-	-
Corporate bonds	5,060,414	-	-
Common stock/equity funds	31,750,059	-	-
Real estate investment trusts	2,544,438	-	-
Mutual funds	-	7,055,791	1,274,749
Alternative investments	4,646,212		
Total investments	<u>48,722,150</u>	<u>7,055,791</u>	<u>1,274,749</u>
Total assets	<u>49,907,800</u>	<u>7,055,791</u>	<u>1,274,749</u>
Liabilities			
Accounts payable	<u>29,601</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>29,601</u>	<u>-</u>	<u>-</u>
Net position			
Restricted for pension benefits	<u>\$ 49,878,199</u>	<u>7,055,791</u>	<u>1,274,749</u>

Pension Trust

Police Officers' Pension Fund	Firefighters' Pension Fund	Total
950,038	956,782	3,067,625
570,997	739,186	1,335,028
1,255,897	1,383,632	3,854,886
1,597,684	1,663,693	5,230,506
184,411	176,832	584,053
1,109,122	1,249,149	3,672,002
4,208,903	4,329,406	13,598,723
27,132,759	28,953,411	87,836,229
1,971,939	1,844,718	6,361,095
-	-	8,330,540
3,737,171	3,838,176	12,221,559
<u>41,197,886</u>	<u>43,439,017</u>	<u>141,689,593</u>
<u>42,718,921</u>	<u>45,134,985</u>	<u>146,092,246</u>
<u>204,999</u>	<u>148,834</u>	<u>383,434</u>
<u>204,999</u>	<u>148,834</u>	<u>383,434</u>
<u>42,513,922</u>	<u>44,986,151</u>	<u>145,708,812</u>

CITY OF NAPLES, FLORIDA
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended September 30, 2015

	Pension Trust		
	General Pension Fund	Supplemental General Pension	Managers' 401 Pension
Additions			
Contributions			
Employee contributions	\$ 694,975	393,145	68,744
Employer contributions	2,023,395	216,904	47,610
State contributions	-	-	-
Total contributions	<u>2,718,370</u>	<u>610,049</u>	<u>116,354</u>
Investment earnings			
Interest and dividend income	1,035,932	165,496	6,235
Net change in fair value of investments	(342,056)	(184,166)	(27,807)
Less investment expense	(279,845)	(22,376)	(1,153)
Net investment earnings	<u>414,031</u>	<u>(41,046)</u>	<u>(22,725)</u>
Total additions	<u>3,132,401</u>	<u>569,003</u>	<u>93,629</u>
Deductions			
Benefits paid	3,591,008	-	-
Refunds of contributions	763,723	562,450	-
General administration	150,741	-	-
Total deductions	<u>4,505,472</u>	<u>562,450</u>	<u>-</u>
Changes in net position	(1,373,071)	6,553	93,629
Net position, beginning of year	51,251,270	7,049,238	1,181,120
Net position, end of year	<u>\$ 49,878,199</u>	<u>7,055,791</u>	<u>1,274,749</u>

Pension Trust

Police Officers' Pension Fund	Firefighters' Pension Fund	Total
211,290	153,807	1,521,961
1,737,998	1,180,670	5,206,577
551,656	721,101	1,272,757
<u>2,500,944</u>	<u>2,055,578</u>	<u>8,001,295</u>
840,336	875,849	2,923,848
(276,960)	(296,450)	(1,127,439)
(231,929)	(242,968)	(778,271)
<u>331,447</u>	<u>336,431</u>	<u>1,018,138</u>
<u>2,832,391</u>	<u>2,392,009</u>	<u>9,019,433</u>
2,689,052	2,045,319	8,325,379
12,093	18,614	1,356,880
97,327	57,827	305,895
<u>2,798,472</u>	<u>2,121,760</u>	<u>9,988,154</u>
33,919	270,249	(968,721)
<u>42,480,003</u>	<u>44,715,902</u>	<u>146,677,533</u>
<u>42,513,922</u>	<u>44,986,151</u>	<u>145,708,812</u>

CITY OF NAPLES, FLORIDA
Statement of Changes in Assets and Liabilities—Agency Funds
Year Ended September 30, 2015

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015
Assets				
Cash	\$ 4,744	319,086	(323,693)	137
Total assets	<u>4,744</u>	<u>319,086</u>	<u>(323,693)</u>	<u>137</u>
Liabilities				
Accounts payable	4,744	319,086	(323,693)	137
Total liabilities	<u>\$ 4,744</u>	<u>319,086</u>	<u>(323,693)</u>	<u>137</u>

CITY OF NAPLES, FLORIDA
 Schedule of Receipts and Expenditures of Funds Related
 to the Deepwater Horizon Oil Spill
 September 30, 2015

Source	Amount Received in the 2015 Fiscal Year	Amount Expended in the 2015 Fiscal Year
British Petroleum:		
Agreement No. MDL No. 2179	<u>\$ 78,435</u>	<u>\$ 78,435</u>

Note: The above funds represent 100% of the City's funds received and expended in relation to the Deepwater Horizon Oil Spill. There were no other federal or state awards received by the City that are related to the Deepwater Horizon Oil Spill.

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STATISTICAL SECTION (Unaudited)

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

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Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 148

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source, the property tax. 159

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. The City has no legal debt margin and therefore it is not reported in these schedules. 166

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. 172

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. 174

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities					
Net investment in capital assets	\$ 44,278,263	47,347,136	52,934,188	48,868,221	47,101,732
Restricted	2,989,709	2,640,493	3,004,060	3,781,152	983,750
Unrestricted	36,871,259	42,830,226	39,230,791	42,765,131	45,710,635
Total governmental activities net assets	\$ 84,139,231	92,817,855	95,169,039	95,414,504	93,796,117
Business-type activities					
Net investment in capital assets	\$ 50,606,313	55,460,038	60,313,029	65,279,797	70,342,384
Restricted	5,702,201	3,218,517	2,566,664	2,693,838	3,122,630
Unrestricted	22,676,063	23,418,439	23,979,666	25,931,780	28,569,892
Total business-type activities net assets	\$ 78,984,577	82,096,994	86,859,359	93,905,415	102,034,906
Primary government					
Net investment in capital assets	\$ 94,884,576	102,807,174	113,247,217	114,148,018	117,444,116
Restricted	8,691,910	5,859,010	5,570,724	6,474,990	4,106,380
Unrestricted	59,547,322	66,248,665	63,210,457	68,696,911	74,280,527
Total primary government net assets	\$ 163,123,808	174,914,849	182,028,398	189,319,919	195,831,023

Fiscal Year				
2011	2012	2013	2014	2015
47,910,235	49,368,390	54,372,698	55,192,342	55,794,796
12,987,575	13,460,387	13,908,144	13,908,144	22,621,775
33,134,491	32,162,681	27,048,578	31,850,607	(2,227,579)
<u>94,032,301</u>	<u>94,991,458</u>	<u>95,329,420</u>	<u>100,951,093</u>	<u>76,188,992</u>
72,488,908	77,344,733	81,292,017	90,439,602	100,262,238
4,070,440	1,645,528	-	-	-
32,963,324	39,489,625	43,716,346	44,977,055	40,616,760
<u>109,522,672</u>	<u>118,479,886</u>	<u>125,008,363</u>	<u>135,416,657</u>	<u>140,878,998</u>
120,399,143	126,713,123	135,664,715	145,631,944	156,057,034
17,058,015	15,105,915	13,908,144	13,908,144	22,621,775
66,097,815	71,652,306	70,764,924	76,827,662	38,389,181
<u>203,554,973</u>	<u>213,471,344</u>	<u>220,337,783</u>	<u>236,367,750</u>	<u>217,067,990</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses					
Governmental activities					
General government	\$ 12,926,588 ^(a)	6,811,501 ^(a)	8,140,789	6,668,512	6,394,914
Public safety	20,692,720	22,691,091	24,409,251	25,633,909	25,616,678
Physical and economic environment	2,292,246	2,194,855	2,588,477	2,925,902	3,207,529
Transportation	2,364,917	4,010,530	3,394,912	3,520,363	3,715,335
Culture and recreation	6,488,868	7,978,079	8,584,195	7,733,570	7,243,542
Interest	939,738	904,623	830,822	1,033,650	955,784
Total governmental activities expenses	<u>45,705,077</u>	<u>44,590,679</u>	<u>47,948,446</u>	<u>47,515,906</u>	<u>47,133,782</u>
Business-type activities					
Water and sewer	20,283,437	22,354,201	23,625,071	24,816,306	24,334,032
Solid waste	5,126,911	5,652,827	5,835,401	5,501,931	5,366,770
Stormwater	1,289,960	1,431,858	1,833,201	2,088,938	2,458,129
Other enterprises	4,169,201	4,464,879	4,177,236	3,505,193	3,094,200
Total business-type activities	<u>30,869,509</u>	<u>33,903,765</u>	<u>35,470,909</u>	<u>35,912,368</u>	<u>35,253,131</u>
Total primary governmental expenses	<u>\$ 76,574,586</u>	<u>78,494,444</u>	<u>83,419,355</u>	<u>83,428,274</u>	<u>82,386,913</u>
Program Revenues (see Schedule 3)					
Governmental activities					
Charges for services					
General government	\$ 1,207,823	1,180,983	1,310,847	1,043,665	1,139,439
Public safety	5,001,465	4,424,734	4,492,028	3,571,827	3,631,525
Physical and economic environment	11,982	581,638	387,922	12,397	12,064
Transportation	65,681	69,719	74,884	-	6,618
Culture and recreation	766,409	1,028,100	881,822	819,228	840,364
Operating grants and contributions	11,017,352 ^(a)	3,041,688 ^(a)	2,633,209	2,978,768	3,190,239
Capital grants and contributions	2,821,571	1,830,543	2,350,214	1,202,496	425,002
Total governmental activities revenues	<u>20,892,283</u>	<u>12,157,405</u>	<u>12,130,926</u>	<u>9,628,381</u>	<u>9,245,251</u>
Business-type activities					
Water and sewer	22,736,438	22,933,821	25,299,408	28,219,062	28,303,440
Solid waste	6,175,311	6,046,768	6,369,866	6,294,650	6,089,265
Stormwater	1,500,320	1,418,188	2,890,146	4,467,178	4,422,225
Beach	830,339	916,767	917,236	1,071,798	1,046,660
Dock	1,880,153	2,003,808	1,767,944	1,078,547	1,067,358
Tennis	547,122	559,561	575,121	548,984	534,095
Operating grants and contributions	408,819	465,865	646,891	501,525	637,810
Capital grants and contributions	2,508,003	3,071,791	3,358,210	2,057,101	2,991,732
Total business-type activities	<u>36,586,505</u>	<u>37,416,569</u>	<u>41,824,822</u>	<u>44,238,845</u>	<u>45,092,585</u>
Total primary governmental revenues	<u>\$ 57,478,788</u>	<u>49,573,974</u>	<u>53,955,748</u>	<u>53,867,226</u>	<u>54,337,836</u>
Net Expense/Revenue					
Governmental activities	\$ (24,812,794)	(32,433,274)	(35,817,520)	(37,887,525)	(37,888,531)
Business-type activities	5,716,996	3,512,804	6,353,913	8,326,477	9,839,454
Total primary government net expense	<u>\$ (19,095,798)</u>	<u>(28,920,470)</u>	<u>(29,463,607)</u>	<u>(29,561,048)</u>	<u>(28,049,077)</u>

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

(Continued)

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

	Fiscal Year					
	2005	2006	2007	2008	2009	2010
General Revenues and Other						
Changes in Net Position						
Governmental activities						
Taxes						
Property taxes	\$ 14,404,764	15,926,721	20,779,629	19,415,799	19,729,516	19,418,905
Local communication and utility taxes	4,149,829	4,269,042	4,218,208	4,170,227	4,476,921	4,846,484
Insurance premium tax ^(a)	-	1,751,337	1,769,045	1,949,641	2,016,132	1,440,033
Motor fuel taxes	1,585,816	1,579,996	1,532,580	1,404,690	1,393,025	1,396,616
Business taxes	291,426	269,389	278,694	274,487	247,021	270,748
Franchise fees	3,165,215	3,825,979	3,877,556	3,740,236	3,971,657	3,498,659
Intergovernmental revenues, unrestricted	3,628,176	3,658,867	3,449,606	3,160,311	2,863,565	2,825,967
Unrestricted investment earnings	1,087,659	2,068,237	2,858,980	2,043,294	1,345,826	542,317
Miscellaneous revenues	105,030	54,863	129,518	45,489	17,461	44,415
Gain on sale of capital assets	-	-	-	-	88,496	-
Transfers	1,676,358	1,708,000	1,763,380	1,964,530	1,983,370	1,986,000
Total governmental activities	<u>30,094,273</u>	<u>35,112,431</u>	<u>40,657,196</u>	<u>38,168,704</u>	<u>38,132,990</u>	<u>36,270,144</u>
Business-type activities						
Investment earnings	511,054	1,111,333	1,333,466	831,090	566,730	258,101
Gain on sale of capital assets	530	35,256	29,527	-	136,219	17,936
Special item	-	-	-	(458,108)	-	-
Transfers	(1,676,358)	(1,708,000)	(1,763,380)	(1,964,530)	(1,983,370)	(1,986,000)
Total business-type activities	<u>(1,164,774)</u>	<u>(561,411)</u>	<u>(400,387)</u>	<u>(1,591,548)</u>	<u>(1,280,421)</u>	<u>(1,709,963)</u>
Total primary government	<u>\$ 28,929,499</u>	<u>34,551,020</u>	<u>40,256,809</u>	<u>36,577,156</u>	<u>36,852,569</u>	<u>34,560,181</u>
Change in Net Position						
Governmental activities	\$ 30,094,273	10,299,637	8,223,922	2,351,184	245,465	(1,618,387)
Business-type activities	<u>(1,164,774)</u>	<u>5,155,585</u>	<u>3,112,417</u>	<u>4,762,365</u>	<u>7,046,056</u>	<u>8,129,491</u>
Total primary government	<u>\$ 28,929,499</u>	<u>15,455,222</u>	<u>11,336,339</u>	<u>7,113,549</u>	<u>7,291,521</u>	<u>6,511,104</u>

^(a) Prior years had these amounts recorded only in the Police/Fire Pension Funds

Fiscal Year				
2011	2012	2013	2014	2015
17,872,322	17,390,742	17,330,532	18,539,883	19,523,088
5,208,481	5,574,086	5,977,860	5,241,319	5,391,177
1,319,318	1,354,027	1,324,166	1,412,980	1,272,757
1,386,067	1,397,806	1,367,212	1,190,133	1,167,932
243,716	264,110	255,890	269,562	215,039
3,474,511	3,361,560	3,299,823	3,579,771	3,553,455
2,847,318	2,807,044	2,952,946	3,158,266	3,332,872
371,937	238,259	175,612	232,811	543,147
171,799	19,273	50,070	34,155	-
4,718	26,776	-	1,655	159,891
1,987,500	2,013,610	2,054,280	1,878,880	4,138,060
34,887,687	34,447,293	34,788,391	35,539,415	39,297,418
186,018	153,699	90,583	200,556	420,063
53,633	5,438	-	-	-
-	-	-	-	-
(1,987,500)	(2,013,610)	(2,054,280)	(1,878,880)	(4,138,060)
(1,747,849)	(1,854,473)	(1,963,697)	(1,678,324)	(3,717,997)
33,139,838	32,592,820	32,824,694	33,861,091	35,579,421
236,184	959,157	405,995	5,621,673	12,106,932
7,487,766	8,957,214	6,607,394	10,408,294	8,689,158
7,723,950	9,916,371	7,013,389	16,029,967	20,796,090

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund					
Reserved	\$ 817,651	882,906	535,922	442,112	420,844
Unreserved	12,119,520	15,454,863	14,774,120	16,151,990	17,052,805
Non-spendable	N/A	N/A	N/A	N/A	N/A
Restricted	N/A	N/A	N/A	N/A	N/A
Committed	N/A	N/A	N/A	N/A	N/A
Assigned	N/A	N/A	N/A	N/A	N/A
Unassigned	N/A	N/A	N/A	N/A	N/A
Total General Fund	\$ 12,937,171	16,337,769	15,310,042	16,594,102	17,473,649
All other governmental funds					
Reserved					
Special revenue funds	\$ 18,625	89,364	215,821	29,839	10,731
Capital projects funds	4,645,715	5,999,449	6,720,843	1,145,643	1,225,757
Debt service funds	1,707,311	1,725,940	1,486,456	1,420,125	1,560,104
Unreserved					
Special revenue funds	5,226,704	5,578,047	5,616,572	5,086,904	5,317,018
Capital projects funds	12,533,664	12,088,406	8,192,774	16,308,321	15,809,889
Debt service funds	494,714	737,263	978,483	1,282,620	1,884,501
Non-spendable	N/A	N/A	N/A	N/A	N/A
Restricted	N/A	N/A	N/A	N/A	N/A
Committed	N/A	N/A	N/A	N/A	N/A
Assigned	N/A	N/A	N/A	N/A	N/A
Unassigned	N/A	N/A	N/A	N/A	N/A
Total other governmental funds	\$ 24,626,733	26,218,469	23,210,949	25,273,452	25,808,000

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues					
Taxes	\$ 25,601,739	32,177,018 ^(a)	27,214,844	27,862,615	27,372,786
Licenses, permits, fees and assessments	3,787,831	3,717,384 ^(a)	6,953,495 ^(b)	6,856,060	6,072,977
Intergovernmental	16,974,405	7,883,654	7,761,199	5,856,457	6,038,913
Charges for services	1,824,433	2,373,059	2,327,605	2,020,389	2,045,248
Charges to other funds	3,806,515	3,966,100	4,165,504	4,093,450	3,720,709
Fines and forfeitures	578,562	374,950	405,342	338,037	254,385
Impact fees/special assessments	710,951	424,364	366,627 ^(b)	-	-
Interest	1,833,114	2,603,304	1,806,496	1,216,224	492,471
Contributions	70,505	59,716	62,715	83,101	211,302
Miscellaneous	1,159,105	153,338	73,568	115,701	75,544
Total revenues	<u>56,347,160</u>	<u>53,732,887</u>	<u>51,137,395</u>	<u>48,442,034</u>	<u>46,284,335</u>
Expenditures					
General government	15,131,257	9,591,067	11,377,879	9,688,213	8,620,881
Public safety	18,988,238	21,481,323	23,479,974	24,792,638	23,680,724
Physical and economic environment	1,734,495	1,579,013	1,813,934	1,775,115	2,024,380
Transportation	1,421,391	2,820,205	2,046,296	2,116,889	2,246,827
Culture and recreation	5,352,049	6,313,097	6,920,107	5,996,861	5,433,931
Capital outlay	11,043,085	6,768,798	9,542,548	7,053,867	2,303,468
Debt service					
Principal	994,107	1,070,000	1,125,000	1,497,000	1,612,000
Interest and fiscal charges	933,536	907,878	831,434	1,066,519	957,917
Total expenditures	<u>55,598,158</u>	<u>50,531,381</u>	<u>57,137,172</u>	<u>53,987,102</u>	<u>46,880,128</u>
Excess (deficit) of revenues over (under) expenditures	<u>749,002</u>	<u>3,201,506</u>	<u>(5,999,777)</u>	<u>(5,545,068)</u>	<u>(595,793)</u>
Other Financing Sources (Uses)					
Debt issued	-	-	-	6,860,000	-
Payments to escrow agents	-	-	-	-	-
Payments to current refund debt	-	-	-	-	-
Transfers in	4,797,603	5,944,576	4,720,949	12,714,292	5,766,183
Transfers out	(3,068,828)	(4,181,196)	(2,756,419)	(10,818,965)	(3,780,183)
Sale of capital assets	39,102	27,448	-	136,304	23,888
Total other financing sources (uses)	<u>1,767,877</u>	<u>1,790,828</u>	<u>1,964,530</u>	<u>8,891,631</u>	<u>2,009,888</u>
Net change in fund balance	<u>\$ 2,516,879</u>	<u>4,992,334</u>	<u>(4,035,247)</u>	<u>3,346,563</u>	<u>1,414,095</u>
Debt service as a percentage of noncapital expenditures	4.3%	4.5%	4.1%	5.5%	5.8%

Note: ^(a) In 2008, franchise fees were reclassified from taxes to licenses, permits and fees. Business licenses were reclassified from licenses, permits and fees to taxes.
^(b) In 2009, impact fees and special assessments were reclassified to permits, fees and assessments.
^(c) The City refunded the 2010 Capital Improvement Refunding Revenue Notes.

Fiscal Year				
2011	2012	2013	2014	2015
26,029,904	25,980,772	26,255,660	26,653,877	27,569,993
6,655,012	7,539,226	7,179,183	10,397,768	9,150,495
5,236,599	5,174,417	5,152,801	5,556,664	6,077,175
1,908,981	2,131,943	1,802,160	1,811,398	1,900,592
3,720,708	3,681,838	3,597,960	3,358,100	3,285,250
232,575	461,537	418,614	195,349	258,806
-	-	-	-	-
336,484	214,851	170,743	199,770	439,445
258,985	204,116	115,262	2,342,947	2,069,470
177,621	9,273	255,225	35,463	57,067
<u>44,556,869</u>	<u>45,397,973</u>	<u>44,947,608</u>	<u>50,551,336</u>	<u>50,808,293</u>
8,307,238	8,130,338	8,421,621	8,249,859	8,033,054
22,062,961	23,192,344	23,731,367	24,418,391	24,676,027
1,945,948	1,776,115	1,357,378	1,341,014	1,257,343
2,191,327	2,069,396	2,298,904	2,072,385	2,193,710
5,302,802	5,189,194	5,567,331	5,855,186	5,792,279
2,830,919	5,193,871	7,381,848	4,537,516	5,223,589
2,222,000	1,844,000 ^(c)	3,056,000	1,489,000	1,468,000
589,568	445,242	333,221	177,679	182,882
<u>45,452,763</u>	<u>47,840,500</u>	<u>52,147,670</u>	<u>48,141,030</u>	<u>48,826,884</u>
<u>(895,894)</u>	<u>(2,442,527)</u>	<u>(7,200,062)</u>	<u>2,410,306</u>	<u>1,981,409</u>
17,094,000	- ^(c)	13,830,000	-	-
(8,285,998)	-	(13,793,951)	-	-
(10,186,000)	-	-	-	-
5,705,136	6,396,488	7,032,679	5,819,706	12,820,232
(3,762,476)	(4,382,878)	(5,037,219)	(4,010,826)	(7,682,172)
36,953	27,917	30,378	10,865	159,891
<u>601,615</u>	<u>2,041,527</u>	<u>2,061,887</u>	<u>1,819,745</u>	<u>5,297,951</u>
<u>(294,279)</u>	<u>(401,000)</u>	<u>(5,138,175)</u>	<u>4,230,051</u>	<u>7,279,360</u>
6.6%	5.4%	7.6%	3.9%	3.7%

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

Fiscal Year	Property	Utility and Communication	Franchise Fees	Fuel Taxes	Sales and Use	Other	Total
2006	\$ 15,926,721	4,269,042	3,792,489	1,579,996	2,651,227	2,758,977 ^(a)	30,978,452
2007	20,779,629	4,218,209	3,877,556	1,532,580	2,455,218	2,763,432	35,626,624
2008	19,415,799	4,170,227	3,740,236	1,404,690	2,196,319	2,913,633	33,840,904
2009	19,729,516	4,476,921	3,971,657	1,393,025	1,927,205	2,263,153	33,761,477
2010	19,418,905	4,846,484	3,498,659	1,396,616	1,896,824	2,535,655	33,593,143
2011	17,872,322	5,208,481	3,474,511	1,386,067	1,911,574	2,487,454	32,340,409
2012	17,390,742	5,574,086	3,361,560	1,397,806	1,875,396	1,618,137	31,217,727
2013	17,330,532	5,977,860	3,299,823	1,367,212	2,006,377	1,580,056	31,561,860
2014	18,239,883	5,541,318	3,579,771	1,190,133	2,204,960	1,682,542	32,438,607
2015	19,523,089	5,391,177	3,553,455	1,167,932	2,349,564	1,487,795	33,473,012
Change							
2006-2015	22.6%	26.3%	-6.3%	-26.1%	-11.4%	-46.1%	8.1%

Source: City of Naples Finance Department

Notes: ^(a) In fiscal year 2006, the City began recording the Premium Fire and Casualty Insurance Tax in the General Fund. In prior years, those amounts were deposited directly into the Police and Fire

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

Fiscal Year	Real Property	Personal Property	Less Net New Taxable Value	Adjusted Total Taxable Value (for roll back)	Final Taxable Value
2005-06	\$ 13,412,338,003	345,957,486	192,180,825	13,566,114,664	13,746,713,411
2006-07	16,264,603,707	376,100,345	275,696,496	16,365,007,556	16,533,125,948
2007-08	17,086,194,348	386,182,053	410,638,803	17,061,737,598	17,456,888,406
2008-09	16,903,766,419	400,795,472	342,706,664	16,961,855,227	17,246,749,629
2009-10	15,962,605,246	421,136,474	311,015,976	16,072,725,744	16,287,802,409
2010-11	14,627,069,353	419,030,702	185,960,906	14,860,139,149	14,976,570,653
2011-12	14,232,284,825	356,269,561	106,264,047	14,482,290,339	14,557,352,859
2012-13	14,642,097,786	354,038,345	127,383,048	14,868,753,083	14,982,785,178
2013-14	15,469,458,476	355,090,471	185,411,425	15,639,137,522	15,813,172,702
2014-15	16,549,429,908	365,538,552	238,579,023	16,676,389,437	16,915,260,543

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

Total Direct Tax Rate	Market/Just Value	Actual Taxable Value as a Percentage of Market/Just Value
1.1839	17,371,133,725	78.1%
1.2815	21,802,038,544	75.1%
1.1347	22,486,719,099	75.9%
1.1663	21,642,182,442	78.4%
1.2175	19,738,257,718	81.4%
1.2195	17,719,816,637	83.9%
1.2226	17,046,390,756	85.0%
1.1800	17,730,212,166	83.9%
1.1800	18,964,343,443	82.5%
1.1800	20,669,042,253	80.7%

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
2006	1.1400	0.0439	1.1839	0.0830	3.5790	0.0347
2007	1.2450	0.0365	1.2815	0.0680	3.5790	0.0320
2008	1.0997	0.0350	1.1347	0.0635	3.1469	0.0280
2009	1.1315	0.0348	1.1663	0.0635	3.4221	0.0293
2010	1.1800	0.0375	1.2175	0.0720	3.5938	0.0293
2011	1.1800	0.0395	1.2195	0.0826	3.5645	0.0293
2012	1.1800	0.0426	1.2226	0.0934	3.5645	0.0293
2013	1.1800	0.0000	1.1800	0.1102	3.5645	0.0293
2014	1.1800	0.0000	1.1800	0.1050	3.5645	0.0293
2015	1.1800	0.0000	1.1800	N/A	3.5645	0.0029

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

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

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

Mosquito Control did not include this in FY14-15. It was .1050 for FY 13-14

Overlapping Rates*

Conservation Collier	School Board	South Water Management	Combined Total
0.2500	5.9730	0.5265	11.7801
0.2500	5.5250	0.5266	11.4121
0.2242	5.3510	0.4814	10.5797
0.2500	4.9090	0.4814	10.4716
0.2500	5.2390	0.4814	10.8830
0.2500	5.6990	0.4814	11.3263
0.2500	5.5270	0.3418	11.0286
0.2500	5.5760	0.3390	11.0490
0.0000	5.6900	0.3278	10.8966
0.0000	5.5800	0.3097	10.6371

Schedule 8
City of Naples
Principal Property Tax Payers,
As of September 30, 2015

	2015			2006		
	Taxable Assessed values	Rank	% of total City of Naples assessed values	Taxable Assessed values	Rank	% of total City of Naples assessed values
Top 10 City of Naples Taxpayers						
The Moorings, Inc.	\$ 119,277,596	1	0.66%			
Florida Power & Light	116,461,693	2	0.64%	132,601,103	1	0.81%
Coastland Center, LLC	69,033,004	3	0.38%	124,926,587	2	0.76%
Westbury Properties, Inc.	46,658,721	4	0.26%	44,718,607	6	0.27%
Sandra Gerry	45,961,626	5	0.25%	64,360,063	3	0.39%
Randal D Bellestri Trust	42,677,283	6	0.24%			
Harold Square Land Trust	34,762,967	7	0.19%			
Montana Realty Company LLC	32,644,524	8	0.18%			
Linda Buonanno Trust	29,180,884	9	0.16%			
Arthur L Allen Jr.	11,337,310	10	0.06%			
Sprint-Florida Inc.				51,236,730	4	0.31%
Panthers				47,979,822	5	0.29%
Naples Hospitality Ltd Partnership				42,724,301	7	0.26%
Herb Trust, Judith A.				35,656,862	8	0.22%
Heritage Property Investment				34,338,768	9	0.21%
McCurry Trust, Susan				21,321,591	10	0.13%
	\$ <u>547,995,608</u>		<u>3.03%</u>	<u>599,864,434</u>		<u>3.67%</u>
Total City of Naples Assessed Value	\$ 18,096,590,306			16,365,007,556		

Sources: Collier County Property Appraiser and 2006 CAFR Certificate of Taxable Value/TRIM

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

Fiscal Year Ended Sept. 30	Taxes Levied for the Fiscal Year (1)	Current Collections		Delinquent Collections (2)	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2006	\$ 16,501,506	15,909,553	96.4%	8,584	15,918,137	96.5%
2007	21,488,943	20,751,659	96.6%	13,985	20,765,644	96.6%
2008	20,093,536	19,380,396	96.5%	13,308	19,393,704	96.5%
2009	20,402,060	19,722,046	96.7%	7,470	19,729,516	96.7%
2010	19,589,041	19,407,423	99.1%	11,482	19,418,905	99.1%
2011	17,989,673	17,849,758	99.2%	22,564	17,872,322	99.3%
2012	17,439,047	17,308,627	99.3%	82,115	17,390,742	99.7%
2013	17,927,260	17,242,814	96.2%	87,718	17,330,532	96.7%
2014	18,921,717	18,162,559	96.0%	77,324	18,239,883	96.4%
2015	19,959,663	19,117,239	95.8%	140,408	19,257,648	96.5%

Sources: (1) DR 420 MM Line 22

Note: (2) From City of Naples Finance Department

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

Fiscal Year	Government Activities				Business-type Activities		
	General Obligation Bonds	Public Service Tax Bonds	Redevelopment and Refunding Bonds	Capital Improvement Note	Water Bonds/Loans	Storm-water Loans	Non major Bonds
2006	4,440,000	9,710,015	5,265,000	0	30,730,759	3,144,816	490,000
2007	4,040,000	9,271,676	5,045,000	0	32,974,049	2,900,622	445,000
2008	3,615,000	8,809,527	4,815,000	0	32,102,331	2,731,467	400,000
2009	3,170,000	8,405,000	11,113,000	0	30,121,256	2,557,149	350,000
2010	2,700,000	7,895,000	10,481,000	0	28,046,845	2,377,508	300,000
2011	2,205,000	0	0	15,662,000	25,908,943	2,182,795	255,000
2012	1,690,000	0	0	14,333,000	23,755,858	2,001,606	195,000
2013	0	0	0	13,025,000	21,586,406	1,773,821	140,000
2014	0	0	0	11,536,000	19,210,230	1,465,201	80,000
2015	0	0	0	10,068,000	17,442,467	1,152,770	20,000

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

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

Total Primary Government	Percentage of Personal Income ^(a)	Per Capita ^(a)
53,780,590	4.31%	990
54,676,347	4.12%	770
52,473,325	3.77%	662
55,716,405	4.07%	726
51,800,353	3.78%	682
46,213,738	3.16%	617
41,975,464	2.56%	510
36,525,227	2.17%	436
32,291,431	1.96%	403
28,683,237	1.61%	339

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

Fiscal Year	General Obligation Bonds Outstanding	Percentage of Actual Taxable Value of Property ^(a)	Per Capita ^(b)
2006	4,440,000	0.03%	\$ 193.30
2007	4,040,000	0.02%	\$ 174.88
2008	3,615,000	0.02%	\$ 160.27
2009	3,170,000	0.02%	\$ 146.41
2010	2,700,000	0.02%	\$ 120.59
2011	2,205,000	0.01%	\$ 112.86
2012	1,690,000	0.01%	\$ 84.76
2013	0	0.00%	\$ -
2014	0	0.00%	\$ -
2015	0	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, 2015

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Naples Direct Debt			
Capital Improvement Note	10,068,000	100%	<u>10,068,000</u>
Total direct debt			<u>10,068,000</u>
Overlapping debt ^(a)			
Collier County (b)	360,920,536	23%	<u>83,011,723</u>
Total direct and overlapping debt			<u>83,011,723</u>
			<u>\$ 93,079,723</u>

Sources: Collier County Comprehensive Annual Financial Report Schedules

Notes (a) The City of Naples is not responsible for the Overlapping Debt. The applicable percentage was estimated using assessed property values.

Overlapping governments are those that coincide, at least in part with the geographic boundaries of the City

(b) Collier County debt outstanding as of September 30, 2014

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

Fiscal Year	Water Revenue Bonds					Coverage
	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service Requirement		
2006	\$ 22,736,438	12,414,794	10,321,644	2,962,385		3.48
2007	22,933,820	14,633,548	8,300,272	1,355,985		6.12
2008	25,299,408	15,407,221	9,892,187	1,357,735		7.29
2009	28,219,062	17,995,779	10,223,283	1,127,899		9.06
2010	28,303,440	17,224,710	11,078,730	1,127,899		9.82
2011	29,055,653	23,415,659	5,639,994	1,127,899		5.00
2012	28,262,634	23,195,559	5,067,075	1,127,899		4.49
2013	28,747,954	23,462,275	5,285,679	1,043,132		5.07
2014	32,117,638	24,066,181	8,051,457	2,809,207		2.87
2015	29,614,711	23,455,937	6,158,774	2,899,468		2.12

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation or amortization expenses.

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

Utility Tax Revenue Bonds				Tax Increment Revenue Bonds			
Utility Tax Collections	Debt Service		Coverage	Tax Increment Revenue	Debt Service		Coverage
	Principal	Interest			Principal	Interest	
4,091,549	470,000	504,480	4.20	2,815,241	210,000	194,927	6.95
3,877,556	495,000	481,984	3.97	3,205,099	220,000	187,123	7.87
3,707,751	515,000	460,746	3.80	3,028,298	230,000	179,185	7.40
3,135,961	540,000	438,195	3.21	2,965,522	562,000	412,793	3.04
3,716,989	510,000	390,860	4.13	2,863,692	632,000	425,286	2.71
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)

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

Calendar Year	Population	Personal Income <i>(thousands of dollars)</i>	Per Capita Income	Median Age	County School Enrollment	Unemployment Rate (June)
2006	22,970	1,248,117	54,337	62.4	42,775	3.2%
2007	23,101	1,327,060	71,033	62.4	42,062	4.3%
2008	22,556	1,393,690	79,315	63.0	41,666	8.2%
2009	21,651	1,369,989	76,708	62.5	42,786	11.5%
2010	22,390	1,368,953	75,910	63.8	42,098	11.7%
2011	19,537	1,462,579	74,862	63.9	42,430	11.0%
2012	19,939	1,641,299	82,316	64.2	43,238	9.0%
2013	20,115	1,685,597	83,798	64.3	43,789	7.5%
2014	20,537	1,646,164	80,156	64.0	44,415	5.9%
2015	20,968	1,776,430	84,721	64.0	45,995	4.9%

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.

*Prior to 2007, information on per capita income and median age was not available specifically for the City. For median age, 3 year estimates were provided by the American Community Survey Office. Prior to 2007, per capita income was an estimate based on various information from Collier County and the Bureau of Economic and Business Research.

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

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Collier County Public Schools	7,041	1	25.4%	5,365	1	36.5%
NCH Healthcare System	7,000	2	25.2%	2,269	3	15.4%
Publix Supermarkets	6,968	3	25.1%	-	-	-
Collier County Government	1,600	4	5.8%	3,788	2	25.7%
Marriott Corporation, Inc. (Ritz Carlton)	1,100	5	4.0%	870	5	5.9%
The County Club of Naples	1,050	6	3.8%	-	-	-
Collier County Sheriff	1,029	7	3.7%	-	-	-
The Moorings	754	8	2.7%	-	-	-
Naples Grande Beach Resort	700	9	2.5%	880	4	6.0%
Fifth-Third Bank	500	10	1.8%	-	-	-
City of Naples	-	-	-	493	6	3.4%
Naples Beach and Tennis	-	-	-	482	7	3.3%
Collier County Health Dept	-	-	-	219	8	1.5%
Allen Systems Group	-	-	-	200	9	1.4%
Kraft Construction Company	-	-	-	148	10	1.0%
Estimated Total	<u>27,742</u>		<u>100.0%</u>	<u>14,714</u>		<u>100.0%</u>

Sources: U.S. Bureau of Labor Statistics
Employer Historical Records
Collier County Clerk of Courts
Southwest Florida Economic Development Alliance

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

Function/Program	2006	2007	2008	2009	2010	2011
General Fund						
Mayor and Council	1.0	1.0	1.0	1.0	1.0	1.0
City Clerk	8.0	8.0	8.0	8.0	6.0	6.0
City Attorney	1.0	1.0	1.0	1.0	1.0	1.0
City Manager	4.0	4.0	4.0	7.0	6.7	8.9
Human Resources	7.0	7.0	7.0	6.0	5.0	4.0
Planning and Code Enforcement	10.0	10.0	10.0	5.0	5.0	4.0
Finance	21.8	21.8	21.8	21.8	19.8	19.8
Community Services	42.0	47.5	45.5	36.0	30.0	41.0
Police	111.7	111.7	111.7	109.7	104.4	98.4
Fire	59.0	61.0	61.0	61.0	61.0	63.0
Non-departmental	10.0	12.0	12.0	12.0	11.0	(b)
Water and Sewer Fund	99.5	96.0	100.0	95.0	98.0	97.0
Solid Waste Fund	25.0	29.0	29.0	28.0	24.0	25.5
Streets and Traffic Fund	5.5	5.5	5.5	7.5	7.5	7.5
Stormwater Fund	5.5	5.5	6.0	5.5	6.0	6.0
City Dock Fund	5.0	5.0	5.0	4.0	3.0	2.6
Tennis Fund	4.0	4.0	4.0	4.0	4.0	4.0
Beach Fund	14.1	14.3	13.8	12.8	12.8	13.0
Technology Services Fund	11.0	11.0	11.0	10.0	10.0	10.0
Equipment Services Fund	11.0	11.0	11.0	10.0	8.5	8.5
Risk Management Fund	2.0	2.0	2.0	1.0	1.0	1.0
Building Permit Fund	26.0	28.0	27.0	26.0	17.5	17.5
Community Redevelopment	6.0	9.0	9.0	9.0	8.3	8.3
Construction Management	8.0	8.0	8.0	(a)	(a)	(a)
TOTAL EMPLOYEES	498.1	513.3	514.3	481.3	451.5	448.0

Source: City of Naples Budget Document

Notes: (a) Fund eliminated in 2009.

(b) Reclassified from Nonoperating to Community Services in the General Fund.

Fiscal Year			
2012	2013	2014	2015
1.0	1.0	1.0	1.0
6.0	6.0	6.0	6.0
1.0	1.0	1.0	1.0
8.9	5.9	5.9	5.9
4.0	4.0	4.0	4.0
3.5	3.5	3.5	3.5
18.8	17.8	13.8	13.8
40.0	40.5	40.5	40.5
98.4	98.4	98.4	98.4
63.0	63.0	63.0	63.0
(b)	(b)	(b)	(b)
98.0	99.0	103.0	103.0
25.5	25.5	25.5	25.5
7.5	6.1	5.5	5.5
6.0	10.4	10.0	11.0
3.6	3.6	3.6	3.6
4.0	4.0	4.0	4.0
12.0	12.0	13.0	13.2
10.0	10.0	8.0	7.0
8.5	8.5	8.5	8.5
1.0	1.0	1.0	1.0
18.0	23.8	28.0	30.0
6.3	6.3	6.3	6.3
(a)	(a)	(a)	(a)
445.0	451.3	453.5	455.7

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

Function/Program	Fiscal Year			
	2006	2007	2008	2009
General government				
Commercial permits issued	251	247	280	268
Residential permits issued	1,113	1,317	1,164	1,994
Police				
Physical arrests	972	875	965	3,164
Parking violations	15,307	14,253	14,439	15,105
Traffic violations	10,974	9,706	9,843	11,087
Fire				
Emergency responses	4,487	4,490	4,437	4,810
Fires extinguished	53	54	49	70
Inspections	6,337	6,510	6,427	5,200
Refuse collection				
Refuse (tons per day)	129	124	114	119
Recyclables (tons per day)	10	13	15	14
Other public works				
Street resurfacing (miles)	2	2	15	11
Potholes repaired ^(a)	65	72	75	59
Parks and recreation				
Special events, participants ^(b)	571	675	712	759
Beach parking permits issued ^(c)	21,236	22,329	20,410	15,921
Camps, Classes, participants ^(d)	725	883	897	943
Water				
New connections	133	133	116	109
Water main breaks	13	21	22	68
Average daily consumption (millions of gallons)	17.8	15.3	15.3	16.0
Peak daily consumption (millions of gallons)	22.4	23.3	21.2	20.4
Wastewater				
Average daily sewage treatment (thousands of gallons)	6,830	7,135	6,673	6,720

Sources: Various City Departments

- Notes:**
- ^(a) This number represents the number of work orders given to patch hole contractor.
 - ^(b) Change in data collection in FY 2011 for a more accurate count
 - ^(c) The City did not issue permits in 2010 and 2011, and after 2011, stopped issuing free permits to
 - ^(d) The increase is due to new classes and programs offered at the new Aquatic Center and the Te

Fiscal Year					
2010	2011	2012	2013	2014	2015
237	182	285	225	144	143
828	961	1,267	1,229	1,133	1,124
658	465	1,111	758	634	575
15,985	14,351	15,107	12,906	12,778	11,271
7,601	5,641	8,168	6,767	5,489	5,989
4,423	4,812	4,839	4,901	5,217	5,539
61	97	96	69	98	96
8,412	6,557	7,882	7,761	7,299	7,589
101	103	153	131	119	92
10	12	17	19	21	28
9	9	5	5	4.25	4.26
73	98	77	72	63	82
980	3,501	3,550	3,640	3,812	3,760
N/A	N/A	5,560	6,590	6,802	5,249
850	876	4,510	5,350	5,531	11,066
70	93	172	171	226	201
16	12	16	21	14	17
14.7	15	14	13.5	14.3	13.8
19.2	18	19	17.8	19	18
6,330	5,852	5,688	5,680	5,225	4,800

› non-city residents
 nnis Center.

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

Function/Program	2006	2007	2008	2009	2010
Police					
Number of employees	120	124	115	110	104
Total Police Incidents Handled	68,365	60,908	58,658	55,580	48,192
Fire stations	3	3	3	3	3
Refuse collection trucks	27	27	25	24	25
Other public works					
Streets (miles)	106	106	106	108	108
Streetlights	2,370	2,371	2,371	2,375	2,390
Traffic signals	47	47	47	44	44
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	17,718	17,723	17,717	17,781	16,495
Plants	1	1	1	1	1
Capacity per day (millions of gallons)	30	30	30	30	30
Sewer					
Active accounts	8,651	8,647	8,645	9,052	8,814
Plants	1	1	1	1	1
Capacity per day (millions of gallons)	10	10	10	10	10

Sources: Various City departments

Fiscal Year				
2011	2012	2013	2014	2015
98	104	103	103	103
57,602	66,622	68,988	65,968	67,193
3	3	3	3	3
25	25	25	25	25
108	110	112	112	112
2,390	3,006	3,006	3,006	3,006
44	42	42	42	42
1	1	1	1	1
3	3	3	3	3
1	1	1	1	1
1	1	1	1	1
16,545	16,684	16,791	16,943	17,078
1	1	1	1	1
30	30	30	30	30
9,253	8,951	8,895	8,812	8,820
1	1	1	1	1
10	10	10	10	10

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Naples, Florida (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 9, 2016. Our report includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Management Letter as Findings 2015-001 and 2015-002 to be material weaknesses.

Compliance and Other Matters

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

City's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Bradenton, Florida

May 9, 2016



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Naples, Florida (the "City"), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated May 9, 2016.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

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* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 9, 2016, 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 annual financial audit report as finding 2014-001 was corrected during the current year and is not repeated in this year's report.

Official Title and Legal Authority

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

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we report 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.c. 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.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided 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 determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

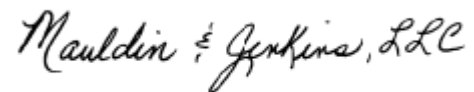
Other Matters

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Mayor and Members of the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Bradenton, Florida
May 9, 2016

Current Year Audit Findings and Recommendations

2015-001 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 reconcile the general ledger accounts to subsidiary ledgers and other supporting documentation on a monthly basis. Additionally, reconciliations should be reviewed by management to ensure proper preparation of reconciliations, and that balance sheet accounts are properly supported. The benefit of monthly reconciliations is that errors do not accumulate but can be identified and attributed to a particular period, which makes it easier to perform future reconciliations.

Condition: Our audit procedures disclosed that multiple balance sheet accounts were not timely or adequately reconciled to the general ledger. Reconciliations specific to Cash, Accounts Receivable, Capital Assets, and Payables initially provided by management did not agree to balances reported in the general ledger. Significant adjustments were required to adjust various fund accounts as follows: decrease in cash by \$199,130, decrease in accounts receivable by \$246,982, increase to capital assets by \$13,275,837, decrease to accounts payable by \$150,318, decrease in revenues by \$262,757 and decrease in expenses by \$13,242,800.

Context/Cause: The Finance Department has experienced turnover at key positions during the audit period and as a result, various City procedures were not being followed and performed to ensure proper reconciliation and reporting of accounts.

Effect: Material audit adjustments were required to be posted within most all of the City's funds for the fair presentation of the financial statements.

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

Management's Response: There were two issues that caused disruption in the closing process. The changing of the financial institution and turnover of key employees caused a lack of continuity in year-end procedures.

From a balance sheet perspective, management has put into place additional steps to assure that all balance sheet accounts are reconciled timely. A daily procedure has been added that includes the daily recording of automatic electronic transactions that hit the bank and corresponding cash. Each fund has been assigned to a member of the accounting staff with the requirements that all receivables and fund balances (reserved and unreserved) must be reviewed quarterly and before the end of the fiscal year to assure that all items that are being included as receivable are in fact correctly measured and collectable and fund balances are classified as reserved only when adequately supported.

The major expenditure issue was related to asset additions, deletions and corresponding depreciation. This problem can be directly attributed to existing assets and depreciation expense. There was a calculations problem with how the City accounted for new assets being added in Munis system and how the older assets were brought into Munis from the City's old SunGard System. Such a system was a manual set of adjustments made in prior years. The Munis system has features that were not used by staff to audit and maintain an accurate fixed asset accounting. Staff is committed to automating this process and to performing quarterly reconciliations between the accounts, fixed asset additions and the fixed asset contra account.

2015 – 002 Fund Balance/Net Assets

Criteria: Governmental funds report the difference between assets and liabilities as fund balance. Entity-wide level information and proprietary funds report the differences between assets and liabilities as net position. The function of fund balance / net position is to measure financial resources.

Condition: For the fiscal year ending September 30, 2015, the City's fund balance / net position was not properly stated by the City in its governmental activities, General Fund, Capital Projects Fund, Nonmajor Governmental Funds, Water and Sewer Fund, Solid Waste Fund, and Nonmajor Enterprise Funds. Adjustments to the various funds decreased capital assets by \$3,245,398; decreased deferred outflows of resources by \$108,034; increased various expenses by \$109,982; and reduced fund balance / net position by \$3,243,450.

Context/Cause: The Finance Department has experienced turnover at key positions during the audit period and as a result, various City procedures were not being followed and performed to ensure proper reconciliation and reporting of accounts. Additionally, a final review of audited trial balances provided by the auditor to the City were not compared to the City's general ledger to ensure agreement.

Effect: Material audit adjustments were required to be posted to the noted funds of the City for the fair presentation of the financial statements.

Recommendation: The City should record all audit adjusting entries to properly state fund balance / net position at year end and perform reviews to ensure the City's financial statements are in agreement with the City's general ledger.

Management's Response: FY 2013-14 was the first year that the city outsourced the preparation of the financial statements. Concurrently the City lost its primary employee charged with the preparation of the financials. The individuals who left departed in the middle of the process, and thus, some items were entered into the Munis that were not entered into the audit and vice versa. Being new, staff should have performed a final review of the Munis trial balance compared to the financial statements and reconciled these to ensure that there wasn't a variance which there was. For 2014-15 year, the year-end entries have been followed and traced by the same staff members to ensure continuity.



INDEPENDENT AUDITOR'S REPORT

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

We have examined the City of Naples, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2015. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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.

Mauldin & Jenkins, LLC

Bradenton, Florida
May 9, 2016