

COLLIER COUNTY COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of Collier County, Florida)

Financial Statements

Year Ended September 30, 2020
(With Report of Independent Certified Public Accountants)

COLLIER COUNTY COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of Collier County, Florida)

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INDEPENDENT AUDITORS' REPORT

Executive Board
Collier County Community Redevelopment Agency
Collier County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Collier County Community Redevelopment Agency (CRA), a component unit of Collier County, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the entity'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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 auditors' 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 opinion.

Opinion

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2020 the CRA adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4-9, the schedules of the CRA's proportionate share of the net pension liability and of CRA contributions on page 42 and the schedule of changes in the CRA's total OPEB liability and related ratios on page 43 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 an opinion on the CRA's basic financial statements. The schedule of senior debt coverage and schedule of subordinated debt coverage are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

Executive Board
Collier County Community Redevelopment Agency
Collier County, Florida

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2021, on our consideration of the CRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CRA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Naples, Florida
June 17, 2021

COLLIER COUNTY COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of Collier County, Florida)

Management's Discussion and Analysis
(Unaudited)

This section of the Collier County Community Redevelopment Agency's (CRA) financial report represents management's discussion and analysis of the CRA's financial performance during the fiscal year ended September 30, 2020. Please read the information presented here in conjunction with the financial statements and notes to the financial statements which follow this section.

The CRA was created by the Collier County Board of County Commissioners on March 14, 2000 by Resolution 2000-82. The CRA has two redevelopment areas: The Bayshore Gateway Triangle Community Redevelopment Area and the Immokalee Community Redevelopment Area. The Collier County Board of County Commissioners is the ex-officio governing Board of the CRA.

Financial Highlights

- The CRA's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources as of September 30, 2020 by \$20,010,347.
- The CRA's total net position increased by \$1,260,471 during fiscal year 2020. The increase is primarily due to an increase in tax increment revenue as a result of an increase in property tax values. In addition, the Bayshore Gateway Triangle CRA received a \$360,000 settlement related to a prior year land sale.
- Total net notes payable owed by the CRA decreased by \$850,556 during fiscal year 2020. Additional information on debt activity can be found in Note 4 to the financial statements beginning on page 26.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction and explanation of the CRA's basic financial statements. The CRA's financial statements include government-wide and fund financial statements, as well as notes to the basic financial statements. This report also contains required supplementary information in addition to the financial statements themselves.

Government-Wide Financial Statements

Government-wide financial statements are designed to provide the reader an overview of the financial position of the CRA and are similar to private sector financial statements. These statements are comprised of a Statement of Net Position and a Statement of Activities and are found on pages 10 to 11 of this report.

The Statement of Net Position shows the financial position of the CRA as of September 30, 2020. The statement shows the CRA's assets and deferred outflows of resources less its liabilities and deferred inflows of resources, with the difference being reported as net position. Changes in net position are useful indicators of financial condition.

The Statement of Activities follows the Statement of Net Position and reports the changes in net position over the fiscal period. All changes in net position are reported as soon as the underlying events that gave rise to the change occur, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported for some items, such as accounts receivable or accrued unused vacation leave, that will manifest themselves in cash inflows and outflows, respectively, in future fiscal periods.

The CRA's government-wide financial statements present functions of the CRA that are principally supported by tax increment financing (governmental activities). The CRA has no business-type activities.

Fund Financial Statements

A fund is a group of related accounts used to maintain control over resources that have been segregated to meet specific objectives. As dictated by generally accepted accounting principles, the CRA uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The CRA utilizes three funds for the fiscal year ended September 30, 2020; the *Bayshore Gateway Community Redevelopment Agency Fund*, the *Immokalee Community Redevelopment Agency Fund* and the *Community Redevelopment Taxable Note Debt Service Fund*.

Governmental funds, presented on pages 12 to 18, account for substantially the same functions as governmental activities reported under the government-wide Statement of Net Position and Statement of Activities. The difference is that the governmental fund financial statements focus on inflows and outflows of expendable resources, as well as balances of expendable resources available at the end of the fiscal year, on a near term basis. As such, these statements present a narrower view of financial condition, but are nonetheless useful in evaluating the CRA's near term financing requirements and available resources.

The CRA adopts an annual budget for all funds as described in Note 1 to the financial statements. Budgetary comparison statements presented demonstrate compliance with the budget and also provide an analysis of significant budgetary variances (both original budget versus the final amended budget).

Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data provided in both the government-wide and fund financial statements. The notes appear on pages 19 to 40 of this report.

Government-Wide Financial Analysis

The following are the CRA's net position and changes in net position for the fiscal years ended September 30, 2019 and 2020, shown in condensed form:

Collier County Community Redevelopment Agency
(A Component Unit of Collier County, Florida)
Schedule of Net Position

	Governmental Activities		Increase (Decrease)	Total
	2020	2019*		Percentage Change
Current and other assets	\$ 15,105,894	\$ 13,806,145	\$ 1,299,749	9.4%
Capital assets, net	9,453,277	9,687,954	(234,677)	(2.4%)
Total assets	<u>24,559,171</u>	<u>23,494,099</u>	<u>1,065,072</u>	4.5%
Deferred outflows of resources	123,123	118,242	4,881	4.1%
Long-term liabilities	3,388,274	4,324,696	(936,422)	(21.7%)
Current liabilities	1,269,986	510,534	759,452	148.8%
Total liabilities	<u>4,658,260</u>	<u>4,835,230</u>	<u>(176,970)</u>	(3.7%)
Deferred inflows of resources	13,687	27,235	(13,548)	(49.7%)
Net position:				
Net investment in capital assets	9,177,312	9,641,395	(464,083)	(4.8%)
Restricted	10,833,035	9,108,481	1,724,554	18.9%
Total net position	<u>\$ 20,010,347</u>	<u>\$ 18,749,876</u>	<u>\$ 1,260,471</u>	6.7%

* The 2019 fiscal year has not been restated for the impact of GASB 87, Leases. Please see Note 12 on page 40 for further information.

The largest portion of the CRA's net position, \$10,833,035, is comprised of \$10,514,252 of restrictions for community redevelopment and \$318,783 for debt service. Restricted net position is subject to external restriction on how they may be used.

The CRA's net position also includes \$9,177,312 of capital assets such as land, building, improvements other than buildings, infrastructure and machinery and equipment, net of depreciation and any outstanding debt related to the construction or purchase of the asset. Capital assets are used to provide services to the citizen within the CRA district and consequently do not represent spendable resources.

Collier County Community Redevelopment Agency
(A Component Unit of Collier County, Florida)
Schedule of Net Position

	Governmental Activities		Increase (Decrease)	Total
	2020	2019*		Percentage Change
				2019-2020
Revenues				
Program revenues:				
Fines, fees and charges for services	\$ 10,890	\$ 132,295	\$ (121,405)	(91.8%)
Operating grants and contributions	14,929	21,012	(6,083)	(29.0%)
General revenues:				
Property taxes (TIF)	2,752,300	2,470,900	281,400	11.4%
Interest income	84,652	127,886	(43,234)	(33.8%)
Miscellaneous	419,568	92,179	327,389	355.2%
Total revenues	3,282,339	2,844,272	438,067	15.4%
Expenses				
Economic environment	2,016,407	1,605,724	410,683	22.6%
Interest on long-term debt	134,461	168,913	(34,452)	(20.4%)
Total expenses	2,150,868	1,774,637	376,231	21.2%
Increase in net				
position before net transfers	1,131,471	1,069,635	61,836	5.8%
Net appropriation from County funds	129,000	221,800	(92,800)	(41.8%)
Change in net position	1,260,471	1,291,435	(30,964)	(2.4%)
Net position – beginning	18,749,876	17,458,441	1,291,435	7.4%
Net position – ending	\$ 20,010,347	\$ 18,749,876	\$ 1,260,471	6.7%

* The 2019 fiscal year has not been restated for the impact of GASB 87, Leases. Please see Note 12 on page 40 for further information.

At September 30, 2020, the CRA's total net position amounted to \$20,010,347, as compared to \$18,749,876 as of September 30, 2019. Net position changes as a result of operations, non-operating revenues and expenses.

Property taxes increased \$281,400 primarily due to an increase in the property values within the CRA district. Tax increment revenues is a function of the increase in the assessed values of properties within the CRA district above the base year valuation amounts, as well as the operating millage rate of each taxing district that contributes. Miscellaneous revenue increased due to a \$360,000 settlement related to a land sale from a previous fiscal year. Economic environment expenses increased \$410,683 primarily as a result of the CRA funding a portion of the City of Naples fire suppression project in the Bayshore Gateway area.

Fund Financial Statement Analysis

As mentioned previously, the CRA utilizes fund accounting to ensure compliance with finance related legal requirements.

Governmental Funds

Governmental funds provide information on near term inflows, outflows and balances of spendable resources. Unassigned fund balance is a useful measure of net resources available to be spent at the end of the fiscal year. Governmental funds consist of Special Revenue funds and a Debt Service Fund.

As of September 30, 2020, the CRA reported combined restricted fund balances of \$14,303,846, an increase of \$756,454 when compared to prior year combined fund balances. The restricted fund balance consists of monies whose expenditures are externally constrained by grantors, creditors, binding law or enabling legislation.

The following were noteworthy activities and changes relating to the governmental funds for fiscal year 2020:

- The Bayshore Gateway Community Redevelopment Agency was created to benefit blighted areas in the Bayshore Gateway Triangle. During fiscal year 2020, the Bayshore Gateway Community Redevelopment Agency collected \$1,995,700 in tax increment revenues. In addition, the agency received \$414,835 in miscellaneous revenues for rents and a land dispute settlement and earned \$63,955 in interest income. Operating expenditures of \$1,240,665, mainly consisting of personal services and improvements to the water lines and fire hydrants within the district. In addition, capital expenditures of \$1,170 were made for computer equipment.
- The Immokalee Community Redevelopment Agency was created to benefit blighted areas in Immokalee. During fiscal year 2020, the Immokalee Community Redevelopment Agency collected \$756,600 in tax increment revenues. Operating expenditures of \$314,732, mainly consisting of personal services and general operating expenditures, were associated with the Immokalee Community Redevelopment Agency. In addition, capital expenditures of \$76,486 were made for audio equipment for the Immokalee Sports Complex and sidewalk projects in the district. In addition, debt service expenditures of \$34,991 were made for leased office space.

Capital Assets

The CRA's financial statements present capital assets in two distinct groups, those that are depreciated and those not subject to depreciation. Buildings, improvements and equipment are examples of assets that are depreciated, and land and construction in progress are examples of assets that are not depreciated. The CRA's capital assets, net of accumulated depreciation, decreased by \$234,677 from \$9,687,954 at the end of fiscal year 2019 to \$9,453,277 at the end of fiscal year 2020.

The CRA spent \$14,237 on capital equipment and improvements during fiscal year 2020, including \$12,027 for an outdoor audio system at the Immoklaee sports complex, \$1,040 for a welcome sign for the Zocalo Plaza Park in Immokalee and \$1,170 for computer equipment for the Bayshore Gateway CRA. In addition, the Immokalee CRA added \$63,419 in construction in progress related to the Immokalee sidewalk improvement project. This project is expected to be completed by April 2021.

Additional information regarding the CRA's capital assets can be found in Note 3 on page 26 of this report.

Debt Administration

At September 30, 2020 the CRA had total notes of \$3,291,218, a decrease of \$850,556 from the previous year.

The following table illustrates the balances of notes payable as of the fiscal years ended September 30, 2020 and 2019:

	2020	2019*
Direct Placement Note Payable	\$ 3,291,218	\$ 4,141,774
Leases Payable	28,990	-
Total	<u>\$ 3,320,208</u>	<u>\$ 4,141,774</u>

* The 2019 fiscal year has not been restated for the impact of GASB 87, Leases. Please see Note 12 on page 40 for further information.

The Constitution of the State of Florida, Florida Statute 200.181 and Collier County set no legal debt limit. Further information regarding the CRA's long-term debt can be found in Note 4 on pages 26 to 28 of this report.

Economic Factors and Fiscal Year 2021 Budgets and Rates

The following factors were considered in preparing the CRA's fiscal year 2021 budget:

- A greater of \$1,200 per employee or 2% general wage adjustment along with a .8% market based pay plan maintenance component.
- A \$1,700,000 increase in capital outlay for stormwater projects, various beautification projects and property improvements.
- Anticipated closing on the sale of the Mini-Triangle Property and using the proceeds to pay off the note payable.
- Proposed purchase of property in the Bayshore Gateway Area known as Del's Corner.

Contact Information

This financial report is intended to give the user a general overview of CRA's finances. Any questions resulting from review of this information may be addressed to:

Collier County Clerk of the Circuit Court and Comptroller
Department of Finance and Accounting
3299 Tamiami Trail East, Suite #403
Naples, Florida 34112-5746

Our office may also be contacted via the internet at www.collierclerk.com.

COLLIER COUNTY COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of Collier County, Florida)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 1,269,986
Cash with fiscal agent	318,783
Interest receivable	5,364
Due from other governments	13,694
Deposits	625
Inventory for resale	9,566,960
Total current assets	11,175,412
Noncurrent assets:	
Cash and investments	3,930,482
Capital assets:	
Land and non-depreciable capital assets	1,731,605
Depreciable capital assets, net	7,721,672
Total noncurrent assets	13,383,759
Total assets	24,559,171
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to OPEB	2,351
Deferred outflows of resources related to pensions	120,772
Total deferred outflows of resources	123,123
LIABILITIES	
Current liabilities:	
Accounts payable	289,543
Wages payable	26,455
Retainage payable	2,075
Refundable deposits	1,500
Due to county funds	363,346
Due to other governments	227
Compensated absences	35,395
Leases payable	28,990
Notes payable	508,308
Total OPEB liability	3,084
Net pension liability	1,299
Interest payable	9,764
Total current liabilities	1,269,986
Noncurrent liabilities:	
Advances from county funds	118,902
Compensated absences	8,849
Total OPEB liability	49,643
Net pension liability	427,970
Notes payable	2,782,910
Total noncurrent liabilities	3,388,274
Total liabilities	4,658,260
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to OPEB	1,109
Deferred inflows of resources related to pensions	12,578
Total deferred inflows of resources	13,687
NET POSITION	
Net investment in capital assets	9,177,312
Restricted for:	
Community redevelopment	10,514,252
Debt service	318,783
Total net position	\$ 20,010,347

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

COLLIER COUNTY COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of Collier County, Florida)
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary Government:				
Governmental Activities:				
Economic environment	\$ 2,016,407	\$ 10,890	\$ 14,929	\$ (1,990,588)
Interest and fiscal charges	134,461	-	-	(134,461)
Total governmental activities	<u>\$ 2,150,868</u>	<u>\$ 10,890</u>	<u>\$ 14,929</u>	<u>(2,125,049)</u>
General revenues:				
				2,752,300
Property taxes				84,652
Interest income				419,568
Miscellaneous				129,000
Net appropriation from County funds				<u>3,385,520</u>
Total general revenues and transfers				<u>3,385,520</u>
Change in net position				1,260,471
Net position - beginning				<u>18,749,876</u>
Net position - ending				<u>\$ 20,010,347</u>

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

**COLLIER COUNTY COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of Collier County, Florida)**

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	Bayshore Gateway Community Redevelopment Agency	Immokalee Community Redevelopment Agency	Community Redevelopment Taxable Note	Total Governmental Funds
ASSETS				
Cash and investments	\$ 3,731,244	\$ 1,221,195	\$ 248,029	\$ 5,200,468
Cash with fiscal agent	-	-	318,783	318,783
Receivables:				
Interest	4,071	1,237	56	5,364
Due from other governments	13,694	-	-	13,694
Deposits	-	625	-	625
Inventory for resale	9,566,960	-	-	9,566,960
Total assets	<u>\$ 13,315,969</u>	<u>\$ 1,223,057</u>	<u>\$ 566,868</u>	<u>\$ 15,105,894</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 265,905	\$ 23,638	\$ -	\$ 289,543
Wages payable	18,583	7,872	-	26,455
Due to county funds	363,346	-	-	363,346
Due to other governments	-	227	-	227
Refundable deposits	1,500	-	-	1,500
Retainage payable	-	2,075	-	2,075
Advances from County	-	118,902	-	118,902
Total liabilities	<u>649,334</u>	<u>152,714</u>	<u>-</u>	<u>802,048</u>
Fund balances:				
Restricted	<u>12,666,635</u>	<u>1,070,343</u>	<u>566,868</u>	<u>14,303,846</u>
Total fund balances	<u>12,666,635</u>	<u>1,070,343</u>	<u>566,868</u>	<u>14,303,846</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,315,969</u>	<u>\$ 1,223,057</u>	<u>\$ 566,868</u>	<u>\$ 15,105,894</u>

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

COLLIER COUNTY COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of Collier County, Florida)
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Differences in amounts reported for governmental activities in the statement of net position on page 10:

Fund balances - total governmental funds \$ 14,303,846

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land and other non-depreciable assets	\$	1,604,113	
Construction in progress		127,492	
Depreciable assets, net of \$2,176,739 in accumulated depreciation		<u>7,721,672</u>	9,453,277

Certain liabilities applicable to the CRA's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but is recognized as an expenditure when due. All liabilities are reported in the statement of net position. Balances at September 30, 2020 are:

Accrued interest on bonds	\$	(9,764)	
Notes payable		(3,291,218)	
Lease obligations		(28,990)	
Compensated absences		(44,244)	
Total OPEB liability		(52,727)	
Net pension liability		<u>(429,269)</u>	(3,856,212)

OPEB deferred outflows 2,351
Pension deferred outflows 120,772

OPEB deferred inflows (1,109)
Pension deferred inflows (12,578)

Total net position - governmental activities \$ 20,010,347

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

COLLIER COUNTY COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of Collier County, Florida)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Bayshore Gateway Community Redevelopment Agency	Immokalee Community Redevelopment Agency	Community Development Taxable Note	Total Governmental Funds
Revenues:				
Taxes	\$ 1,995,700	\$ 756,600	\$ -	\$ 2,752,300
Intergovernmental	14,192	737	-	14,929
Charges for services	10,890	-	-	10,890
Interest income	63,955	19,199	1,498	84,652
Miscellaneous	414,835	4,733	-	419,568
Total revenues	<u>2,499,572</u>	<u>781,269</u>	<u>1,498</u>	<u>3,282,339</u>
Expenditures:				
Economic environment				
Personal services	379,251	146,119	-	525,370
Operating	861,414	168,613	-	1,030,027
Debt service				
Principal	-	34,297	850,556	884,853
Interest	-	694	136,290	136,984
Capital outlay	<u>1,170</u>	<u>76,486</u>	<u>-</u>	<u>77,656</u>
Total expenditures	<u>1,241,835</u>	<u>426,209</u>	<u>986,846</u>	<u>2,654,890</u>
Excess (deficit) of revenues over (under) expenditures	<u>1,257,737</u>	<u>355,060</u>	<u>(985,348)</u>	<u>627,449</u>
Other financing sources (uses):				
Sale of capital assets	5	-	-	5
Net appropriation from County funds	90,400	38,600	-	129,000
Transfers in	75,200	-	1,198,500	1,273,700
Transfers out	<u>(1,198,500)</u>	<u>(75,200)</u>	<u>-</u>	<u>(1,273,700)</u>
Total other financing sources (uses)	<u>(1,032,895)</u>	<u>(36,600)</u>	<u>1,198,500</u>	<u>129,005</u>
Net change in fund balances	224,842	318,460	213,152	756,454
Fund balances at beginning of year	<u>12,441,793</u>	<u>751,883</u>	<u>353,716</u>	<u>13,547,392</u>
Fund balances at end of year	<u>\$ 12,666,635</u>	<u>\$ 1,070,343</u>	<u>\$ 566,868</u>	<u>\$ 14,303,846</u>

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

**COLLIER COUNTY COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of Collier County, Florida)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

Differences in amounts reported for governmental activities in the statement of activities on page 11:

Net change in fund balances - total governmental funds \$ 756,454

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is allocated over their estimate useful lives and reported as depreciation expense.

Capital outlay	\$	77,656	
Depreciation and amortization expense		<u>(373,601)</u>	(295,945)

In the statement of net position, the gain or loss on the sale of capital assets is reported. However, in the governmental funds the proceeds from the sale of capital assets increase financial resources. The change in net position differs from the change in fund balances by the net book value of assets disposed. (2,019)

Debt proceeds provide current financial resources for governmental funds, but issuing debt increases liabilities in the statement of net position. Repayment of principal on long-term debt is an expenditure in governmental funds, but a reduction of long-term liabilities in the statement of net position.

Note principal payments	\$	850,556	
Payments on lease obligations		<u>34,297</u>	884,853

Certain amounts reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated absences	\$	(12,585)	
OPEB expense		(33,045)	
Pension expense		(39,765)	
Accrued interest on bonds and loans		<u>2,523</u>	<u>(82,872)</u>

Change in net position - governmental activities \$ 1,260,471

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

COLLIER COUNTY COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of Collier County, Florida)
BAYSHORE GATEWAY COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$ 1,995,700	\$ 1,995,700	\$ 1,995,700	\$ -
Intergovernmental	-	802,040	14,192	(787,848)
Charges for services	-	527,960	10,890	(517,070)
Interest income	40,000	40,000	62,804	22,804
Miscellaneous	-	6,732,959	414,835	(6,318,124)
Total revenues	<u>2,035,700</u>	<u>10,098,659</u>	<u>2,498,421</u>	<u>(7,600,238)</u>
Expenditures:				
Economic environment				
Personal services	499,900	499,900	379,251	120,649
Operating	484,100	2,107,016	861,414	1,245,602
Capital outlay	<u>151,500</u>	<u>3,257,700</u>	<u>1,170</u>	<u>3,256,530</u>
Total expenditures	<u>1,135,500</u>	<u>5,864,616</u>	<u>1,241,835</u>	<u>4,622,781</u>
Excess of revenues over expenditures	<u>900,200</u>	<u>4,234,043</u>	<u>1,256,586</u>	<u>(2,977,457)</u>
Other financing sources (uses):				
Sale of capital assets	-	-	5	5
Net appropriation from County funds	90,400	90,400	90,400	-
Transfers in	75,200	3,078,916	2,579,000	(499,916)
Transfers out	<u>(629,500)</u>	<u>(7,393,216)</u>	<u>(3,702,300)</u>	<u>3,690,916</u>
Total other financing sources (uses)	<u>(463,900)</u>	<u>(4,223,900)</u>	<u>(1,032,895)</u>	<u>3,191,005</u>
Net change in fund balances	436,300	10,143	223,691	213,548
Fund balances at beginning of year	<u>1,803,600</u>	<u>2,874,600</u>	<u>2,874,600</u>	<u>-</u>
Fund balances at end of year	<u>\$ 2,239,900</u>	<u>\$ 2,884,743</u>	<u>\$ 3,098,291</u>	<u>\$ 213,548</u>
Reconciliation:				
Net change in fund balance, budgetary basis			\$ 223,691	
Net change in fair value of investments			1,151	
Net change in fund balance, GAAP basis			<u>\$ 224,842</u>	

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

COLLIER COUNTY COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of Collier County, Florida)
IMMOKALEE COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$ 756,600	\$ 756,600	\$ 756,600	\$ -
Intergovernmental	-	-	737	737
Charges for services	-	676,365	-	(676,365)
Interest income	12,000	12,000	18,933	6,933
Miscellaneous	-	-	4,733	4,733
Total revenues	<u>768,600</u>	<u>1,444,965</u>	<u>781,003</u>	<u>(663,962)</u>
Expenditures:				
Economic environment				
Personal services	277,300	232,300	146,119	86,181
Operating	272,700	443,123	168,613	274,510
Debt service	35,000	35,000	34,991	9
Capital outlay	<u>3,500</u>	<u>903,141</u>	<u>76,486</u>	<u>826,655</u>
Total expenditures	<u>588,500</u>	<u>1,613,564</u>	<u>426,209</u>	<u>1,187,355</u>
Excess (deficit) of revenues over (under) expenditures	<u>180,100</u>	<u>(168,599)</u>	<u>354,794</u>	<u>523,393</u>
Other financing sources (uses):				
Net appropriation from County funds	8,600	103,279	8,600	(94,679)
Transfers in	60,000	220,070	86,804	(133,266)
Transfers out	<u>(135,200)</u>	<u>(295,270)</u>	<u>(162,004)</u>	<u>133,266</u>
Total other financing sources (uses)	<u>(66,600)</u>	<u>28,079</u>	<u>(66,600)</u>	<u>(94,679)</u>
Net change in fund balances	113,500	(140,520)	288,194	428,714
Fund balances at beginning of year	<u>779,900</u>	<u>888,850</u>	<u>888,850</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 893,400</u></u>	<u><u>\$ 748,330</u></u>	<u><u>\$ 1,177,044</u></u>	<u><u>\$ 428,714</u></u>
Reconciliation:				
Net change in fund balance, budgetary basis			\$ 288,194	
Net change in fair value of investments			266	
Advances budgeted as transfers			<u>30,000</u>	
Net change in fund balance, GAAP basis			<u><u>\$ 318,460</u></u>	

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

COLLIER COUNTY COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of Collier County, Florida)
COMMUNITY REDEVELOPMENT TAXABLE NOTE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Interest income	\$ -	\$ -	\$ 1,473	\$ 1,473
Total revenues	-	-	1,473	1,473
Expenditures:				
Debt service:				
Principal	491,000	4,251,000	850,556	3,400,444
Interest	140,000	140,000	136,290	3,710
Fiscal charges	1,000	1,000	-	1,000
Total expenditures	632,000	4,392,000	986,846	3,405,154
Excess (deficit) of revenues over (under) expenditures	(632,000)	(4,392,000)	(985,373)	3,406,627
Other financing sources (uses):				
Transfers in	629,500	4,389,500	1,198,500	(3,191,000)
Total other financing sources (uses)	629,500	4,389,500	1,198,500	(3,191,000)
Net change in fund balances	(2,500)	(2,500)	213,127	215,627
Fund balances at beginning of year	352,500	352,500	352,500	-
Fund balances at end of year	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ 565,627</u>	<u>\$ 215,627</u>
Reconciliation:				
Net change in fund balance, budgetary basis			\$ 213,127	
Net change in fair value of investments			25	
Net change in fund balance, GAAP basis			<u>\$ 213,152</u>	

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Collier County Community Redevelopment Agency (CRA) have been prepared in accordance with accounting principles generally accepted in the United States of America for governmental entities (GAAP). The more significant of the CRA's accounting policies are described below.

THE REPORTING ENTITY

The CRA was established by Resolution 2000-82 to benefit blighted areas in both the Immokalee Redevelopment and Bayshore Gateway Triangle Redevelopment Areas. These two redevelopment areas are geographically separate and distinct. The Board of the CRA (Board) is governed by the five members of the Collier County Board of County Commissioners (County). The CRA is considered to be a blended component unit in the County's Comprehensive Annual Financial Report.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements consist of the government-wide financial statements and fund financial statements. Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements report on the government as a whole and provide a consolidated financial picture of the government. As part of the consolidation process, interfund activities are eliminated to avoid distorted financial results. The Statement of Net Position reports all financial and capital resources of the CRA's governmental activities. Governmental activities are those supported by charges for services, taxes and intergovernmental revenues. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges for goods or services that are recovered directly from customers for services rendered and grants and contributions that are restricted to capital or operational use in a particular program. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is provided which briefly explains the adjustments necessary to reconcile the results of governmental fund accounting to the government-wide presentations.

BASIS OF PRESENTATION

The following are reported as major governmental funds:

Bayshore Gateway Community Redevelopment Special Revenue Fund – The Bayshore Gateway Community Redevelopment Special Revenue Fund is used to account for the receipt and expenditures of tax increment revenues generated by the Bayshore Gateway Community Redevelopment Area.

Immokalee Community Redevelopment Special Revenue Fund – The Immokalee Community Redevelopment Special Revenue Fund is used to account for the receipt and expenditures of tax increment revenues generated by the Immokalee Community Redevelopment Area.

Community Redevelopment Taxable Note Debt Service Fund – The Community Redevelopment Taxable Note Debt Service Fund is used to account for the accumulation of resources and payment of interest and principal on taxable long-term debt incurred for the acquisition of land in the Bayshore Gateway Community Redevelopment Agency.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the Statement of Net Position and the operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned and measurable, and expenses are recognized in the period incurred. Grant and similar revenues are recognized when eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance expenditures of the fiscal period. Generally, revenues are considered available when they are collected within the current period or within 60 days after the end of the fiscal year. Grant revenues are an exception and are considered available when eligibility requirements are met. Primary revenues which have been treated as susceptible to accrual include, where material, charges for services, interest earnings and intergovernmental revenues. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include accrued compensated absences, pension, other postemployment benefits and principal and interest on long-term debt.

CASH, CASH EQUIVALENTS AND INVESTMENTS

The CRA participates in the County's pooled cash investment program. Investment income is allocated to individual funds based upon their average daily balance in cash and investment pool. Investments in debt securities are recorded at fair value based upon values obtained from an independent pricing service. Investments in Local Government Surplus Funds Trust Fund (Florida Prime) are stated at fair value. The County categorizes its fair value measurement within the fair value hierarchy established in Government Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*.

RESTRICTED ASSETS

CRA assets are restricted for specific purposes. The debt service restriction is used to evidence the accumulation of resources for debt service payments in the future and required cash reserves. Assets are also restricted for the payment of refundable deposits and certain notes payable.

RECEIVABLES

The accounts receivables of the CRA are recorded net of allowances for uncollectible accounts, if any. All non-user receivables over one year old are recorded as uncollectible. The CRA's unbilled service revenues are accrued at the end of the year by prorating actual subsequent billings.

INVENTORY HELD FOR RESALE

Inventory held for resale consists of real estate holdings which the CRA intends to sell. The value of these properties includes the original purchase price. Inventory held for resale of \$9,566,960 is classified as restricted, which indicates that they do not constitute available resources.

CAPITAL ASSETS

Capital assets purchased for use in the operations of the CRA are stated at cost. Contributed collection systems and equipment are recorded at acquisition value on the date of contribution. Depreciation is provided using the straight-line method over the estimated useful lives of the assets ranging from 3-20 years for equipment, 3-30 years for infrastructure, 20-45 years for buildings, and from 4-45 years for improvements other than buildings.

The CRA capitalizes expenditures with a cost of \$1,000 or more and with a useful life in excess of one year. Expenditures for maintenance and repairs are charged to operating expenses. The cost of capital assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss on disposition is credited or charged to earnings.

LEASES

The CRA follows the provisions of Government Accounting Standards Board Statement No. 87, *Leases*. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

As a lessee, the CRA recognizes a lease liability and an intangible right-to-use lease asset in the CRA's financial statements. The CRA initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the term of the lease.

The CRA monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the leases if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

ACCRUED COMPENSATED ABSENCES

The CRA follows the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. This statement provides for the measurement of accrued vacation leave and other compensated absences using the pay or salary rates in effect at the balance sheet date. It also requires additional amounts to be accrued for certain salary related payments associated with the payment of compensated absences.

It is the CRA's policy to allow employees to accumulate an unlimited number of hours of unused sick leave and up to 440 hours of unused vacation leave during their employment. Upon termination, CRA employees are only eligible for a payout of unused vacation up to 440 hours. Employees are not eligible for payout of any sick leave hours. Accrued compensated absences are recorded as liabilities in the CRA's financials.

OPERATING REVENUES AND EXPENSES

The CRA distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the CRA's principal ongoing operations. The principal operating revenues for the CRA are charges to customers for sales and services. Operating expenses for the CRA include cost of sales and services, administrative costs, and depreciation on capital assets. The CRA also pays an allocated share of indirect costs to the County's general fund. These costs if incurred autonomously may have been greater than the allocated share. All other revenues and expenses are reported as nonoperating revenues and expenses.

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the CRA to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimated.

PENSIONS

In the statement of net position, liabilities are recognized for the CRA's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OTHER POST EMPLOYMENT BENEFITS (OPEB)

In the statement of net position, liabilities are recognized for the CRA's total OPEB liability as determined by an actuarial review of the healthcare coverage purchased by retirees to continue participation in the County's self-insured health plan. The CRA is responsible for covering the excess of retiree claims over premium payments made by retirees to the County, which creates an other post employment benefit. OPEB expense is recognized immediately for changes in the OPEB liability resulting from current year service cost, interest on the total OPEB liability and changes of benefit terms or actuarial assumptions.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources reported in the CRA's statement of net position represent changes in actuarial assumptions, changes in the proportion and differences between the CRA's contributions and proportionate share of contributions and the CRA's contributions subsequent to the measurement date, relating to the Florida Retirement System (FRS) Pension Plan and the Retiree Health Insurance Subsidy (HIS) Program. In addition, deferred outflows related to the difference between expected and actual economic experience relating to the FRS Pension Plan and the Other Post Employment Benefits Plan were reported. These amounts will be recognized as increases in pension expense and OPEB expense in future years.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources reported in the CRA's statement of net position represent the difference between expected and actual economic experience, changes in actuarial assumptions, net difference between projected and actual earnings on investments, and changes in the proportion and differences between the CRA's contributions and proportionate share of contributions relating to the FRS Pension Plan, the Retiree HIS Program and the OPEB Plan. These amounts will be recognized as reductions in pension expense and OPEB expense in future years. The CRA has also recorded amounts associated with long term receivables, primarily related to deferred impact fee agreements, as deferred inflows.

ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

For the year ended September 30, 2020, the financial statements include the impact of the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments’ leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, please see Note 12 on page 40.

NOTE 2 – CASH AND INVESTMENTS

At September 30, 2020, the CRA had the following investments and maturities:

<u>Investments</u>	<u>Fair Value</u>	<u>Investment Maturities Within:</u>		
		<u>1 Year</u>	<u>2 Years</u>	<u>3 Years and more</u>
U.S. Treasury Notes	\$ 987,582	\$ 433,940	\$ 553,642	\$ -
U.S. Agency Securities	348,480	195,299	-	153,181
	<u>\$ 1,336,062</u>	<u>\$ 629,239</u>	<u>\$ 553,642</u>	<u>\$ 153,181</u>

Reconciliation of cash and investments to the CRA’s financial statements, as of September 30, 2020:

Cash with fiscal agent	\$ 318,783
Demand deposits	120,837
Local government investment pools	3,743,569
Investments, including cash equivalents	1,336,062
Total cash, cash equivalents and investments	<u>\$ 5,519,251</u>
Cash and investments:	
Current unrestricted	\$ 1,588,769
Noncurrent restricted	3,930,482
Total cash, cash equivalents and investments	<u>\$ 5,519,251</u>

INVESTMENT POLICY

Cash in excess of operating requirements of the CRA is pooled and invested in various investments as described below. Earnings from pooled investments are allocated to the CRA based on the percentage of each fund’s average daily balance in the total pool. Each fund’s individual equity in the County’s investment pool is considered to be a cash equivalent since each fund can deposit or withdraw cash at any time without prior notice or penalty. At September 30, 2020 the CRA’s share of the cash and investment pool was \$5,519,251.

Florida Statutes Chapter 218 and the County’s investment policy, which was adopted by Resolution 2014-060, govern the County’s investment practices.

The County is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, commercial paper, banker's acceptances, repurchase agreements, certificates of deposits, and the Florida PRIME, formerly the Local Government Surplus Funds Trust Fund. The CRA has adopted the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

CREDIT RISK

The County's investment policy limits credit risk by restricting authorized investments to the Florida Local Government Surplus Trust Fund (Florida PRIME), direct obligations of, or obligations backed by the full faith and credit of the United States Government, U.S. government sponsored Corporation/Instrumentalities (except for Student Loan Marketing Association), certificates of deposit collateralized by U.S. Government Securities or Agencies, fixed income mutual funds collateralized by U.S. Government Securities or Agencies, domestic bankers' acceptances rated "AA" or higher, prime commercial paper rated "A-1" and "P-1", tax-exempt obligations rated "AA" or higher and issued by state or local governments, NOW accounts fully collateralized in accordance with Chapter 280, Florida Statutes and qualifying repurchase agreements.

CUSTODIAL CREDIT RISK

All cash deposits are held in qualified public depositories pursuant to Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*. Under the act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, multiplied by the depository's collateral pledging level. The pledging level may range from 25% to 200% depending upon the depository's financial condition. Any losses to public deposits are covered by applicable deposit insurance, sale of securities pledged as collateral, and if necessary, assessments against other qualified public depositories of the same type as the depository in default.

INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The objective of the investment policy is to match investment cash flow and maturity with known cash needs and anticipated cash flow requirements.

CONCENTRATION OF CREDIT RISK

The investment policy establishes limitations on portfolio composition in order to control credit risk. The policy allows 100% of the portfolio to be invested in U.S. government guaranteed securities, 80% to be invested in federal agencies and instrumentalities (excluding mortgage securities), 50% to be invested in Florida PRIME (formerly the Local Government Surplus Funds Trust Fund (SBA Pool)), 30% to be invested in Certificates of Deposit, 25% to be invested in prime commercial paper and 20% to be invested in qualifying repurchase agreements and fixed income mutual funds.

The portion of the CRA's portfolio invested in U.S. Government Agencies is detailed as follows, at September 30, 2020:

Issuer	% of Portfolio
Federal Home Loan Bank	3.75%
Federal Farm Credit Bank	2.95%
Total U.S. Government Agencies	<u>6.70%</u>

FAIR VALUE MEASUREMENTS

GASB Statement No, 72, *Fair Value Measurements and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under GASB Statement No. 72 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the County has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs, if any, reflect the County’s own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the County’s own data.

The CRA has the following recurring fair value measurements as of September 30, 2020:

U.S. Treasury Notes and Bills classified as Level 1 of the fair value hierarchy were valued using prices quoted in active markets for those securities. As of September 30, 2020, the fair value of the CRA’s US Treasury Notes was \$987,582.

U.S. Agency obligations classified as Level 2 of the fair value hierarchy were valued using quoted prices for similar assets in active markets for those securities. As of September 30, 2020, the fair value of the CRA’s US Agency obligations was \$348,480.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 is as follows:

	October 1, 2019, as restated ⁽¹⁾	Additions	Deductions	September 30, 2020
Governmental Activities:				
Capital assets not depreciated:				
Land and other non-depreciable assets	\$ 1,604,113	\$ -	\$ -	\$ 1,604,113
Construction in progress	64,073	63,419	-	127,492
Total capital assets not depreciated	<u>1,668,186</u>	<u>63,419</u>	<u>-</u>	<u>1,731,605</u>
Capital assets depreciated:				
Buildings	57,471	-	-	57,471
Infrastructure	9,021,693	-	-	9,021,693
Improvements other than buildings	651,184	13,067	-	664,251
Machinery and equipment	99,004	1,170	(8,465)	91,709
Right-to-use leased buildings	63,287	-	-	63,287
Total capital assets depreciated	<u>9,892,639</u>	<u>14,237</u>	<u>(8,465)</u>	<u>9,898,411</u>
Less accumulated depreciation:				
Buildings	17,915	3,257	-	21,172
Infrastructure	1,622,304	300,723	-	1,923,027
Improvements other than buildings	120,191	22,134	-	142,325
Machinery and equipment	49,174	12,915	(6,446)	55,643
Right-to-use leased buildings	-	34,572	-	34,572
Total accumulated depreciation	<u>1,809,584</u>	<u>373,601</u>	<u>(6,446)</u>	<u>2,176,739</u>
Total depreciable capital assets, net	<u>8,083,055</u>	<u>(359,364)</u>	<u>(2,019)</u>	<u>7,721,672</u>
Total Governmental Activities capital assets, net	<u>\$ 9,751,241</u>	<u>\$ (295,945)</u>	<u>\$ (2,019)</u>	<u>\$ 9,453,277</u>

⁽¹⁾ Restatement of capital assets as of October 1, 2019 is a result of implementing GASB Statement No. 87, *Leases* during the 2020 fiscal year. For additional information, please see Note 12 on page 40.

NOTE 4 – LONG-TERM OBLIGATIONS

SUMMARY OF CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of changes in the CRA's long-term obligations for the year ended September 30, 2020:

	October 1, 2019, as restated	Additions	Reductions	September 30, 2020	Due within one year
Direct Placement Notes Payable	\$ 4,141,774	\$ -	\$ (850,556)	\$ 3,291,218	\$ 508,308
Lease payable	63,287	-	(34,297)	28,990	28,990
Compensated absences	31,659	32,291	(19,706)	44,244	35,395
Total	<u>\$ 4,236,720</u>	<u>\$ 32,291</u>	<u>\$ (904,559)</u>	<u>\$ 3,364,452</u>	<u>\$ 572,693</u>

DESCRIPTIONS OF NOTES PAYABLE

Notes payable at September 30, 2020 consisted of the following:

Governmental Activities Direct Placement Note Payable

\$5,293,293 2017 Bayshore Gateway Community Redevelopment Agency Taxable Note with TD Bank, N.A., due in monthly installments of \$35,574 to \$52,349 through March 1, 2027; interest at 3.56% and collateralized by a pledge on all legally available non-ad valorem revenues of the Bayshore Gateway Community Redevelopment Agency. Note was issued to refund the 2013 Collier County Community Redevelopment Agency Taxable Note (Fifth Third Bank).	<u>\$3,291,218</u>
Less Current Portion of Governmental Activities Obligations	<u>(508,308)</u>
Long-Term Portion of Governmental Activities Obligations, Net	<u><u>\$2,782,910</u></u>

SUMMARY OF DEBT SERVICE REQUIREMENTS TO MATURITY

The annual debt service requirements to maturity for all bonds and notes outstanding at September 30, 2020 are as follows:

<u>Fiscal Year</u>	<u>Direct Placement Note Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 508,308	\$ 108,927
2022	526,702	90,533
2023	545,762	71,473
2024	565,510	51,724
2025	585,975	31,260
2026	<u>558,961</u>	<u>10,055</u>
Totals	<u><u>\$ 3,291,218</u></u>	<u><u>\$ 363,972</u></u>

RESTRICTIVE COVENANTS

Official statements and County resolutions authorizing the revenue bonds establish certain accounts and determine the order in which certain revenues are to be deposited into those accounts, as well as establish reserve requirements. Management believes that all required balances were maintained.

Bayshore Gateway Community Redevelopment Agency (Agency) tax increment revenues are pledged for the repayment of the Agency’s Series 2017 taxable note. The Agency has additionally covenanted to budget and appropriate from all legally available non-ad valorem revenues of the Agency to pay the Series 2017 note to the extent the tax increment revenues are insufficient. The tax increment revenues for the fiscal year ended September 30, 2020 totaled \$1,995,700, with other legally available non-ad valorem revenues of \$503,872. The Series 2017 note does not constitute an indebtedness of the County and is payable solely from the security provided by the Bayshore Gateway Community Redevelopment Agency. The Agency is required to have a debt service reserve balance with the lending bank of \$315,026 as of the end of fiscal year 2020. The Agency was in compliance with these covenants for the year ended September 30, 2020.

LEASE PAYABLE

The CRA is a lessee for a noncancelable lease of a building. At October 1, 2019, the CRA recorded an initial liability in the amount of \$63,287. The CRA is required to make monthly payments of \$2,916 including interest at a rate of

1.56% through July 31, 2021. As of September 30, 2020, the value of the lease liability was \$28,990 and the value of the right-to-use asset as of the end of fiscal year 2020 was \$28,715, net of accumulated depreciation of \$34,572.

The future principal and interest lease payments as of September 30, 2020 are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>
2021	<u>\$ 28,990</u>	<u>\$ 168</u>

NOTE 5 – DEFINED BENEFIT PENSION PLANS

BACKGROUND

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the CRA are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services’ web site (www.dms.myflorida.com).

The CRA’s pension expense totaled \$77,778 for both the FRS Pension Plan and HIS Plan for the year ended September 30, 2020.

FLORIDA RETIREMENT SYSTEM PENSION PLAN

PLAN DESCRIPTION

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

Regular Class – Members of the FRS who do not qualify for membership in the other classes.

Elected County Officers Class – Members who hold specified elective offices in local government.

Senior Management Service Class (SMSC) – Members in senior management level positions.

Special Risk Class – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

BENEFITS PROVIDED

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment and Retirement Age/Years of Service:	% Value (per year of service)
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement up to age 63 or with 31 years of service	1.63
Retirement up to age 64 or with 32 years of service	1.65
Retirement up to age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement up to age 66 or with 34 years of service	1.63
Retirement up to age 67 or with 35 years of service	1.65
Retirement up to age 68 or with 36 or more years of service	1.68
Elected County Officers' Class	3.00
Senior Management Service Class	2.00
Special Risk Class	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

CONTRIBUTIONS

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The employer contribution rates by job class for the periods from October 1, 2019 through June 30, 2020 and from July 1, 2020 through September 30, 2020, respectively, were as follows: Regular employees-8.47% and 10.00%; County Elected Officials-48.82% and 49.18%; Senior Management Services-25.41% and 27.29%; and DROP participants-14.60% and 16.98%. The CRA's contributions to the FRS Plan were \$28,955 for the year ended September 30, 2020.

PENSION COSTS

At September 30, 2020, the CRA reported a liability of \$311,530 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The CRA's proportion of the net pension liability was based on the CRA's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2020, the CRA's proportion was 0.0007188%, which was an increase of 0.000043% from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the CRA recognized pension expense of \$66,362 for its proportionate share of FRS's pension expense. In addition, the CRA reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 11,923	\$ -
Changes in Actuarial Assumptions	56,397	-
Net Difference Between Projected and Actual Earnings on Plan Investments	18,549	-
Changes in Proportionate Share	2,078	4,426
CRA Contributions Subsequent to the Measurement Date	7,472	-
Total	\$ 96,419	\$ 4,426

Deferred outflows of resources related to pensions of \$7,472, resulting from CRA contributions to the FRS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase in pension expense as follows:

Year Ending September 30	Amount
2021	\$ 18,149
2022	27,383
2023	23,072
2024	13,363
2025	2,554

ACTUARIAL ASSUMPTIONS

The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% per year
Salary Increases	3.25% Average, Including Inflation
Investment Rate of Return	6.80%, Net of Pension Plan Investment Expense

Mortality rates were based on the PUB-2010 base table projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption.

The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed income	19.0%	3.0%	2.9%	3.5%
Global equity	54.2%	8.0%	6.7%	17.1%
Real estate (property)	10.3%	6.4%	5.8%	11.7%
Private equity	11.1%	10.8%	8.1%	25.7%
Strategic investments	4.4%	5.5%	5.3%	6.9%
Totals	<u>100.0%</u>			
Assumed inflation - Mean			2.4%	1.7%

DISCOUNT RATE

The discount rate used to measure the total pension liability for FRS Plan has decreased from 6.90% in fiscal year 2019 to 6.80% in fiscal year 2020. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

PENSION LIABILITY SENSITIVITY

The following presents the CRA's proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the CRA's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
FRS Plan Discount Rate	5.80%	6.80%	7.80%
CRA's Proportionate Share of the FRS Plan Net Pension Liability	\$ 497,461	\$ 311,530	\$ 156,240

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the FRS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM

PLAN DESCRIPTION

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

BENEFITS PROVIDED

For the fiscal year ended June 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

CONTRIBUTIONS

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. The FRS contribution rate rates include a 1.66% HIS Plan subsidy for the periods October 1, 2019 through June 30, 2020 and from July 1, 2020 through September 30, 2020, respectively, pursuant to Section 112.363, Florida Statutes. The CRA contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The CRA's contributions to the HIS Plan were \$4,787 for the year ended September 30, 2020.

PENSION COSTS

At September 30, 2020, the CRA reported a liability of \$117,739 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The CRA's proportion of the net pension liability was based on the CRA's contributions received during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all participating employers. At June 30, 2020, the CRA's proportion was 0.000964%, which was a decrease of 0.000013% from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the CRA recognized pension expense of \$11,416 for its proportionate share of HIS's pension expense. In addition, the CRA reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 4,816	\$ 91
Changes in Actuarial Assumptions	12,660	6,846
Net Difference Between Projected and Actual Earnings on Plan Investments	94	-
Changes in Proportionate Share	5,283	1,215
CRA Contributions Subsequent to the Measurement Date	1,500	-
Total	\$ 24,353	\$ 8,152

Deferred outflows of resources related to pensions of \$1,500 resulting from CRA contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase in pension expense as follows:

Year Ending September 30	Amount
2021	\$ 4,970
2022	3,469
2023	1,263
2024	1,780
2025	1,811
Thereafter	1,408

ACTUARIAL ASSUMPTIONS

The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% per year
Salary Increases	3.25%, Including Inflation
Municipal Bond Rate	2.21%

Mortality rates were based on the PUB-2010 base table projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

DISCOUNT RATE

The discount rate used to measure the total pension liability for HIS Plan has decreased from 3.50% in fiscal year 2019 to 2.21% in fiscal year 2020. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

PENSION LIABILITY SENSITIVITY

The following presents the CRA's proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the CRA's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	1.21%	2.21%	3.21%
CRA's Proportionate Share of the HIS Plan Net Pension Liability	\$ 136,101	\$ 117,739	\$ 102,709

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the HIS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

SUMMARY

The aggregate amount of net pension liability, related deferred outflows of resources, deferred inflows of resources and pension expense for the CRA's defined benefit pension plans are summarized below:

	FRS Plan	HIS Plan	Total
Net pension liability	\$ 311,530	\$ 117,739	\$ 429,269
Deferred outflows of resources related to pension	96,419	24,353	120,772
Deferred inflows of resources related to pension	4,426	8,152	12,578
Pension expense	66,362	11,416	77,778

NOTE 6 – DEFINED CONTRIBUTION PLAN

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. CRA employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer contribution of .06% percent of payroll from July 1, 2019 to June 30, 2020 and .06% of payroll from July 1, 2020 to June 30, 2021 and by forfeited benefits of plan members. The CRA has no Investment Plan pension expense for the year ended September 30, 2020, as no CRA employees are currently enrolled in the investment plan.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2020, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the CRA.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

NOTE 7 – RISK MANAGEMENT

The CRA is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. A self-insurance internal service fund is maintained by the County to administer insurance activities relating to workers’ compensation, health and property and casualty, which cover general, property, auto, public official and crime liabilities. Under these programs, the self-insurance fund provides coverage up to a maximum amount for each claim. The County purchases commercial insurance for claims in excess of coverage provided by the self-insurance fund and for all other covered risks of loss.

<u>Claim type</u>	<u>County's Coverage</u>	<u>Excess Carrier's Coverage</u>
Property and casualty claims	\$50,000-\$500,000 (\$250,000 named storm deductible; 3% deductible of reported values per damaged building; subject to \$5,000,000 deductible cap)	\$50,000 - \$75,000,000
Auto liability claims	\$300,000	\$300,001 - \$5,000,000
Employee health claims	\$450,000	\$400,001 - Unlimited
Workers’ compensation claims	\$500,000	\$500,001 - Statutory

All divisions of the County, excluding the Sheriff, participate in this program. Charges to operating departments are based upon amounts believed by management to meet the required annual payouts during the fiscal year and to pay for the estimated operating costs of the programs. For the year ended September 30, 2020, the CRA was charged \$2,200, \$84,686 and \$5,400 respectively, for workers’ compensation, health and disability insurance, and property and casualty self-insurance programs.

Settled claims have not exceeded the insurance provided by third party carriers in any of the last three years.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS

PLAN DESCRIPTION AND BENEFITS PROVIDED

The CRA participates in a group health care plan that covers eligible retirees, and their dependents, of the Board of County Commissioners (the Board) and all Constitutional Officers with the exception of the Sheriff. The Board administers the plan and establishes the benefits. In accordance with Florida Statute 112.0801, employees who retire and immediately begin receiving benefits from the FRS have the option of paying premiums to continue in the County’s health insurance plan at the same group rate as for active employees.

The County offers an OPEB Plan that subsidizes the cost of health care for its retirees who have at least 60% of eligible accrued sick leave remaining at the time of retirement and have completed 15 years of continuous service with the Board. In addition, the retiree must retire from the County, be at least 55 years of age or have completed 30 years of service under the FRS and be eligible to receive an FRS benefit with no break in time. The County’s OPEB Plan is currently being funded on a pay as you go basis. No trust or CRA fund has been established for the plan. The plan does not issue a separate financial report, however additional actuarial information regarding the plan as a whole is disclosed in the notes to the financial statements of Collier County.

PARTICIPANT DATA

Inactive employees or beneficiaries currently receiving benefits	1
Active employees	<u>6</u>
Total employees	<u><u>7</u></u>

TOTAL OPEB LIABILITY

The CRA’s share in the County’s total OPEB liability of \$52,727 or .54% was measured as of September 30, 2020 and was determined by an actuarial valuation as of October 1, 2019. The following table shows the changes in the CRA’s share of the County’s total OPEB liability for the year ended September 30, 2020.

	<u>Total OPEB Liability</u>
Balance, as of September 30, 2019	\$ 18,887
Changes:	
Service cost	1,596
Interest	474
Changes in assumptions	32,989
Benefit payments	<u>(1,219)</u>
Net changes	<u>33,840</u>
Balance, as of September 30, 2020	<u>\$ 52,727</u>

OPEB LIABILITY DISCOUNT RATE SENSITIVITY

The following presents the CRA’s share in the County’s total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

<u>Description</u>	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB Plan Discount Rate	0.60%	1.60%	2.60%
Total OPEB Liability	\$ 56,858	\$ 52,727	\$ 48,983

OPEB LIABILITY HEALTHCARE TREND RATE SENSITIVITY

The following presents the CRA’s share in the County’s total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

<u>Description</u>	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
Healthcare Cost Trend Rate	4.00%	5.00%	6.00%
Total OPEB Liability	\$ 47,694	\$ 52,727	\$ 58,586

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended September 30, 2020, the CRA’s OPEB expense was \$2,594. In addition, the CRA reported deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 2,351	\$ 1,109
	\$ 2,351	\$ 1,109

Amounts reported as deferred outflows of resources and inflows of resources related to OPEB will be amortized over 4.31 years and will be recognized as follows:

Year Ending September 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	\$ 655	\$ 385
2022	655	382
2023	654	264
2024	330	78
Thereafter	57	-

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial valuations of an ongoing plan involve estimates of the value reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. 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.

Calculations for financial reporting purposes are based on the benefits provided under terms of the plan as understood by the employer and the plan members in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The actuarial methods are:

Actuarial cost method	Entry Age Actuarial
-----------------------	---------------------

The actuarial assumptions are:

Discount rate	1.6% (Based on the 20 year AA municipal bond rate)
Healthcare cost trend rate	5%
Salary increase	3%
New employees	None

Mortality rates were based on the Pri-2012 Mortality Fully Generational tables using Projection Scale MP-2020.

Since the most recent valuation, the following changes have been made:

The discount rate was changed from 2.0% to 1.6%.

The mortality assumption has been updated from RP-2014 Mortality Fully Generational using Projection Scale MP-2018 to Pri-2012 Mortality Fully Generational using Projection Scale MP-2020.

NOTE 9 – INTERGOVERNMENTAL TRANSACTIONS

The CRA purchases services such as information technology, telecommunications and fleet maintenance from the Collier County, Florida, Board of County Commissioners. The CRA is also allocated a portion of the County's indirect service charge. During the year ending September 30, 2020, the CRA purchased \$30,816 of information technology and fleet maintenance services and paid \$114,400 for the CRA's portion of the indirect service charge. Such amounts are included in operating expenses in the accompanying statement of revenue, expenditures and changes in fund balance.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

SIGNIFICANT COMMITMENTS

The CRA has active construction projects at the end of the fiscal year. The projects include construction of a parking lot, sidewalk improvements and a cell tower relocation project. As of September 30, 2020, the CRA's significant commitments with contractors were \$1,331,415. In addition, the CRA has non-construction related encumbrances for purchase orders involving goods or services ordered but not received by the end of the fiscal year. The non-construction encumbrances as of September 30, 2020 were \$34,195.

HURRICANE IRMA

On September 10, 2017, Category 3 Hurricane Irma made landfall in Collier County. Statewide, an estimated 6.5 million Floridians were ordered to evacuate, mostly those living on barrier islands or in coastal areas, in mobile or sub-standard homes and in low lying or flood prone areas. Mandatory evacuations were ordered for portions of Collier County. The primary impacts of Hurricane Irma were widespread power outages and debris, coastal flooding and beach erosion. The CRA has spent \$56,751 on recovery efforts. Through fiscal year 2020, the CRA recognized \$36,182 in revenue from the Federal Emergency Management Agency (FEMA) and State of Florida. The CRA continues to expect additional reimbursements.

NOTE 11 – SOURCE OF DEPOSITS AND PURPOSE OF WITHDRAWALS FOR THE AGENCY

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits to, and the purpose and amounts of withdrawals from, the CRA funds for the fiscal year ended September 30, 2020:

	<u>Deposits</u>	<u>Withdrawals</u>
Source of deposits:		
Tax increment revenues	\$ 2,752,300	
Disaster relief reimbursements	14,929	
Charges for services	10,890	
Investment income	84,652	
Rental income	54,835	
Other miscellaneous revenue	4,733	
Settlement	360,000	
Sale of capital assets	5	
Transfers in from county funds	221,800	
Purpose of withdrawals:		
Salaries and benefits		\$ 525,370
Other contractual services		744,454
Information technology		31,714
Maintenance		27,722
Indirect cost reimbursement to County		114,400
Miscellaneous		111,737
Capital outlay - outdoor audio system		12,027
Capital outlay - welcome sign		1,040
Capital outlay - computer equipment		1,170
Capital outlay - sidewalk improvement project		63,419
Debt service - principal		884,853
Debt service - interest		136,984
Transfers out to county funds for services		92,800
Total	<u>\$ 3,504,144</u>	<u>\$ 2,747,690</u>

NOTE 12 – CHANGE IN ACCOUNTING PRINCIPLE

During the year ended September 30, 2020, the CRA adopted GASB Statement No. 87, *Leases*. This change requires a recognition and measurement of leases that existed at the beginning of the period of implementation. The recognition and measurement of these leases have not impacted the CRA’s net position as of September 30, 2019.

NOTE 13 – SUBSEQUENT EVENTS

As of September 30, 2020, the Bayshore Gateway CRA owned a parcel of land known as the Mini-Triangle, valued at \$5,872,959 as part of the inventory for resale. On November 13, 2020, the Bayshore Gateway CRA sold the Mini-Triangle property for \$6,397,959. The proceeds of the sale were used to acquire a parcel known as Del’s Corner for \$2,118,000 on November 20, 2020 and to pay off the outstanding note payable of \$3,291,218 on November 23, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

**COLLIER COUNTY COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of Collier County, Florida)**

**Schedule of the CRA's Proportionate Share of the Net Pension Liability
Florida Retirement System Pension Plan
Last Ten Fiscal Years***

	2020	2019	2018	2017	2016	2015	2014
CRA's Proportion of the Net Pension Liability	0.000718781%	0.000762215%	0.000773684%	0.000761273%	0.000825305%	0.000744335%	0.000887746%
CRA's Proportionate Share of the Net Pension Liability	\$ 311,530	\$ 262,496	\$ 233,038	\$ 225,179	\$ 208,390	\$ 96,141	\$ 54,166
CRA's Covered Payroll *	\$ 287,162	\$ 292,242	\$ 285,447	\$ 265,276	\$ 272,635	\$ 237,028	\$ 283,409
CRA's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	108.49%	89.82%	81.64%	84.88%	76.44%	40.56%	19.11%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

* Covered Payroll consists of pensionable wages calculated as of the respective measurement date, restated for periods 2014 to 2017 pursuant to GASB No. 82, *Pension Issues* .

**Schedule of CRA Contributions
Florida Retirement System Pension Plan
Last Ten Fiscal Years***

	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 28,955	\$ 28,006	\$ 25,163	\$ 23,937	\$ 23,726	\$ 21,318	\$ 24,455
Contributions in Relation to the Contractually Required Contribution	(28,955)	(28,006)	(25,163)	(23,937)	(23,726)	(21,318)	(24,455)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CRA's Covered Payroll-Fiscal Year*	\$ 288,369	\$ 295,110	\$ 285,307	\$ 273,437	\$ 286,312	\$ 240,567	\$ 286,700
Contributions as a Percentage of Covered Employee Payroll	10.04%	9.49%	8.82%	8.75%	8.29%	8.86%	8.53%

* Covered Payroll consists of pensionable wages calculated as of the respective measurement date, restated for periods 2014 to 2017 pursuant to GASB No. 82, *Pension Issues* .

**Schedule of the CRA's Proportionate Share of the Net Pension Liability
Retiree Health Insurance Subsidy Program
Last Ten Fiscal Years***

	2020	2019	2018	2017	2016	2015	2014
CRA's Proportion of the Net Pension Liability	0.000964294%	0.000977511%	0.000662418%	0.000798507%	0.000650646%	0.000999160%	0.001014190%
CRA's Proportionate Share of the Net Pension Liability	\$ 117,739	\$ 109,374	\$ 70,111	\$ 85,380	\$ 75,830	\$ 101,899	\$ 94,829
CRA's Covered Payroll *	\$ 287,162	\$ 292,242	\$ 285,447	\$ 265,276	\$ 272,635	\$ 237,028	\$ 283,409
CRA's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	41.00%	37.43%	24.56%	32.19%	27.81%	42.99%	33.46%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

* Covered Payroll consists of pensionable wages calculated as of the respective measurement date, restated for periods 2014 to 2017 pursuant to GASB No. 82, *Pension Issues* .

**Schedule of CRA Contributions
Retiree Health Insurance Subsidy Program
Last Ten Fiscal Years***

	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 4,787	\$ 4,899	\$ 4,736	\$ 4,539	\$ 4,753	\$ 3,248	\$ 3,297
Contributions in Relation to the Contractually Required Contribution	(4,787)	(4,899)	(4,736)	(4,539)	(4,753)	(3,248)	(3,297)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CRA's Covered Payroll-Fiscal Year*	\$ 288,369	\$ 295,110	\$ 285,307	\$ 273,437	\$ 286,312	\$ 240,567	\$ 286,700
Contributions as a Percentage of Covered Employee Payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.35%	1.15%

* Covered Payroll consists of pensionable wages calculated as of the respective measurement date, restated for periods 2014 to 2017 pursuant to GASB No. 82, *Pension Issues* .

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present informatin for only those years for which informaiton is available.

COLLIER COUNTY COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of Collier County, Florida)
SCHEDULE OF CHANGES IN THE COLLIER COUNTY COMMUNITY REDEVELOPMENT AGENCY
TOTAL OPEB LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability				
Service Cost	\$ 1,596	\$ 945	\$ 1,149	\$ 1,108
Interest	474	635	601	605
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(4,326)	-	(185)
Changes of assumptions or other inputs	32,989	1,697	(529)	-
Benefit payments	<u>(1,219)</u>	<u>(1,378)</u>	<u>(1,296)</u>	<u>(1,248)</u>
Net change in total OPEB liability	33,840	(2,427)	(75)	280
Total OPEB liability, beginning	<u>18,887</u>	<u>21,314</u>	<u>21,389</u>	<u>21,109</u>
Total OPEB liability, ending	<u><u>\$ 52,727</u></u>	<u><u>\$ 18,887</u></u>	<u><u>\$ 21,314</u></u>	<u><u>\$ 21,389</u></u>
Covered-employee payroll	\$ 350,272	\$ 322,211	\$ 316,693	\$ 257,364
Total OPEB liability as a percentage of covered payroll	15.05%	5.86%	6.73%	8.31%

Notes to the Schedule

Changes in Assumptions: Change in the discount rate of 2.0% as of September 30, 2019 to 1.6% as of September 30, 2020.

The mortality assumption has been updated from RP-2014 Mortality Fully Generational using Projection Scale MP-2018 to Pri-2012 Mortality Fully Generational using Projection Scale MP-2020.

**Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.*

REPORTING SECTION



**INDEPENDENT AUDITORS' 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**

Executive Board
Collier County Community Redevelopment Agency
Collier County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Collier County Community Redevelopment Agency (CRA), a component unit of Collier County, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, and have issued our report thereon dated June 17, 2021.

Internal Control Over Financial Reporting

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

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

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

Executive Board
Collier County Community Redevelopment Agency
Collier County, Florida

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Naples, Florida
June 17, 2021



MANAGEMENT LETTER

Executive Board
Collier County Community Redevelopment Agency

Report on the Financial Statements

We have audited the financial statements of the Collier County Community Redevelopment Agency's (CRA) as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 17, 2021.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report(s) on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 17, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is included in the notes to the basic financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the County met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the County. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. Our recommendations are noted in the Independent Accountants Report.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note 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 Executive Board, Collier County, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Naples, Florida
June 17, 2021



INDEPENDENT ACCOUNTANTS' REPORT

Executive Board
Collier County Community Redevelopment Agency

We have examined Collier County Community Redevelopment Agency's (CRA) compliance with Sections 163.387(6) and (7), Florida Statutes, regarding community development agencies during the year ended September 30, 2020. Management of the CRA is responsible for the CRA's compliance with the specified requirements. Our responsibility is to express an opinion on the CRA's compliance with the specified requirements based on our examination.

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

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

Our examination disclosed instances of material noncompliance with Sections 163.387(6) and (7), Florida Statutes, regarding community redevelopment agencies during the year ended September 30, 2020. The instance of material noncompliance are detailed in the attached schedule of findings.

In our opinion, except for the material noncompliance described in the preceding paragraph, the CRA complied, in all material respects, with Sections 163.387(6) and (7), Florida Statutes, regarding community development agencies during the year ended September 30, 2020.

This report is intended solely for the information and use of the CRA, Collier County, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Naples, Florida
June 17, 2021



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Collier County Community Redevelopment Agency
Schedule of Findings
September 30, 2020

Finding 2020-001 Compliance with requirements prescribed by section 163.387(7), Florida Statutes.

Condition:

Section 163.387(7) Florida Statutes, requires that on the last day of the CRA's fiscal year, any moneys remaining in the CRA's trust fund after the payment of expenses pursuant to state law shall be:

- a. Returned to each taxing authority which paid the increment in the proportion that the amount of the payment of such taxing authority bears to the total amount paid into the trust fund by all taxing authorities for that year.
- b. Used to reduce the amount of any indebtedness to which increment revenues are pledged.
- c. Deposited into an escrow account for the purpose of later reducing any indebtedness to which increment revenues are pledged; or
- d. Appropriated to a specific redevelopment project pursuant to an approved community redevelopment plan. The funds appropriated for such project may not be changed unless the project is amended, redesigned, or delayed, in which case the funds must be reappropriated pursuant to the next annual budget adopted by the board of commissioners of the community redevelopment agency.

The CRA did not apply or appropriate any remaining moneys in the ways directed by 163.387(7), Florida Statutes.

Recommendation:

We recommend management establish a policy to review the balance of remaining moneys at year end and apply it in one of the ways prescribed by section 163.387(7), Florida Statutes.



Office of the County Manager

Mark Isackson

3299 Tamiami Trail East, Suite 202 • Naples Florida 34112-5746 • (239) 252-8383

Re: Collier County Community Redevelopment Agency, Independent Accountant's Report Fiscal Year Ending September 30, 2021

The Independent Accountant's Report prepared by CliftonLarsenAllen LLP made a finding of noncompliance with Sections 163.387(6) and (7), Florida Statutes, regarding community redevelopment agencies during the year ended September 30, 2020. The Independent Accountant's Report found that the Collier County CRA did not apply or appropriate any remaining moneys in the ways directed by 163.387(7), Florida Statutes.

Section 163.387(7), Florida Statutes, requires that on the last day of a CRA's fiscal year, any moneys remaining in the CRA's trust fund after the payment of expenses pursuant to State law shall be:

- Returned to each taxing authority which paid the increment in the proportion that the amount of the payment of such taxing authority bears to the total amount paid into the trust fund by all taxing authorities for that year.
- Used to reduce the amount of any indebtedness to which increment revenues are pledged.
- Deposited into an escrow account for the purpose of later reducing any indebtedness to which increment revenues are pledged.
- Appropriated to a specific redevelopment project pursuant to an approved community redevelopment plan. The funds appropriated for such project may not be changed unless the project is amended, redesigned, or delayed, in which case the funds must be reappropriated pursuant to the next annual budget adopted by the Board of Commissioners of the community redevelopment agency.

Management Response:

Finding No. 2020-001: Management concurs with the finding. The CRA budget process for the year ending September 30, 2020, utilized a planning component to program Tax Increment Financing and other anticipated sources of revenue, including any remaining moneys, into redevelopment projects pursuant the approved community redevelopment plan. Those projects that had spending planned for the current year were appropriated into specific project budgets. The portion of funding not planned to be expended in the current year was budgeted in a capital reserve for future appropriation into specific projects. Management will implement process changes necessary to ensure compliance with 163.387(7) Florida Statutes.