

TOWN OF FORT MYERS BEACH, FLORIDA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021

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TOWN OF FORT MYERS BEACH, FLORIDA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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TOWN OF FORT MYERS BEACH, FLORIDA
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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Town Council and Town Manager
Town of Fort Myers Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fort Myers Beach, Florida (the "Town"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparisons for the General Fund, the Gas Tax Fund, the Building Fund, and the Beach Access Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 4 through 12) and the schedule of changes in total OPEB liability (on page 48) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Local Governmental Entity Audits*, Rules of the Auditor General, and is also not a required part of the basic financial statements of the Town. The combining nonmajor fund financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2022, on our consideration of the Town'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 Town'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 Town's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
May 11, 2022

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BASIC FINANCIAL STATEMENTS

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**THE TOWN OF FORT MYERS BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2021**

Introduction

As management of the Town of Fort Myers Beach, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2021. We encourage readers to read the information presented herein in conjunction with additional information furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

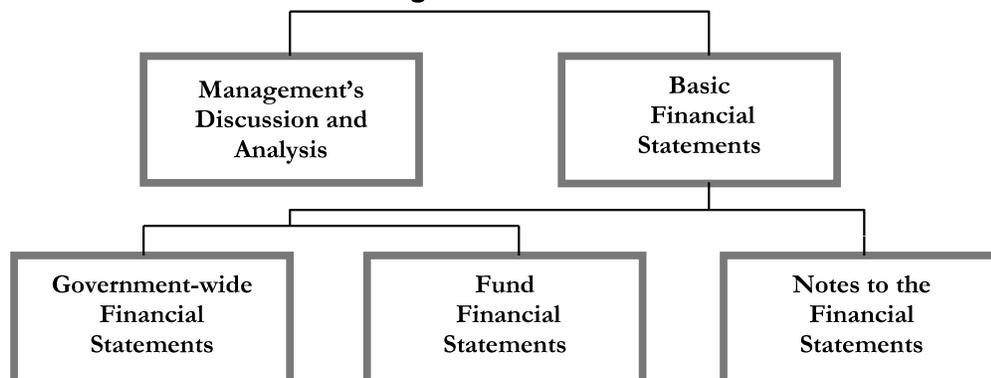
- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$62,400,478 (net position). Of this amount, \$13,986,310 is unrestricted net position that may be used to meet the Town's ongoing obligations.
- The Town's total net position increased by \$6,301,324 due primarily to increased charges for services and capital grants and contributions.
- The Town's combined governmental funds had combined ending fund balances of \$11,427,640 and a combined increase in fund balances of \$4,247,707, increased primarily by increases in revenue in the General Fund, the Building Fund, the Beach Access Fund, and other nonmajor funds.

Overview of the Financial Statements

This discussion and analysis introduce the Town of Fort Myers Beach's basic financial statements. The basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements (see Figure 1). The basic financial statements present two views of the Town through government-wide statements and fund financial statements.

Required Components of the Annual Financial Report

Figure 1



**THE TOWN OF FORT MYERS BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2021**

Basic Financial Statements

The statement of net position and statement of activities together comprise the government-wide financial statements. They provide both short and long-term information about the Town's financial status.

The next statements are fund financial statements. These statements focus on the individual parts of the Town's government. The fund statements provide more detail than the government-wide statements. There are two parts to the fund financial statements: (1) the governmental funds statements, and (2) the proprietary funds statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in the basic financial statements.

The following section is required supplementary information reporting changes in the Town's total OPEB liability.

Other supplementary information is included after the required supplementary information and provides combining fund financial statements of the nonmajor governmental funds.

Government-Wide Financial Statements

The *statement of net position* and the *statement of activities* provide information about the net position and activities of the Town as a whole. The *government-wide financial statements* separate governmental from business-type activities. Both statements are measured and reported on the full accrual basis of accounting using the economic resources measurement focus. The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances - similar to private-sector business financial statements.

The statement of activities presents information showing how the Town's net position changed during the 2021 fiscal year. The statement reflects the expenses of a given function or segment, offset by program revenues. Program revenues are defined as charges for services, operating grants and contributions, and capital grants and contributions directly associated with a given function. Property taxes and other taxes are reported under general revenue.

Both financial statements display the primary types of functions of the Town as follows:

- **Governmental activities** – Most of the Town's primary functions are reported in governmental activities, including culture/recreation, public works, streets, roads, planning, zoning, and general and administrative services. Major revenues supporting these activities are property taxes, gas taxes, communications services taxes, and intergovernmental revenues.
- **Business-type activities** – These activities include the water and stormwater enterprise funds. The water fund accounts for the operations of the water system. The stormwater fund accounts for operations of the stormwater system. User fees support both services.

**THE TOWN OF FORT MYERS BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2021**

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

1. **Governmental funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out and what monies are left at year-end will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual basis accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs.

The relationship between government activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

2. **Proprietary funds** – The Town has two proprietary funds, which are *enterprise funds* used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and stormwater activities. The funds use full accrual basis accounting and the economic measurement focus. Fees or charges are the primary revenue service for the funds.

Government-Wide Financial Analysis

Town of Fort Myers Beach's Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 13,969,647	\$ 8,242,713	\$ 11,588,955	\$ 9,480,112	\$ 25,558,602	\$ 17,722,825
Capital assets	24,273,379	24,016,746	57,415,379	51,263,824	81,688,758	75,280,570
Total assets	38,243,026	32,259,459	69,004,334	60,743,936	107,247,360	93,003,395
Deferred outflows of financial resources	39,117	28,783	7,107	5,843	46,224	34,626
Current and other liabilities	2,345,987	756,906	2,368,496	3,161,947	4,714,483	3,918,853
Noncurrent liabilities	1,214,354	471,712	38,858,570	32,446,707	40,072,924	32,918,419
Total liabilities	3,560,341	1,228,618	41,227,066	35,608,654	44,787,407	36,837,272
Deferred inflows of financial resources	89,448	84,452	16,251	17,143	105,699	101,595
Net investment in capital assets	23,534,673	23,976,784	22,423,626	18,874,954	45,958,299	42,851,738
Restricted	2,455,869	1,548,591	-	-	2,455,869	1,548,591
Unrestricted	8,641,812	5,449,797	5,344,498	6,249,028	13,986,310	11,698,825
Total net position	\$ 34,632,354	\$ 30,975,172	\$ 27,768,124	\$ 25,123,982	\$ 62,400,478	\$ 56,099,154

**THE TOWN OF FORT MYERS BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2021**

Government-Wide Financial Analysis (Continued)

Key elements in the analysis of the Town's net position at the end of the year are as follows:

- The assets and deferred outflows of the Town of Fort Myers Beach exceeded liabilities and deferred inflows by \$62,400,478 as of September 30, 2021.
- Total net position increased by 11% over the prior year.
- The net investment in capital assets was 74% of the Town's total net position. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Therefore, although the Town's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities.
- Net assets of the Town subjected to external restrictions on their use was 4% of total net position.
- Unrestricted net assets of the Town was 22% of total net position.
- Total liabilities of the Town increased by 22%.

**THE TOWN OF FORT MYERS BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2021**

Government-Wide Financial Analysis (Continued)

Town of Fort Myers Beach's Changes Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Program revenues						
Charges for services	\$ 4,070,014	\$ 3,004,041	\$ 7,207,884	\$ 6,612,879	\$ 11,277,898	\$ 9,616,920
Operating grants and contributions	1,041,739	1,141,802	-	-	1,041,739	1,141,802
Capital grants and contributions	1,640,318	160,848	-	940,765	1,640,318	1,101,613
General revenues						
Property taxes	3,404,467	3,262,934	-	-	3,404,467	3,262,934
Franchise fees	1,093,483	1,009,307	-	-	1,093,483	1,009,307
Gas taxes	369,879	359,248	-	-	369,879	359,248
Communications taxes	536,426	531,850	-	-	536,426	531,850
Business taxes	4,159	4,751	-	-	4,159	4,751
Intergovernmental revenues, unrestricted	904,098	760,191	-	-	904,098	760,191
Investment earnings	9,828	137,844	10,573	19,799	20,401	157,643
Total revenues	<u>13,074,411</u>	<u>10,372,816</u>	<u>7,218,457</u>	<u>7,573,443</u>	<u>20,292,868</u>	<u>17,946,259</u>
Program expenses						
Governmental activities						
General government	3,753,674	4,182,881	-	-	3,753,674	4,182,881
Public safety	459,555	441,972	-	-	459,555	441,972
Physical environment	196,835	201,482	-	-	196,835	201,482
Transportation	1,840,712	1,826,276	-	-	1,840,712	1,826,276
Culture/recreation	3,156,915	3,094,364	-	-	3,156,915	3,094,364
Interest on long-term debt	9,538	2,636	-	-	9,538	2,636
Business-type activities						
Water Utility	-	-	3,976,287	3,618,996	3,976,287	3,618,996
Stormwater	-	-	598,028	357,986	598,028	357,986
Total expenses	<u>9,417,229</u>	<u>9,749,611</u>	<u>4,574,315</u>	<u>3,976,982</u>	<u>13,991,544</u>	<u>13,726,593</u>
Change in net position before transfers	<u>3,657,182</u>	<u>623,205</u>	<u>2,644,142</u>	<u>3,596,461</u>	<u>6,301,324</u>	<u>4,219,666</u>
Transfers	<u>-</u>	<u>(150,000)</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
Change in net position	<u>3,657,182</u>	<u>473,205</u>	<u>2,644,142</u>	<u>3,746,461</u>	<u>6,301,324</u>	<u>4,219,666</u>
Net position, beginning	<u>30,975,172</u>	<u>30,501,967</u>	<u>25,123,982</u>	<u>21,377,521</u>	<u>56,099,154</u>	<u>51,879,488</u>
Net position, ending	<u>\$ 34,632,354</u>	<u>\$ 30,975,172</u>	<u>\$ 27,768,124</u>	<u>\$ 25,123,982</u>	<u>\$ 62,400,478</u>	<u>\$ 56,099,154</u>

Governmental Activities

Governmental activities in the current year increased the Town's net position by \$3,657,182. Key net elements of these activities are as follows:

- Total governmental revenues increased by 26% from the prior year.
- Charges for services increased 35% from the prior year.
- Capital grants and contributions increased 920% from the prior year.
- Total governmental expenses decreased 3% from the prior year.

**THE TOWN OF FORT MYERS BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2021**

Business-Type Activities

Business-type activities in the current year increased the Town's net position by \$2,644,142. Key net elements of these activities are as follows:

- Total business-type revenues decreased 5% from the prior year.
- Charges for services increased 9% from the previous year and are nearly 100% of operating revenues.
- The Town did not receive any capital grants and contributions during the current year, a reduction of \$940,765 from the prior year.
- Total business-type expenses increased 15% from the prior year.

Financial Analysis of the Town's Funds

Governmental Funds

Governmental funds comprise the *General Fund*, special revenue funds, and a capital projects fund. Governmental funds use the current financial resources measurement focus that provides information on the near-term inflows, outflows, and balances of available resources.

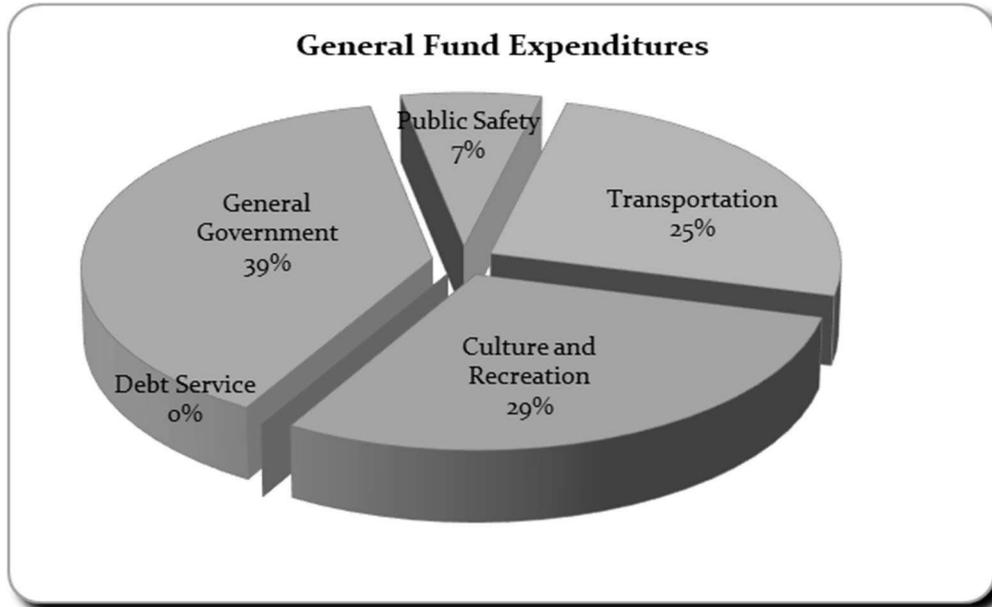
The *General Fund* is the primary operating fund for the Town. The fund accounts for all the financial resources not restricted by federal and state laws, local ordinances, or other outside restrictions. Key components and the highlights in the activities of the *General Fund* are as follows:

- Total assets increased 32% from the prior year.
- Total fund balance increased 59% from the prior year.
- Total revenues increased 19% from the prior year, and expenditures increased 7%.

**THE TOWN OF FORT MYERS BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2021**

Governmental Funds (Continued)

The percentages (rounded) of General Fund expenditures for the various functions are presented in the graph below:



The *Gas Tax Fund* accounts for gas taxes and other resources restricted for road-related projects. At the end of the current year, the total fund balance was \$774,487. The fund balance increased 30% from the prior year.

The *Building Fund* accounts for Town-administered building permits and plans review. At the end of the current year, the fund balance was \$404,205. The fund balance increased 252% from the prior year.

The *Beach Access Fund* accounts for the expenditures incurred to maintain the Town's beaches and records the reimbursement received from Lee County Tourist Development Council. The amount of reimbursement increased 29% from the prior year.

The *Capital Projects Fund* is maintained by transfers from the *General Fund* and other special revenue funds. Capital outlays totaled \$1,256,838 in the current year.

American Rescue Fund is a federally funded relief package used for investments in water, sewer, and infrastructure. The fund had cash and cash equivalents of \$1,776,528 at September 30, 2021. There was no project activity during the year.

The *Nonmajor Governmental Funds* consist of two special revenue funds, the *Park Impact Fund* and the *Road Impact fund*. The *Park Impact Fund* had an increase in fee revenue of \$191,756 or 4,858%, and the *Road Impact Fund* had an increase in fee revenue of \$524,074 or 6,550%.

**THE TOWN OF FORT MYERS BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2021**

Proprietary Funds

The *Water Fund* accounts for the assets and activities of the Town's water system. The fund's net position increased by \$2,074,786, primarily due to a 14% increase in operating revenues.

The *Stormwater Fund* accounts for the assets and activities of the Town's stormwater system. The fund's net position increased by \$569,356, primarily due to strong operating revenues in excess of operating expenses.

Budgetary Highlights

Revenue budget-to-actual in the General Fund resulted in a positive revenue variance of \$1,512,297, or 18%. The positive variance was due primarily to an increase of \$988,282 in actual intergovernmental revenues over budgeted revenues.

Budget-to-actual expenditures in the General Fund resulted in a positive variance of \$726,439 (less than fiscal budget), primarily due to reduced expenditures in general governmental services of \$211,531 and reduced expenditures of \$416,068 in cultural and recreation activities.

Revenue budget-to-actual in the Building Fund resulted in a positive revenue variance of \$466,899, or 62%. The positive variance was due primarily to an increase of \$466,899 in actual licenses and permits revenue over budgeted revenues.

Capital Asset and Debt Administration

Capital Assets

The following table provides a comparative summary of capital assets (net of accumulated depreciation) by category:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 10,536,780	\$ 10,536,780	\$ 305,000	\$ 305,000	\$ 10,841,780	\$ 10,841,780
Buildings and leasehold improvements	6,286,808	6,509,633	520,981	565,947	6,807,789	7,075,580
Improvements other than buildings	1,717,141	1,854,368	-	-	1,717,141	1,854,368
Office furniture and equipment	94,857	145,378	-	-	94,857	145,378
Vehicles and other equipment	973,144	913,146	112,634	156,250	1,085,778	1,069,396
Infrastructure	3,912,402	4,057,441	41,740,736	12,726,764	45,653,138	16,784,205
Construction in progress	752,247	-	14,736,028	37,509,863	15,488,275	37,509,863
Total capital assets	<u>\$ 24,273,379</u>	<u>\$ 24,016,746</u>	<u>\$ 57,415,379</u>	<u>\$ 51,263,824</u>	<u>\$ 81,688,758</u>	<u>\$ 75,280,570</u>

Additional information on the Town's capital assets can be found in Note 6 to the financial statements.

**THE TOWN OF FORT MYERS BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2021**

Long-Term Debt

As of September 30, 2021, and 2020 the Town had \$39,533,940 and \$32,428,832, respectively, in long-term debt. The following table provides a breakdown:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Refunding bond payable	\$ -	\$ -	\$ 540,000	\$ 720,000	\$ 540,000	\$ 720,000
Capital improvements revenue note	708,090	-	-	-	708,090	-
State revolving fund loans	-	-	38,255,234	31,668,870	38,255,234	31,668,870
Capital lease payable	30,616	39,962	-	-	30,616	39,962
Total debt	\$ 738,706	\$ 39,962	\$ 38,795,234	\$ 32,388,870	\$ 39,533,940	\$ 32,428,832

Additional information on the Town's long-term debt can be found in Note 7 to the financial statements.

Economic Factors and Next Fiscal Year's Budget

The State of Florida operates primarily using sales, gasoline, and corporate income taxes. Local governments (cities, counties, and school boards) primarily rely on property and a limited array of permitted other taxes (sales, gasoline, communication services, etc.) and fees (franchise, occupational licensing, impact, etc.) for funding their governmental activities. There are several state-shared revenues and recurring and non-recurring (one-time) grants from both the state and federal governments.

The following factors were considered in preparing the Town's budget for the 2020-2021 fiscal year:

- The Town continued planning significant investment in infrastructure in the water utility as well as the expansion of the stormwater utility, which will provide for dedicated operation and maintenance and future stormwater infrastructure. Pursuant to funding the infrastructure improvements. Ordinance 15-08 established the stormwater utility, and Resolution 16-07 adopted February 16, 2016, adopted the user fee to support a dedicated source of funding. The State of Florida Department of Environmental Protection has approved a stormwater loan for the side streets in the Town in the amount of \$12,500,000, and it is anticipated that future state loans will be pursued to complete Towns' stormwater infrastructure program. In addition, the Town established a new Building Service Fund that will recognize Building Permit and Plans Review revenue and all other revenue specific to Building Operations and account for the expenditures funded from the revenues collected.

The Town has continued to budget for a lobbyist to monitor state legislation for capital projects.

Requests for Information

The financial report is designed to provide a general overview of the Town of Fort Myers Beach, Florida's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

Town of Fort Myers Beach
Finance
2525 Estero Boulevard
Fort Myers Beach, Florida 33931

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TOWN OF FORT MYERS BEACH, FLORIDA

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 11,333,634	\$ 5,444,308	\$ 16,777,942
Investments	2,005,784	-	2,005,784
Internal balances	90,487	(90,487)	-
Due from other governments	520,666	4,493,131	5,013,797
Accounts receivable, net	-	1,297,520	1,297,520
Prepaid expenses	19,076	127,392	146,468
Restricted cash	-	317,091	317,091
Capital assets			
Nondepreciable	11,289,027	15,041,028	26,330,055
Depreciable	12,984,352	42,374,351	55,358,703
Total assets	<u>38,243,026</u>	<u>69,004,334</u>	<u>107,247,360</u>
Deferred outflows of resources			
Deferred outflows - OPEB	<u>39,117</u>	<u>7,107</u>	<u>46,224</u>
Liabilities			
Accounts payable and other accrued liabilities	569,459	1,958,085	2,527,544
Accrued interest payable	-	93,320	93,320
Unearned revenue	1,776,528	-	1,776,528
Payable from restricted assets			
Customer deposits	-	317,091	317,091
Noncurrent liabilities			
Due within one year	152,820	1,461,596	1,614,416
Due in more than one year	1,061,534	37,396,974	38,458,508
Total liabilities	<u>3,560,341</u>	<u>41,227,066</u>	<u>44,787,407</u>
Deferred inflows of resources			
Deferred inflows - OPEB	<u>89,448</u>	<u>16,251</u>	<u>105,699</u>
Net position			
Net investment in capital assets	24,242,763	22,423,626	46,666,389
Restricted for			
Parks and recreation	242,431	-	242,431
Transportation	2,213,438	-	2,213,438
Unrestricted	7,933,722	5,344,498	13,278,220
Total net position	<u>\$ 34,632,354</u>	<u>\$ 27,768,124</u>	<u>\$ 62,400,478</u>

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

TOWN OF FORT MYERS BEACH, FLORIDA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/programs							
Governmental activities							
General government	\$ 3,753,674	\$ 1,615,134	\$ 12,000	\$ -	\$ (2,126,540)	\$ -	\$ (2,126,540)
Public safety	459,555	-	750	41,161	(417,644)	-	(417,644)
Physical environment	196,835	-	-	-	(196,835)	-	(196,835)
Transportation	1,840,712	-	119,390	1,352,075	(369,247)	-	(369,247)
Culture/recreation	3,156,915	2,454,880	909,599	247,082	454,646	-	454,646
Interest on long-term debt	9,538	-	-	-	(9,538)	-	(9,538)
Total governmental activities	9,417,229	4,070,014	1,041,739	1,640,318	(2,665,158)	-	(2,665,158)
Business-type activities							
Water and sewer	3,976,287	6,048,690	-	-	-	2,072,403	2,072,403
Stormwater	598,028	1,159,194	-	-	-	561,166	561,166
Total business-type activities	4,574,315	7,207,884	-	-	-	2,633,569	2,633,569
Total primary government	\$ 13,991,544	\$ 11,277,898	\$ 1,041,739	\$ 1,640,318	(2,665,158)	2,633,569	(31,589)
General revenues							
Property taxes, levied for general purposes					3,404,467	-	3,404,467
Communication services tax					536,426	-	536,426
Gas taxes					369,879	-	369,879
Franchise fees					1,093,483	-	1,093,483
Business taxes					4,159	-	4,159
Intergovernmental revenues, unrestricted					904,098	-	904,098
Investment earnings					9,828	10,573	20,401
Total general revenues and transfers					6,322,340	10,573	6,332,913
Change in net position					3,657,182	2,644,142	6,301,324
Net position, beginning of year					30,975,172	25,123,982	56,099,154
Net position, end of year					\$ 34,632,354	\$ 27,768,124	\$ 62,400,478

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

TOWN OF FORT MYERS BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General	Gas Tax	Building	Beach Access	Capital Projects	American Rescue	Nonmajor Governmental Funds	Total Governmental Funds
Assets								
Cash and cash equivalents	\$ 5,056,269	\$ 369,511	\$ 416,198	\$ -	\$ 2,033,052	\$ 1,776,528	\$ 1,682,076	\$ 11,333,634
Investments	1,612,516	393,268	-	-	-	-	-	2,005,784
Prepaid items	18,382	694	-	-	-	-	-	19,076
Due from other funds	365,055	-	-	-	-	-	90,487	455,542
Due from other governments	182,600	30,767	-	307,299	-	-	-	520,666
Total assets	<u>\$ 7,234,822</u>	<u>\$ 794,240</u>	<u>\$ 416,198</u>	<u>\$ 307,299</u>	<u>\$ 2,033,052</u>	<u>\$ 1,776,528</u>	<u>\$ 1,772,563</u>	<u>\$ 14,334,702</u>
Liabilities, deferred inflows of resources and fund balances								
Liabilities								
Accounts payable and accrued liabilities	\$ 290,926	\$ 19,753	\$ 11,993	\$ 28,628	\$ 127,672	\$ -	\$ 90,487	\$ 569,459
Due to other funds	-	-	-	365,055	-	-	-	365,055
Unearned revenue	-	-	-	-	-	1,776,528	-	1,776,528
Total liabilities	<u>290,926</u>	<u>19,753</u>	<u>11,993</u>	<u>393,683</u>	<u>127,672</u>	<u>1,776,528</u>	<u>90,487</u>	<u>2,711,042</u>
Deferred inflows of resources								
Unavailable revenue	-	-	-	196,020	-	-	-	196,020
Fund balances (deficit)								
Nonspendable	18,382	694	-	-	-	-	-	19,076
Prepaid items	-	-	-	-	-	-	242,431	242,431
Restricted	-	773,793	-	-	-	-	1,439,645	2,213,438
Parks and recreation	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Committed	100,000	-	-	-	-	-	-	100,000
Beach nourishment	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	1,905,380	-	-	1,905,380
Other committed reserves	969,440	-	-	-	-	-	-	969,440
Compensated absences	111,000	-	-	-	-	-	-	111,000
Assigned								
Legal, general liability, and grant matching	215,000	-	-	-	-	-	-	215,000
Emergency	500,000	-	-	-	-	-	-	500,000
Operating reserve	1,330,000	-	-	-	-	-	-	1,330,000
Unassigned	3,700,074	-	404,205	(282,404)	-	-	-	3,821,875
Total fund balances (deficit)	<u>6,943,896</u>	<u>774,487</u>	<u>404,205</u>	<u>(282,404)</u>	<u>1,905,380</u>	<u>-</u>	<u>1,682,076</u>	<u>11,427,640</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,234,822</u>	<u>\$ 794,240</u>	<u>\$ 416,198</u>	<u>\$ 307,299</u>	<u>\$ 2,033,052</u>	<u>\$ 1,776,528</u>	<u>\$ 1,772,563</u>	<u>\$ 14,334,702</u>

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

**TOWN OF FORT MYERS BEACH, FLORIDA
RECONCILIATION OF THE BALANCE SHEET-
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

Fund Balances, Total Governmental Funds		\$ 11,427,640
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.</p>		
Governmental nondepreciable capital assets	\$ 11,289,027	
Governmental depreciable capital assets, net	12,984,352	24,273,379
<p>Deferred outflows, deferred inflows, and the total OPEB liability related to the Town's other post-employment benefits plan are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds.</p>		
Deferred outflows - OPEB	39,117	
Deferred inflows - OPEB	(89,448)	
Total OPEB liability	(147,009)	(197,340)
<p>Certain deferred inflows of resources are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.</p>		
		196,020
<p>Long-term liabilities, including capital leases and compensated absences are not due and payable in the current period and therefore, are not reported in the funds.</p>		
Compensated absences	(328,639)	
Capital improvements revenue note	(708,090)	
Capital leases payable	(30,616)	(1,067,345)
Net Position of Governmental Activities		\$ 34,632,354

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

TOWN OF FORT MYERS BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	General	Gas Tax	Building	Beach Access	Capital Projects	American Rescue	Nonmajor Governmental Funds	Total Governmental Funds
Revenues								
Taxes								
Property	\$ 3,404,467	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,404,467
Gas	-	369,879	-	-	-	-	-	369,879
Franchise	1,093,483	-	-	-	-	-	-	1,093,483
Communication services	536,426	-	-	-	-	-	-	536,426
Local business	4,159	-	-	-	-	-	-	4,159
Licenses and permits	193,870	-	1,219,114	-	-	-	-	1,412,984
Intergovernmental	1,810,282	7,106	-	1,019,453	119,390	-	-	2,956,231
Charges for services	2,454,880	-	-	-	-	-	-	2,454,880
Fines and forfeitures	10,436	-	-	-	-	-	-	10,436
Special assessments/impact fees	-	-	-	-	-	-	727,778	727,778
Investment income	6,590	-	-	-	836	-	2,402	9,828
Miscellaneous	186,774	4,940	-	-	12,000	-	-	203,714
Total revenues	9,701,367	381,925	1,219,114	1,019,453	132,226	-	730,180	13,184,265
Expenditures								
Current								
General government	2,551,609	-	549,015	-	-	-	-	3,100,624
Public safety	452,747	-	-	-	-	-	-	452,747
Transportation	1,676,447	148,608	-	-	-	-	-	1,825,055
Culture and recreation	1,932,022	-	-	831,741	-	-	-	2,763,763
Capital outlay	-	56,219	-	170,518	1,256,838	-	-	1,483,575
Debt service:								
Principal	-	-	-	-	9,346	-	-	9,346
Interest	56	-	-	-	9,482	-	-	9,538
Total expenditures	6,612,881	204,827	549,015	1,002,259	1,275,666	-	-	9,644,648
Excess (deficiency) of revenues over (under) expenditures	3,088,486	177,098	670,099	17,194	(1,143,440)	-	730,180	3,539,617
Other financing sources (uses)								
Loan issuance	-	-	-	-	708,090	-	-	708,090
Transfers in	-	-	-	-	1,363,245	-	-	1,363,245
Transfers out	(1,363,245)	-	-	-	-	-	-	(1,363,245)
Total other financing sources (uses)	(1,363,245)	-	-	-	2,071,335	-	-	708,090
Change in fund balances	1,725,241	177,098	670,099	17,194	927,895	-	730,180	4,247,707
Fund balances (deficits), beginning of year	5,218,655	597,389	(265,894)	(299,598)	977,485	-	951,896	7,179,933
Fund balances (deficit), end of year	\$ 6,943,896	\$ 774,487	\$ 404,205	\$ (282,404)	\$ 1,905,380	\$ -	\$ 1,682,076	\$ 11,427,640

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

**TOWN OF FORT MYERS BEACH, 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, 2021**

Net Change in Fund Balances, Total Governmental Funds		\$ 4,247,707
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.</p>		
Capital outlay	\$ 1,358,814	
Less current year depreciation	<u>(1,102,181)</u>	256,633
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(109,854)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. This amount is the net effect of these differences in the treatment of long-term liabilities.</p>		
Issuance of long-term debt	(708,090)	
Principal repayment of long-term debt	<u>9,346</u>	(698,744)
<p>In the governmental funds, current year expenditures related to OPEB are comprised solely of amounts contributed to the plan for the current year. However, in the statement of activities, expenses related to OPEB include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of OPEB and related items.</p>		
		(23,317)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.</p>		
Change in compensated absences		<u>(15,243)</u>
Change in Net Position of Governmental Activities		<u>\$ 3,657,182</u>

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

TOWN OF FORT MYERS BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES–BUDGET AND ACTUAL–GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget– Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property	\$ 3,389,680	\$ 3,389,680	\$ 3,404,467	\$ 14,787
Franchise	943,500	943,500	1,093,483	149,983
Communications services	540,000	540,000	536,426	(3,574)
Local business	4,000	4,000	4,159	159
Licenses and permits	255,990	255,990	193,870	(62,120)
Intergovernmental	822,000	822,000	1,810,282	988,282
Charges for services	2,049,400	2,049,400	2,454,880	405,480
Fines and forfeitures	50,000	50,000	10,436	(39,564)
Investment income	90,000	90,000	6,590	(83,410)
Miscellaneous	44,500	44,500	186,774	142,274
Total revenues	<u>8,189,070</u>	<u>8,189,070</u>	<u>9,701,367</u>	<u>1,512,297</u>
Expenditures				
Current				
General government	2,763,140	2,763,140	2,551,609	211,531
Public safety	532,900	532,900	452,747	80,153
Transportation	1,695,190	1,695,190	1,676,447	18,743
Culture and recreation	2,348,090	2,348,090	1,932,022	416,068
Debt service:				
Interest	-	-	56	(56)
Total expenditures	<u>7,339,320</u>	<u>7,339,320</u>	<u>6,612,881</u>	<u>726,439</u>
Excess of revenues over expenditures	<u>849,750</u>	<u>849,750</u>	<u>3,088,486</u>	<u>2,238,736</u>
Other financing uses				
Transfers out	(1,363,245)	(1,363,245)	(1,363,245)	-
Total other financing uses	<u>(1,363,245)</u>	<u>(1,363,245)</u>	<u>(1,363,245)</u>	<u>-</u>
Change in fund balance	(513,495)	(513,495)	1,725,241	2,238,736
Fund balance, beginning of year	<u>5,218,655</u>	<u>5,218,655</u>	<u>5,218,655</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,705,160</u>	<u>\$ 4,705,160</u>	<u>\$ 6,943,896</u>	<u>\$ 2,238,736</u>

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

TOWN OF FORT MYERS BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES–BUDGET AND ACTUAL–GAS TAX FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget– Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Gas taxes	\$ 347,865	\$ 347,865	\$ 369,879	\$ 22,014
Intergovernmental	41,000	41,000	7,106	(33,894)
Miscellaneous	-	-	4,940	4,940
Total revenues	<u>388,865</u>	<u>388,865</u>	<u>381,925</u>	<u>(6,940)</u>
Expenditures				
Current				
Transportation	263,865	263,865	148,608	115,257
Capital outlay	125,000	125,000	56,219	68,781
Total expenditures	<u>388,865</u>	<u>388,865</u>	<u>204,827</u>	<u>184,038</u>
Change in fund balance	-	-	177,098	177,098
Fund balance, beginning of year	<u>597,389</u>	<u>597,389</u>	<u>597,389</u>	<u>-</u>
Fund balance, end of year	<u>\$ 597,389</u>	<u>\$ 597,389</u>	<u>\$ 774,487</u>	<u>\$ 177,098</u>

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

**TOWN OF FORT MYERS BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES—BUDGET AND ACTUAL—BUILDING FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance With Final Budget— Positive (Negative)
	Original	Final		
Revenues				
Licenses and permits	\$ 752,215	\$ 752,215	\$ 1,219,114	\$ 466,899
Total revenues	<u>752,215</u>	<u>752,215</u>	<u>1,219,114</u>	<u>466,899</u>
Expenditures				
Current				
General government	752,215	752,215	549,015	203,200
Total expenditures	<u>752,215</u>	<u>752,215</u>	<u>549,015</u>	<u>203,200</u>
Change in fund balance	-	-	670,099	670,099
Fund balance (deficit), beginning of year	<u>(265,894)</u>	<u>(265,894)</u>	<u>(265,894)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (265,894)</u>	<u>\$ (265,894)</u>	<u>\$ 404,205</u>	<u>\$ 670,099</u>

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

TOWN OF FORT MYERS BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES-BUDGET AND ACTUAL-BEACH ACCESS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 978,070	\$ 978,070	\$ 1,019,453	\$ 41,383
Total revenues	<u>978,070</u>	<u>978,070</u>	<u>1,019,453</u>	<u>41,383</u>
Expenditures				
Current				
Culture and recreation	951,665	951,665	831,741	119,924
Capital outlay	26,405	26,405	170,518	(144,113)
Total expenditures	<u>978,070</u>	<u>978,070</u>	<u>1,002,259</u>	<u>(24,189)</u>
Change in fund balance	-	-	17,194	17,194
Fund balance (deficit), beginning of year	<u>(299,598)</u>	<u>(299,598)</u>	<u>(299,598)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (299,598)</u>	<u>\$ (299,598)</u>	<u>\$ (282,404)</u>	<u>\$ 17,194</u>

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

TOWN OF FORT MYERS BEACH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	<u>Water Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Assets			
Current assets			
Cash	\$ 3,016,008	\$ 2,428,300	\$ 5,444,308
Accounts receivable, net	1,114,019	183,501	1,297,520
Due from other funds	-	14,235	14,235
Due from other governments	1,802,595	2,690,536	4,493,131
Prepaid items	127,392	-	127,392
Total current assets	<u>6,060,014</u>	<u>5,316,572</u>	<u>11,376,586</u>
Noncurrent assets			
Restricted cash	317,091	-	317,091
Capital assets, nondepreciable	12,289,106	2,751,922	15,041,028
Capital assets, depreciable, net	27,814,871	14,559,480	42,374,351
Total noncurrent assets	<u>40,421,068</u>	<u>17,311,402</u>	<u>57,732,470</u>
Total assets	<u>46,481,082</u>	<u>22,627,974</u>	<u>69,109,056</u>
Deferred outflows of resources			
Deferred outflow - OPEB	<u>5,824</u>	<u>1,283</u>	<u>7,107</u>
Liabilities			
Current liabilities			
Payable from current assets			
Accounts payable	1,520,771	437,314	1,958,085
Due to other funds	14,235	90,487	104,722
Accrued interest payable	58,387	34,933	93,320
Compensated absences	18,671	-	18,671
Notes payable, due within one year	963,566	479,359	1,442,925
Payable from restricted assets			
Customer deposits	317,091	-	317,091
Total current liabilities	<u>2,892,721</u>	<u>1,042,093</u>	<u>3,934,814</u>
Long-term liabilities			
Compensated absences	17,956	-	17,956
Notes payable	25,769,509	11,582,800	37,352,309
Total OPEB liability	21,888	4,821	26,709
Total long-term liabilities	<u>25,809,353</u>	<u>11,587,621</u>	<u>37,396,974</u>
Total liabilities	<u>28,702,074</u>	<u>12,629,714</u>	<u>41,331,788</u>
Deferred inflows of resources			
Deferred Inflows - OPEB	<u>13,318</u>	<u>2,933</u>	<u>16,251</u>
Net position			
Net investment in capital assets	14,784,474	7,639,152	22,423,626
Unrestricted	2,987,040	2,357,458	5,344,498
Total net position	<u>\$ 17,771,514</u>	<u>\$ 9,996,610</u>	<u>\$ 27,768,124</u>

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

TOWN OF FORT MYERS BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<u>Water Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 6,048,550	\$ 1,156,907	\$ 7,205,457
Miscellaneous	140	2,287	2,427
Total operating revenues	<u>6,048,690</u>	<u>1,159,194</u>	<u>7,207,884</u>
Operating expenses			
Bulk water	1,709,176	-	1,709,176
Depreciation expense	440,203	115,898	556,101
Repairs and maintenance	330,997	220,241	551,238
Salaries and benefits	574,641	84,998	659,639
Insurance	72,900	-	72,900
Power	49,170	-	49,170
Professional services	30,886	-	30,886
Other operating supplies and expenses	615,676	105,405	721,081
Miscellaneous expenses	188	-	188
Total operating expenses	<u>3,823,837</u>	<u>526,542</u>	<u>4,350,379</u>
Operating income	<u>2,224,853</u>	<u>632,652</u>	<u>2,857,505</u>
Nonoperating revenues (expenses)			
Interest income	2,383	8,190	10,573
Interest expense	<u>(152,450)</u>	<u>(71,486)</u>	<u>(223,936)</u>
Total nonoperating revenues (expenses)	<u>(150,067)</u>	<u>(63,296)</u>	<u>(213,363)</u>
Change in net position	2,074,786	569,356	2,644,142
Net position, beginning of year	<u>15,696,728</u>	<u>9,427,254</u>	<u>25,123,982</u>
Net position, end of year	<u>\$ 17,771,514</u>	<u>\$ 9,996,610</u>	<u>\$ 27,768,124</u>

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

TOWN OF FORT MYERS BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<u>Water Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from customers	\$ 6,144,887	\$ 1,301,889	\$ 7,446,776
Cash paid to suppliers	(3,333,694)	(556,979)	(3,890,673)
Cash paid to employees	(574,021)	(82,275)	(656,296)
Net cash provided by operating activities	<u>2,237,172</u>	<u>662,635</u>	<u>2,899,807</u>
Cash flows from capital and related financing activities			
Principal payment on notes payable and bonds	(1,020,078)	(339,414)	(1,359,492)
Proceeds from loan	3,118,142	1,479,357	4,597,499
Interest paid	(198,576)	(36,553)	(235,129)
Acquisition and construction of capital assets	(3,837,140)	(2,870,516)	(6,707,656)
Net cash used by capital and related financing activities	<u>(1,937,652)</u>	<u>(1,767,126)</u>	<u>(3,704,778)</u>
Cash flows from investing activities			
Interest received	<u>2,383</u>	<u>8,190</u>	<u>10,573</u>
Net change in cash and cash equivalents	301,903	(1,096,301)	(794,398)
Cash and cash equivalents, beginning of year	<u>3,031,196</u>	<u>3,524,601</u>	<u>6,555,797</u>
Cash and cash equivalents, end of year	<u>\$ 3,333,099</u>	<u>\$ 2,428,300</u>	<u>\$ 5,761,399</u>
Reconciliation of cash and cash equivalents to statement of net position			
Cash and cash equivalents	\$ 3,016,008	\$ 2,428,300	\$ 5,444,308
Restricted cash	317,091	-	317,091
Total cash and cash equivalents	<u>\$ 3,333,099</u>	<u>\$ 2,428,300</u>	<u>\$ 5,761,399</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 2,224,853	\$ 632,652	\$ 2,857,505
Adjustment to reconcile operating income to net cash provided by operating activities			
Depreciation expense	440,203	115,898	556,101
Decrease (increase) in assets			
Accounts receivable	81,962	66,443	148,405
Prepaid items	25,257	967	26,224
Due from other funds	-	(14,235)	(14,235)
Deferred outflow - OPEB	(601)	(663)	(1,264)
Increase (decrease) in liabilities			
Accounts payable	(567,234)	(232,300)	(799,534)
Due to other funds	14,235	90,487	104,722
Customer deposits	17,276	-	17,276
Compensated absences	2,815	-	2,815
Deferred inflow - OPEB	(2,006)	1,114	(892)
Total OPEB liability	412	2,272	2,684
Net cash provided by operating activities	<u>\$ 2,237,172</u>	<u>\$ 662,635</u>	<u>\$ 2,899,807</u>

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

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TOWN OF FORT MYERS BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Fort Myers Beach, Florida (the “Town”) was incorporated pursuant to Chapter 95-494, *Laws of Florida*. The Town operates under a Town Manager form of government and is governed by an elected five-member Town Council. The Town Manager is appointed by a majority vote of the Council. The Town provides the following services: parks and recreation, public works, streets and roads, planning and zoning, water utility services, museum and cultural, stormwater, and general and administrative services.

The basic financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), applicable to state and local governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (statements and interpretations), constitutes GAAP for governmental units.

A. Reporting Entity

In evaluation of the Town as a reporting entity, management considered all potential component units in accordance with applicable Governmental Accounting Standards Board Statements (GASBS). A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Management reviewed all of the financial accountability concepts and determined that there are no component units required to be included in the Town’s financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide and fund financial statements along with the notes to the financial statements comprise the basic financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Government-wide financial statements do not provide information by fund, but distinguish between the Town’s governmental activities and business-type activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of net position includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the Town’s capital assets. The statement of activities demonstrates the degree to which the direct expenses of a given function or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOWN OF FORT MYERS BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The reports the following major governmental funds:

The **General Fund** is the Town's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund.

The **Gas Tax Fund (Special Revenue Fund)** is used to account for gas taxes and other resources dedicated to road related projects.

The **Building Fund (Special Revenue Fund)** is used to account for funds and other resources dedicated to community development.

The **Beach Access Fund (Special Revenue Fund)** is used to account for funds and other resources used for improvements to, and maintenance of, public beach access.

The **Capital Projects Fund** is used to account for funds and other resources used for the acquisition and/or construction of major capital facilities.

The **American Rescue Fund (Special Revenue Fund)** is used to account for grant funds received by the Town under the American Rescue Plan Act.

The Town reports the following major proprietary funds:

The **Water Fund** is used to account for the activities of the Town's water system.

The **Stormwater Fund** is used to account for the activities of the Town's stormwater system.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF FORT MYERS BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues, except intergovernmental revenues, to be available if they are collected within 60 days of the end of the current fiscal period. Intergovernmental revenues are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Town must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to long-term debt, compensated absences and claims and judgments are recorded only when payment is due.

Taxes, licenses and permits, intergovernmental revenue, charges for services, and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position

Cash and Investments

The Town's cash consists of amounts in demand deposits and certificates of deposit. Investments consist of amounts on deposit with the Florida State Board of Administration's Florida Prime pool and with the Florida Municipal Investment Trust.

The Town's investment policy follows Section 218.415 of the Florida Statutes and allows management to invest any surplus funds in its control in the following:

- The Florida State Board of Administration's SBA Florida Prime;
- Florida Municipal Investment Trust (an intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Florida Statute 163.01);
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Florida Statutes, Chapter 280.02;
- Direct obligations of the United States Treasury.

For accounting and investment purposes, the Town maintains cash and investment pool available for use by all funds except those whose cash and investments must be segregated due to legal or other restrictions. Investments within this pool are treated as a demand deposit account by the various funds of the Town that participate. Interest earned on investments in the pool is allocated to the various funds based upon each fund's equity balance in the pool during the allocation period.

SBA Florida Prime meets the necessary criteria to elect to measure all of the investments in Florida Prime at amortized cost.

For purposes of the statement of cash flows, the Town considers highly liquid investments, including those held as restricted assets, with maturities of three months or less when purchased to be cash equivalents.

Customer deposit resources in the Water Fund are restricted to the payment of customer's deposits as they become due.

Receivables

The accounts receivable of the Town are recorded net of an allowance for doubtful accounts which generally is equivalent to the receivables that are over 90 days past due. In the Water Fund, revenues and receivables are accrued for services provided to customers through year-end even if the customers have not yet been billed.

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transactions

During the course of operations, the Town has activity between funds for various purposes. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported as either "due from/to other funds" or "advances to/from other funds," the latter being amounts due in excess of one year. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2021 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable as this amount is not available for general appropriation.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the enterprise funds represent cash and cash equivalents set aside for the repayment of deposits to utility customers.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and are reported in the governmental activities column in the government-wide financial statements. As permitted by GASB No. 34, the Town has elected not to report infrastructure assets retroactively.

Capital assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The Town follows a capitalization policy that calls for the capitalization of all capital assets that have costs of \$1,000 or more and useful lives in excess of one year. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 - 40 years
Leasehold improvements	10 years
Equipment	5 - 10 years
Computer equipment	3 - 10 years
Furniture	3 - 10 years
Vehicles and rolling stock	3 - 10 years
Distribution lines	20 - 25 years
Booster stations	25 years
Generators	10 years
Infrastructure	40 years

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

The Town reports deferred inflows and deferred outflows related to the recording of changes in its total OPEB liability. Certain changes in these liabilities are recognized as OPEB expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the Town's actuary which adjust the total OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into OPEB expense over the expected remaining service life of plan members. Changes in actuarial assumptions which adjust the total OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining lives of plan members. Additionally, any contributions made by the Town to the OPEB plan before year-end but subsequent to the measurement date of the Town's total OPEB liability are reported as deferred outflows of resources.

In addition to the above OPEB related deferred inflows, the Town also has one other type of these items, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the Governmental Funds Balance Sheet. The governmental funds report unavailable revenues from certain charges for services and fines and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Debt premiums and discounts are deferred and amortized over the life of the debt using the effective interest method. Debt payable is reported net of the applicable debt premium or discount.

In the fund financial statements, governmental fund types recognize debt premiums and discounts during the current period. The face amount of debt issued and debt premiums are separately reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures when incurred.

Compensated Absences

Full-time employees may accumulate paid time off. The Town's policy allows employees to accumulate up to 560 hours of paid time off. Upon voluntary or involuntary separation from employment, an employee will be paid for all accumulated vacation leave (up to 560 hours). The accumulated compensated absences are accrued when incurred in the government-wide financial statements for both the current and long-term portions.

Fund Balance/Net Position

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance—Generally, fund balance represents the difference between current assets and current liabilities in fund financial statements using the current financial resources measurement focus. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balances are classified as follows:

Nonspendable—Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (1) not in spendable form (i.e., items that are not expected to be converted to cash such as prepaid items), or (2) legally or contractually required to be maintained intact.

Restricted—Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Committed—Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council through the adoption of a resolution or ordinance. Only the Town Council may modify or rescind the commitment. These self-imposed limitations must be set in place prior to the end of the fiscal year.

Assigned—Fund balances are reported as assigned when amounts are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is stipulated by the Town Council or an official for whom that authority has been given by Town Council. The Town Manager has the authority to assign fund balance.

With the exception of the General Fund, amounts in all other governmental funds that are not *nonspendable*, *restricted* or *committed* will be considered to be *assigned*. Also, at fiscal year-end, any appropriation of existing fund balance to eliminate a projected budgetary deficit in the next year's budget is considered to be an assignment of fund balance.

Unassigned—Fund balances reported as unassigned are the residual amount of balances that do not meet any of the above criterion. The Town reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in other funds.

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position—Net position represents the difference between assets and liabilities in reporting units using the economic resources measurement focus. Net position reported as net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets, adding back unspent proceeds. Net position reported as restricted consists of amounts that have limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position not reported as “net investment in capital assets” or “restricted” is reported as unrestricted.

Flow Assumptions—When both restricted and unrestricted amounts of fund balance/net position are available for use for expenditures/expenses incurred, it is the Town’s policy to use restricted amounts first and then unrestricted amounts as they are needed.

For unrestricted amounts of fund balance, it is the Town’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Property Taxes

The billing and collection of all property taxes is performed for the Town by the Lee County, Florida Tax Collector. Property taxes are levied after formal adoption of the Town’s budget and become due and payable on November 1 of each year. Discounts are allowed for payment of property taxes before March 1 of the following year. Taxes are recognized as revenue when levied to the extent that they result in current receivables and meet availability criteria. On April 1, any unpaid taxes become delinquent. If the taxes are still unpaid in May, tax certificates are then offered for sale to the general public. The proceeds collected are remitted to the Town. There were no delinquent taxes or uncollected taxes at year-end.

Key dates in the property tax cycle (latest date, where appropriate) are as follows:

July 1	Assessment roll validated
September 30	Millage resolution approved and taxes levied following certificate of assessment roll
October 1	Beginning of fiscal year for which tax is to be levied
November 1	Property taxes due and payable (levy date) with various discount provisions through March 1
April 1	Taxes become delinquent
Prior to June 1	Tax certificates sold by Lee County Tax Collector

TOWN OF FORT MYERS BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The Town follows the procedures enumerated below in establishing the legally adopted budgetary data reflected in the fund financial statements:

1. On or before July 15 of each year, the Town Manager is to submit to the Town Council a proposed operating budget, including a Town Manager's message explaining the budget, for the fiscal year commencing the following October 1. The operating budget will include a complete financial plan of all Town funds and activities for the ensuing fiscal year.
2. The Town Council shall publish in one or more newspapers of general circulation the time and place of public hearings. Public hearings are then conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of a resolution required by Town Charter and as required by the State of Florida.
4. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Budget amounts, as shown in the fund financial statements, are as originally adopted and as finally amended by the Town Council. If, during the fiscal year, additional revenues become available for appropriation in excess of those estimated in the budget, the Town Council may make supplemental appropriations by resolution for the year up to the amount of such excess. There were no supplemental appropriations during the year.
6. The annual budgets serve as the legal authorization for expenditures. Expenditures cannot legally exceed the total amount budgeted for each fund. The Town Council must approve all budget amendments, which change the legally adopted total appropriation for a fund. Authority to transfer budget within a fund is delegated to the Town Council. Appropriations lapse at the fiscal year-end.

Deficit Fund Balance

The Beach Access Fund reported a deficit of \$282,404. The Town expects the deficit to be recovered from subsequent reimbursement requests from the Tourist Development Council.

Excess of Expenditures over Appropriations

For the year ended September 30, 2021, expenditures exceeded appropriations in the debt service of the General Fund by \$56 and capital outlay of the Beach Access Fund by \$144,113.

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 3 – CASH AND INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. In accordance with its policy, all Town depositories are banks designated by the Florida State Treasurer as qualified public depositories. Chapter 280 of the Florida Statutes, *Florida Security for Public Deposits Act*, provides procedures for public depositories to ensure public monies in banks and saving and loans are collateralized with the Treasurer as agent for the public entities. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and non-negotiable certificates of deposit.

Financial institutions qualifying as public depositories shall deposit with the Treasurer eligible collateral having a market value equal to or in excess of the average daily balance of public deposits times the depository collateral pledging level required pursuant to Chapter 280 as computed and reported monthly or 125% of the average monthly balance, whichever is greater. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof, and therefore, the Town is not exposed to custodial credit risk.

Investments

As of September 30, 2021, the Town had the following investments:

<u>Investment Type</u>	<u>Percent of Portfolio</u>	<u>Fair Value</u>
Florida Municipal Investment Trust (FMIT)	79.85%	\$ 1,601,578
SBA Florida PRIME	20.15%	404,206
		<u>\$ 2,005,784</u>

The FMIT is an external investment pool. The Town's investment in the FMIT is not evidenced by securities that exist in physical or book form and, therefore, disclosures for concentration of credit risk and custodial credit risk are not applicable. The Town's investment at FMIT is in the Intermediate High Quality Bond Fund. This fund was rated AAaf/S3 by Fitch Ratings as of September 30, 2021. The Town's investment policy addresses interest rate risk by requiring that the Town's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity. The weighted average days to maturity (WAM) of the FMIT Intermediate High Quality Bond Fund at September 30, 2021 was 3.9 years.

TOWN OF FORT MYERS BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

In accordance with GASBS No. 79, *Certain External Investment Pools and Pool Participants*, the Florida State Board of Administration's (SBA) Florida Prime meets the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, the Town's participant account balance should also be considered the fair value of its investment and exempt from the GASBS No. 72, *Fair Value Measurement and Application*. The WAM of the Florida PRIME at September 30, 2021 was 49 days and the weighted average life (WAL) was 64 days. The Florida PRIME is rated AAAM by *Standards and Poor's*. The Florida PRIME is administered by SBA under the regulatory oversight of the State of Florida, Chapter 19-7, *Florida Administrative Code*.

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days."

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value. Florida PRIME did not participate in a securities lending program in the period October 1, 2020 through September 30, 2021.

Fair Value Measurements

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of September 30, 2021: FMIT (Intermediate High Quality Bond Fund) of \$1.6 million based on market-corroborated date (Level 2).

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 4 – ACCOUNTS RECEIVABLE

Receivables at September 30, 2021, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Accounts Receivable</u>	<u>Due from Other Governments</u>	<u>Less Allowance for Doubtful Accounts</u>	<u>Total</u>
Governmental activities				
General Fund	\$ -	\$ 182,600	\$ -	\$ 182,600
Gas Tax Fund	-	30,767	-	30,767
Beach Access	-	307,299	-	307,299
Governmental activities subtotal	<u>-</u>	<u>520,666</u>	<u>-</u>	<u>520,666</u>
Business-type activities				
Water Fund	1,168,771	1,802,595	(54,752)	2,916,614
Stormwater	183,501	2,690,536	-	2,874,037
Business-type activities subtotal	<u>1,352,272</u>	<u>4,493,131</u>	<u>(54,752)</u>	<u>5,790,651</u>
Total	<u>\$ 1,352,272</u>	<u>\$ 5,013,797</u>	<u>\$ (54,752)</u>	<u>\$ 6,311,317</u>

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At September 30, 2021, the Town reported the following due from/to other funds:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General	\$ 365,055	\$ -
Beach Access	-	365,055
Road Impact	90,487	-
Water	-	14,235
Stormwater	14,235	90,487
Total	<u>\$ 469,777</u>	<u>\$ 469,777</u>

These balances resulted from the time lag between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur, and (2) payments between funds are made.

At September 30, 2021, the Town reported the following interfund transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 1,363,245
Capital Projects	1,363,245	-
Total	<u>\$ 1,363,245</u>	<u>\$ 1,363,245</u>

Transfers of resources from a fund to the fund through which resources are to be expended, are recorded as transfers and are reported as other financing sources (uses) in the governmental funds and as transfers in (out) in the proprietary funds.

These transfers from the General Fund were used to fund capital projects for the year ended September 30, 2021.

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 10,536,780	\$ -	\$ -	\$ -	\$ 10,536,780
Construction in progress	-	752,247	-	-	752,247
Total capital assets, not being depreciated	<u>10,536,780</u>	<u>752,247</u>	<u>-</u>	<u>-</u>	<u>11,289,027</u>
Capital assets, being depreciated					
Buildings and improvements	8,673,057	66,984	-	-	8,740,041
Improvements other than buildings	2,689,713	68,664	-	-	2,758,377
Office furniture and equipment	1,048,686	56,361	-	-	1,105,047
Vehicles and other equipment	2,782,537	361,048	-	-	3,143,585
Infrastructure	5,878,476	53,510	-	-	5,931,986
Total capital assets, being depreciated	<u>21,072,469</u>	<u>606,567</u>	<u>-</u>	<u>-</u>	<u>21,679,036</u>
Less accumulated depreciation for					
Buildings and improvements	(2,163,424)	(289,809)	-	-	(2,453,233)
Improvements other than buildings	(835,345)	(205,891)	-	-	(1,041,236)
Office furniture and equipment	(903,308)	(106,882)	-	-	(1,010,190)
Vehicles and other equipment	(1,869,391)	(301,050)	-	-	(2,170,441)
Infrastructure	(1,821,035)	(198,549)	-	-	(2,019,584)
Total accumulated depreciation	<u>(7,592,503)</u>	<u>(1,102,181)</u>	<u>-</u>	<u>-</u>	<u>(8,694,684)</u>
Total capital assets, being depreciated, net	<u>13,479,966</u>	<u>(495,614)</u>	<u>-</u>	<u>-</u>	<u>12,984,352</u>
Governmental activities capital assets, net	<u>\$ 24,016,746</u>	<u>\$ 256,633</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,273,379</u>

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-Type Activities					
Capital assets not being depreciated					
Land	\$ 305,000	\$ -	\$ -	\$ -	\$ 305,000
Construction in progress	37,509,863	6,707,656	-	(29,481,491)	14,736,028
Total capital assets, not being depreciated	<u>37,814,863</u>	<u>6,707,656</u>	<u>-</u>	<u>(29,481,491)</u>	<u>15,041,028</u>
Capital assets being depreciated					
Computer equipment	62,975	-	-	-	62,975
Buildings and leasehold improvement:	1,137,739	-	-	-	1,137,739
Vehicles and other equipment	411,749	-	-	-	411,749
Infrastructure	17,145,604	-	-	29,481,491	46,627,095
Total capital assets, being depreciated	<u>18,758,067</u>	<u>-</u>	<u>-</u>	<u>29,481,491</u>	<u>48,239,558</u>
Less accumulated depreciation for					
Computer equipment	(62,975)	-	-	-	(62,975)
Buildings and leasehold improvement:	(571,792)	(44,966)	-	-	(616,758)
Vehicles and other equipment	(255,499)	(43,616)	-	-	(299,115)
Infrastructure	(4,418,840)	(467,519)	-	-	(4,886,359)
Total accumulated depreciation	<u>(5,309,106)</u>	<u>(556,101)</u>	<u>-</u>	<u>-</u>	<u>(5,865,207)</u>
Total capital assets, being depreciated, net	<u>13,448,961</u>	<u>(556,101)</u>	<u>-</u>	<u>29,481,491</u>	<u>42,374,351</u>
Business-type activities capital assets, net	<u>\$ 51,263,824</u>	<u>\$ 6,151,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,415,379</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General government	\$ 516,287
Transportation	6,039
Physical environment	196,835
Culture and recreation	383,020
Total depreciation expense, governmental activities	<u>\$ 1,102,181</u>
Business-Type Activities	
Water	\$ 440,203
Stormwater	115,898
Total depreciation expense, business-type activities	<u>\$ 556,101</u>

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 7 – LONG-TERM OBLIGATIONS

Long-Term Obligations

Changes in long-term obligations for the year ended September 30, 2021 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Compensated absences	\$ 313,396	\$ 156,040	\$ (140,797)	\$ 328,639	\$ 142,909
Capital improvements revenue note	-	708,090	-	708,090	-
Capital lease payable	39,962	-	(9,346)	30,616	9,911
Total OPEB liability	118,354	40,029	(11,374)	147,009	-
	<u>\$ 471,712</u>	<u>\$ 904,159</u>	<u>\$ (161,517)</u>	<u>\$ 1,214,354</u>	<u>\$ 152,820</u>
Business-Type Activities					
Utility revenue refunding bonds	\$ 720,000	\$ -	\$ (180,000)	\$ 540,000	\$ 180,000
Notes payable from direct borrowings:					
State revolving fund loans	31,668,870	7,765,856	(1,179,492)	38,255,234	1,262,925
Compensated absences	33,812	21,210	(18,395)	36,627	18,671
Total OPEB liability	24,025	7,276	(4,592)	26,709	-
	<u>\$ 32,446,707</u>	<u>\$ 7,794,342</u>	<u>\$ (1,382,479)</u>	<u>\$ 38,858,570</u>	<u>\$ 1,461,596</u>

For the governmental activities, compensated absences and other post-employment benefits are generally liquidated by the General Fund.

Governmental Activities

\$10,000,000 Capital Improvement Revenue Note, Series 2020 – Issued for the purpose of providing funding for various capital improvement projects of the Town and to pay the costs of issuance related thereto. The note bears interest at 3.15% through November 1, 2030, and are payable from and secured by a lien upon and pledge of the net revenues of the public service tax revenues. Monthly interest payments are due commencing on December 1, 2020 until the note is paid in full and principal payments paid monthly commencing on December 1, 2023. Final maturities will be determined after all funds have been drawn. The amount drawn down by the Town and outstanding as of September 30, 2021 was \$708,090.

Business-Type Activities

\$1,980,000 Utility Revenue Refunding Bonds, Series 2013 – Issued for the principal purpose of paying off the Town's Public Utility Revenue Note, Series 2010 which was issued to refinance monies expended to acquire the water system of the Town and pay certain capital costs for additions and/or improvements to the water system. The bonds bear interest at 1.81%, and are payable from and secured by a lien upon and pledge of the net revenues of the utility. Additionally, payment of the bonds is secured by a covenant to budget and appropriate non-ad valorem revenues for payment of principal and interest in the event the utility's net revenues are insufficient to make those payments. Annual principal payments of \$180,000 plus interest are due on October 1 through final maturity on October 1, 2023. The outstanding balance as of September 30, 2021 was \$540,000.

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Notes Payable from Direct Borrowings:

\$17,148,027 State Revolving Fund Loan – issued for the purpose of funding the water main improvement projects. The loan bears interest ranging from 0.92% to 1.24%, and is collateralized by a subordinated pledge of the net revenues of the utility. Principal and interest is payable in 40 semi-annual payments of \$444,904 through November 2038. The outstanding balance as of September 30, 2021, including amounts receivable for eligible expenses, was \$14,023,891.

\$20,329,458 State Revolving Fund Loan – issued for the purpose of funding the water main improvement projects. The loan bears interest of 0.98%, and is collateralized by a subordinated pledge of the net revenues of the utility. Principal and interest is payable in 40 semi-annual payments of \$574,614 commencing upon project completion. The outstanding balance as of September 30, 2021, including amounts receivable for eligible expenses, was \$12,169,184.

\$13,523,051 State Revolving Fund Loan – issued for the purpose of funding the stormwater management system project. The loan bears interest ranging from 0.32% to 0.49%, and is collateralized by a subordinated pledge of the net revenues of the utility. Principal and interest will be payable in 40 semi-annual payments commencing upon the project completion. The semi-annual payment will be determined upon the last draw at the completion of the project. The outstanding balance as of September 30, 2021, including amounts receivable for eligible expenses, was \$9,371,623.

\$12,500,000 State Revolving Fund Loan – issued for the purpose of funding the stormwater management system project. The loan does not bear interest and is collateralized by a subordinated pledge of the net revenues of the utility. Principal will be payable in 40 semi-annual payments commencing upon the project completion. The semi-annual payment will be determined upon the last draw at the completion of the project. The outstanding balance as of September 30, 2021, including amounts receivable for eligible expenses, was \$2,690,536.

The annual debt service requirements to maturity for the business-type activities (excluding the SRF loans not yet in repayment) as of September 30, 2021 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,442,925	\$ 134,174	\$ 1,577,099
2023	1,371,919	201,926	1,573,845
2024	1,382,830	187,753	1,570,583
2025	1,213,862	175,093	1,388,955
2026	1,225,015	163,939	1,388,954
2027-2031	6,296,729	648,045	6,944,774
2032-2036	6,594,635	350,138	6,944,773
2037-2041	4,407,599	63,083	4,470,682
	<u>\$23,935,514</u>	<u>\$ 1,924,151</u>	<u>\$25,859,665</u>

Loan Agreements

The loan agreements contain various covenants, including such items as debt service coverage, reporting requirements, and maintenance of facilities. Management believes that it has complied, in all material respects, with the covenants of the loan agreement for the year ended September 30, 2021.

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 8 – CAPITAL LEASE

The Town has entered into a lease agreement for the financing of various mower equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The asset acquired through capital lease is as follows:

	Governmental Activities
Mowing equipment	\$ 49,486
Less: accumulated depreciation	(19,794)
Total	\$ 29,692

The future minimum lease obligations and the net present value of these lease payments as of September 30, 2021 for governmental activities are as follows:

Fiscal Year		
2022	\$	11,449
2023		11,449
2024		10,494
Total minimum lease payments		33,392
Less: amount representing interest		(2,776)
Present value of minimum lease payments	\$	30,616

NOTE 9 – RETIREMENT PLAN

The Town sponsors a defined contribution pension plan entitled the Town of Fort Myers Beach Pension Plan (Plan 002) as well as a governmental 457(b) plan entitled the Town of Fort Myers Beach Deferred Compensation Plan (Plan 001). Plan 001 covers eligible regular full-time and part-time employees, while Plan 002 covers only eligible regular full-time employees.

The Plans are being administered by the Town, and administrative services are being provided by a third party under an Administrative Services Agreement. Effective April 1, 2020, the Town switched service providers (from Valic to Massachusetts Mutual Life Insurance Company), while simultaneously adopting restated plan documents and reducing the employer contribution for Plan number 002 from 10% to 4% of an employee’s Code §415 Compensation. However, under a “grandfather” provision in Plan number 002, employees who were in full-time status prior to April 1, 2020, and who remain in full-time status onwards without a break in service, will remain eligible for a 10% employer contribution. Plan number 001 is funded only by voluntary employee contributions. Employee and employer contributions vest 100% to the employee upon contribution to the Plans.

For the year ended September 30, 2021, employer contributions to Plan number 002 was \$196,150.

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 10 – SELF-INSURANCE

On October 1, 2018, the Town became a member of the Florida Local Government Health Insurance Consortium ("the Consortium"). The Consortium is a public entity risk pool organized under the provision of the Florida Interlocal Cooperation Act of 1969 with the objective of obtaining preferential pricing on health care services and diversification of self-insurance risk. The Consortium's membership is comprised of county and municipal governments located in Florida.

The Consortium is fully funded by its members. Each member funds their claim liability separately. Stop loss insurance levels are set up for each member to cap their claim liability. Each member's rates, as determined by actuarial calculation, are generated based on their own benefits, census, and experience. Additionally, members pledge a percentage of their claim fund surplus towards a cross share arrangement which creates a pool of money used to pay claims on behalf of members whose total claims for the year exceed their maximum claim fund for the year. This arrangement keeps the stop loss costs lower for every member and creates equity within the group by recognizing variations in the size of member communities and their varying risk retention levels. In the event of a shortfall, members must fund the difference. For this purpose, the Town has created a budgetary reserve of \$100,000 for the year ended September 30, 2021.

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description and Funding Policy

The post-employment healthcare benefits plan is a single-employer defined benefit plan administered by the Town. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees and eligible dependents who retire from the Town may continue to participate in the Town's group health insurance plan. The Town subsidizes the premium rates paid by retirees by allowing them to participate in the plan at a reduced or blended group (implicitly subsidized) premium rate. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The post-employment healthcare benefits plan does not issue a stand-alone financial report.

As of September 30, 2019, there were 52 active plan members, there were no inactive retirees and eligible dependents receiving post-employment healthcare benefits, and there were no inactive employees entitled to but not yet receiving benefits.

Contribution requirements for the post-employment healthcare benefits of the Town are established and may be amended by Town Council. The Town has not advance funded or established a funding methodology for the annual other post-employment benefit (OPEB) costs or the net OPEB obligation. Currently, retirees pay 100% of the cost of the healthcare insurance premiums. The Town's actuarially required contributions are based on a projected pay-as-you-go basis. Therefore, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability of the Town

The Town's total OPEB liability was measured as of September 30, 2020, and was determined by an actuarial valuation as of October 1, 2019, with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial Assumptions. The total OPEB liability in the October 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate:	2.50%
Salary Increase:	3.00%
Discount Rate:	2.14%
Initial Trend Rate:	6.50%
Ultimate Trend Rate:	5.00%
Years to Ultimate:	4
Participation Rate:	80%

Mortality Basis. Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general employees, with full generational improvements in mortality using Scale MP-2020.

Discount Rate. Given the Town's decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 2.14%. The high quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

Changes in the Total OPEB Liability of the Town. The changes in the total OPEB liability of the Town for the year ended September 30, 2021 were as follows:

Total OPEB Liability	
Service Cost	\$ 27,556
Interest	3,609
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	16,140
Employer Contributions	-
Changes of Assumptions	(13,368)
Benefit Payments	(2,598)
Net Change in Total OPEB Liability	31,339
Total OPEB Liability - Beginning	142,379
Total OPEB Liability - Ending	\$ 173,718

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Changes in assumptions reflect a change in the discount rate from 3.58% for the reporting period ended September 30, 2020, to 2.14% for the reporting period ended September 30, 2021. The mortality improvement scale was updated from Scale MP-2018 to Scale MP-2020.

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.14%) or 1-percentage-point higher (3.14%) than the current discount rate:

	1.14% Discount Rate	2.14% Discount Rate	3.14% Discount Rate
Total OPEB Liability	\$ 197,874	\$ 173,718	\$ 153,210

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Trend Rate Minus 1%	6.50% Graded Down to 5.00%	Trend Rate Plus 1%
Total OPEB Liability	\$ 143,955	\$ 173,718	\$ 212,102

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2021, and the current sharing pattern of costs between employer and inactive employees.

TOWN OF FORT MYERS BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB. For the year ended September 30, 2021, the Town recognized OPEB expense of \$23,845. At September 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 65,447
Change of assumptions	46,224	40,252
	<u>\$ 46,224</u>	<u>\$ 105,699</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending	
2022	\$ (4,722)
2023	(4,722)
2024	(4,722)
2025	(4,722)
2026	(4,722)
Thereafter	(35,865)
	<u>\$ (59,475)</u>

NOTE 12 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Town participates in the public entity risk pool administered by the Florida League of Cities, Inc. for general/professional liability, property and workers compensation. The Town pays an annual premium to Florida League of Cities, Inc. for this insurance program. Participation in this risk pool is non-assessable. There were no significant reductions in insurance coverage in the past three fiscal years. The amount of settlements did not exceed insurance coverage in each of the past three fiscal years.

The Florida League of Cities, Inc. published financial report for the year ended September 30, 2021, can be obtained from the Florida League of Cities, Inc., Public Risk Service, 135 East Colonial Drive, Orlando, Florida 32853-0065.

The Town retains the risk of loss up to a deductible amount (ranging from \$0 to \$250) with the risk of loss in excess of this amount transferred to the pool with limits of liability of \$1,000,000 to \$3,000,000 per occurrence.

The Town carries commercial coverage for all other risks of loss such as for mooring field operations and floor insurance for Town owned buildings. There have been no significant reductions in insurance coverage in the prior year, and claims have not exceeded coverage in any of the past three fiscal years.

TOWN OF FORT MYERS BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 13 – COMMITMENTS AND CONTINGENCIES

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the Town believes such disallowances, if any, will not be significant.

In fiscal year 2003, the State of Florida and Lee County provided funding toward the purchase of property known as the "Jim and Ellie Newton Property." The Town is required to comply with the terms of the grant agreements as to the use and maintenance of the acquired property. Title to this property would revert to the State of Florida if the Town does not comply with the terms of the grant agreement. In addition, the Town would be required to repay Lee County the original funding amount of \$969,230 plus interest at 12% per annum.

The Town is a defendant in various lawsuits. The Town is not in a position at this time to predict the outcome of the lawsuits or the exact amount of costs and/or potential recovery. The Town plans to contest these matters unless settled. The Town believes the outcome of these lawsuits will not have a material effect on the financial statements.

On December 1, 2016, the Town entered into a contract for three years, with two one-year renewal options, with Estero Bay Hotel Company, dba Matanzas Inn, to provide services for the operation and management of the Town's Municipal Anchorage. Pursuant to the agreement, the Town is to make monthly payments of an amount equal to 55% of the previous month's net revenue. Amounts paid pursuant to this agreement for fiscal year ended September 30, 2021 were approximately \$90,500.

As of year-end, the Town has several ongoing construction contracts and commitments relating to various capital projects within the Town. The remaining construction commitments as of September 30, 2021 total approximately \$11.4 million.

NOTE 14 – ECONOMIC DEPENDENCY

On August 3, 2001, a Bulk Water Agreement was entered into with Lee County, Florida, to provide the Town with potable water. Lee County is currently the only source of the Town's potable water that it supplies to the residents of the Town of Fort Myers Beach. The Bulk Water Agreement is for 25 years. The inter-local agreement provides that the County may, from time to time, increase the rate charged for the cost of bulk water provided to the Town. Effective October 1, 2014, Lee County raised its rate from \$3.20 to \$3.84 per 1,000 gallons. The Town conducted a rate study which recommended adjustments to the Town's rates to cover anticipated costs of the reserve and debt payment for the water relocation project. As a result, the Town revised its base rate effective August 15, 2016, to pass this increase on to its customers.

NOTE 15 – SUBSEQUENT EVENTS

The Town has evaluated all subsequent events through May 11, 2022, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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TOWN OF FORT MYERS BEACH, FLORIDA

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
SEPTEMBER 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability					
Service cost	\$ 27,556	\$ 24,301	\$ 31,025	\$ 23,443	\$ 21,172
Interest	3,609	6,975	5,735	5,008	2,777
Differences between expected and actual experience	16,140	(45,248)	(32,437)	(8,725)	-
Employer contributions	-	-	-	(1,220)	-
Changes of assumptions	(13,368)	(13,164)	41,636	(17,690)	-
Benefit payments	<u>(2,598)</u>	<u>(1,994)</u>	<u>(1,919)</u>	<u>-</u>	<u>(187)</u>
Net change in total OPEB liability	31,339	(29,130)	44,040	816	23,762
Total OPEB liability - beginning	142,379	171,509	127,469	126,653	102,891
Total OPEB liability - ending	<u>\$ 173,718</u>	<u>\$ 142,379</u>	<u>\$ 171,509</u>	<u>\$ 127,469</u>	<u>\$ 126,653</u>
Covered-employee payroll	<u>\$ 2,408,360</u>	<u>\$ 2,311,759</u>	<u>\$ 2,118,269</u>	<u>\$ 2,002,493</u>	<u>\$ 2,152,467</u>
OPEB liability as a percentage of covered-employee payroll	<u>7.21%</u>	<u>6.16%</u>	<u>8.10%</u>	<u>6.37%</u>	<u>5.88%</u>

Notes to the Schedule

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

No assets are accumulated in a trust that meets the criteria of GASBs No. 75, paragraph 4, to pay related benefits.

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OTHER SUPPLEMENTARY INFORMATION

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**TOWN OF FORT MYERS BEACH, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2021**

	<u>Special Revenue Funds</u>		<u>Nonmajor Governmental Funds</u>
	<u>Park Impact</u>	<u>Road Impact</u>	
Assets			
Cash	\$ 242,431	\$ 1,439,645	\$ 1,682,076
Due from other funds	-	90,487	90,487
Total assets	<u>\$ 242,431</u>	<u>\$ 1,530,132</u>	<u>\$ 1,772,563</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable and accrued liabilities	\$ -	\$ 90,487	\$ 90,487
Total liabilities	<u>-</u>	<u>90,487</u>	<u>90,487</u>
Fund balances			
Restricted			
Parks and recreation	242,431	-	242,431
Transportation	-	1,439,645	1,439,645
Total fund balances	<u>242,431</u>	<u>1,439,645</u>	<u>1,682,076</u>
Total liabilities and fund balances	<u>\$ 242,431</u>	<u>\$ 1,530,132</u>	<u>\$ 1,772,563</u>

**TOWN OF FORT MYERS BEACH, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<u>Special Revenue Funds</u>		Nonmajor Governmental Funds
	<u>Park Impact</u>	<u>Road Impact</u>	
Revenues			
Impact fees	\$ 195,703	\$ 532,075	\$ 727,778
Investment income	-	2,402	2,402
Total revenues	<u>195,703</u>	<u>534,477</u>	<u>730,180</u>
Expenditures			
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	195,703	534,477	730,180
Fund balances, beginning of year	<u>46,728</u>	<u>905,168</u>	<u>951,896</u>
Fund balances, end of year	<u><u>\$ 242,431</u></u>	<u><u>\$ 1,439,645</u></u>	<u><u>\$ 1,682,076</u></u>