

GOING FURTHER

TOWN OF FORT MYERS BEACH, FLORIDA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2024

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## Independent Auditor's Report

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

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fort Myers Beach, Florida (the "Town"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund, Gas Tax Fund, Building Fund, and Beach Access Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

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

**Supplementary 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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 August 28, 2025, 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.



Bradenton, Florida  
August 28, 2025

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# Management's Discussion and Analysis

## **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, 2024. 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**

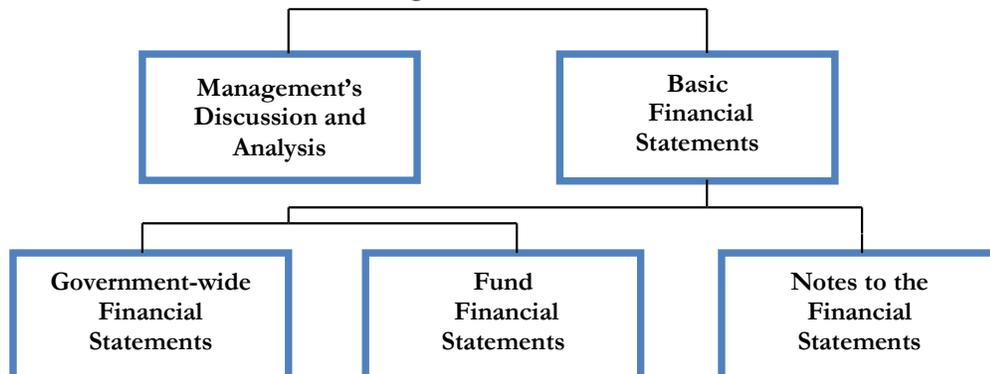
- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$75,391,382 (net position). Of this amount, \$24,020,837 is unrestricted net position that may be used to meet the Town's ongoing obligations.
- The Town's total net position increased by \$7,043,061 primarily due to grants, investment earnings, and water, sewer, and stormwater net revenues.
- The Town's combined governmental funds had combined ending fund balances of \$27,896,735 and a combined increase in fund balances of \$1,937,708, primarily due to a \$5,000,000 loan from the State of Florida, Department of Emergency Management to fund Hurricane Ian repairs for which we will be receiving public assistance.

## **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**



## **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 2024 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.

## 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	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 53,650,715	\$ 42,207,156	\$ 16,504,758	\$ 13,682,145	\$ 70,155,473	\$ 55,889,301
Capital assets	31,495,004	22,703,803	66,399,577	55,497,221	97,894,581	78,201,024
Total assets	85,145,719	64,910,959	82,904,335	69,179,366	168,050,054	134,090,325
Deferred outflows of financial resources	73,807	83,109	13,409	15,099	87,216	98,208
Current and other liabilities	18,143,699	7,625,939	3,402,760	1,335,235	21,546,459	8,961,174
Noncurrent liabilities	20,236,232	15,289,319	50,754,441	41,453,559	70,990,673	56,742,878
Total liabilities	38,379,931	22,915,258	54,157,201	42,788,794	92,537,132	65,704,052
Deferred inflows of financial resources	176,659	115,225	32,097	20,935	208,756	136,160
Net investment in capital assets	28,505,495	19,910,046	17,309,435	15,412,225	45,814,930	35,322,271
Restricted	5,555,615	2,382,128	-	-	5,555,615	2,382,128
Unrestricted	12,601,826	19,671,411	11,419,011	10,972,511	24,020,837	30,643,922
Total net position	\$ 46,662,936	\$ 41,963,585	\$ 28,728,446	\$ 26,384,736	\$ 75,391,382	\$ 68,348,321

## **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 \$75,391,382 as of September 30, 2024.
- Total net position increased by 10% over the prior year.
- The net investment in capital assets was 61% 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 were 7.4% of total net position.
- Unrestricted net assets of the Town were 31.9% of total net position.
- Total liabilities of the Town increased by 41%.

### **Town of Fort Myers Beach's Changes Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Program revenues						
Charges for services	\$ 6,455,016	\$ 4,866,334	\$ 6,223,551	\$ 5,262,034	\$ 12,678,567	\$ 10,128,368
Operating grants and contributions	9,022,870	20,262,551	-	-	9,022,870	20,262,551
Capital grants and contributions	13,737,415	71,866	-	-	13,737,415	71,866
General revenues						
Property taxes	2,313,094	4,381,829	-	-	2,313,094	4,381,829
Franchise fees	863,975	582,166	-	-	863,975	582,166
Gas taxes	248,112	314,970	-	-	248,112	314,970
Communications taxes	293,820	342,859	-	-	293,820	342,859
Business taxes	2,333	3,149	-	-	2,333	3,149
Intergovernmental revenues,						
unrestricted	829,361	910,342	-	-	829,361	910,342
Investment earnings	1,661,419	946,294	582,657	281,497	2,244,076	1,227,791
Insurance recoveries	-	9,527,214	-	-	-	9,527,214
<b>Total revenues</b>	<b>35,427,415</b>	<b>42,209,574</b>	<b>6,806,208</b>	<b>5,543,531</b>	<b>42,233,623</b>	<b>47,753,105</b>
Program expenses						
Governmental activities						
General government	7,644,080	4,684,636	-	-	7,644,080	4,684,636
Public safety	6,955,484	21,034,676	-	-	6,955,484	21,034,676
Physical environment	200,397	183,747	-	-	200,397	183,747
Transportation	2,131,668	2,101,878	-	-	2,131,668	2,101,878
Culture/recreation	13,340,826	3,359,234	-	-	13,340,826	3,359,234
Interest on long-term debt	90,898	26,499	-	-	90,898	26,499
Business-type activities						
Water utility	-	-	3,988,435	4,185,086	3,988,435	4,185,086
Stormwater	-	-	838,774	618,460	838,774	618,460
<b>Total expenses</b>	<b>30,363,353</b>	<b>31,390,670</b>	<b>4,827,209</b>	<b>4,803,546</b>	<b>35,190,562</b>	<b>36,194,216</b>
Change in net position						
before transfers	5,064,062	10,818,904	1,978,999	739,985	7,043,061	11,558,889
Transfers	(364,711)	-	364,711	-	-	-
<b>Change in net position</b>	<b>4,699,351</b>	<b>10,818,904</b>	<b>2,343,710</b>	<b>739,985</b>	<b>7,043,061</b>	<b>11,558,889</b>
Net position, beginning	41,963,585	31,144,681	26,384,736	25,644,751	68,348,321	56,789,432
<b>Net position, ending</b>	<b>\$ 46,662,936</b>	<b>\$ 41,963,585</b>	<b>\$ 28,728,446</b>	<b>\$ 26,384,736</b>	<b>\$ 75,391,382</b>	<b>\$ 68,348,321</b>

## **Government-Wide Financial Analysis (Continued)**

Governmental activities in the current year increased the Town's net position by \$4,699,351. Key net elements of these activities are as follows:

- Total governmental revenues decreased by 16% from the prior year.
- Operating grants and contributions decreased 55%, primarily as a result of the decrease in Public Assistance from FEMA and the State of Florida for emergency response efforts for Hurricane Ian offset by the recognition of American Rescue Plan Act (ARPA) revenue.
- Capital grants and contributions increased \$13,665,549 from the prior year, due to the recognition a state appropriation for the purchase of a building for the new town hall, a grant from the Florida Department of Emergency Management for lighting for Estero Boulevard, and grant funding from the Florida Department of Environmental Protection for beach renourishment.
- Charges for services increased 33% from the prior year, primarily the result of an increase in parking revenue, short-term rental revenue, and harborage usage revenue.
- Investment earnings increased \$715,125.
- Total governmental expenses decreased 3% from the prior year.

## **Business-Type Activities**

Business-type activities in the current year increased the Town's net position by \$2,343,710. Key net elements of these activities are as follows:

- Total business-type revenues increased 23% from the prior year as a result of more customers coming back on-line after Hurricane Ian and an increase in investment revenue.
- Charges for services increased 18% from the previous year as a result of more customers coming back on-line after Hurricane Ian.
- The Town did not receive any capital grants and contributions during the current year or the previous year.
- Total business-type expenses were approximately the same as the previous 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.

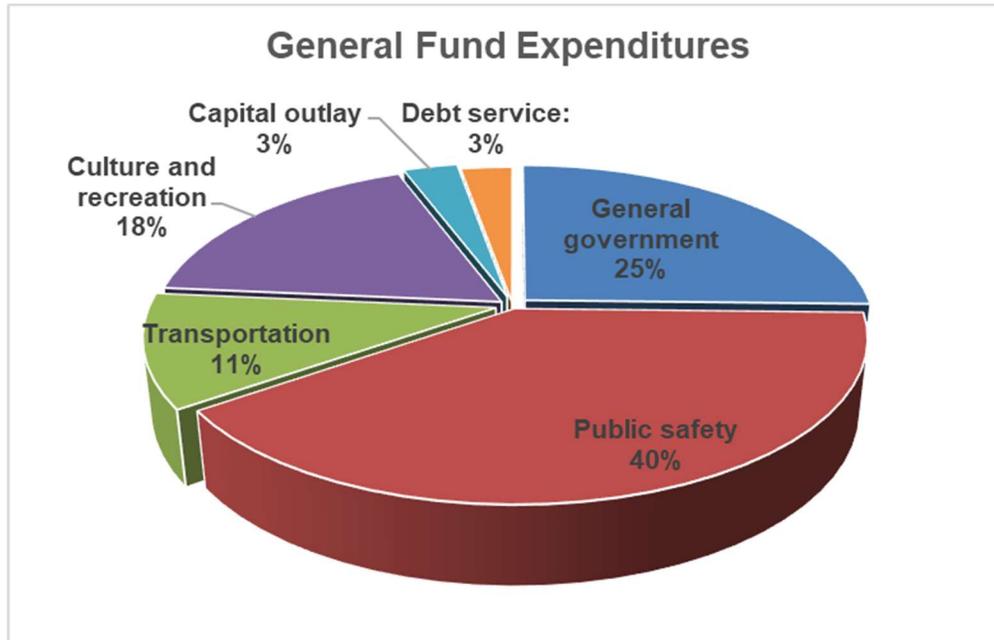
The *General Fund* is the primary operating fund for the Town. The fund accounts for all the financial resources not restricted by federal and state laws, local ordinances, or other outside restrictions. Key components and the highlights in the activities of the *General Fund* are as follows:

- Total assets decreased 3% from the prior year.
- Total fund balance increased 39% from the prior year.

**Governmental Funds (Continued)**

- Total revenues decreased 43% from the prior year, and expenditures decreased 39%, primarily related to ramping down of emergency response to Hurricane Ian and the federal and state assistance received.

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 \$1,322,423. The fund balance increased 9% 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 \$3,005,843. The fund balance increased 12% 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 284% from prior year due to a delay in submitting reimbursements as a result of the ongoing impact of Hurricane Ian.

The *Capital Projects Fund* is maintained by transfers from the *General Fund* and other special revenue funds, as well as bond proceeds and grants. Outlays totaled \$18,356,837 in the current year. Major expenditures include beach renourishment, the purchase of a building to serve as the new town hall, and Estero Blvd lighting.

*American Rescue Fund* is a federally funded relief package used for investments in water, sewer, and infrastructure, as well as lost revenue replacement and general operating expenses. The fund had cash and cash equivalents of \$1,072,213 at September 30, 2024. Several projects were funded during fiscal year 2024, including the purchase of property for the parking lot for the new town hall, general payroll, a JetVac storm drain cleaner, and the strategic plan.

### **Governmental Funds (Continued)**

The *Nonmajor Governmental Funds* consist of two special revenue funds, the *Park Impact Fund* and the *Road Impact Fund*. The *Park Impact Fund* had a decrease in fee revenue of \$1,860, or 9%, and the *Road Impact Fund* had an increase in fee revenue of \$26,104, or 61%.

### **Proprietary Funds**

The *Water Fund* accounts for the assets and activities of the Town's water system. The fund's net position increased by \$824,551, primarily due to the accumulation of funding intended to repay the SRF loan for which the state granted the town a two-year payment deferral.

The *Stormwater Fund* accounts for the assets and activities of the Town's stormwater system. The fund's net position increased by \$1,519,159, primarily due to the accumulation of funding intended to repay the SRF loan for which the state granted the town a two-year payment deferral.

### **Budgetary Highlights**

Revenue budget-to-actual in the General Fund resulted in a positive revenue variance of \$9,088,323, or 117%, greater than fiscal budget. The positive variance was due to an increase of \$6,939,366 in actual intergovernmental revenues (primarily FEMA and FDEM grants), an increase of \$1,730,212 in charges for services, and an increase of \$1,109,491 in investment earnings, offset by decreases in Fines and Forfeitures of \$457,512 and Communication Services of \$181,180.

Budget-to-actual expenditures in the General Fund resulted in a negative variance of \$2,462,765, or 17%, more than fiscal budget, as a result of ongoing recovery efforts related to Hurricanes Ian, Helene, and Nicole.

Expenditure budget-to-actual in the Gas Tax Fund resulted in a positive variance of \$143,988, or 44%, less than fiscal budget.

Expenditure budget-to-actual in the Building Fund resulted in a positive variance of \$1,110,555, or 31%, due to vacancies and less contractual expenditures than anticipated.

## **Capital Asset and Debt Administration**

### **Capital Assets**

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Land	\$ 14,422,261	\$ 11,999,901	\$ 305,000	\$ 305,000	\$ 14,727,261	\$ 12,304,901
Buildings and leasehold improvements	2,984,269	3,156,560	335,236	384,794	3,319,505	3,541,354
Improvements other than buildings	1,031,648	886,138	-	-	1,031,648	886,138
Office furniture and equipment	937	36,448	400	1,600	1,337	38,048
Vehicles and other equipment	1,038,479	889,167	91,200	124,954	1,129,679	1,014,121
Infrastructure	5,308,612	5,735,589	53,148,007	54,483,109	58,456,619	60,218,698
Construction in progress	6,708,798	-	12,519,734	197,764	19,228,532	197,764
Total capital assets	<u>\$ 31,495,004</u>	<u>\$ 22,703,803</u>	<u>\$ 66,399,577</u>	<u>\$ 55,497,221</u>	<u>\$ 97,894,581</u>	<u>\$ 78,201,024</u>

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

### **Long-Term Debt**

As of September 30, 2024, and 2023 the Town had \$70,202,464 and \$56,070,461, respectively, in long-term debt. The table on the following page provides a breakdown.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Refunding bond payable	\$ -	\$ -	\$ -	\$ 180,000	\$ -	\$ 180,000
Capital improvements revenue note	2,646,313	2,793,757	-	-	2,646,313	2,793,757
Note payable	16,900,000	11,900,000	-	-	16,900,000	11,900,000
State revolving fund loans	-	-	50,656,151	41,196,704	50,656,151	41,196,704
Total debt	<u>\$ 19,546,313</u>	<u>\$ 14,693,757</u>	<u>\$ 50,656,151</u>	<u>\$ 41,376,704</u>	<u>\$ 70,202,464</u>	<u>\$ 56,070,461</u>

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 2024-2025 fiscal year:

- As a result of the devastating impact of Hurricane Ian on the Town's capital assets, taxable property value and economy, the Town projected a \$2.9 million loss of revenue in fiscal year 2025. This revenue shortfall was to be funded by a drawdown from the Emergency Bridge Loan from the state.
- Despite the significant decline in revenue, the Town chose to maintain the millage rate at 0.9900.

### **Economic Factors and Next Fiscal Year's Budget (Continued)**

- Interest revenue was forecasted to increase by \$0.5 million.
- The Town identified sixteen (16) full-time Building Services positions to outsource.
- The Town provided a COLA increase of 1.8% for its employees based on the May 2024 CPI.
- Debt Service payments for the State Revolving Fund loans were to resume in fiscal year 2025 after a two-year deferral had been granted by the state to provide relief while recovering from Hurricane Ian.
- The Town received a grant from the State of Florida in fiscal year 2024 to purchase and renovate a building to become its new Town hall. \$1.9 million of the grant will be carried forward to fiscal year 2025 to complete the renovation.
- The Town continued planning significant water and stormwater improvements. Pursuant to funding the infrastructure improvements, Ordinance 15-08 established the stormwater utility, Resolution 16-07 adopted February 16, 2016, adopted the user fee to support a dedicated source of funding, and Resolution 20-25 adopted August 17, 2020, authorized an annual rate increase based on a rate study.
- The State of Florida Department of Environmental Protection has approved two stormwater loans totaling \$26 million for the side streets in the Town, and two drinking water loans totaling \$37 million to replace the Town's water distribution lines.
- The Town received a \$2.9 grant from the Tourist Development Council (TDC) to maintain its beach shoreline.
- Although the Town was expecting to receive funding from FEMA, the state and other granting agencies, the uncertainty of the amounts and timing made capital budgeting related to recovery difficult. It was therefore decided to amend the budget as the amounts and timing of additional funding and costs of specific projects became more certain.

### **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  
6231 Oak Street  
Fort Myers Beach, Florida 33931

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## **BASIC FINANCIAL STATEMENTS**

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# Town of Fort Myers Beach, Florida

## STATEMENT OF NET POSITION SEPTEMBER 30, 2024

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 42,585,412	\$ 11,129,471	\$ 53,714,883
Investments	2,057,190	-	2,057,190
Due from other governments	8,543,110	3,587,976	12,131,086
Accounts receivable, net	15,439	1,384,203	1,399,642
Prepaid expenses	449,564	55,511	505,075
Restricted cash	-	347,597	347,597
Capital assets			
Nondepreciable	21,131,059	12,824,734	33,955,793
Depreciable	10,363,945	53,574,843	63,938,788
<b>Total assets</b>	<b>85,145,719</b>	<b>82,904,335</b>	<b>168,050,054</b>
<b>Deferred outflows of resources</b>			
Deferred outflows - OPEB	73,807	13,409	87,216
<b>Liabilities</b>			
Accounts payable and other accrued liabilities	1,603,783	3,037,301	4,641,084
Accrued interest payable	6,947	17,862	24,809
Unearned revenue	16,532,969	-	16,532,969
Payable from restricted assets			
Customer deposits	-	347,597	347,597
Noncurrent liabilities			
Due within one year	763,372	20,350	783,722
Due in more than one year	19,472,860	50,734,091	70,206,951
<b>Total liabilities</b>	<b>38,379,931</b>	<b>54,157,201</b>	<b>92,537,132</b>
<b>Deferred inflows of resources</b>			
Deferred inflows - OPEB	176,659	32,097	208,756
<b>Net position</b>			
Net investment in capital assets	28,505,495	17,309,435	45,814,930
Restricted for			
Parks and recreation	293,432	-	293,432
Transportation	2,280,324	-	2,280,324
Building inspections	2,981,859	-	2,981,859
Unrestricted	12,601,826	11,419,011	24,020,837
<b>Total net position</b>	<b>\$ 46,662,936</b>	<b>\$ 28,728,446</b>	<b>\$ 75,391,382</b>

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, 2024**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/programs</b>							
<b>Governmental activities</b>							
General government	\$ 7,644,080	\$ 3,119,357	\$ -	\$ 7,019,965	\$ 2,495,242	\$ -	\$ 2,495,242
Public safety	6,955,484	727	3,528,187	6,612,460	3,185,890	-	3,185,890
Physical environment	200,397	-	-	-	(200,397)	-	(200,397)
Transportation	2,131,668	-	130,516	86,148	(1,915,004)	-	(1,915,004)
Culture/recreation	13,340,826	3,334,932	5,364,167	18,842	(4,622,885)	-	(4,622,885)
Interest on long-term debt	90,898	-	-	-	(90,898)	-	(90,898)
<b>Total governmental activities</b>	<b>30,363,353</b>	<b>6,455,016</b>	<b>9,022,870</b>	<b>13,737,415</b>	<b>(1,148,052)</b>	<b>-</b>	<b>(1,148,052)</b>
<b>Business-type activities</b>							
Water and sewer	3,988,435	4,226,160	-	-	-	237,725	237,725
Stormwater	838,774	1,997,391	-	-	-	1,158,617	1,158,617
Total business-type activities	4,827,209	6,223,551	-	-	-	1,396,342	1,396,342
<b>Total primary government</b>	<b>\$ 35,190,562</b>	<b>\$ 12,678,567</b>	<b>\$ 9,022,870</b>	<b>\$ 13,737,415</b>	<b>(1,148,052)</b>	<b>1,396,342</b>	<b>248,290</b>
<b>General revenues</b>							
Property taxes, levied for general purposes					2,313,094	-	2,313,094
Communication services tax					293,820	-	293,820
Gas taxes					248,112	-	248,112
Franchise fees					863,975	-	863,975
Business taxes					2,333	-	2,333
Intergovernmental revenues, unrestricted					829,361	-	829,361
Investment earnings					1,661,419	582,657	2,244,076
Transfers					(364,711)	364,711	-
<b>Total general revenues</b>					<b>5,847,403</b>	<b>947,368</b>	<b>6,794,771</b>
<b>Change in net position</b>					<b>4,699,351</b>	<b>2,343,710</b>	<b>7,043,061</b>
<b>Net position, beginning of year</b>					<b>41,963,585</b>	<b>26,384,736</b>	<b>68,348,321</b>
<b>Net position, end of year</b>					<b>\$ 46,662,936</b>	<b>\$ 28,728,446</b>	<b>\$ 75,391,382</b>

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, 2024**

	General	Gas Tax	Building	Beach Access	Capital Projects	American Rescue	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Cash and cash equivalents	\$ 21,214,628	\$ 914,133	\$ 3,151,787	\$ -	\$ 14,981,318	\$ 1,072,213	\$ 1,251,333	\$ 42,585,412
Investments	1,663,056	394,134	-	-	-	-	-	2,057,190
Accounts receivable	15,439	-	-	-	-	-	-	15,439
Prepaid items	425,580	-	23,984	-	-	-	-	449,564
Due from other funds	640,526	-	-	-	-	-	-	640,526
Due from other governments	3,236,662	19,787	1,820	698,576	4,586,265	-	-	8,543,110
Total assets	<u>\$ 27,195,891</u>	<u>\$ 1,328,054</u>	<u>\$ 3,177,591</u>	<u>\$ 698,576</u>	<u>\$ 19,567,583</u>	<u>\$ 1,072,213</u>	<u>\$ 1,251,333</u>	<u>\$ 54,291,241</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>								
<b>Liabilities</b>								
Accounts payable and accrued liabilities	\$ 1,038,735	\$ 5,631	\$ 171,748	\$ 44,473	\$ 343,196	\$ -	\$ -	\$ 1,603,783
Due to other funds	-	-	-	640,526	-	-	-	640,526
Unearned revenue	-	-	-	-	15,460,756	1,072,213	-	16,532,969
Total liabilities	<u>1,038,735</u>	<u>5,631</u>	<u>171,748</u>	<u>684,999</u>	<u>15,803,952</u>	<u>1,072,213</u>	<u>-</u>	<u>18,777,278</u>
<b>Deferred inflows of resources</b>								
Unavailable revenue	2,597,067	-	-	433,896	4,586,265	-	-	7,617,228
<b>Fund balances (deficit)</b>								
Nonspendable								
Prepaid items	425,580	-	23,984	-	-	-	-	449,564
Restricted								
General government - building inspections	-	-	2,981,859	-	-	-	-	2,981,859
Parks and recreation	-	-	-	-	-	-	293,432	293,432
Transportation	-	1,322,423	-	-	-	-	957,901	2,280,324
Committed								
Beach renourishment	100,000	-	-	-	-	-	-	100,000
Workforce housing	159,950	-	-	-	-	-	-	159,950
Public works - landscaping	782,958	-	-	-	-	-	-	782,958
Emergency	1,215,000	-	-	-	-	-	-	1,215,000
Compensated absences	120,000	-	-	-	-	-	-	120,000
Assigned								
Legal and general liability	200,000	-	-	-	-	-	-	200,000
Health	220,000	-	-	-	-	-	-	220,000
Operating reserve	695,000	-	-	-	-	-	-	695,000
Unassigned	19,641,601	-	-	(420,319)	(822,634)	-	-	18,398,648
Total fund balances (deficit)	<u>23,560,089</u>	<u>1,322,423</u>	<u>3,005,843</u>	<u>(420,319)</u>	<u>(822,634)</u>	<u>-</u>	<u>1,251,333</u>	<u>27,896,735</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 27,195,891</u>	<u>\$ 1,328,054</u>	<u>\$ 3,177,591</u>	<u>\$ 698,576</u>	<u>\$ 19,567,583</u>	<u>\$ 1,072,213</u>	<u>\$ 1,251,333</u>	<u>\$ 54,291,241</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, 2024

<b>Fund balances, total governmental funds</b>		\$ 27,896,735
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Governmental nondepreciable capital assets	\$ 21,131,059		
Governmental depreciable capital assets, net	10,363,945		31,495,004

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.

Deferred outflows - OPEB	73,807		
Deferred inflows - OPEB	(176,659)		
Total OPEB liability	(195,178)		(298,030)

Certain deferred inflows of resources are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

7,617,228

Long-term liabilities, including accrued interest and compensated absences are not due and payable in the current period and therefore, are not reported in the funds.

Accrued interest payable	(6,947)		
Compensated absences	(494,741)		
Capital improvements revenue note	(2,646,313)		
Note payable	(16,900,000)		(20,048,001)

<b>Net position of governmental activities</b>		<b>\$ 46,662,936</b>
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**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, 2024**

	General	Gas Tax	Building	Beach Access	Capital Projects	American Rescue	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>								
Taxes								
Property	\$ 2,313,094	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,313,094
Gas	-	248,112	-	-	-	-	-	248,112
Franchise	863,975	-	-	-	-	-	-	863,975
Communication services	293,820	-	-	-	-	-	-	293,820
Local business	2,333	-	-	-	-	-	-	2,333
Licenses and permits	116,197	-	2,740,570	-	-	-	-	2,856,767
Intergovernmental	8,030,288	7,999	-	1,613,457	13,335,300	1,519,876	-	24,506,920
Charges for services	3,334,932	-	-	-	-	-	-	3,334,932
Fines and forfeitures	62,488	-	-	-	-	-	-	62,488
Special assessments/impact fees	-	-	-	-	-	-	87,651	87,651
Investment earnings	1,609,491	33,878	-	18,050	-	-	-	1,661,419
Miscellaneous	200,102	-	727	37	-	-	-	200,866
<b>Total revenues</b>	<b>16,826,720</b>	<b>289,989</b>	<b>2,741,297</b>	<b>1,631,544</b>	<b>13,335,300</b>	<b>1,519,876</b>	<b>87,651</b>	<b>36,432,377</b>
<b>Expenditures</b>								
Current								
General government	4,385,750	-	2,418,278	-	-	75,867	-	6,879,895
Public safety	6,907,771	-	-	-	-	28,843	-	6,936,614
Transportation	1,919,476	186,012	-	-	-	-	-	2,105,488
Culture and recreation	3,080,279	-	-	810,610	9,021,597	-	-	12,912,486
Capital outlay	510,646	-	-	218,194	9,335,240	-	-	10,064,080
Debt service:								
Principal	399,099	-	-	-	-	-	-	399,099
Interest	83,951	-	-	-	-	-	-	83,951
<b>Total expenditures</b>	<b>17,286,972</b>	<b>186,012</b>	<b>2,418,278</b>	<b>1,028,804</b>	<b>18,356,837</b>	<b>104,710</b>	<b>-</b>	<b>39,381,613</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(460,252)</b>	<b>103,977</b>	<b>323,019</b>	<b>602,740</b>	<b>(5,021,537)</b>	<b>1,415,166</b>	<b>87,651</b>	<b>(2,949,236)</b>
<b>Other financing sources (uses)</b>								
Loan issuance	5,000,000	-	-	-	251,655	-	-	5,251,655
Transfers in	2,519,806	-	-	146,795	39,033	-	-	2,705,634
Transfers out	(395,340)	-	-	-	(1,259,839)	(1,415,166)	-	(3,070,345)
Total other financing sources, net	7,124,466	-	-	146,795	(969,151)	(1,415,166)	-	4,886,944
<b>Change in fund balances</b>	<b>6,664,214</b>	<b>103,977</b>	<b>323,019</b>	<b>749,535</b>	<b>(5,990,688)</b>	<b>-</b>	<b>87,651</b>	<b>1,937,708</b>
<b>Fund balances (deficits), beginning of year</b>	<b>16,895,875</b>	<b>1,218,446</b>	<b>2,682,824</b>	<b>(1,169,854)</b>	<b>5,168,054</b>	<b>-</b>	<b>1,163,682</b>	<b>25,959,027</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 23,560,089</b>	<b>\$ 1,322,423</b>	<b>\$ 3,005,843</b>	<b>\$ (420,319)</b>	<b>\$ (822,634)</b>	<b>\$ -</b>	<b>\$ 1,251,333</b>	<b>\$ 27,896,735</b>

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, 2024

**Net change in fund balances, total governmental funds** \$ 1,937,708

Amounts reported for governmental activities in the statement of net position are different because:

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.

Capital outlay	\$ 10,047,578	
Less current year depreciation	<u>(1,122,041)</u>	8,925,537

The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.		(134,336)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(1,004,962)
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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.

Issuance of long-term debt	(5,251,655)	
Principal repayment of long-term debt	<u>399,099</u>	(4,852,556)

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.		(33,658)
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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.

Change in accrued interest payable	(6,947)	
Change in compensated absences	<u>(131,435)</u>	<u>(138,382)</u>

**Change in net position of governmental activities** \$ 4,699,351

**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, 2024

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget– Positive (Negative)
<b>Revenues</b>				
Taxes				
Property	\$ 2,437,655	\$ 2,437,655	\$ 2,313,094	\$ (124,561)
Franchise	657,200	657,200	863,975	206,775
Communications services	475,000	475,000	293,820	(181,180)
Local business	2,000	2,000	2,333	333
Licenses and permits	208,150	208,150	116,197	(91,953)
Intergovernmental	1,090,922	1,090,922	8,030,288	6,939,366
Charges for services	1,353,220	1,604,720	3,334,932	1,730,212
Fines and forfeitures	520,000	520,000	62,488	(457,512)
Investment earnings	500,000	500,000	1,609,491	1,109,491
Miscellaneous	242,750	242,750	200,102	(42,648)
<b>Total revenues</b>	<u>7,486,897</u>	<u>7,738,397</u>	<u>16,826,720</u>	<u>9,088,323</u>
<b>Expenditures</b>				
Current				
General government	4,733,051	4,978,051	4,385,750	592,301
Public safety	1,395,568	1,620,568	6,907,771	(5,287,203)
Transportation	2,314,065	2,333,065	1,919,476	413,589
Culture and recreation	3,657,678	3,700,178	3,080,279	619,899
Capital outlay	111,000	1,610,965	510,646	1,100,319
Debt service:				
Principal	500,000	500,000	399,099	100,901
Interest	81,380	81,380	83,951	(2,571)
<b>Total expenditures</b>	<u>12,792,742</u>	<u>14,824,207</u>	<u>17,286,972</u>	<u>(2,462,765)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(5,305,845)</u>	<u>(7,085,810)</u>	<u>(460,252)</u>	<u>6,625,558</u>
<b>Other financing sources (uses)</b>				
Loan issuance	3,471,122	3,471,122	5,000,000	1,528,878
Transfers in	1,834,723	2,994,806	2,519,806	(475,000)
Transfers out	-	-	(395,340)	(395,340)
<b>Total other financing sources (uses)</b>	<u>5,305,845</u>	<u>6,465,928</u>	<u>7,124,466</u>	<u>658,538</u>
<b>Change in fund balance</b>	-	(619,882)	6,664,214	7,284,096
<b>Fund balance, beginning of year</b>	<u>16,895,875</u>	<u>16,895,875</u>	<u>16,895,875</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 16,895,875</u>	<u>\$ 16,275,993</u>	<u>\$ 23,560,089</u>	<u>\$ 7,284,096</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, 2024**

	Budgeted Amounts		Actual	Variance With Final Budget– Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes				
Gas taxes	\$ 330,000	\$ 330,000	\$ 248,112	\$ (81,888)
Intergovernmental	-	-	7,999	7,999
Investment earnings	-	-	33,878	33,878
<b>Total revenues</b>	<u>330,000</u>	<u>330,000</u>	<u>289,989</u>	<u>(40,011)</u>
<b>Expenditures</b>				
Current				
Transportation	232,500	232,500	186,012	46,488
Capital outlay	97,500	97,500	-	97,500
<b>Total expenditures</b>	<u>330,000</u>	<u>330,000</u>	<u>186,012</u>	<u>143,988</u>
<b>Change in fund balance</b>	-	-	103,977	103,977
<b>Fund balance, beginning of year</b>	<u>1,218,446</u>	<u>1,218,446</u>	<u>1,218,446</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,218,446</u>	<u>\$ 1,218,446</u>	<u>\$ 1,322,423</u>	<u>\$ 103,977</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, 2024**

	Budgeted Amounts		Actual	Variance With Final Budget– Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Licenses and permits	\$ 3,528,833	\$ 3,528,833	\$ 2,740,570	\$ (788,263)
Miscellaneous	-	-	727	727
<b>Total revenues</b>	<u>3,528,833</u>	<u>3,528,833</u>	<u>2,741,297</u>	<u>(787,536)</u>
<b>Expenditures</b>				
Current				
General government	3,358,833	3,358,833	2,418,278	940,555
Capital outlay	170,000	170,000	-	170,000
<b>Total expenditures</b>	<u>3,528,833</u>	<u>3,528,833</u>	<u>2,418,278</u>	<u>1,110,555</u>
<b>Change in fund balance</b>	-	-	323,019	323,019
<b>Fund balance, beginning of year</b>	<u>2,682,824</u>	<u>2,682,824</u>	<u>2,682,824</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 2,682,824</u>	<u>\$ 2,682,824</u>	<u>\$ 3,005,843</u>	<u>\$ 323,019</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, 2024**

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget– Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 1,215,133	\$ 1,215,133	\$ 1,613,457	\$ 398,324
Investment earnings	-	-	18,050	18,050
Miscellaneous	-	-	37	37
<b>Total revenues</b>	<u>1,215,133</u>	<u>1,215,133</u>	<u>1,631,544</u>	<u>416,411</u>
<b>Expenditures</b>				
Current				
Culture and recreation	1,215,133	1,215,133	810,610	404,523
Capital outlay	-	-	218,194	(218,194)
<b>Total expenditures</b>	<u>1,215,133</u>	<u>1,215,133</u>	<u>1,028,804</u>	<u>186,329</u>
<b>Excess of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>602,740</u>	<u>602,740</u>
<b>Other financing sources</b>				
Transfers in	-	-	146,795	146,795
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>146,795</u>	<u>146,795</u>
<b>Change in fund balance</b>	<u>-</u>	<u>-</u>	<u>749,535</u>	<u>749,535</u>
<b>Fund balance (deficit), beginning of year</b>	<u>(1,169,854)</u>	<u>(1,169,854)</u>	<u>(1,169,854)</u>	<u>-</u>
<b>Fund balance (deficit), end of year</b>	<u>\$ (1,169,854)</u>	<u>\$ (1,169,854)</u>	<u>\$ (420,319)</u>	<u>\$ 749,535</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, 2024

	Water Fund	Stormwater Fund	Total
<b>Assets</b>			
Current assets			
Cash	\$ 4,360,462	\$ 6,769,009	\$ 11,129,471
Accounts receivable, net	1,182,569	201,634	1,384,203
Due from other governments	1,643,272	1,944,704	3,587,976
Prepaid items	49,128	6,383	55,511
Restricted cash	347,597	-	347,597
<b>Total current assets</b>	<u>7,583,028</u>	<u>8,921,730</u>	<u>16,504,758</u>
Noncurrent assets			
Capital assets, nondepreciable	5,355,529	7,469,205	12,824,734
Capital assets, depreciable, net	36,866,634	16,708,209	53,574,843
<b>Total noncurrent assets</b>	<u>42,222,163</u>	<u>24,177,414</u>	<u>66,399,577</u>
<b>Total assets</b>	<u>49,805,191</u>	<u>33,099,144</u>	<u>82,904,335</u>
<b>Deferred outflows of resources</b>			
Deferred outflow - OPEB	10,989	2,420	13,409
<b>Liabilities</b>			
Current liabilities			
Payable from current assets			
Accounts payable	1,538,979	1,498,322	3,037,301
Accrued interest payable	-	17,862	17,862
Compensated absences	15,860	4,490	20,350
Payable from restricted assets			
Customer deposits	347,597	-	347,597
<b>Total current liabilities</b>	<u>1,902,436</u>	<u>1,520,674</u>	<u>3,423,110</u>
Long-term liabilities			
Compensated absences	33,106	9,374	42,480
Notes payable	31,769,974	18,886,177	50,656,151
Total OPEB liability	29,060	6,400	35,460
<b>Total long-term liabilities</b>	<u>31,832,140</u>	<u>18,901,951</u>	<u>50,734,091</u>
<b>Total liabilities</b>	<u>33,734,576</u>	<u>20,422,625</u>	<u>54,157,201</u>
<b>Deferred inflows of resources</b>			
Deferred Inflows - OPEB	26,303	5,794	32,097
<b>Net position</b>			
Net investment in capital assets	11,495,056	5,814,379	17,309,435
Unrestricted	4,560,245	6,858,766	11,419,011
<b>Total net position</b>	<u>\$ 16,055,301</u>	<u>\$ 12,673,145</u>	<u>\$ 28,728,446</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, 2024

	Water Fund	Stormwater Fund	Total
<b>Operating revenues</b>			
Charges for services	\$ 4,225,364	\$ 1,995,171	\$ 6,220,535
Miscellaneous	796	2,220	3,016
Total operating revenues	<u>4,226,160</u>	<u>1,997,391</u>	<u>6,223,551</u>
<b>Operating expenses</b>			
Bulk water	1,338,195	-	1,338,195
Depreciation expense	1,085,044	468,614	1,553,658
Repairs and maintenance	13,607	3,722	17,329
Salaries and benefits	567,652	201,961	769,613
Insurance	89,711	-	89,711
Power	51,056	-	51,056
Professional services	18,183	-	18,183
Other operating supplies and expenses	700,500	164,477	864,977
Total operating expenses	<u>3,863,948</u>	<u>838,774</u>	<u>4,702,722</u>
<b>Operating income</b>	<u>362,212</u>	<u>1,158,617</u>	<u>1,520,829</u>
<b>Nonoperating revenues (expenses)</b>			
Interest income	332,791	249,866	582,657
Interest expense	(124,487)	-	(124,487)
Total nonoperating revenues (expenses)	<u>208,304</u>	<u>249,866</u>	<u>458,170</u>
Income before transfers	<u>570,516</u>	<u>1,408,483</u>	<u>1,978,999</u>
<b>Transfers in</b>	<u>254,035</u>	<u>110,676</u>	<u>364,711</u>
<b>Change in net position</b>	824,551	1,519,159	2,343,710
<b>Net position, beginning of year</b>	<u>15,230,750</u>	<u>11,153,986</u>	<u>26,384,736</u>
<b>Net position, end of year</b>	<u>\$ 16,055,301</u>	<u>\$ 12,673,145</u>	<u>\$ 28,728,446</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, 2024

	Water Fund	Stormwater Fund	Total
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ 4,310,729	\$ 2,030,750	\$ 6,341,479
Cash paid to suppliers	(1,570,066)	1,307,751	(262,315)
Cash paid to employees	(537,090)	(198,237)	(735,327)
Net cash provided by operating activities	<u>2,203,573</u>	<u>3,140,264</u>	<u>5,343,837</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers in	254,035	110,676	364,711
Net cash provided by noncapital financing activities	<u>254,035</u>	<u>110,676</u>	<u>364,711</u>
<b>Cash flows from capital and related financing activities</b>			
Principal payment on notes payable and bonds	(180,000)	-	(180,000)
Proceeds from loan	3,976,467	3,562,456	7,538,923
Interest paid	(187,682)	-	(187,682)
Proceeds from the sale of capital assets	799	-	799
Acquisition and construction of capital assets	(4,899,786)	(7,557,027)	(12,456,813)
Net cash used by capital and related financing activities	<u>(1,290,202)</u>	<u>(3,994,571)</u>	<u>(5,284,773)</u>
<b>Cash flows from investing activities</b>			
Interest received	332,791	249,866	582,657
<b>Net change in cash and cash equivalents</b>	1,500,197	(493,765)	1,006,432
<b>Cash and cash equivalents, beginning of year</b>	3,207,862	7,262,774	10,470,636
<b>Cash and cash equivalents, end of year</b>	<u>\$ 4,708,059</u>	<u>\$ 6,769,009</u>	<u>\$ 11,477,068</u>
<b>Reconciliation of cash and cash equivalents to statement of net position</b>			
Cash and cash equivalents	\$ 4,360,462	\$ 6,769,009	\$ 11,129,471
Restricted cash	347,597	-	347,597
Total cash and cash equivalents	<u>\$ 4,708,059</u>	<u>\$ 6,769,009</u>	<u>\$ 11,477,068</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>			
Operating income	\$ 362,212	\$ 1,158,617	\$ 1,520,829
Adjustment to reconcile operating income to net cash provided by operating activities			
Depreciation expense	1,085,044	468,614	1,553,658
Decrease (increase) in assets			
Accounts receivable	84,569	33,359	117,928
Prepaid items	(13,020)	(564)	(13,584)
Deferred outflow - OPEB	1,385	305	1,690
Increase (decrease) in liabilities			
Accounts payable	643,567	1,476,514	2,120,081
Customer deposits	10,639	-	10,639
Compensated absences	25,551	2,620	28,171
Deferred inflow - OPEB	9,147	2,015	11,162
Total OPEB liability	(5,521)	(1,216)	(6,737)
Net cash provided by operating activities	<u>\$ 2,203,573</u>	<u>\$ 3,140,264</u>	<u>\$ 5,343,837</u>

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

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# Notes To The Financial Statements

## 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.

## 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.

The Town 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.

## 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 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.

**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.

**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, 2024 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 \$5,000 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

## 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."

## 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.

**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.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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

## **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 and the Capital Projects Fund reported deficits of \$420,319 and \$822,634, respectively. The Town expects the deficits to be recovered from subsequent reimbursement requests from the Tourist Development Council and the recognition of unavailable and unearned revenues.

### **Excess of Expenditures over Appropriations**

For the year ended September 30, 2024, expenditures exceeded appropriations in public safety of the General Fund by \$5,287,203. For the year ended September 30, 2024, expenditures exceeded appropriations in capital outlay of the Beach Access Fund by \$218,194. These were both covered by excess revenues over budget.

### 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, 2024, the Town had the following investments:

<u>Investment Type</u>	<u>Percent of Portfolio</u>	<u>Fair Value</u>
Florida Municipal Investment Trust (FMIT)	78.02%	\$ 1,605,105
SBA Florida PRIME	21.98%	452,085
		<u>\$ 2,057,190</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 AA Af/S3 by Fitch Ratings as of September 30, 2024. 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, 2024 was 4.9 years.

### 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, 2024 was 39 days and the weighted average life (WAL) was 74 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, 2024, 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, 2023 through September 30, 2024.

#### **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, 2024: FMIT (Intermediate High Quality Bond Fund) of \$1,605,105 million based on market-corroborated date (Level 2).

**NOTE 4. ACCOUNTS RECEIVABLE**

Receivables at September 30, 2024, including the applicable allowances for uncollectible accounts, are as follows:

	<b>Accounts Receivable</b>	<b>Due from Other Governments</b>	<b>Less Allowance for Doubtful Accounts</b>	<b>Total</b>
Governmental activities				
General Fund	\$ 15,439	\$ 3,236,662	\$ -	\$ 3,252,101
Gas Tax Fund	-	19,787	-	19,787
Building Fund	-	1,820	-	1,820
Beach Access	-	698,576	-	698,576
Capital Projects	-	4,586,265	-	4,586,265
Governmental activities subtotal	<u>15,439</u>	<u>8,543,110</u>	<u>-</u>	<u>8,558,549</u>
Business-type activities				
Water Fund	1,382,569	1,643,272	(200,000)	2,825,841
Stormwater	201,634	1,944,704	-	2,146,338
Business-type activities subtotal	<u>1,584,203</u>	<u>3,587,976</u>	<u>(200,000)</u>	<u>4,972,179</u>
Total	<u>\$ 1,599,642</u>	<u>\$ 12,131,086</u>	<u>\$ (200,000)</u>	<u>\$ 13,530,728</u>

**NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

At September 30, 2024, the Town reported the following due from/to other funds:

	<b>Due from Other Funds</b>	<b>Due to Other Funds</b>
General	\$ 640,526	\$ -
Beach Access	-	640,526
Total	<u>\$ 640,526</u>	<u>\$ 640,526</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, 2024, the Town reported the following interfund transfers:

	<b>Transfers In</b>	<b>Transfers Out</b>
General	\$ 2,519,806	\$ 395,340
Beach Access	146,795	-
Capital Projects	39,033	1,259,839
Water Fund	254,035	-
Stormwater	110,676	-
American Rescue	-	1,415,166
Total	<u>\$ 3,070,345</u>	<u>\$ 3,070,345</u>

**NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)**

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, 2024.

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2024 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>					
Capital assets, not being depreciated					
Land	\$ 11,999,901	\$ 2,422,360	\$ -	\$ -	\$ 14,422,261
Construction in progress	-	6,708,798	-	-	6,708,798
Total capital assets, not being depreciated	<u>11,999,901</u>	<u>9,131,158</u>	<u>-</u>	<u>-</u>	<u>21,131,059</u>
Capital assets, being depreciated					
Buildings and improvements	5,049,336	21,811	-	-	5,071,147
Improvements other than buildings	2,070,916	346,699	(113,157)	-	2,304,458
Office furniture and equipment	641,351	-	(452,508)	-	188,843
Vehicles and other equipment	2,185,499	532,912	(583,198)	-	2,135,213
Infrastructure	8,366,612	14,998	(68,394)	-	8,313,216
Total capital assets, being depreciated	<u>18,313,714</u>	<u>916,420</u>	<u>(1,217,257)</u>	<u>-</u>	<u>18,012,877</u>
Less accumulated depreciation for					
Buildings and improvements	(1,892,776)	(194,102)	-	-	(2,086,878)
Improvements other than buildings	(1,184,778)	(191,852)	103,820	-	(1,272,810)
Office furniture and equipment	(604,903)	(35,511)	452,508	-	(187,906)
Vehicles and other equipment	(1,296,332)	(258,601)	458,199	-	(1,096,734)
Infrastructure	(2,631,023)	(441,975)	68,394	-	(3,004,604)
Total accumulated depreciation	<u>(7,609,812)</u>	<u>(1,122,041)</u>	<u>1,082,921</u>	<u>-</u>	<u>(7,648,932)</u>
Total capital assets, being depreciated, net	<u>10,703,902</u>	<u>(205,621)</u>	<u>(134,336)</u>	<u>-</u>	<u>10,363,945</u>
Governmental activities capital assets, net	<u>\$ 22,703,803</u>	<u>\$ 8,925,537</u>	<u>\$ (134,336)</u>	<u>\$ -</u>	<u>\$ 31,495,004</u>

**NOTE 6. CAPITAL ASSETS (CONTINUED)**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Business-Type Activities</b>					
Capital assets not being depreciated					
Land	\$ 305,000	\$ -	\$ -	\$ -	\$ 305,000
Construction in progress	197,764	12,321,970	-	-	12,519,734
Total capital assets, not being depreciated	<u>502,764</u>	<u>12,321,970</u>	<u>-</u>	<u>-</u>	<u>12,824,734</u>
Capital assets being depreciated					
Computer equipment	63,516	-	(61,115)	-	2,401
Buildings and leasehold improvemer	1,071,033	-	(58,261)	-	1,012,772
Vehicles and other equipment	415,408	-	(6,129)	-	409,279
Infrastructure	60,441,423	134,843	-	-	60,576,266
Total capital assets, being depreciated	<u>61,991,380</u>	<u>134,843</u>	<u>(125,505)</u>	<u>-</u>	<u>62,000,718</u>
Less accumulated depreciation for					
Computer equipment	(63,116)	-	61,115	-	(2,001)
Buildings and leasehold improvemer	(685,039)	(49,960)	57,463	-	(677,536)
Vehicles and other equipment	(290,454)	(33,753)	6,128	-	(318,079)
Infrastructure	(5,958,314)	(1,469,945)	-	-	(7,428,259)
Total accumulated depreciation	<u>(6,996,923)</u>	<u>(1,553,658)</u>	<u>124,706</u>	<u>-</u>	<u>(8,425,875)</u>
Total capital assets, being depreciated, net	<u>54,994,457</u>	<u>(1,418,815)</u>	<u>(799)</u>	<u>-</u>	<u>53,574,843</u>
Business-type activities capital assets, net	<u>\$ 55,497,221</u>	<u>\$ 10,903,155</u>	<u>\$ (799)</u>	<u>\$ -</u>	<u>\$ 66,399,577</u>

Depreciation expense was charged to functions/programs as follows:

**Governmental Activities**

General government	\$ 525,564
Transportation	6,171
Physical environment	200,397
Culture and recreation	389,909
Total depreciation expense, governmental activities	<u>\$ 1,122,041</u>

**Business-Type Activities**

Water	\$ 1,085,044
Stormwater	468,614
Total depreciation expense, business-type activities	<u>\$ 1,553,658</u>

**NOTE 7. LONG-TERM OBLIGATIONS**

**Long-Term Obligations**

Changes in long-term obligations for the year ended September 30, 2024 are as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
Compensated absences	\$ 363,306	\$ 386,783	\$ (255,348)	\$ 494,741	\$ 259,179
Capital improvements revenue note	2,793,757	251,655	(399,099)	2,646,313	504,193
Emergency bridge loan	11,900,000	-	-	11,900,000	-
FDEM emergency loan	-	5,000,000	-	5,000,000	-
Total OPEB liability	232,256	53,437	(90,515)	195,178	-
	<u>\$ 15,289,319</u>	<u>\$ 5,691,875</u>	<u>\$ (744,962)</u>	<u>\$ 20,236,232</u>	<u>\$ 763,372</u>
<b>Business-Type Activities</b>					
Utility revenue refunding bonds	\$ 180,000	\$ -	\$ (180,000)	\$ -	\$ -
Notes payable from direct borrowings:					
State revolving fund loans	41,196,704	9,459,447	-	50,656,151	-
Compensated absences	34,658	48,221	(20,049)	62,830	20,350
Total OPEB liability	42,197	9,712	(16,449)	35,460	-
	<u>\$ 41,453,559</u>	<u>\$ 9,517,380</u>	<u>\$ (216,498)</u>	<u>\$ 50,754,441</u>	<u>\$ 20,350</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, 2024. Final maturities will be determined after all funds have been drawn. Annual debt service requirements to maturity for this loan as of September 30, 2024 is as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 504,193	\$ 77,156	\$ 581,349
2026	520,533	60,815	581,348
2027	537,403	43,945	581,348
2028	554,744	26,604	581,348
2029	529,440	8,549	537,989
	<u>\$ 2,646,313</u>	<u>\$ 217,069</u>	<u>\$ 2,863,382</u>

**\$5,000,000 FDEM Emergency Loan** – Issued for the purpose of providing funding for various projects needed due to Hurricane Ian by the State of Florida Department of Emergency Management. This loan currently has no repayment terms. The amount outstanding as of September 30, 2024 was \$5,000,000.

## NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

**\$11,900,000 Emergency Bridge Loan** – Issued for the purpose of providing funding for governmental services caused by lost revenues due to Hurricane Ian by the State of Florida. The note bears interest at 10% to be payable only at the date of final repayment. This loan is payable from and secured by a lien upon and pledge of the Town's non-ad valorem revenues. This loan has a ten-year repayment period and currently has no payments due for two years. The amount outstanding as of September 30, 2024 was \$11,900,000.

### **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. This loan was paid in full during September 30, 2024.

### **Notes Payable from Direct Borrowings:**

**\$15,723,946 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 60 semi-annual payments of \$260,259 through November 2038. The outstanding balance as of September 30, 2024 was \$13,294,114.

**\$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, 2024, including amounts receivable for eligible expenses, was \$18,475,860.

**\$9,364,684 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 is payable in 60 semi-annual payments of \$259,081 through October 2050. The outstanding balance as of September 30, 2024 was \$8,930,894.

**\$16,204,800 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 and interest is payable in 40 semi-annual payments of \$413,222 commencing upon the project completion. The outstanding balance as of September 30, 2024, including amounts receivable for eligible expenses, was \$9,955,283.

Due to Hurricane Ian, the state has pushed back all state revolving fund loan payments for two years.

## **NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)**

### **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, 2024.

## **NOTE 8. 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, 2024, employer contributions to Plan number 002 was \$281,293.

## **NOTE 9. 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, 2024.

**NOTE 10. 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 October 1, 2022, there were 68 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.

**Total OPEB Liability of the Town**

The Town’s total OPEB liability was measured as of September 30, 2023, and was determined by an actuarial valuation as of October 1, 2022, 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, 2022, 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:	4.91%
Initial Trend Rate:	8.50%
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.

**NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**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 4.91%. 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, 2024 were as follows:

<b>Total OPEB Liability</b>	
Service Cost	\$ 47,640
Interest	15,509
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	(22,073)
Employer Contributions	-
Changes of Assumptions	(72,290)
Benefit Payments	(12,601)
Net Change in Total OPEB Liability	<u>(43,815)</u>
Total OPEB Liability - Beginning	<u>274,453</u>
Total OPEB Liability - Ending	<u>\$ 230,638</u>

Changes in assumptions reflect a change in the discount rate from 4.77% for the reporting period ended September 30, 2023, to 4.91% for the reporting period ended September 30, 2024.

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 (3.91%) or 1-percentage-point higher (5.91%) than the current discount rate:

	<u>3.91% Discount</u>	<u>4.91% Discount</u>	<u>5.91% Discount</u>
	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
Total OPEB Liability	\$ 259,985	\$ 230,638	\$ 205,535

**NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**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:

	<b>Trend Rate Minus 1%</b>	<b>7.50% Graded Down to 5.00%</b>	<b>Trend Rate Plus 1%</b>
Total OPEB Liability	\$ 194,446	\$ 230,638	\$ 276,522

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, 2024, and the current sharing pattern of costs between employer and inactive employees.

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB.** For the year ended September 30, 2024, the Town recognized OPEB expense of \$39,772. At September 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	Differences between expected and actual experience	\$ 32,264
Change of assumptions	54,952	127,737
	<u>\$ 87,216</u>	<u>\$ 208,756</u>

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

Fiscal Year Ending	
2025	\$ (10,776)
2026	(10,776)
2027	(10,776)
2028	(10,776)
2029	(9,987)
Thereafter	(68,449)
	<u>\$ (121,540)</u>

## **NOTE 11. 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, 2024, 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 flood 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. Due to Hurricane Ian and the extensive damage, there were claims in excess of coverage which the Town anticipates being reimbursed from federal disaster area assistance.

## **NOTE 12. 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.

As of year-end, the Town has ongoing construction contracts and commitments relating to capital projects within the Town of approximately \$10.7 million.

**NOTE 13. 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 14. SUBSEQUENT EVENTS**

The Town has evaluated all subsequent events through August 28, 2025 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, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>								
Service cost	\$ 47,640	\$ 54,431	\$ 42,724	\$ 27,556	\$ 24,301	\$ 31,025	\$ 23,443	\$ 21,172
Interest	15,509	13,548	5,105	3,609	6,975	5,735	5,008	2,777
Differences between expected and actual experience	(22,073)	22,871	(19,058)	16,140	(45,248)	(32,437)	(8,725)	-
Employer contributions	-	-	-	-	-	-	(1,220)	-
Changes of assumptions	(72,290)	(36,406)	49,277	(13,368)	(13,164)	41,636	(17,690)	-
Benefit payments	(12,601)	(18,940)	(12,817)	(2,598)	(1,994)	(1,919)	-	(187)
Net change in total OPEB liability	(43,815)	35,504	65,231	31,339	(29,130)	44,040	816	23,762
Total OPEB liability - beginning	274,453	238,949	173,718	142,379	171,509	127,469	126,653	102,891
Total OPEB liability - ending	<u>\$ 230,638</u>	<u>\$ 274,453</u>	<u>\$ 238,949</u>	<u>\$ 173,718</u>	<u>\$ 142,379</u>	<u>\$ 171,509</u>	<u>\$ 127,469</u>	<u>\$ 126,653</u>
Covered-employee payroll	<u>\$3,733,997</u>	<u>\$3,007,128</u>	<u>\$2,309,591</u>	<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>6.18%</u>	<u>9.13%</u>	<u>10.35%</u>	<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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## **SUPPLEMENTARY INFORMATION**

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# Town of Fort Myers Beach, Florida

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2024

	Special Revenue Funds		Nonmajor Governmental Funds
	Park Impact	Road Impact	
<b>Assets</b>			
Cash	\$ 293,432	\$ 957,901	\$ 1,251,333
Total assets	<u>\$ 293,432</u>	<u>\$ 957,901</u>	<u>\$ 1,251,333</u>
<b>Liabilities and fund balances</b>			
Liabilities			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances			
Restricted			
Parks and recreation	293,432	-	293,432
Transportation	-	957,901	957,901
Total fund balances	<u>293,432</u>	<u>957,901</u>	<u>1,251,333</u>
Total liabilities and fund balances	<u>\$ 293,432</u>	<u>\$ 957,901</u>	<u>\$ 1,251,333</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, 2024

	Special Revenue Funds		Nonmajor Governmental Funds
	Park Impact	Road Impact	
<b>Revenues</b>			
Impact fees	\$ 18,805	\$ 68,846	\$ 87,651
<b>Total revenues</b>	<u>18,805</u>	<u>68,846</u>	<u>87,651</u>
<b>Expenditures</b>			
Capital outlay	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in fund balances</b>	18,805	68,846	87,651
<b>Fund balances</b> , beginning of year	<u>274,627</u>	<u>889,055</u>	<u>1,163,682</u>
<b>Fund balances</b> , end of year	<u>\$ 293,432</u>	<u>\$ 957,901</u>	<u>\$ 1,251,333</u>

## **OTHER REPORTS**

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## Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fort Myers Beach, Florida (the "Town"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated August 28, 2025.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be material weaknesses.

## Compliance and Other Matters

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

## Town's Response to the Finding

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

## Purpose of this Report

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



Bradenton, Florida  
August 28, 2025



# Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General

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

## **Report on Compliance for Each Major Federal Program and State Project**

### ***Opinion on Each Major Federal Program and State Project***

We have audited the Town of Fort Myers Beach, Florida's (the "Town") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs and state projects for the year ended September 30, 2024. The Town's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2024.

### ***Basis for Opinion on Each Major Federal Program and State Project***

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

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

***Responsibilities of Management for Compliance***

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

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

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

## Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



Bradenton, Florida  
August 28, 2025

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## Town of Fort Myers Beach, Florida

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

Federal/State Agency, Pass-through Entity, Federal/State Program	AL/ CSFA No.	Grantors No.	Expenditures	Passed Through to Subrecipients
<b>Federal Awards:</b>				
U.S. Department of Environmental Protection				
Passed through Florida Department of Environmental Protection				
Capitalization Grants for Drinking Water SRF	66.468	DW360801 - 140129	\$ 4,409,175	\$ -
Total U.S. Department of Environmental Protection			<u>4,409,175</u>	<u>-</u>
U.S. Department of Homeland Security				
Passed through Florida Department of Environmental Protection				
Disaster Grant - Public Assistance (Ian)	97.036	4673DR-FL	1,782,559	-
Disaster Grant - Public Assistance (Idalia)	97.036	4734DR-FL	25,414	-
Total U.S. Department of Homeland Security			<u>1,807,973</u>	<u>-</u>
U.S. Department of Treasury				
Passed through Florida Department of Treasury				
American Rescue Plan Act	21.027	Y5086	1,519,876	-
Total U.S. Department of Treasury			<u>1,519,876</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 7,737,024</u></u>	<u><u>\$ -</u></u>
<b>State Awards:</b>				
State of Florida Department of Environmental Protection				
Wastewater Treatment Facility Construction	37.077	SW360860	\$ 4,996,224	\$ -
Clean Vessel Act	37.084	MV429	24,347	-
Hurricane Restoration Reimbursement	37.113	23LE4	4,586,265	-
Total State of Florida Department of Environmental Protection			<u>9,606,836</u>	<u>-</u>
State of Florida Department of Commerce				
Local Economic Development Initiatives	40.012	N/A	2,549,267	-
Hazard Mitigation Grant Program	40.038	HL277	7,019,965	-
Total State of Florida Department of Commerce			<u>9,569,232</u>	<u>-</u>
Executive Office of the Governor				
State Hurricane Recovery	31.081	D1496	1,941,600	-
State Hurricane Recovery	31.081	D1502	4,243,219	-
State Hurricane Recovery (Ian)	31.081	4673DR-FL	1,153,629	-
State Hurricane Recovery (Idalia)	31.081	4734DR-FL	18,264	-
Total Executive Office of the Governor			<u>7,356,712</u>	<u>-</u>
<b>Total Expenditures of State Financial Assistance</b>			<u><u>\$ 26,532,780</u></u>	<u><u>\$ -</u></u>

# Town of Fort Myers Beach, Florida

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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### **NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the Town of Fort Myers Beach, Florida (the "Town"), and is presented on the modified accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, Rules of the Auditor General of the State of Florida. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### **NOTE 2. DE MINIMIS INDIRECT COST RATE**

The Town chose not to use the 10% de minimis cost rate for the year ended September 30, 2024.

### **NOTE 3. NON-CASH AWARDS**

The Town did not receive non-cash federal or state awards during the year ended September 30, 2024.

### **NOTE 4. CONTINGENCIES**

Grant monies received and disbursed by the Town are for specific purposes and are subject to review by the grantor agencies. Such audits may result in disallowed expenditures under the terms of the grants. Based upon prior experience, the Town does not believe that such disallowances, if any, would be material.

### **NOTE 5. LOANS OUTSTANDING**

The Town had \$50,656,151 in State Revolving Fund loans outstanding at September 30, 2024.

# Town of Fort Myers Beach, Florida

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

---

### SECTION I SUMMARY OF AUDIT RESULTS

#### **Financial Statements**

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

Unmodified

Internal control over financial reporting:  
Material weaknesses identified?

yes  no

Significant deficiencies identified not considered to be material weaknesses?

yes  none reported

Noncompliance material to financial statements noted?

yes  none reported

#### **Federal Programs and State Financial Assistance Projects**

Internal control over major federal programs and state projects:  
Material weaknesses identified?

yes  no

Significant deficiencies identified not considered to be material weaknesses?

yes  none reported

Type of auditor's report issued on compliance for major federal programs and state projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a) and Chapter 10.550, Rules of the Auditor General?

yes  no

Identification of major federal program:

AL Number  
97.036  
  
21.027

Name of Federal Program or Cluster  
U.S. Department of Homeland Security –  
Disaster Grant – Public Assistance  
U.S. Department of Treasury – Coronavirus State  
and Local Fiscal Recovery Funds

# Town of Fort Myers Beach, Florida

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

### SECTION I (CONTINUED) SUMMARY OF AUDIT RESULTS

Identification of major state financial assistance project:

<u>CSFA Number</u>	<u>Name of State Program or Cluster</u>
40.012	Florida Department of Commerce – Local Economic Development Initiatives
31.081	Florida Division of Emergency Management – Local Agency Program – Beach Renourishment
37.113	Florida Department of Environmental Protection – Beach Management Funding Assistance
40.038	Florida Department of Commerce - Division of Housing and Community Development

Dollar threshold used to distinguish between  
Type A and Type B federal programs: \$750,000

Dollar threshold used to distinguish between  
Type A and Type B state projects: \$795,983

Auditee qualified as low-risk auditee?  yes  no

### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

#### 2024-001. Accounts Payable – Material Weakness

**Criteria** – Internal controls should be in place to provide reasonable assurance that all transactions are recorded in accordance with accounting principles generally accepted in the United States of America. As part of the audit process, accounts payable were not properly recorded.

**Condition** – Invoices relating to fiscal year 2024 were not recorded in accounts payable and invoices relating to fiscal year 2025 were recorded in accounts payable as of year-end.

**Context** – Our testing of subsequent disbursements identified invoices that were not properly included/excluded from accounts payable in the total amount of \$81,926.

**Effect** – A correcting adjustment to increase accounts payable by \$72,116 and decrease accounts payable by \$9,810 was required to be made to the Town’s general ledger to properly record actual activity.

# Town of Fort Myers Beach, Florida

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

---

### SECTION II (CONTINUED) FINANCIAL STATEMENT FINDINGS AND RESPONSES

#### 2024-001. Accounts Payable – Material Weakness (Continued)

**Recommendation** – We recommend the Town review the invoices at year-end to ensure that funds register the proper cut-off for transactions. This would provide a more efficient approach to reporting the accounts payable balances within each fund at year-end.

**View of Responsible Officials and Planned Corrective Action** – We concur with the finding and will implement controls to the year-end close process in future periods to prevent this from occurring again.

#### 2024-002. Due from Other Governments and Unearned Revenue – Material Weakness

**Criteria** – Internal controls should be in place to provide reasonable assurance that all transactions are recorded in accordance with accounting principles generally accepted in the United States of America. As part of the audit process, we noted the Town did not properly record its unspent and unearned revenues relating to the American Rescue Plan Act (ARPA) funds as well as its amounts due from other governments relating to grant activity.

**Condition** – The Town did not fully recognize current year ARPA expenditures as revenues and also did not properly record amounts due from other governments and the related deferred inflows – unavailable revenues.

**Context** – Our testing of these funds indicated revenue recognition and reduction of unearned revenues needed of \$77,686 of ARPA funds to match current year grant expenditures, a reduction in transfers between funds in the amount of \$960,967 and also indicated due from other governments and deferred inflows to be understated by \$136,175 relating to other grant activity.

**Effect** – A correcting adjustment was needed to decrease unearned revenue and increase revenues by \$77,686, to reduce transfers out and in by \$960,967, and an entry to increase due from other governments and deferred inflows by \$136,175 were required to be made to the Town's general ledger to properly record actual activity.

**Recommendation** – We recommend the Town implement proper controls which includes cross-training of employees to ensure compliance with all grant requirements and revenue recognition requirements so that these amounts are properly reflected in the accounting records and financial statements.

**View of Responsible Officials and Planned Corrective Action** – We concur with the finding and will implement controls to ensure unearned revenues are properly recorded.

# Town of Fort Myers Beach, Florida

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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### **SECTION III FEDERAL PROGRAMS FINDINGS AND QUESTIONED COSTS**

None noted.

### **SECTION IV STATE PROJECTS FINDINGS AND QUESTIONED COSTS**

None noted.

### **SECTION V SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

None.



## Independent Auditor's Management Letter

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

### **Report on the Financial Statements**

We have audited the financial statements of the Town of Fort Myers Beach, Florida (the "Town"), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated August 28, 2025.

### **Auditor's Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated August 28, 2025, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **Official Title and Legal Authority**

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

## Financial Condition and Management

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

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

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

## Special District Component Units

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

## Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the Town's geographical boundaries during the fiscal year under audit.

## Additional Matters

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

## Purpose of this Letter

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



Bradenton, Florida  
August 28, 2025



## Independent Accountant's Report

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

We have examined the Town of Fort Myers Beach, Florida's (the "Town") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2024. Management of the Town is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

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

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

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2024.

This report is intended solely for the information and use of the Town and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
August 28, 2025

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