

Comprehensive Annual Financial Report

Bonita Springs, Florida



Fiscal Year Ended September 30, 2018

City of Bonita Springs, Florida
Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2018



Prepared by the Finance Department

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*Front Cover: Roundabout located at Old 41 and Terry Street completed the Fall of 2017
Back Cover: Signaled intersection at Old 41 and Terry Street prior to the roundabout construction.*

**City of Bonita Springs, Florida
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2018**

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Bonita Beach
27954 Hickory Blvd

This beautiful beach front park is on the southern tip of Bonita Beach. It offers a variety of amenities. You will find restrooms, shelters with tables and grills, a playground and a sand volleyball court. Parking is available for \$2 per hour. The City of Bonita Springs also offers free parking at Bay Park North and Beach Park North on Little Hickory Island.

Introductory Section



March 25, 2019

Honorable Mayor and
Members of City Council
City of Bonita Springs
Bonita Springs, Florida

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the City of Bonita Springs, Florida (City) for the fiscal year ended September 30, 2018. Chapter 218.39 Florida Statutes requires that a complete set of financial statements be published within nine months of the fiscal year end. This report is published to fulfill that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

In addition, the City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget approved by City Council.

In compliance with the laws of the State of Florida, the City's financial statements have been audited by Ashley, Brown & Company, Certified Public Accountants, a firm of licensed certified public accountants. The independent auditor has issued an unmodified ("clean") opinion on the City's financial statements for the fiscal year ended September 30, 2018. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City, incorporated on December 31, 1999, is located in the southwest part of the state and located in Lee County. The City currently occupies a land area of 46 square miles and serves a population of 51,181. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six council members, all elected on a non-partisan basis. Council members serve four-year staggered terms, with three or four council members elected every two years. The mayor is elected to serve a four-year term and is elected-at-large. The six council members are elected by district. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

The City provides the following services: parks and recreation, public works, streets and roads, development services including economic and community development, code enforcement, and general and administrative services. The City of Bonita Springs uses the "government lite" concept of outsourcing City services to minimize expenditures and provide exemplary services to the community.

9101 Bonita Beach Road
Bonita Springs, FL 34135
Tel: (239) 949-6262
Fax: (239) 949-6239
www.cityofbonitasprings.org

Peter Simmons
Mayor

Amy Quaremba
Council Member
District One

Greg DeWitt
Council Member
District Two

Laura Carr
Council Member
District Three

Peter R. O'Flinn
Council Member
District Four

Michael Gibson
Council Member
District Five

Fred Forbes, AIA
Council Member
District Six

Arleen M. Hunter
City Manager
(239) 949-6267

Derek P. Rooney
City Attorney
(239) 949-6254

City Clerk
(239) 949-6248

Public Works
(239) 949-6246

Neighborhood Services
(239) 949-6257

Parks & Recreation
(239) 992-2556

Community Development
(239) 444-6150

Economic condition and outlook

The City of Bonita Springs was in the path of Hurricane Irma when it made landfall on September 10, 2017. A major budgetary initiative in FY 2018 was to recover from the hurricane damage during FY 2018. Efforts are currently underway to seek reimbursement from FEMA for the storm related costs incurred by the City. Fortunately, the City had reserves to meet the cash flow requirements to address these costs while awaiting reimbursement. We look forward to restoring these reserves with reimbursements through available grants. The damage from this natural disaster highlighted the need for the City to move forward with consideration of a formalized storm water management process. A firm has been hired to guide the City through the process of implementing a storm water management utility, and identifying available funding source options.

Residential and commercial permit activity has remained generally consistent the past two years. Growth in the City of Bonita Springs has been reasonably stable and normal. Given the cyclical nature of the economy, experts state that the economy is now in a peak cycle. Staff anticipates that future growth will be gradual and focused on the build out of existing approved developments in eastern Bonita Springs (residential development in Sections 1 and 2), urban redevelopment, and infill development (with a varying degree of uses such as multi-family residential, industrial flex space, and hotel uses).

Unemployment continued to decline throughout the nation, Florida and Southwest Florida during the past fiscal year as services supported by the construction and tourism industries continue to increase. The unemployment rate for the City of Bonita Springs has continued to decline, with the unemployment rate for December 2018 being 3.0% as compared to the Lee County rate of 3.2% and the state-wide rate of 3.3%.

The national and state economics are key factors in assessing the City's future picture. Changes in the national, state and local economies can affect both revenues and expenditures due to the impact of tax receipts and the costs of providing City services. While economic changes at the state and national level can often translate into comparable changes locally, it is important to note that the City of Bonita Springs and the Southwest Florida region often behave differently, showing economic trends and reflecting experience that may lag or precede noticed changes elsewhere.

The total taxable property value in the City increased 5% during fiscal year 2018. The City and all of Southwest Florida has continued to see signs of growth in the real estate sector. As a result, the City's taxable property values are predicted to increase for the next fiscal year.

Strategic Planning

A strategic plan is meant to be a reflection of City Council's decision to provide a foundation to guide policy decisions over the next several years as well as their commitment to devote City resources to accomplish the strategic priorities.

With a vision of "Bonita Springs shall reach its full potential as one of the great small cities in the United States", City Council adopted the 2018 Strategic Priorities in May 2018. The priorities are listed below and on the following page.

1. **Improve Storm Water Management:** Develop strategy; Schedule for implementation; Financing; Storm Water Utility; Review/inspection of neighborhood management systems and maintenance.
2. **Transportation:** Multimodal; Complete Streets; Bonita Beach Road Vision; US 41/Bonita Beach Road Quadrant Plan; Sun Trail (Railroad and Hickory Blvd); Logan Boulevard; South Forest Mere right of way; Traffic light traffic delays; Organize participation from other entities; Funding strategy
3. **Strengthen/Enhance City Finances:** Long term strategic financial evaluation and cash flow constraints effect on objectives; Improve grant strategy and process; Review franchise rates (Communications Services Fee and Electric Franchise Fee); Establish Storm Water Utility Fee
4. **Environmental Protection:** DRGR (Density Reduction Groundwater Resource) Protection - preserve large northern DRGR tracts; Storm water management and conservation; Florida Forever and 20/20 Programs; Beach and river water access preservation
5. **Community Aesthetics: Develop and implement Urban Design:** Improve look of the City; Parks: Develop and implement urban design standards in light of available funds; Review of city physical assets, identify responsible parties, program to improve; Establish city icon; Inventory areas to see what can be done
6. **Strengthen/Enhance Council Relations:** Message coordination; Activism strategy; Improve and strengthen relationships with other government jurisdictions (State of Florida, Lee County, South Florida Water Management District, Recognize process imposed by others, Quadrant Plan, Landscaping on Bonita Beach Road, Lee County bridge proposal, Lee Tran, Beach parking, FEMA grant (Local Mitigation Strategy), Federal Delegation, FEMA & transportation opportunities, State of Florida funding)
7. **Government Transparency: Increase Outreach/Accessibility to Citizens:** Put on action list completion of neighborhood/HOA contact list used for emergency response and activate it; Establish quarterly contact with contact list; Outreach committee mission; Improve communication, website, social media, etc.; Increase outreach accessibility to citizens; Community contacts to incorporate into Emergency Plan

8. **Economic Development: Attract highest quality economic development through City's vision of high urban design standards, multimodal and downtown revitalization and vision:** High urban standard; Multimodal; Downtown Revitalization: Consider next steps to development projects for downtown, Stabilize Wonder Gardens, Completion of library, Dixie Moon, Unified signage plan; Implement visions

Relevant Financial Policies

Budgetary control is established by Section 45 of the City Charter, which requires the adoption of an annual budget and Section 46 which provides for amendments to the budget after adoption. Budgetary control throughout the fiscal year is maintained through monthly monitoring of actual activity compared to the budget. Section 47 of the City Charter addresses the lapse of annual appropriations at the close of the fiscal year, except an appropriation for a capital expenditures. The Council is required to adopt a final budget by no later than the close of the fiscal year. The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, function (e.g., public safety) and department (e.g., law enforcement). Department heads may transfer resources within a department as they see fit, however, transfers between departments require the approval of the City Council. Budget-to-actual comparisons are provided in this report for the general fund and for the special revenue funds that are considered major funds. These comparisons are presented on pages 50-53 respectively as part of the required supplementary information. Budget-to-actual comparisons for special revenue funds that are considered non-major funds, the debt service funds, and the capital projects fund are presented beginning on page 60.

The City Council has approved Financial Policies which address audit policies, financial reporting and accounting, cash management, revenues, budget, debt management, expenditures, and asset capitalization.

Long-term financial planning

The City completes a five-year financial forecast. For capital projects, the City uses a ten-year capital budget. This helps recognize when major cash infusions will be necessary. These infusions may come from the issuance of debt, grants, new revenue sources, impact fees and/or a build-up of fund balance. Any or all of these methods may be utilized. Not as obvious, but just as important, is the increase in services, with the costs associated with these services, requested by citizens or mandated by external forces.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bonita Springs for its comprehensive annual financial report for the fiscal year ended September 30, 2017. This was the ninth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this Comprehensive Annual Financial Report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department, as well as the support of the City Manager, Assistant City Manager and the Department Directors. Their continuing effort toward improving the accounting and financial reporting systems improves the quality of information reported to the City Council, State and Federal Agencies and the citizens of the City of Bonita Springs. We sincerely appreciate and commend them for their contributions.

Appreciation is also extended to our external auditors, Ashley, Brown & Company, for their assistance and to the Mayor and City Council members for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Bonita Springs' finances.

Respectfully submitted,


Arleen Hunter,
City Manager


Anne K. Wright, CPA, CGFO
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Bonita Springs
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

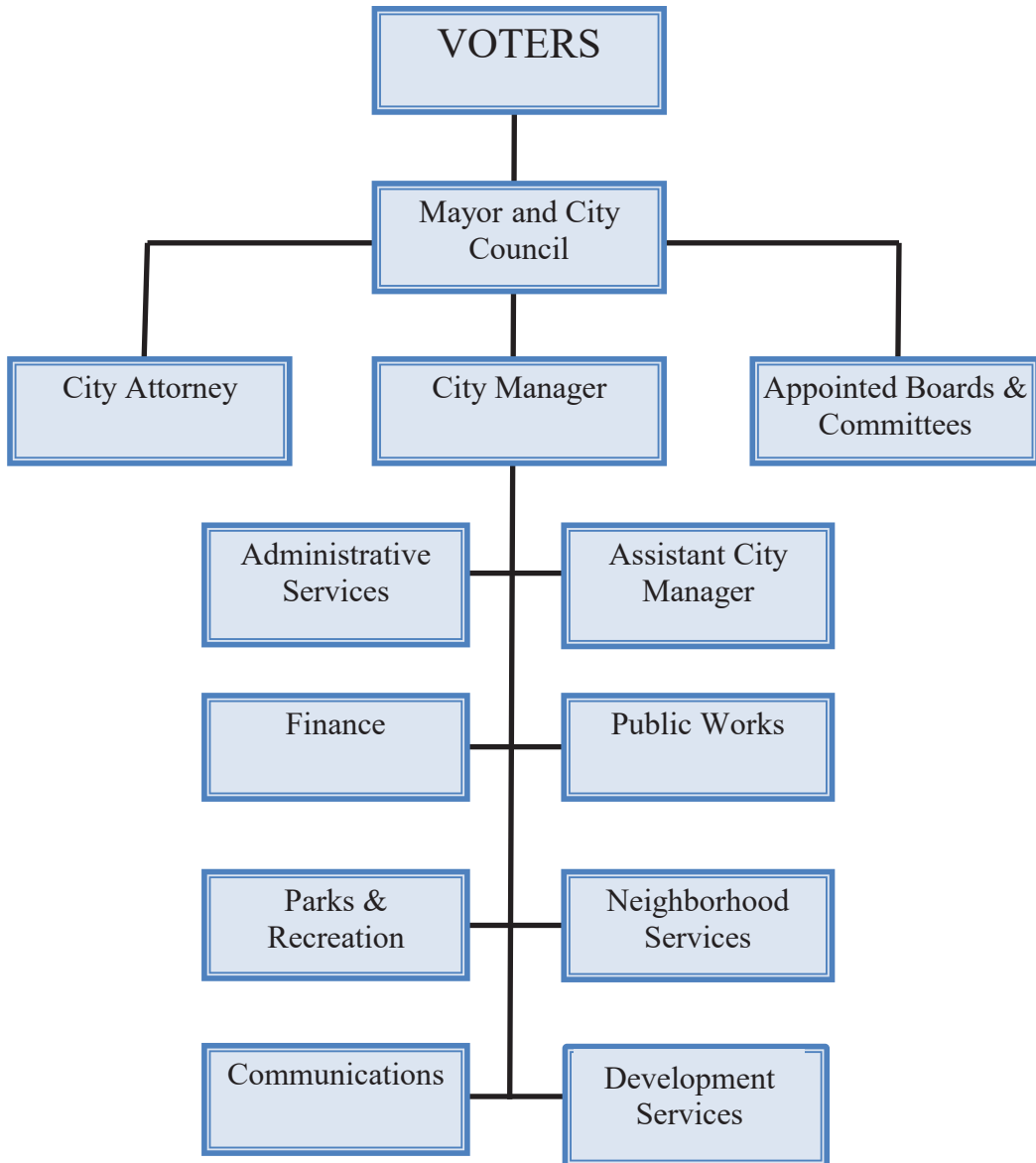
September 30, 2017

Christopher P. Morrill

Executive Director/CEO

City of Bonita Springs, Florida

Organizational Chart



City of Bonita Springs, Florida

PRINCIPAL OFFICIALS

As of September 30, 2018



Mayor

Peter Simmons

City Council

Laura Carr
District Three

Amy Quaremba
District One

Michael Gibson
District Five

Greg DeWitt
District Two

Peter R. O'Flinn
District Four

Fred Forbes
District Six

Arleen Hunter, City Manager
Derek Rooney, City Attorney



Small Town Charm.
Big Bright Future.



Liles Hotel Plaza
27142 S Riverside Dr

The Imperial River flows through the downtown corridor. New floating docks have been installed near the Liles Hotel Plaza Area. We encourage you to enjoy the river!

Financial Section

REPORT OF INDEPENDENT AUDITOR

Honorable Mayor and City Council
City of Bonita Springs, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bonita Springs, Florida, (the “City”) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Auditor’s Responsibility, continued

In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis; Schedules of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual for the General Fund, Road Impact Fee Fund, Building Fee Fund, Grant Fund and accompanying Notes to the schedules; the Schedule of the City’s Proportionate Share of the Net Pension Liability; and the Schedule of City Pension Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The Introductory Section; Combining Balance Sheet – Non-major Governmental Funds; Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds; Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Gas Tax Fund, Park Impact Fee Fund, Road Debt Service Fund, Downtown Redevelopment Debt Service Fund, and Capital Projects Fund and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Matters, continued

Other Information, continued

The Combining Balance Sheet – Non-major Governmental Funds; Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds; Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Gas Tax Fund, Park Impact Fee Fund, Road Debt Service Fund, Downtown Redevelopment Debt Service Fund, and Capital Projects Fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Balance Sheet – Non-major Governmental Funds; Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds; Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Gas Tax Fund, Park Impact Fee Fund, Road Debt Service Fund, Downtown Redevelopment Debt Service Fund, and Capital Projects Fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Punta Gorda, Florida
March 22, 2019

Management's Discussion and Analysis

Management's Discussion and Analysis provides a narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with the basic financial statements and additional information that we have furnished in our Letter of Transmittal, which can be found on the pages prior to this report.

FINANCIAL HIGHLIGHTS

- At the close of fiscal year 2018 the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources, resulting in a net position of \$145,429,500 all of which are related to governmental activities.
- Total assets decreased \$3,686,789 from the prior fiscal year. This decrease is primarily due to a decrease in the depreciable capital assets.
- Total liabilities decreased \$5,192,780 from the prior fiscal year. This decrease is primarily due to a reduction of \$3,082,000 in the City's loans payable, and a \$1,886,476 decrease in accounts and contracts payable.
- The City's total debt (consisting of Loans Payable, Compensated Absences, and Pension Obligation) decreased by \$3,129,280.
- Total net position of the City's governmental activities increased \$1,897,193, or 1.3%, in comparison to fiscal year 2017. This increase reflects a slight improvement in the City's overall financial position.
- The City ended the fiscal year with \$10,212,760 of unrestricted net position available for use at the City's discretion.
- Total revenues increased \$6,458,618, or 21.5% in comparison to fiscal year 2017.
- Total expenses increased \$5,676,541 or 19.7%, in comparison to fiscal year 2017.
- The governmental funds, accounted for on the budget basis, or the modified accrual basis of accounting, reported total ending fund balance of \$44,229,744 for fiscal year 2018. This compares to fiscal year 2017 ending fund balance of \$37,929,852 reflecting an increase of \$6,299,892 during fiscal year 2018. This increase is primarily due to increases in revenues within the Road Impact Fee Fund and the Building Fee Fund.
- At the end of fiscal year 2018, unassigned fund balance for the General Fund was \$571,570 compared to \$135,349, at the end of fiscal year 2017. Unassigned fund balance decreased as of September 30, 2017 due to \$4,787,261 of fund balance being assigned to fund the FY 2018 budget, primarily due to the need for the FY 2018 budget to include \$6 million for Hurricane Irma expenditures. Funding from FEMA and the State of Florida is being received in fiscal year 2019, which will allow the City to rebuild the unassigned fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here serves as an introduction to the City'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. This report also contains other required and non-required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. These statements are designed to be corporate-like in that all activities of the City are consolidated into columns, which present a total for the primary government.

The *Statement of Net Position* presents information that includes all of the City's assets and liabilities, deferred inflows/outflows of resources, with the difference reported as net position. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long term obligations.

All of the current year's revenues and expenses are accounted for in the *Statement of Activities*, regardless of when cash is received or paid. Therefore, this statement includes some items that will impact cash flows in future fiscal years, such as the use of earned leave time. This statement shows how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the

change occurs, regardless of the timing of related cash flows.

These two government-wide financial statements report the City's net position and how it has changed. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of the City's infrastructure in addition to the financial information provided in this report.

Both government-wide financial statements distinguish functions of a government that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental and business-type activities comprise the primary government and are reported separate from any component unit for which a government may be accountable. Fiduciary funds are not included in the government-wide financial statements. Governmental activities include general government, public safety, transportation and culture and recreation. The City does not currently have any business-type activities, nor does it have any component units or fiduciary funds.

The government-wide financial statements can be found on pages 18-19 of this report.

Fund Financial Statements. The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. A fund is a group of related accounts which is used to maintain control over resources segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. All of the funds of a government can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The City's fund financial statements have only one category, which is the governmental funds. We are not required to establish a proprietary or fiduciary fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

Five of the City's governmental funds, the General Fund, the Road Impact Fee Fund, the Building Fee Fund, the Grants Fund, and the Capital Projects Fund are classified as major funds. All other governmental funds are combined into a single column on the governmental fund financial statements. Individual fund data for the non-major funds are found in combining statements as supplemental financial data on pages 60-61.

The City adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the adopted and final revised budget.

The basic governmental fund financial statements can be found on pages 20-23 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Budgetary comparison schedules are included for all governmental funds, excluding the general fund, for which a

budget was legally adopted. These schedules demonstrate compliance with the City's adopted and revised budget.

Government-wide Overall Financial Analysis

As noted earlier, over time net position may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$145,429,500 at the close of the most recent fiscal year.

City of Bonita Springs, Florida

Summary of Net Position

September 30, 2018 and 2017

	Governmental Activities	
	2018	2017
<i>Assets:</i>		
Current and other assets	\$ 45,748,620	\$ 41,503,989
Capital assets	123,979,862	131,911,282
Total assets	169,728,482	173,415,271
<i>Deferred outflows of resources:</i>		
Deferred amount on refunding	153,958	205,279
Unamortized pension costs and subsequent contributions	1,506,876	1,655,855
Total deferred outflows of resources	1,660,834	1,861,134
<i>Liabilities:</i>		
Other liabilities	1,496,847	6,742,347
Non-current liabilities	23,860,274	23,807,554
Total liabilities	25,357,121	30,549,901
<i>Deferred inflows of resources</i>		
Deferred Revenue	174,893	941,550
Unamortized pension costs	427,802	252,647
Total deferred inflows of resources	602,695	1,194,197
<i>Net position:</i>		
Net investment in capital assets	105,588,038	112,137,889
Restricted	29,628,702	19,239,132
Unrestricted	10,212,760	12,155,286
Total net position	\$ 145,429,500	\$ 143,532,307

By far the largest portion of net position (72.6%) reflects investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, furniture, and infrastructure), less any related debt to acquire those assets which is still outstanding. As of September 30, 2018, the net investment in capital assets line item decreased by \$6,549,851 from the prior year. This decrease is primarily due to depreciation expense of \$10,776,350 which reduces the net capital asset value, offset by purchases of capital assets during FY 2018 which were not financed with debt proceeds. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Capital assets decreased \$7,931,420 or 6.0%, in comparison to the prior year. The restricted net position balance of \$29,628,702 (20.4% of total net position) increased \$10,389,570, or 54.0%, when compared to the prior year, as a result of collection increases of restricted revenues exceeding expenses. This represents assets that are subject to external restrictions on how they are used. The remaining balance of unrestricted net position of \$10,212,760 (7.0% of total net position), reflects a decrease of \$1,942,526 or 16.0%, in comparison to the prior year. The unrestricted net position balance represents assets that are available for spending at the City's discretion. The reasons for these overall changes are discussed in the following sections for governmental activities.

Governmental Activities. The governmental activities decreased the City's total assets by \$3,686,789, decreased the deferred outflows of resources by \$200,300, decreased the City's total liabilities by \$5,192,780, decreased the deferred inflows of resources by \$591,502, and increased the total net position by \$1,897,193. The increase in net

position resulting from governmental activities is 1.3%. The decrease in the governmental activities' net investment in capital assets is \$6,549,851, or 5.8%, in comparison to the prior year.

The following schedule compares the key elements of the changes in net position for the primary government for the current and previous fiscal years. The net position increased during fiscal year 2018 by \$1,897,193.

City of Bonita Springs, Florida

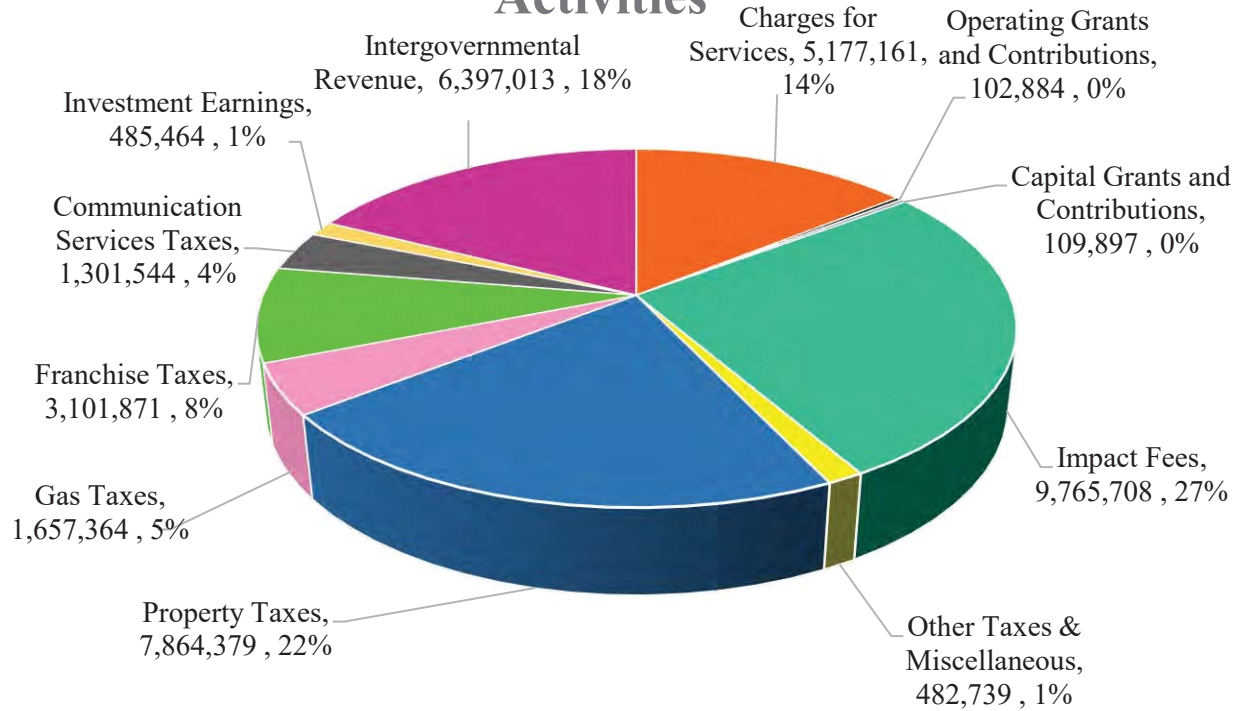
Changes in Net Position

September 30, 2018 and 2017

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
<i>Revenues:</i>		
Program Revenues:		
Charges for services	\$ 5,177,161	\$ 3,704,756
Operating grants and contributions	102,884	41,440
Capital grants and contributions	109,897	926,762
Impact Fees	9,765,708	6,056,288
General Revenues:		
Property taxes, levied for general purposes	7,864,379	7,232,706
Gas taxes	1,657,364	1,628,495
Franchise taxes	3,101,871	2,879,046
Communications services taxes	1,301,544	1,245,338
Other taxes	43,790	43,579
Intergovernmental revenue	6,397,013	5,900,966
Investment earnings	485,464	250,828
Miscellaneous	438,949	77,202
Total revenues	<u>36,446,024</u>	<u>29,987,406</u>
<i>Expenses:</i>		
General government	12,612,512	6,652,458
Public safety	4,569,886	4,563,703
Physical environment	418,462	299,097
Transportation	12,011,416	11,579,685
Economic environment	966,938	550,289
Human services	118,250	174,068
Culture and recreation	3,273,199	4,401,269
Interest on long-term debt	578,168	651,721
Total expenses	<u>34,548,831</u>	<u>28,872,290</u>
Increase (decrease) in net position	1,897,193	1,115,116
Net position - beginning	<u>143,532,307</u>	<u>142,417,191</u>
Net position - ending	<u>\$ 145,429,500</u>	<u>\$ 143,532,307</u>

The following is a chart of fiscal year 2018 revenues by source for governmental activities, showing the percent of total revenues from each source.

Revenues by Source - Governmental Activities

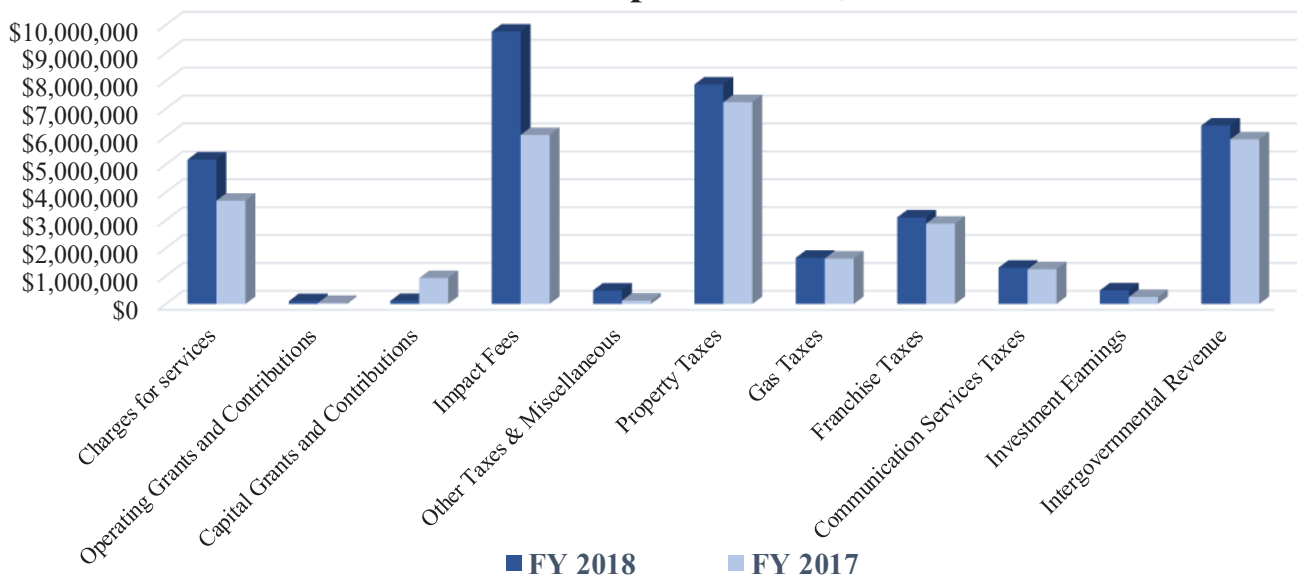


Program Revenues:

	FY 2018	
Charges for Services	\$ 5,177,161	14%
Operating Grants and Contributions	102,884	0%
Capital Grants and Contributions	109,897	0%
Impact Fees	9,765,708	27%
Other Taxes & Miscellaneous	482,739	1%
Property Taxes	7,864,379	22%
Gas Taxes	1,657,364	5%
Franchise Taxes	3,101,871	8%
Communication Services Taxes	1,301,544	4%
Investment Earnings	485,464	1%
Intergovernmental Revenue	6,397,013	18%
Total revenues	\$36,446,024	100%

The following chart shows revenues by source for governmental activities for fiscal years 2018 and 2017.

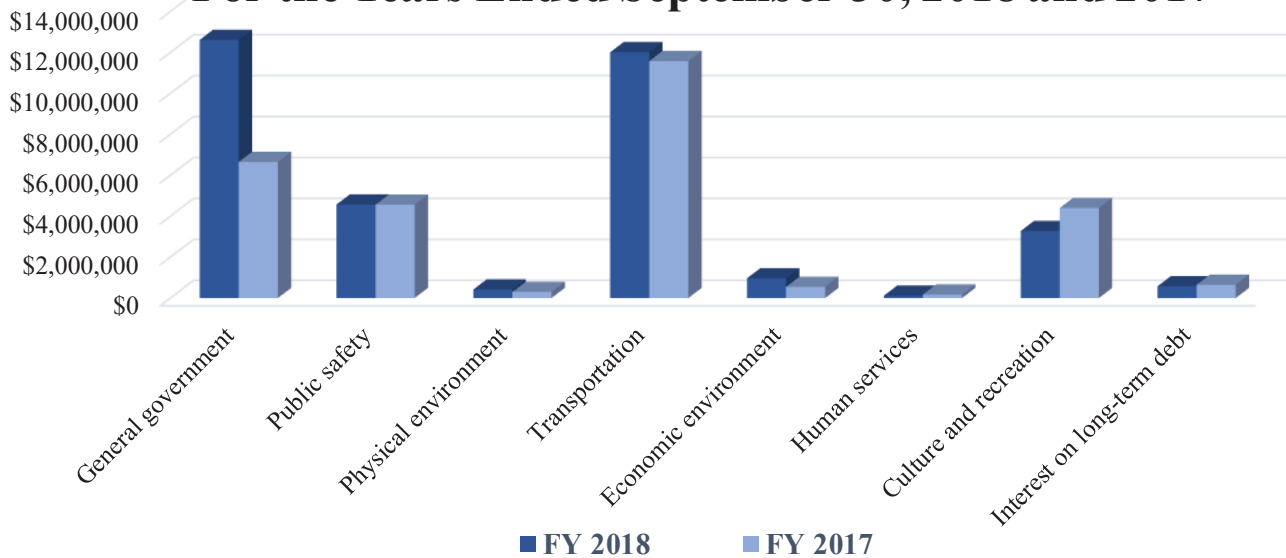
Revenues by Source - Governmental Activities For the Years Ended September 30, 2018 and 2017



- Charges for Services increased \$1,472,405, or 39.7% compared to FY 2017 mainly due to an increase in building permit fees. Building permit fees were \$3,877,845 in FY 2018 compared to \$2,697,939 in FY 2017.
- Operating Grants and Contributions increased \$61,444, or 148.3% compared to FY 2017.
- Capital Grants and Contributions decreased \$816,865, or 88.1% compared to FY 2017 due to the timing of spending the Community Development Block Grant funding for infrastructure improvements, which occurred in FY 2017.
- Impact Fees increased \$3,709,420, or 61.2% from the prior year, consistent with the increase in building permit fees.
- Other Taxes and Miscellaneous Revenue increased \$361,958, or 299.7% compared to FY 2017 due to the collection of insurance proceeds from Hurricane Irma damages, and a developer contribution to relocate the Dixie Moon café building, which is considered a City historic structure.
- Property Taxes increased \$631,673, or 8.7% in comparison to FY 2017. The increase is due to an increase in property taxable values as a result of the economic turnaround effect on real estate values and growth.
- Gas Taxes increased \$28,869, or 1.8% compared to FY 2017.
- Franchise Taxes increased by \$222,825, or 7.7% compared to FY 2017, due to FY 2018 being the first full fiscal year of an increase in the electrical franchise fee from 3% to 4% effective December 1, 2016, and an increase in the FP&L rates that were effective during a portion of FY 2017.
- Communication Services Taxes increased by \$56,206, or 4.5% compared to FY 2017.
- Investment Earnings increased \$234,636, or 93.5% compared to FY 2017 due to increases in the interest rate.
- Intergovernmental Revenue increased \$496,047, or 8.4% compared to FY 2017 as a result of an increase in sales tax collections.

The following is a chart of expenses by program for governmental activities for fiscal years 2018 and 2017, followed by explanations for all variances that are greater than \$100,000.

Expenses by Program - Governmental Activities For the Years Ended September 30, 2018 and 2017



- General Government increased \$5,960,054, or 89.6% compared to FY 2017 due to expenses relating to Hurricane Irma incurred in FY 2018.
- Public Safety increased \$6,183, or .01% compared to FY 2017.
- Physical Environment increased \$119,365, or 39.9% compared to FY 2017 due to professional services procured in FY 2018 relating to storm water management and an increase in depreciation expense.
- Transportation increased \$431,731, or 3.7% compared to FY 2017 as a result of increases in roadway and sidewalk maintenance, drainage maintenance, and roadway landscape maintenance.
- Economic Environment increased \$416,649, or 75.7% compared to FY 2017 as a result of a \$224,705 increase in depreciation expense and increases in professional services and economic development incentives in FY 2018.
- Human Services decreased \$55,818, or 32.1% due to a decrease in animal control service costs in FY 2018.
- Culture and Recreation decreased \$1,128,070, or 25.6% primarily due to higher expenses in FY 2017 from a one-time cost of the City's donation of land, which had a cost of \$1,013,997, to Lee County for the construction of a new Bonita Springs Library in the Downtown Redevelopment area.
- Interest on Long-term Debt decreased \$73,553, or 11.3%.

Financial Analysis of the City's Governmental Funds

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for a particular purpose by the City.

Governmental funds reported an ending fund balance of \$44,229,744. The unassigned fund balance of \$571,570 is available for spending at the City’s discretion. The remainder of the fund balance is either non-spendable, restricted, committed or assigned, indicating that 1) \$400,000 is not in a spendable form, 2) \$31,150,620 is legally restricted as to use, 3) \$4,897,484 is committed by previous City Council action and 4) \$7,210,070 is assigned for particular purposes. The total ending fund balance of governmental funds reflects an increase of \$6,299,892 from the prior year. This increase is due to the fund balance increase of \$5,966,372 in the Road Impact Fee Fund.

Major Governmental Funds

General Fund-The fund balance of the General Fund had a net decrease of \$3,358,313. This indicates that the City collected revenue less than what was paid out for operating, debt service and capital expenditures. This net decrease is comparable to the prior year when the fund balance had a net decrease of \$3,199,930 from the fiscal year 2017 activity. In both of these years, transactions that are **not** typical in occurrence impacted the General Fund. In FY 2017, a \$3 million acquisition of property through a deed in lieu of foreclosure occurred, reducing the General Fund fund balance by that amount. In FY 2017, the City also incurred \$1,149,000 in costs associated with Hurricane Irma, which made landfall in Bonita Springs on September 10, 2017. In FY 2018, the City incurred \$6,982,000 in costs associated with recovery from Hurricane Irma.

Below is a comparison of fiscal year 2018 General Fund activity impacting fund balance, as compared to fiscal year 2017.

- Fiscal year 2018 revenues were \$1,621,993 higher than the prior year.
- Fiscal year 2018 expenditures were \$3,395,513 higher than the prior year.
- Fiscal year 2018 net transfers out to other funds were \$1,615,137 lower than the prior year.

Road Impact Fee- The fund balance of the Road Impact Fee fund had a net increase of \$5,966,372 compared to a net decrease of \$99,062 in the prior year.

Building Fee- The fund balance of the Building Fee fund had a net increase of \$1,795,513 compared to a net increase of \$573,999 in the prior year.

Grants – The Grants Fund maintains a zero fund balance. The grants revenue and associated costs decreased \$662,437, or 68% less than the previous year’s revenue and associated costs.

Capital Projects- The Capital Projects Fund maintains a zero fund balance. The capital project expenditures decreased by \$6,943,257, or 71% less than the previous year’s total expenditures of \$9,769,822.

General Fund Budgetary Highlights

Final Budget Compared to Actual Results. The most significant differences between the final budget and actual revenue are shown below.

<u>Revenue Source</u>	<u>Final Budget</u>	<u>Actual Revenues</u>	<u>Over (Under) Budget</u>
Franchise Tax	\$2,244,000	\$2,412,870	\$ 168,870
Intergovernmental Revenues	\$5,016,000	\$5,404,038	\$ 388,038
Local Communications			
Services Tax	\$ 730,000	\$ 656,181	\$ (73,819)
Investment Earnings	\$ 105,000	\$ 172,621	\$ 67,621
Charges for Services	\$ 938,128	\$ 1,126,447	\$ 188,319

- Franchise Tax revenues collected were higher than the original budget for all sources of franchise fees, which includes electricity, gas and solid waste. The largest source of this revenue comes from collections received from Florida Power and Light (FP&L) which provided \$150,990 of the favorable variance. FP&L did increase their rates in early 2017, so fiscal year 2018 was the first full year with these rate increases.

- Intergovernmental revenues collected from the half cent sales tax were higher than budgeted which resulted in a favorable variance of \$329,121, as well as a \$62,628 favorable variance in Revenue Sharing and a favorite variance from other sources of \$951, offset by a decrease in funding from the Mobile Home License Tax of \$4,662.
- Local Communications Services Tax collections are impacted by how services are bundled and priced by the communication service providers, as well as volume. This revenue does fluctuate depending upon the length of stay of our long-term partial year residents.
- Investment Earnings are higher due to an increase in the interest rate.
- Charges for Services revenues collected include charges for Parks and Recreation services (including the pool), Planning and Zoning fees, Conservation and Resource Management revenue, Hurricane Mitigation funds, and an Administrative Services fee for the collection of impact fees. The favorable variances were generated primarily by the Planning and Zoning Fees, Administrative Services Fee, the Conservation and Resource Management Revenue, which were over the final budget by \$123,877, \$106,308, and \$26,300, respectively, which were offset by the Parks and Recreation Services and other fees which were under the final budget by \$19,537 and \$48,629, respectively.

The most significant differences between the final budget and actual expenditures are shown below.

<u>Expenditures</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Over (Under) Budget</u>
Appropriated Reserves	\$4,196,372	See Note A	\$ (4,196,372)
Parks and Recreation	\$2,090,328	\$1,957,898	\$ (132,430)
Finance	\$ 600,384	\$ 468,940	\$ (131,444)

Note A: \$1,225,738 of the Original Appropriated Reserves Budget was transferred to departmental budgets as described below.

- Appropriated Reserves were in the Original Budget at \$5,422,110, and \$1,225,738 was transferred from this budget line item to the following departments: Hurricane Irma \$700,000, City Attorney for professional services \$249,098, Downtown Improvement capital project \$166,640, storm water conveyance funding \$25,000, economic development grant \$35,000, and grant matching share of \$50,000.
- Parks and Recreation actual expenditures were less than the budgeted amount primarily due to the timing of park capital projects, which provided \$69,774 of the favorable variance. Additionally, operating expenditures for the various park locations were under budget by \$36,506.
- Finance actual expenditures were less than budgeted as additional components of the new financial system were budgeted but not yet purchased. This variance in expenditures, as well as cost reductions due to a position vacancy during the year, provided the majority of the favorable budget variance.

Original Budget Compared to Final Budget. As allowed under the City Charter and Florida Statutes, the General Fund budget was amended to provide for the carry-over of capital budget amounts as follows:

Capital Carry-over budget amendments funded by the General Fund for the following:	<u>Budget Amendment</u>
Capital outlay in the General Fund	\$ 245,152
Transfer to the Capital Projects Fund	\$ 3,661,930

Other transfers among departments within the General Fund also were approved during fiscal year 2018.

Capital Assets and Debt Administration

Capital Assets. Non-depreciable capital assets include land, artwork, and construction in progress. Depreciable assets include buildings, improvements other than buildings, machinery and equipment, and infrastructure. The following is a schedule of the City's capital assets as of September 30, 2018 and 2017:

City of Bonita Springs, Florida

Capital Assets

September 30, 2018 and 2017

	Governmental Activities	
	2018	2017
Land	\$ 46,407,135	\$ 46,269,581
Artwork	344,803	258,328
Buildings	7,837,000	7,596,199
Improvements other than buildings	18,455,436	18,048,543
Machinery and equipment	2,170,936	2,076,751
Infrastructure	204,169,194	203,600,971
Construction in progress	1,882,128	595,621
Intangible-software	482,746	482,746
Total capital assets	281,749,378	278,928,740
Accumulated depreciation	(157,769,516)	(147,017,458)
Total capital assets, net	\$ 123,979,862	\$ 131,911,282

Noteworthy changes in capital assets in fiscal year 2018 were as follows:

- Improvements other than buildings increased a net of \$406,893 primarily as a result of railroad crossing improvements and median landscape enhancements.
- Infrastructure additions increased a net of \$568,223 as a result of the Downtown Redevelopment Project and drainage improvement projects.
- Construction in progress increased a net of \$1,286,507 as a result of projects related to storm water management, roads, and pathways.

Additional information on the City's capital assets can be found in Note 6 on page 33.

Debt Administration. At September 30, 2018, the City had \$23,860,274 of outstanding debt, reflecting a decrease of \$3,129,280, or 11.6%, in comparison to the prior year. The following is a schedule of the outstanding debt as of September 30, 2018 and 2017.

City of Bonita Springs, Florida

Outstanding Debt

September 30, 2018 and 2017

	Governmental Activities	
	2018	2017
Loan payable, net	\$ 19,870,000	\$ 22,952,000
Net pension liability	3,826,052	3,839,224
Compensated absences	164,222	198,330
	\$ 23,860,274	\$ 26,989,554

The recognition of the Net pension liability of \$3,826,052 as shown above was a requirement with the implementation of GASB Statement No. 68 and Statement No.71, which were effective for fiscal year 2015. Additional information on the City's long-term debt can be found in Note 7 on page 34.

Economic Factors and Next Year's Budget

The following economic indicators were factors considered when the FY 2019 budget was prepared:

- Florida's earnings increased 4.3% in the third quarter of 2018, which was above the national average of 4.0%.
- The unemployment rates for the Cape Coral – Fort Myers Metropolitan Statistical Area, which includes Bonita Springs, had a seasonally adjusted unemployment rate of 3.3% for December 2018, compared to a rate of 3.7 for December 2017. These statistics are comparable to the State of Florida, which had a seasonally adjusted unemployment rate of 3.3% for December 2018, and 3.9% for December 2017.
- Population growth is Florida's primary engine of economic growth, fueling both employment and income growth. With a population of 20,984,400, Florida, as of July 1, 2017 per the U.S. Census Bureau, Florida, remains the third most populous state. The population of Lee County, FL, as of July 1, 2017, was 738,224, and the population of the City of Bonita Springs as of that date was 56,088.
- Total taxable property value for the City of Bonita Springs increased by 5% in Tax Year 2018, down from 9% in Tax Year 2017, bringing the total taxable value above \$10 billion dollars.

The following plans adopted by the City guided the development of the multi-year capital improvement plan:

- Bike Pedestrian Master Plan
- City of Bonita Springs Comprehensive Plan
- Strategic Plan
- Parks & Recreation Facilities Master Plan
- Bonita Beach Road Visioning Plan

Request for information

This financial report is designed to provide the reader an overview of the City. Questions regarding any information provided in this report should be directed to: City of Bonita Springs, Finance Department, 9101 Bonita Beach Road, Bonita Springs, Florida, 34135, phone (239) 949-6262.





Bonita Springs Recreation Center
26740 Pine Ave

The City of Bonita Springs Recreation Center sits on 41.9 acres of land which is located at 26740 Pine Avenue off of West Terry Street. The facility includes a full-sized gymnasium, a cardiovascular/fitness room, skate park, community pool, softball fields, 2 public tennis courts, 9 hole disc golf course, picnic areas and a playground. It also offers daily activities and registered classes to teach and enlighten everyone of all ages.

Basic Financial Statements

City of Bonita Springs, Florida
Statement of Net Position
September 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 43,983,632
Due from other governments	1,169,571
Receivables (net)	5,480
Prepays	189,937
Loans receivable	400,000
Capital assets:	
Non-depreciable	48,634,066
Depreciable (net)	<u>75,345,796</u>
Total assets	<u>169,728,482</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding	153,958
Unamortized pension costs and subsequent contributions	<u>1,506,876</u>
Total deferred outflows of resources	<u>1,660,834</u>
LIABILITIES	
Accounts and contracts payable	695,419
Accrued liabilities	92,437
Accrued interest payable	137,991
Deposits	432,811
Due to other governments	138,189
Non-current liabilities:	
Due within one year	3,257,000
Due in more than one year (net)	<u>20,603,274</u>
Total liabilities	<u>25,357,121</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenue	174,893
Unamortized pension costs	<u>427,802</u>
Total deferred inflows of resources	<u>602,695</u>
NET POSITION	
Net Investment in capital assets	105,588,038
Restricted for:	
Highways and streets	19,022,536
Culture and recreation	2,940,459
Building code compliance	7,665,707
Unrestricted	<u>10,212,760</u>
Total net position	<u>\$ 145,429,500</u>

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

City of Bonita Springs, Florida

Statement of Activities

For the Fiscal Year Ended September 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in Net</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Position</u>
					<u>Total</u>
					<u>Governmental</u>
					<u>Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 12,612,512	\$ 434,210	\$ -	\$ -	\$ (12,178,302)
Public safety	4,569,886	4,595,811	26,440	-	52,365
Physical environment	418,462	-	-	109,897	(308,565)
Transportation	12,011,416	-	-	8,948,861	(3,062,555)
Economic environment	966,938	-	-	-	(966,938)
Human services	118,250	-	-	-	(118,250)
Culture and recreation	3,273,199	147,140	76,444	816,847	(2,232,768)
Interest on long-term debt	578,168	-	-	-	(578,168)
Total governmental activities	<u>\$ 34,548,831</u>	<u>\$ 5,177,161</u>	<u>\$ 102,884</u>	<u>\$ 9,875,605</u>	<u>\$ (19,393,181)</u>
General revenues:					
Taxes:					
Property, levied for general purposes					\$ 7,864,379
Gas					1,657,364
Franchise					3,101,871
Communications services					1,301,544
Other taxes					43,790
Intergovernmental revenues, not restricted to specific program					6,397,013
Investment earnings					485,464
Miscellaneous					438,949
Total general revenues					<u>21,290,374</u>
Change in net position					1,897,193
Net position - beginning					<u>143,532,307</u>
Net position - ending					<u>\$ 145,429,500</u>

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

City of Bonita Springs, Florida

Balance Sheet

Governmental Funds

September 30, 2018

	General	Special Revenue			Capital Projects	Total	Total
		Road Impact Fee	Building Fee	Grants		Non-major Funds	Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 10,946,402	\$ 16,208,023	\$ 7,668,679	\$ -	\$ -	\$ 9,160,528	\$ 43,983,632
Receivables (net)	405,480	-	-	-	-	-	405,480
Due from other funds	194,726	-	-	-	-	-	194,726
Due from other governments	703,312	-	-	196,958	-	269,301	1,169,571
Prepays	29,917	-	-	-	-	-	29,917
Total assets	\$ 12,279,837	\$ 16,208,023	\$ 7,668,679	\$ 196,958	\$ -	\$ 9,429,829	\$ 45,783,326
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts and contracts payable	\$ 625,279	\$ 5,236	\$ 2,972	\$ 2,232	\$ -	\$ 59,700	\$ 695,419
Accrued liabilities	92,437	-	-	-	-	-	92,437
Deposits	432,811	-	-	-	-	-	432,811
Due to other governments	55,786	82,403	-	-	-	-	138,189
Due to other funds	-	-	-	194,726	-	-	194,726
Total liabilities	1,206,313	87,639	2,972	196,958	-	59,700	1,553,582
Fund balances:							
Nonspendable:							
Long term loans receivable	400,000	-	-	-	-	-	400,000
Restricted for:							
Parks	-	-	-	-	-	2,940,459	2,940,459
Roads	-	16,120,384	-	-	-	4,355,866	20,476,250
Building code compliance	-	-	7,665,707	-	-	-	7,665,707
Downtown redevelopment	-	-	-	-	-	68,204	68,204
Committed to:							
Capital projects	4,897,484	-	-	-	-	-	4,897,484
Assigned to:							
Disaster & operating reserves	5,100,000	-	-	-	-	-	5,100,000
Debt Service	-	-	-	-	-	2,005,600	2,005,600
Other purposes	104,470	-	-	-	-	-	104,470
Unassigned	571,570	-	-	-	-	-	571,570
Total fund balances	11,073,524	16,120,384	7,665,707	-	-	9,370,129	44,229,744
Total liabilities and fund balances	\$ 12,279,837	\$ 16,208,023	\$ 7,668,679	\$ 196,958	\$ -	\$ 9,429,829	\$ 45,783,326

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

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position**

September 30, 2018

Fund balances - total governmental funds		\$ 44,229,744
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 governmental funds		
Non-depreciable capital assets	\$ 48,634,066	
Depreciable capital assets	233,115,312	
Less accumulated depreciation	<u>(157,769,516)</u>	123,979,862
Deferred outflows of resources on the debt refunding are not recognized in the governmental funds; however they are recorded in the statement of net position under full accrual accounting		153,958
Net deferred outflows (inflows) of resources related to pensions and deferred revenues are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting		904,181
Accrued interest payable that will not be liquidated with current financial resources and, therefore, is not reported in the governmental funds		(137,991)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Loan payable	(19,870,000)	
Net pension liability	(3,826,052)	
Compensated absences	<u>(164,222)</u>	(23,860,274)
Expenditures for insurance and similar services extending over more than one accounting period are not allocated between or among accounting periods, but are accounted for as expenditures of the period of acquisition in the governmental funds		<u>160,020</u>
Net position of governmental activities		<u>\$ 145,429,500</u>

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

City of Bonita Springs, Florida

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended September 30, 2018

	General	Special Revenue			Capital Projects Fund	Total Non-major Funds	Total Governmental Funds
		Road Impact Fee	Building Fee	Grants			
REVENUES							
Taxes							
Property	\$ 7,696,042	\$ -	\$ -	\$ -	\$ -	\$ 168,337	\$ 7,864,379
Gas	-	-	-	-	-	1,657,364	1,657,364
Franchise	2,412,870	-	-	-	-	689,001	3,101,871
Communications services	656,181	-	-	-	-	645,363	1,301,544
Other taxes	43,790	-	-	-	-	-	43,790
Licenses and permits	80,755	-	3,877,845	-	-	-	3,958,600
Intergovernmental revenues	5,404,038	-	-	305,765	-	992,976	6,702,779
Charges for services	1,126,447	-	-	-	-	-	1,126,447
Fines and forfeitures	92,114	-	-	-	-	-	92,114
Miscellaneous							
Impact fees	-	8,143,713	-	-	-	762,353	8,906,066
Investment earnings	172,621	135,647	87,985	-	-	89,210	485,463
Other	391,774	-	47,177	-	-	-	438,951
Total revenues	<u>18,076,632</u>	<u>8,279,360</u>	<u>4,013,007</u>	<u>305,765</u>	<u>-</u>	<u>5,004,604</u>	<u>35,679,368</u>
EXPENDITURES							
Current							
General government	12,372,535	-	-	-	-	-	12,372,535
Public safety	2,276,595	-	2,201,463	52,880	-	-	4,530,938
Physical environment	313,095	-	-	-	7,375	-	320,470
Transportation	1,983,176	385	-	-	217,820	998,524	3,199,905
Economic environment	162,905	-	-	-	-	105	163,010
Human services	118,250	-	-	-	-	-	118,250
Culture and recreation	2,178,836	-	-	-	16,765	149	2,195,750
Capital outlay	260,324	-	-	-	2,584,605	-	2,844,929
Debt service							
Principal retirement	-	-	-	-	-	3,082,000	3,082,000
Interest and fiscal charges	-	-	-	-	-	551,689	551,689
Total expenditures	<u>19,665,716</u>	<u>385</u>	<u>2,201,463</u>	<u>52,880</u>	<u>2,826,565</u>	<u>4,632,467</u>	<u>29,379,476</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,589,084)</u>	<u>8,278,975</u>	<u>1,811,544</u>	<u>252,885</u>	<u>(2,826,565)</u>	<u>372,137</u>	<u>6,299,892</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	92,475	-	-	26,440	2,826,565	2,389,864	5,335,344
Transfers out	(1,861,704)	(2,312,603)	(16,031)	(279,325)	-	(865,681)	(5,335,344)
Total other financing sources (uses)	<u>(1,769,229)</u>	<u>(2,312,603)</u>	<u>(16,031)</u>	<u>(252,885)</u>	<u>2,826,565</u>	<u>1,524,183</u>	<u>-</u>
Net change in fund balance	(3,358,313)	5,966,372	1,795,513	-	-	1,896,320	6,299,892
Fund balances - beginning of the year	<u>14,431,838</u>	<u>10,154,012</u>	<u>5,870,193</u>	<u>-</u>	<u>-</u>	<u>7,473,809</u>	<u>37,929,852</u>
Fund balances - ending	<u>\$ 11,073,525</u>	<u>\$ 16,120,384</u>	<u>\$ 7,665,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,370,129</u>	<u>\$ 44,229,744</u>

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

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, 2018

Net change in fund balances - total governmental funds \$ 6,299,892

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

Governmental funds report expenditures for capital assets as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which expenditures for capital assets exceeded depreciation in the current period.

Expenditures for capital assets	\$ 2,844,929	
Disposals	-	
Depreciation	<u>(10,776,350)</u>	(7,931,421)

In the Statement of Activities, certain non-cash revenues are recognized when they increase net assets. 766,657

The repayment of the principal of long-term debt consumes the current financial resources of the governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayments on bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal retirement	3,082,000	
Deferred charge on refunding	<u>(51,321)</u>	3,030,679

Pension costs:

Some payments for pension are reported in the subsequent year in the statement of activities, which are reported as expenditures in governmental funds. 84,541

In the statement of activities, certain operating expenses-pension costs are measured by the liability existing at the end of the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). (395,504) (310,963)

In the statement of activities, expense related to compensated absences (sick and vacation) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount represents the decrease in the accrual of compensated absences at 9/30/18 from 9/30/17. 34,108

Expenditures for insurance and similar services extending over more than one accounting period are not allocated between or among accounting periods in the governmental funds, but are accounted for as expenditures of the period of acquisition, with the exception of the prepaid Health Savings Account amount, which is reported as a prepaid in the governmental funds. This amount represents the decrease in prepaids at 9/30/18 from 9/30/17. (16,601)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The reduction in interest reported in the statement of activities is the result of accruing less interest at 9/30/18 than at 9/30/17. 24,842

Change in net position of governmental activities \$ 1,897,193



Small Town Charm.
Big Bright Future.

Notes to the Financial Statements

September 30, 2018

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Notes to the Financial Statements

September 30, 2018

Note 1 - Summary of Significant Accounting Policies

Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the City of Bonita Springs, Florida (“City”) are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the City’s financial activities for the fiscal year ended September 30, 2018.

Reporting Entity

The City was incorporated on December 31, 1999, pursuant to Senate Bill 2626. The City operates under a City Council-Manager form of government and consists of six districts, each represented by an elected council member and a seventh voting seat that is the Mayor elected-at-large. The City Manager is appointed by a majority vote of the Council. The City provides the following services: parks and recreation, public works, streets and roads, planning and zoning, code enforcement, community policing, and general and administrative services. The City of Bonita Springs uses the “government lite” concept of outsourcing City services to minimize expenditures and provide exemplary services to the community.

Governmental Accounting Standards Board (GASB) Statement No. 14, *Financial Reporting Entity* requires the financial statements of the City (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Blended component units, although legally separate entities are, in substance, part of the government’s operations and so the data from these units are combined with data of the primary government. Based on the criteria established in GASB Statement No. 14, there are no component units required to be included in the City’s financial statements.

(a) Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes and city general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The City does not currently have any business type activities or component units.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures and other charges to users of the City’s services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported under general revenue.

Fund financial statements are provided for governmental, proprietary and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds. The City does not currently have any proprietary or fiduciary funds.

Notes to the Financial Statements

September 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S.GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. This generally includes the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales and franchise taxes, intergovernmental revenues, charges for services, rents, and interest 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. Only the portion of special assessments receivable due within the current fiscal year is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Restricted assets and liabilities related to restricted assets which are current in nature are reported with current assets and current liabilities in the financial statements.

The City reports the following major funds in the governmental fund financial statements:

The *General Fund* is the operating fund of the City. It accounts for all financial resources, except those required to be accounted for in another fund. Revenue is derived primarily from property taxes and other governmental revenue. The general operating expenditures, fixed charges and capital outlay costs that are not paid through other funds are paid from the General Fund.

The *Road Impact Fee* fund accounts for the resources collected for road impact fees levied within the City's limits. This revenue is restricted for use on road projects.

The *Building Fee* fund accounts for the resources collected for building permit fees levied within the City's limits. This revenue is restricted for use enforcing the Florida Building Code.

The *Grants* fund accounts for the resources received through grant awards. This revenue is restricted for use based on the restricted purposes for which the grant funds can be used.

Notes to the Financial Statements

September 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The *Capital Projects* fund accounts for resources accumulated to fund capital projects, including transportation, landscaping, economic environment, parks, recreation, and community facilities. Prior to October 1, 2015, the City presented these resources and project costs within two Capital Projects funds, referred to as the Road Capital projects fund and the Capital Projects - Other fund. These two funds are now combined and presented as the Capital Projects fund.

The City reports the following non-major funds in the governmental fund financial statements:

The *Gas Tax* fund accounts for the 6 cents fuel tax, the additional 5 cents fuel tax, as well as the State fuel tax revenue. These revenues are restricted for use to various transportation related costs. The *Park Impact Fee Fund* accounts for the resources collected for park impact fees levied within the City's limits. This revenue is restricted for use on park projects. The *Debt Service* fund accounts for payment of annual principal and interest on outstanding debt of the City obtained in 2011. The *Downtown Redevelopment Debt* fund accounts for payment of annual principal and interest on outstanding debt of the City obtained in 2014.

(c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

Cash and Investments

Cash and cash equivalents consist of amounts in cash on hand and cash on deposit with financial institutions including public money market funds. The City's investment policy allows management to invest any surplus funds in its control in the following as outlined in Florida Statute, Chapter 218.415 (17):

1. The Local Government Surplus Trust Fund (LGSTF), or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in Florida Statute, Chapter 163.01,
2. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency,
3. Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Florida Statutes, Chapter 280.02, and
4. Direct obligations of the United States Treasury.

Investments for the City are reported at fair value.

Receivables

Receivables as of year-end for the government's general fund are reported net of allowance for uncollectibles. All receivables are reviewed periodically and, when determined to be uncollectible, the direct write off method is used. As of September 30, 2018, the allowance for uncollectible loan receivable was \$200,000.

Inventories and Prepaid Expenses

Inventories consist of expendable supplies held for consumption stated on a first-in, first-out basis and are recorded as an expenditure when payment is made (purchases method). Items are tracked at their cost; however, the level of inventory held at the City is minimal. As of September 30, 2018, the value of inventory reflected in the financial statements was \$0.

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid expenses in the government-wide financial statements. In the fund financial statements, the purchases method is used. Under this method, expenditures are reported when payments are completed.

Notes to the Financial Statements

September 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

(c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance
(continued)

Capital Assets

Capital assets include property, buildings, furniture, equipment, vehicles, software, and infrastructure assets. Capital assets used in governmental fund types of the City are recorded at cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service arrangement are recorded at acquisition value at the date of donation. Capital assets are reported in the government-wide financial statements in the applicable governmental column. Interest incurred during construction is not capitalized on general capital assets.

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 threshold for capitalizing property and equipment is \$5,000 or more and useful lives in excess of one year. The threshold for capitalizing infrastructure is \$50,000 or more and useful lives in excess of one year.

Infrastructure assets are defined as public domain capital assets such as roads, bridges, sidewalks, traffic signals, easements and similar items that are immovable and of value only to the governmental unit.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* encourages but does not require retroactive reporting for a phase 3 government. The City has chosen not to retroactively implement GASB Statement No. 51. For fiscal year ended September 30, 2018, no easement held by the City met or exceeded the capitalization threshold for infrastructure.

Depreciation and amortization is calculated using the straight-line method over the estimated useful lives of the related assets. The ranges of the useful lives are as follows:

Buildings	30-50
Improvements other than buildings	7-50
Machinery and equipment	3-10
Infrastructure	10-100
Leasehold Improvements	10
Intangible software	3-5

Deferred outflows/inflows of resources

GASB Statement No. 63 requires that in addition to Assets, Liabilities, and Net Position, the Statement of Net Position provides separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until the future period. The City has two categories of items classified as deferred outflows of resources in the government-wide statement of net position. The first is a deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second are deferred outflows now being reported in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68. These items present related balances

Notes to the Financial Statements

September 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

- (c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance (continued)

Deferred outflows/inflows of resources (continued)

for changes in actuarial assumptions, the net difference between projected and actual earnings on the Health Insurance Subsidy investments, changes in the proportion and differences between the City's contributions and proportionate share of contributions, and the City's contributions subsequent to the measurement date, relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. These amounts will be recognized as changes in pension expense in future years.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until the future period. Deferred inflows are being reported in accordance with GASB Statement No. 68. These pension related balances are for the differences between expected and actual economic experience, the net difference between projected and actual earnings of the Florida Retirement System Pension investments, and changes in the proportion and differences between the City's contributions and proportionate share of contributions relating to the Retiree Health Insurance Subsidy Program. These amounts will be recognized as changes in pension expense in future years.

Compensated Absences

Full-time and part-time employees may accumulate paid time off (PTO) which combines vacation, medical and personal leave. The City's policy allows employees to accumulate PTO based on the number of years of service with the City, up to a maximum of six hundred hours. Upon separation from employment, an employee will be paid out at 50% of the balance of the unused PTO up to two hundred forty hours at the current base rate for the employee.

Compensated absences are accrued when incurred in the government-wide financial statements. The amounts normally liquidated with expendable available financial resources are accrued and the remaining portion (the amount estimated to be used in subsequent fiscal years) is maintained separately and represents a reconciling item between the fund and government-wide presentations. Typically the general fund has been used to liquidate compensated absences. For the governmental funds, compensated absences are reported only at time of maturity which is at resignation or retirement.

Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Notes to the Financial Statements

September 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

- (c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance (continued)

Net Position/Fund Balances

Net position in government-wide fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net positions represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or b) imposed by law through state statute.

The governmental fund financial statements fund balance is reported in five classifications.

Nonspendable: Advances for long term loans and receivables represented fund balance amounts that are not in spendable form.

Restricted: Restricted fund balances have constraints placed on the uses of resources by state statute, City land development code, debt covenants and contributors.

Committed: Committed fund balances are classified as such as a result of City Council taking formal action and adopting an ordinance which can only be modified or rescinded by subsequent formal action. An ordinance is the City's highest level of decision-making authority.

Assigned: Assigned fund balances are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. The City Council approves the disaster and operating reserves during the adoption of the City's budget.

Unassigned: Fund balance that has not been reported in any other classification within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. When components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the City to make estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Cash and Cash Equivalents

Cash and Cash Equivalents

As of September 30, 2018, the carrying amount of the City's deposits was \$43,982,882 and the bank balance was \$44,477,575. The City's deposits consist of demand deposit accounts and public money market accounts. These deposits are held by a bank that qualifies as a public depository under the Public Depository Security Act of the State of Florida as required by Chapter 280. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City should not recover the value of its investment or collateral securities that are in the possession of an outside party. The City minimizes this risk by establishing minimum standards for institutions used by the City. The City maintains \$750 of cash on hand.

Notes to the Financial Statements

September 30, 2018

Note 3 - Receivables, Prepaids, and Accrued Liabilities

(a) Receivables

Receivables as of September 30, 2018 including the applicable allowances for uncollectible accounts are as follows:

Accounts (gross)	\$ 5,480
Loans receivable	<u>600,000</u>
Allowance for uncollectible loan	<u>(200,000)</u>
Net receivables	<u>\$ 405,480</u>

All of the accounts receivables are expected to be collected within one year. Loans receivable include loans made in prior fiscal years for affordable housing totaling \$600,000. The loans receivable in the amount of \$600,000 consist of loans made to two entities providing affordable housing within the City and are non-interest bearing. The net loan amount of those two loans is \$400,000 and matures on June 26, 2022. As a result of the significant reduction in residential property value within Bonita Springs, the affordable housing non-profit entity to which the City loaned \$200,000 ceased to operate in July 2010. The real property relating to the City’s loan was taken over by the Florida Community Loan Fund whose loan had higher priority, therefore an allowance has been established for this loan receivable.

(b) Prepaids

Prepaid assets for the City total \$189,937 as of September 30, 2018.

(c) Accrued Liabilities

Accrued liabilities reported in the General Fund as of September 30, 2018 are as follows:

Employee wages and benefits	\$ 92,437
Construction bond deposit	160,714
Other deposits	<u>272,097</u>
Total accrued liabilities	<u>\$ 525,248</u>

Note 4 - Interfund Receivable and Payable Balances

Interfund receivable and payable balances as of September 30, 2018 consisted of a \$194,726 Interfund Receivable in the General Fund payable from the Grants Fund. The primary purpose of this interfund receivable and payable is to provide cash flow needs associated with a reimburseable grant.

Note 5 - Interfund Transfers

Interfund transfers for the year ended September 30, 2018, consisted of the following:

	General	Grant Fund	Road Debt Service	Downtown Debt Service	Capital Projects	Governmental Funds
Transfer Out Funds:						
General	\$ -	\$ 26,440	\$ -	\$ 122,459	\$ 1,712,805	\$ 1,861,704
Gas Tax	-	-	-	92,381	590,535	\$ 682,916
Grants Fund	76,444	-	-	-	202,881	\$ 279,325
Road Impact Fees	-	-	2,175,024	-	137,579	\$ 2,312,603
Park Impact Fees	-	-	-	-	182,765	\$ 182,765
Building Fees Fund	16,031	-	-	-	-	\$ 16,031
	<u>\$ 92,475</u>	<u>\$ 26,440</u>	<u>\$ 2,175,024</u>	<u>\$ 214,840</u>	<u>\$ 2,826,565</u>	<u>\$ 5,335,344</u>

Transfers are used to move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, and to move unrestricted general fund and special revenue fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorization.

City of Bonita Springs, Florida
Notes to the Financial Statements
September 30, 2018

Note 6 - Capital Assets

Capital asset activity for the year ended September 30, 2018 is as follows:

<i>Governmental Activities:</i>	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
Capital assets not being depreciated:					
Land	\$ 46,269,581	\$ 137,554	\$ -	\$ -	\$ 46,407,135
Artwork	258,328	86,475	-	-	344,803
Construction in progress	595,621	1,287,281	-	(774)	1,882,128
Total capital assets not being depreciated	47,123,530	1,511,310	-	(774)	48,634,066
Capital assets being depreciated:					
Buildings	7,596,199	240,027	-	774	7,837,000
Improvements other than buildings	18,048,543	406,893	-	-	18,455,436
Machinery and equipment	2,076,751	118,477	(24,292)	-	2,170,936
Infrastructure	203,600,971	568,223	-	-	204,169,194
Intangibles-software	482,746	-	-	-	482,746
Total capital assets being depreciated	231,805,210	1,333,620	(24,292)	774	233,115,312
Less accumulated depreciation for:					
Buildings	3,463,133	273,310	-	-	3,736,443
Improvements other than buildings	7,416,483	1,171,258	-	-	8,587,741
Machinery and equipment	1,568,681	80,029	(24,292)	-	1,624,418
Infrastructure	134,133,890	9,219,428	-	-	143,353,318
Intangibles-software	435,271	32,325	-	-	467,596
Total accumulated depreciation	147,017,458	10,776,350	(24,292)	-	157,769,516
Total capital assets being depreciated, net	84,787,752	(9,442,730)	-	774	75,345,796
Total governmental activities capital assets, net	\$ 131,911,282	\$ (7,931,420)	\$ -	\$ -	\$ 123,979,862

Pursuant to GASB Statement No. 34, the City, as a Phase 3 government, had elected to report infrastructure retroactively. Retroactive infrastructure is reported at the estimated historical cost.

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 120,049
Public safety	17,666
Physical environment	97,992
Economic environment	753,928
Transportation	8,782,597
Culture and recreation	1,004,118
Total depreciation expense-governmental activities	<u>\$ 10,776,350</u>

Notes to the Financial Statements

September 30, 2018

Note 7 - Long-Term Debt

On February 14, 2014, the City obtained a Banc of America Public Preferred Funding Corporation loan of \$13,000,000 for the purpose of certain capital improvements to the Bonita Springs downtown area. The City improved the sidewalks, roads and created a centralized drainage system. Land acquisition was also required.

The loan is collateralized by the Half Cent Sales Tax Revenues. Debt service is funded from the General Fund, the Gas Tax Fund, and Ad Valorem Taxes relating to a specified area of the downtown. The City has entered into a Revenue Sharing Agreement with Lee County who has agreed to contribute Ad Valorem taxes totaling 85% of the growth amount from the 2012 base year of a designated area within the Downtown, for 25 years or until 50% of the Downtown Redevelopment project construction and financing costs are paid. Lee County's participation in the Downtown Redevelopment constructions costs are not to exceed 50% of \$16,000,000 (\$8,000,000) plus 50% of the financing costs associated with the County's portion of the construction costs.

Interest payments are due on February 1 and August 1. Principal payments are due annually on February 1. Interest rate is 2.96%. The final payment is due February 1, 2029.

At September 30, 2018 the City owed \$10,085,000 to Banc of America Public Preferred Funding Corporation.

On October 21, 2011, the City advance refunded a loan agreement for the Florida Municipal Loan Council Revenue Bonds, Series 2001A. The City obtained a Banc of America Public Capital Corporation loan for the purpose of generating resources for the repayment of the remaining debt service payments on the refunded debt. At September 30, 2018 the City owed \$9,785,000 to Banc of America Public Capital Corporation. The loan is collateralized by any legally available non-ad valorem or other revenue, and debt service has typically been funded from the General, Road Impact Fee and Gas Tax Funds. Interest payments are due on November 1 and May 1. Principal payments are due annually on November 1. Interest rate is 2.21%. The final payment is due November 1, 2021.

The City's debt proceeds were used to finance the acquisition, construction and installation of various capital projects completed by the City.

The City's loan agreements establishes certain covenants and representations including the security for the loan repayment, financial recordkeeping, payment of taxes and assessments, compliance with laws, tax exempt status of the debt, and financial reporting. Management believes the City is in compliance with all significant covenants at September 30, 2018.

The annual debt service requirements to maturity for the loans payable as of September 30, 2018 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	3,157,000	476,917	3,633,917
2020	3,233,000	400,281	3,633,281
2021	3,306,000	321,845	3,627,845
2022	3,389,000	241,509	3,630,509
2023	885,000	187,738	1,072,738
2024-2028	4,845,000	522,810	5,367,810
2029	1,055,000	15,614	1,070,614
	<u>\$ 19,870,000</u>	<u>\$ 2,166,714</u>	<u>\$ 22,036,714</u>

Notes to the Financial Statements

September 30, 2018

Note 7 - Long-Term Debt (Continued)

The changes in long-term debt during fiscal year ended September 30, 2018 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Loan payable	\$ 22,952,000	\$ -	\$ (3,082,000)	\$ 19,870,000	\$ 3,157,000
Compensated absences	198,330	258,909	(293,017)	164,222	100,000
Net pension liability	3,839,224	659,270	(672,442)	3,826,052	-
	<u>\$ 26,989,554</u>	<u>\$ 918,179</u>	<u>\$ (4,047,459)</u>	<u>\$ 23,860,274</u>	<u>\$ 3,257,000</u>

Compensated absences are liquidated through the General Fund.

Note 8 - Risk Management

The City 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 City participates in the public entity risk pool administered by the Florida League of Cities, Inc. for general/professional liability, property, and workers compensation. The City pays an annual premium for these insurance programs. Participation in this risk pool is non-assessable. There were no significant reductions in insurance coverage in the past three fiscal years.

The Florida League of Cities, Inc. published financial report for the year ended September 30, 2018 can be obtained from the Florida League of Cities, Inc., Public Risk Service, 135 East Colonial Drive, Orlando, Florida 32801. The City retains the risk of loss up to a deductible amount (ranging from \$0 to \$2,000) with the risk of loss in excess of this amount transferred to the pool, which has limits of liability of up to \$5,000,000 per occurrence for general liability and auto, and \$20,071,946 for real and personal property.

Note 9 - Retirement Plans

Defined Benefit Pension Plans

Background

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

All regular City employees are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the

Notes to the Financial Statements

September 30, 2018

Note 9 - Retirement Plans (continued)

Defined Benefit Pension Plans

Background (continued)

two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services website (www.dms.myflorida.com). The City's aggregate total for pension expenses for the FRS Pension Plan, the FRS Investment Plan and the HIS Plan for the year ended September 30, 2018 totaled \$664,566. The General Fund has been used in prior years to liquidate pension liabilities.

Florida Retirement System Pension Plan (FRS Plan)

Plan Description

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

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

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

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

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

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

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

Notes to the Financial Statements

September 30, 2018

Note 9 - Retirement Plan (continued)

Benefits Provided

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

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

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

Notes to the Financial Statements

September 30, 2018

Note 9 - Retirement Plan (continued)

Contributions

The Florida legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018, respectively, were as follows: regular employees 7.92% and 8.26%, senior management Service 22.71% and 24.06%; elected officials 45.50% and 48.70%; and DROP participants 13.26% and 14.03%. These employer contribution rates include the 1.66% HIS Plan subsidy for the periods October 1, 2017 through September 30, 2018. Other than DROP participants, these employer contribution rates include .06% administrative fee for the periods October 1, 2017 through September 30, 2018. The city’s contributions to the FRS Plan were \$196,704 for the year ended September 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2018, the City reported a liability of \$2,757,861 for its proportionate share of the FRS Plan’s Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City’s proportionate share of the net pension liability was based on the City’s contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018, relative to the total employer contributions received from all of FRS’s participating employers. At June 30, 2018, the City’s proportion was .009156%, which was a decrease of .000078% from its proportion measured as of June 30, 2017.

For the fiscal year ended September 30, 2018, the City recognized pension expense of \$480,046 for its proportionate share of FRS’s pension expense. In addition, the City reported its proportionate share of FRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 233,632	\$ 8,480
Changes in actuarial assumptions	901,135	-
Net difference between projected and actual earnings on Pension Plan investments	-	213,078
Changes in proportion and differences between City contributions and proportionate share of contributions	128,396	54,381
City contributions subsequent to the measurement date	70,357	-
Total	<u>\$ 1,333,520</u>	<u>\$ 275,939</u>

Notes to the Financial Statements

September 30, 2018

Note 9 - Retirement Plan (continued)

The deferred outflows of resources related to the Pension Plan, totaling \$70,357 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
September 30:	Amount
2019	\$ 425,132
2020	265,761
2021	25,312
2022	151,943
2023	103,974
Thereafter	15,102

Actuarial Assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average
Investment rate of return	7.00%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation, as outlined in the FRS Plan’s investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.9%	2.9%	1.8%
Fixed Income	18.00%	4.4%	4.3%	4.0%
Global Equity	54.00%	7.6%	6.3%	17.0%
Real Estate (Property)	11.00%	6.6%	6.0%	11.3%
Private Equity	10.00%	10.7%	7.8%	26.5%
Strategic Investments	6.00%	6.0%	5.7%	8.6%
Total	<u>100.00%</u>			
Assumed Inflation - Mean			2.6%	1.9%

Notes to the Financial Statements

September 30, 2018

Note 9 - Retirement Plan (continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.00% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity - The following represents the City’s proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate of 7.00%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease 6%	Current Discount Rate 7.00%	1% Increase 8.00%
City's proportionate share of the net pension liability	<u>\$ 5,033,213</u>	<u>\$ 2,757,861</u>	<u>\$ 868,048</u>

Pension Plan Fiduciary Net Position - Detailed information regarding the FRS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. The report may be obtained through the Florida Department of Management Services website: www.dms.myflorida.com.

Retiree Health Insurance Subsidy Program (HIS Plan)

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

Benefits Provided - For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2018, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The City contributed 100% of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event that the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The City’s contributions to the HIS Plan were \$53,810 for the year ended September 30, 2018.

Notes to the Financial Statements

September 30, 2017

Note 9 - Retirement Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2018, the City reported a liability of \$1,069,128 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City’s proportionate share of the net pension liability was based on the City’s contributions received during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018, relative to the total employer contributions received from all participating employers. At June 30, 2018, the City’s proportion was .010101257%, which was a decrease of .000261% from its proportion measured as of June 30, 2017. For the fiscal year ended September 30, 2018, the City recognized pension expense of \$81,431 for its proportionate share of HIS’s pension expense. In addition, the City reported its proportionate share of HIS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 16,368	\$ 1,816
Changes in actuarial assumptions	118,900	113,037
Net difference between projected and actual earnings on Pension Plan investments	645	-
Changes in proportion and differences between City contributions and proportionate share of contributions	23,261	37,010
City contributions subsequent to the measurement date	14,184	-
Total	\$ 173,358	\$ 151,863

The deferred outflows of resources related to the pensions included \$14,184 resulting from City contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2019	\$ 16,588
2020	16,533
2021	6,751
2022	(1,606)
2023	(19,592)
Thereafter	(11,362)

Actuarial Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.60 % per year
Salary increases	3.25%, average with inflation
Municipal Bond Rate	3.87%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Notes to the Financial Statements

September 30, 2018

Note 9 - Retirement Plan (continued)

Discount Rate - The discount rate used to measure the total pension liability was 3.87% for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable bond index.

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

	1% Decrease	Current Discount Rate	1% Increase
	2.87%	3.87%	4.87%
City's proportionate share of the net pension liability	\$ 1,217,675	\$ 1,069,128	\$ 945,307

Pension Plan Fiduciary Net Position - Detailed information regarding the HIS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. The report may be obtained through the Florida Department of Management Services website: www.dms.myflorida.com.

Defined Contribution Plan

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class, as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate balances among various approved investment choices. Costs of administering the plan are funded through an employer contribution of .06 percent of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings of these funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their

Notes to the Financial Statements

September 30, 2018

Note 9 - Retirement Plan (continued)

account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income. The City's Investment Plan pension expense totaled \$103,089 for the year ended September 30, 2018.

Note 10 - Other Postemployment Benefits (OPEB)

Plan Description. The City operates a single-employer retiree benefit plan ("the Plan") that offers health insurance to eligible employees and their spouses through the City's health insurance plan. Pursuant to the provisions of section 112.0801, Florida Statutes, former employees and eligible dependents who retire from the City may continue to participate in the City's fully insured health and hospitalization plan for medical and prescription drug coverage. These retirees are completely responsible for payment of their insurance premiums and the City does not contribute toward this payment. As required by 112.0801, Florida Statutes, the City offers the insurance coverage to the retirees at a premium cost of no more than the premium cost applicable to active employees. If a retiree chooses to participate, this would result in a City subsidy of the premium rates paid by retirees as it allows them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. The Plan does not issue a publicly available financial report. The City has fewer than 100 members and had elected to use the alternative measurement method.

The City engaged an actuary to determine the City's liability in accordance with GASB75, using the alternative measurement method for postemployment healthcare benefits other than pensions as of September 30, 2018 and for the fiscal year ended September 30, 2018.

Funding Policy. As required by 112.0801, Florida Statutes, the plan provides health insurance to eligible former employees and their spouses through the City's health insurance plan. Under the plan, participating retirees are completely responsible for payment of their insurance premiums and the City does not contribute toward this payment. As of September 30, 2018, the actuary report calculated a liability of \$87,418. This amount is deemed immaterial to the statements taken as a whole, and therefore no liability is reported on the financial statements.

Notes to the Financial Statements

September 30, 2018

Note 11 - Stewardship, Compliance and Accountability

(a) Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are legally enacted through passage of a resolution required by City Charter and as required by the State of Florida.

Annual budgets are adopted for the General, Gas Tax, Road Impact Fee, Park Impact Fee, Grant, Debt Service, Downtown Redevelopment Debt Service, and Capital Projects funds.

The level of control whereby expenditures cannot legally exceed the total amount budgeted is at the department level and the annual budgets serve as the legal authorization for expenditures.

Budget amounts, as shown in the fund financial statements, are as originally adopted and as finally amended by the City Council. The Council must approve all budget amendments that change the legally adopted total appropriation for a department. Authority to transfer budgets within a department is delegated to the City's Finance Director, as the designated budget officer, provided that the total appropriations of the department are not changed.

If, during the fiscal year, additional revenues become available for appropriation in excess of those estimated in the budget, the City Council may make supplemental appropriations by resolution for the year up to the amount of such excess.

Every appropriation, except an appropriation for a capital project, shall lapse at the close of the fiscal year to the extent that it has not been expended. An appropriation for a capital project shall continue in force until expended, revised, or repealed. The purpose of any such appropriation shall be deemed abandoned if three years pass without any disbursement from or encumbrance of the appropriation.

Capital projects costs are budgeted in the year they are anticipated to be obligated. In subsequent years, the unused budget is re-appropriated until the project is completed. Estimated beginning fund balances are considered in the budgetary process. Differences between estimated beginning fund balances and actual fund balances, if material, are submitted to the City Council as budget amendments.

(b) Property Taxes

The billing and collection of all property taxes are performed for the City by the Lee County Tax Collector. Property taxes are levied after formal adoption of the City'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. 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 City. There were no delinquent taxes or uncollected taxes at year end.

Notes to the Financial Statements

September 30, 2018

Note 11 - Stewardship, Compliance and Accountability (continued)

(b) Property Taxes (continued)

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 31
- April 1 ♦ Taxes become delinquent
- June 1 ♦ Tax certificates sold by Lee County, Florida Tax Collector

For tax year 2017, the total tax rate was .8173 mils per \$1,000 of assessed taxable property value. For the fiscal year ended September 30, 2018, the levy is based on taxable assessed property values totaling \$9,984,887,639. Property tax revenue is recognized in the fiscal year for which the taxes are levied. On May 1 of each year, unpaid taxes may become a lien on the property. The past due tax certificates are sold at public auction on June 1, and the proceeds collected are remitted to the City.

No accruals for the property tax levy becoming due in November 2018 are included in the accompanying financial statements since taxes are levied for the subsequent fiscal year and are not considered available at September 30, 2018. At September 30, 2018 delinquent property taxes are not material to the basic financial statements of the City and, therefore, have not been accrued as taxes receivable.

Note 12 - Commitments and Contingencies

Litigation

The City is party to various legal proceedings that normally occur in governmental operations. City officials believe it is too speculative to determine whether some of the legal proceedings will have a material adverse effect in the City’s financial position and others will not likely have a material adverse effect in the City’s financial position.

Grants

The City is currently receiving and has received in the past, grants which are subject to special compliance requirements by the Grantor agency, which could result in disallowed expense amounts. These amounts constitute a contingent liability of the City. The City does not believe that any potential contingent liabilities are material.

Notes to the Financial Statements

September 30, 2018

Note 12 - Commitments and Contingencies (continued)

Contracts and Commitments

The City had outstanding commitments under uncompleted construction contracts, totaling \$1,328,053. These projects are primarily for projects relating to roadways and storm water.

The City has made several commitments to provide economic development incentives to property owners in the Downtown Redevelopment area who make certain façade improvements and to companies that have created jobs by locating within the City of Bonita Springs. The total of these commitments at September 30, 2018 does not exceed \$78,000.

On October 5, 2016, City Council approved acceptance of the portions of Walden Center Drive and Burnt Pine Drive which are within the City boundaries. In consideration for the transfer of this land and improvements to the City, the City issued road impact fee credits in the amount of approximately \$1.4 million. These credits were applied to offset the City's collection of road impact fees from the developer as permits were requested by the developer. As of September 30, 2018, the remaining unused credits to be applied to future road impact fee payments was \$174,893. As of September 30, 2017 the remaining unused credits to be applied to future road impact fees was \$941,550, resulting in \$766,657 of deferred revenue being recognized from this transaction during the year ended September 30, 2018.

On April 18, 2018, City Council approved a commitment to reimburse a developer for the construction costs for extending Logan Boulevard. It is expected that the impact fee credits to be issued during FY 2019 for this project will not exceed \$2,450,000, and will be issued at the time that the land and road improvements are transferred to the City.

Note 13 - Hurricane Irma

On September 10, 2017, Hurricane Irma made landfall in Southwest Florida, with the eye of the storm moving over the City of Bonita Springs. The majority of the damage affecting the City was from the debris and tree damage that was left in the City right of ways. Other damage occurred to City parks, soccer and baseball fields, and roadways. Many citizens also had extensive damage to their homes and business properties. As of September 30, 2018, total Hurricane Irma expenditures relating to these damages, which are included as expenses in these financial statements total \$6,982,000. This is in addition to expenses incurred during September 2017 of \$1,149,000. The primary costs are for debris removal, which is reimbursable by the Federal Emergency Management Administration (FEMA) under a sliding scale that ranges from 90% - 75%. The State of Florida has also committed to providing a cost sharing match towards certain costs at a rate of 50% of the portion not covered by FEMA. The amounts to be reimbursed to the City for these damages are not yet determined, and, therefore are not included in these financial statements.

Note 14 - New Accounting Pronouncements

In January 2017, GASB issued Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

In June 2017, GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring

Notes to the Financial Statements

September 30, 2018

Note 14 - New Accounting Pronouncements (continued)

recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

In April 2018, GASB issued Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

In June 2018, GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.





Riverside Park
10451 Old 41 Rd.

The Bonita Springs Riverside Park is located on old US 41 Road in downtown Bonita Springs. The park is used for holiday celebrations, art shows, and festivals.

Required Supplementary Information

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

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$ 7,670,000	\$ 7,670,000	\$ 7,696,042	\$ 26,042
Franchise	2,244,000	2,244,000	2,412,870	168,870
Communication services	730,000	730,000	656,181	(73,819)
Other taxes	43,150	43,150	43,790	640
Licenses and permits	60,200	60,200	80,755	20,555
Intergovernmental revenues	5,016,000	5,016,000	5,404,038	388,038
Charges for services	779,656	938,128	1,126,447	188,319
Fines and forfeitures	110,000	110,000	92,114	(17,886)
Miscellaneous				
Investment earnings	105,000	105,000	172,621	67,621
Other	23,000	362,464	391,774	29,310
Total revenues	<u>16,781,006</u>	<u>17,278,942</u>	<u>18,076,632</u>	<u>797,690</u>
EXPENDITURES				
Current:				
General government				
City Council	378,057	385,927	368,448	17,479
City Manager	506,028	509,071	450,569	58,502
Planning & Zoning	1,881,550	1,989,626	1,902,232	87,394
City Attorney	499,230	932,989	932,981	8
Administrative Services/City Clerk	520,785	423,834	398,760	25,074
City Hall	165,620	168,620	161,881	6,739
Human Resources	86,200	89,938	80,298	9,640
Information Technologies	225,779	227,589	220,450	7,139
Communications	421,324	440,222	367,477	72,745
Finance	518,940	600,384	468,940	131,444
Non-departmental	369,812	209,535	165,276	44,259
Public safety				
Law Enforcement	1,723,052	1,729,182	1,727,298	1,884
Neighborhood Services	601,626	624,687	567,609	57,078
Emergency Preparedness	23,290	23,290	22,264	1,026
Physical environment				
City Council - Boards and Committees	8,000	8,000	5,203	2,797
City Council- Stormwater	-	134,098	116,852	17,246
Public Works	201,576	170,559	164,296	6,263
Non-departmental	-	26,745	26,744	1
Transportation				
Public Works	1,971,025	2,041,183	2,017,424	23,759
Non-departmental- Boards and Committees	4,500	7,298	2,116	5,182
Economic environment				
City Council - Economic Development	187,190	168,374	132,905	35,469
City Council - Affordable Housing	-	30,000	30,000	-
Human services				
Animal Control	131,655	131,031	118,250	12,781
Culture and recreation				
Special Events	216,550	216,715	180,632	36,083
Parks and Recreation	1,947,382	2,090,328	1,957,898	132,430
Boards & Committees	137,000	97,768	90,416	7,352
Non-departmental	2,300	6,360	6,049	311
Hurricane costs	6,000,000	7,061,679	6,982,448	79,231
Appropriated Reserves	5,422,110	4,196,372	-	4,196,372
Total expenditures	<u>24,150,581</u>	<u>24,741,404</u>	<u>19,665,716</u>	<u>5,075,688</u>
Excess of revenues over (under) expenditures	<u>(7,369,575)</u>	<u>(7,462,462)</u>	<u>(1,589,084)</u>	<u>5,873,378</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	30,000	106,444	92,475	(13,969)
Transfers out	(2,869,796)	(6,684,241)	(1,861,704)	4,822,537
Total other financing sources (uses)	<u>(2,839,796)</u>	<u>(6,577,797)</u>	<u>(1,769,229)</u>	<u>4,808,568</u>
Net change in fund balances	<u>\$ (10,209,371)</u>	<u>\$ (14,040,259)</u>	<u>(3,358,313)</u>	<u>\$ 10,681,946</u>
Fund balance - beginning of the year			<u>14,431,838</u>	
Fund balance - ending			<u>\$ 11,073,525</u>	

The notes to the required supplementary information are an integral part of this schedule.

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Road Impact Fee Fund

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous				
Impact fees	\$ 2,191,168	\$ 2,191,168	\$ 8,143,713	\$ 5,952,545
Investment earnings	<u>25,000</u>	<u>25,386</u>	<u>135,647</u>	<u>110,261</u>
Total revenues	<u>2,216,168</u>	<u>2,216,554</u>	<u>8,279,360</u>	<u>6,062,806</u>
EXPENDITURES				
Current:				
Transportation				
Non-departmental	<u>-</u>	<u>386</u>	<u>385</u>	<u>1</u>
Total expenditures	<u>-</u>	<u>386</u>	<u>385</u>	<u>1</u>
Excess of revenues over expenditures	<u>2,216,168</u>	<u>2,216,168</u>	<u>8,278,975</u>	<u>6,062,807</u>
OTHER FINANCING USES				
Transfers in	-	-	-	-
Transfers out	<u>(4,275,022)</u>	<u>(6,399,718)</u>	<u>(2,312,603)</u>	<u>4,087,115</u>
Total other financing uses	<u>(4,275,022)</u>	<u>(6,399,718)</u>	<u>(2,312,603)</u>	<u>4,087,115</u>
Net change in fund balances	<u>\$ (2,058,854)</u>	<u>\$ (4,183,550)</u>	5,966,372	<u>\$ 10,149,922</u>
Fund balances - beginning			<u>10,154,012</u>	
Fund balances - ending			<u>\$ 16,120,384</u>	

The notes to the required supplementary information are an integral part of this schedule.

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Building Fee Fund

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous				
Licenses & permits	\$ 2,400,000	\$ 2,400,000	\$ 3,877,845	\$ 1,477,845
Investment earnings	25,000	26,490	87,985	61,495
Other	-	-	47,177	47,177
Total revenues	<u>2,425,000</u>	<u>2,426,490</u>	<u>4,013,007</u>	<u>1,586,517</u>
EXPENDITURES				
Current:				
Public safety				
Non-departmental	2,205,180	2,847,824	2,201,463	646,361
Transportation				
Non-departmental	-	9,383	-	9,383
Total expenditures	<u>2,205,180</u>	<u>2,857,207</u>	<u>2,201,463</u>	<u>655,744</u>
Excess of revenues over expenditures	<u>219,820</u>	<u>(430,717)</u>	<u>1,811,544</u>	<u>2,242,261</u>
OTHER FINANCING USES				
Transfers in	-	-	-	-
Transfers out	(87,700)	(87,700)	(16,031)	71,669
Total other financing uses	<u>(87,700)</u>	<u>(87,700)</u>	<u>(16,031)</u>	<u>71,669</u>
Net change in fund balances	<u>\$ 132,120</u>	<u>\$ (518,417)</u>	1,795,513	<u>\$ 2,313,930</u>
Fund balances - beginning of the year, as previously stated			<u>5,870,193</u>	
Fund balances - ending			<u>\$ 7,665,706</u>	

The notes to the required supplementary information are an integral part of this schedule.

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Grant Fund

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 548,924	\$ 1,419,604	\$ 305,765	\$ (1,113,839)
Total revenues	<u>548,924</u>	<u>1,419,604</u>	<u>305,765</u>	<u>(1,113,839)</u>
EXPENDITURES				
Current:				
Public safety				
Non-departmental	80,000	80,000	52,880	27,120
Culture & recreation				
Non-departmental	-	125,000	-	125,000
Total expenditures	<u>80,000</u>	<u>205,000</u>	<u>52,880</u>	<u>152,120</u>
Excess of revenues over expenditures	<u>468,924</u>	<u>1,214,604</u>	<u>252,885</u>	<u>(961,719)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	40,000	40,000	26,440	(13,560)
Transfers out	<u>(508,924)</u>	<u>(1,254,604)</u>	<u>(279,325)</u>	<u>975,279</u>
Total other financing sources (uses)	<u>(468,924)</u>	<u>(1,214,604)</u>	<u>(252,885)</u>	<u>961,719</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances - beginning			-	
Fund balances - ending			<u>\$ -</u>	

The notes to the required supplementary information are an integral part of this schedule.

Notes to Required Supplemental Information Relating to Budgets

For the Year Ended September 30, 2018

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are legally enacted through passage of a resolution required by City Charter and as required by the State of Florida.

The level of control whereby expenditures cannot legally exceed the total amount budgeted is at the department level and the annual budgets serve as the legal authorization for expenditures.

Budget amounts, as shown in the fund financial statements, are as originally adopted and as finally amended by the City Council. The Council must approve all budget amendments that change the legally adopted total appropriation for a department. Authority to transfer budgets within a department is delegated to the City's Finance Director, as the designated budget officer, provided that the total appropriations of the department are not changed.

Required Supplementary Information
Florida Retirement System Pension Plan
 September 30, 2018

Schedule of the City's Proportionate Share of the Net Pension Liability
 Last 5 Fiscal Years with the amounts presented being as of June 30

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.009234%	0.009156%	0.009375%	0.009744%	0.009023%
City's Proportionate Share of the Net Pension Liability	\$ 2,757,861	\$ 2,731,261	\$ 2,367,294	\$ 1,258,612	\$ 550,545
City's Covered -Employee Payroll	\$ 2,216,467	\$ 2,318,615	\$ 2,282,292	\$ 2,189,197	\$ 2,032,892
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	124.43%	117.80%	103.72%	57.49%	27.08%
Plan Fiduciary Net position as a Percentage of the Total Pension Liability	84.26%	83.89%	84.88%	92.00%	96.09%

Schedule of City Contributions
 Last 5 Fiscal Years

	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 196,704	\$ 194,730	\$ 194,742	\$ 182,086	\$ 169,604
Contribution in Relation to the Contractually Required Contribution	<u>(196,704)</u>	<u>(194,730)</u>	<u>(194,742)</u>	<u>(182,086)</u>	<u>(169,604)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	<u>\$ 2,162,874</u>	<u>\$ 2,307,003</u>	<u>\$ 2,381,944</u>	<u>\$ 2,234,566</u>	<u>\$ 2,054,257</u>
Contributions as a Percentage of Covered Employee Payroll	<u>10.75%</u>	<u>8.44%</u>	<u>8.18%</u>	<u>8.15%</u>	<u>8.26%</u>

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

City of Bonita Springs, Florida
Required Supplementary Information
Florida Retiree Health Insurance Subsidy Program
September 30, 2018

Schedule of the City's Proportionate Share of the Net Pension Liability
Last 5 Fiscal Years with the amounts presented being as of June 30

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.010101%	0.010362%	0.010509%	0.010355%	0.010450%
City's Proportionate Share of the Net Pension Liability	\$ 1,069,128	\$ 1,107,961	\$ 1,224,784	\$ 1,056,069	\$ 550,545
City's Covered -Employee Payroll	\$ 3,299,243	\$ 3,328,596	\$ 3,244,225	\$ 3,141,562	\$ 2,991,774
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	32.41%	33.29%	37.75%	33.62%	18.40%
Plan Fiduciary Net position as a Percentage of the Total Pension Liability	2.15%	1.64%	0.97%	0.50%	0.99%

Schedule of City Contributions
Last 5 Fiscal Years

	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 53,799	\$ 55,324	\$ 56,180	\$ 42,605	\$ 36,623
Contribution in Relation to the Contractually Required Contribution	<u>(53,799)</u>	<u>(55,324)</u>	<u>(56,180)</u>	<u>(42,605)</u>	<u>(36,623)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	<u>\$ 3,240,881</u>	<u>\$ 3,332,768</u>	<u>\$ 3,384,333</u>	<u>\$ 3,145,615</u>	<u>\$ 3,014,958</u>
Contributions as a Percentage of Covered Employee Payroll	<u>1.66%</u>	<u>1.66%</u>	<u>1.66%</u>	<u>1.35%</u>	<u>1.21%</u>

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



Bark-N-Play Park
11071 E Terry St

The Bonita Springs Bark-N-Play Park is a wooded, spacious park that covers approximately six acres. There are three fenced areas for small, medium, and large dog breeds. It also features a covered pavillion, dog washing station, picnic tables, benches, and an asphalt multi-use path. Leitner Creek runs through it with a bridge going over it, adding to the park's serenity and beauty.

Combining and Individual Fund Financial Statements and Schedules

City of Bonita Springs, Florida
Combining Balance Sheet
Non-major Governmental Funds
September 30, 2018

	Special Revenue		Debt Service		Total Non-major Governmental Funds
	Gas	Park Impact Fees	Road	Downtown Redevelopment	
ASSETS					
Cash and cash equivalents	\$ 4,255,892	\$ 2,940,459	\$ 1,895,973	\$ 68,204	\$ 9,160,528
Due from other governments	<u>159,674</u>	<u>-</u>	<u>109,627</u>	<u>-</u>	<u>269,301</u>
Total assets	<u>\$ 4,415,566</u>	<u>\$ 2,940,459</u>	<u>\$ 2,005,600</u>	<u>\$ 68,204</u>	<u>\$ 9,429,829</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and contracts payable	\$ 59,700	\$ -	\$ -	\$ -	\$ 59,700
Total liabilities	<u>59,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,700</u>
Fund balances:					
Restricted for:					
Parks	-	2,940,459	-	-	2,940,459
Downtown redevelopment	-	-	-	68,204	68,204
Roads	4,355,866	-	-	-	4,355,866
Assigned to:					
Debt Service	<u>-</u>	<u>-</u>	<u>2,005,600</u>	<u>-</u>	<u>2,005,600</u>
Total fund balances	<u>4,355,866</u>	<u>2,940,459</u>	<u>2,005,600</u>	<u>68,204</u>	<u>9,370,129</u>
Total liabilities and fund balances	<u>\$ 4,415,566</u>	<u>\$ 2,940,459</u>	<u>\$ 2,005,600</u>	<u>\$ 68,204</u>	<u>\$ 9,429,829</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Governmental Funds

For the Year Ended September 30, 2018

	Special Revenue		Debt Service		Total Non-major Governmental Funds
	Gas Tax	Park Impact Fees	Road	Downtown Redevelopment	
REVENUES					
Taxes					
Property	\$ -	\$ -	\$ -	\$ 168,337	\$ 168,337
Gas	1,657,364	-	-	-	1,657,364
Franchise	-	-	689,001	-	689,001
Communications services	-	-	645,363	-	645,363
Intergovernmental revenues	283,830	-	-	709,146	992,976
Miscellaneous					
Impact fees	-	762,353	-	-	762,353
Investment earnings	50,541	33,024	5,633	12	89,210
Total revenues	<u>1,991,735</u>	<u>795,377</u>	<u>1,339,997</u>	<u>877,495</u>	<u>5,004,604</u>
EXPENDITURES					
Current					
Economic environment	-	-	-	105	105
Culture and recreation	-	149	-	-	149
Transportation	998,524	-	-	-	998,524
Debt service					
Principal retirement	-	-	2,317,000	765,000	3,082,000
Interest and fiscal charges	-	-	241,851	309,838	551,689
Total expenditures	<u>998,524</u>	<u>149</u>	<u>2,558,851</u>	<u>1,074,943</u>	<u>4,632,467</u>
Excess (deficiency) of revenues over (under) expenditures	<u>993,211</u>	<u>795,228</u>	<u>(1,218,854)</u>	<u>(197,448)</u>	<u>372,137</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	2,175,024	214,840	2,389,864
Transfers out	(682,916)	(182,765)	-	-	(865,681)
Total other financing sources (uses)	<u>(682,916)</u>	<u>(182,765)</u>	<u>2,175,024</u>	<u>214,840</u>	<u>1,524,183</u>
Net change in fund balances	310,295	612,463	956,170	17,392	1,896,320
Fund balance - beginning	4,045,571	2,327,996	1,049,430	50,812	7,473,809
Fund balance - ending	<u>\$ 4,355,866</u>	<u>\$ 2,940,459</u>	<u>\$ 2,005,600</u>	<u>\$ 68,204</u>	<u>\$ 9,370,129</u>

City of Bonita Springs, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Gas Tax Fund

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Gas taxes	\$ 1,640,000	1,657,363	\$ 1,657,364	\$ 1
Intergovernmental revenues	270,000	283,829	283,830	1
Miscellaneous				
Investment earnings	<u>25,000</u>	<u>50,541</u>	<u>50,541</u>	<u>-</u>
Total revenues	<u>1,935,000</u>	<u>1,991,733</u>	<u>1,991,735</u>	<u>2</u>
EXPENDITURES				
Current:				
Transportation				
Non-departmental	<u>941,796</u>	<u>998,529</u>	<u>998,524</u>	<u>5</u>
Total expenditures	<u>941,796</u>	<u>998,529</u>	<u>998,524</u>	<u>5</u>
Excess of revenues over expenditures	<u>993,204</u>	<u>993,204</u>	<u>993,211</u>	<u>7</u>
OTHER FINANCING USES				
Transfers in	-	-	-	-
Transfers out	<u>(771,181)</u>	<u>(2,287,743)</u>	<u>(682,916)</u>	<u>1,604,827</u>
Total other financing uses	<u>(771,181)</u>	<u>(2,287,743)</u>	<u>(682,916)</u>	<u>1,604,827</u>
Net change in fund balances	<u>\$ 222,023</u>	<u>\$ (1,294,539)</u>	310,295	<u>\$ 1,604,834</u>
Fund balances - beginning			<u>4,045,571</u>	
Fund balances - ending			<u>\$ 4,355,866</u>	

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Park Impact Fee Fund

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous				
Impact fees	\$ 386,083	\$ 386,083	\$ 762,353	\$ 376,270
Investment earnings	6,200	6,349	33,024	26,675
	<u>392,283</u>	<u>392,432</u>	<u>795,377</u>	<u>402,945</u>
EXPENDITURES				
Current:				
Culture and recreation				
Non-departmental	-	149	149	-
Total expenditures	-	149	149	-
	<u>-</u>	<u>149</u>	<u>149</u>	<u>-</u>
Excess of revenues over expenditures	<u>392,283</u>	<u>392,283</u>	<u>795,228</u>	<u>402,945</u>
OTHER FINANCING USES				
Transfers in	-	-	-	-
Transfers out	(818,000)	(1,841,564)	(182,765)	1,658,799
Total other financing uses	<u>(818,000)</u>	<u>(1,841,564)</u>	<u>(182,765)</u>	<u>1,658,799</u>
Net change in fund balances	<u>\$ (425,717)</u>	<u>\$ (1,449,281)</u>	612,463	<u>\$ 2,061,744</u>
Fund balances - beginning			2,327,996	
Fund balances - ending			<u>\$ 2,940,459</u>	

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Road Debt Service Fund

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Franchise	\$ 633,414	\$ 633,414	\$ 689,001	\$ 55,587
Communications services	720,764	720,764	645,363	(75,401)
Miscellaneous				
Investment earnings	-	-	5,633	5,633
Total revenues	<u>1,354,178</u>	<u>1,354,178</u>	<u>1,339,997</u>	<u>(14,181)</u>
EXPENDITURES				
Debt service				
Principal retirement	2,317,000	2,317,000	2,317,000	-
Interest and fiscal charges	241,855	241,855	241,851	4
Total expenditures	<u>2,558,855</u>	<u>2,558,855</u>	<u>2,558,851</u>	<u>4</u>
Deficiency of revenues under expenditures	<u>(1,204,677)</u>	<u>(1,204,677)</u>	<u>(1,218,854)</u>	<u>(14,177)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>2,175,027</u>	<u>2,175,027</u>	<u>2,175,024</u>	<u>(3)</u>
Total other financing sources (uses)	<u>2,175,027</u>	<u>2,175,027</u>	<u>2,175,024</u>	<u>(3)</u>
Net change in fund balances	<u>\$ 970,350</u>	<u>\$ 970,350</u>	956,170	<u>\$ (14,180)</u>
Fund balances - beginning			<u>1,049,430</u>	
Fund balances - ending			<u>\$ 2,005,600</u>	

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Downtown Redevelopment Debt Service Fund

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 160,000	\$ 160,000	\$ 168,337	\$ 8,337
Intergovernmental revenues	700,000	700,105	709,146	9,041
Miscellaneous				
Investment earnings	-	-	12	12
Total revenues	<u>860,000</u>	<u>860,105</u>	<u>877,495</u>	<u>17,390</u>
EXPENDITURES				
Economic environment				
Bank charges	-	105	105	-
Debt service				
Principal retirement	765,000	765,000	765,000	-
Interest and fiscal charges	309,840	309,840	309,838	2
Total expenditures	<u>1,074,840</u>	<u>1,074,945</u>	<u>1,074,943</u>	<u>2</u>
Excess of revenues over expenditures	<u>(214,840)</u>	<u>(214,840)</u>	<u>(197,448)</u>	<u>17,392</u>
OTHER FINANCING USES				
Transfers in	214,840	214,840	214,840	-
Transfers out	-	-	-	-
Total other financing uses	<u>214,840</u>	<u>214,840</u>	<u>214,840</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	17,392	<u>\$ 17,392</u>
Fund balances - beginning			50,812	
Fund balances - ending			<u>\$ 68,204</u>	

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Capital Projects Fund

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Other	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
Physical environment				
Public works	1,172,050	1,772,637	274,302	1,498,335
Water quality	182,700	182,200	119,440	62,760
Parks and recreation	110,000	325,149	11,158	313,991
Transportation				
Public works	4,293,219	10,864,753	1,450,763	9,413,990
Economic environment				
Public works	250,000	866,595	573,267	293,328
Culture and recreation				
Parks and recreation	219,287	976,592	268,318	708,274
General government				
City hall building repairs	138,500	138,500	-	138,500
Building relocation and restoration	-	177,232	129,317	47,915
Urban design	225,000	325,000	-	325,000
Highway monument	240,000	300,000	-	300,000
Flagpole	40,000	40,000	-	40,000
Contingency	-	50,601	-	50,601
Total expenditures	<u>6,870,756</u>	<u>16,019,259</u>	<u>2,826,565</u>	<u>13,192,694</u>
Deficiency of revenues under expenditures	<u>(6,870,756)</u>	<u>(16,019,259)</u>	<u>(2,826,565)</u>	<u>13,192,694</u>
OTHER FINANCING SOURCES				
Transfers in	6,870,756	16,019,259	2,826,565	(13,192,694)
Transfers out	-	-	-	-
Total other financing sources	<u>6,870,756</u>	<u>16,019,259</u>	<u>2,826,565</u>	<u>(13,192,694)</u>
Net change in fund balances	\$ -	\$ -	-	\$ -
Fund balances - beginning				
Fund balances - ending			<u>\$ -</u>	



Small Town Charm.
Big Bright Future.



Small Town Charm.
Big Bright Future.



Carpenter Lane Park
12001 Carpenter Lane

Carpenter Lane Park was developed with financial assistance provided by the Florida Department of Environmental Protection through the Florida Recreation Development Assistance Program. This is a beautiful area for passive recreation. The dock area provides a nice observation area along the beautiful Imperial River.

Statistical Section

Statistical Section

(unaudited)

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

Contents	Page
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	69
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	72
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	77
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	81
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	83

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

City of Bonita Springs, Florida
Net Position by Component
 Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 1

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental/ Primary Government Activities										
Net investment in capital assets	\$ 155,125,883	\$ 148,235,322	\$ 140,348,547	\$ 132,941,034	\$ 126,596,053	\$ 121,564,147	\$ 116,323,362	\$ 110,053,588	\$ 112,137,889	\$ 105,588,038
Restricted	666,024	700,313	665,456	749,748	984,649	6,305,713	11,863,868	17,821,962	19,239,132	29,628,702
Unrestricted	2,743,114	6,411,019	6,509,213	9,875,287	16,398,730	15,824,668	14,071,697	14,541,641	12,155,286	10,212,760
Total governmental activities/ primary government net position	\$ 158,535,021	\$ 155,346,654	\$ 147,523,216	\$ 143,566,069	\$ 143,979,432	\$ 143,694,528	\$ 142,258,927	\$ 142,417,191	\$ 143,532,307	\$ 145,429,500

Note: The City of Bonita Springs does not have business-type activities; therefore, net positions of governmental activities equal total primary government net positions.

City of Bonita Springs, Florida
Changes in Net Position
 Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 2

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 4,895,282	\$ 4,103,926	\$ 5,550,400	\$ 4,104,247	\$ 4,449,728	4,562,608	4,531,894	\$ 5,225,632	\$ 6,652,458	\$ 12,612,512
Public safety	3,351,995	3,590,806	3,417,298	4,246,149	3,513,130	3,735,199	4,264,462	4,377,830	4,563,703	4,569,886
Physical environment	195,317	582,668	319,744	494,159	185,461	255,185	242,756	246,824	299,097	418,462
Transportation	11,388,686	11,468,256	12,974,914	10,369,710	11,159,331	11,837,445	13,306,266	12,069,647	11,579,685	12,011,416
Economic environment	154,262	101,683	275,269	16,017	44,841	197,111	210,973	1,294,051	550,289	966,938
Human services	228,000	204,485	183,136	189,210	179,609	101,929	126,632	112,439	174,068	118,250
Culture and recreation	2,733,825	2,527,409	2,583,170	3,438,012	3,032,027	3,204,990	3,294,726	3,617,122	4,401,269	3,273,199
Interest on long-term debt	1,410,209	1,332,509	1,250,930	769,510	516,715	789,425	762,872	721,528	651,721	578,168
Total governmental activities/primary government expenses	\$ 24,357,576	\$ 23,911,742	\$ 26,554,861	\$ 23,627,014	\$ 23,080,842	\$ 24,683,892	\$ 26,740,581	\$ 27,665,073	\$ 28,872,290	\$ 34,548,831
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 176,283	\$ 216,065	\$ 250,506	\$ 338,902	\$ 437,232	\$ 606,314	\$ 670,070	\$ 331,386	\$ 376,024	\$ 434,210
Public safety	1,535,061	2,103,736	1,705,438	2,125,933	2,765,635	3,287,945	4,000,137	3,739,531	3,171,290	4,595,811
Culture and recreation	179,352	192,089	144,516	143,900	139,552	143,366	153,067	180,372	157,442	147,140
Operating grants and contributions	73,780	392,081	285,143	327,749	95,194	38,940	45,657	46,353	41,440	102,884
Capital grants and contributions	1,615,915	2,667,892	2,202,222	2,585,732	6,057,383	5,503,075	6,133,361	6,491,510	6,983,050	9,875,605
Total governmental activities/primary government program revenues	\$ 3,580,391	\$ 5,571,863	\$ 4,587,825	\$ 5,522,216	\$ 9,494,996	\$ 9,579,640	\$ 11,002,292	\$ 10,789,152	\$ 10,729,246	\$ 15,153,650
General Revenues										
Governmental activities:										
Taxes										
Property, levied for general purposes	\$ 8,119,851	\$ 6,700,915	\$ 5,783,762	\$ 5,594,055	\$ 5,378,299	5,526,723	6,015,711	\$ 6,567,818	\$ 7,232,706	\$ 7,864,379
Gas	1,406,437	1,362,005	1,347,418	1,284,636	1,342,719	1,393,241	1,507,760	1,592,922	1,628,495	1,657,364
Franchise	2,315,728	2,052,819	2,042,563	1,967,312	1,950,904	2,085,101	2,296,553	2,272,235	2,879,046	3,101,871
Communication services	1,238,379	766,405	729,487	784,281	737,545	748,902	741,089	710,767	1,245,338	1,301,544
Other taxes	-	49,806	46,771	39,174	45,086	42,725	44,949	43,039	43,579	43,790
Intergovernmental revenues	3,898,328	4,049,635	4,045,296	4,173,250	4,390,469	4,768,062	5,293,523	5,542,286	5,900,966	6,397,013
Gain on capital assets	-	-	-	-	-	-	-	-	-	-
Investment earnings	134,029	106,929	75,729	61,573	51,642	187,522	191,694	257,672	250,828	485,464
Miscellaneous	37,388	62,998	72,572	243,370	102,545	67,072	98,137	47,446	77,202	438,949
Total governmental activities/primary government	17,150,140	15,151,512	14,143,598	14,147,651	13,999,209	14,819,348	16,189,416	17,034,185	19,258,160	21,290,374
Change in Net Position										
Total governmental activities/primary government	\$ (3,627,045)	\$ (3,188,367)	\$ (7,823,438)	\$ (3,957,147)	\$ 413,363	\$ (284,904)	\$ 451,127	\$ 158,264	\$ 1,115,116	\$ 1,897,193

City of Bonita Springs, Florida
Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Schedule 3

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ -	\$ 45,308	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	9,322,409	11,721,382	-	-	-	-	-	-	-	-
Non-spendable	-	-	2,649,500	2,649,500	2,736,991	487,822	3,494,550	3,400,000	400,000	400,000
Restricted	-	-	100,623	24,299	934,189	51,501	26,746	-	-	-
Committed	-	-	5,000,000	-	-	-	3,660,041	4,215,672	3,907,082	4,897,484
Assigned	-	-	-	5,000,000	5,000,000	5,000,000	5,876,799	5,142,291	9,989,407	5,204,470
Unassigned	-	-	5,638,174	6,627,759	8,217,161	10,081,587	2,846,348	4,673,072	135,349	571,570
Total General Fund	\$9,322,409	\$11,766,690	\$13,388,297	\$14,301,558	\$16,888,341	\$15,620,910	\$15,904,484	\$17,431,035	\$14,431,838	\$11,073,524
All Other Governmental Funds										
Reserved	\$ 600,000	\$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	2,669,790	3,469,075	-	-	-	-	-	-	-	-
Capital projects funds	2,335	2,397	-	-	-	-	-	-	-	-
Restricted, reported in:										
Special revenue funds	-	-	1,957,883	2,725,603	5,655,117	12,477,232	17,254,365	22,275,407	22,397,772	31,150,620
Debt service funds	-	-	2,686	1,000,000	1,550,000	12,960,795	10,853,487	1,387,362	50,812	-
Assigned, reported in:										
Debt service funds	-	-	(159,650)	-	-	-	-	-	1,049,430	2,005,600
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$3,272,125	\$4,071,472	\$1,800,919	\$3,725,603	\$7,205,117	\$25,438,027	\$28,107,852	\$23,662,769	\$23,498,014	\$33,156,220

Note: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011. Fiscal years 2009 - 2010 are presented in their original format at the time of filing.

Changes In Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)
Schedule 4

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 13,080,395	\$ 10,931,950	\$ 9,950,001	\$ 9,669,458	\$ 9,454,553	\$ 9,803,687	\$ 10,606,062	\$ 11,186,781	\$ 13,029,164	\$ 13,968,948
Licenses and permits	900,800	1,252,129	1,232,928	1,713,175	2,360,336	2,930,046	3,703,481	3,269,665	2,752,384	3,958,600
Intergovernmental	4,388,981	5,289,793	4,870,502	4,518,658	4,736,274	4,969,079	5,792,748	5,977,518	6,869,168	6,702,779
Charges for services	355,635	408,154	395,022	482,802	576,784	749,680	823,136	876,627	869,492	1,126,447
Fines and forfeitures	634,261	851,607	472,510	412,758	405,299	357,899	296,657	104,997	82,880	92,114
Miscellaneous										
Impact fees	1,199,042	1,819,815	1,662,159	2,568,073	4,256,772	5,353,442	5,679,795	6,102,631	5,567,624	8,906,066
Investment earnings	134,029	106,929	75,729	61,573	51,642	175,078	158,899	270,469	270,826	485,463
Other	37,388	62,998	72,572	243,370	102,545	60,075	98,137	47,446	77,202	438,951
Total revenues	20,730,531	20,723,375	18,731,423	19,669,867	21,944,205	24,398,986	27,158,915	27,836,134	29,518,740	35,679,368
Expenditures										
General government	4,631,941	3,990,877	3,983,624	3,986,301	4,367,106	4,476,343	4,461,297	5,007,602	6,312,561	12,372,535
Public safety	3,319,932	3,555,189	3,444,443	4,110,039	3,501,410	3,692,770	4,216,741	4,325,583	4,482,752	4,530,938
Physical environment	195,317	718,710	308,479	226,475	235,655	239,586	227,156	202,951	206,986	320,470
Transportation	2,958,644	2,647,483	4,198,794	2,552,437	2,209,800	3,020,106	2,579,201	2,936,331	2,768,316	3,199,905
Economic environment	154,262	101,683	275,269	16,017	46,741	197,658	210,730	1,294,050	79,912	163,010
Human services	228,000	204,485	183,136	189,210	179,609	101,929	126,632	112,439	174,068	118,250
Culture/recreation	1,934,582	1,718,158	1,716,043	1,729,782	1,973,975	2,129,926	2,289,607	2,630,603	2,257,510	2,195,750
Capital outlay ¹	1,949,114	1,638,698	2,371,140	1,467,813	2,353,268	3,790,108	6,475,838	10,610,171	12,764,907	2,844,929
Debt service										
Principal	1,465,000	1,540,000	1,615,000	1,671,000	2,076,000	2,123,000	2,851,000	2,941,000	3,011,000	3,082,000
Interest	1,440,625	1,364,464	1,284,441	953,785	484,344	662,081	767,314	693,936	624,680	551,689
Total expenditures	18,227,417	17,479,747	19,380,369	16,902,859	17,427,908	20,433,507	24,205,516	30,754,666	32,682,692	29,379,476
Excess of revenues over (under) expenditures	2,453,114	3,243,628	(648,946)	2,767,008	4,516,297	3,965,479	2,953,399	(2,918,532)	(3,163,952)	6,299,892
Other Financing Sources (Uses)										
Transfers in	5,157,231	5,043,894	6,094,365	4,902,226	3,906,530	9,187,402	10,141,079	15,562,130	12,812,496	5,335,344
Transfers out	(5,157,231)	(5,043,894)	(6,094,365)	(4,902,226)	(3,906,530)	(9,187,402)	(10,141,079)	(15,562,130)	(12,812,496)	(5,335,344)
Refunding debt issued	-	-	-	24,625,000	-	-	-	-	-	-
Payment to refund debt	-	-	-	(24,554,063)	-	-	-	-	-	-
Debt Proceeds	-	-	-	-	-	13,000,000	-	-	-	-
Refund for capital project	-	-	-	-	1,550,000	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	70,937	1,550,000	13,000,000	-	-	-	-
Extraordinary Item										
Acquisition of Everglades										
Wonder Garden Property through a deed in lieu of foreclosure										
Net change in fund balances	\$ 2,453,114	\$ 3,243,628	\$ (648,946)	\$ 2,837,945	\$ 6,066,297	\$ 16,965,479	\$ 2,953,399	\$ (2,918,532)	\$ (6,163,952)	\$ 6,299,892
Debt service as a percentage of noncapital expenditures	17.8%	18.3%	17.0%	17.0%	17.0%	16.7%	20.4%	18.0%	18.3%	13.7%

¹ Capital outlay was not presented separately in the audited financial statements for fiscal years prior to 2008; therefore, capital outlay data was obtained from the Finance department and presented above.

City of Bonita Springs, Florida
Assessed Value And Estimated Actual Value Of Taxable Property
 Last Ten Fiscal Years

Schedule 5

Fiscal Year Ended	Real Property			Personal Property	Less: Tax-Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value ²	Assessed Value as a Percentage of Actual Value ¹
	Residential Property	Commercial Property	Other Property						
September 30									
2009	10,262,060,090	973,209,310	576,889,594	336,119,020	1,993,729,090	10,154,548,924	0.8273	12,148,278,014	83.59%
2010	8,212,060,330	874,179,450	408,336,026	323,944,980	1,396,364,286	8,422,156,500	0.8273	9,818,520,786	85.78%
2011	6,962,561,194	738,239,696	334,867,509	309,867,067	1,055,482,524	7,290,052,942	0.8273	8,345,535,466	87.35%
2012	6,986,025,170	633,418,959	304,172,138	288,979,071	1,197,427,159	7,015,168,179	0.8273	8,212,595,338	85.42%
2013	6,809,733,441	563,195,599	286,143,559	264,234,104	1,107,714,416	6,815,592,287	0.8173	7,923,306,703	86.02%
2014	7,154,757,802	553,746,915	287,143,695	247,792,286	1,225,865,189	7,017,575,509	0.8173	8,243,440,698	85.13%
2015	8,145,048,157	586,249,264	373,501,021	248,036,369	1,725,194,023	7,627,640,788	0.8173	9,352,834,811	81.55%
2016	9,174,960,694	657,752,456	415,728,010	259,175,917	2,173,784,843	8,333,832,234	0.8173	10,507,617,077	79.32%
2017	10,175,618,306	762,800,548	487,427,096	273,005,908	2,520,251,862	9,178,599,996	0.8173	11,698,851,858	78.46%
2018	11,011,133,268	741,441,552	527,784,332	294,144,734	2,589,534,123	9,984,969,763	0.8173	12,574,503,886	79.41%

Source: Lee County Property Appraiser.

Note: Real property is reassessed every year.

¹ Includes tax-exempt property.

² This is "Just Value" which is synonymous to "full cash value" and "fair market value".

City of Bonita Springs, Florida
Property Tax Rates - Direct And Overlapping Governments
 (Per \$1,000 of Assessed Value)
 Last Ten Fiscal Years

Schedule 6

Fiscal Year	City of Bonita Springs, Florida				Overlapping Rates ²										Total Direct & Overlapping Rates		
	Operating		Debt		Lee County					School						Fire District	Other ¹
	Millage	Service	Millage	Total	General Revenue	Capital Improv	Preserve MSTU	Library Fund	Total Lee Cty	Local Board	State Law	School	Total School				
2009	0.8273	-	0.8273	0.8273	3.6506	0.5000	-	0.2844	4.4350	2.3450	4.5230	6.8680	1.8569	0.8484	14.8356		
2010	0.8273	-	0.8273	0.8273	3.6506	0.5000	-	0.2844	4.4350	2.2480	5.2600	7.5080	1.7950	0.9043	15.4696		
2011	0.8273	-	0.8273	0.8273	3.6506	0.5000	-	0.3383	4.4889	2.2480	5.7670	8.0150	1.9999	0.9332	16.2643		
2012	0.8273	-	0.8273	0.8273	3.6506	-	0.5000	0.3541	4.5047	2.2480	5.6060	7.8540	2.2353	0.7455	16.1668		
2013	0.8173	-	0.8173	0.8173	3.6506	-	0.5000	0.3541	4.5047	2.2480	5.3360	7.5840	2.2353	0.7281	15.8694		
2014	0.8173	-	0.8173	0.8173	4.1506	-	-	0.5956	4.7462	2.2480	5.3500	7.5980	2.3805	0.7315	16.2735		
2015	0.8173	-	0.8173	0.8173	4.1506	-	-	0.5956	4.7462	2.2480	5.1680	7.4160	2.3800	0.6910	16.0505		
2016	0.8173	-	0.8173	0.8173	4.1506	-	-	0.5956	4.7462	2.2480	5.0370	7.2850	2.3500	0.6605	15.8590		
2017	0.8173	-	0.8173	0.8173	4.0506	-	-	0.5956	4.6462	2.2480	4.7410	6.9890	2.3500	0.6361	15.4386		
2018	0.8173	-	0.8173	0.8173	4.0506	-	-	0.5956	4.6462	2.2480	4.4310	6.6790	2.3300	0.6542	15.1267		

Source: Lee County Property Appraiser.

Note: The City's operating millage tax rate may be increased only by a majority vote of the City Council.

¹ Other consists of South Florida Water Management District, West Coast Inland Navigation District, Lee County Hyacinth Control and Lee County Mosquito Control.

² Overlapping rates are those of the local and county governments that apply to property owners within the City of Bonita Springs. Not all overlapping rates apply to all City of Bonita Springs property owners.

Principal Property Taxpayers

Current Fiscal Year and Nine Fiscal Years Ago

Schedule 7

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Florida Power & Light Company	\$ 55,924,314	1	0.56%	\$ 58,268,110	2	0.57%
Bonita Springs Retirement	\$ 39,621,378	2	0.40%	\$ -		
Lennar Homes LLC	\$ 34,984,553	3	0.35%	\$ -		
Bonita Springs Associates I LLC	\$ 34,471,919	4	0.35%	\$ -		
Hyatt Equities LLC	\$ 32,428,133	5	0.32%	\$ -		
Citrus Park Trost International, Inc.	\$ 24,489,120	6	0.25%	\$ -		
AMCAP Bonita LLC	\$ 23,000,051	7	0.23%	\$ -		
Wynn Properties Inc	\$ 17,570,557	8	0.18%	\$ -		
Comcast of Co FLMI NM PA WA	\$ 17,107,743	9	0.17%	\$ -		
G&I VIII Springs Plaza LLC	\$ 15,787,516	10	0.16%	\$ -		
Beach Road Development, LP	\$ -			\$ 63,975,970	1	0.63%
Embarq Florida Inc.	\$ -			\$ 41,239,720	3	0.41%
Esperia At Bonita Bay Inc.	\$ -			\$ 38,623,670	4	0.38%
Bonita Grande Aggregates LLC	\$ -			\$ 38,039,300	5	0.37%
Riverview Properties of SW FL	\$ -			\$ 34,578,250	6	0.34%
Acacia Credit Fund 10-A LLC	\$ -			\$ 34,173,840	7	0.34%
Bonita Bay Properties, Inc.	\$ -			\$ 32,685,640	8	0.32%
Ginn La Quail West LTD	\$ -			\$ 27,418,550	9	0.27%
Promenade Real Property LLC	\$ -			\$ 27,186,170	10	0.27%
Total	\$ 295,385,284		2.97%	\$ 396,189,220		3.90%

Source: Lee County Property Appraiser.

Property Tax Levies And Collections

Last Ten Fiscal Years

Schedule 8

Fiscal Year Ended Sep 30	Total Tax Levy For Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount ¹	Percentage of Levy		Amount	Percentage of Levy
2009	8,400,858	8,079,129	96.17%	7,130	8,086,259	96.26%
2010	6,967,650	6,680,228	95.87%	8,406	6,688,633	96.00%
2011	6,008,171	5,758,662	95.85%	10,609	5,769,271	96.02%
2012	5,801,531	5,571,139	96.03%	6,579	5,577,718	96.14%
2013	5,570,384	5,360,946	96.24%	1,560	5,362,506	96.27%
2014	5,735,464	5,524,063	96.31%	2,553	5,526,615	96.36%
2015	6,233,893	6,003,359	96.30%	(2,948)	6,000,411	96.25%
2016	6,811,241	6,557,177	96.27%	(4,674)	6,552,502	96.20%
2017	7,501,670	6,378,898	85.03%	(4,350)	6,374,547	84.98%
2018	8,160,716	7,861,127	96.33%	-	7,861,127	96.33%

Source: Lee County Tax Collector.

¹ Property taxes are levied on November 1 of each year, and are due and payable upon receipt of the notice of the levy. A 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Accordingly, taxes collected will not be 100% of tax levy. Taxes become delinquent on April 1 of each year, and tax certificates for the full amount of any unpaid taxes and assessments are sold at public auction prior to June 1 of each year. The proceeds collected are remitted to the City.

City of Bonita Springs, Florida
Ratios Of Outstanding Debt By Type
 Last Ten Fiscal Years

Schedule 9

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Revenue Bonds	Notes, Loans and Agreements Payable			
2009	-	-	27,420,000	27,420,000	0.10%	587
2010	-	-	25,880,000	25,880,000	0.10%	557
2011	-	-	24,265,000	24,265,000	0.12%	553
2012	-	-	22,492,116	22,492,116	0.12%	508
2013	-	-	20,878,000	20,878,000	0.08%	463
2014	-	-	31,755,000	31,755,000	0.11%	702
2015	-	-	28,904,000	28,904,000	0.10%	631
2016	-	-	25,963,000	25,963,000	0.09%	558
2017	-	-	22,952,000	22,952,000	0.08%	474
2018	-	-	19,870,000	19,870,000	0.06%	396

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

¹ See schedule 13 for personal income and population data. These ratios are calculated using personal income and population for prior calendar year.

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Schedule 10

Fiscal Year	General Bonded Debt Outstanding			Percentage of Estimated Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total		
2009	-	-	-	0.00%	-
2010	-	-	-	0.00%	-
2011	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-

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

Direct And Overlapping Governmental Activities Debt

As of September 30, 2018

Schedule 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Lee County	\$ 202,978,000 ¹	12.7% ²	\$ 25,795,303
City direct debt			<u>19,870,000 ³</u>
Total direct and overlapping debt			<u><u>\$ 45,665,303</u></u>

¹ Lee County Clerk of Court, Finance Division

² Determined by dividing:

"Total Taxable Assessed Valuation" from Schedule 5	\$ 9,984,969,763
by the "Total Taxable Assessed Value" of Lee County	\$ 78,569,700,406 ⁴

³ See Schedule 9 herein.

⁴ State of Florida Department of Revenue

City of Bonita Springs, Florida
Legal Debt Margin Information
 Last Ten Fiscal Years

Schedule 12

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Legal debt limit	\$ 1,015,454,892	\$ 842,215,650	\$ 729,005,294	\$ 701,516,818	\$ 681,559,229	\$ 701,757,551	\$ 762,764,079	\$ 833,383,223	\$ 917,860,000	\$ 998,496,976
Total net debt applicable to limit	27,420,000	25,880,000	24,265,000	22,492,116	20,878,000	31,755,000	28,904,000	25,963,000	22,952,000	19,870,000
Legal debt margin	\$ 988,034,892	\$ 816,335,650	\$ 704,740,294	\$ 679,024,702	\$ 660,681,229	\$ 670,002,551	\$ 733,860,079	\$ 807,420,223	\$ 894,908,000	\$ 978,626,976
Total net debt applicable to the limit as a percentage of debt limit	2.70%	3.07%	3.33%	3.21%	3.06%	4.53%	3.79%	3.12%	2.50%	1.99%

Note: As outlined in the City Charter, Section 46 (f), a legal debt limit exists that caps the amount of outstanding long-term liabilities to 10% of the assessed property value within the City.

City of Bonita Springs, Florida
Demographic And Economic Statistics
 Last Ten Fiscal Years

Schedule 13

Fiscal Year	Population		Lee County ¹			
	City of Bonita Springs ²	Lee County ²	Total Personal Income (in thousands) ³	Per Capita Personal Income ⁴	Median Age ⁴	Unemployment Rate ⁵
2009	46,425	615,124	24,974,650	40,601	42.6	13.9%
2010	43,914	618,754	19,756,196	31,929	42.7	13.5%
2011	44,307	625,310	18,652,997	29,830	45.6	11.2%
2012	45,129	638,029	26,219,164	41,094	45.6	9.1%
2013	45,229	643,367	27,678,935	43,022	45.6	7.0%
2014	45,819	653,485	27,965,891	42,795	46.0	5.5%
2015	46,568	665,845	28,127,290	42,243	46.2	4.8%
2016	48,388	680,539	30,340,470	44,583	46.3	4.7%
2017	50,137	698,468	31,967,483	45,768	46.3	3.6%
2018	51,181	713,903	35,526,669	49,764	46.4	2.9%

Data Sources:

- ¹ *City of Bonita Springs statistics unattainable.*
- ² *University of Florida Bureau of Economic and Business Research for years 2009 and prior. The Florida Legislature Office of Economic and Demographic Research for 2010 and subsequent years.*
- ³ *Determined by multiplying population by per capita income.*
- ⁴ *The Florida Legislature Office of Economic and Demographic Research.*
- ⁵ *Data for all years is for Lee County as City of Bonita Springs statistics were unobtainable. Lee County, Florida Legislature, Office of Economics and Demographic Research), Lee County Economic Development Office for 2009, 2011, Florida Agency for Workforce Innovation for 2010, Florida Department of Economic Opportunity for 2012 - 2018.*

Principal Employers ¹

Current Fiscal Year and Nine Fiscal Years Ago

Schedule 14

Employer	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee Health	13,257	1	4.19%	-		0.00%
Lee County School District	11,561	2	3.65%	12,650	1	4.45%
Publix Super Markets	4,613	3	1.46%	4,215	3	1.48%
Wal-Mart Corporation	3,550	4	1.12%	2,400	5	0.84%
Lee County BOCC	2,387	5	0.75%	-		-
Lee County Sheriff's Office	1,558	6	0.49%	1,470	7	0.52%
City of Cape Coral	1,350	7	0.43%	2,056	6	0.72%
Florida Gulf Coast University	1,350	8	0.43%	1,292	9	0.45%
Chico's Fas Inc.	1,147	9	0.36%	1,120	10	0.00
Home Depot	1,072	10	0.34%	-		-
U.S. Postal Service	-	-	-	1,397	8	0.49%
Lee County Government	-	-	-	2,610	4	0.92%
Lee Memorial Health system	-	-	-	8,600	2	3.03%
Total	41,845		13.23%	37,810		13.29%

Source: Lee County Clerk of Court & Lee County Economic Development Office.
1. Most recent information available is the 2017 data shown above.

Information listed is for Lee County as principal employer statistics for City of Bonita Springs are unobtainable.

Full-Time Equivalent City Government Employees By Function

Last Ten Fiscal Years

Schedule 15

Function	Full-time Equivalent Employees as of September 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	18.0	18.0	19.0	21.0	22.5	24.0	24.0	25.5	24.5	24.5
Public Safety:										
Police ¹	-	-	-	-	-	-	-	-	-	-
Code Enforcement	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	8.0
Building Inspection ¹	-	-	-	-	-	-	-	-	-	-
Physical Environment ¹	-	-	-	-	-	-	-	-	-	-
Transportation	14.0	14.0	15.0	8.0	7.5	7.5	7.5	8.0	8.0	9.0
Economic Environment ¹	-	-	-	-	-	-	-	-	-	-
Human Services ¹	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	13.0	12.0	12.5	19.0	18.5	19.5	19.5	20.0	20.0	19.0
Total	<u>54.0</u>	<u>53.0</u>	<u>55.5</u>	<u>57.0</u>	<u>57.5</u>	<u>60.0</u>	<u>60.0</u>	<u>62.5</u>	<u>61.5</u>	<u>60.5</u>

Source: City of Bonita Springs Annual Budget as amended.

¹ The City outsources Police, Building Inspection, Physical Environment, Economic Environment and Human Services; therefore, no Full-time Equivalents exist in these City functions.

Operating Indicators By Function¹

Last Ten Fiscal Years

Schedule 16

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	-	-	-	-	-	-	-	-	-	-
Public Safety:										
Police ²	-	-	-	-	-	-	-	-	-	-
Code Enforcement	-	-	-	-	-	-	-	-	-	-
Building Inspection ²	-	-	-	-	-	-	-	-	-	-
Physical Environment ²	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Economic Environment ²	-	-	-	-	-	-	-	-	-	-
Human Services ²	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

¹ The City does not maintain Operating Indicators by Function; therefore, data is not available.

² The City outsources Police, Building Inspection, Physical Environment, Economic Environment and Human Services; therefore, no operating indicators exist in these City functions.

Capital Asset Statistics By Function¹

Last Ten Fiscal Years

Schedule 17

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety:										
Police ²	-	-	-	-	-	-	-	-	-	-
Code Enforcement	-	-	-	-	-	-	-	-	-	-
Building Inspection ²	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

¹ The City does not maintain Capital Asset Statistics by Function; therefore, data is not available.

² The City outsources Police, Building Inspection, Physical Environment, Economic Environment and Human Services; therefore, no operating indicators exist in these City functions.





Depot Park
10375 Pennsylvania Ave.

This park is located across the railroad tracks on the West side of Riverside Park. It offers the shade of giant oak trees and is a beautiful spot to walk or have a picnic. Depot Park is a dog friendly park. It also has a natural playground for children.

Other Supplementary Information

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 and City Council
City of Bonita Springs, 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, each major fund, and the aggregate remaining fund information of the City of Bonita Springs, Florida (the “City”), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 22, 2019, for the purpose of compliance with Section 218.39(2), Florida Statutes, and Chapter 10.550, Rules of the Auditor General – Local Governmental Entity Audits.

Internal Control over Financial Reporting

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

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.

Internal Control over Financial Reporting, continued

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

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.



Punta Gorda, Florida
March 22, 2019





Bonita Springs Community Pool
26890 Pine Ave.

The twenty-five yard Community Outdoor Pool is located at 26890 Pine Avenue, just off West Terry Street. The facility offers a number of classes year round. The pool has eight lap lanes and ranges from three feet nine inches to six feet deep, and is kept at a nice temperature controlled eighty-four to eighty-six degrees fahrenheit.

Management Letter and Response

MANAGEMENT LETTER

Honorable Mayor and City Council
City of Bonita Springs, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Bonita Springs, Florida (the “City”), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 22, 2019

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 22, 2019, 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 recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires, 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 219.39(3)(b), Florida Statutes. In connection with our audit, we determined that there are no special district component units required to report to the City.

Additional Matters

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

Purpose of this Letter

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

Handwritten signature in blue ink that reads "Ashley, Brown & Co."

Punta Gorda, Florida
March 22, 2019



9101 Bonita Beach Road
Bonita Springs, FL 34135
Tel: (239) 949-6262
Fax: (239) 949-6239
www.cityofbonitasprings.org

Peter Simmons
Mayor

Amy Quaremba
Council Member
District One

Greg DeWitt
Council Member
District Two

Laura Carr
Council Member
District Three

Peter R. O'Flinn
Council Member
District Four

Michael Gibson
Council Member
District Five

Fred Forbes, AIA
Council Member
District Six

Carl L. Schwing
City Manager
(239) 949-6267

Audrey E. Vance
City Attorney
(239) 949-6254

City Clerk
(239) 949-6248

Public Works
(239) 949-6246

Neighborhood Services
(239) 949-6257

Parks & Recreation
(239) 992-2556

Community Development
(239) 444-6150

March 25, 2019

Mr. Jeff Brown, CPA
Ashley, Brown & Company
Certified Public Accountants
366 E. Olympia Ave.
Punta Gorda, FL 33950

Re: **Management Letter for Fiscal Year Ended September 30, 2018**

Dear Mr. Brown,

This letter will confirm receipt of your management letter reviewed by us. In accordance with the Management Letter, the City of Bonita Springs did not note any current year comments for which a response was required.

Arleen Hunter, City Manager

REPORT OF INDEPENDENT ACCOUNTANT ON COMPLIANCE WITH
LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable Mayor and City Council
City of Bonita Springs, Florida

Report on Compliance

We have examined the City of Bonita Springs, Florida's (the "City's") with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Scope

Our examination was conducted in accordance with AICPA Professional Standards, AT-C Section 3515, promulgated by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

Opinion

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.



Punta Gorda, Florida
March 22, 2019



AFFIDAVIT

I, Anne K. Wright, having been first duly sworn, provide this Affidavit in compliance with Section 10.557(3), Rules of the Auditor General, and state the following:

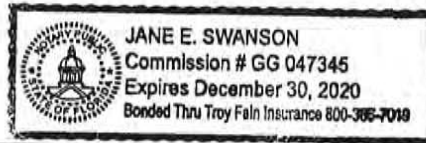
During Fiscal Year 2018, the City Council of the City of Bonita Springs adopted two Ordinances which amended the City's Land Development Code relating to updating the impact fee amounts charged for Road Impact Fees and Park Impact Fees. The updating of these impact fees was completed in compliance with Florida Statute 163.31801.

Anne K. Wright
Anne K. Wright
Finance Director

State of Florida
County of LEE

The foregoing instrument was acknowledged before me this 2 day of May, 2019 by ANNE K. WRIGHT Personally Known OR who produced Identification. The type of identification produced was _____.

Jane E. Swanson
(Signature of Notary Public)
JANE E. SWANSON
(Printed Name of Notary Public)



(My Commission Expires)



**City of Bonita Springs
9101 Bonita Beach Road
Bonita Springs, Florida 34135
239-949-6262**

**This document can be viewed in its entirety on our website at
www.cityofbonitasprings.org**