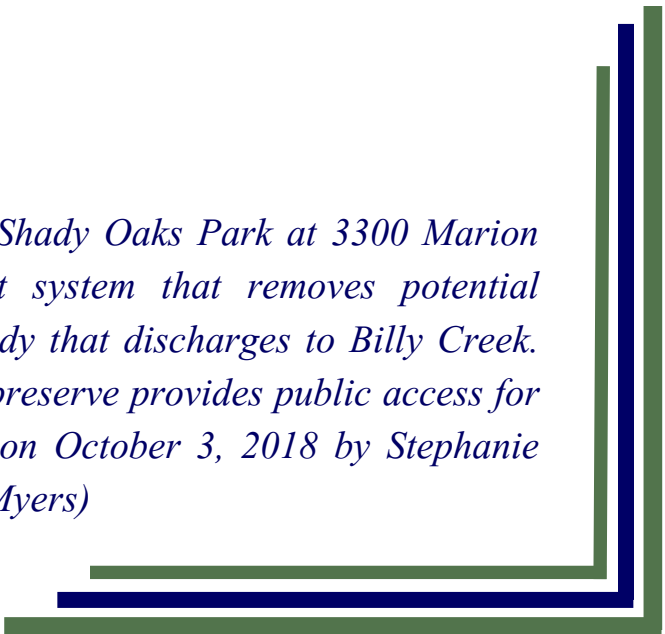


City of Fort Myers, Florida

Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2018



Cover: Ford Street Preserve, accessible through Shady Oaks Park at 3300 Marion Street, is an award-winning wetland treatment system that removes potential pollutants from the Ford Street Canal, a waterbody that discharges to Billy Creek. The boardwalk on the north and east sides of the preserve provides public access for recreation and nature observation. (photo taken on October 3, 2018 by Stephanie Schaffer, Public Information Officer, City of Fort Myers)



City of Fort Myers, Florida

Comprehensive Annual Financial Report

**For the Fiscal Year Ended
September 30, 2018**



Prepared by the Financial Services Department
Accounting Division

City of Fort Myers, Florida
Elected Officials as of March 28, 2019



Randall Henderson Jr., Mayor



Teresa Watkins Brown,
Ward 1



Johnny W. Streets Jr.
Ward 2



Terolyn Watson,
Ward 3



Kevin Anderson,
Ward 4



Fred Burson,
Mayor Pro Tem, Ward 5



Gaile Anthony,
Ward 6

CITY OF FORT MYERS
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2018

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Introductory Section





City of Fort Myers, Florida

FINANCIAL SERVICES ADMINISTRATION

PO Box 2217

Fort Myers, Florida 33902-2217

239.321.7147

March 28, 2019

To the Honorable Mayor, Members of City Council, and Citizens of Fort Myers, Florida

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the City of Fort Myers, Florida (City) for the fiscal year ended September 30, 2018. State statutes require that a complete set of financial statements, presented in conformance with accounting principles generally accepted in the United States (GAAP), be audited by licensed, independent certified public accountants in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* within nine months after the end of the fiscal year. This report is published to fulfill those statutory requirements. Certain bond covenants require that this report be issued within 180 days of the City's fiscal year end.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. We believe the data, as presented, is accurate in all material aspects and is presented in a manner designed to fairly set forth the financial position and results of operations of the City on a government-wide and fund basis. All disclosures necessary to ensure the reader gains an understanding of the City's financial activities have been included.

Management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that sufficient, reliable, adequate accounting data is compiled for the preparation of financial statements in conformity with accounting principles generally accepted in the United States. Internal accounting controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of properly recorded financial transactions.

In compliance with the laws of the State of Florida, the City's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed, certified public accountants. The independent auditor issued an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2018 are fairly presented in conformity with GAAP. 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. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City

Fort Myers, incorporated in 1886, is the oldest city in Lee County and serves as the county seat. Fort Myers is located on the lower west coast of Florida, midway between Tampa and Miami, and has a current population of approximately 81,868 residents. The City encompasses 48.82 total square miles, including waterways, and is bordered to the north and west by the Caloosahatchee River, which is part of the intercoastal waterway connecting the Atlantic Ocean and the Gulf of Mexico.

The City is a home rule city operating under the Council-Manager form of government. Policy-making and legislative authority are vested in the governing council consisting of the mayor and six other members. The

Mayor is elected at large, with one vote and no veto authority, and the six council members are elected by their respective wards. Council members serve four-year terms, with three members elected every two years. The Mayor is elected for a four-year term. The City Council is responsible for all policy-making functions of the government. The City Manager is responsible for the administration of the City.

Municipal services provided to the citizens of Fort Myers include police and fire protection, water and sewer services, solid waste services, park and recreational facilities, street improvements, building permits and inspections, stormwater management, a yacht basin, a cemetery, parking garages, and a skatium. Additionally, the City offers two professionally designed 18-hole golf courses.

The City is also financially accountable for the Community Redevelopment Agency of Fort Myers, which is included in the City's reporting entity and financial statements. Additional information on this legally separate entity can be found in the notes to the financial statements (see Note 1, 2.)

The City Council is required to adopt a final budget no later than the close of the preceding fiscal year to which the budget applies. The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, department (e.g. Public Works), and division (e.g. Recreation). In accordance with the City's Budget Policy, the City Manager, Director of Finance and the Budget Manager have the authority to approve the transfer of funds within a department, within a fund. In most cases, divisions are required to transfer funds only to meet unanticipated needs or to reflect organizational changes.

Local Economy

The City of Fort Myers is part of the Fort Myers-Cape Coral Metropolitan Statistical Area (MSA). The general concept of a metropolitan statistical area is one of a large population nucleus, together with adjacent communities that have a high degree of economic and social integration within that nucleus. Fort Myers is the cultural and trade center for Lee County and the surrounding area. Commercial fishing in Lee County is a year-round operation with shrimp fleets making their homeports in Fort Myers Beach. For recreation, the Thomas Edison and Henry Ford Winter Estates offer tours of their exhibits including a museum, botanical gardens and research laboratory. The Barbara B. Mann Performing Arts Hall, located on the campus of Florida SouthWestern State College, operates year round and provides opportunities to see traveling artist and Broadway productions. JetBlue Park, a state-of-the-art training ballpark and player development complex, provides the facilities for spring training for the Boston Red Sox.

Consistently ranked one of the nation's job growth leaders, the region is home to a thriving community that fosters a pro-business attitude, a vibrant workforce and desirable tax climate. The Fort Myers-Cape Coral MSA continues to expand with new housing and commercial projects as construction remains one of the fastest growing industries. From an all-time high of 13.1 percent in September 2009, the City's unemployment rate continues to decline, currently dipping to 3.7 percent as of September 30, 2018, in comparison to a rate of 4.4 percent from the prior fiscal year. According to recent statistics from the Florida Department of Economic Opportunity, the MSA added 9,000 new private sector jobs over the past year, and 64,000 jobs since December 2010. Job prospects in the MSA appear to be best in construction, manufacturing, retail, financial and tourism. Hiring is also forecasted to be strong in government and other services.

In October 2018, the personal finance website WalletHub identified Fort Myers as 2018's fastest-growing city. Fort Myers was at the top of the nationwide ranking, with only two other Florida cities breaking into the top 20. To determine where the most rapid economic growth occurred over a period of seven years, WalletHub compared 515 U.S. cities across fifteen key metrics. The data set ranges from population growth to college-educated population growth to unemployment rate decrease. The City of Fort Myers ranked first overall and first in terms of small-city growth. The ranking pertains to city proper, excluding cities in the surrounding metro area.

Property values play a leading role in determining the strength of the City's tax base. Certified taxable values increased 8.1 percent in 2018, improving the City's tax base from \$6,137,327,425 to \$6,637,122,012. New construction contributed \$269.4 million to the increase along with existing property values increasing an average of 3.9 percent. The increase represents the sixth consecutive year of increases, reversing five straight years of decreases during the Great Recession. Still less than the peak taxable value of just over \$7

billion experienced in the 2007 tax year, the current trend remains encouraging and is expected to continue into the near future.

The rebound of strong residential appreciation and construction are mainly due to the City's desirable location overlooking the Caloosahatchee River and the proximity to the Gulf of Mexico. Over the past ten plus years, the City concentrated its efforts with transforming the downtown and waterfront areas to assist with retaining existing businesses, recruiting new entrepreneurs and creating an urban lifestyle to attract more full-time residents. In response, the City partnered with a developer to bring the visionary project of a downtown riverfront hotel and convention center to life. The project grew in size and scope since the original presentations, and each party worked together to make the project a reality. The total cost of the project is an estimated \$91 million, comprised of the developer's portion of \$63 million and the City, along with the City's Community Redevelopment Agency, portion of \$28 million through various forms of incentives and the renovation of the existing event center. As the area's first member in the prestigious Autograph Collection of Marriott International, the twelve story riverfront hotel will provide accommodations and amenities that include 243 guest rooms and suites; a signature restaurant and rooftop bar, in addition to a casual streetside diner and lobby lounge; 8,000 square feet of adaptable indoor and outdoor function space; convenient access to the new riverfront Oxbow Bar & Grill restaurant and Oxbow Retail & Rentals; a riverfront amphitheater, and; 4,000 square feet of street level retail space. The Luminary Hotel project will bring approximately 250 post-construction jobs and a forecasted \$500 million in economic activity to the downtown area.

In the past decade, the City maintained the delivery of core municipal services to its citizens by implementing an early retirement program, instituting layoffs, cutting employee pay and benefits, increasing the millage rate and other user fees and using available reserves. Overall expenditures reflect a 25.2 percent increase over the ten years, as the City provided substantial resources to support increases in services in public safety with added positions and new technology and to support funding for utility capital improvement projects in public works. In governmental funds, public safety expenditures were 49 percent of total governmental expenditures, reflecting a ten-year increase of 6 percent. A major contributor to this increase is the salaries and benefits for police and firefighters due to the added positions to support the demand for services. The response to requests for services was also evident in the Water-Wastewater enterprise fund, with expenses of 65.2 percent of total business-type activities and a ten-year increase of 48.3 percent. The increases support the City's commitment to invest in its employees, residents, infrastructure and the future.

During the same ten-year period, revenues from taxes related to governmental funds decreased not only in amount, but also as a percentage of total revenues in governmental funds (currently 67.1 percent, reflecting a ten-year slight decrease of 2.1 percent). The City, as all of southwest Florida, experienced a downturn in the real estate sector, but the downturn was not significantly reflected in the City's taxable assessed value until fiscal year 2010. The City's tax year is on a calendar year basis and the taxable assessable values used for ad valorem valuations lag approximately one year behind. As a measure of the improved economy within the past ten years, permits and fees increased 9 percent, reflecting a ten-year increase of 11.6 percent, supporting the expansion of new construction and increased population.

Long-Term Financial Planning and Major Initiatives

In accordance with the City's fund balance policy, the City strives to maintain a minimum unassigned fund balance of 10% with an ultimate goal of 10% - 17% of the total General Fund budget. Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General Fund at year end was 32.1% of total General Fund revenues while unassigned fund balance was 24% of revenues. The unassigned fund balance exceeds the minimum requirement of the goal set by the City Council for budgetary and planning purposes.

With a public-led investment strategy and data-driven capital improvements plan, the City continues to move forward on all fronts to foster long-term growth and economic stability. The development of the fiscal year 2019 budget emphasized economic development, public/private partnerships, technology and training opportunities. Consistent with the City's focus on public safety and infrastructure, the 2019 budget includes negotiated compensation increases for the Police Benevolent Association for a total cost of \$2.3 million; the addition of 12 Police Officer positions at an estimated cost of \$1.3 million; an increase in operating expenditures of \$450,000 for weapons transition, Real Time Crime Center training and other training, plus

travel, and; the inclusion of \$316,000 in the Fleet Maintenance budget to accommodate an annual lease payment for approximately 25 police vehicles. The 2019 budget also incorporates \$633,600 for negotiated wage increases for Fire Department union employees. In response to the continued growth and strong economy, there is no rate increase for water and sewer services for fiscal year 2019, and the Water-Wastewater operating budget will support \$9.9 million towards utility capital improvement projects to address the water and sewer plants as well as utility infrastructure and expansion of reclaimed water.

Strategic Plan

The purpose of every government is to provide public safety, public services, and an enhanced community environment for its citizens. The City continuously strives to provide the services that citizens, business owners and visitors demand. Therefore, City Council and staff meet periodically to review and improve its Strategic Plan, which ensures the organization's sustainability for the future and places emphasis on fiscal management. The Mission of the City of Fort Myers is to be financially responsible, and to be a leader in municipal services, with a dedicated City workforce, and an involved community.

To support the new Strategic Plan, goals comprise a financially sound city that provides exceptional municipal services; safe and livable neighborhoods; economic prosperity and a growing economy, and; a vibrant downtown on the river. The Strategic Plan complements the City's 2010 Downtown Development Plan, which integrates the existing historic downtown area with a strategy to develop the neighboring riverfront and create a cultural destination.

Consistent with the City's goals for safe and livable neighborhoods, the City's Department of Public Works will oversee the construction of a neighborhood park in the Forum on four acres of land donated by a private developer. The park will provide amenities such as swings, a pavilion, grills and tot lot. The City also plans to launch the acquisition of junkyard facilities and properties in order to assist with the redevelopment and revitalization of neighborhoods and to benefit the overall property values and generate additional ad valorem revenue in the long-term.

Using federal Neighborhood Stabilization Program (NSP) funds, the City is successfully revitalizing neighborhoods by purchasing abandoned/foreclosed homes in target areas, rehabilitating and reselling them, and by building homes on city-acquired vacant lots that meet Florida Green and Energy STAR certification standards. This Program is part of the national effort to restore homes and renew neighborhoods affected the hardest by the housing crisis. In addition, funds for the repairs and rehabilitation of housing are available from both of the Community Development Block Grant and State Housing Initiative Partnership (SHIP) programs.

In response to the recent economic prosperity, the City crafted a conceptual strategy, the Midtown Vision Plan (Plan), to transform the midtown part of the City into a vibrant, new, diverse, mixed-use destination. It is a conceptual urban design plan that defines a strategic development framework for private and public investment, policy decisions and as a basis for regulatory revisions. The Plan is comprehensive in scope and seeks to clarify the feasible redevelopment potential for this part of the Downtown Community Redevelopment Area. The Plan proposes a long-term redevelopment strategy that reflects the ideas and aspirations of the community and the types of physical, functional and visual conditions that will lead to lasting economic value. Redevelopment of the Midtown area will start with a number of small projects that are already in the planning, development or entitlement stages. As the redevelopment momentum increases in the area, the Plan envisions a multi-phase, long-term redevelopment timeframe that could span up to twenty years to realize substantial buildout.

Comprehensive Plan

The City's annual budget process includes the preparation of the five year Capital Improvement Program (CIP), which typically includes the construction of infrastructure and municipal facilities as well as the acquisition of large or specialized equipment. The capital planning process is critical to the City's well-being because it provides the opportunity to take a planned and programmed approach to allocating financial resources in the most responsive and efficient manner necessary to meet Comprehensive Plan Level of Service requirements and general needs of the citizens. Furthermore, the City is required by Chapter

163.3177, Florida Statutes, to annually update the Capital Improvement Element (CIE) of the City's Comprehensive Plan.

The City's CIP incorporates needs identified in the CIE as required under the Growth Management legislation. The largest category of capital spending is Utilities, which includes improvement and replacement of water/sewer infrastructure and necessary regulatory equipment replacement and maintenance.

For fiscal years 2019 through 2023, the City adopted the following five-year program:

Utilities	\$ 346,686,800
Transportation	48,229,293
Equipment	25,702,100
Buildings	66,508,068
Parks and Beautification	32,441,700
Stormwater	9,480,549
Development	5,878,500
Total	<u>\$ 534,927,010</u>

The Capital Budget is the first year of the Capital Improvement Program and includes a list of projects to implement in that fiscal year. The fiscal year 2019 Capital Budget anticipates \$86.4 million in capital projects, which comprises \$65.9 million in Utilities improvements and replacements, \$6.9 million for Transportation projects, \$1.6 million for Equipment purchases, \$3.5 million for Stormwater improvements and maintenance, \$5.1 million to Buildings purchases and improvements, \$1.8 million in Parks and Beautification landscape improvements and enhancements to City recreation facilities, and \$1.6 million to Development for the improvements to neighborhoods and commercial business areas.

Significant and non-routine capital projects in the Capital Budget for fiscal year 2019 comprise \$11 million for the rehabilitation and replacement of the power distribution systems for the City's wastewater treatment facilities to ensure power sustainability, \$7.5 million to replace the aging trunk sanitary sewer transmission main, \$3 million for a new storage pump station to serve the southeast area of the water distribution system, and \$2.4 million for the Hanson Street Extension to alleviate traffic congestion. Funding these projects reflects the City's commitment to meeting the standards set forth in its Comprehensive Plan and positively impacting the quality of life for its residents, businesses and visitors.

Relevant Financial Policies

The City established guidelines that set forth the basic framework for the overall fiscal management of the City. With the development and implementation of the Strategic Plan, City management follows policies and procedures that further the growth and financial security of the City. Operating independently of changing circumstances and conditions, the financial policies guide the decision-making process of the City Manager, Mayor, City Council and Administration. These policies provide guidelines for evaluating both current activities and future programs.

Any downward trends in the State and/or local economy will adversely impact the City's ability to realize its budgeted revenues in the categories of franchise fees, utility taxes and state-shared revenues. Therefore, with quarterly monitoring and conservatism, the City mitigates any unforeseen circumstances. Complementing this practice is one in which a certain amount of expenses/expenditures are frozen and are not released for use until it is clear that revenues will be at projected levels.

The City's Debt Management Policy sets forth the responsibilities and authorities of the City, in managing the City's debt program. There are no legal debt limits placed on the City through state law (no such limit exists in Florida), local ordinances or local resolutions. The City continually pursues ways to limit debt and improve its overall financial position by limiting future capital spending projects and minimizing the issuance of additional debt; taking advantage of refunding opportunities, if any arise, to decrease future annual debt service requirements, and restructuring existing debt, where legally possible, to remove the City's backup

pledge on debt that benefits specific districts where sufficient revenues are available from those districts to repay the debt. The City does not issue debt, long or short term, to finance operational costs.

While the City does not have any general obligation debt, certain underlying and implied ratings have been given to the City by the rating companies. On August 8, 2018, Fitch Ratings affirmed its AA- rating on the outstanding City of Fort Myers Improvement Refunding Revenue Bonds, Series 2007, and its A+ rating on the City's outstanding Capital Improvement and Refunding Revenues Bonds, Series 2014A, Series 2014B and Series 2016. Fitch Ratings revised the rating outlook from stable to positive based on the strengthening economy and tax base over the past five years that led to an improvement in both property and non-ad valorem tax revenues. In addition, reserves have been restored to very sound levels.

Awards

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 Fort Myers for its comprehensive annual financial report for the fiscal year ended September 30, 2017. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for the preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. 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. This was the twenty-ninth consecutive year that the City has achieved this prestigious award. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

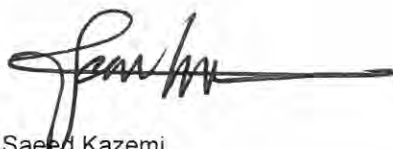
The City of Fort Myers has also received the GFOA's Distinguished Budget Presentation Award for the last twenty-seven consecutive years. The Distinguished Budget Presentation Award is the highest form of recognition in governmental budgeting, and its attainment represents a significant accomplishment by a government and its management. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan and a communication device. The award is the budgetary counterpart of the Certificate of Achievement and is valid for one year only.

Acknowledgements

The preparation of this report was made possible through the cooperation and teamwork of the entire Accounting Division of the Finance Department. 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 and investors in the City of Fort Myers. We sincerely appreciate and commend them for their contributions.

Appreciation is also extended to our external auditors, CliftonLarsonAllen LLP, for their assistance and to the Mayor and City Council Members for the vital role they have played in enabling the City to remain fiscally responsible to the citizens of Fort Myers.

Sincerely,



Saeed Kazemi
City Manager



Holly Simone
Deputy Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

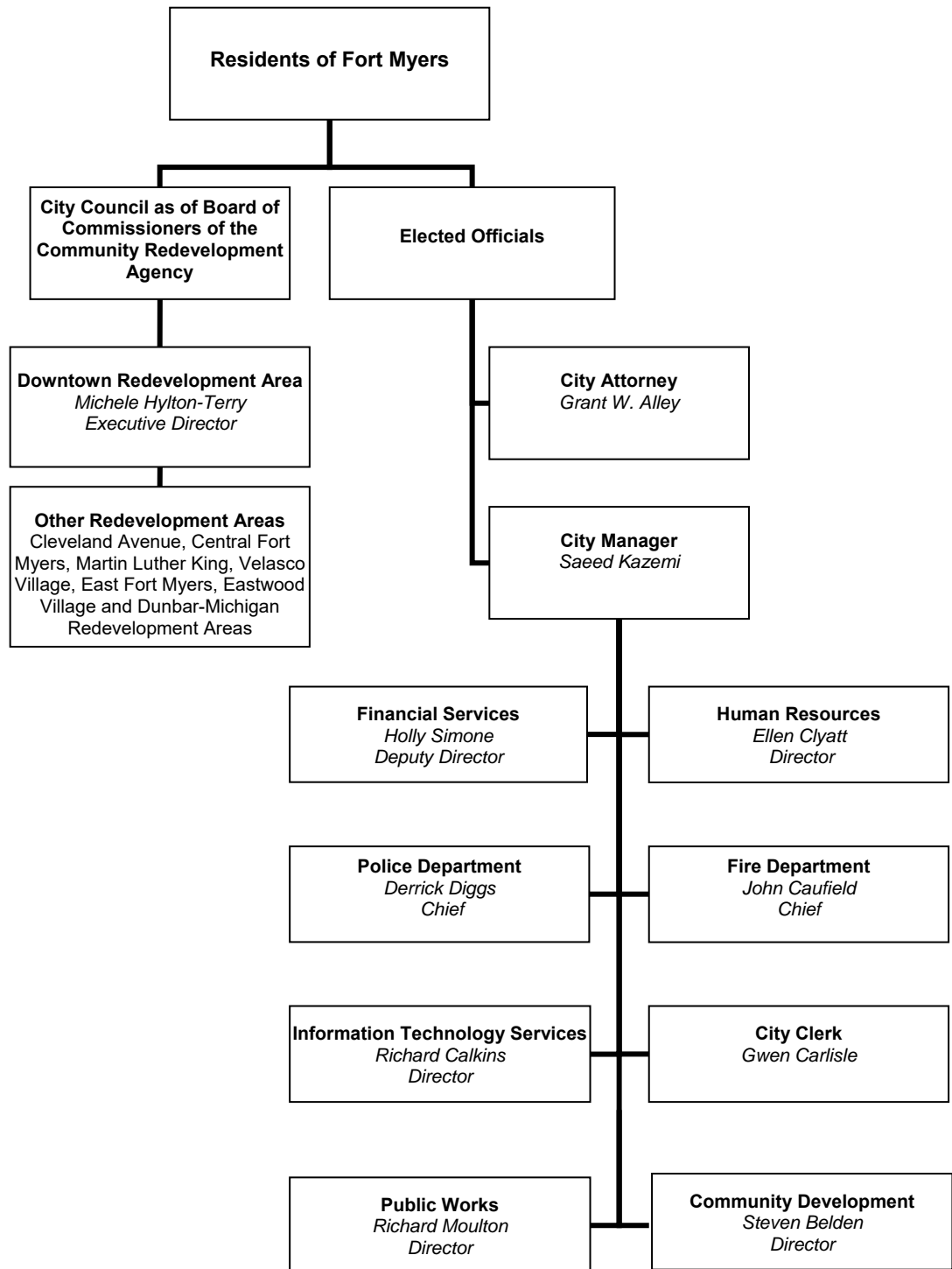
**City of Fort Myers
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO





Financial Section





CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Fort Myers, Florida
Fort Myers, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fort Myers, Florida, (City) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents. We have also audited the balance sheet, statement of revenues and expenditures and changes in financial position of the City of Fort Myers, Florida, Community Redevelopment Agency (CRA) presented in the accompanying combining and individual fund financial statements and schedules as of and for the year ended September 30, 2018.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-16, budgetary comparison information for the general fund on page 102, and the employees' pension and other postemployment benefits schedules on pages 104-111 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, the combining and individual fund statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and City Council
City of Fort Myers, Florida

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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Fort Myers, Florida
March 28, 2019

CITY OF FORT MYERS, FLORIDA

Management's Discussion and Analysis

As management of the City of Fort Myers (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vii of this report, and the City's financial statements beginning on page 17.

Financial Highlights:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$222,783,549 (net position). Of this amount, \$(81,339,612) represents unrestricted net position, which usually may be used to meet the government's ongoing obligations to citizens and creditors. Due to the City's adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2015, unrestricted net position at the end of the current fiscal year continues to reflect a negative amount as a result of the measurement and recognition of the City's net pension liabilities for the City's three defined benefit plans.
- The government's total net position increased by \$47,676,313, which comprises an increase in governmental activities of \$9,126,348 and an increase in business-type activities of \$38,549,965. The net position in governmental activities improved because of the increase in ad valorem taxes of \$5 million, which includes a growth in the City's taxable value driven by new construction and an average increase of 6.44% in existing properties. In addition, permits and fees increased \$1.8 million due to an increasing population in the City and an improved economy. Business-type activities experienced an increase in net position mainly due to growth in customers since there was no water or sewer rate increase in the current fiscal year. An increase of 26% in stormwater fees added \$1.0 million, or 28%, to contribute to related capital improvement projects. Building permits for new construction and changes in the county impact fee schedule provided \$1,835,600 (38.9%) in permitting activity.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$74,972,027, a decrease of \$8,472,554 (10.2%) in comparison with the prior year. Approximately 22.5% of this amount (\$16,894,998) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$32,847,612, or 35.4% of total General Fund expenditures.
- The City's total outstanding long-term debt decreased by \$16,161,806 (4.7%) during the current fiscal year as a result of prevailing debt service payments.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support 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.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government'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. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental activities (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

CITY OF FORT MYERS, FLORIDA

Management's Discussion and Analysis

activities reflect the City's basic services, including general government, community and economic development, planning and zoning, police, fire, public works, parks and recreation, and the Community Redevelopment Agency. The business-type activities of the City include a water and wastewater utility, solid waste collection, building permits and inspections, stormwater management, golf courses, a yacht basin, downtown parking garages, and a skatium.

The government-wide financial statements include not only the City itself (known as the primary government), but also the Community Redevelopment Agency, a legally separate entity for which the City is financially responsible. Financial information for this component unit is included in the governmental-type funds as a non-major special revenue fund.

The government-wide financial statements can be found on pages 17 – 19 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. 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 evaluating 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 Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to the government-wide statements in order to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty-five individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Revenue Bonds and Notes Fund, the Transportation Capital Projects Fund and the General Capital Projects Fund, which are considered to be major funds. Data from the other twenty-one governmental funds are combined into a single, aggregated presentation titled Other Governmental Funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the Combining Statements and Schedules section of this report.

The City adopts an annual appropriated budget for the governmental funds with the exception of the two capital projects funds, which are budgeted on a project length basis. A budgetary comparison schedule has been provided for the General Fund and the Revenue Bonds and Notes Fund to demonstrate compliance with this budget.

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

Proprietary funds. The City maintains two different types of proprietary funds: Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Wastewater Operations, Solid Waste Operations, Building Permits and Inspections, Stormwater Management, Fort Myers Country Club, Eastwood Golf Course, the Yacht Basin, Downtown Parking Garages, and the Skatium.

Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses separate internal service funds to account for its Fleet Maintenance, Information Technology Services, Public Works Warehouse, and Risk Management Program. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water-Wastewater Fund and the Solid Waste Fund, both of which are considered to be major funds of the City. The remaining enterprise funds are combined into a single, aggregated presentation titled "Other Enterprise Funds". The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial

CITY OF FORT MYERS, FLORIDA

Management's Discussion and Analysis

statements. Individual fund data for the nonmajor enterprise funds and the internal service funds are provided in the form of combining statements in the Combining Statements and Schedules section of this report.

The basic proprietary fund financial statements can be found on pages 24 – 26 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains two different types of fiduciary funds: pension trust funds and agency funds. Pension trust funds are used to report resources held in trust for retirees and beneficiaries covered by each plan. The three pension trust funds are: 1) the General Employees' Pension Plan, 2) the Police Officers' Retirement System, and 3) the Firefighters' Retirement System. Agency funds report resources held by the City in a custodial capacity for individuals, private organizations, and other governments. The five agency funds are: 1) the Regional Park Impact Fee Fund, which accounts for regional park impact fees collected and then sent to Lee County; 2) the Emergency Medical Services (EMS) Impact Fee Fund, which accounts for the EMS impact fees collected and then sent to Lee County; 3) the School Board Impact Fee Fund, which accounts for school impact fees collected and then sent to Lee County; 4) Unclaimed Funds, which accounts for monies that have not been claimed and then sent to the State of Florida according to State Statutes; and 5) the Employee Special Events Fund, which is accounted for and held by the City for a committee that provides special events for employees.

The fiduciary fund financial statements can be found on pages 27 and 28 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 can be found on pages 30 – 99 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the budget to actual data for the General Fund and certain information for the City's pension plans and other postemployment benefits (OPEB) to its employees. Required supplementary information can be found on pages 102 – 111 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and internal service funds are presented immediately following the required supplementary information on the budgetary comparison schedule, pensions and OPEB. The combining and individual fund statements and schedules can be found on pages 118 – 146 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time 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 \$222,783,549 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$200,177,952) reflects its investment in capital assets (e.g., land, buildings, equipment, vehicles and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

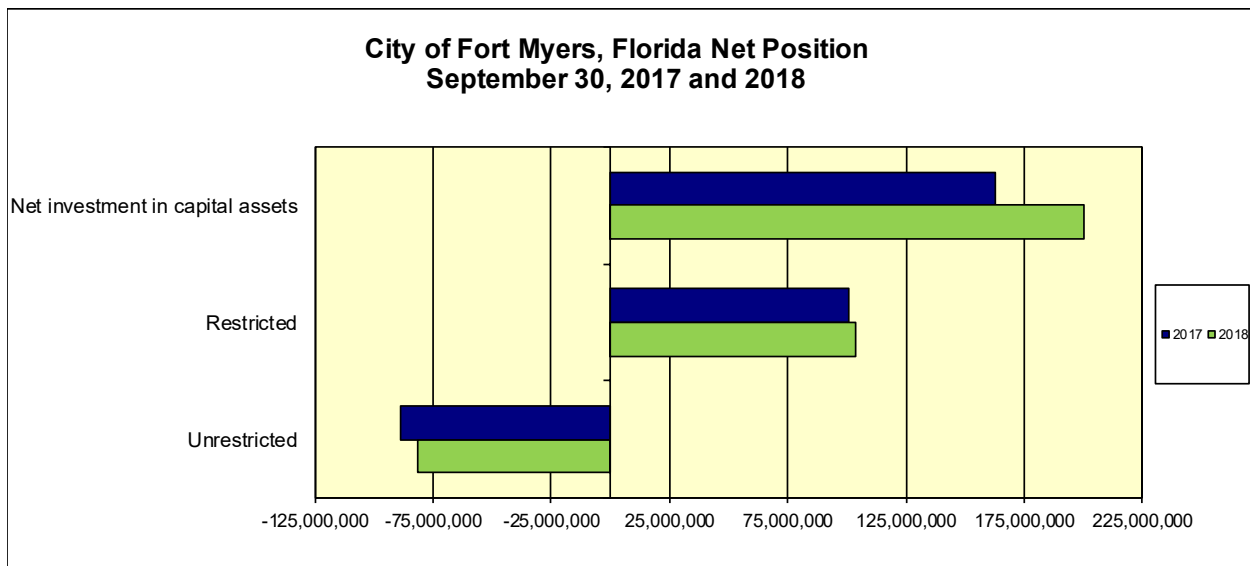
An additional portion of the City's net position (46.7%) represents resources that are subject to external restrictions on how they may be used. Restrictions related to capital projects represent 38.8% of the total restricted net position (\$103,945,209) and reflects the City's commitment to providing services and resources to its citizens. The remaining balance of \$(81,339,612) is unrestricted and usually may be used to meet the City's ongoing obligations to its citizens and creditors. As noted in the Financial Highlights, the balance of the unrestricted net position remains negative for the current fiscal year due to the City's adoption of GASB Statement No. 68 in fiscal year 2015.

CITY OF FORT MYERS, FLORIDA
Management's Discussion and Analysis

City of Fort Myers, Florida
Net Position as of September 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$116,385,556	\$120,014,178	\$128,171,977	\$124,103,391	\$244,557,533	\$244,117,569
Capital assets	160,823,923	154,152,438	375,354,197	349,496,316	536,178,120	503,648,754
Total assets	277,209,479	274,166,616	503,526,174	473,599,707	780,735,653	747,766,323
Deferred outflows of resources	15,862,728	15,765,351	1,997,473	1,966,194	17,860,201	17,731,545
Long-term liabilities outstanding	248,572,367	260,284,713	254,877,303	271,913,656	503,449,670	532,198,369
Other liabilities	29,617,461	30,106,593	25,424,539	17,704,265	55,042,000	47,810,858
Total liabilities	278,189,828	290,391,306	280,301,842	289,617,921	558,491,670	580,009,227
Deferred inflows of resources	12,811,771	6,791,425	4,508,864	3,358,418	17,320,635	10,149,843
Net position:						
Net investment in capital assets	65,903,703	60,134,131	134,274,249	102,444,190	200,177,952	162,578,321
Restricted	50,970,863	46,562,125	52,974,346	54,592,121	103,945,209	101,154,246
Unrestricted	(114,803,958)	(113,947,020)	33,464,346	25,553,251	(81,339,612)	(88,393,769)
Total net position	\$ 2,070,608	\$ (7,250,764)	\$220,712,941	\$182,589,562	\$222,783,549	\$175,338,798

At the end of the current fiscal year, the City reported negative balances in the unrestricted category of net position, both for the government as a whole, as well as for its separate governmental activities. The adoption of the GASB Statement No. 68 depleted unrestricted funds in governmental activities. In the governmental funds, negative unassigned fund balance comprises \$(7,567,512) in the FEMA Disaster Grant Fund due to expenditures incurred for natural disaster Hurricane Irma and \$(83,757) in the Grants Fund related to the timing of grant reimbursements. For business-type activities, enterprise funds with negative unrestricted net position comprise the Fort Myers Country Club, \$(222,760), Eastwood Golf Course, \$(475,672) and Skatium, \$(415,062). The negative unrestricted net position for each enterprise fund was the result of the adoption of GASB Statement No. 68 in fiscal year 2015.



The City's overall net position increased \$47,676,313 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

CITY OF FORT MYERS, FLORIDA
Management's Discussion and Analysis

City of Fort Myers, Florida
Changes in Net Position
For the Year Ended September 30, 2018 and 2017

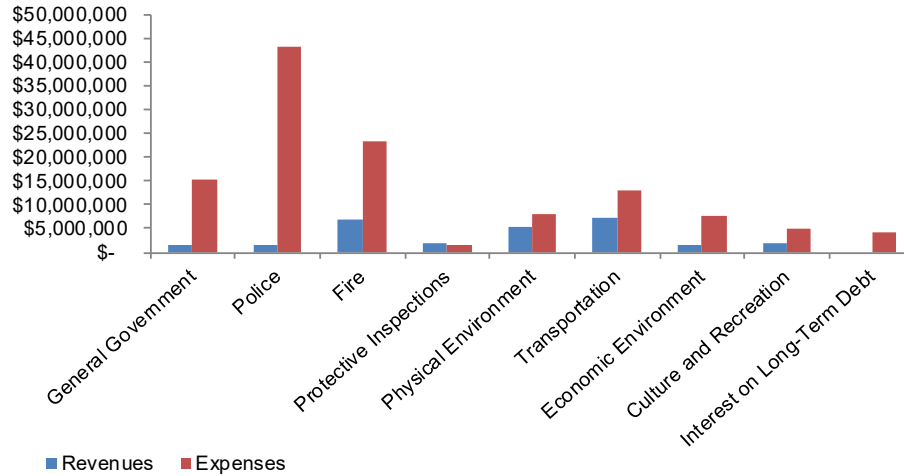
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues						
Charges for services	\$16,975,042	\$ 14,572,537	\$126,798,488	\$109,709,694	\$143,773,530	\$124,282,231
Operating grants and contributions	3,194,271	4,695,864	-	21,788	3,194,271	4,717,652
Capital grants and contributions	7,598,933	4,812,144	2,635,178	8,824,934	10,234,111	13,637,078
General Revenues						
Property taxes	52,492,216	47,489,913	-	-	52,492,216	47,489,913
Other taxes	26,262,252	25,712,184	-	-	26,262,252	25,712,184
Other	15,201,291	13,499,000	1,309,187	1,517,978	16,510,478	15,016,978
Total revenues	<u>121,724,005</u>	<u>110,781,642</u>	<u>130,742,853</u>	<u>120,074,394</u>	<u>252,466,858</u>	<u>230,856,036</u>
Expenses:						
General government	15,193,193	13,464,131	-	-	15,193,193	13,464,131
Police	43,282,973	40,999,085	-	-	43,282,973	40,999,085
Fire	23,354,151	22,986,548	-	-	23,354,151	22,986,548
Protective inspections	1,477,029	1,551,754	-	-	1,477,029	1,551,754
Physical environment	8,101,942	10,149,183	-	-	8,101,942	10,149,183
Transportation	12,868,653	10,644,457	-	-	12,868,653	10,644,457
Economic environment	7,761,936	4,341,052	-	-	7,761,936	4,341,052
Culture and recreation	4,900,535	4,831,427	-	-	4,900,535	4,831,427
Interest	4,177,605	3,734,827	-	-	4,177,605	3,734,827
Water-Wastewater	-	-	54,494,162	49,158,524	54,494,162	49,158,524
Solid Waste	-	-	12,665,538	11,466,446	12,665,538	11,466,446
Permits and Inspections	-	-	3,260,129	3,417,693	3,260,129	3,417,693
Stormwater	-	-	3,791,294	3,417,096	3,791,294	3,417,096
Golf Courses	-	-	3,990,264	4,006,874	3,990,264	4,006,874
Yacht Basin	-	-	2,713,878	2,559,447	2,713,878	2,559,447
Harborside Event Center	-	-	-	3,345,448	-	3,345,448
Downtown Parking Garage:	-	-	1,393,887	1,141,881	1,393,887	1,141,881
Skatium	-	-	1,363,376	1,272,678	1,363,376	1,272,678
Cultural and Historic Affairs	-	-	-	1,478,948	-	1,478,948
Total expenses	<u>121,118,017</u>	<u>112,702,464</u>	<u>83,672,528</u>	<u>81,265,035</u>	<u>204,790,545</u>	<u>193,967,499</u>
Increase (decrease) in net position before transfers	605,988	(1,920,822)	47,070,325	38,809,359	47,676,313	36,888,537
Transfers	<u>8,520,360</u>	<u>5,945,695</u>	<u>(8,520,360)</u>	<u>(5,945,695)</u>	<u>-</u>	<u>-</u>
Increase in net position	9,126,348	4,024,873	38,549,965	32,863,664	47,676,313	36,888,537
Net position - beginning of year as previously reported	(7,250,764)	(11,275,637)	182,589,562	149,725,898	175,338,798	138,450,261
Restatement of net position	195,024 ⁽¹⁾	-	(426,586) ⁽¹⁾	-	(231,562) ⁽¹⁾	-
Net position - beginning of year as restated	<u>(7,055,740)</u>	<u>(11,275,637)</u>	<u>182,162,976</u>	<u>149,725,898</u>	<u>175,107,236</u>	<u>138,450,261</u>
Net position - ending	<u>\$ 2,070,608</u>	<u>\$ (7,250,764)</u>	<u>\$220,712,941</u>	<u>\$182,589,562</u>	<u>\$222,783,549</u>	<u>\$175,338,798</u>

⁽¹⁾ Restated, as noted in Note 24

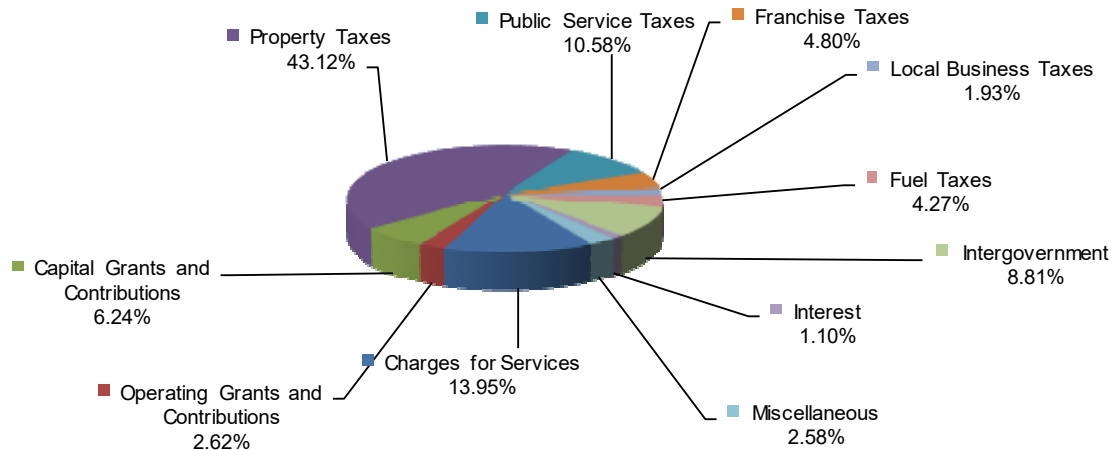
Governmental Activities. During the current fiscal year, net position for governmental activities increased \$9,126,348 from the prior fiscal year for an ending balance of \$2,070,608. An increase of 10.5% in ad valorem taxes revenue attributed to the overall growth, due to the upsurge in the City's taxable value driven by new construction and an average increase of 6.44% in existing properties. Permits and fees increased 27.3% as a result of an increasing population and improved economy, while a refund from the Florida Blue Wellness Share program added \$1.1 million to miscellaneous revenues.

CITY OF FORT MYERS, FLORIDA
Management's Discussion and Analysis

Expenses and Program Revenues - Governmental Activities



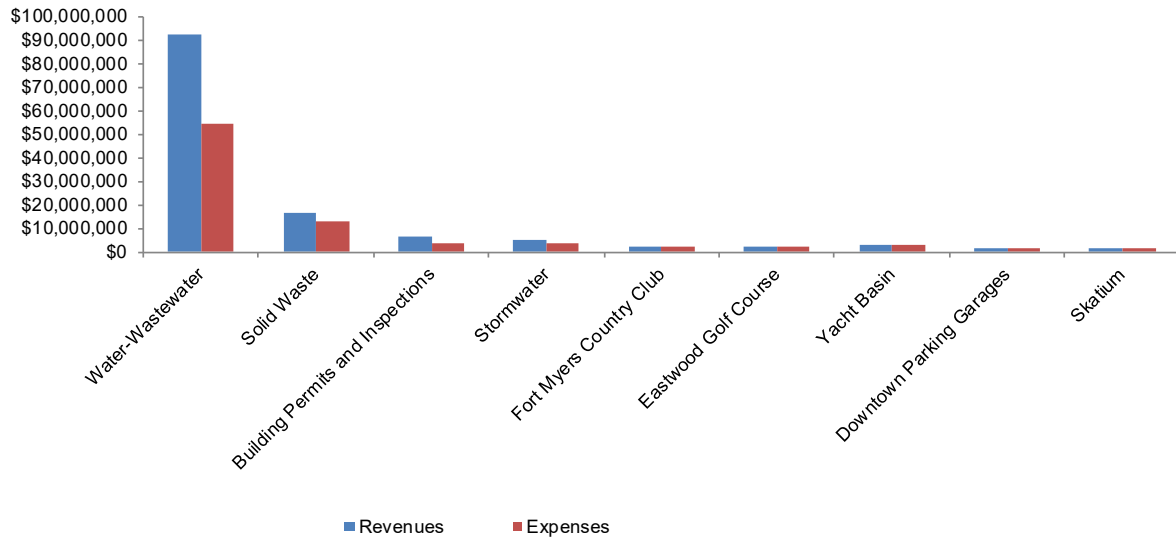
Revenues by Source - Governmental Activities



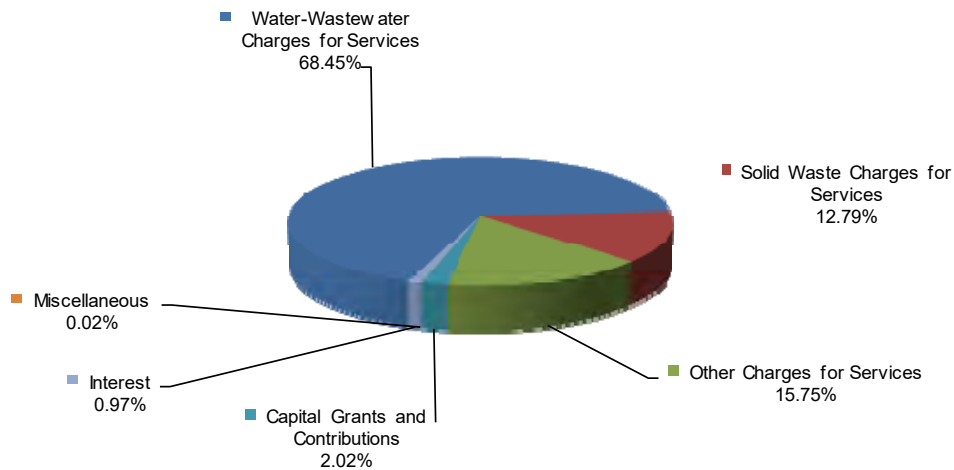
Business-type Activities. For the City's business-type activities, the results for the current fiscal year were positive in that overall net position increased to an ending balance of \$220,712,941. The total increase in net position for business-type activities was \$38,549,965 or 21.2% from the prior fiscal year. Revenue collections were greater, in comparison to prior years, in response to a 26% increase in the stormwater fee, combined with growth in customers as a result of the increasing population. Permitting activity increased 38.9% in response to permits for new construction and changes to the county impact fee schedule.

CITY OF FORT MYERS, FLORIDA
Management's Discussion and Analysis

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



Financial Analysis of the City's Funds

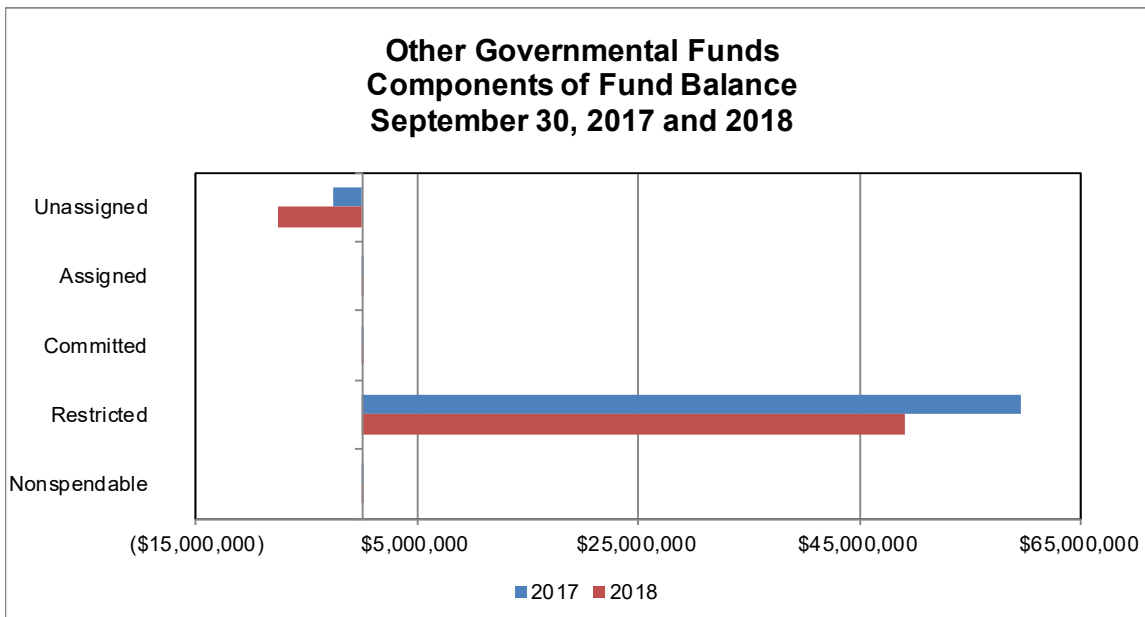
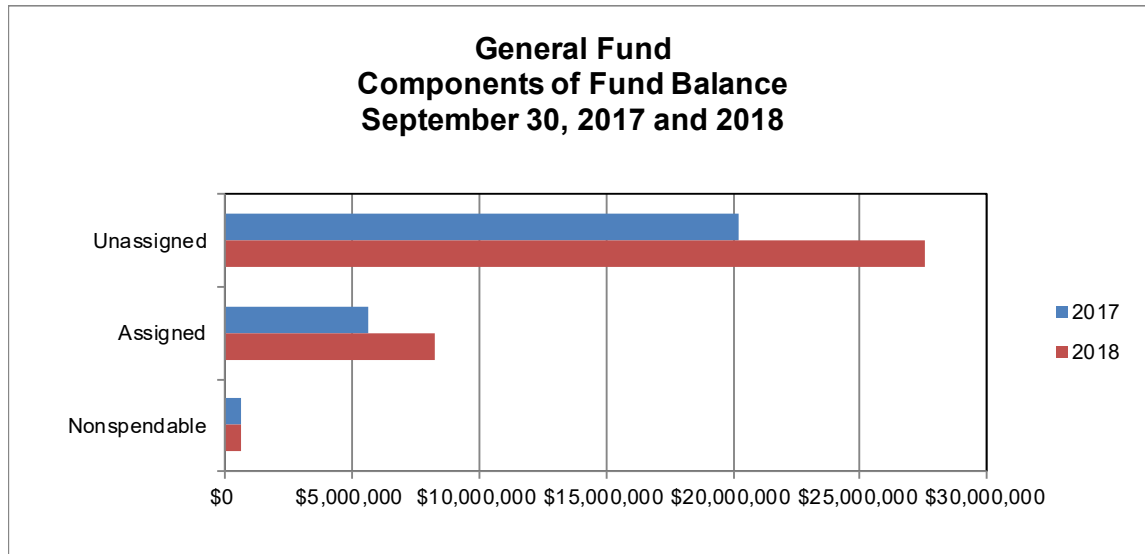
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net

CITY OF FORT MYERS, FLORIDA
Management's Discussion and Analysis

resources available for discretionary use as they represent the portion of fund balance that 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 particular purposes by City Council.

At September 30, 2018, the City's governmental funds reported combined fund balances of \$74,972,027, a decrease of \$8,472,554 in comparison with the prior year. Approximately 22.5% of this amount, \$16,894,998, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either nonspendable, restricted, committed or assigned to indicate that it is 1) not in spendable form, (\$655,063), 2) legally required to maintain intact, (\$2,000), 3) restricted for particular purposes, (\$49,045,326), 4) committed for particular purposes, (\$70,882), or 5) assigned for particular purposes, (\$8,303,758).



The General Fund is the primary operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$24,546,267 while total fund balance increased to \$33,502,583. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 26.4% of total General Fund expenditures, while total fund balance represents 36.1% of that same amount. It should be noted that the budget for fiscal year 2018-2019 provides for using \$6,972,993 of the assigned fund balance to support General Fund expenditures in that fiscal year.

CITY OF FORT MYERS, FLORIDA

Management's Discussion and Analysis

The fund balance of the City's General Fund increased \$6,977,758 during the current fiscal year. This is the net effect of upsurges in ad valorem taxes, \$5,563,063, driven by new construction and an increase in taxable values of existing properties along with an increase in permits and fees, \$1,755,612, due to an increasing population and an improved economy.

The Revenue Bonds and Notes Fund, a major fund, had an increase in fund balance during the current year of \$164,112 to bring the year end fund balance to \$3,011,715. Transfers from other funds supported the debt service obligations for the current fiscal year.

The Transportation Capital Projects Fund, a major fund, had an \$87,826 decrease in fund balance during the current year, mainly due to the net effect of other financing sources (uses). Transfers in from other funds contributed to the current year capital projects while the transfers out funded the current year debt service obligations.

The General Capital Projects Fund, the remaining major governmental fund, had a \$12,798,160 decrease in fund balance during the current fiscal year. Significant capital projects incurred expenditures for Athletic Field improvements, \$1,773,738 and for the new parking garage, \$5,911,572, and the budget incorporated the use of prior years' savings to offset the deficiency of revenues over expenditures.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water-Wastewater Fund at the end of the year amounted to \$18,512,145, and total growth in net position for the year was \$31,853,847. As discussed earlier in connection with business-type activities, the increase primarily results from additional revenue generated by growth in customer accounts. Charges for services related to water, wastewater and reclaimed water increased \$7,547,829 (10.8%) from the prior fiscal year.

Unrestricted net position of the Solid Waste Fund at the end of the year amounted to \$2,670,555, and total change in net position for the year was \$1,173,934. The increase of \$543,346 in operating revenues occurred primarily in residential pickups, commercial collections and roll-off revenue due to growth. Offsetting the growth in revenues was a 10.5% increase in operating expenses, mainly due to an increase of \$343,124 in personnel costs, \$784,016 in contractual services for tipping fees/disposal charges and \$174,517 in allocated technology and fleet costs.

Unrestricted net position of the Other Enterprise Funds at the end of the year amounted to \$12,281,646 and total growth in net position for the year was \$5,522,184. Total operating revenues increased from the prior year by \$3,154,135, mainly due to an increase of \$1,047,548 in the Stormwater Fund as the result of a 26% raise in the assessment fee and an increase of \$1,835,600 in the Building Permits and Inspections Fund in response to the momentum of new construction. Total operating expenses decreased by 19.4% from the prior year due to the transfer of operations of the science education center, historic homes and museum to a private entity. Operating expenses in the Parking Fund increased by \$252,007 as a result of a structural assessment and unexpected repairs to the City garages.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year, circumstances required some significant amendments to increase either the original estimated revenues or original budgeted appropriations, as follows:

- An increase of \$9,169,413 in General Fund appropriations with funding coming from fund balance or reserves – Of this amount, \$6,920,000 was appropriated to fund expenditures related to Hurricane Irma and \$301,628 was attributable to re-appropriated funds to complete capital improvement projects that were approved in prior fiscal years, as the fiscal year 2018 original budget included only new funding for projects. Other re-appropriated funds include \$908,587 for purchase order encumbrances, \$10,057 for police grants and \$28,441 for facilities special projects not completed in fiscal year 2017. During fiscal year 2018, City Council approved use of reserves to fund \$500,000 for outside legal assistance as well as \$500,700 for Police Officer positions and equipment due to placement of resource officers in city schools with the Marjory Stoneman Douglas High School Public Safety Act.

In accordance with Florida Statute 166.241(4), the City makes any necessary amendments to the current fiscal year budget up to sixty days after the completion of the fiscal year. Year end results generally indicate that some budget adjustments are necessary to be in compliance with the City's legal level of control, which is the department level within a fund for budget purposes. These adjustments may be administrative, where both revenues received and the

CITY OF FORT MYERS, FLORIDA
Management's Discussion and Analysis

General Fund Budgetary Highlights (continued)

related expenditures are recognized, or where some funds/departments experienced unexpected expenditures and/or revenue shortfalls that require either the appropriation of reserves or the transfer of funds within the fund.

The most significant adjustments in the fiscal year 2017-2018 budget amendments after the completion of the fiscal year were as follows:

- An increase of \$1,520,077 in General Fund Revenues and Expenditures for the collection of insurance premium taxes – The City receives state contributions for the City's portion of the Fire and Police Insurance Premium Taxes, in the amounts of \$639,810 and \$880,267, respectively. The taxes are not budgeted because the amounts cannot be reasonably estimated.

Final budget compared to actual results. The following revenues and expenditures caused the largest variances between estimated amounts and actual results:

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
REVENUES				
Taxes	\$ 70,646,300	\$ 72,166,379	\$ 73,700,170	\$ 1,533,791
Permits and fees	6,242,800	6,274,550	8,181,724	1,907,174
Intergovernmental revenue	8,702,000	8,702,000	9,391,969	689,969
Charges for services	6,497,400	6,502,400	6,905,471	403,071
Fines and forfeitures	446,000	446,000	418,210	(27,790)
Miscellaneous	4,329,800	13,561,694	2,782,443	(10,779,251)
Contributions - private source	7,500	25,308	33,991	8,683
Total revenues	96,871,800	107,678,331	101,413,978	(6,264,353)
EXPENDITURES				
Current:				
General Government -				
Council - Mayor Pro Tem	7,200	7,200	6,533	667
Council - Ward 4	86,400	86,400	76,896	9,504
Council - Ward 5	90,700	90,700	69,720	20,980
Council - Ward 6	92,300	92,300	75,906	16,394
Council - Mayor	134,500	134,500	125,181	9,319
City Manager	1,814,800	1,780,156	1,433,017	347,139
Legal	1,217,600	1,865,276	1,504,436	360,840
City Clerk	1,288,900	1,288,900	1,084,036	204,864
Financial Services	3,700,500	3,248,898	3,008,822	240,076
Human Resources	1,477,900	1,445,067	1,144,172	300,895
Real Estate	484,300	497,600	498,075	(475)
Community Development	1,223,400	1,479,757	1,236,201	243,556
General Contingencies	28,000	90,794	38,731	52,063
Public Safety -				
Protective Inspections	1,596,900	1,900,054	1,594,763	305,291
Transportation -				
Public Works	518,200	518,200	487,874	30,326
Physical Environment - Public Works	7,109,000	7,317,403	6,797,883	519,520
Culture and Recreation -				
Special Events	169,100	169,100	122,610	46,490
Arts and Culture	145,000	142,157	118,700	23,457
OTHER FINANCING SOURCES (USES)				
Transfers out:				
Capital funding transfers out	(631,600)	(867,615)	(102,271)	765,344
General transfers out	(5,194,700)	(12,256,815)	(5,286,963)	6,969,852

Taxes came in favorable to the budget in the amount of \$1,533,791, due mainly to better than expected collections in the areas of Ad Valorem Taxes and Utility Service Taxes, in electricity, water and bottled gas sales.

Permits and fees came in favorable to the budget by \$1,907,174 as all permit fees, Engineering, Fire and Plan Review fee collections exceeded expectations. Fiscal year 2018 is the first year of five that Lee County began to increase its impact fees, which caused a spike in permitting activity.

CITY OF FORT MYERS, FLORIDA
Management's Discussion and Analysis

Final budget compared to actual results (continued)

Intergovernmental revenue came in favorable to the budget by \$689,969 due to an improved economy and an increase in population, which improved sales tax collections.

Miscellaneous revenues are \$10,779,251 less than budget, which is the net effect of appropriated reserves of \$12,473,213, used strictly for budgeting purposes and therefore not included in the actual amounts, offset by reimbursements of expenses in excess of the budget of \$55,132, and \$51,516 for the Police and Parks Departments, respectively; a Florida Blue Wellness Share refund received in the amount of \$1,164,883 which was not budgeted for; miscellaneous revenue received in excess of budget of \$169,075, and; more than anticipated interest income of \$231,087 due to improved market conditions.

Savings in General Government were derived mainly from vacant positions in the divisions of the City Manager, City Clerk, Financial Services and Planning. There were also savings from spending less than anticipated in the areas of Legal and Planning– Professional Services; City Clerk – Election Expenditures, and; Unemployment, which is accounted for in the Human Resources division.

Savings in Public Safety – Protective Inspections came from both Development Services and Code Enforcement where planning services and demolitions were unable to be completed by the fiscal year end.

Savings in Physical Environment – Public Works were a result from vacant positions in the Cemetery division along with professional services for various engineering services that were budgeted but not able to start or finish by the end of the fiscal year.

Transfers for capital improvement projects were less than budget due to projects that were not completed by the end of the fiscal year. General Fund transfers out were less than budget due to the accounting required for the budgeted transfer to the FEMA Disaster Grant special revenue fund to cover Hurricane Irma expenditures.

A review of actual expenditures compared to the appropriations in the final budget yields no significant variances. As discussed earlier, City divisions spent according to or less than their budgets, with the exception of the Real Estate division due to personnel costs.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2018 amounts to \$536,178,120 (net of accumulated depreciation). This investment in capital assets includes land, antiques and exhibits, historical buildings, construction in progress, building improvements (including utility systems), intangible assets and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was 6.5%, or \$32,529,366.

City of Fort Myers, Florida
Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 26,634,034	\$ 26,565,445	\$ 2,712,736	\$ 2,697,493	\$ 29,346,770	\$ 29,262,938
Antiques and exhibits	251,871	251,871	-	-	251,871	251,871
Intangibles-easements	3,823,652	3,617,573	-	-	3,823,652	3,617,573
Buildings	19,511,344	19,981,996	22,243,426	22,849,932	41,754,770	42,831,928
Improvements and Infrastructure	82,559,601	83,510,166	24,507,074	22,507,078	107,066,675	106,017,244
Utility Systems	-	-	274,554,325	269,605,501	274,554,325	269,605,501
Equipment	7,379,629	4,395,938	8,819,026	9,044,714	16,198,655	13,440,652
Intangibles-software	2,916	6,413	302,045	302,045	304,961	308,458
Construction in progress	20,660,876	15,823,036	42,215,565	22,489,553	62,876,441	38,312,589
Total capital assets	<u>\$160,823,923</u>	<u>\$154,152,438</u>	<u>\$375,354,197</u>	<u>\$349,496,316</u>	<u>\$536,178,120</u>	<u>\$503,648,754</u>

CITY OF FORT MYERS, FLORIDA
Management's Discussion and Analysis

Capital Assets and Debt Administration (continued)

Major capital asset activity during the current fiscal year included the following:

- Additions to construction in progress in governmental activities comprise current year expenditures of \$1,681,185 for the Hanson Street Extension for Cocos to Ortiz Avenue and \$5,911,572 for the new parking garage. In business-type activities, significant additions included \$10,758,007 for the Trunk Sanitary Sewer Replacement, \$9,875,624 for the rehabilitation of the Power Distribution Systems and \$8,723,596 for the Energy Efficiency and Advance Meter Infrastructure project related to the Siemens Master Lease Purchase Agreement.
- Reductions to construction in progress include the completion of the McGregor Boulevard Pavement Reconstruction, \$3,396,893 from prior year plus \$2,375,995 in current year expenditures for a total project cost of \$5,772,888. In business-type activities, the City completed the prior year project for State Road 82 and Lee Boulevard for a total project cost of \$3,129,267. Generator and breaker upgrade projects at the City's two wastewater treatment plants, for a total project cost of \$1,991,898, concluded in the current year. In addition, the City capitalized wellfield expansion and capacity enhancements for a total project cost of \$3,151,903.
- Improvements to the City's athletic fields for a total project cost of \$1,775,023 in current year expenditures, mainly for improvements at Bill Bowlegs Park, which features a playground, basketball courts, baseball field and soccer field.
- Neighborhood improvements for a total cost of \$7,370,717, with significant improvements to Alicia Street utility improvements, the treatment plants interconnect project, Ransom and Sunset utility and drainage improvements

Additional information on the City's capital assets can be found in Note 8 on pages 63 and 64 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$135,825,000, of which \$40,740,000 relates to the Water-Wastewater System. The remaining bonded debt is backed by specified revenue sources. In addition, the City had \$174,414,231 of notes and loans outstanding. Of this amount, \$172,325,775 relates to the City's Water-Wastewater System. The remainder of the City's long-term obligations consists of capital leases.

City of Fort Myers, Florida
Bonded Debt and Loans Payable

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenue Bonds	\$ 94,722,255	\$101,065,435	\$ 362,745	\$ 434,567	\$ 95,085,000	\$101,500,002
Utility Revenue Bond:	-	-	40,740,000	77,475,000	40,740,000	77,475,000
Capital Lease Obligations	2,607,435	1,030,843	14,346,793	14,061,606	16,954,228	15,092,449
Notes and Loans	2,088,456	2,682,452	172,325,775	146,605,362	174,414,231	149,287,814
Total long-term debt	<u>\$ 99,418,146</u>	<u>\$104,778,730</u>	<u>\$227,775,313</u>	<u>\$238,576,535</u>	<u>\$327,193,459</u>	<u>\$343,355,265</u>

The City's total debt decreased \$16,161,806 or 4.7%. The key factors in this decrease were:

- The governmental activities revenue bonds decreased \$6,343,180 (6.3%) due to the normal amortization of debt service.
- Business-type debt decreased \$10,801,222 (4.5%) due to the normal amortization of debt service.
- Notes and Loans for business-type activities increased \$25,720,413 due to the issuance of the Utility System Refunding Revenue Note, Series 2017B, which advance refunded certain of the City's outstanding Utility System Revenue Bonds, Series 2011.

Additional information on the City's long-term debt can be found in Note 15 on pages 87 – 92 of this report and in the City's Continuing Disclosure Report, published separately.

CITY OF FORT MYERS, FLORIDA

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the City and were considered in developing the 2018-2019 fiscal year budget.

- The City's unemployment rate for September 30, 2018 is 3.7%, which is an improvement from a rate of 4.4% a year ago and a positive indicator of the stability of the economy.
- The increase of \$506.8 million (8.3%) in the City's certified taxable property values, with \$269.4 million in new construction and average increases of 3.9% in existing properties, will provide \$2.8 million in additional Ad Valorem revenue.
- A reduction in the millage rate from 8.6500 to 8.4500 supports an Ad Valorem revenue budget of \$53.2 million.
- Revenue in the amount of \$3.8 million generated from a fire assessment fee to recover an estimated 16.5% of the cost to provide fire suppression and rescue services.
- Water and sewer rates remain unchanged from prior fiscal year, with revenues planned to fund \$10.1 million in utility capital improvements. The trend of growth in customers supports the lack of rate increase.
- An increase of 26% in the stormwater assessment fees to generate revenue strictly for stormwater capital improvement projects or debt repayments used to fund those capital projects.
- The residential annual assessment remains unchanged from prior fiscal year in the Solid Waste Fund, with an expected increase in revenues of 2.3% mainly in commercial collections.
- The reduction of 50% in building, permitting and plan review fees for the period of one year to promote economic development and job creation. Budgeted impact is a decrease of \$2,651,800 (52.6%) to revenues with ending reserves estimated at \$9.4 million, which is 24.5 months of operating expenses.
- On the expenditure side, General union employees will receive a wage increase per the negotiated contract, as well as non-union employees, for a total cost to the General Fund of \$1.6 million.
- An increase in the contribution to the Police Officers Retirement System by \$1,956,600 in the General Fund as a result of a change in the mortality rates, additional positions and compensation increases.
- Prioritizing public safety with an increase of \$7.3 million in the budget for such departments to include fourteen police officers; full year funding of fifteen officers and two sergeants for school resource officers as part of the new state mandate; police equipment, technology, community outreach, specialized and development training, and additional operating supplies for new positions; fire training equipment, specialized gear and contractual fire inspection services; wage adjustments for job recruitment and retainage for police and fire union employees; police officer housing assistance program, and; contractual code enforcement services.
- An increase to the Information Technology Services budget of \$1,518,400 due to increases in maintenance contracts, mainly for the Police Department.
- A reduction in the City's cost of health insurance premiums of 2.1% while maintaining benefits and copayment amounts for employees.
- The City continues to purchase property and casualty insurance to ensure adequate coverage in the event of a natural peril or unforeseen accident claim.
- An increase of 3.5% in the City's population from 79,106 in fiscal year 2017 to 81,868 in the current fiscal year requires the maintenance of service delivery to the citizens of Fort Myers, but also drives increases in several revenue streams including sales tax, fuel taxes etc.

During the current fiscal year, the unassigned fund balance in the general fund is \$24,546,267. The City appropriated \$6,972,993 of this amount for spending in the 2018-2019 fiscal year budget. This action is necessary to complete certain capital projects and provide services that were unable to be completed by the end of fiscal year 2018 as well as to fulfill City Council's commitment to maintain services and to make public safety a high priority through the addition of resources. Despite the increased amount of appropriation, the City's reserve levels are increasing with revenues exceeding budget projections and spending coming in less than the budget, which demonstrates adherence with City Council's goals and policies and meets the expectations of municipal credit rating agencies.

Requests for information

The financial report is designed to provide users with a general overview of the City of Fort Myers' finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Deputy Director of Finance, PO Box 2217, Fort Myers, Florida 33902-2217 or telephone 239.321.7147. You can also access our website at www.cityftmyers.com.



Basic Financial Statements



CITY OF FORT MYERS, FLORIDA
Statement of Net Position
September 30, 2018

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 23,368,631	\$ 24,369,411	\$ 47,738,042
Investments	25,066,089	17,430,171	42,496,260
Accounts receivable, net	3,511,501	8,216,498	11,727,999
Special assessments receivable	76,050	-	76,050
Interest receivable	137,417	41,572	178,989
Due from other governments	7,753,325	13,244,439	20,997,764
Inventories	621,690	441,089	1,062,779
Prepaid items	2,172,269	13,927,188	16,099,457
Notes receivable	7,225,637	-	7,225,637
Allowance for notes receivable	(7,225,637)	-	(7,225,637)
Assets held for resale	526,686	-	526,686
Restricted assets:			
Cash and cash equivalents	26,613,029	37,810,754	64,423,783
Investments	26,344,232	12,517,706	38,861,938
Interest receivable	2,107	142,809	144,916
Unamortized bond insurance costs	192,530	30,340	222,870
Capital assets:			
Land and non-depreciable capital assets	51,370,433	45,230,346	96,600,779
Depreciable capital assets, net	109,453,490	330,123,851	439,577,341
Total Assets	<u>277,209,479</u>	<u>503,526,174</u>	<u>780,735,653</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	2,606,956	1,025,826	3,632,782
Deferred outflows related to other postemployment benefits	422,417	140,148	562,565
Deferred outflows related to pensions	12,833,355	831,499	13,664,854
Total deferred outflows of resources	<u>15,862,728</u>	<u>1,997,473</u>	<u>17,860,201</u>
LIABILITIES			
Accounts and contracts payable	8,210,264	13,272,521	21,482,785
Accrued and other liabilities	3,918,429	153,581	4,072,010
Accrued interest payable	1,292,296	3,259,031	4,551,327
Accrued retirement payable	14,823,194	-	14,823,194
Due to other governments	27,137	199,777	226,914
Unearned revenues	854,238	-	854,238
Customer deposits	491,903	8,539,629	9,031,532
Noncurrent liabilities:			
Due within one year	14,453,574	15,454,773	29,908,347
Due in more than one year	106,342,585	215,374,835	321,717,420
Total other postemployment benefits liability	12,447,159	4,129,654	16,576,813
Net pension liability	115,329,049	19,918,041	135,247,090
Total Liabilities	<u>278,189,828</u>	<u>280,301,842</u>	<u>558,491,670</u>

(continued)

CITY OF FORT MYERS, FLORIDA
Statement of Net Position (continued)
September 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred charge on refunding	-	996,732	996,732
Deferred inflows related to other postemployment benefits	561,299	186,225	747,524
Deferred inflows related to pensions	12,250,472	3,325,907	15,576,379
Total deferred inflows of resources	12,811,771	4,508,864	17,320,635
NET POSITION			
Net investment in capital assets	65,903,703	134,274,249	200,177,952
Restricted for:			
Capital projects	20,066,414	20,260,583	40,326,997
Culture and recreation	298,533	-	298,533
Debt service	1,719,419	13,247,382	14,966,801
Economic environment	5,953,304	-	5,953,304
Impact fee projects	18,658,766	14,847,262	33,506,028
Physical environment	-	111,721	111,721
Public safety:			
Nonexpendable	2,000	-	2,000
Expendable	2,067,261	-	2,067,261
Renewal and replacement	-	4,468,641	4,468,641
Transportation	2,205,166	38,757	2,243,923
Unrestricted	(114,803,958)	33,464,346	(81,339,612)
Total Net Position	<u>\$ 2,070,608</u>	<u>\$ 220,712,941</u>	<u>\$ 222,783,549</u>

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

CITY OF FORT MYERS, FLORIDA
Statement of Activities
For the Year Ended September 30, 2018

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 15,193,193	\$ 1,529,444	\$ 7,500	\$ -	\$ (13,656,249)	\$ -	\$ (13,656,249)
Police	43,282,973	864,009	530,899	-	(41,888,065)	-	(41,888,065)
Fire	23,354,151	5,563,525	753,448	382,781	(16,654,397)	-	(16,654,397)
Protective inspections	1,477,029	2,074,683	-	-	597,654	-	597,654
Physical environment	8,101,942	5,322,251	13,750	-	(2,765,941)	-	(2,765,941)
Transportation	12,868,653	209,600	738,546	6,164,639	(5,755,868)	-	(5,755,868)
Economic environment	7,761,936	533,489	1,148,534	-	(6,079,913)	-	(6,079,913)
Culture and recreation	4,900,535	878,041	1,594	1,051,513	(2,969,387)	-	(2,969,387)
Interest on long-term debt	4,177,605	-	-	-	(4,177,605)	-	(4,177,605)
Total governmental activities	121,118,017	16,975,042	3,194,271	7,598,933	(93,349,771)	-	(93,349,771)
Business-type Activities:							
Water-Wastewater	54,494,162	89,489,660	-	2,635,178	-	37,630,676	37,630,676
Solid Waste	12,665,538	16,719,648	-	-	-	4,054,110	4,054,110
Building Permits and Inspections	3,260,129	6,554,118	-	-	-	3,293,989	3,293,989
Stormwater	3,791,294	4,845,315	-	-	-	1,054,021	1,054,021
Fort Myers Country Club	1,873,457	1,827,600	-	-	-	(45,857)	(45,857)
Eastwood Golf Course	2,116,807	1,876,857	-	-	-	(239,950)	(239,950)
Yacht Basin	2,713,878	2,844,383	-	-	-	130,505	130,505
Downtown Parking Garages	1,393,887	1,509,086	-	-	-	115,199	115,199
Skatium	1,363,376	1,131,821	-	-	-	(231,555)	(231,555)
Total business-type activities	83,672,528	126,798,488	-	2,635,178	-	45,761,138	45,761,138
Total primary government	\$ 204,790,545	\$ 143,773,530	\$ 3,194,271	\$ 10,234,111	(93,349,771)	45,761,138	(47,588,633)
General revenues:							
Taxes:							
Property taxes					52,492,216	-	52,492,216
Public service taxes					12,878,111	-	12,878,111
Fuel taxes					5,194,989	-	5,194,989
Local business tax					2,345,133	-	2,345,133
Franchise taxes					5,844,019	-	5,844,019
Intergovernmental, unrestricted					10,726,651	-	10,726,651
Interest and investment income					1,328,876	1,274,054	2,602,930
Miscellaneous					3,145,764	35,133	3,180,897
Net transfers					8,520,360	(8,520,360)	-
Total general revenues, special items and transfers					102,476,119	(7,211,173)	95,264,946
Change in net position					9,126,348	38,549,965	47,676,313
Net position - beginning					(7,055,740) ⁽¹⁾	182,162,976 ⁽¹⁾	175,107,236 ⁽¹⁾
Net position - ending					\$ 2,070,608	\$ 220,712,941	\$ 222,783,549

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

⁽¹⁾ Restated, as noted in Note 24

CITY OF FORT MYERS, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2018

	General Fund	Revenue Bonds and Notes	Transportation Capital Projects	General Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 9,271,784	\$ 2,805,894	\$ 18,425,710	\$ 36,369	\$ 6,437,728	\$ 36,977,485
Investments	14,520,158	218,004	13,490,611	11,929,682	3,898,641	44,057,096
Accounts receivable, net	3,219,000	-	-	194,684	83,309	3,496,993
Special assessments receivable	76,050	-	-	-	-	76,050
Interest receivable	11,302	1,602	79,538	20,329	10,843	123,614
Due from other funds	11,136,315	-	-	-	-	11,136,315
Due from other governmental agencies	1,758,575	-	5,045,294	-	949,232	7,753,101
Prepaid items	37,971	-	-	-	92	38,063
Notes receivable	-	-	-	-	7,225,637	7,225,637
Allowance for notes receivable	-	-	-	-	(7,225,637)	(7,225,637)
Advances to other funds	617,000	-	-	-	-	617,000
Assets held for resale	-	-	-	-	526,686	526,686
Total assets	<u>\$ 40,648,155</u>	<u>\$ 3,025,500</u>	<u>\$ 37,041,153</u>	<u>\$ 12,181,064</u>	<u>\$ 11,906,531</u>	<u>\$ 104,802,403</u>
LIABILITIES						
Accounts and contracts payable	\$ 1,262,353	\$ 2,285	\$ 1,325,188	\$ 3,828,080	\$ 504,782	\$ 6,922,688
Accrued and other liabilities	3,434,022	11,500	-	5,589	17,552	3,468,663
Due to other funds	-	-	-	3,637,323	7,498,992	11,136,315
Due to other governmental agencies	27,137	-	-	-	-	27,137
Funds held in escrow	227,104	-	-	-	460	227,564
Customer deposits	491,903	-	-	-	-	491,903
Unearned revenue - other	532,368	-	-	-	321,870	854,238
Advances from other funds	-	-	-	-	617,000	617,000
Total liabilities	<u>5,974,887</u>	<u>13,785</u>	<u>1,325,188</u>	<u>7,470,992</u>	<u>8,960,656</u>	<u>23,745,508</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - code enforcement fees	871,920	-	-	-	-	871,920
Unavailable revenue - rental income	298,765	-	-	-	-	298,765
Unavailable revenue - grants, contributions	-	-	4,698,998	194,684	20,501	4,914,183
Total deferred inflows of resources	<u>1,170,685</u>	<u>-</u>	<u>4,698,998</u>	<u>194,684</u>	<u>20,501</u>	<u>6,084,868</u>
FUND BALANCES (DEFICITS)						
Nonspendable:						
Advances to other funds	617,000	-	-	-	-	617,000
Prepaid items	37,971	-	-	-	92	38,063
Public safety principal, nonexpendable	-	-	-	-	2,000	2,000
Restricted for:						
Donations received	-	-	-	-	1,894,020	1,894,020
CRA	-	-	-	-	3,982,652	3,982,652
Capital projects	-	-	-	4,512,975	-	4,512,975
Debt service	-	3,011,715	-	-	-	3,011,715
Economic environment	-	-	-	-	1,195,421	1,195,421
Law enforcement programs	-	-	-	-	1,697,856	1,697,856
Physical environment	-	-	-	-	186,212	186,212
Transportation	-	-	31,016,967	-	1,547,508	32,564,475
Committed to:						
Law enforcement programs	-	-	-	-	70,882	70,882
Assigned to:						
Subsequent year's expenditures	6,972,993	-	-	-	-	6,972,993
Capital projects	611,939	-	-	2,413	-	614,352
Cemetery maintenance	282,731	-	-	-	-	282,731
Culture and recreation	66,291	-	-	-	-	66,291
Economic environment	46,543	-	-	-	-	46,543
Land acquisition	111,653	-	-	-	-	111,653
Law enforcement programs	114,262	-	-	-	-	114,262
Submerged land lease	94,933	-	-	-	-	94,933
Unassigned	24,546,267	-	-	-	(7,651,269)	16,894,998
Total fund balances (deficits)	<u>33,502,583</u>	<u>3,011,715</u>	<u>31,016,967</u>	<u>4,515,388</u>	<u>2,925,374</u>	<u>74,972,027</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 40,648,155</u>	<u>\$ 3,025,500</u>	<u>\$ 37,041,153</u>	<u>\$ 12,181,064</u>	<u>\$ 11,906,531</u>	<u>\$ 104,802,403</u>

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

CITY OF FORT MYERS, FLORIDA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2018

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

Total fund balances - governmental funds	\$ 74,972,027
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	157,359,216
Some revenues have been unearned on the balance sheet because they were not measurable and available at year end.	6,084,868
Long-term liabilities, including revenue bonds payable, are not due and payable in the current period, and, therefore, are not reported in the funds.	(248,060,270)
Deferred charge on refunding	2,606,956
Deferred outflows related to other postemployment benefits	396,778
Deferred outflows related to pensions	12,671,211
Deferred inflows related to other postemployment benefits	(527,230)
Deferred inflows related to pensions	(11,601,913)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	8,168,965
Net position of governmental activities	<u>\$ 2,070,608</u>

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

CITY OF FORT MYERS, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2018

	General Fund	Revenue Bonds and Notes	Transportation Capital Projects	General Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 73,700,170	\$ -	\$ 2,166,164	\$ -	\$ 4,460,120	\$ 80,326,454
Permits and fees	8,181,724	-	4,291,785	1,374,273	-	13,847,782
Intergovernmental revenue	9,391,969	-	34,607	-	3,063,514	12,490,090
Charges for services	7,457,400	-	-	-	-	7,457,400
Fines and forfeitures	418,210	-	-	-	55,063	473,273
Miscellaneous	2,995,549	20,449	308,181	287,478	1,105,397	4,717,054
Contributions - private source	33,991	-	32,654	-	264,028	330,673
Total revenues	<u>102,179,013</u>	<u>20,449</u>	<u>6,833,391</u>	<u>1,661,751</u>	<u>8,948,122</u>	<u>119,642,726</u>
EXPENDITURES						
Current:						
General government	14,594,149	-	702	631	731,599	15,327,081
Police	43,049,083	-	-	-	1,173,115	44,222,198
Fire	22,553,262	-	-	762	705,824	23,259,848
Protective inspections	1,594,763	-	-	-	-	1,594,763
Physical environment	6,798,386	-	-	-	1,114,315	7,912,701
Transportation	496,274	-	40,990	-	4,064,770	4,602,034
Economic environment	434,013	-	-	432	6,986,619	7,421,064
Culture and recreation	3,291,847	-	-	2,956	298,499	3,593,302
Debt service:						
Principal	-	6,343,180	-	-	496,154	6,839,334
Interest	-	3,808,335	-	-	100,861	3,909,196
Fiscal charges	-	3,891	-	-	-	3,891
Capital outlay:						
General government	-	-	-	1,056,570	-	1,056,570
Police	-	-	-	853,767	-	853,767
Fire	-	-	-	186,417	-	186,417
Physical environment	-	-	-	237,352	-	237,352
Transportation	-	-	6,734,097	6,255,656	-	12,989,753
Economic environment	-	-	-	478,891	-	478,891
Culture and recreation	-	-	-	3,160,840	-	3,160,840
Total expenditures	<u>92,811,777</u>	<u>10,155,406</u>	<u>6,775,789</u>	<u>12,234,274</u>	<u>15,671,756</u>	<u>137,649,002</u>
Excess (deficiency) of revenues over expenditures	<u>9,367,236</u>	<u>(10,134,957)</u>	<u>57,602</u>	<u>(10,572,523)</u>	<u>(6,723,634)</u>	<u>(18,006,276)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	10,909,279	10,299,069	1,530,472	512,853	4,455,763	27,707,436
Transfers out	(13,298,757)	-	(1,675,900)	(2,738,490)	(460,567)	(18,173,714)
Total other financing source (uses)	<u>(2,389,478)</u>	<u>10,299,069</u>	<u>(145,428)</u>	<u>(2,225,637)</u>	<u>3,995,196</u>	<u>9,533,722</u>
Net change in fund balances	6,977,758	164,112	(87,826)	(12,798,160)	(2,728,438)	(8,472,554)
Fund balances - beginning	26,524,825	2,847,603	31,104,793	17,313,548	5,653,812	83,444,581
Fund balances - ending	<u>\$ 33,502,583</u>	<u>\$ 3,011,715</u>	<u>\$ 31,016,967</u>	<u>\$ 4,515,388</u>	<u>\$ 2,925,374</u>	<u>\$ 74,972,027</u>

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

CITY OF FORT MYERS, FLORIDA
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2018

Net change in fund balances - total governmental funds	\$ (8,472,554)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	4,894,333
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Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	56,468
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Certain revenues collected after year end, but not available for the current period's expenditures, are reported as deferred inflows in the funds.	1,700,066
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	7,183,232
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	1,225,340
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Internal service funds are used by management to charge the costs of information technology, fleet management, risk management, and warehousing to individual funds and customers. Losses arising from the internal customers are added as expenditures on the statement of activities as chargebacks. Revenues and expenditures with outside customers are included also, as are nonoperating revenues and expenses. This amount is the effect of reporting internal service funds with governmental activities.	2,539,463
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Change in net position of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">\$ 9,126,348</div>
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The notes to financial statements are an integral part of this statement.

CITY OF FORT MYERS, FLORIDA
Statement of Net Position
Proprietary Funds
September 30, 2018

	Business-type Activities				Governmental Activities
	Water- Wastewater	Solid Waste	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 8,461,436	\$ 4,264,534	\$ 11,643,441	\$ 24,369,411	\$ 10,106,967
Investments	6,083,097	3,053,039	8,294,035	17,430,171	7,353,225
Restricted cash and cash equivalents	36,364,572	892,310	553,872	37,810,754	2,897,208
Restricted investments	11,538,180	622,835	356,691	12,517,706	-
Accounts receivable, net	7,014,195	1,121,214	81,089	8,216,498	14,508
Interest receivable	23,715	7,533	10,324	41,572	15,910
Restricted interest receivable	141,762	405	642	142,809	-
Due from other governmental agencies	13,196,251	23,871	24,317	13,244,439	224
Inventories	343,364	-	97,725	441,089	621,690
Prepaid items	13,662,107	-	265,081	13,927,188	2,134,206
Total current assets	96,828,679	9,985,741	21,327,217	128,141,637	23,143,938
Noncurrent assets:					
Unamortized bond insurance costs	30,340	-	-	30,340	-
Intangible assets, net	223,494	-	78,551	302,045	2,914
Land and improvements	963,763	-	1,748,973	2,712,736	-
Construction in progress	41,121,518	-	1,094,047	42,215,565	-
Buildings, net	18,565,503	261,236	3,416,687	22,243,426	2,919
Improvements other than buildings, net	274,554,323	-	24,507,076	299,061,399	-
Equipment, net	2,039,856	5,154,209	1,624,961	8,819,026	3,458,874
Total noncurrent assets	337,498,797	5,415,445	32,470,295	375,384,537	3,464,707
Total assets	434,327,476	15,401,186	53,797,512	503,526,174	26,608,645
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	1,018,954	3,407	3,465	1,025,826	-
Deferred outflows related to postemployment benefits	71,453	28,698	39,997	140,148	25,639
Deferred outflows related to pensions	437,037	161,914	232,548	831,499	162,144
Total deferred outflows of resources	1,527,444	194,019	276,010	1,997,473	187,783
LIABILITIES					
Current liabilities:					
Accounts and contracts payable	12,258,005	396,707	617,809	13,272,521	1,287,576
Accrued and other liabilities	83,299	22,320	47,962	153,581	222,202
Due to other governmental agencies	159,857	-	39,920	199,777	-
Customer deposits	8,441,933	-	97,696	8,539,629	-
Compensated absences	187,009	72,389	110,287	369,685	67,586
Claims and judgments	-	-	-	-	3,402,200
Accrued interest payable	3,241,523	3,090	14,418	3,259,031	-
Capital lease payable	190,791	-	194,896	385,687	1,066,408
Loans and notes payable	6,411,989	-	246,947	6,658,936	-
Revenue bonds payable	7,965,000	38,571	36,894	8,040,465	-
Total current liabilities	38,939,406	533,077	1,406,829	40,879,312	6,045,972
Noncurrent liabilities:					
Net pension liability	10,468,948	3,878,543	5,570,550	19,918,041	3,884,063
Compensated absences	308,456	90,290	158,854	557,600	92,013
Total other postemployment benefits liability	2,105,475	845,631	1,178,548	4,129,654	755,493
Claims and judgments	-	-	-	-	5,897,600
Capital lease payable	13,597,969	-	363,137	13,961,106	1,269,694
Loans and notes payable	162,754,767	-	2,826,249	165,581,016	-
Revenue bonds payable	34,969,593	156,155	149,365	35,275,113	-
Total noncurrent liabilities	224,205,208	4,970,619	10,246,703	239,422,530	11,898,863
Total liabilities	263,144,614	5,503,696	11,653,532	280,301,842	17,944,835
DEFERRED INFLOWS OF RESOURCES					
Deferred charge on refunding	996,732	-	-	996,732	-
Deferred inflows related to postemployment benefits	94,945	38,133	53,147	186,225	34,069
Deferred inflows related to pensions	1,748,101	647,638	930,168	3,325,907	648,559
Total deferred inflows of resources	2,839,778	685,771	983,315	4,508,864	682,628
NET POSITION					
Net investment in capital assets	100,664,066	5,223,248	28,386,935	134,274,249	1,128,605
Restricted for:					
Capital projects	19,666,727	8,744	585,112	20,260,583	-
Debt service	13,186,177	31,323	29,882	13,247,382	-
Impact fee projects	14,847,262	-	-	14,847,262	-
Physical environment	111,721	-	-	111,721	-
Renewal and replacement	2,882,430	1,471,868	114,343	4,468,641	-
Transportation	-	-	38,757	38,757	-
Unrestricted	18,512,145	2,670,555	12,281,646	33,464,346	7,040,360
Total net position	\$ 169,870,528	\$ 9,405,738	\$ 41,436,675	\$ 220,712,941	\$ 8,168,965

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

CITY OF FORT MYERS, FLORIDA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2018

	Business-type Activities				Governmental Activities
	Water- Wastewater	Solid Waste	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 77,454,867	\$ 16,644,107	\$ 20,320,613	\$ 114,419,587	\$ 19,094,066
Rent	-	-	132,270	132,270	-
Miscellaneous	12,034,793	75,542	122,082	12,232,417	1,098,452
Total operating revenues	<u>89,489,660</u>	<u>16,719,649</u>	<u>20,574,965</u>	<u>126,784,274</u>	<u>20,192,518</u>
OPERATING EXPENSES					
Personnel services	9,668,953	4,180,416	4,812,848	18,662,217	3,453,225
Materials and supplies	2,793,513	379,171	2,350,440	5,523,124	3,491,520
Contractual services	8,494,259	3,866,706	3,322,705	15,683,670	711,059
General and administrative	3,061,639	452,298	940,066	4,454,003	804,844
Utilities	2,589,956	26,386	649,150	3,265,492	654,571
Repairs and maintenance	2,342,654	160,020	517,604	3,020,278	1,385,338
Rentals	1,568,575	1,814,496	1,100,946	4,484,017	477,534
Travel	7,930	2,146	5,325	15,401	20,928
Insurance	675,200	430,400	354,500	1,460,100	1,442,157
Self insurance claims	-	-	-	-	3,479,854
Depreciation	15,206,257	1,345,436	2,292,022	18,843,715	990,100
Total operating expenses	<u>46,408,936</u>	<u>12,657,475</u>	<u>16,345,606</u>	<u>75,412,017</u>	<u>16,911,130</u>
Operating income	<u>43,080,724</u>	<u>4,062,174</u>	<u>4,229,359</u>	<u>51,372,257</u>	<u>3,281,388</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	991,122	88,124	194,808	1,274,054	194,921
Gain on disposal of capital assets	31,750	3,600	14,000	49,350	117,700
Interest expense and bond insurance costs	(8,085,227)	(8,064)	(167,222)	(8,260,513)	(41,185)
Total nonoperating revenues (expenses)	<u>(7,062,355)</u>	<u>83,660</u>	<u>41,586</u>	<u>(6,937,109)</u>	<u>271,436</u>
Income (loss) before contributions and transfers	36,018,369	4,145,834	4,270,945	44,435,148	3,552,824
Capital grants and contributions	2,635,178	-	-	2,635,178	-
Transfers in	-	-	2,155,285	2,155,285	-
Transfers out	<u>(6,799,700)</u>	<u>(2,971,900)</u>	<u>(904,046)</u>	<u>(10,675,646)</u>	<u>(1,013,361)</u>
Change in net position	31,853,847	1,173,934	5,522,184	38,549,965	2,539,463
Net position - beginning	138,016,681 ⁽¹⁾	8,231,804 ⁽¹⁾	35,914,491 ⁽¹⁾	182,162,976 ⁽¹⁾	5,629,502 ⁽¹⁾
Net position - ending	<u>\$ 169,870,528</u>	<u>\$ 9,405,738</u>	<u>\$ 41,436,675</u>	<u>\$ 220,712,941</u>	<u>\$ 8,168,965</u>

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

⁽¹⁾ Restated, as noted in Note 24

CITY OF FORT MYERS, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2018

	Business-type Activities				Governmental Activities
	Water- Wastewater	Solid Waste	Total Nonmajor Enterprises	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 71,798,627	\$ 16,972,732	\$ 21,331,490	\$ 110,102,849	\$ 19,517,009
Other operating receipts	12,034,793	75,542	122,082	12,232,417	1,098,452
Payments to suppliers and service providers	(34,306,601)	(7,151,592)	(9,400,252)	(50,858,445)	(10,292,264)
Payments to employees for services	(9,592,305)	(3,915,468)	(5,115,145)	(18,622,918)	(7,022,338)
Other operating payments	(27,431)	-	(233,199)	(260,630)	-
Net cash provided by operating activities	39,907,083	5,981,214	6,704,976	52,593,273	3,300,859
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	2,155,285	2,155,285	-
Transfers out	(6,799,700)	(2,971,900)	(904,046)	(10,675,646)	(1,013,361)
Payments on interfund loans	-	-	(699,060)	(699,060)	-
Net cash provided by (used for) noncapital financing activities	(6,799,700)	(2,971,900)	552,179	(9,219,421)	(1,013,361)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital grants and contributions	1,264,110	-	-	1,264,110	-
Proceeds from note issuance	31,594,768	-	-	31,594,768	-
Proceeds from capital lease	-	-	-	-	2,565,525
Acquisition and construction of capital assets	(34,860,606)	(738,859)	(2,563,294)	(38,162,759)	(2,710,788)
Principal paid on notes and bonds	(42,368,900)	(36,708)	(270,799)	(42,676,407)	-
Interest paid on notes and bonds	(11,387,004)	(10,188)	(151,190)	(11,548,382)	-
Principal paid on capital lease	-	-	(125,831)	(125,831)	(953,581)
Interest paid on capital lease	-	-	(18,901)	(18,901)	(41,185)
Proceeds from sale of capital assets	31,750	3,600	14,000	49,350	117,700
Net cash used for capital and related financing activities	(55,725,882)	(782,155)	(3,116,015)	(59,624,052)	(1,022,329)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	-	(1,330,947)	(2,813,919)	(4,144,866)	(1,438,282)
Proceeds from sale of investments	2,424,009	-	106,072	2,530,081	-
Interest on investments	834,657	109,860	240,436	1,184,953	226,509
Net cash provided by (used for) investing activities	3,258,666	(1,221,087)	(2,467,411)	(429,832)	(1,211,773)
Net increase (decrease) in cash and cash equivalents	(19,359,833)	1,006,072	1,673,729	(16,680,032)	53,396
Balances - beginning of year	64,185,841	4,150,772	10,523,584	78,860,197	12,950,779
Balances - end of year	<u>\$ 44,826,008</u>	<u>\$ 5,156,844</u>	<u>\$ 12,197,313</u>	<u>\$ 62,180,165</u>	<u>\$ 13,004,175</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income	\$ 43,080,724	\$ 4,062,174	\$ 4,229,359	\$ 51,372,257	\$ 3,281,388
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	15,206,257	1,345,436	2,292,022	18,843,715	990,100
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(5,951,520)	365,043	914,787	(4,671,690)	422,943
(Increase) decrease in bad debt	58,726	(162,033)	(9,883)	(113,190)	-
(Increase) decrease in inventories	(14,886)	-	95,210	80,324	(428,350)
(Increase) in prepaid items	(13,652,082)	-	-	(13,652,082)	(1,356,777)
(Decrease) increase in customer deposits payable	460,043	-	(30,858)	429,185	-
(Decrease) increase in accounts payable - supplier	597,038	105,646	(285,101)	417,583	437,514
(Decrease) increase in accounts payable - other	46,132	-	(9,283)	36,849	-
Increase in compensated absences	101,552	10,193	26,202	137,947	31,257
(Decrease) increase in total other postemployment benefits liability	17,536	139,048	(27,657)	128,927	52,214
(Increase) in other postemployment benefits deferred outflows of resources	(71,453)	(28,698)	(39,997)	(140,148)	(25,639)
Increase in other postemployment benefits deferred inflows of resources	94,945	38,133	49,484	182,562	34,069
(Decrease) in net pension liability	(1,133,668)	(291,989)	(1,061,506)	(2,487,163)	(531,671)
Decrease in net pension liability deferred outflows of resources	137,005	44,424	95,573	277,002	56,326
Increase in net pension liability deferred inflows of resources	930,734	353,837	466,624	1,751,195	337,485
Net cash provided by operating activities	<u>\$ 39,907,083</u>	<u>\$ 5,981,214</u>	<u>\$ 6,704,976</u>	<u>\$ 52,593,273</u>	<u>\$ 3,300,859</u>
Schedule of non-cash investing, capital, and financing activities:					
Interest receivable / unrealized gain (loss)	\$ 156,465	\$ (21,736)	\$ (45,628)	\$ 89,101	\$ (31,588)
Capital related accounts payable	7,589,716	-	-	7,589,716	-
Donation of utility improvements	1,371,068	-	-	1,371,068	-

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

CITY OF FORT MYERS, FLORIDA
Statement of Net Position
Fiduciary Funds
September 30, 2018

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 9,667,903	\$ 1,456,818
Investments, at fair value		
U.S. government and agency securities	21,383,359	-
Municipal bonds	794,874	-
Corporate stock	138,133,820	-
Corporate bonds	17,122,137	-
Convertible bonds	8,878,704	-
Convertible preferred	2,502,004	-
Mortgage backed securities	12,184,849	-
Asset backed securities	222,398	-
Mutual funds:		
Fixed income	8,602,984	-
Equity	44,527,933	-
International equity	16,351,788	-
Commingled funds - Real estate	11,334,944	-
Limited partnerships:		
Real estate	8,126,343	-
International equity	15,706,513	-
Master limited partnership	2,181,247	-
Real estate investment trusts	13,187,134	-
International securities:		
Bonds and notes	433,279	-
Stocks	15,814,368	-
Total investments	<u>337,488,678</u>	<u>-</u>
Receivables		
Employer contributions	14,922,957	-
Interest and dividends	562,730	44
Total receivables	<u>15,485,687</u>	<u>44</u>
Prepaid items - benefits	1,287,140	-
Total assets	<u>363,929,408</u>	<u>\$ 1,456,862</u>
LIABILITIES		
Payables		
Accounts and contracts payable	-	\$ 1,441,838
Accrued and other liabilities	-	15,024
Investment expenses	428,859	-
Administrative expenses	72,868	-
Due to other governmental agencies	-	-
Total liabilities	<u>501,727</u>	<u>\$ 1,456,862</u>
NET POSITION		
Net position restricted for pension:	<u>\$ 363,427,681</u>	

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

CITY OF FORT MYERS, FLORIDA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended September 30, 2018

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 23,341,172
State of Florida	1,520,077
Plan members	3,022,465
Total contributions	<u>27,883,714</u>
Investment earnings:	
Interest and dividends	6,423,553
Net increase in the fair value of investments	31,325,801
Total investment earnings	<u>37,749,354</u>
Less: investment expenses	<u>1,617,954</u>
Net investment earnings	<u>36,131,400</u>
Total additions	<u>64,015,114</u>
DEDUCTIONS	
Benefits paid	26,151,924
Administrative expenses	409,034
Total deductions	<u>26,560,958</u>
Change in net position	37,454,156
NET POSITION	
Net position - beginning	<u>325,973,525</u>
Net position - ending	<u><u>\$ 363,427,681</u></u>

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements
September 30, 2018

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CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Description of government-wide financial statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and component units. The City's fiduciary funds are presented in the fund financial statements by type (pension and agency). Since, by definition, these assets are being held for the benefit of a third party (i.e. pension participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

2. Reporting Entity

The City of Fort Myers, (City) was incorporated in 1886 pursuant to the laws of Florida 3959, and Chapter 165, Florida Statutes. The City operates under a City Council-Manager form of government and consists of six wards, each represented by a council member, and a seventh voting seat, the Mayor elected-at-large.

The accompanying financial statements present the City and its component units. Component units are legally separate organizations for which the City, as the primary government, is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the potential that the component unit will provide specific financial benefits to, or impose specific financial burdens on, the primary government. As a result, the primary government and its component units combine to form a single financial reporting entity for financial statement purposes.

In evaluating the City as a reporting entity, management considered all potential component units in accordance with applicable Governmental Accounting Standards Board (GASB) Statements. Management reviewed all of the financial accountability concepts and determined the existing blended component units met the criterion for blending. They are included in the City's reporting entity and are reported as part of the primary government.

Blended Component Units: The Community Redevelopment Agency of Fort Myers (CRA) was established November 5, 1984 by the City of Fort Myers under Ordinance 2259 pursuant to Chapter 163, Part III of the Florida Statutes. The mission of the CRA is to redevelop and revitalize the historic downtown as well as the older commercial corridors and residential neighborhoods of the City. The six City Council Members and the Mayor are the governing board of the CRA, sitting as the Board of Governors, which elects a chairperson and vice-chairperson. The CRA is fiscally dependent on the City because it is unable to issue bonded debt without approval by the primary government. The majority of the revenue sources result from tax increment financing, which is a commitment of the City's taxing power.

The CRA includes the Downtown Redevelopment Area, the Velasco Village Redevelopment Area, the Central Fort Myers Redevelopment Area, the Eastwood Village Redevelopment Area, the Dunbar-Michigan Redevelopment Area, the East Fort Myers Redevelopment Area, the Cleveland Avenue Redevelopment Areas and the Martin Luther King Redevelopment Areas. The CRA is presented as a non-major special revenue fund and its financial statements are included in the City's Comprehensive Annual Financial Report for the year ended September 30, 2018 in the Combining Statements and Schedules section. Separate financial statements for the CRA are not available.

Other Related Organizations: The City of Fort Myers Housing Authority is a separate legal entity. Authority commissioners are appointed by the Mayor and approved by the City Council and may be removed for cause. There is no financial benefit or burden to the City and the City has no authority over day-to-day operations. As such, this organization is not included in the accompanying financial statements.

3. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Fiduciary funds and component units that are fiduciary in nature (i.e. Pension Trust Funds) are excluded from the government-wide financial statements.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Basis of presentation – government-wide financial statements (continued)

Generally, interfund activity has been eliminated from the government-wide financial statements. Notable exceptions are other charges of the City's water and wastewater function. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

4. Basis of presentation – fund financial statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund. Revenue is derived primarily from property taxes, state and federal distributions, grants and other intergovernmental 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 Revenue Bonds and Notes Fund accounts for the accumulation of resources to pay outstanding long term debt. It is made up of several sub-funds, one for each bond or other borrowing that is outstanding and for which resources are accumulated to pay the debt service.

The Transportation Capital Projects Fund accounts for resources accumulated to provide transportation related capital projects. It includes road impact fees, cash from debt borrowing, the accounting for capital projects and the 5th cent local option gas tax money.

The General Capital Projects Fund is used to account for the financial resources to be used for the acquisition and construction of the City's general capital facilities, improvements and equipment.

The City reports the following major enterprise funds:

The Water-Wastewater Utility Fund accounts for the activities related to providing water, wastewater and reclaimed water services to the public.

The Solid Waste Fund accounts for the revenues and costs associated with providing solid waste services to the residents of the City.

In addition, the City reports the following other fund types:

Internal Service Funds account for services provided to other departments of the City on a cost reimbursement basis. These services include: Information Technology Services, Risk Management Services (workers' compensation, general liability insurance and property insurance), Fleet Maintenance and a Public Works Warehouse that acts as a central repository for items needed for all phases of Public Works.

The Pension Trust Funds account for activities of the City's General Employee's Pension Plan, Police Officers' Retirement System and the Firefighters' Retirement System (collectively, the Pension Trust Funds). The Pension Trust Funds are separate legal entities, which accumulate resources for the pension benefit payments to virtually all full-time, regular employees, all non-civilian police department employees, and all firefighters and fire department officers, respectively.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Basis of presentation – fund financial statements (continued)

The Agency Funds are used to account for resources collected by the City for third parties. These agency funds include the Regional Park Impact Fee Fund, the Emergency Medical Services (EMS) Impact Fee Fund, School Board Impact Fee Fund, Unclaimed Funds and the Employees' Special Events Fund. The Regional Park, EMS and School Impact Fee Funds are impact fees levied by the County. The City collects these impact fees at the time permits are issued and then turns the fees over to the County. The Unclaimed Funds fund accounts for funds that the City has been holding, and if not claimed, will eventually go to the State of Florida. The Employee Special Events Fund is money being held for the group that does special events for the City's employees. This group raises their own funds and the City provides the tracking and accounting of these funds for the Committee.

During the course of its operations, the City has numerous transactions between funds to provide services, construct assets and service debt. To the extent that certain transactions between funds were not paid or received as of September 30, 2018, balances of interfund receivables and payables expected to be liquidated within one year have been recorded as due from and due to other funds. Balances of interfund receivables and payables not expected to be liquidated within one year are recorded as advances to and advances from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

5. Measurement focus, basis of accounting and financial statement presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

Governmental fund financial statements. The 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 60 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

Property taxes, public service taxes, franchise taxes, fuel taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual. These have been recognized as revenues of the current fiscal period

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Measurement focus, basis of accounting and financial statement presentation (continued)

when they also meet the availability criteria (within 60 days of year end). Revenues from Federal and State reimbursement type grants are recognized when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). For special assessments, only the portion of the receivable due within the current period is considered to be susceptible to accruals as revenue of the current period. All other revenue items are considered to be measurable and available only when the City receives the cash.

Proprietary, fiduciary and agency funds. The proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds are balance sheet funds only, and therefore have no measurement focus but use the accrual basis of accounting for reporting the assets and liabilities of the agency funds.

6. Budgetary information

Budgetary basis of accounting

Annual budgets are legally adopted for the General Fund, Debt Service Funds, Enterprise Funds, Internal Service Funds, Trust and Agency Funds and the following Special Revenue Funds: the Law Enforcement Trust Fund, Federal Forfeiture Fund, Grants Fund, Police Training Fund, FEMA Disaster Grant Fund, Street Light Maintenance Fund, Street Maintenance Fund, Public Art Fund, Attainable Workforce Housing Fund, Para-Transit Fund, State Housing Initiative Partnership Program Fund, Community Redevelopment Agency Fund, Community Development Block Grant Program and the Crime Prevention Fund. In addition, project budgets are adopted for the Capital Project Funds for the respective year along with approval of the five-year Capital Improvement Program. The City prepares its budget on a basis consistent with generally accepted accounting principles, with a few exceptions. For budget purposes, depreciation is not shown in the annual budgets and debt service is reported as current year expenditures.

The appropriated budget is prepared by fund, department, and division. Requests for changes to the adopted budget that include transfer of appropriations between expenditure accounts within the same division greater than \$50,001 and that do not change the total of the approved budget for that division are processed internally and only require the approval of the department director, Director of Finance and City Manager or authorized designees. The Budget Manager is responsible for maintaining records of these transfers and presenting them for review by City Council on a quarterly basis following their implementation. Budget transfers less than \$50,000 are processed internally and only require the approval of the department director, Director of Finance and City Manager or their authorized designees. The Budget Manager is responsible for maintaining records of the budget transfers and presenting them for review by City Council on an as requested basis following their implementation or when the cumulative total reaches \$50,000 in any department. In most cases, divisions are required to transfer funds only to meet unanticipated needs or to reflect organizational changes. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level within a fund, except for the Community Redevelopment Agency, which uses the fund level as their budgetary control.

Whereas the adopted budget is meant to control and provide for the efficient and economical running of the City, amendments (increases or decreases in appropriations and/or revenue estimates) to a budget may be required during the year to properly account for unanticipated needs or opportunities. Requests for changes to the adopted budget that include transfer of appropriations across departments, divisions or funds greater than \$50,001, use of reserves, changes in the number of full-time staff, an increase or decrease in the service levels or programs provided, or future recurring fiscal impacts must be presented to City Council at a regularly scheduled public meeting for approval prior to implementation. For budget amendments less than \$50,000 that do not result in use of reserves, changes in the number of full-time staff, an increase or decrease in the service levels or programs provided, and do not have future recurring fiscal impacts, City Council delegates authority to department heads to implement without Council's prior approval. Approval by the City Manager and the Director of Finance, or their designees, is required prior to implementing these amendments. The Budget Manager is responsible for maintaining records of the amendments and presenting them for review by City Council on a quarterly basis following their implementation.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Budgetary information (continued)

Budgetary basis of accounting (continued)

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services, such as purchase orders, contracts, and commitments. Encumbrance accounting is used to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. All encumbrances lapse at fiscal year end and valid encumbrances are re-appropriated and become part of the subsequent year's budget.

Excess of expenditures over appropriations

For the year ended September 30, 2018, expenditures did not exceed appropriations as City divisions spent according to or less than the budget with the exception of the Real Estate division in the General Fund by \$475 due to personnel costs and the Public Art Fund by \$939 due to a promotional video update.

7. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

a. Cash and cash equivalents

The City considers all highly liquid investments with original maturities of three months or less when purchased, as well as investments in the City's cash and investment pool, to be cash equivalents.

b. Investments

Investments for the City are reported at fair value and include obligations of the U.S. Treasury, Government Sponsored Enterprise Securities, corporate bonds, asset backed securities, mortgage backed securities and collateralized mortgage obligations. Money market investments with a remaining maturity at the time of purchase of one year or less are reported at amortized cost. The difference between cost and fair value of investments held is recorded as net unrealized gains or losses and is included in net investment earnings. Purchases and sales of investments are recorded on the trade dates. Net realized gains and losses on sale of investments are reflected in current operating results as investment earnings along with interest and dividends.

The City invests surplus funds in an external investment pool, a Local Government Surplus Funds Trust Fund known as Florida PRIME. The Local Government Surplus Funds Trust Fund was created by an Act of the Florida Legislature effective October 1, 1977 (Chapter 218, Part IV, of the Florida Statutes). The State Board of Administration ("SBA") is charged with the powers and duties to administer and invest Florida PRIME, in accordance with the statutory fiduciary standards of care as contained in Section 215.47(9), Florida Statutes. The SBA contracted with Federated Investment Counseling (the "Investment Manager") to provide investment advisory services for Florida PRIME.

As a Florida PRIME participant, the City invests in a pool of investments whereby the City owns a share of the respective pool, not the underlying securities. Florida PRIME is considered a qualifying external investment pool that meets all of the necessary criteria to elect to measure all of the investments at amortized cost. Therefore, the fair value of the City's position in the pool is the same as the value of the pool shares.

c. Receivables

All trade, property tax and other receivables on the Statement of Net Position are shown net of allowance for uncollectible amounts. All receivables are reviewed periodically and, when determined to be uncollectible, are turned over to a collection agency. Once turned over to the collection agency, the amount is included in the uncollectible balance.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

d. Inventories

Inventories for all funds, except for the enterprise funds, consist primarily of expendable supplies held for consumption and are stated at cost (first-in, first-out method). For the enterprise funds, the City uses the consumption method of accounting, which provides that expenditures are recognized when inventory is used. Inventory in the Yacht Basin Enterprise Fund, and Skatium Enterprise Fund is held primarily for resale and stated at cost. The Skatium inventory is valued at replacement cost. The Yacht Basin values oil and gift shop inventory by the retail method and fuel inventory by the cost inventory method. Both the retail and cost inventory methods use the last-in, first-out method. All inventories, regardless of fund, are counted on a periodic basis.

e. Prepaid items

Prepaid items are items that have been paid in the current accounting period but are proper expenses/expenditures extending over more than one accounting period and are allocated between those accounting periods that receive the benefit of the expense/expenditure.

f. Restricted assets

Proceeds of the City's enterprise fund revenue bonds, as well as other resources set aside in accordance with bond covenants and local ordinance, are classified as restricted on the fund level Statement of Net Position of the enterprise funds. These include the following: operating accounts for the Water-Wastewater enterprise fund that are used for the accumulation of resources equal to operating costs for specified periods; renewal and replacement accounts used for the accumulation of resources to provide for replacement of existing system assets; debt service accounts used for the accumulation of resources needed to meet debt service requirements as they become due; capital project accounts used for acquisition and construction of assets funded by revenue bond proceeds; the impact fee construction account used for the accumulation and expenditure of amounts restricted by local ordinance for future plant expansion; and customers' deposits account restricted from use by local ordinance.

In addition, certain assets are restricted in the other enterprise funds due to the proper use of the assets. The most notable of these are customer deposit accounts and resources accumulated to repay outstanding debt. Restricted assets are not presented on the balance sheets of the governmental funds under the modified accrual basis of accounting; however, certain assets of these funds are restricted as to use. Such assets, consisting primarily of cash and receivables, include debt proceeds, permit fees, state and federal forfeiture awards, state and federal grants and amounts held for debt service. All applicable assets in the enterprise funds and in the governmental funds have been restricted in amounts sufficient to meet restrictive purposes.

g. Capital assets

The City's capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, and similar assets), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The City defines capital assets, including infrastructure, as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

For the initial capitalization of major general fund infrastructure assets, which are reported by governmental activities, the City included all long-lived assets such as roads, sidewalks, storm drainage systems, bridges, tunnels, traffic lights, etc. The City used actual costs, where available, in assigning historical costs to the infrastructure assets. Otherwise, historical costs were assigned based on a trending analysis using current replacement costs. As the City constructs or acquires additional capital assets, they are capitalized and reported at historical cost.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

g. Capital assets (continued)

Normal maintenance and repairs, which do not increase the capacity or efficiency of the asset or increase its estimated useful life, are expensed. Donated capital assets are recorded at their acquisition value at the date of donation.

The City does not depreciate land, antiques and exhibits, historical buildings, intangible assets with indefinite lives, and construction in progress. Other City property, plant, equipment and infrastructure are depreciated using the straight line method over the following estimated useful lives:

Buildings	20-40 years
Other improvements	15-50 years
Equipment	3-15 years
Infrastructure of enterprise funds	15-50 years
Other infrastructure	20-40 years

h. Deferred outflows/inflows of resources

In addition to assets, the City's statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three types of items that qualify for reporting in this section: deferred charge on refunding, deferred outflows related to postemployment benefits and deferred outflows related to pensions. On the government-wide statement of net position, the proprietary funds' statement of net position in the City's basic financial statements and the nonmajor enterprise funds' combining statement of net position, the City reports a deferred charge on refunding, which results 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. Deferred outflows related to postemployment benefits and to pensions, and the respective changes in assumptions and experience, are reported on the government-wide financial statements, the proprietary funds' statement of net position in the City's basic financial statements, the nonmajor enterprise funds' combining statement of net position and the internal service funds' combining statement of net position. Notes 10 and 12 provide more information on these items.

In addition to liabilities, the City's statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four types of items that qualify for reporting in this section: deferred charge on refunding, deferred inflows related to other postemployment benefits, deferred inflows related to pensions and unavailable revenue. On the government-wide statement of net position, the proprietary funds' statement of net position in the City's basic financial statements and the nonmajor enterprise funds' combining statement of net position, the City reports a deferred inflow of resources for deferred charges on debt refunding. Deferred inflows related to other postemployment benefits and to pensions are reported on the government-wide statement of net position, the proprietary funds' statement of net position in the City's basic financial statements, the nonmajor enterprise funds' combining statement of net position and the internal service funds' combining statement of net position. Notes 10 and 12 provide more information on these items. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported in the City's governmental funds balance sheet. The governmental funds report unavailable revenues from occupational licenses and rental income that are revenues of the subsequent year, cemetery lot sales, and grant receipts. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

i. Long-term obligations

Long-term obligations, such as bonds and notes, are recorded at the fund level in the proprietary funds and at the government-wide level for the governmental and business-type activities. Amounts payable within one year are classified as current liabilities on the proprietary funds statement of net position and as noncurrent liabilities due within one year on the government-wide statement of net position.

j. Net position

Net position of the government-wide and proprietary funds is categorized as net investment in capital assets, restricted or unrestricted. The first category represents net position related to property, plant, equipment and infrastructure. The restricted category represents the balance of net position restricted by requirements of revenue bonds and other externally imposed constraints or by legislation in excess of the related liabilities payable from restricted assets.

k. Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted resources, such as bond or grant proceeds, and unrestricted resources. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

l. Fund balance flow assumption

In determining the classification of total spendable fund balance remaining at the end of the fiscal year, when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, it is the City's policy that expenditures will be applied first to restricted fund balance and then to unrestricted fund balance (committed, assigned, and unassigned). When unrestricted fund balance (committed, assigned, and unassigned) is available for use, it is the City's policy to use committed resources first, then assigned, and then unassigned as needed.

m. Fund balance policy

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

Nonspendable – This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as the long-term amount of advances to other funds as well as property acquired for resale.

Restricted – This component consists of amounts that are subject to externally enforceable legal restrictions, which are imposed either (a) by third parties, such as creditors (through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed Fund Balance – This component consists of amounts that can only be used for specific purposes imposed by formal action (resolution) of the City Council, the City's highest level of decision

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

m. Fund balance policy (continued)

making authority. The committed amounts are not subject to legal enforceability by external parties, as in restricted fund balance; however, these amounts cannot be used for any other purpose unless the City Council removes or changes the limitation by taking the same form of action (resolution) it employed to previously commit those amounts.

Assigned Fund Balance – This component consists of amounts that are constrained by the City's intent to be used for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the following management officials to express intentions for assigned fund balance: (a) City Council, or (b) the City Manager, Director of Finance, or other subordinate high-level body or official possessing the authority to assign amounts to be used for specific purposes. Included in this category is any fund balance carry-forward used to balance the subsequent year's budget.

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

8. Revenues and expenditures/expenses

a. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

b. Property Taxes

The City levies property taxes each November 1, which become a lien on real and personal property located in the City. Property taxes are based on the assessed values determined by the Lee County Property Appraiser as of the prior January 1. The current year's levy is based on taxable assessed property values totaling \$6,122,141,153.

The State of Florida permits the City to levy taxes up to 10 mills of assessed property valuations for the General Fund. For the 2017-2018 fiscal year, the City levied taxes of 8.6500 mills for the General Fund.

All taxes are due from property owners on March 31. However, property owners may pay a discounted tax of 1% beginning November of the taxable year for each month prior to the March 31 due date. Taxes become delinquent on April 1 and are subject to the issuance of tax sale certificates if unpaid by June 1. 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.

c. Compensated Absences

Employees earn vacation and sick leave in varying amounts based on length of service. Employees may also earn up to 120 hours of compensatory time. Upon termination, employees are paid 100% of the accumulated vacation and compensatory time at current base hourly rates. Vacation accumulation is capped at a maximum number of hours depending on employee category and bargaining unit. Upon termination of employment, if the employee is eligible to receive retirement benefits, either regular or early benefits, whether or not the benefits begin at termination or are deferred, the employee receives 33% of accumulated sick leave paid at the employee's current base hourly rate. The current portion of compensated absences payable is the amount estimated to be used or paid in the following fiscal year.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Revenues and expenditures/expenses (continued)

c. Compensated Absences (continued)

Liability for accrued compensated absences of the governmental activities is not reported in the balance sheet of the governmental funds and, accordingly, represents a reconciling item between the fund and government-wide presentations. All compensated absences are accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. All compensated absences are liquidated as part of salary expense in the division and fund that pays the salaries of the employees.

These funds include the General Fund, Street Maintenance Special Revenue Fund, State Housing Partnership Special Revenue Fund, Fort Myers Redevelopment Agency Special Revenue Fund, Water–Wastewater Utility Enterprise Fund, Solid Waste Enterprise Fund, the Building Permits and Inspection Enterprise Fund, Stormwater Enterprise Fund, Fort Myers Country Club Enterprise Fund, Eastwood Golf Course Enterprise Fund, Yacht Basin Enterprise Fund, Skatium Enterprise Fund, Fleet Maintenance Internal Service Fund, Information Technology Services Internal Service Fund, and the Risk Management Internal Service Fund.

d. Proprietary funds operating and non-operating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds and the internal service funds are charges to customers for sales and services. The Water-Wastewater Utility Enterprise Fund also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

9. Other Policies

a. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

b. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded as a reservation of budget, is employed as an extension of the statutorily required budgetary process. All encumbrances lapse at year end. Contracts that require completion after the fiscal year end must be re-appropriated in the subsequent year. Note 13 provides disclosure on the City's outstanding encumbrances as of September 30, 2018.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$157,359,216 are as follows:

Land	\$ 26,634,034
Antiques and Exhibits	251,871
Construction in progress	20,660,876
Intangibles - easements	3,823,652
Buildings	34,281,817
Less: Accumulated depreciation for buildings	(14,773,392)
Improvements	50,939,713
Less: Accumulated depreciation for improvements	(32,760,126)
Equipment	17,821,120
Less: Accumulated depreciation for equipment	(13,900,363)
Infrastructure	277,561,071
Less: Accumulated depreciation for infrastructure	(213,181,057)
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 157,359,216</u>

Another element of that reconciliation explains that “long-term liabilities, including revenue bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$248,060,270 are as follows:

Revenue bonds payable	\$ 94,722,255
Less: Bond insurance costs (to be amortized over the life of the debt)	(192,530)
Add: Issuance premium (to be amortized over life of debt)	6,644,754
Capital leases payable	271,333
Loans and notes payable	2,088,456
Accrued interest payable	1,292,296
Accrued retirement payable	14,823,194
Compensated absences	4,419,220
Total other postemployment benefits liability	11,691,666
Net pension liability	111,444,986
Claims and judgments	854,640
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 248,060,270</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.” The details of this \$4,894,333 difference are as follows:

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued)

Capital outlay	\$ 18,963,590
Non-capitalizable expenditures in capital outlay	(3,405,448)
Current year depreciation	(10,663,809)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ 4,894,333

Another element of that reconciliation states that “the issuance of long-term debt, such as bonds and leases, provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar terms when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$(7,183,232) difference are as follows:

Debt issued or incurred:	
Capital lease	\$ 52,729
Principal repayments:	
General revenue bonds	(6,343,180)
Loans and notes	(593,996)
Capital leases	(90,491)
Installment agreement	(208,294)
Net adjustment to increase changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ (7,183,232)

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.” The details of this \$1,225,340 difference are as follows:

Amortization of bond premiums	\$ 482,728
Amortization of lease premiums	(2,411)
Amortization of bond insurance costs	(16,531)
Amortization of deferred charge on refunding	(203,389)
Change in accrued interest expense	(23,830)
Change in retirement payable	1,217,696
Change in compensated absences	(606,506)
Change in total other postemployment benefits liability	(563,993)
Change in net pension liability	941,576
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ 1,225,340

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit fund balance

The FEMA Disaster Grant nonmajor governmental fund had a deficit fund balance of \$(7,567,512) at September 30, 2018. The deficit fund balance results from expenditures incurred from natural disaster Hurricane Irma for which related revenue was not recognized. The deficit will be eliminated upon reimbursement from the Federal Emergency Management Agency for the disaster assistance.

Deficit net position

The following enterprise funds had a deficit net position at September 30, 2018:

The Skatium nonmajor enterprise fund had a deficit net position of \$(398,909). The deficit net position results from operating expenses exceeding charges for services revenue. The City continues to support the sports facility with a subsidy from the General Fund.

The Information Technology Services internal service fund had a deficit net position of \$(86,057). Charges for services revenue continue to exceed expenses to restore net position from the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

NOTE 4 – CASH DEPOSITS AND INVESTMENTS

Cash Deposits with Financial Institutions

At September 30, 2018, the carrying amount of the City's deposits was \$51,348,857 and the banks' balances were \$54,694,740. The difference was due to checks that had been written but not yet paid by the banks and deposits in transit.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to the City. These deposits include demand deposits and nonnegotiable certificates of deposit, and are insured by the Federal Deposit Insurance Corporation or by collateral pursuant to the Florida Security for Public Deposits Act (Florida Statutes Chapter 280). Under this Act, financial institutions that qualify as public depositories pledge securities that have a market value equal to 50% - 125% of the average daily balance for each month of all public deposits in excess of applicable deposit insurance. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof.

Investments

Florida Statutes, the City's Investment Policy and various bond covenants authorize investments that include money market accounts, savings accounts, interest bearing time deposits, repurchase agreements, the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration (SBA) or other local government investment pool authorized by F.S. §163.01, obligations of the U.S. Government, government agencies guaranteed by the U.S. Government and certain bond mutual funds. Derivative products are prohibited unless specifically approved by City Council in advance.

1. City's Investments

The City's investment policy applies to the investment of short-term operating funds of the City of Fort Myers and all of its dependent special districts. Longer-term funds, including its employee retirement system funds, funds related to the issuance of debt, and other funds held pursuant to trust agreements administered, are covered by separate policies, contracts or agreements in effect for such funds.

Except for longer-term and restricted funds, all cash balances of all funds, including the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Water-Wastewater Fund and other proprietary funds that exist or may be created from time to time, shall be consolidated and administered in accordance with the provisions of this policy.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

1. City's Investments (continued)

The basic goals of Fort Myers' investment program are, in order of priority:

- *Safety* of investments;
- Maintenance of sufficient *liquidity* to meet cash flow needs, and;
- Attainment of a market average rate of return (*yield*), taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio.

The City's cash and investment pool consists of the Local Government Surplus Funds Trust Fund investment account administered by the Florida State Board of Administration (the "Florida PRIME" Pool) and cash. Cash balances and requirements of all funds are considered in determining the amount to be invested. Interest earned on pooled cash and investments is allocated monthly to funds based on their monthly ending cash balance.

Florida PRIME is governed by Chapters 215 and 218, Florida Statutes, and Chapter 19-7 of the Florida Administrative Code (collectively, "Applicable Florida Law"). The Board of Trustees of the SBA ("Trustees") consists of the Governor, as Chairman, the Chief Financial Officer, as Treasurer, and the Attorney General, as Secretary. The Trustees will annually certify that Florida PRIME is in compliance with the requirements of Chapter 218, Florida Statutes, and that the management of Florida PRIME is in accord with best investment practices.

The Trustees delegate the administrative and investment authority to manage Florida PRIME to the Executive Director of the SBA, subject to Applicable Florida Law. The Trustees appoint an Investment Advisory Council and a Participant Local Government Advisory Council. Both Councils will, at least annually, review this Policy and any proposed changes prior to its presentation to the Trustees and will undertake other duties set forth in Applicable Florida Law. Pursuant to Florida law, the Auditor General will conduct an annual financial audit of Florida PRIME, which will include testing for compliance with this Policy.

The primary investment objectives for Florida PRIME, in priority order, are safety, liquidity, and competitive returns with minimization of risks. Investment performance of Florida PRIME will be evaluated on a monthly basis against the Standard & Poor's U.S. AAA & AA Rated GIP All 30 Day Net Yield Index. While there is no assurance that Florida PRIME will achieve its investment objectives, it endeavors to do so by following the investment strategies described in its investment policy.

In accordance with Government Accounting Standards Board (GASB) Statement No. 79, *Certain External Investment Pools and Pool Participants*, Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, the City's participant account balance should also be considered the fair value of its investment and exempt from the Government Accounting Standards Board Statement (GASB) No. 72, *Fair Value Measurement and Application*.

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

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

1. City's Investments (continued)

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

As of September 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

The following disclosures pertain to Florida PRIME as of September 30, 2018:

- Credit Quality Disclosure: Florida PRIME is rated by Standard and Poor's, and the current rating is "AAAm".
- Interest Rate Risk Disclosure: The dollar weighted average days to maturity (WAM) of the Florida PRIME is 33 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM.
- Foreign Currency Risk Disclosure: Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2017 through September 30, 2018.

At September 30, 2018, the City had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-5
Cash equivalents	\$ 223,271	NA	NA
Florida PRIME Investment Pool	51,360,074	NA	NA
Money market	25,744,929	NA	NA
Nonnegotiable certificate of deposit	20,279,685	20,279,685	-
U.S. Treasury securities	20,703,184	9,433,775	11,269,409
Agency securities	20,815,648	6,132,435	14,683,213
Corporate bonds	4,268,577	2,781,072	1,487,505
Asset backed securities	118,191	118,191	-
Corporate stocks	78,727	NA	NA
Total investments	<u>\$ 143,592,286</u>	<u>\$ 38,745,158</u>	<u>\$ 27,440,127</u>

The City uses the market approach to measure the fair value of investments as of September 30, 2018, in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets.

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

The City has the following recurring fair value measurements as of September 30, 2018, using quoted market prices (Level 1 inputs): U.S. Treasury securities, \$20,703,184; Corporate stocks, \$78,727.

The City has the following recurring fair value measurements as of September 30, 2018, using quoted market prices and other observable inputs (Level 2 inputs): agency securities, \$20,815,648; corporate bonds, \$4,268,577, and; asset backed securities, \$118,191.

Concentration of Credit Risk

Investments in U.S. Treasury securities comprised 14.2% of total investments. Concentrations for issuers in the Agency securities investment type exceeded 5%, with 5.5% invested in Federal Home Loan Mortgage Corporation.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

1. City's Investments (continued)

Interest Rate Risk

In accordance with its investment policy, the City mitigates its interest rate risk by structuring the City's portfolio so that the securities mature to meet the City's cash requirements, thereby avoiding the need to sell securities on the open market prior to their maturation; and investing primarily in shorter-term securities, unless it can be anticipated that long-term securities can be held to maturity without jeopardizing liquidity requirements.

Credit Risk

Safety of principal is the foremost objective of the City's investment policy. The City's policy limits the credit risk by limiting investments to the safest types of securities; pre-qualifying the financial institutions with which it will conduct business; diversifying the investment portfolio so that the failure of any one issuer or backer will not place an undue financial burden upon the City; and monitoring all the City's investments on a daily basis to anticipate and respond appropriately to a significant reduction of credit worthiness of any of the depositories.

As of September 30, 2018, the City's investments in money market funds were rated AAAm by Standard & Poor (S&P) and Aaa-mf by Moody's Investors Service (Moody's). Treasury and agency securities were rated Aaa by Moody's and AA+ by S&P, with the exception of one agency security rated Aaa by Moody's and not rated by S&P. The City's investments in corporate bonds were rated Aaa by Moody's and not rated by S&P. One investment in asset backed securities was rated Aaa by Moody's and AA- by S&P; one investment was not rated.

2. City's Pension Plan Investments

The City reports three pension funds in the accompanying financial statements. Each of the plans has a separate governing board of trustees, a separate investment policy, and differing investment restrictions. Consequently, each plan is disclosed separately below. All investments at the fiscal year end were in compliance with the respective plan investment policies.

At September 30, 2018, the City's three pension plans had the following cash and investments:

Description	Fair Value	Credit Rating: Standard & Poor's	Credit Rating: Moody's
General Employees' Pension Plan:			
Cash	\$ 1,234,940		
Money market	3,930,626	A1	P1
U.S. government and agency securities	2,447,972	AA+	Aaa
Municipal bonds	794,874	A+ to AAA	A2 to Aaa
Corporate stock	61,568,695	Not rated	Not rated
Corporate bonds	4,552,402	BBB- to AAA	Ba1 to Aaa
Mortgage backed securities	9,786,604	A to AAA	Baa3 to Aaa
Mutual funds:			
Fixed income	4,090,002	Not rated	Not rated
Equity	8,127,310	Not rated	Not rated
Limited partnership - International equity	15,706,513	Not rated	Not rated
Real estate investment trusts	13,187,134	Not rated	Not rated
International securities:			
Bonds and notes	433,279	BBB- to AA+	Baa3 to Aaa
Stocks	1,599,255	Not rated	Not rated
Total investments	<u>127,459,606</u>		

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

Description	Fair Value	Credit Rating: Standard & Poor's	Credit Rating: Moody's
Police Officers' Retirement System:			
Cash	725,722		
Money market	1,630,000	AAAm	Aaa-mf
U.S. government and agency securities	14,115,789	AA+	Aaa
Corporate stock	21,950,363	Not rated	Not rated
Corporate bonds	7,120,082	BBB+ to AA+	A3 to Aa1
Convertible bonds	8,878,704	CCC+ to A-	Caa1+ to A2
Convertible preferred	2,502,004	BB-	Not rated
Mortgage backed securities	1,791,877	AA+	Aaa
Mutual funds:			
Equity	36,400,623	Not rated	Not rated
International equity	16,351,788	Not rated	Not rated
Commingled funds - Real estate	11,334,944	Not rated	Not rated
Master limited partnership	2,181,247	Not rated	Not rated
Total investments	<u>124,983,143</u>		
Firefighters' Retirement System:			
Cash	511,115		
Money market	1,635,500	AAAm	Aaa-mf
U.S. government and agency securities	4,819,598	AA+	Aaa
Corporate stock	54,614,762	Not rated	Not rated
Corporate bonds	5,449,653	BBB- to AAA	Baa3 to Aaa
Mortgage backed securities	606,368	AA+	Aaa
Asset backed securities	222,398	AAA	Aaa
Mutual funds:			
Fixed income	4,512,982	Not rated	Not rated
International equity	14,215,113	Not rated	Not rated
Limited partnerships - Real estate	8,126,343	Not rated	Not rated
Total investments	<u>94,713,832</u>		
Total Pension Plans' Cash and Investments	<u><u>\$ 347,156,581</u></u>		

Each of the City's Pension Plans categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Each Plan has the following recurring fair value measurements as of September 30, 2018:

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

Fair Value Measurements (continued)

General Employees' Pension Plan

Investments Measured at Fair Value

Investments	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level:			
U.S. government and agency securities	\$ 2,447,972	\$ -	\$ 2,447,972
Municipal bonds	794,874	-	794,874
Corporate stock	61,568,695	61,568,695	-
Corporate bonds	4,552,402	-	4,552,402
Mortgage backed securities	9,786,604	-	9,786,604
Mutual funds: Fixed income	8,529,803	8,529,803	-
Mutual funds: Equity	3,687,509	3,687,509	-
International securities: Bonds and notes	433,279	-	433,279
International securities: Stocks	1,599,255	1,599,255	-
Total investments by fair value level	<u>93,400,393</u>	<u>\$ 75,385,262</u>	<u>\$ 18,015,131</u>
Investments measured at the net asset value (NAV):			
Real estate investment trust	13,187,134		
Limited partnership - International equity	15,706,513		
Total investments measured at the NAV	<u>28,893,647</u>		
Total investments measured at fair value	<u>\$122,294,040</u>		

Money market and equities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those equities. The fair value for the equities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table.

General Employees' Pension Plan

Investments Measured at the NAV

Investments	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Investments measured at the net asset value (NAV):				
Real estate investment trust ⁽¹⁾	\$ 13,187,134	\$ -	Quarterly	90 days
Limited partnership - International equity ⁽²⁾	15,706,513	-	Monthly	30 days
Total investments measured at the NAV	<u>\$ 28,893,647</u>			

1. *Real estate investment trust.* This type includes a core, discretionary and diversified real estate fund that invests in real estate assets such as commercial office buildings, retail properties, multi-family residential properties, developments or hotels located in major real estate markets throughout the United States. Investment in this Fund is generally not redeemable due to the closed-ended nature of the Fund. Instead, distributions from the Fund will be received as the underlying investments of the Fund are disposed and monetized. The fair values of the investment in this type has been determined by using the NAV per share (or its equivalent) of the Plan's ownership interest in the fund.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

General Employees' Pension Plan – Fair Value Measurements (continued)

2. *Limited partnership – International equity.* This type consists of a limited partnership with a capital account for each Partner. Each Partner's capital account shall be credited with the cash contributions made by the Partner to the Partnership pursuant to the agreement and each Partner's allocable share of Partnership income or gains and decreased by (i) each Partner's allowable share of Partnership deductions or losses and (ii) the amount of all distributions made with respect to such Partner's Partnership interest pursuant to the agreement. The investment objective focuses on achievement of an annualized total return that exceeds the respective benchmarks at lower than market risk over a market cycle of three to five years. Diversification is generally broad within the global portfolios, comprised of various industry groups and countries. The fair value of the investments in this type have been determined by using the NAV per share (or its equivalent) of the portfolio value. A Limited Partner may withdraw all or any part of his Capital Account as of the last business day of any month, provided that if the requested withdrawal would reduce his Capital Account below the amount of the initial contribution, he may, at the option of the General Partner, be deemed to be retiring from the Partnership and any distribution required shall be made within sixty days after the effective date of the withdrawal to which that distribution relates. A Limited Partner desiring to make a withdrawal from his Capital Account shall, not less than thirty days before the date on which such withdrawal is to be made, give written notice to the Partnership (which notice may be waived by the General Partner) of (i) such Limited Partners' intention to make a withdrawal and (ii) the amount of the withdrawal or the manner in which the amount of the withdrawal is to be determined. Payments for withdrawals will be made no later than fifteen business days after the effective date of the withdrawal, provided that payments for withdrawals deemed to be retirements will be made as provided in Section 11.5 per the subscription agreement. All withdrawals from a Limited Partner's Capital Account may be subject to a redemption fee of up to ½ to 1% of the amount withdrawn, such amount to be paid to the Partnership. The redemption fee may be waived by the General Partner, in its sole discretion.

Police Officers' Retirement System
Investments Measured at Fair Value

Investments	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level:			
U.S. government and agency securities	\$ 14,115,789	\$ -	\$ 14,115,789
Corporate stock	21,950,363	21,950,363	-
Corporate bonds	7,120,082	-	7,120,082
Convertible bonds	8,878,704	-	8,878,704
Convertible preferred	2,502,004	2,165,208	336,796
Mortgage backed securities	1,791,877	-	1,791,877
Mutual funds:			
Equity	36,400,623	36,400,623	-
International equity	16,351,788	16,351,788	-
Total investments	<u>109,111,230</u>	<u>\$ 76,867,982</u>	<u>\$ 32,243,248</u>
Investments measured at the net asset value (NAV):			
Commingled funds - Real estate	11,334,944		
Master limited partnership	2,181,247		
Total investments measured at the NAV	<u>13,516,191</u>		
Total investments measured at fair value	<u>\$122,627,421</u>		

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

Police Officers' Retirement System – Fair Value Measurements (continued)

Money market and equities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those equities.

The fair value for the equities classified in Level 2 of the fair value hierarchy is obtained by an outside, independent pricing service. The high quality debt securities held in client portfolios have quoted prices that are readily available for identical investments in active markets for those securities. However, because the third party pricing service may use models or matrices to price some securities, the Level 2 category is assigned to the securities in the portfolio.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table.

Police Officers' Retirement System

Investments Measured at the NAV

Investments	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Investments measured at the net asset value (NAV):				
Commingled funds - Real estate ⁽¹⁾	\$ 11,334,944	\$ -	Quarterly	45 - 60 days
Master limited partnership ⁽²⁾	2,181,247	-	NA	None
Total investments measured at the NAV	<u>\$ 13,516,191</u>			

1. *Commingled funds – Real estate.* This type includes an actively managed, pure core, open-end commingled pension trust fund. It invests in high-quality stabilized office, retail residential and industrial assets with dominant competitive characteristics in primary markets throughout the United States. Ownership in the fund is represented by member units and net asset value is supported by the ability to redeem and purchase at the NAV level. The fair value of the investment in this Fund has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in the Fund. As part of the Trustee's valuation process, properties are externally appraised on an annual basis, conducted by reputable, independent appraisal firms, and signed by appraisers that are members of the Appraisal Institute, with the professional designation MAI. In addition, the Trustee may cause additional appraisals to be performed as warranted by specific asset or market conditions. All external appraisals are performed in accordance with the Uniform Standards of Professional Appraisal Practices. Property valuations and the salient valuation-sensitive assumptions of each direct investment property are reviewed by the Trustee quarterly and values are adjusted if there has been a significant change in circumstances related to the investment property since the last valuation. Fund participants may withdraw from the Fund once per quarter subject to available cash, as determined by the Trustee. A written withdrawal request is required 45 days prior to quarter end. To the extent that withdrawal requests exceed available cash, distributions are made on a pro rata basis. Available cash is defined as excess cash after provision for outstanding future capital commitments and other operating reserves.

The other fund included in this type consists of an actively managed, open-end, commingled private real estate portfolio that is structured as a limited partnership. Its primary focus is to invest in well-leased, income producing properties within major United States markets. The fair values of the investments in this Fund have been determined using the NAV per share (or its equivalent) of the Plan's ownership in the Fund. A third-party firm is engaged by the Fund to administer the Fund's valuation policies and procedures, including managing the Fund's independent appraisal process and reviewing the Fund's independent appraisals. The Fund's real estate investments are generally appraised every quarter starting with the first full quarter after an investment is made. An independent appraisal of the underlying real estate for each investment is performed annually. This annual inspection includes a property inspection and market

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

Police Officers' Retirement System – Fair Value Measurements (continued)

analysis. In the interim quarters, the valuation is updated by the independent appraiser through a restricted appraisal report. In these appraisals, the prior cash flow assumptions for the real estate investments are updated for factual changes and changes in market conditions are evaluated. All appraisals are certified by members of the Appraisal Institute who hold the MAI designation. Appraisals and appraisal reports are required to comply with the Uniform Standards of Professional Appraisal Practice, as promulgated by the Appraisal Foundation. The Fund intends to make quarterly distributions, generally within 45 days of quarter end, in such amounts as the Advisor determines in its discretion. New investors automatically participate in the Fund's distribution reinvestment plan whereby an investor's distributions from the Fund are automatically reinvested in additional units on the same basis as additional contributions are invested in the Fund. Investors may request redemption of all or a portion of their units as of the end of a calendar quarter by delivering written notice to the Fund at least 60 days prior to the end of the quarter. Redemption requests are subject to certain restrictions and the availability of cash. Should redemption requests exceed such available cash, the Fund will prorate available cash among the withdrawing investors according to the ratio of the requesting investor's units to the total units of all investors then requesting redemption. Any redemption request that is not fully honored in any given quarter will be deemed effective in following quarters until completed. Redemptions of units are made based on the Fund's NAV as of the redemption date.

2. *Master limited partnership.* This type consists of a common trust fund that is a private investment vehicle comprised of commingled investments held in trusts that are valued using the NAV calculated by the administrator of the Fund. The NAV is calculated using indirectly observed inputs, as the unit price is based on the market value of the underlying investments traded on an active market. Withdrawals from the Fund may transact on a daily basis as needed for liquidity and there are no restrictions on redemptions as of September 30, 2018.

Firefighters' Retirement System

Investments Measured at Fair Value

Investments	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
U.S. government and agency securities	\$ 4,819,598	\$ -	\$ 4,819,598	\$ -
Corporate stock	54,614,762	54,614,762	-	-
Corporate bonds	5,449,653	-	5,449,653	-
Mortgages	606,368	-	606,368	-
Asset backed securities	222,398	222,398	-	-
Mutual funds: Fixed income	4,512,982	4,512,982	-	-
Limited partnerships - Real estate	357,971	-	-	357,971
Total investments by fair value level	<u>70,583,732</u>	<u>\$ 59,350,142</u>	<u>\$ 10,875,619</u>	<u>\$ 357,971</u>
Investments measured at the net asset value (NAV):				
International equity	14,215,113			
Limited partnership - Real estate	7,768,372			
Total investments measured at the NAV	<u>21,983,485</u>			
Total investments measured at fair value	<u>\$ 92,567,217</u>			

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

Firefighters' Retirement System – Fair Value Measurements (continued)

Money market and equities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those equities. Corporate bonds in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. For one limited partnership investment in Level 3, valued at \$70,750, the financial instrument is valued by adjusting the latest third party appraisals for recent activity. The appraisals employ a combination of the market, cost and income approaches. The other limited partnership in Level 3 uses significant management judgments or estimation in the determination of the fair value of the related investments.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table.

Firefighters' Retirement System
Investments Measured at the NAV

Investments	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Investments measured at the net asset value (NAV):				
International equity	\$ 14,215,113	\$ -	Monthly	5 days
Limited partnerships - Real estate	7,768,372	-	Quarterly	90 days
Total investments measured at the NAV	<u>\$ 21,983,485</u>			

1. *International equity.* This type consists of an open-ended mutual fund that invests in stocks of companies that are primarily in Europe, Australasia and the Far East, providing exposure to economies that may be at different stages of the business cycle or offer growth opportunities unavailable in United States and Canadian markets. The unitholders' equity of the Fund includes amounts representing units, undistributed net income (loss), realized gain (loss) on investments and unrealized gain (loss) on investments. There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit. A different net asset value is calculated for each series of units of a Fund. The net asset value of a particular series of units is computed by calculating the value of the series' proportionate share of the assets and liabilities of the Fund common to all series less the liabilities of the Fund attributable only to that series. A Fund may apply a fee of 2% of the current value of units if the unitholder redeems or switches out units within seven days of purchasing or previously switching into a Fund.

2. *Limited partnerships – Real Estate.* This type consists of a private perpetual life, open-end, commingled investment fund that offers limited partnership interests in the Fund. The Fund's investment strategy is designed to take advantage of changing conditions within the United States property and capital markets while remaining focused on the management of a core equity real estate investment portfolio. The Fund generally seeks one hundred percent ownership interests in real estate assets but the Fund also may invest in a controlling or non-controlling joint venture interest where the Manager believes such an investment is consistent with the Fund's investment strategy and performance objectives. The Fund's portfolio is actively managed and its properties are purchased and sold as deemed appropriate by the Manager in accordance with the strategic objectives of the Fund in the context of changing economic and real estate market conditions. The General Partner will generally determine the net asset value of the Fund on at least a quarterly basis. Net Asset Value Per Share on any given date is equal to (a) the Net Asset Value on such date divided by (b) the total number of outstanding Interests on such date. The Fund is intended to have a perpetual life but it may be terminated at any time upon the vote of 75% in interest of the Limited Partners. A Limited Partner's distributions will be reinvested in Interests (in which case such Limited Partner's interest in the Fund will be adjusted to reflect the contribution of additional capital) unless such Limited Partner elects not to participate, in whole or in part, in the distribution reinvestment plan. Under no circumstances

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

Firefighters' Retirement System – Fair Value Measurements (continued)

2. Limited partnerships – Real Estate (continued)

will the General Partner be required to cause the Fund to sell Investments to satisfy redemption requests. Additionally, redemptions may be suspended at any time by the General Partner. Accordingly, Limited Partners have no assurance of liquidity with respect to their Interest.

For the year ended September 30, 2018, the annual money-weighted rate of return on pension plan investments for each Plan was as follows:

General Employees' Pension Plan	13.63%
Police Officers' Retirement System	10.52%
Firefighters' Retirement System	10.60%

The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. A schedule of each Plan's investment returns is presented on page 110.

a. General Employees' Pension Plan

Investment Policy

In fulfilling their fiduciary responsibility, the Pension Board of Trustees (the Board) for the General Employees' Pension Plan (GEPP) established an Investment Policy Statement and directed that it apply to all assets under their control. The general investment objective is to obtain a reasonable total rate of return – defined as interest and dividend income plus realized and unrealized capital gains or losses – commensurate with the Prudent Investor Rule and any other applicable ordinances and statutes. The Board employs investment professionals to oversee and invest the assets of the Plan. The Board, in performing their investment duties, shall comply with the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 (ERISA) at 29 U.S.C. s. 1104(a) (1) (A) – (C).

It is the Board's intention to review the Investment Policy Statement at least annually subsequent to the actuarial report and to amend the statement to reflect any changes in philosophy, objectives or guidelines. If, at any time, the investment manager feels that the specific objectives defined in the Investment Policy Statement cannot be met, or the guidelines constrict performance, the Board shall be notified in writing.

Investment policy decisions may be recommended by the investment manager, reviewed by the Plan's legal counsel for compliance with applicable law, and approved by a majority vote of the Board. Upon adoption by the Board, the Investment Policy Statement shall be promptly filed with the Florida Department of Management Services, the City, and the Plan's actuary. The effective date of the Investment Policy Statement shall be thirty days following the filing date with the City. As of September 30, 2018, the effective Investment Policy Statement was adopted on June 18, 2014 and there were no amendments in the current fiscal year.

Target Allocations

In order to provide for a diversified portfolio, the Board engaged investment professional(s) to manage and administer the fund. The investment managers are responsible for the assets and allocation of their mandate only. They will monitor the aggregate asset allocation of the portfolio and rebalance to the target asset allocation based on market conditions. If at the end of any calendar quarter, the

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

a. General Employees' Pension Plan (continued)

Target Allocations (continued)

allocation of an asset class falls outside of its allowable range, barring extenuating circumstances, the asset allocation will be rebalanced into the allowable range. The Board does not intend to exercise short-term changes to the target allocation.

The following was the Board's adopted asset allocation policy as of September 30, 2018:

<u>Asset Class</u>	<u>Target</u>	<u>Range</u>	<u>Benchmark Index</u>
Domestic Equity	45%	40% - 60%	Russell 3000
Broad Market Fixed Income	20%	20% - 30%	Barclays Capital Intermediate Aggregate
Global Fixed Income *	5%	0% - 10%	Citigroup World Government Bond Index
Real Return Assets *	5%	0% - 10%	Barclays Capital TIPS 1 - 10 Year
International Equity	15%	5% - 20%	MSCI-ACW ex. US
Real Estate *	10%	0% - 15%	NCREIF NFI-ODCE

* Benchmark will default to "broad market fixed income" if these portfolios are not funded. Targets and ranges above are based on market value of total Plan assets.

Authorized investments comprise domestic securities, domestic fixed income investment grade bonds, treasury inflation protected securities, pooled funds, real estate, and foreign securities. The board may make investments in the money market fund or short-term investment fund options provided by the Plan's custodian with the provision that those investments have a minimum rating of A1/P1, or its equivalent, by a major credit rating service. Eighty-five (85%) of the fixed income investments shall have a minimum rating of investment grade or higher as reported by a major credit rating service.

No investments shall be permitted in any investment not specifically allowed as part of the policy or illiquid investments, as described in Chapter 215.47, Florida Statutes.

Concentration of Credit Risk

Not more than 5% of the Plan's assets, at the time of purchase, shall be invested in the common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company. For fixed income, the value of bonds issued by any single corporation shall not exceed 3% of the total fund. Investments in corporate common stock and convertible bonds shall not exceed 70% of the market value of the Plan's assets. Foreign securities, regardless of asset class, shall not exceed 25% of the market value of the Plan's assets.

The following investments represent 5% or more of the Plan's investments and 5% or more of the Plan's fiduciary net position:

<u>Investment</u>	<u>Amount of Investment</u>	<u>% of Net Position</u>
Limited partnership - International equity	\$ 15,706,513	12.3%
Real estate investment trusts	13,187,134	10.3%
Total Plan investments 5% or more of the fiduciary net position	<u>\$ 28,893,647</u>	<u>22.6%</u>

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

a. General Employees' Pension Plan (continued)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the General Employees' Pension Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to Section 112.661 (10), Florida Statutes, the Plan's investment policy states that securities should be held with a third-party custodian, and all securities purchased by, and all collateral obtained by the pension fund should be designated as an asset of the Plan. As of September 30, 2018, the Plan's investment portfolio was held with a third-party custodian as required by the statute.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As noted above, the Plan's investment policy states that foreign securities, regardless of asset class, shall not exceed 25% of the market value of the Plan's assets. The Plan's actual investment in foreign securities at September 30, 2018 was \$2,032,534 or 1.6% of the Plan's total assets at market value. The Plan also held foreign investments that comprised a limited partnership in international equity, which amounted to \$15,706,513 or 12.3% of the Plan's total assets at fair market value as of September 30, 2018.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. At least annually, the Board shall provide the Plan's investment managers with projected disbursement needs of the Plan so that the investment portfolio can be structured to provide sufficient liquidity to pay obligations as they come due. The investment managers should, to the extent possible, attempt to match investment maturities with known cash needs and anticipated cash flow requirements.

At September 30, 2018, the General Employees' Pension Plan investments, other than money market, stocks, stock related funds, mutual funds, limited partnership and real estate investment trusts, were as follows:

Investment Type	Fair Value	Investment Maturities (in Years)		
		1-5	6-10	More than 10
U.S. government and agency securities	\$ 2,447,972	\$ 984,274	\$ 1,463,698	\$ -
Municipal bonds	794,874	304,891	242,075	247,908
Corporate bonds	4,552,402	2,692,569	1,735,839	123,994
Mortgage backed securities	9,786,604	1,179,435	1,355,580	7,251,589
Mutual funds - fixed income	4,090,002	4,090,002	-	-
International securities - bonds and notes	433,279	325,382	107,897	-
Total Investments	<u>\$ 22,105,133</u>	<u>\$ 9,576,553</u>	<u>\$ 4,905,089</u>	<u>\$ 7,623,491</u>

b. Police Officers' Retirement System

Investment Policy

The Board of Trustees (the Board) for the Police Officers' Retirement System (PORS) established a Statement of Investment Policy that applies to those funds under control of the Board. The investment objective of the Board is to preserve the purchasing power of the Fund's assets and earn an above average real rate of return (after inflation) over the long term while minimizing, to a reasonable extent, the short term volatility of results. The Board determined that one or more outside investment managers shall be retained to assure that all investments are managed in both a prudent and professional manner and in compliance with the stated investment guidelines. In performing its investment duties, the Board and its investment managers shall comply with the fiduciary standards set

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

b. Police Officers' Retirement System (continued)

Investment Policy (continued)

forth in the Employee Retirement Income Security Act of 1974 (ERISA) at 29 U.S.C. s. 1104(a) (1) (A) – (C).

It is the intention of the Board to review the Investment Policy Statement and its addenda periodically and to amend it to reflect any changes in philosophy or objectives. However, if at any time the investment managers believe that the specific objectives defined herein cannot be met or that the guidelines unnecessarily constrict performance, the Board shall be so notified in writing.

As of September 30, 2018, the effective Investment Policy Statement was adopted on June 5, 2014 and there were no changes in the current fiscal year.

Investment policy decisions may be recommended by the investment manager, reviewed by the Plan's legal counsel for compliance with applicable law, and approved by a majority vote of the Board.

Target Allocations

To achieve the investment objectives, the Board, as the named fiduciary of the PORS Pension Fund, seeks to create a well-diversified and balanced portfolio of equity, fixed income, real estate, convertibles and money market securities. The Board determines that one or more outside investment managers shall be retained to assure that all investments are managed in both a prudent and professional manner and in compliance with the stated investment guidelines. Each investment manager is responsible only for those assets under their management. It may be necessary to rebalance the portfolio periodically in order to maintain policy targets and diversification. The Board monitors each component of the Plan periodically and makes adjustments as necessary.

The following was the Board's adopted asset allocation policy as of September 30, 2018:

<u>Asset Class</u>	<u>Target</u>	<u>Range</u>
Domestic Large Cap Equities	32.5%	30% - 65%
Domestic Small/Mid Cap Equities	7.5%	5% - 20%
Convertible Securities	10%	0% - 25%
Fixed Income Securities	25%	25% - 60%
International Equity	15%	5% - 25%
Real Estate	5%	0% - 10%
Master Limited Partnerships	5%	0% - 15%
Cash	0%	0% - 10%

Authorized investments comprise equities, convertibles, publicly traded master limited partnerships, real estate, fixed income and cash equivalent securities. Investments in equity securities and convertibles shall be limited to easily and readily negotiable securities. All real estate investments shall be made through participation in diversified commingled funds of real properties or real estate securities. Such funds shall be broadly diversified as to property type and location.

The fixed income portfolio shall comply with the following guidelines:

- Investments in all corporation fixed income securities shall be limited to those securities rated BBB or higher by Standard & Poor's or Baa by Moody's rating services. Investments in securities rated below A will be limited to 20% of the total fixed income portfolio. Fixed income securities that are

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

b. Police Officers' Retirement System (continued)

Target Allocations (continued)

downgraded below the minimum rating by both entities shall be sold at the earliest beneficial opportunity.

- Investments in collateralized mortgage obligations (CMOs) shall be backed by the full faith of the U.S. government, an agency thereof, or that are rated AAA by a major rating service. The CMOs shall be restricted to planned amortization class, non-accelerated securities or very accurately defined maturity securities.

Investment managers may invest only in the following short-term investment vehicles:

- The money market fund or short-term investment fund options provided by the Fund's custodian.
- Direct obligations of the U.S. government, its agencies or instruments with a maturity of one year or less.
- Commercial paper issued by U.S. corporations that has a maturity of 270 days or less and that is rated A-1 by Standard & Poor's or P-1 by Moody's.

Prohibited investments include repurchase agreements, 144A convertible securities, and direct investments in interest only or principal only CMOs, precious metals, limited partnerships of any kind, real estate, venture capital, futures contracts, options contracts, trading on margin and short sales. If an investment becomes illiquid or in the event that the Fund acquires an illiquid investment, the Board shall develop the methodology for valuation as set forth in the criteria in Section 215.47(6), Florida Statutes.

Concentration of Credit Risk

The Board developed a diversified investment program to control the risk of loss resulting from over concentration in a specific maturity, issuer, instrument, dealer or bank through which financial instruments are bought and sold. Measures to control the risk include the following:

- Equity securities: Investments in equity securities, including convertibles, shall not exceed 70% (at cost value) or 75% (at market value) of the Fund's total portfolio; no more than 25% of the Fund's total market value may be invested in foreign equity securities; no more than 5% at market value of the total equity portfolio may be invested in the shares of a single corporate issuer; investments in those corporations whose stock has been publicly traded for less than one year is limited to 15% of the equity portfolio; investments issued by corporations with total market capitalization of \$3 billion or less shall not exceed 20% of total equity portfolio value (at market).
- Convertible securities: All such securities shall be classified as equities and shall be limited to 25% of the Fund's total portfolio value; no more than 10% at market value of an investment manager's convertible portfolio may be invested in the shares of a single corporate issuer; investments in foreign convertibles are limited to 25% (at market) of the investment manager's portfolio.
- Corporate fixed income securities: No more than 25% of the Fund's total market value may be invested in foreign equity securities; no more than 10% at market of an investment manager's total fixed income portfolio shall be invested in the securities of any single corporate issuer.
- Investments in CMOs shall be limited to 15% of the market value of the investment managers' total portfolio.
- Master limited partnerships (MLP): No more than 10% at market value of an investment manager's MLP may be invested in a single issuer unless the issuer makes up more than 10% of the Alerian MLP Index; no more than 15% of the total fund assets (at market value) may be invested in MLPs.
- Investments in real estate shall not exceed 15% at market valuation of the value of total Fund assets.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

b. Police Officers' Retirement System (continued)

Concentration of Credit Risk (continued)

The following investments represent 5% or more of the Plan's investments and 5% or more of the Plan's fiduciary net position:

Investment	Amount of Investment	% of Net Position
Commingled Funds - Real estate	\$ 6,943,948	5.1%
Total Plan investments 5% or more of the fiduciary net position	<u>\$ 6,943,948</u>	<u>5.1%</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Police Officers' Pension Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to Section 112.661 (10), Florida Statutes, the Plan's investment policy states that securities should be held with a third-party custodian, and all securities purchased by, and all collateral obtained by the pension fund should be designated as an asset of the Plan. As of September 30, 2018, the Plan's investment portfolio was held with a third-party custodian as required by the statute.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As noted above, the Plan's investment policy states that no more than 25% of the Fund's total market value may be invested in foreign equity securities and investments in foreign convertibles are limited to 25% (at market) of the investment manager's portfolio. The Plan's foreign investment as of September 30, 2018 comprised mutual funds in international equity, which amounted to \$16,351,788 or 12.1% of the Plan's total assets at fair market value.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. One of the provisions of the Plan's investment policy is to structure the investment portfolio in such a manner to provide sufficient liquidity to pay obligations as they come due. To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements.

At September 30, 2018, the Police Officers' Retirement System pension plan investments, other than money market, stocks, mutual funds, commingled funds and master limited partnership, were as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
U.S. government and agency securities	\$ 14,115,789	\$ -	\$ 4,486,597	\$ 9,629,192	\$ -
Corporate bonds	7,120,082	-	6,007,714	1,112,368	-
Convertible bonds	8,878,704	-	5,381,453	2,420,952	1,076,299
Convertible preferred	2,502,004	2,502,004	-	-	-
Mortgage backed securities	1,791,877	-	-	749,254	1,042,623
Total investments	<u>\$ 34,408,456</u>	<u>\$ 2,502,004</u>	<u>\$ 15,875,764</u>	<u>\$ 13,911,766</u>	<u>\$ 2,118,922</u>

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

c. Firefighters' Retirement System

Investment Policy

In fulfilling their fiduciary responsibility, the Pension Board of Trustees (the Board) for the Firefighters' Retirement System (FRS) established an Investment Policy Statement and directed that it apply to all assets under their control. The general investment objective is to obtain a reasonable total rate of return – defined as interest and dividend income plus realized and unrealized capital gains or losses – commensurate with the Prudent Investor Rule and any other applicable ordinances and statutes. The Board employs investment professionals to oversee and invest the assets of the Plan. The Board, in performing their investment duties, shall comply with the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 (ERISA) at 29 U.S.C. s. 1104(a) (1) (A) – (C).

It is the Board's intention to review the Investment Policy Statement at least annually subsequent to the actuarial report and to amend the statement to reflect any changes in philosophy, objectives or guideline. If, at any time, the investment manager feels that the specific objectives defined in the Investment Policy Statement cannot be met, or the guidelines constrict performance, the Board shall be notified in writing.

Investment policy decisions may be recommended by the investment manager, reviewed by the Plan's legal counsel for compliance with applicable law, and approved by a majority vote of the Board. Upon adoption by the Board, the Investment Policy Statement shall be promptly filed with the Florida Department of Management Services, the City, and the Plan's actuary. The effective date of the Investment Policy Statement shall be thirty days following the filing date with the City. As of September 30, 2018, the effective Investment Policy Statement was adopted on June 13, 2013 and there were no amendments in the current fiscal year.

Target Allocations

In order to provide for a diversified portfolio, the Board engaged investment professional(s) to manage and administer the fund. The investment managers are responsible for the assets and allocation of their mandate only. They will monitor the aggregate asset allocation of the portfolio and rebalance to the target asset allocation based on market conditions. If at the end of any calendar quarter, the allocation of an asset class falls outside of its allowable range, barring extenuating circumstances, the asset allocation will be rebalanced into the allowable range. The Board does not intend to exercise short-term changes to the target allocation.

The following was the Board's adopted asset allocation policy as of September 30, 2018:

<u>Asset Class</u>	<u>Target</u>	<u>Range</u>	<u>Benchmark Index</u>
Domestic Equity	50%	40% - 65%	Russell 3000
Broad Market Fixed Income	17%	20% - 30%	Barclays Aggregate
Global Fixed Income *	5%	0% - 10%	Citigroup World Government Bond Index
Alternatives *	3%	0% - 5%	NCREIF Timber
International Equity	15%	5% - 20%	MSCI-ACW ex. US
Real Estate *	10%	0% - 15%	NCREIF NFL-ODCE

* Benchmark will default to "broad market fixed income" if these portfolios are not funded. Targets and ranges above are based on market value of total Plan assets.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

c. Firefighters' Retirement System (continued)

Target Allocations (continued)

Authorized investments comprise domestic securities, domestic fixed income investment grade bonds, treasury inflation protected securities, pooled funds, real estate, and foreign securities. The board may make investments in the money market fund or short-term investment fund options provided by the Plan's custodian with the provision that those investments have a minimum rating of A1/P1, or its equivalent, by a major credit rating service. Eighty-five (85%) of the fixed income investments shall have a minimum rating of investment grade or higher as reported by a major credit rating service.

No investments shall be permitted in any investment not specifically allowed as part of the policy or illiquid investments, as described in Chapter 215.47, Florida Statutes. Direct investment in 'Scrutinized Companies' identified in the periodic publication by the State Board of Administration is prohibited.

Concentration of Credit Risk

Not more than 5% of the Plan's assets, at the time of purchase, shall be invested in the common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company. For fixed income, the value of bonds issued by any single corporation shall not exceed 3% of the total fund. Investments in corporate common stock and convertible bonds shall not exceed 75% of the fund assets at market value. Foreign securities, regardless of asset class, shall not exceed 25% of the market value of the Plan's assets.

The following investments represent 5% or more of the Plan's investments and 5% or more of the Plan's fiduciary net position:

Investment	Amount of Investment	% of Net Position
Limited partnerships - Real estate	\$ 7,768,372	7.7%
Total Plan investments 5% or more of the fiduciary net position	\$ 7,768,372	7.7%

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Firefighters' Retirement System pension plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to Section 112.661 (10), Florida Statutes, the Plan's investment policy states that securities should be held with a third-party custodian, and all securities purchased by, and all collateral obtained by the pension fund should be designated as an asset of the Plan. As of September 30, 2018, the Plan's investment portfolio was held with a third-party custodian as required by the statute.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates that will adversely affect the fair value of an investment or a deposit. As noted above, the Plan's investment policy states that foreign securities, regardless of asset class, shall not exceed 25% of the market value of the Plan's assets. The Plan's foreign investment as of September 30, 2018, comprised international equity, which amounted to \$14,215,113 or 14.1% of the Plan's total assets at fair market value.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 4 – CASH DEPOSITS AND INVESTMENTS (continued)

2. City's Pension Plan Investments (continued)

c. Firefighters' Retirement System (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. At least annually, the Board shall provide the Plan's investment managers with projected disbursement needs of the Plan so that the investment portfolio can be structured to provide sufficient liquidity to pay obligations as they come due. The investment managers should, to the extent possible, attempt to match investment maturities with known cash needs and anticipated cash flow requirements.

At September 30, 2018, the Firefighters' Retirement System plan investments, other than money market, stocks, mutual funds and limited partnership, were as follows:

Investment Type	Fair Value	Investment Maturities (in Years)		
		1-5	6-10	More than 10
U.S. government and agency securities	\$ 4,819,598	\$ 2,255,868	\$ 1,108,153	\$ 1,455,577
Corporate bonds	5,449,653	2,957,014	2,016,003	476,636
Mortgage backed securities	606,368	-	-	606,368
Asset backed securities	222,398	222,398	-	-
Mutual funds - fixed income	4,512,982	4,512,982	-	-
Total Investments	\$ 15,610,999	\$ 9,948,262	\$ 3,124,156	\$ 2,538,581

NOTE 5 – RESTRICTED ASSETS

Certain assets of the proprietary funds at September 30, 2018 are restricted for certain purposes. These assets comprise cash and cash equivalents, investments and interest receivable.

Proprietary Funds			
Description and Purpose	Water - Wastewater Fund	Solid Waste Fund	Nonmajor Business-type Funds
Customer deposits for utilities services	\$ 8,325,900	\$ -	\$ 54,982
Sinking fund accounts, for debt service obligations	11,992,749	34,413	32,838
Debt reserve requirement	4,434,951	-	-
Pledged impact fees, for debt service obligations	8,415,509	-	-
Unpledged impact fees, for capital project needs	6,447,704	-	-
Renewal and replacement, funding capital project needs	1,333,170	1,472,393	114,385
Proceeds from debt issuance, for the acquisition, construction and equipping of various capital projects	6,963,710	-	178,892
Capital project accounts	130,821	8,744	417,748
Other purposes	-	-	112,360
Total restricted assets	\$ 48,044,514	\$ 1,515,550	\$ 911,205

Restricted cash and cash equivalents of \$2,897,208 in the Risk Management Internal Service Fund relates to the City's self-insurance activities. Note 14 provides more information about the City's Risk Management.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 6 – RECEIVABLES

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectible) line for certain funds and aggregated columns. Receivables as of September 30, 2018 for the City's governmental activities, individual major governmental funds, nonmajor governmental funds in the aggregate, internal service funds and applicable allowances for uncollectible accounts are as follows:

	General Fund	General Capital Projects	Nonmajor Governmental Funds	Internal Service Fund	Total
Receivables:					
Accounts	\$ 444,682	\$ 194,684	\$ 83,309	\$ 14,508	\$ 737,183
Utility Service Taxes and Franchise Fees	1,983,701	-	-	-	1,983,701
Code Enforcement	1,758,621	-	-	-	1,758,621
Accounts, gross	4,187,004	194,684	83,309	14,508	4,479,505
Less: Allowance for uncollectibles	(968,004)	-	-	-	(968,004)
Accounts, net	3,219,000	194,684	83,309	14,508	3,511,501
Notes	-	-	7,225,637	-	7,225,637
Less: Allowance for uncollectibles	-	-	(7,225,637)	-	(7,225,637)
Notes, net	-	-	-	-	-
Total net receivables	\$ 3,219,000	\$ 194,684	\$ 83,309	\$ 14,508	\$ 3,511,501

Significant Uncollectible

The allowance for uncollectible accounts receivable in the General Fund consists primarily of \$842,573 for code enforcement fees. The amount of \$7,225,637 for the allowance for uncollectible notes receivable in the Nonmajor Governmental Funds relates to mortgage assistance provided by the Attainable Workforce Housing Fund, State Housing Initiative Partnership (SHIP) Fund and Community Development Block Grant Fund. The Attainable Workforce Housing Fund provides loans to eligible residents with income of 150% of the Area Median Income (AMI) for Lee County and the Fort Myers-Cape Coral Metropolitan Statistical Area (MSA). The SHIP program provides a deferred payment loan with no interest to eligible recipients with incomes up to 120 percent AMI to fund the gap between what the financial institution will lend and what the homebuyer can afford to pay for an existing or newly constructed single-family home within the City. The SHIP and CDBG programs also provide ten year deferred payment/no interest loans to homeowners with household incomes of up to 80 percent AMI for major rehabilitation.

Receivables for the City's business-type activities, including individual major funds and allowances for uncollectible accounts, are as follows:

	Water Wastewater Fund	Solid Waste Fund	Other Business-Type Funds	Total
Receivables:				
Accounts, gross	\$ 8,234,695	\$ 1,298,558	\$ 100,006	\$ 9,633,259
Less: Allowance for uncollectibles	(1,220,500)	(177,344)	(18,917)	(1,416,761)
Accounts, net	\$ 7,014,195	\$ 1,121,214	\$ 81,089	\$ 8,216,498

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 7 – ASSETS HELD FOR RESALE

Community Redevelopment Agency

The asset held for resale in the Community Redevelopment Agency (CRA) fund consists of the McCollum Hall property acquired by the CRA on May 13, 2008 to preserve the existing historical building and eventually sell the property to a private developer for further revitalization and management of tenants. The purchase by the CRA consisted of an upfront payment of \$217,335 and twenty-four monthly payments totaling \$165,165 at an interest rate of 6.000%. The carrying value of the property held for resale at September 30, 2018 is \$386,686, which approximates net realizable value. The amount of the asset held for resale is classified as restricted fund balance in the CRA Fund.

Community Development Block Grant

The U.S. Department of Housing and Urban Development's (HUD) Neighborhood Stabilization Program (NSP) is part of the national effort to restore homes and renew neighborhoods affected the hardest by the recent housing crisis. The NSP signals opportunity for homebuyers and stronger neighborhoods with reinvestments that go straight to the heart of the communities.

In fiscal year 2009, the City received \$2,297,318 of Neighborhood Stabilization Program 1 (NSP1) funding, which was allocated through HUD's Community Development Block Grant (CDBG) Program under the Housing and Economic Recovery Act of 2008. In fiscal year 2011, the City received \$1,537,642 from an NSP3 funding allocation, which was released by HUD as authorized in the Dodd Frank Wall Street Reform and Consumer Protection Act to continue to assist state and local governments in the redevelopment of abandoned and foreclosed residential properties. The City completed over forty-four units under the NSP program thus far and is in the process of completing two additional single-family homes for sale to qualified purchasers. The City will continue to use program income to develop additional housing.

The City is utilizing NSP funds in the following ways:

- Purchase foreclosed and vacant single or multi-family residential properties in target areas,
- Improve property condition via rehabilitation,
- Incorporate energy saving features,
- Redevelop city owned foreclosed vacant lots,
- Resell to households with income less than 120% AMI (Area Median Income)
- Provide housing assistance to households below 50% AMI, which includes affordable rental units,
- Offer financial aid in the form of a silent second mortgage and help with reasonable closing costs.

As of September 2018, the City retained two rehabilitated single-family homes, which comprise new construction on foreclosed, city-owned property, as assets held for resale for a total of \$140,000. The amount of the assets held for resale is classified as restricted fund balance in the CDBG Fund. One property is currently being rented while the potential owner improves the credit score and attains a bank loan. The other property is currently available for sale to a qualified buyer.

The NSP3 grant application contained more defined target areas than was required by the NSP1 grant notice. The City acquired, rehabilitated and sold at least twelve housing units with NSP3 funds. In fiscal year 2018, the City completed construction of one new single-family home and one new home is in the construction process. The City plans to construct a new house in the next fiscal year with funding from program income.

The City also earmarked \$574,329 for the acquisition, rehabilitation, financing, and resale of multi-family rental properties. The rehabilitation of the units was completed in fiscal year 2014 and transferred to a local non-for-profit agency to provide rental assistance to households with incomes less than 50% AMI.

During fiscal year 2009, the City met the 50 percent AMI set-aside requirement for NSP1 by purchasing a seven-unit rental complex for \$217,872 with NSP1 funds. The City rehabilitated the complex with the intent to transfer to a non-profit agency to manage during the 20-year affordability period. On September 17, 2012, City Council approved a Community Development Block Grant Neighborhood Stabilization Program Subrecipient Agreement with Goodwill

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 7 – ASSETS HELD FOR RESALE (continued)

Community Development Block Grant (continued)

Industries of Southwest Florida, Inc. for the property management of this unit. The agreement provides for Goodwill to receive clear title in 2027 if all obligations are fulfilled. In addition to other requirements, Goodwill must provide yearly reporting for the remaining years of the Subrecipient Agreement. If Goodwill fails to meet the agreement guidelines, the property will revert back to the City. Based on agreement by both parties, a Quit Claim Deed was issued by the City on November 8, 2012 and filed with the Lee County Clerk of Circuit Court.

In order to meet the 50 percent AMI set-aside requirement for NSP3, the City entered into a Developer Agreement with Lee County Housing Development Corporation (LCHDC), effective December 10, 2013, for scattered site rental strategy projects. In fiscal year 2014, the City acquired and redeveloped one single-family home for rental purposes and transferred the property to LCHDC for management. NSP3 funds were also used for multi-family purposes, with a total of four units (two duplexes) rehabilitated and also transferred to LCHDC by Quit Claim Deed in 2014. The property is subject to a Subrecipient Agreement dated March 3, 2014 with the LCHDC for property management and ownership activities. The terms of the Agreement shall remain in effect during the affordability period, which began upon execution of the Agreement and ends fifteen years thereafter on March 2, 2029. There is a restrictive covenant until March 2, 2034 that the property shall be used to meet one of the CDBG-NSP National Objectives. If the Grantee fails to comply with the restrictive covenant, the Grantee shall remit the current fair market value of the property less any expenditures of non-NSP funds for acquisition of, or improvement to the property. Such payment shall constitute program income to the City.

NOTE 8 – CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2018, was as follows:

	Beginning Balance	Additions and Transfers In	Retirements and Transfers Out	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 26,565,445	\$ 68,589	\$ -	\$ 26,634,034
Antiques and Exhibits ⁽¹⁾	251,871	-	-	251,871
Construction in progress	15,823,036	8,731,536	(3,893,696)	20,660,876
Intangibles-easements	3,617,573	206,079	-	3,823,652
Total capital assets, not being depreciated	46,257,925	9,006,204	(3,893,696)	51,370,433
Capital assets, being depreciated:				
Buildings	33,604,065	739,197	-	34,343,262
Improvements	49,164,690	1,775,023	-	50,939,713
Equipment	27,590,273	4,925,782	(885,190)	31,630,865
Intangibles-software	145,587	-	-	145,587
Infrastructure	271,788,188	5,772,883	-	277,561,071
Total capital assets, being depreciated	382,292,803	13,212,885	(885,190)	394,620,498
Less accumulated depreciation for:				
Buildings	(13,622,069)	(1,209,849)	-	(14,831,918)
Improvements	(29,968,147)	(2,791,979)	-	(32,760,126)
Equipment	(23,194,335)	(1,942,091)	885,190	(24,251,236)
Intangibles-software	(139,174)	(3,497)	-	(142,671)
Infrastructure	(207,474,565)	(5,706,492)	-	(213,181,057)
Total accumulated depreciation	(274,398,290)	(11,653,908)	885,190	(285,167,008)
Total capital assets being depreciated, net	107,894,513	1,558,977	-	109,453,490
Total governmental activities capital assets, net	\$ 154,152,438	\$ 10,565,181	\$ (3,893,696)	\$ 160,823,923

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 8 – CAPITAL ASSETS (continued)

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

Governmental Activities:

General government	\$ 2,646,508
Public Safety:	
Police	188,144
Fire	715,285
Protective inspections	15,789
Physical environment	882,599
Transportation	5,841,237
Economic environment	189,954
Culture and recreation	1,174,392
Total depreciation expense - governmental activities	<u>\$ 11,653,908</u>

	Beginning Balance	Additions and Transfers In	Retirements and Transfers Out	Ending Balance
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 2,697,493	\$ 15,243	\$ -	\$ 2,712,736
Intangibles	302,045	-	-	302,045
Construction in progress	22,489,553	30,887,418	(11,161,406)	42,215,565
Total capital assets, not being depreciated	<u>25,489,091</u>	<u>30,902,661</u>	<u>(11,161,406)</u>	<u>45,230,346</u>
Capital assets, being depreciated:				
Buildings	81,455,939	1,991,898	-	83,447,837
Improvements other than buildings	36,219,904	3,461,436	-	39,681,340
Equipment	27,737,062	2,423,649	(495,331)	29,665,380
Utility Systems	434,796,994	17,083,358	-	451,880,352
Total capital assets, being depreciated	<u>580,209,899</u>	<u>24,960,341</u>	<u>(495,331)</u>	<u>604,674,909</u>
Less accumulated depreciation for:				
Buildings	(58,606,007)	(2,598,404)	-	(61,204,411)
Improvements other than buildings	(13,712,826)	(1,461,440)	-	(15,174,266)
Equipment	(18,692,348)	(2,649,337)	495,331	(20,846,354)
Utility Systems	(165,191,493)	(12,134,534)	-	(177,326,027)
Total accumulated depreciation	<u>(256,202,674)</u>	<u>(18,843,715)</u>	<u>495,331</u>	<u>(274,551,058)</u>
Total capital assets being depreciated, net	<u>324,007,225</u>	<u>6,116,626</u>	<u>-</u>	<u>330,123,851</u>
Total business-type activities capital assets, net	<u>\$ 349,496,316</u>	<u>\$ 37,019,287</u>	<u>\$ (11,161,406)</u>	<u>\$ 375,354,197</u>

(1) The City owns various collections of works of art, historical treasures, educational exhibits and similar assets that are housed in the Imaginarium and Edison-Ford Estates. In compliance with the City's Capital Asset Capitalization Policy, the City capitalizes the collections.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 9 – ACCRUED LIABILITIES AND UNEARNED REVENUE

1. Accrued Liabilities

Accrued liabilities at September 30, 2018 were as follows:

	Salaries and Benefits	Due to Fiduciary Funds	Other Liabilities	Total
Governmental Activities:				
General Fund	\$ 2,792,108	\$ 297,060	\$ 571,958	\$ 3,661,126
Revenue Bonds and Notes Fund	-	-	11,500	11,500
General Capital Projects	-	-	5,589	5,589
Nonmajor Governmental Funds	-	-	18,012	18,012
Internal Service Fund	-	-	222,202	222,202
Total Governmental Activities	<u>\$ 2,792,108</u>	<u>\$ 297,060</u>	<u>\$ 829,261</u>	<u>\$ 3,918,429</u>
Business-type Activities:				
Water-Wastewater Fund	\$ -	\$ -	\$ 83,299	\$ 83,299
Solid Waste Fund	-	-	22,320	22,320
Nonmajor Business-type Funds	-	-	47,962	47,962
Total Business-type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,581</u>	<u>\$ 153,581</u>

2. Unearned Revenue

Unearned revenues represent revenues collected in advance of services performed and will be recognized when the services are rendered. The components of unearned revenue as of September 30, 2018 are as follows:

	General Fund	Nonmajor Governmental Funds	Total
Unearned revenues:			
Cemetery lots	\$ 29,994	\$ -	\$ 29,994
Code Enforcement billings	497,447	-	497,447
Rental income	4,927	-	4,927
Grant receipts	-	321,870	321,870
Total Unearned revenues	<u>\$ 532,368</u>	<u>\$ 321,870</u>	<u>\$ 854,238</u>

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 10 – PENSION OBLIGATIONS

The City oversees three separate single-employer defined benefit plans: the General Employees' Pension Plan that covers full-time City employees and civilian police department employees; the Police Officers' Retirement System for non-civilian Police Department employees, and; the Firefighters' Retirement System for City firefighters and Fire Department officers. Although an outside firm administers each plan, the plans are sponsored by and fiscally dependent on the City.

A board of trustees governs each plan, with each board consisting of seven trustees. These plans are maintained as pension trust funds and included as part of the City's reporting entity. City ordinance and state law require contributions be determined by actuarial studies at least every three years. Stand-alone financial reports are not issued.

	General Employees' Pension Plan	Police Officers' Retirement System	Firefighters' Retirement System	Total
Net pension liability	\$ 48,167,262	\$ 56,101,188	\$ 30,978,639	\$ 135,247,089
Deferred outflows of resources related to pensions	2,010,791	8,001,458	3,652,604	13,664,853
Deferred inflows of resources related to pensions	8,042,950	4,366,926	3,166,503	15,576,379
Pension expense	8,092,687	9,379,225	5,747,511	23,219,423

1. General Employees' Pension Plan

Plan Description

Plan administration. The General Employees' Pension Plan (GEPP) provides retirement, termination, disability and death benefits to Plan members and their beneficiaries. Regular full-time employees enter on the first of the month coincident with or next following the date of employment. Certain positions are allowed to opt out of the Plan.

The City Council has the authority to establish and amend the benefit provisions of the Plan. The GEPP Board of Trustees comprises the president of the employees' association; a trustee appointed by the employees' association; a non-union City employee that is a member of the retirement system, elected by the members of the retirement system that are non-union City employees; a trustee appointed by the City Council; the City Manager or his designee, and; a sixth and seventh trustee appointed by the other trustees.

Plan membership. As of October 1, 2017, the GEPP Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	560
Inactive plan members entitled to but not yet receiving benefits	333
Active plan members	443
Total plan membership	<u>1,336</u>

Benefits provided. The GEPP provides retirement, termination, disability and death benefits to Plan members and their beneficiaries, as follows:

- Normal retirement: Date of retirement is the first of month coincident with or next following the earlier of (1) the attainment of age 62 and the completion of five years of credited service, (2) the age when credited service plus age equals 80, or (3) 30 years of credited service, regardless of age. The benefit amount is 2.1% of the average final compensation multiplied by credited service prior to April 2, 1998 plus 3.0% of the average final compensation multiplied by credited service after April 2, 1998 through September 17, 2012, plus Rate A or B for service after September 17, 2012. Rate A is 1.8% and Rate B is 3.0%.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 10 – PENSION OBLIGATIONS (continued)

1. General Employees' Pension Plan (continued)

Benefits provided (continued)

- Early retirement: Date of retirement is the earlier of the attainment of age 55 and the completion of seven years of credited service, or age 60 and five years of credited service. The benefit amount is determined using the same calculations as for normal retirement and reduced by 4.0% for each year prior to normal retirement.
- Termination of employment: Vested members (members with seven or more years of credited service) receive their accrued benefit payable at retirement age. Non-vested members (members with less than seven years of credit service) receive a return of their accumulated contributions.
- Disability benefits: Total and permanent benefits, as determined by the Board, for eligible members that have at least five years of credited service. The benefit amount is determined using the same calculations as for normal retirement, based on total service and the average final compensation as of the date of disability.
- Pre-retirement death benefits: Vested benefits are paid for ten years at the member's normal (unreduced) or early (reduced) retirement date. Beneficiaries of non-vested members receive a return of their accumulated contributions.

Benefit terms provide for an annual 2.5% cost of living increase (COLA) for Tier 3 and Tier 4 members with at least three years of increased member contributions. The COLA is payable to normal and early retirees, in addition to disability retirees, vested terminated members, and joint pensioners and beneficiaries.

Tier 2 and Tier 4 members receive a supplemental benefit of \$200 per month, payable for the retiree's lifetime only (not subject to the cost of living adjustments). Members must make additional contributions for a minimum of three years for this benefit.

Contributions. Member contribution requirements are established by City Code Section 62-185, which may be amended by the City Council. Member contributions vary based on the rate and tier selected by the employee. The City is required to contribute, at an actuarially determined rate, the remaining amount required in order to pay current costs and amortize unfunded past service costs, if any, as provided in Chapter 112, Florida Statutes. Administrative costs of the GEPP are financed through Plan contributions and investment earnings.

Investments. In fulfilling their fiduciary responsibility, the Pension Board of Trustees (the Board) for the GEPP established an Investment Policy Statement and directed that it applies to all assets under their control. Note 4, section 2, provides disclosure about the GEPP's investment policy and related investments.

Deferred Retirement Option Program (DROP). City employees are eligible for the Deferred Retirement Option Program (DROP) upon the satisfaction of normal retirement requirements. Participation in the DROP may not exceed sixty months. At the member's election, the rate of return may be (1) the actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or (2) 3.0% per annum compounded monthly. Members may elect to change the form of return one time. Participating members receive their distribution as a cash lump sum (options available) at the termination of employment. As of September 30, 2018, the balance of the DROP amounts maintained by the GEPP was \$2,142,001.

Net Pension Liability

The GEPP's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability of the GEPP at September 30, 2018 were as follows:

Total pension liability	\$ 175,688,303
Plan fiduciary net position	(127,521,041)
GEPP net pension liability	<u>\$ 48,167,262</u>

Plan fiduciary net position as a percentage of the total pension liability	72.58%
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CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 10 – PENSION OBLIGATIONS (continued)

1. General Employees' Pension Plan (continued)

Net Pension Liability (continued)

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2017, updated to September 30, 2018, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Service based
Discount rate	7.50 percent
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates for healthy active lives were based on the RP2000 Generational Table with 100% Combined Healthy White Collar, Scale BB, for females and with 50% Combined Healthy White Collar / 50% Combined Healthy Blue Collar, Scale BB, for males. Mortality rates for healthy inactive lives were based on the RP2000 Generational Table with 100% Annuitant White Collar, Scale BB, for females and with 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB, for males. The mortality rates for female disabled lives were based on the RP2000 Table without projection, 100% Disabled Female set forward two years. The mortality rates for male disabled lives were based on the RP2000 Table without projection, 100% Disabled Male set back four years.

The other significant assumptions are based upon the most recent actuarial experience study dated February 18, 2013, for the period 2002 – 2012.

The long-term expected rate of return on the GEPP investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the GEPP's target asset allocation as of September 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45.0%	7.50%
Broad Market Fixed Income	20.0%	2.50%
Global Fixed Income	5.0%	3.50%
Real Return Assets	5.0%	2.50%
International Equity	15.0%	8.50%
Real Estate	10.0%	4.50%
Total	100.0%	

Note 4, section 2, provides further discussion of the GEPP's asset allocation policy.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the GEPP's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on the GEPP investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 10 – PENSION OBLIGATIONS (continued)

1. General Employees' Pension Plan (continued)

Net Pension Liability (continued)

Changes in Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2017	\$ 166,180,710	\$ 112,775,747	\$ 53,404,963
Changes for the year:			
Service cost	2,428,377	-	2,428,377
Interest	12,475,849	-	12,475,849
Changes of benefit terms	9,191	-	9,191
Differences between expected and actual experience	1,813,109	-	1,813,109
Changes of assumptions	2,208,471	-	2,208,471
Contributions - employer	-	8,517,979	(8,517,979)
Contributions - members	114,065	1,070,880	(956,815)
Net investment income	-	14,890,636	(14,890,636)
Benefit payments, including refunds of employee contributions	(9,541,469)	(9,541,469)	-
Administrative expense	-	(192,732)	192,732
Net changes	9,507,593	14,745,294	(5,237,701)
Balances at September 30, 2018	\$ 175,688,303	\$ 127,521,041	\$ 48,167,262

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the GEPP, calculated using the discount rate of 7.50 percent, as well as what the GEPP's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
GEPP net pension liability	\$ 67,765,463	\$ 48,167,262	\$ 31,739,916

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018, the GEPP recognized pension expense of \$8,092,687. At September 30, 2018, GEPP reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 906,555	\$ -
Changes of assumptions	1,104,236	-
Net difference between projected and actual earnings on pension plan investments	-	8,042,950
Total	\$ 2,010,791	\$ 8,042,950

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 10 – PENSION OBLIGATIONS (continued)

1. General Employees' Pension Plan (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

Year ended September 30:

2019	\$ 652,278
2020	(2,699,253)
2021	(2,671,938)
2022	(1,313,246)
Thereafter	-

2. Police Officers' Retirement System

Plan Description

Plan administration. The Police Officers' Retirement System (PORS) provides retirement, disability, death benefits and cost of living adjustments to Plan members and their beneficiaries. Each person employed by the City of Fort Myers Police Department becomes a member of the Plan as a condition of employment. Therefore, all police officers are eligible for all Plan benefits as provided for in the Plan document and by applicable law, except the Chief of Police. The Chief of Police may, upon employment as Police Chief, notify the Board and the City, in writing, of his election to not be a member of the PORS.

The City Council has the authority to establish and amend the benefit provisions of the Plan. The PORS Board of Trustees comprises the City Manager or his designee; the Chief of Police of the City; three members of the retirement system that are elected by a majority of police officers that are members of the retirement system, and; two trustees that are legal residents of the City, appointed by the City Council upon nomination by the other five trustees.

Plan membership. As of October 1, 2017, the PORS Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	154
Inactive plan members entitled to but not yet receiving benefits	20
Active plan members	169
Total plan membership	<u>343</u>

Benefits provided. The PORS provides retirement, termination, disability, and death benefits to Plan members and their beneficiaries, as follows:

- Normal retirement: Date of retirement is the earlier of age 55 or the completion of twenty-five years of credited service, regardless of age. The benefit amount is 3.24% of the average final compensation multiplied by credited service for each year of credited service prior to March 17, 2014, plus 3.0% for each year of credited service for years after March 17, 2014. Supplemental benefits provide \$150 per month that is payable for the lifetime of the retiree. Any member that has accrued at least fifteen years of credited service as of March 17, 2014 shall continue to be eligible for the \$290 additional monthly benefit.
- Early retirement: Date of retirement is the earlier of the attainment of age 45 and the completion of ten years of credited service, or the completion of fifteen years of credited service. The benefit amount is the accrued benefit, reduced 3.0% per year, plus the supplemental benefit.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 10 – PENSION OBLIGATIONS (continued)

2. Police Officers' Retirement System (continued)

Benefits provided (continued)

- Termination of employment: Vested members (members with five or more years of credited service) receive their accrued benefit payable at the member's election, on the otherwise early or normal retirement date or refund of member contributions, with 3.75% interest. Non-vested members (members with less than five years of credited service) receive a refund of their member contributions, with 3.75% interest.
- Disability benefits: Total and permanent benefits, as determined by the Board. Members are covered from the date of employment for service incurred disabilities and after five years of employment for non-service incurred disabilities. The benefit amount is 3.24% of the average final compensation multiplied by credited service for service earned prior to March 17, 2014, and 3% of the average final compensation multiplied by credited service for service earned on and after March 17, 2014 (but not less than 42% of average monthly earnings), plus the supplemental benefit, offset with workers' compensation. Benefits commence upon Board approval and are payable until the earlier of recovery or death (120 monthly payments of the accrued benefit, less the supplemental benefit, are guaranteed).
- Pre-retirement death benefits: For members with credited service, death benefits for spouse and/or dependent child are paid to the spouse as 1.62% of the average final compensation multiplied by credited service and to each child as 0.324% of the average final compensation multiplied by credited service. The overall maximum benefit to the spouse and children is 70% of the average final compensation. Pre-retirement death benefits for a member with no spouse and no children are paid by a refund of the member contributions, with 3.75% interest. There is an alternative benefit to the beneficiaries of members that deceased after completing at least ten years of service. Those beneficiaries may elect to receive the member's accrued benefit for ten years at the member's normal (unreduced) or early (reduced) retirement date.

Benefit terms provide for a cost of living increase, as follows:

- Members that retired after November 5, 1990 and prior to December 1, 2002 receive 3.0% at age 60 and each October 1 thereafter.
- Members that retired after November 30, 2002 receive a 3.0% per year increase on the monthly benefit, beginning at the earlier of 24 months following normal retirement eligibility or age 60.
- Members that retired after March 17, 2014 receive a blended rate: 3.0% for benefits accrued before March 17, 2014, and 1.5% per year for benefits accrued beginning March 17, 2014 and after.

Contributions. Member contribution requirements are established by City Code Section 62-75, which may be amended by the City Council. Members of the Plan are required to contribute 10% of their annual covered salary. The City is required to contribute, at an actuarially determined rate, the remaining amount required in order to pay current costs and amortized unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes, less amounts received from the State of Florida for insurance surcharges on policies sold within the City. The State's contribution to the PORS for fiscal year 2018 was \$880,267. The City recognizes these on-behalf payments as revenues and expenditures in the governmental funds financial statements.

Investments. In fulfilling their fiduciary responsibility, the Pension Board of Trustees (the Board) for the PORS established an Investment Policy Statement and directed that it applies to those funds under their control. Note 4, section 2, provides disclosure about the PORS' investment policy and related investments.

Deferred Retirement Option Program (DROP). PORS employees are eligible for the Deferred Retirement Option Program (DROP) upon the satisfaction of normal retirement requirements. Participation in the DROP may not exceed sixty months. At the member's election, the rate of return may be (1) the actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or (2) 3.0% per annum compounded monthly. Members may elect to change the form of return one time. Participating members receive their distribution as a cash lump sum (options available) at the termination of employment. As of September 30, 2018, the balance of the DROP amounts maintained by the PORS was \$486,725.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 10 – PENSION OBLIGATIONS (continued)

2. Police Officers' Retirement System (continued)

Net Pension Liability

The PORS' net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability of the PORS at September 30, 2018 were as follows:

Total pension liability	\$ 191,158,335
Plan fiduciary net position	(135,057,147)
PORS net pension liability	<u>\$ 56,101,188</u>

Plan fiduciary net position as a percentage of the total pension liability	70.65%
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Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2017, updated to September 30, 2018, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.7 percent
Salary increases	6.0 percent
Discount rate	7.75 percent
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates for healthy active lives were based on the RP2000 Combined Healthy Table, 100% Annuitant White Collar, Scale BB, for females and on the RP2000 Generational Table, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB, for males. Mortality rates for healthy inactive lives were based on the RP2000 Generational Table with 100% Annuitant White Collar, Scale BB, for females and with 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB, for males. The mortality rates for female disabled lives were based on 60% RP2000 Table Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale. The mortality rates for male disabled lives were based on 60% RP2000 Disabled Male set back four years / 40% Annuitant White Collar with no setback, no projection scale.

The other significant assumptions are based upon the most recent actuarial experience study dated August 30, 2016, for the period 1987 – 2015.

The long-term expected rate of return on the PORS investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PORS' target asset allocation as of September 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Large Cap Equities	32.5%	8.10%
Domestic Small / Mid Cap Equities	7.5%	8.10%
Convertible Securities	10.0%	6.70%
Fixed Income Securities	25.0%	3.60%
International Equity	15.0%	3.40%
Real Estate	5.0%	4.90%
Master Limited Partnerships	5.0%	9.40%
Total	<u>100.0%</u>	

Note 4, section 2, provides further discussion of the PORS' asset allocation policy.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 10 – PENSION OBLIGATIONS (continued)

2. Police Officers' Retirement System (continued)

Net Pension Liability (continued)

Actuarial assumptions (continued)

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the PORS' fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on the PORS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2017	\$ 179,559,165	\$ 120,980,657	\$ 58,578,508
Changes for the year:			
Service cost	3,119,115	-	3,119,115
Interest	13,793,082	-	13,793,082
Share plan allocation	75,899	-	75,899
Differences between expected and actual experience	3,831,561	-	3,831,561
Contributions - employer	-	9,167,168	(9,167,168)
Contributions - state	-	880,267	(880,267)
Contributions - members	-	1,352,250	(1,352,250)
Net investment income	-	11,992,630	(11,992,630)
Benefit payments, including refunds of employee contributions	(9,220,487)	(9,220,487)	-
Administrative expense	-	(95,338)	95,338
Net changes	11,599,170	14,076,490	(2,477,320)
Balances at September 30, 2018	\$ 191,158,335	\$ 135,057,147	\$ 56,101,188

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the PORS, calculated using the discount rate of 7.75 percent, as well as what the PORS' net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
PORS net pension liability	\$ 82,113,659	\$ 56,101,188	\$ 34,921,023

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018, PORS recognized pension expense of \$9,379,225. At September 30, 2018, PORS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 10 – PENSION OBLIGATIONS (continued)

2. Police Officers' Retirement System (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,488,948	\$ 2,173,138
Changes of assumptions	4,512,510	-
Net difference between projected and actual earnings on pension plan investments	-	2,193,788
Total	<u>\$ 8,001,458</u>	<u>\$ 4,366,926</u>

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

Year ended September 30:

2019	\$ 3,069,859
2020	928,219
2021	(615,696)
2022	252,150
Thereafter	-

3. Firefighters' Retirement System

Plan Description

Plan Administration. The Firefighters' Retirement System (FRS) provides retirement, termination, disability and death benefits to Plan members and their beneficiaries. Each person employed by the City of Fort Myers Fire Department becomes a member of the Plan as a condition of employment. Therefore, all firefighters are eligible for all Plan benefits as provided for in the Plan document and by applicable law, except the Fire Chief. The Fire Chief may exercise an irrevocable election not to participate in the FRS within sixty days of the date of appointment as Fire Chief.

The City Council has the authority to establish and amend the benefit provisions of the Plan. The FRS Board of Trustees comprises the City Manager; the Fire Chief of the City; three members of the retirement system that are elected by a majority of firefighters that are members of the retirement system, and; two trustees that are legal residents of the City, appointed by the City Council upon nomination by the other five trustees.

Plan membership. As of October 1, 2017, the FRS Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	113
Inactive plan members entitled to but not yet receiving benefits	19
Active plan members	112
Total plan membership	<u>244</u>

Benefits provided. The Firefighters' Retirement System (FRS) provides retirement, termination, disability and death benefits to Plan members and their beneficiaries, as follows:

- Normal retirement: For members hired before April 20, 2015, date of retirement is the earlier of (1) age 52, or (2) twenty-five years of credited service, regardless of age. For members hired on or after April 20, 2015, date of retirement is the earlier of (1) age 55 with ten years of credited service, or (2) twenty-five years of credited service, regardless of age. The benefit amount is 3.11% of the average monthly earnings multiplied

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 10 – PENSION OBLIGATIONS (continued)

3. Firefighters' Retirement System

Benefits provided (continued)

credited service, regardless of age. The benefit amount is 3.11% of the average monthly earnings multiplied by credited service prior to April 20, 2015, plus 3% of average monthly earnings multiplied by credited service on or after April 20, 2015. Benefits from the FRS are reduced by amounts paid under the terminated Travelers contracts.

- Early retirement: Date of retirement is attainable at age 45 and ten years of credited service. The benefit amount is the member's accrued benefit, reduced 2% for each year prior to the normal retirement date. Benefits from the FRS are reduced by amounts paid under the terminated Travelers contracts.
- Termination of employment: Vested members (members with ten years or more of credited service) receive their accrued benefit payable at the member's election, at age 52 (unreduced) or as early as age 45 (reduced) or refund of their member contributions, with 3.75% interest. Non-vested members (members with less than ten years of credited service) receive a refund of their member contributions, with 3.75% interest.
- Disability benefits: Total and permanent benefits, as determined by the Board, for eligible members that have ten years of credited service if the disability is not service-incurred. There is no service requirement for service-incurred disability benefits. The benefit amount for In-Line-of-Duty is the greater of the accrued benefit or 60% of the average monthly earnings. Line-of-duty retirees also receive the supplemental benefit discussed below as well as the 3.0% cost of living increase beginning at age 60. The benefit amount for Not-In-Line-Of-Duty is the member's accrued benefits. Benefits commence upon the Board's approval and are payable on a ten year certain and life thereafter basis, or until recovery, if such recovery occurs prior to the normal retirement date.
- Pre-retirement death benefits: The surviving spouse receives benefits that are the greater of the member's early retirement benefit or 50% of the projected normal retirement benefit based on the average monthly earnings at the time of death. Each dependent child under the age of 21 receives 5% of the projected normal retirement benefit that was determined for the spouse. The minimum benefit is the member's accrued benefit payable to the beneficiary for ten years. The spouse's benefit ceases upon death; children's benefit ceases on the earlier of death, attainment of age 21 or when no longer a dependent of the spouse. Death benefits are offset by amounts payable under terminated Travelers Contracts.

Benefit terms provide a cost of living increase, as follows:

- Members who retire after June 1, 1986 and prior to January 1, 2005 (exclusive of any supplemental benefit) receive an increase of 3.0% in benefits beginning on the October 1 following age 60.
- Members who retire on or after January 1, 2005 (exclusive of any supplemental benefit) receive an increase of 3.0% per year beginning on the October 1 that is at least twenty-four months following the retiree's normal retirement date.
- The adjustment for monthly benefits accrued on and after April 20, 2015 is 1.5%.

Service retirees (normal or early) receive a supplemental benefit of an additional \$150 per month for life. Members with at least ten years of credited service as of April 20, 2015 shall receive \$200 per month for life.

Individual participant share accounts were established as of October 1, 2010 for all participants that are actively employed by the City on or after October 1, 2010. The accounts shall be credited with monies received pursuant to Chapter 175, Florida Statutes in excess of the 2009 base amount of \$405,927, beginning with the Plan year ending September 30, 2010 (including all remaining funds in the Excess State Monies Reserve). On each valuation date, each account shall be adjusted to reflect the net earnings or losses during the year at the net of fees rate of return for the year unless the Board dedicates a separate investment portfolio for the Share Plan monies. Participating members receive their distribution as a cash lump sum at the termination of employment.

Contributions. Member contribution requirements are established by City Code Section 62-135, which may be amended by the City Council. Members of the Plan are required to contribute 8% of their annual covered salary. The City is required to contribute, at actuarially determined rate, the remaining amount required in order to pay current costs and amortize the unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes, less amounts

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 10 – PENSION OBLIGATIONS (continued)

3. Firefighters' Retirement System (continued)

Contributions (continued)

received from the State of Florida for insurance surcharges on policies sold within the City. In no event will the City's contributions be less than 10% of the payroll of the City of Fort Myers Fire Department for the fiscal year. The State's contribution to the FRS for fiscal year 2018 was \$639,810. The City recognizes these on-behalf payments as revenues and expenditures in the governmental funds financial statements.

Investments. In fulfilling their fiduciary responsibility, the Pension Board of Trustees (the Board) for the FRS established an Investment Policy Statement and directed that it applies to all assets under their control. Note 4, section 2, provides disclosure about the FRS' investment policy and related investments.

Deferred Retirement Option Program (DROP). FRS employees are eligible for the Deferred Retirement Option Program (DROP) upon the satisfaction of normal retirement requirements. The maximum period of participation in the DROP is sixty months but no later than eighty-four months after first eligibility for normal retirement. At the member's election, the rate of return may be (1) the actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or (2) 3.0% per annum compounded monthly. Members may elect to change the form of return one time. Participating members receive their distribution as a cash lump sum (options available) at the termination of employment. As of September 30, 2018, the balance of the DROP amounts maintained by the FRS was \$1,611,110.

Net Pension Liability

The FRS' net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability of the FRS at September 30, 2018 were as follows:

Total pension liability	\$ 131,828,132
Plan fiduciary net position	(100,849,493)
FRS net pension liability	<u>\$ 30,978,639</u>

Plan fiduciary net position as a percentage of the total pension liability	76.50%
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Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2017, updated to September 30, 2018, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Service based
Discount rate	8.00 percent
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation

Mortality rates for healthy active lives were based on the RP2000 Generational Table with 100% Combined Healthy White Collar, Scale BB, for females and with 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB, for males. Mortality rates for healthy inactive lives were based on the RP2000 Generational Table with 100% Annuitant White Collar, Scale BB, for females and with 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB, for males. The mortality rates for female disabled lives were based on 60% RP2000 Table Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale. The mortality rates for male disabled lives were based on 60% RP2000 Disabled Male set back four years / 40% Annuitant White Collar with no setback, no projection scale.

The other significant assumptions are based upon the most recent actuarial experience study dated October 13, 2016, for the period 1987 – 2015.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 10 – PENSION OBLIGATIONS (continued)

3. Firefighters' Retirement System (continued)

Net Pension Liability (continued)

Actuarial assumptions (continued)

The long-term expected rate of return on the FRS investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the FRS' target asset allocation as of September 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	50.0%	7.50%
Broad Market Fixed Income	17.0%	2.50%
Global Fixed Income	5.0%	3.50%
Alternatives	3.0%	0.00%
International Equity	15.0%	8.50%
Real Estate	10.0%	4.50%
Total	100.0%	

Note 4, section 2, provides for further discussion of the FRS' asset allocation.

Discount rate. The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on the FRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2017	\$ 124,628,039	\$ 92,217,121	\$ 32,410,918
Changes for the year:			
Service cost	1,969,349	-	1,969,349
Interest	9,828,439	-	9,828,439
Share plan allocation	233,883	-	233,883
Differences between expected and actual experience	2,544,751	-	2,544,751
Contributions - employer	-	5,656,025	(5,656,025)
Contributions - state	-	639,810	(639,810)
Contributions - members	13,639	599,335	(585,696)
Net investment income	-	9,248,134	(9,248,134)
Benefit payments, including refunds of employee contributions	(7,389,968)	(7,389,968)	-
Administrative expense	-	(120,964)	120,964
Net changes	7,200,093	8,632,372	(1,432,279)
Balances at September 30, 2018	\$ 131,828,132	\$ 100,849,493	\$ 30,978,639

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 10 – PENSION OBLIGATIONS (continued)

3. Firefighters' Retirement System (continued)

Net Pension Liability (continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the FRS, calculated using the discount rate of 8.00 percent, as well as what the FRS' net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
FRS net pension liability	\$ 47,274,260	\$ 30,978,639	\$ 17,604,648

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018, FRS recognized pension expense of \$5,747,511. At September 30, 2018, FRS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,619,071	\$ 10,534
Changes of assumptions	1,033,533	-
Net difference between projected and actual earnings on pension plan investments	-	3,155,969
Total	<u>\$ 3,652,604</u>	<u>\$ 3,166,503</u>

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

Year ended September 30:

2019	\$ 1,570,899
2020	(763,881)
2021	(458,306)
2022	137,389
Thereafter	-

Retirement Plan for City Officials Electing Not to Participate in the Current Defined Benefit Plan

Plan Description. On May 7, 2007, City Council passed Resolution No. 2007-26, which authorized the establishment of a governmental money purchase plan and trust for City officials, who comprise elected officials, the City Manager, Police Chief, Fire Chief, and City directors. On June 5, 2007, the City adopted the City of Fort Myers 401(a) Plan for City officials that elect not to participate in the City's defined benefit plans.

The deferred compensation amounts are not available for withdrawal by the participants until termination, retirement, death or unforeseeable emergency. The Plan is administered by an unrelated financial institution on behalf of the City.

Contributions. For City officials that elect not to participate in the City's defined benefit plans, the City shall contribute 12% of earnings for the Plan year and the participants are required to contribute 3% of their earnings. Contribution requirements for the City Manager, City Attorney, Chief of Police and two Deputy Chiefs of Police are determined by their employment agreements. Currently, the City provides a retirement benefit equal to 15.3% of salary. No employee contribution or vesting period is required.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 10 – PENSION OBLIGATIONS (continued)

Retirement Plan for City Officials Electing Not to Participate in the Current Defined Benefit Plan (continued)

As of September 30, 2018, the Fire Chief and two City Council member were the only participants in the 401(a) Plan and the total fiscal year 2018 contributions were \$21,334.

Statement of Net Position - Pension Trust Funds

	General Employees' Pension Plan	Police Officers' Retirement System	Firefighters' Retirement System	Total
ASSETS				
Cash and cash equivalents	\$ 5,165,566	\$ 2,355,722	\$ 2,146,615	\$ 9,667,903
Investments, at fair value:				
U.S. government and agency securities	2,447,972	14,115,789	4,819,598	21,383,359
Municipal bonds	794,874	-	-	794,874
Corporate stock	61,568,695	21,950,363	54,614,762	138,133,820
Corporate bonds	4,552,402	7,120,082	5,449,653	17,122,137
Convertible bonds	-	8,878,704	-	8,878,704
Convertible preferred	-	2,502,004	-	2,502,004
Mortgage backed securities	9,786,604	1,791,877	606,368	12,184,849
Asset backed securities	-	-	222,398	222,398
Mutual funds:				
Fixed income	4,090,002	-	4,512,982	8,602,984
Equity	8,127,310	36,400,623	-	44,527,933
International equity	-	16,351,788	-	16,351,788
Commingled funds - Real estate	-	11,334,944	-	11,334,944
Limited partnerships:				
Real estate	-	-	8,126,343	8,126,343
International equity	15,706,513	-	-	15,706,513
Master limited partnership	-	2,181,247	-	2,181,247
Real estate investment trusts	13,187,134	-	-	13,187,134
International securities:				
Bonds and notes	433,279	-	-	433,279
Stocks	1,599,255	-	14,215,113	15,814,368
Total investments	<u>122,294,040</u>	<u>122,627,421</u>	<u>92,567,217</u>	<u>337,488,678</u>
Receivables:				
Employer contributions	99,763	9,167,168	5,656,026	14,922,957
Interest and dividends	130,808	234,312	197,610	562,730
Total receivables	<u>230,571</u>	<u>9,401,480</u>	<u>5,853,636</u>	<u>15,485,687</u>
Prepaid items - benefits	-	787,659	499,481	1,287,140
Total assets	<u>127,690,177</u>	<u>135,172,282</u>	<u>101,066,949</u>	<u>363,929,408</u>
LIABILITIES				
Payables:				
Investment expenses	148,788	110,664	169,407	428,859
Administrative expenses	20,348	4,471	48,049	72,868
Total liabilities	<u>169,136</u>	<u>115,135</u>	<u>217,456</u>	<u>501,727</u>
NET POSITION				
Net position restricted for pensions	<u>\$ 127,521,041</u>	<u>\$ 135,057,147</u>	<u>\$ 100,849,493</u>	<u>\$ 363,427,681</u>

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 10 – PENSION OBLIGATIONS (continued)

Statement of Changes in Net Position - Pension Trust Funds				
	General Employees' Pension Plan	Police Officers' Retirement System	Firefighters' Retirement System	Total
ADDITIONS				
Contributions:				
Employer	\$ 8,517,979	\$ 9,167,168	\$ 5,656,025	\$ 23,341,172
State of Florida	-	880,267	639,810	1,520,077
Plan members	1,070,880	1,352,250	599,335	3,022,465
Total contributions	9,588,859	11,399,685	6,895,170	27,883,714
Investment earnings:				
Interest and dividends	2,237,204	1,739,793	2,446,556	6,423,553
Net increase in the fair value of investments	13,177,716	10,788,449	7,359,636	31,325,801
Total investment earnings	15,414,920	12,528,242	9,806,192	37,749,354
Less: investment expenses	524,284	535,612	558,058	1,617,954
Net investment earnings	14,890,636	11,992,630	9,248,134	36,131,400
Total additions	24,479,495	23,392,315	16,143,304	64,015,114
DEDUCTIONS				
Benefits paid	9,541,469	9,220,487	7,389,968	26,151,924
Administrative expenses	192,732	95,338	120,964	409,034
Total deductions	9,734,201	9,315,825	7,510,932	26,560,958
Change in net position	14,745,294	14,076,490	8,632,372	37,454,156
NET POSITION				
Net position held in trust for pension benefits				
Net position - beginning	112,775,747	120,980,657	92,217,121	325,973,525
Net position - ending	\$ 127,521,041	\$ 135,057,147	\$ 100,849,493	\$ 363,427,681

NOTE 11 – DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Service (IRS) Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or the hardship distribution criteria as defined in IRS Code Section 457. Because the assets of the plan are held in trust and are the sole property of the participants, no balances or financial information relative to the plan is reported in the basic financial statements.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 12 – OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS

All full-time employees of the City who satisfy the Disability, Early or Normal Retirement provisions of the applicable Retirement Plan may be eligible for certain other postemployment benefits (OPEB) through the City's single employer defined benefit plan. The preceding Note 10, Pension Obligations, provides the eligibility requirements for retirement under the City's General Employees' Pension Plan, Police Officers' Retirement System and the Firefighters' Retirement System. Employees covered through the Defined Contribution plan in lieu of coverage under the Defined Benefit plan are subject to eligibility requirements applicable to similarly situated employees under the respective pension plans.

Benefits provided. OPEB benefits include access to coverage for the retiree and dependents under the Medical and Prescription Plans as well as participation in the Dental, Vision and Life Insurance group plans sponsored by the City for employees. Eligible retirees may choose among the same Medical Plan options available for similarly situated active employees of the City. Dependents of retirees may be covered, at the retirees' option, the same as dependents of similarly situated active employees. The total premium amount charged for covering employees and retirees and their dependents is the same without regard to the age or gender of the member.

The City extends postemployment benefits to retirees and the benefits are continued at the discretion of the City, which reserves the right (subject to State Statute and any collective bargaining agreements) to change or terminate benefits and to change contributions required from retirees in the futures as circumstances change.

The City's OPEB plan is currently funded on a pay-as-you-go basis. There is no separate trust through which benefits for retirees are funded. No assets are accumulated or earmarked for this purpose. All approved benefits are paid by the City when due. The plan does not issue a separate financial report.

Employees covered by benefit terms. As of the measurement date of September 30, 2017, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	69
Active employees	755
Total members	<u>824</u>

Total OPEB Liability

The City's total OPEB liability of \$16,576,813 was measured as of September 30, 2017 and was determined by an actuarial valuation as of September 30, 2017.

Actuarial assumptions and other inputs. The total OPEB liability in the September 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	For General employees, 4.50% - 10.00% depending on service, including inflation. For Police Officers, 6.0%, including inflation. For Firefighters, 4.50% - 8.00% depending on service, including inflation.
Discount rate	3.50%
Healthcare cost trend rates	Based on the Getzen model, with trend starting at -2.20% for 2018 (to reflect actual premiums), then 6.75% for 2019 and gradually decreasing to an ultimate trend rate of 4.24% plus 0.62% increase to reflect excise tax on high-cost employer health plans.

The discount rate was based on the municipal bond rate of 3.50% (based on the daily rate of Fidelity's "20-Year Municipal GO AA Index" closest to but not later than the measurement date). The discount rate was 3.10% as of the beginning of the measurement year.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 12 – OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (continued)

Actuarial assumptions and other inputs (continued)

Mortality rates were based on the mortality tables used in the July 1, 2016 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.

Changes in the Total OPEB Liability

The following table presents the changes in the City's total OPEB liability for the year ended September 30, 2018.

Balance, as of October 1, 2017	\$ 16,513,886
Changes:	
Service cost	964,834
Interest on the total OPEB liability	533,288
Changes in assumptions and other inputs	(883,439)
Benefit payments	(551,756)
Net change in the total OPEB liability	62,927
Balance, as of September 30, 2018	\$ 16,576,813

Changes in assumption and other inputs include the change in the discount rate from 3.10% as of the beginning of the measurement period to 3.50% as of September 30, 2017.

There were no benefit changes during the year.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the City's total OPEB liability, calculated using the discount rate of 3.50%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate:

	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB Liability	\$ 18,929,759	\$ 16,576,813	\$ 14,650,152

Sensitivity of the total OPEB liability to changes in the healthcare trend rate. The following presents the City's total OPEB liability, calculated using the healthcare trend rate of -2.20 (to reflect actual premiums) as well as what the total OPEB liability would be if it were calculated using a healthcare trend rate 1 percentage point lower (-1.20%) or 1 percentage point higher (-3.20%) than the current rate:

	<u>1% Decrease in Healthcare Cost Trend Rate (-1.20%)</u>	<u>Current Healthcare Cost Trend Rate (-2.20%)</u>	<u>1% Increase in Healthcare Cost Trend Rate (-3.20%)</u>
Total OPEB Liability	\$ 14,426,901	\$ 16,576,813	\$ 19,244,645

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of \$1,362,212. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 12 – OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Benefits paid after the measurement date	\$ 562,565	\$ -
Changes of assumptions and other inputs	-	747,524
Total	<u>\$ 562,565</u>	<u>\$ 747,524</u>

Deferred outflows of resources include \$562,565 resulting from benefits paid after the measurement date. This amount will be recognized as a reduction of the OPEB liability in the year ended September 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:

2019	\$ (135,913)
2020	(135,913)
2021	(135,913)
2022	(135,913)
2023	(135,913)
Thereafter	(67,959)

NOTE 13 – COMMITMENTS

Construction Contracts

The City has active construction projects as of September 30, 2018. The projects include street construction, widening and extending streets, the rehabilitation of the Central and South Waste Water Treatment Plants, and the energy efficiency project related to the Master Lease Purchase Agreement with Siemens Industry, Inc. At fiscal year end, the City's commitments with contractors are as follows:

The Water–Wastewater Fund had outstanding commitments of uncompleted construction contracts totaling \$26,362,765. These projects include \$4,878,204 for utilities related to the Hanson Street Extension Metro-Buckingham, \$4,331,806 for the rehabilitation of the power distribution system at the Central Waste Water Treatment Plant, \$3,828,642 for the rehabilitation of the power distribution system at the South Waste Water Treatment Plant, and a total of \$4,535,594 for the Energy Efficiency Improvement project at both water treatment plants as part of the Master Lease Purchase Agreement with Siemens Industry, Inc.

The Transportation Capital Projects Fund had outstanding commitments of \$14,031,018, primarily for construction costs for the Hanson Street Extension – Cocos Avenue to Ortiz Avenue and the McGregor Boulevard Flexible Pavement Reconstruction.

The General Capital Projects Fund had outstanding commitments of \$4,024,890, which includes \$1,539,303 for the relocation of utilities underground by Bay Street.

The remaining commitment amounts were encumbered at fiscal year end. As discussed in Note 1, 6., Budgetary information, Budgetary basis of accounting, the encumbrances and related appropriations lapse at the end of the fiscal year but are re-appropriated and become part of the subsequent year's budget because performance under the contract is expected in the next year.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 13 – COMMITMENTS (continued)

Encumbrances

As discussed in Note 1, 6., Budgetary information, Budgetary basis of accounting, encumbrance accounting is used to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

	Governmental Activities				Total
	General Fund	Transportation Capital Projects Fund	General Capital Projects Fund	Other Governmental Funds	
Encumbrances Outstanding	\$ 962,230	\$ 14,031,018	\$ 4,024,890	\$ 486,106	\$ 19,504,244

Transportation Capital Projects Fund – of this amount, \$11,456,381 is restricted for the Hanson Street Extension.

General Capital Projects Fund – of this amount, \$2,307,370 is restricted for relocation of utilities underground by Bay Street, City Hall generator, fire alarm, and suppression, and for ADA Compliance improvements.

Road, Water, Wastewater and Fire Impact Fees Credits

The City offers road, water and wastewater and fire impact fee credits to developers who construct or provide certain infrastructure improvements. Credits may be earned in special assessment districts, which are financed by the City, and residential and commercial projects. The credits may be used to offset future impact fees and have a standard life of twenty years for road and fire credits and ten years for water and wastewater from date of issuance, unless a longer period is specifically authorized by City Council. The developer who earned them may use the credits or the credits may be transferred to another party under certain circumstances. If the credits are not used within the authorized timeframe, they will expire.

Chapter 122, Land Development Code allows the City to create water and sewer impact fee credits for capital improvements of utility mains. The credits are created when the construction is completed and accepted by the City for maintenance. The road impact fee credits include credits for land dedicated to the City. The City also participates with the Lee County Road Impact Fee Ordinance through an interlocal agreement. The Lee County Road Impact Fee Ordinance allows for the issuance of impact fee credits for land dedication for approved roads shown on the City's transportation element of the Capital Improvement Program.

As of September 30, 2018, there was approximately \$3.0 million of total potential impact fee credits earned and outstanding.

	Available	Earned
Water	\$ 37,951	\$ 37,951
Road	1,928,616	1,928,616
Fire	1,065,440	1,065,440
Total	\$ 3,032,007	\$ 3,032,007

Operating Agreements

In the current fiscal year, the City entered into operating lease and development agreements to empower the lessees to direct their efforts and resources to the management and operations of certain City venues.

The City entered into an operating/lease agreement with a local not-for-profit corporation to privately manage and operate the Imaginarium Science Center. The Imaginarium Science Center will be used by the Lessee for conducting educational, cultural, and historical programs for the benefit of the general public. The Lessee will be responsible for all utilities, fees, assessments and taxes, maintenance and major repairs up to \$2,500. The City and Lessee have the option to terminate the agreement with 180-day written notice.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 13 – COMMITMENTS (continued)

Operating Agreements (continued)

The lease payment of \$1.00 per year is effective for a term of ten years, commencing January 1, 2017 and expiring December 31, 2026. The operating/lease agreement contains a provision for subsidy payments from the City, in quarterly installments, and an annual waiver of the nonprofit requirement to pay ten to fifteen percent of market rate rent. The City's obligation to provide funding under this agreement is contingent upon the annual appropriation of funds. The remaining subsidy amounts, by fiscal year, are as follows:

Fiscal year	Total amount
2019	\$ 712,000
2020	662,500
2021	612,500
2022	587,500
Total	\$2,574,500

In addition, the City entered into a lease and development agreement with a local foundation with the intent of creating a technology hub to unite the nonprofits in the region. The agreement includes substantial rehabilitation of the Southwest Florida Museum of History to its original design and character as a train station, plus the construction of a second stand-alone building connected to the train station that will be architecturally distinctive while providing an energy-efficient environment with state-of-the-art technology serving as a technology hub. To fund the rehabilitation and new construction, the foundation secured a \$10,000,000 allocation of New Market Tax Credits via an A Note and a B Note.

During the New Market Tax Credit seven-year compliance period, the foundation shall pay all interest only payments due on the A Note and the B Note associated with the transaction. Upon the maturity of the A Note, the City shall pay to the foundation the amounts necessary to satisfy the principal balance due not to exceed \$7,300,000. The foundation and its support organization shall utilize the funds to satisfy the principal balance due on the A Note.

The City agrees to budget and appropriate funds in its annual budget process to pay off the loan after the seven-year period with the issuance of long term debt in order to ensure funding of the A Note. The funds pledged to cover the debt are to be secured by non-ad valorem revenues of the City.

In conjunction with this agreement, the City and the City's Community Redevelopment Agency (CRA) entered into a subsidy and funding agreement with the foundation to provide financial assistance for the renovation, development and operation of the property. The remaining subsidy amounts from the City and CRA are as follows:

Fiscal Year	FY 2019	FY 2020	FY 2021	FY 2022
City	\$100,000	\$100,000	\$100,000	\$100,000
CRA	100,000	100,000	100,000	100,000

The subsidy payment will be made by October 30 each year. The foundation will match the \$200,000 provided by the City and the CRA. The City will provide an annual waiver of the non-profit requirement to pay 10 to 15 percent of market rate rent.

The lease term is forty years, commencing December 12, 2016, and expiring December 11, 2056, with annual payments of \$1.00. There is a right to renew for five additional ten-year terms. The lease and development agreement contain criteria in the event of termination, to include ninety days written notice.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 14 – RISK MANAGEMENT

The City, including its component units, uses the Risk Management Internal Service Fund to account for and finance risks for workers' compensation, general liability and property damage. The City self-insures its workers' compensation exposure and purchases commercial excess coverage for workers' compensation, which covers claims greater than \$500,000. The City is self-insured for general liability risk in the amount of \$200,000 per claim, which is in accordance with Florida Statute 768.28. The City purchased commercial excess coverage for general liability up to \$2,000,000 per occurrence for claims that may exceed statutory limits. Commercial insurance is purchased to cover property damage and the coverage provides a loss limit of \$20,000,000 all risk property coverage, with a \$10,000,000 Named Windstorm sub-limit. Flood insurance through National Flood Insurance Program provides \$9,037,100 in building coverage with \$3,148,500 in coverage for personal property on scheduled structures. Settlements have not exceeded insurance coverage for the past twenty years.

Additional coverage includes EMT Liability, Law Enforcement Liability, Public Officials' Liability, Excess Automobile Liability, Crime and Employee Dishonesty, Statutory Death, the addition of Terrorism to the Excess General Liability package and a Cyber Liability policy. During the current fiscal year, the City added Special Event Liability and, effective for fiscal year 2019, the City obtained coverage for Tenant User Liability.

The City of Fort Myers provides all eligible employees a group medical plan and group term life coverage equal to one times the annual salary rounded to the next higher thousand. In addition, the City makes a defined contribution of \$200 per month per employee or pays 70% of the dependent medical coverage. The defined contribution may be applied to the cost of dependent medical, or; applied to the cost of any optional employee benefit, or; taken as taxable income.

Premiums are charged by the City's Risk Management Internal Service Fund to City departments and are available to pay claims, claim reserves and administrative costs of the program. Liabilities of the Risk Management fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are actuarially calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors, utilizing a 2% discount.

The unpaid claim estimates and funding recommendations were developed by the actuary using the following methodology:

1. Estimate ultimate losses for all past fiscal accident periods and prospective fiscal accident periods by coverage, net of specific excess reinsurance, based on various actuarial projection methods.
2. Subtract cumulative paid losses from the ultimate loss estimates by accident period to determine the estimated reserves, net of specific excess coverage, as of September 30, 2018.
3. Determine funding indications by discounting both the estimated reserve by accident period and the prospective year estimated ultimate loss estimates to reflect investment income, and then adding a margin for adverse deviation.

The liability for the claims and judgments is reported in the Risk Management Internal Service Fund. Activity in the balances of claims liabilities for the years ending September 30, 2018 and 2017 is as follows:

	2018	2017
Workers Compensation and General Liability:		
Unpaid claims, beginning of the fiscal year	\$ 10,291,831	\$ 8,441,312
Claims incurred, including IBNRs	3,342,463	7,290,827
Claim payments	(3,479,854)	(5,440,308)
Unpaid claims, end of the fiscal year	<u>\$ 10,154,440</u>	<u>\$ 10,291,831</u>

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 15 – LONG-TERM LIABILITIES

Bonds and notes outstanding at September 30, 2018 consist of the following for governmental activities:

<i>Governmental Activities</i>	<i>Sale Date</i>	<i>Original Borrowing</i>	<i>Interest Rates to Maturity</i>	<i>Final Maturity</i>	<i>Outstanding September 30, 2018</i>	<i>Maximum Annual Debt Service</i>
Revenue Bonds						
Improvement Refunding Revenue Bonds	9/14/2007	\$ 33,743,640	5.00%	12/1/2022	\$ 13,072,255	\$ 3,315,741
Capital Improvement and Refunding Revenue Bonds	6/19/2014	37,120,000	2.00% - 5.00%	12/1/2034	29,690,000	3,771,138
Taxable Capital Improvement Refunding Revenue Bonds	6/19/2014	2,790,000	2.00% - 5.00%	12/1/2019	1,125,000	577,439
Capital Improvement and Refunding Revenue Bonds	9/22/2016	52,130,000	2.00% - 5.00%	12/1/2036	50,835,000	5,648,450
Total Revenue Bonds					<u>94,722,255</u>	<u>13,312,768</u>
Revenue Note						
Community Redevelopment Revenue Note	1/6/2005	7,450,000	4.01%	1/1/2022	1,984,615	576,842
Total Revenue Note					<u>1,984,615</u>	<u>576,842</u>
Installment Note	6/15/2015	320,172	1.02%	1/30/2019	103,841	103,841
Total for Governmental Activities					<u>\$ 96,810,711</u>	<u>\$ 13,993,451</u>

Bonds and notes outstanding at September 30, 2018 consist of the following for business-type activities:

<i>Business-type Activities</i>	<i>Sale Date</i>	<i>Original Borrowing</i>	<i>Interest Rates to Maturity</i>	<i>Final Maturity</i>	<i>Outstanding September 30, 2018</i>	<i>Maximum Annual Debt Service</i>
Water-Wastewater:						
Revenue Bonds						
Utility System Refunding Revenue Bonds - includes a capital appreciation series	8/1/1993	\$ 48,920,000	3.75% - 5.85%	10/1/2019	\$ 3,875,000	\$ 2,689,306
Utility System Refunding and Revenue Bonds	12/29/2011	68,605,000	2.00% - 5.00%	10/1/2041	28,225,000	5,639,244
Utility System Refunding Revenue Bonds	9/12/2012	17,025,000	2.00% - 4.00%	10/1/2033	8,640,000	2,257,649
Total Revenue Bonds					<u>40,740,000</u>	<u>10,586,199</u>
Loans and Revenue Note						
State of Florida Revolving Fund Loans		100,684,185	2.31% - 3.16%		54,105,066	6,452,815
Utility System Refunding Revenue Note	11/5/2008	50,000,000	5.06%	10/1/2028	46,367,513	6,585,477
Utility System Refunding Revenue Note A	4/6/2017	37,190,000	3.36%	10/1/2036	36,880,000	4,935,864
Utility System Refunding Revenue Note B	12/28/2017	31,900,000	2.16%	10/1/2041	31,900,000	4,668,329
Total Loans and Revenue Note					<u>169,252,579</u>	<u>22,642,485</u>
Total for Water-Wastewater					<u>209,992,579</u>	<u>33,228,684</u>
Solid Waste:						
Revenue Bonds						
Improvement Refunding Revenue Bonds	9/4/2007	478,584	5.00%	12/1/2022	185,403	47,027
Total for Solid Waste					<u>185,403</u>	<u>47,027</u>
Fort Myers Country Club:						
Revenue Bonds						
Improvement Refunding Revenue Bonds	9/4/2007	457,776	5.00%	12/1/2022	177,342	44,982
Total for Fort Myers Country Club					<u>177,342</u>	<u>44,982</u>
Yacht Basin:						
Revenue Note						
Capital Improvement Revenue Note	10/4/2005	5,000,000	4.63%	9/1/2028	3,073,196	386,877
Total for Yacht Basin					<u>3,073,196</u>	<u>386,877</u>
Total for Business-type Activities					<u>\$213,428,520</u>	<u>\$ 33,707,570</u>

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 15 – LONG-TERM LIABILITIES (continued)

The business-type outstanding debt consists of Revenue Bonds and Notes for the Water-Wastewater Fund, the Solid Waste Fund, and for the non-major funds for the Fort Myers Country Club and Yacht Basin. These Revenue Bonds and Notes are obligations of the City and are payable solely from the operations of the Utility System, net of specified operating expenses.

Changes in governmental long term debt for the year ended September 30, 2018 are summarized as follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
Revenue bonds payable	\$ 101,065,435	\$ -	\$ 6,343,180	\$ 94,722,255	\$ 6,594,535
Unamortized premium	7,127,482	-	482,728	6,644,754	-
Net revenue bonds payable	108,192,917	-	6,825,908	101,367,009	6,594,535
Notes payable	2,682,452	-	593,996	2,088,456	599,994
Capital leases	1,030,843	2,618,254	1,041,662	2,607,435	1,169,902
Compensated absences	3,941,058	670,484	32,723	4,578,819	2,476,524
Claims and judgments	10,291,831	70,903	208,294	10,154,440	3,612,619
Governmental-type Totals	\$ 126,139,101	\$ 3,359,641	\$ 8,702,583	\$ 120,796,159	\$ 14,453,574

Changes in business-type long term debt for the year ended September 30, 2018 are summarized as follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
Water-Wastewater Utility Fund					
Revenue bonds payable	\$ 77,118,116	\$ -	\$ 36,487,422	\$ 40,630,694 ⁽¹⁾	\$ 7,965,000
Unamortized premium	4,160,421	-	1,856,522	2,303,899	-
Net revenue bonds payable	81,278,537	-	38,343,944	42,934,593	7,965,000
State Revolving Loan	59,055,738	-	4,950,672	54,105,066	5,080,474
Revenue Notes	84,240,741	31,900,000	993,228	115,147,513	1,331,515
Unamortized discount, Series 2017A	(90,591)	-	(4,768)	(85,823)	-
Net revenue notes payable	84,150,150	31,900,000	988,460	115,061,690	1,331,515
Capital lease	13,788,760	-	-	13,788,760	190,791
Due to private sources	2,832,963	-	2,832,963	-	-
Compensated absences	393,913	143,575	42,023	495,465	187,009
Fund totals	241,500,061	32,043,575	47,158,062	226,385,574	14,754,789

⁽¹⁾ Difference between the \$40,630,694 and \$40,740,000 shown on the "Amount Outstanding" schedule is due to the 1993A capital appreciation bonds. The difference of \$109,306 is compounded interest on those bonds.

Solid Waste Fund

Revenue bonds payable	222,113	-	36,710	185,403	38,571
Unamortized premium	11,514	-	2,191	9,323	-
Net revenue bonds payable	233,627	-	38,901	194,726	38,571
Compensated absences	152,486	35,751	25,558	162,679	72,389
Fund totals	386,113	35,751	64,459	357,405	110,960

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 15 – LONG-TERM LIABILITIES (continued)

Business-type long term debt (continued)

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
Other Enterprise Funds					
Revenue bonds payable	212,454	-	35,112	177,342	36,894
Unamortized premium	11,015	-	2,098	8,917	-
Net revenue bonds payable	223,469	-	37,210	186,259	36,894
Note payable	3,308,883	-	235,687	3,073,196	246,947
Capital leases	272,846	411,018	125,831	558,033	194,896
Compensated absences	242,939	48,583	22,381	269,141	110,287
Fund totals	4,048,137	459,601	421,109	4,086,629	589,024
Business-type totals	\$ 245,934,311	\$ 32,538,927	\$ 47,643,630	\$ 230,829,608	\$ 15,454,773

Pledged Revenues

The City pledged revenues, which comprise the Utilities Tax, Franchise Taxes, Communications Services Tax, Guaranteed Entitlement Funds, Occupational License Tax, Sales Tax, Five Cents Local Gas Tax, Six Cents Local Gas Tax and tax increment financing revenues as the sources of repayment for the following debt issues. Pledged revenues received in 2018 totaled \$37,946,191.

Community Redevelopment Revenue Note, Series 2005, was issued to finance the cost of community redevelopment projects and to refund certain outstanding obligations of the City. The note is payable through January 1, 2022, with total principal and interest remaining to be paid of \$2,186,447. Principal and interest paid for the current fiscal year totaled \$597,014, which is 1.57% of total fiscal year 2018 pledged revenues.

Improvement Revenue Refunding Bonds, Series 2007, refunded a portion of the outstanding Improvement Refunding Revenue Bonds, Series 1997A. The bonds are payable through December 1, 2022, with total principal and interest remaining to be paid of \$14,986,375. Principal and interest paid for the current fiscal year totaled \$3,398,250, which is 8.96% of total fiscal year 2018 pledged revenues.

The debt service requirements to maturity for the City's bonds, loans and notes are as follows:

Governmental Activities						
Fiscal Year	Revenue Bonds		Notes		Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 6,594,535	\$ 3,561,677	\$ 599,994	\$ 81,848	\$ 7,194,529	\$ 3,643,525
2020	5,285,755	3,311,987	496,154	60,516	5,781,909	3,372,503
2021	4,956,300	3,079,197	496,154	40,455	5,452,454	3,119,652
2022	5,177,385	2,847,080	496,154	20,172	5,673,539	2,867,252
2023	4,373,280	2,665,413	-	-	4,373,280	2,665,413
2024-2028	20,620,000	10,954,013	-	-	20,620,000	10,954,013
2029-2033	25,195,000	6,434,103	-	-	25,195,000	6,434,103
2034-2038	22,520,000	1,451,606	-	-	22,520,000	1,451,606
Total	94,722,255	\$ 34,305,076	2,088,456	\$ 202,991	\$ 96,810,711	\$ 34,508,067
Current portion	(6,594,535)		(599,994)		(7,194,529)	
Unamortized premium	6,644,754		-		6,644,754	
Long term portion	<u>\$ 94,772,474</u>		<u>\$ 1,488,462</u>		<u>\$ 96,260,936</u>	

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 15 – LONG-TERM LIABILITIES (continued)

Business-Type Activities						
	Water-Wastewater Revenue Bonds		Water-Wastewater Loans and Notes		Solid Waste Revenue Bonds	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 7,965,000	\$ 1,590,423	\$ 6,411,988	\$ 5,645,865	\$ 38,571	\$ 8,306
2020	6,910,000	1,259,143	6,669,319	5,445,399	40,503	6,329
2021	4,520,000	1,049,405	10,756,162	5,155,725	42,780	4,247
2022	5,220,000	821,493	11,153,910	4,756,595	44,781	2,058
2023	1,815,000	654,853	15,227,616	4,267,429	18,768	469
2024-2028	6,260,000	2,165,213	70,774,352	13,672,840	-	-
2029-2033	3,485,000	1,357,419	20,549,232	5,899,733	-	-
2034-2038	2,505,000	716,113	22,915,000	2,307,389	-	-
2039 and thereafter	2,060,000	190,575	4,795,000	170,073	-	-
Total	40,740,000	\$ 9,804,637	169,252,579	\$ 47,321,048	185,403	\$ 21,409
Current portion	(7,965,000)		(6,411,989)		(38,571)	
Unamortized premium						
/ (discount)	2,303,899		(85,823)		9,323	
Long-term portion	\$ 35,078,899		\$ 162,754,767		\$ 156,155	

	Nonmajor Enterprise Fund Revenue Bonds		Nonmajor Enterprise Fund Revenue Note		Total Business-Type Activities	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 36,894	\$ 7,945	\$ 246,947	\$ 139,929	\$ 14,699,400	\$ 7,392,468
2020	38,742	6,054	258,382	128,495	13,916,946	6,845,420
2021	40,920	4,062	271,090	115,787	15,630,952	6,329,226
2022	42,834	1,968	284,041	102,835	16,745,566	5,684,949
2023	17,952	449	297,612	89,265	17,376,948	5,012,465
2024-2028	-	-	1,715,124	219,260	78,749,476	16,057,313
2029-2033	-	-	-	-	24,034,232	7,257,152
2034-2038	-	-	-	-	25,420,000	3,023,502
2039 and thereafter	-	-	-	-	6,855,000	360,648
Total	177,342	\$ 20,478	3,073,196	\$ 795,571	213,428,520	\$ 57,963,143
Current portion	(36,894)		(246,947)		(14,699,401)	
Unamortized premium	8,917		-		2,236,316	
Long-term portion	\$ 149,365		\$ 2,826,249		\$ 200,965,435	

Arbitrage

The bonds and notes in Governmental and Business-type Activities are subject to arbitrage. The arbitrage rebate requirement requires issuers of tax-exempt debt to rebate to the U.S. Treasury investment income arising from proceeds of tax exempt debt to the extent that such income results from an investment yield in excess of the bond yield. There is no arbitrage liability as of September 30, 2018.

Capital Lease Obligations

In prior fiscal years, the City entered into certain lease agreements as a lessee for financing the acquisition of the following equipment for City departments: a fire engine for the City's Fire Department; mowing equipment for the City's Parks Division; mowing equipment that was essential to maintain the City's two golf courses, and; twenty-five vehicles for the Police Department. The City's Fleet Maintenance Department in the Internal Services Fund provides the funding for the vehicles while the Police Department in the City's General Fund receives the benefit of the assets. Therefore, the assets acquired through the capital lease are reported in governmental-wide activities and the capital lease liability is reported in the Internal Services Funds' activities. Each lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 15 – LONG-TERM LIABILITIES (continued)

Capital Lease Obligations (continued)

This fiscal year, the City entered into a lease agreement to finance the purchase of various mowing equipment for the Eastwood Golf Course. The lease purchase provides for the replacement of existing equipment that was too costly to repair and therefore, removed from service. The lease agreement qualifies as a capital lease for accounting purposes, and therefore, was recorded at the present value of the future minimum lease payments as of the inception date. The City also entered in a Master Lease Agreement to obtain leasing services for open-end lease options to purchase vehicles with financing for four years. Many of the City-owned vehicles are in need of replacement due to high mileage, age of vehicles and difficulty with repairs. The Master Lease Agreement qualifies as a capital lease for accounting purposes, and therefore, was recorded at the present value of the future minimum lease payments as of the inception date(s).

Capitalized equipment subject to lease financing agreement as of September 30, 2018:

Governmental Activities			
	Fire Engine	Mowers - Parks	Vehicles
Acquisition cost	\$ 549,740	\$ 106,710	\$ 3,642,079
Less: accumulated depreciation	(217,605)	(17,931)	(952,081)
Total	\$ 332,135	\$ 88,779	\$ 2,689,998

Business-Type Activities			
	Fort Myers Country Club	Eastwood Golf Course	
	Sprayers, mowers	Mowers	Sprayer, mowers
Acquisition cost	\$ 321,573	\$ 105,834	\$ 569,126
Less: accumulated depreciation	(235,820)	(77,612)	(136,497)
Total	\$ 85,753	\$ 28,222	\$ 432,629

The future minimum lease obligation and the net present value of these minimum lease payments, as reported in the respective activities, are as follows:

Year ending September 30	Governmental Activities		Internal Service Fund	
	Fire Engine	Mowers - Parks/Rec	Vehicles	Total Required
2019	\$ 92,096	\$ 24,343	\$ 1,142,161	\$ 1,258,600
2020	92,095	23,383	770,163	885,641
2021	-	23,383	461,293	484,676
2022	-	19,429	147,410	166,839
2023	-	10,562	-	10,562
Total minimum lease payments	184,191	101,100	2,521,027	2,806,318
Less: amount representing interest	(6,150)	(7,808)	(184,925)	(198,883)
Present value of minimum lease payments	\$ 178,041	\$ 93,292	\$ 2,336,102	\$ 2,607,435

Year ending September 30	Business-Type Activities		Internal Service Fund	
	Fort Myers Country Club	Eastwood Golf Course		Total Required
	Sprayers, mowers	Mowers	Sprayer, mowers	
2019	\$ 71,351	\$ 9,571	\$ 132,222	\$ 213,144
2020	23,784	-	101,455	125,239
2021	-	-	89,813	89,813
2022	-	-	89,813	89,813
2023	-	-	82,329	82,329
Total minimum lease payments	95,135	9,571	495,632	600,338
Less: amount representing interest	(2,842)	(84)	(39,379)	(42,305)
Present value of minimum lease payments	\$ 92,293	\$ 9,487	\$ 456,253	\$ 558,033

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 15 – LONG-TERM LIABILITIES (continued)

Capital Lease Obligations (continued)

Master Lease Purchase Agreement

On August 7, 2017, the City executed a Guaranteed Energy, Water, and Wastewater Performance Savings Contract with Siemens Industry, Inc., for the purpose of installing certain equipment and providing other services designed to reduce energy or water consumption, wastewater production, or energy related operating costs for the City. For one year from the commencement date, Siemens Industry, Inc. shall install an advanced meter reading infrastructure for the water system at the City's two Advanced Wastewater Treatment Facilities. The contract provides a written guarantee that the cost savings will meet or exceed the costs of the Energy Conservation Measures and the estimated cost savings set forth in the Investment Grade Energy Audit, originally dated April 20, 2017, pursuant to Florida Statutes 489.145(4)(c), and that the amount of any actual annual savings meet or exceed total annual contract payments made by the City for the contract pursuant to Florida Statutes 489.145 (3)(d)(2).

The Performance Savings Contract was accounted for as a long-term capital lease for a term of sixteen years with a capital lease asset and liability recorded in the Water-Wastewater Enterprise Fund at September 30, 2017. The capital lease asset will be amortized over the life of the Performance Savings Contract.

The following lists the minimum payments due under the Performance Savings Contract as of September 30, 2018:

Year ending September 30	Payments
2019	\$ 916,054
2020	961,032
2021	989,863
2022	1,019,559
2023	1,050,146
2024-2028	5,742,632
2029-2033	6,657,281
2034-2037	645,522
Total minimum lease payments	17,982,089
Less: amount representing interest	(4,193,329)
Present value of minimum lease payments	<u>\$ 13,788,760</u>

NOTE 16 – PRIOR YEAR DEFEASED DEBT AND ADVANCE / CURRENT REFUNDING

Prior year defeasance of debt

In prior years, the City defeased certain general obligation revenue bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the City's financial statements. On September 30, 2018, \$56,695,000 of the defeased bonds remained outstanding.

Governmental Activities

Florida Municipal Loan Council Governmental Note, Series 2005C	\$ 1,135,000
Gas Tax Revenue Bonds, Series 2004	1,635,000
Improvement and Refunding Revenue Bonds, Series 2006 (refunded by 2014 Bonds)	18,320,000
Improvement and Refunding Revenue Bonds, Series 2006 (refunded by 2016 Bonds)	35,605,000
Total for Governmental Activities	<u>\$ 56,695,000</u>

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 16 – PRIOR YEAR DEFEASED DEBT AND ADVANCE / CURRENT REFUNDING (continued)

Prior year defeasance of debt (continued)

Business-type Activities

Utility System Revenue Bonds, Series 2006	\$ 36,570,000
Utility System Refunding and Revenue Bonds, Series 2011	28,945,000
Total for Business-type Activities	<u>\$ 65,515,000</u>

Advance Refunding

On December 28, 2017, the City issued \$31,900,000 with the Utility System Refunding Revenue Note, Series 2017B, with a variable rate bank placement at 2.16% with preset minimum and maximum rate levels. The proceeds were used to partially advance refund \$28,945,000 of the City's outstanding Utility System Refunding and Revenue Bonds, Series 2011 and to pay the costs associated with the issuance of the Series 2017B Note.

The net proceeds of \$32,227,282 included \$159,500 for the commitment fee and \$116,039 in delivery and other issuance expenses. The amount of \$31,622,324 was deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, a portion of the Refunding and Revenue Bonds, Series 2011, is considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$954,762. This amount is recorded as a deferred outflow of resources and amortized over the remaining life of the refunding debt. The City advance refunded certain of the Utility System Refunding and Revenue Bonds, Series 2011, to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$1,237,394. After considering alternatives and consulting with financial advisors and the placement agent, the City elected to use a tax-exempt direct placement versus a public offering due to the following factors:

- Greater savings achieved through reduction in interest rate and issuance costs.
- Speed of transaction – the bank placement was completed in less than thirty days as compared to closer to ninety days to complete a public offering.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 17 – FUND BALANCE

Minimum Fund Balance/Net Position Policy

The City adopted a fund balance policy on September 26, 2011 to ensure the maintenance of adequate fund balance / net position and reserves in the City's various operating funds to provide the capacity to: 1) provide sufficient cash flow for daily financial needs, 2) secure and maintain investment grade bond ratings, 3) offset significant economic downturns and revenue shortfalls, and 4) provide funds for unforeseen expenditures related to emergencies.

General Fund – The City will strive to maintain a minimum unassigned fund balance of 10% with a target of 10% - 17% of the total general fund budget. For the purposes of the calculation, the current fiscal year budget shall be the budget as originally adopted by resolution on or before September 30th for the subsequent fiscal year. The drawdown of unassigned fund balance may be utilized to respond and provide relief and recovery to emergencies which include, but are not limited to:

- Hurricanes or tropical storms
- Flooding
- Wildfires
- Terrorist activity

Replenishment of Deficiencies – In the event that unassigned fund balance in the General Fund is used for unanticipated expenditures or emergencies, and subsequently causes the balance to fall below the minimum of 10%, the fund balance should be replenished in order to prepare for future events. The City will strive to replenish the fund balance within a one year period from the time the event occurs or as quickly as economic conditions allow.

Other Governmental Funds – The various other governmental funds of the City have vastly differing objectives, cash flows and revenue patterns. As a result, no one level of reserves is appropriate for them all. Therefore, the appropriate level of fund balance in the other governmental funds will be determined on a case-by-case basis due to the specific needs of the fund. The City Manager, Director of Finance, or other designee shall determine this level.

Enterprise Funds – The City will strive to maintain unrestricted net position equal to 20% of the budgeted annual operating expenditures for the current year in the Water-Wastewater Operating Fund and Solid Waste Fund to provide approximately a two-month cushion for operating expenses. For the purposes of the calculation, the current fiscal year budget shall be the budget as originally adopted by resolution on or before September 30th for the subsequent fiscal year. The reserve is needed to cover short-term cash flow variations, economic downturns and emergencies. Unrestricted net position under the 20% goal should be used only for unanticipated expenditures. The various other enterprise and internal service funds of the City have vastly differing objectives, cash flows and revenue patterns. As a result, no one level of reserves is appropriate for them all. Therefore, the appropriate level of net position in all enterprise and internal service funds, other than the Water-Wastewater Operating Fund and the Solid Waste Fund, will be determined on a case-by-case basis due to the specific needs of the fund. The City Manager, Director of Finance, or other designee shall determine this level.

NOTE 18 – INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of September 30, 2018 is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 7,498,992
	General Capital Projects Fund	3,637,323
	Total due to General Fund	<u>\$ 11,136,315</u>

The receivable amount in the General Fund from nonmajor governmental funds and the General Capital Projects Fund relates to interim end of year funding. The General Fund expects to collect the balances in the subsequent year.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 18 – INTERFUND RECEIVABLES AND PAYABLES (continued)

Advances to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 617,000

The amount payable to the General Fund by the Nonmajor Governmental Funds comprises advances to the Dr. Martin Luther King, Jr. Boulevard Redevelopment and Cleveland Avenue Redevelopment TIF Districts. None of the balance is scheduled to be collected in the subsequent year.

NOTE 19 – INTERFUND TRANSFERS

	<u>Transfers In:</u>						<u>Total Transfers</u>
	<u>General Fund</u>	<u>Revenue Bonds and Notes Fund</u>	<u>Transportation Capital Projects Fund</u>	<u>General Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Business-type Funds</u>	
Transfers Out:							
General Fund ⁽¹⁾	\$ -	\$ 8,037,823	\$ 444	\$ 101,827	\$ 4,392,163	\$ 766,500	\$13,298,757
Transportation Capital Projects ⁽²⁾	-	1,675,900	-	-	-	-	1,675,900
General Capital Projects Funds ⁽²⁾	10,479	-	1,339,226	-	-	1,388,785	2,738,490
Nonmajor Governmental Funds ⁽³⁾	100,000	-	190,802	106,165	63,600	-	460,567
Water-Wastewater Fund ⁽⁴⁾	6,792,700	-	-	7,000	-	-	6,799,700
Solid Waste Fund ⁽⁴⁾	2,971,900	-	-	-	-	-	2,971,900
Internal Service Fund ⁽⁵⁾	633,200	82,300	-	297,861	-	-	1,013,361
Nonmajor Business-type Funds ⁽⁶⁾	401,000	503,046	-	-	-	-	904,046
Total Transfers	<u>\$10,909,279</u>	<u>\$10,299,069</u>	<u>\$1,530,472</u>	<u>\$ 512,853</u>	<u>\$ 4,455,763</u>	<u>\$ 2,155,285</u>	<u>\$29,862,721</u>

⁽¹⁾ Transfers from the General Fund were used to fund debt service needs, capital improvements and grant matching. The transfers to Revenue Bonds and Notes include \$3,372,823 for General Parity sinking fund deposits. The transfers to the Nonmajor Governmental Funds include \$3,188,506 for tax increment funding. Transfers to the Nonmajor Business-type Funds relate to subsidies for the Fort Myers Country Club, Eastwood Golf Course and Skatium enterprise funds.

⁽²⁾ Transfers from the two major Capital Projects Funds were used for funding debt service and capital projects, respectively. Transfers to the Nonmajor Business-type Funds relate to Stormwater and Eastwood Golf Course capital projects.

⁽³⁾ Transfers from Nonmajor Governmental Funds funded capital projects and provided a subsidy for para-transit needs.

⁽⁴⁾ Transfers from the Water-Wastewater Fund were used to contribute to General Fund operations and capital projects. Transfers from the Solid Waste Fund were used to contribute to General Fund operations.

⁽⁵⁾ Transfers from the Internal Service Funds were used to contribute to operations of the General Fund, and to fund debt service needs and capital project needs.

⁽⁶⁾ Transfers from the Nonmajor Business-type funds were used to contribute to General Fund operations and to fund debt service needs.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 20 – REDEVELOPMENT TRUST FUND

Pursuant to Florida Statute 163.387, the schedule below provides a summary of the sources and amounts of deposits into, and the amount and purpose of withdrawals from, the Redevelopment Trust Fund (Community Redevelopment Agency Fund) for the fiscal year ended September 30, 2018.

	<u>Deposits</u>	<u>Withdrawals</u>
Sources of deposits:		
Tax increment revenue	\$ 4,684,560	\$ -
Interest and Investment Income	38,706	-
Increase in value in asset held for resale	54,256	-
Donations from private sources	140,000	-
Purpose of withdrawals:		
Personnel services	-	568,951
Professional services	-	356,728
Contract services	-	89,403
Utilities	-	84,135
Rentals and leases	-	192,710
ITS service charges and capital recovery	-	45,100
Insurance	-	27,000
Repairs and maintenance	-	71,841
Repairs and maintenance - McCollum Hall	-	1,045
Printing and binding	-	2,657
Advertising	-	46,009
Public relations	-	2,875
Public relations, special events	-	310,000
Tax increment rebates	-	627,484
Subsidies	-	158,650
Taxes and assessments	-	770
General administrative expense	-	174,500
Office supplies	-	24,217
Travel and transportation	-	6,494
Communication	-	217
Freight and postage	-	853
Equipment	-	18,570
Dues and subscriptions	-	8,231
Debt service, principal payments	-	496,154
Debt service, interest payments	-	100,861
Funding for capital projects and equipment	-	163,600
Totals	<u>\$ 4,917,522</u>	<u>\$ 3,579,055</u>

NOTE 21 – RELATED ORGANIZATION TRANSACTIONS

The Housing Authority of the City of Fort Myers is considered a related organization. A related organization is one for which the primary government (The City of Fort Myers) appoints a voting majority of the board but does not exercise financial control) is not financially accountable. During the fiscal year that ended September 30, 2018, the City received \$84,426 from the Housing Authority for providing additional police protection.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 22 – CONTINGENCIES

Grants

The City participates in various federal and state grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures that may be disallowed by the granting agencies cannot be determined at this time. City management anticipates such amounts, if any, will be immaterial.

Litigation, Claims and Assessments

There are several pending claims and lawsuits arising from the normal course of business in which the City is involved. Estimated liabilities related to most unsettled claims have been accrued under the City's self-insurance program, and management believes the self-insurance reserves recorded in the Risk Management Fund are adequate to cover losses for which the City may be liable. Although the outcome of these lawsuits and pending claims are not presently determinable, the City's attorneys are not aware of any such claims against the City that would have a material effect on the basic financial statements or the adequacy of the appropriate reserves on deposit in the Risk Management Fund.

The City is currently involved in an environmental assessment related to arsenic concentrations on a City-owned undeveloped parcel of land. It is believed that lime residual was placed on the approximately 2.77 acre site in the late 1960's. The City desires the property to be viable for future development and entered into a contract with GFA International to prepare a work plan for the lime residual assessment, excavation and removal. The assessment involved collaboration between the City, the Florida Department of Environmental Protection, GFA International, Black & Veatch and community stakeholders. In January 2018, Black & Veatch concluded that the levels of arsenic detected in the lime residual at the impacted site does not pose a short or long-term health concern to citizens in the surrounding neighborhood. Additionally, Black & Veatch concluded that arsenic is not leaching into the groundwater from the lime residual.

On September 4, 2018, City Council approved a plan to remove and dispose of all lime residual from the affected property and certain private properties interspersed within the area. The costs associated with the work plan are estimated at \$5,056,725. In compliance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligation*, the City accrued the total cost of the environmental improvement project in the Water-Wastewater Enterprise Fund as of September 30, 2018.

In connection with the environmental assessment, the City is involved in litigation from adjacent property owners and other citizens. The City cannot reasonably determine at this time the likelihood of the City prevailing in such lawsuit or the potential financial litigation costs and damages to the City.

NOTE 23 – TAX ABATEMENTS

The City's Community Redevelopment Agency (CRA) determined the use of tax increment rebates and other incentives are necessary to encourage development within the CRA's redevelopment areas. The terms and conditions of the tax increment rebate are provided for in a Development Agreement that is approved by the CRA Board of Commissioners during a public meeting. In such an agreement, the CRA agrees to provide financial support for a project by providing to the developer the increment revenue payment attributable to said project. The increment revenue payment attributable to a project is based on the increase in property taxes above the base year value of the project site. The amount of increment revenue that the agency receives for the project site each year from the "taxing authorities", as that term is defined in Section 163.340(2), Florida Statutes, will be 95% of the difference between the final assessment roll of taxable real property prepared by the Lee County Property Appraiser of Lee County, Florida, for the project site in a given year minus the base year defined above multiplied by the applicable millage rate for each taxing authority. The project payment to the developer will then be calculated by multiplying the approved rebate percentage for a specific year of the project by the amount of tax increment the CRA receives for the project site in a particular fiscal year as described above. The agreed upon rebate percentage of the tax increment received

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 23 – TAX ABATEMENTS (continued)

will be rebated if the total real estate taxes are paid prior to delinquency. If the taxes are not paid timely, there is no rebate of the property tax increment. This rebate program has no effect on the revenues of the primary government, the City of Fort Myers.

For the fiscal year ended September 30, 2018, the City of Fort Myers abated property taxes totaling \$627,484. The City entered into the following tax abatement agreements:

Table 1: Summary of Rebates for Completed Projects

Project Name (Developer)	Effective Date of Agreement	Rebate Amount (%)	Number of Years	Maximum Amount of Rebate Payment	Rebate Payments as of 9/30/2018	Purpose
Orthopedic Specialists of Southwest Florida	11/13/2010; amended 11/8/2013	Amendment reduced the rebate percentages by 10% for each year beginning in calendar year 2014.	21 years	95% in calendar year 2014	\$73,956	Adaptive reuse of old fitness center. Project would be first new medical building in vicinity of Lee Memorial Hospital in many years.
Beau Rivage	12/31/2001	95%	15 years	\$3,000,000 plus interest	3,693,005	Rebate was used to offset the cost of utility extensions.
St. Tropez and Riviera	12/31/2002	50%	12 years	\$6,000,000 plus interest	2,399,661	Rebate was used to offset the cost of utility extensions; rebate was \$3,000,000 per building.
Hotel Indigo	12/11/2006	Years 1-2: 95% Years 3-20: 75%	20 years	2,500,000	245,005	Rebate enabled a new hotel to be built downtown to support tourism, the courthouses and the event center.
David Plummer	12/8/2011	75%	15 years	106,442	1,625	Developer experienced higher than expected renovation costs.

Table 2: Summary of Approved Rebates Where Construction Has Not Yet Been Completed

Project Name (Developer)	Effective Date of Agreement	Rebate Amount (%)	Number of Years	Maximum Amount of Rebate Payment	Purpose
Campo Felice, Phase 1	9/3/2013	95%	19 years	\$9,726,407	Adaptive reuse of vacant, deteriorating building.
Allure (Towers 2 and 3)	9/1/2015	Tower 1: 85%; Tower 2: 65%	10 years per tower	Tower 1: 8,500,000 Tower 2: 6,500,000	Construction of new high-rise project on property that had been vacant since the recession.
Prima Luce	10/2/2015	70%	10 years per tower	7,509,214	Rebate allowed for development of property that had been vacant since the recession.
Campo Felice, Phase 2	4/27/2016	Years 1-5: 70% Years 6-10: 30%	10 years per tower	3,500,000	Construction of new building on vacant land at key intersection of Fowler and East First Street.
Grand Central	6/30/2016	Years 1-2: 95% Years 3-12: 77%	12 years	4,450,000	Project, which will be built on vacant parcel, will be the first multi-family housing in Cleveland redevelopment area.
That Place on First	8/24/2016	95%	10 years per tower	2,000,000	Project represents the first true mixed-use development in the core downtown since 1987. Rebate helped close gap on Class A office portion of project.
Allure (Tower 1)	11/29/2016	95%	13 years	3,169,855	Project consists of a 15-story, 24-unit condo on the property immediately west of the Allure site.
Luminary Hotel	12/13/2017	95%	8 years	2,600,000	Developer experienced exigent circumstances related to Hurricane Irma, and the effect on other projects and cash flow interruption, project enhancements and increased construction costs.
City Walk	7/25/2018	95%	10 years	5,500,000	Project represents a mixed-use community consisting of up to 302 +/- residential rental units, a 128-key Marriott brand hotel and other improvements on property consisting of 7.87 acres in the City.

CITY OF FORT MYERS, FLORIDA
Notes to the Financial Statements, continued
September 30, 2018

NOTE 24 – NEW ACCOUNTING PRONOUNCEMENT

For fiscal year ended September 30, 2018, the City implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The scope of this Statement addresses accounting and financial reporting for other postemployment benefits that are provided to the employees of state and local governmental employers.

The new pronouncement required the restatement of the September 30, 2017 net position in governmental activities, business-type activities, enterprise and internal service funds. Due to the absence of personnel expenses, the exception to the restatement is the Downtown Parking Garages enterprise fund. The following tables present the details of the restatements:

Details of the Restatement:

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Net position, September 30, 2017 as previously reported	\$ (7,250,764)	\$182,589,562	\$ 175,338,798
Cumulative effect of the implementation of GASB 75	(218,295)	(565,023)	(783,318)
Adjustment for benefits paid after measurement date	413,319	138,437	551,756
Net position, September 30, 2017 as restated	<u>\$ (7,055,740)</u>	<u>\$182,162,976</u>	<u>\$ 175,107,236</u>

	Major Enterprise Funds		
	Water-Wastewater	Solid Waste	Total
Net position, September 30, 2017 as previously reported	\$138,231,729	\$ 8,319,499	\$ 146,551,228
Cumulative effect of the implementation of GASB 75	(284,838)	(116,155)	(400,993)
Adjustment for benefits paid after measurement date	69,790	28,460	98,250
Net position, September 30, 2017 as restated	<u>\$138,016,681</u>	<u>\$ 8,231,804</u>	<u>\$ 146,248,485</u>

	Nonmajor Enterprise Funds			
	Building Permits and Inspections	Stormwater	Fort Myers Country Club	Eastwood Golf Course
Net position, September 30, 2017 as previously reported	\$ 6,929,018	\$ 14,850,598	\$ 4,493,912	\$ 4,488,130
Cumulative effect of the implementation of GASB 75	(65,074)	(52,846)	(3,740)	(19,602)
Adjustment for benefits paid after measurement date	15,944	12,948	916	4,803
Net position, September 30, 2017 as restated	<u>\$ 6,879,888</u>	<u>\$ 14,810,700</u>	<u>\$ 4,491,088</u>	<u>\$ 4,473,331</u>

	Yacht Basin	Parking	Skatium	Total
Net position, September 30, 2017 as previously reported	\$ 1,274,231	\$ 4,388,289	\$ (385,845)	\$ 36,038,333
Cumulative effect of the implementation of GASB 75	(11,874)	-	(10,894)	(164,030)
Adjustment for benefits paid after measurement date	2,909	-	2,668	40,188
Net position, September 30, 2017 as restated	<u>\$ 1,265,266</u>	<u>\$ 4,388,289</u>	<u>\$ (394,071)</u>	<u>\$ 35,914,491</u>

	Internal Service Funds				
	Fleet Maintenance	Information Technology Services	Public Works Warehouse Operations	Risk Management	Total
Net position, September 30, 2017 as previously reported	\$ 1,281,999	\$ (787,824)	\$ 331,192	\$ 4,878,588	\$ 5,703,955
Cumulative effect of the implementation of GASB 75	(35,381)	(54,325)	(2,435)	(6,476)	(98,617)
Adjustment for benefits paid after measurement date	8,669	13,311	597	1,587	24,164
Net position, September 30, 2017 as restated	<u>\$ 1,255,287</u>	<u>\$ (828,838)</u>	<u>\$ 329,354</u>	<u>\$ 4,873,699</u>	<u>\$ 5,629,502</u>

NOTE 25 – SUBSEQUENT EVENTS

On October 25, 2018, the City issued the Capital Improvement and Refunding Revenue Bonds, Series 2018A, in the amount of \$32,675,000 and the Taxable Capital Improvement Revenue Bonds, Series 2018B, in the amount of \$13,220,000. The note was issued to provide sufficient funds to finance the costs of the acquisition, construction and equipping of various capital improvements, refund the City's outstanding Improvement Refunding Revenue Bonds, Series 2007, and pay the costs associated with the issuance of the Series 2018 Bonds. The City obtained a true interest cost of 2.44% and realized a net present value savings of approximately \$513,000 or 3.82% of the refunded par amount. The Series 2018A Bonds mature December 1, 2038 and the Series 2018B Bonds mature December 1, 2048.



**Required Supplementary Information
Other than Management's Discussion & Analysis**

CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
REVENUES				
Taxes	\$ 70,646,300	\$ 72,166,379	\$ 73,700,170	\$ 1,533,791
Permits and fees	6,242,800	6,274,550	8,181,724	1,907,174
Intergovernmental revenue	8,702,000	8,702,000	9,391,969	689,969
Charges for services	6,497,400	6,502,400	6,905,471	403,071
Fines and forfeitures	446,000	446,000	418,210	(27,790)
Miscellaneous	4,329,800	13,561,694	2,782,443	(10,779,251)
Contributions - private source	7,500	25,308	33,991	8,683
Total revenues	96,871,800	107,678,331	101,413,978	(6,264,353)
EXPENDITURES				
Current:				
General Government -				
Council - Mayor Pro Tem	7,200	7,200	6,533	667
Council - Ward I	86,400	90,400	89,982	418
Council - Ward 2	95,800	95,800	94,947	853
Council - Ward 3	89,300	90,800	88,325	2,475
Council - Ward 4	86,400	86,400	76,896	9,504
Council - Ward 5	90,700	90,700	69,720	20,980
Council - Ward 6	92,300	92,300	75,906	16,394
Council - Mayor	134,500	134,500	125,181	9,319
City Manager	1,814,800	1,780,156	1,433,017	347,139
Legal	1,217,600	1,865,276	1,504,436	360,840
City Clerk	1,288,900	1,288,900	1,084,036	204,864
Facilities Management	2,161,100	2,317,474	2,217,660	99,814
Financial Services	3,700,500	3,248,898	3,008,822	240,076
Human Resources	1,477,900	1,445,067	1,144,172	300,895
Real Estate	484,300	497,600	498,075	(475)
Community Development	1,223,400	1,479,757	1,236,201	243,556
Contributions	1,208,300	1,176,619	1,150,618	26,001
General Contingencies	28,000	90,794	38,731	52,063
Insurance	566,300	566,300	566,300	-
Total General Government	<u>15,853,700</u>	<u>16,444,941</u>	<u>14,509,558</u>	<u>1,935,383</u>
Public Safety -				
Police	42,741,500	44,474,537	42,520,399	1,954,138
Fire	22,335,000	22,948,409	22,553,262	395,147
Protective Inspections	1,596,900	1,900,054	1,594,763	305,291
Total Public Safety	<u>66,673,400</u>	<u>69,323,000</u>	<u>66,668,424</u>	<u>2,654,576</u>
Transportation -				
Public Works	518,200	518,200	487,874	30,326
Insurance	8,400	8,400	8,400	-
Total Transportation	<u>526,600</u>	<u>526,600</u>	<u>496,274</u>	<u>30,326</u>
Physical Environment - Public Works	7,109,000	7,317,403	6,797,883	519,520
Culture and Recreation -				
Recreation	2,871,800	2,933,800	2,897,537	36,263
Contributions	153,000	153,000	153,000	-
Special Events	169,100	169,100	122,610	46,490
Arts and Culture	145,000	142,157	118,700	23,457
Total Culture and Recreation	<u>3,338,900</u>	<u>3,398,057</u>	<u>3,291,847</u>	<u>106,210</u>
Total Current	<u>93,501,600</u>	<u>97,010,001</u>	<u>91,763,986</u>	<u>5,246,015</u>
Debt Service:				
General Government -				
Principal	108,400	108,400	-	108,400
Total Debt Service	<u>108,400</u>	<u>108,400</u>	<u>-</u>	<u>108,400</u>
Total expenditures	93,610,000	97,118,401	91,763,986	5,354,415
Excess of revenues over expenditures	<u>3,261,800</u>	<u>10,559,930</u>	<u>9,649,992</u>	<u>(909,938)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,948,800	10,948,800	10,909,279	(39,521)
Transfers out:				
Debt service transfers out	(8,384,300)	(8,384,300)	(8,037,823)	346,477
Capital funding transfers out	(631,600)	(867,615)	(102,271)	765,344
General transfers out	(5,194,700)	(12,256,815)	(5,286,963)	6,969,852
Total transfers out	<u>(14,210,600)</u>	<u>(21,508,730)</u>	<u>(13,427,057)</u>	<u>8,081,673</u>
Total other financing sources (uses)	<u>(3,261,800)</u>	<u>(10,559,930)</u>	<u>(2,517,778)</u>	<u>8,042,152</u>
Net change in fund balances	-	-	7,132,214	7,132,214
Fund balance - beginning	25,507,555	25,507,555	25,507,555	-
Fund balance - ending	\$ 25,507,555	\$ 25,507,555	\$ 32,639,769	\$ 7,132,214

CITY OF FORT MYERS, FLORIDA
Notes to Required Supplementary Information
For the Year Ended September 30, 2018

Note 1 - BUDGETARY REPORTING

A. Reconciliation of Budgetary Basis Reporting Differences

The *Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - General Fund* presents comparisons of the legally adopted budget with actual data on a budgetary basis. Governmental funds applied to develop data on a budgetary basis differ from those presented in the governmental fund financial statement due to the implementation of GASB 54. The following describes the major differences between budgetary financial data and the governmental fund financials.

Perspective differences - Certain funds not included in the General Fund's annual budget but which are presented in the General Fund for purposes of the governmental financial statements.

The following table presents a reconciliation of General Fund fund balance perspective differences on a budgetary basis to the fund balances shown on a GAAP basis on the governmental fund financial statements at September 30, 2018.

	General Fund
	<hr/>
Fund Balance - actual on a budgetary basis	\$ 32,639,769
Perspective Differences:	
Beautification	66,291
Business Development Center	83,744
Cemetery Maintenance	282,731
Land Acquisition	186,653
Off Duty Pay	148,462
Submerged Land Lease	94,933
	<hr/>
Fund balance - actual on a GAAP basis on governmental fund financial statements	<u><u>\$ 33,502,583</u></u>

CITY OF FORT MYERS, FLORIDA
Employees' Pension Plans
Schedule of Changes in Net Pension Liability and Related Ratios
General Employees' Pension Plan
Last Five Fiscal Years

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability					
Service cost	\$ 2,428,377	\$ 2,802,062	\$ 2,603,341	\$ 2,461,949	\$ 2,711,680
Interest	12,475,849	12,214,755	11,396,703	11,016,448	10,590,158
Changes of benefit terms	9,191	382	-	-	-
Differences between expected and actual experience	1,813,109	(1,853,950)	383,871	(675,391)	-
Changes of assumptions	2,208,471	-	7,542,789	-	-
Contributions - members	114,065	28,076	39,831	104,188	-
Benefit payments, including refunds of member contributions	(9,541,469)	(9,272,156)	(8,556,536)	(7,731,928)	(7,122,160)
Net change in total pension liability	9,507,593	3,919,169	13,409,999	5,175,266	6,179,678
Total pension liability - beginning	166,180,710	162,261,541	148,851,542	143,676,276	137,496,598
Total pension liability - ending (a)	\$ 175,688,303	\$ 166,180,710	\$ 162,261,541	\$ 148,851,542	\$ 143,676,276
Plan fiduciary net position					
Contributions - employer	\$ 8,517,979	\$ 7,760,600	\$ 8,149,579	\$ 7,248,247	\$ 6,801,604
Contributions - members	1,070,880	908,353	1,003,269	1,056,162	966,498
Net investment income	14,890,636	14,529,743	7,220,356	311,772	6,801,741
Benefit payments, including refunds of member contributions	(9,541,469)	(9,272,156)	(8,556,536)	(7,731,928)	(7,122,160)
Administrative expense	(192,732)	(167,963)	(161,736)	(144,689)	(147,068)
Net change in plan fiduciary net position	14,745,294	13,758,577	7,654,932	739,564	7,300,615
Plan fiduciary net position - beginning	112,775,747	99,017,170	91,362,238	90,622,674	83,322,059
Plan fiduciary net position - ending (b)	\$ 127,521,041	\$ 112,775,747	\$ 99,017,170	\$ 91,362,238	\$ 90,622,674
Net pension liability - ending (a) - (b)	\$ 48,167,262	\$ 53,404,963	\$ 63,244,371	\$ 57,489,304	\$ 53,053,602
 Plan fiduciary net position as a percentage of the total pension liability	 72.58%	 67.86%	 61.02%	 61.38%	 63.07%
Covered payroll ⁽¹⁾	\$ 21,710,056	\$ 20,918,917	\$ 22,012,119	\$ 22,278,817	\$ 20,480,978
Net pension liability as a percentage of covered payroll	221.87%	255.30%	287.32%	258.04%	259.04%

Notes to schedule

⁽¹⁾ The Covered Payroll numbers reported are in compliance with GASB Statement 82 except for the 9/30/2015 measurement period, which includes DROP payroll.

Changes in benefit terms.

For the measurement date September 30, 2018:

Amounts reported as changes in benefit terms resulted from Ordinance No. 3832 signed on April 2, 2018. The ordinance amended the member contribution rates.

Changes in assumptions.

For the measurement date September 30, 2018:

Amounts reported as changes of assumptions resulted from lowering the discount rate from 7.625% to 7.50%.

Note: The City of Fort Myers implemented GASB Statement 67 in fiscal year 2014. Therefore, information is presented for the years for which information is available.

CITY OF FORT MYERS, FLORIDA
Employees' Pension Plans
Schedule of Contributions
General Employees' Pension Plan
Last Five Fiscal Years

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially determined contribution	\$ 8,400,220	\$ 7,760,600	\$ 8,149,579	\$ 7,248,247	\$ 6,801,604
Contributions in relation to the actuarially determined contributions	8,517,979	7,760,600	8,149,579	7,248,247	6,801,604
Contribution deficiency (excess)	<u>\$ (117,759)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll ⁽¹⁾	\$ 21,710,056	\$ 20,918,917	\$ 22,012,119	\$ 22,278,817	\$ 20,480,978
Contributions as a percentage of covered payroll	39.24%	37.10%	37.02%	32.53%	33.21%

Note: The City of Fort Myers implemented GASB Statement 67 in fiscal year 2014. Therefore, information is presented for the years for which information is available.

⁽¹⁾ The Covered Payroll numbers reported are in compliance with GASB Statement 82 except for the 9/30/2015 measurement period, which includes DROP payroll.

Notes to Required Supplementary Information for the Year Ended September 30, 2018

Methods and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of the City's contributions are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in the schedule:

Actuarial cost method	Entry age normal										
Amortization method	Level percentage of payroll, closed										
Remaining amortization period	28 Years (as of 10/1/2015 valuation)										
Asset valuation method	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average market value return. It is possible that, over time, this technique will produce an insignificant bias above or below market value.										
Inflation	2.5% per year										
Salary increases	<table> <tr> <th><u>Credited Service:</u></th><th><u>Increase:</u></th></tr> <tr> <td>0 - 2 Years</td><td>10.0%</td></tr> <tr> <td>3 - 5 Years</td><td>5.0%</td></tr> <tr> <td>6 - 15 Years</td><td>5.0%</td></tr> <tr> <td>More than 15 Years</td><td>5.0%</td></tr> </table> <p>Projected salary at retirement is increased by expected lump sum sick and vacation payouts for each member to account for non-regular compensation.</p>	<u>Credited Service:</u>	<u>Increase:</u>	0 - 2 Years	10.0%	3 - 5 Years	5.0%	6 - 15 Years	5.0%	More than 15 Years	5.0%
<u>Credited Service:</u>	<u>Increase:</u>										
0 - 2 Years	10.0%										
3 - 5 Years	5.0%										
6 - 15 Years	5.0%										
More than 15 Years	5.0%										
Investment rate of return	7.625% per year, compounded annually, net of investment related expenses.										
Payroll growth	0.0% per year										
Cost of living adjustment (COLA)	2.5% per year for normal and early retirees, beginning one year after retirement. COLA is for Tier 3 and Tier 4 members only.										
Retirement age	Earlier of age 63 with six years of service, or thirty years of service, regardless of age, or the age when service plus age equals 82, but no earlier than one year after the valuation date.										
Early retirement	Commencing with the earliest early retirement age (age 55 with seven years of service, or age 60 with five years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.										
Mortality	<p>Healthy lives: Female - RP2000 Generational, 100% Annuitant White Collar, Scale BB; Male - RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB.</p> <p>Disabled lives: Female - 100% RP2000 Disabled Female set forward two years; Male - 100% RP2000 Disabled Male setback four years.</p>										

Termination and Disability Rate Tables

Age	% Terminating during the year	% Becoming disabled during the year
20	27.8%	0.07%
30	24.2%	0.11%
40	13.2%	0.19%
50	6.0%	0.51%
60	6.0%	1.66%

CITY OF FORT MYERS, FLORIDA
Employees' Pension Plans
Schedule of Changes in Net Pension Liability and Related Ratios
Police Officers' Retirement System
Last Five Fiscal Years

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability					
Service cost	\$ 3,119,115	\$ 2,908,481	\$ 2,610,793	\$ 2,714,290	\$ 2,525,438
Interest	13,793,082	13,366,553	12,654,765	12,007,018	11,505,764
Change in excess state money	-	-	(58,951)	(58,952)	-
Share plan allocation	75,899	35,452	58,951	-	-
Differences between expected and actual experience	3,831,561	(1,566,690)	(3,082,812)	2,118,502	-
Changes of assumptions	-	-	11,281,277	-	-
Contributions - members	-	-	-	17,987	-
Benefit payments, including refunds of member contributions	(9,220,487)	(9,671,429)	(9,295,255)	(8,015,172)	(7,822,710)
Net change in total pension liability	11,599,170	5,072,367	14,168,768	8,783,673	6,208,492
Total pension liability - beginning	179,559,165	174,486,798	160,318,030	151,534,357	145,325,865
Total pension liability - ending (a)	\$ 191,158,335	\$ 179,559,165	\$ 174,486,798	\$ 160,318,030	\$ 151,534,357
Plan fiduciary net position					
Contributions - employer	\$ 9,167,168	\$ 9,355,736	\$ 10,205,591	\$ 9,188,996	\$ 10,010,777
Contributions - state	880,267	799,375	726,481	642,339	595,183
Contributions - members	1,352,250	1,294,074	1,159,287	1,119,965	1,135,542
Net investment income (loss)	11,992,630	11,205,220	8,341,332	(861,763)	7,615,309
Benefit payments, including refunds of member contributions	(9,220,487)	(9,671,429)	(9,295,255)	(8,015,172)	(7,822,710)
Administrative expense	(95,338)	(97,446)	(106,868)	(70,101)	(97,735)
Net change in plan fiduciary net position	14,076,490	12,885,530	11,030,568	2,004,264	11,436,366
Plan fiduciary net position - beginning	120,980,657	108,095,127	97,064,559	95,060,295	83,623,929
Plan fiduciary net position - ending (b)	\$ 135,057,147	\$ 120,980,657	\$ 108,095,127	\$ 97,064,559	\$ 95,060,295
Net pension liability - ending (a) - (b)	\$ 56,101,188	\$ 58,578,508	\$ 66,391,671	\$ 63,253,471	\$ 56,474,062
 Plan fiduciary net position as a percentage of the total pension liability	 70.65%	 67.38%	 61.95%	 60.55%	 62.73%
Covered payroll ⁽¹⁾	\$ 13,207,334	\$ 12,940,739	\$ 11,592,866	\$ 11,277,732	\$ 11,355,417
Net pension liability as a percentage of covered payroll	424.77%	452.67%	572.69%	560.87%	497.33%

Notes to schedule

⁽¹⁾ The Covered Payroll numbers reported are in compliance with GASB Statement 82 except for the 9/30/2015 measurement period, which includes DROP payroll.

Note: The City of Fort Myers implemented GASB Statement 67 in fiscal year 2014. Therefore, information is presented for the years for which information is available.

CITY OF FORT MYERS, FLORIDA
Employees' Pension Plans
Schedule of Contributions
Police Officers' Retirement System
Last Five Fiscal Years

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially determined contribution	\$ 9,971,538	\$ 10,119,658	\$ 10,932,072	\$ 9,831,335	\$ 10,605,960
Contributions in relation to the actuarially determined contributions ⁽¹⁾	10,047,435	10,155,111	10,932,072	9,831,335	10,605,960
Contribution deficiency (excess) ⁽²⁾	<u>\$ (75,897)</u>	<u>\$ (35,453)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll ⁽³⁾	\$ 13,207,334	\$ 12,940,739	\$ 11,592,866	\$ 11,277,732	\$ 11,355,417
Contributions as a percentage of covered payroll	76.07%	78.47%	94.30%	87.17%	93.40%

Note: The City of Fort Myers implemented GASB Statement 67 in fiscal year 2014. Therefore, information is presented for the years for which information is available.

⁽¹⁾ Contributions consist of amounts from the City and the State, a non-employer contributing entity.

⁽²⁾ The excess contributions result from the fiscal year Share Plan allocation.

⁽³⁾ The Covered Payroll numbers reported are in compliance with GASB Statement 82 except for the 9/30/2015 measurement period, which includes DROP payroll.

Notes to Required Supplementary Information for the Year Ended September 30, 2018

Methods and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of the City's contributions are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in the schedule:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 Years (as of 10/1/2016 valuation)
Asset valuation method	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average market value return. It is possible that, over time, this technique will produce an insignificant bias above or below market value.
Inflation	2.7% per year
Salary increases	6.0% per year until the assumed retirement age. This assumption was reviewed as reasonable in the August 30, 2016 actuarial experience study. Projected salary at retirement is increased to account for non-regular compensation. This increase is based on each individual's hours accrued to date, as provided by the City.
Investment rate of return	7.75% per year, compounded annually, net of investment-related expenses.
Payroll growth	0.0% per year
Cost of living adjustment (COLA)	Payments on the cost-of-living increase vary, based on retirement date. See Note 10 for specific disclosure.
Retirement age	Earlier of age 55 or the completion of twenty-five years of credited service, regardless of age. Also, any member that has reached normal retirement age is assumed to continue employment for one additional year.
Early retirement	Commencing with attainment of early retirement status, members are assumed to retire at a rate of 2% per year until they reach fifteen years of service, at which point rates of 9% per year are assumed. This assumption was adopted based on the results of the August 30, 2016 actuarial experience study.
Mortality	Healthy active lives: Female - RP2000 Combined Healthy, 100% Annuitant White Collar, Scale BB; Male - RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB. Healthy inactive lives: Female - RP2000 Generational, 100% Annuitant White Collar, Scale BB; Male - RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB. Disabled lives: Female - 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale; Male - 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

Termination and Disability Rate Tables

Age	% Terminating during the year	% Becoming disabled during the year
20	11.3%	0.05%
30	8.7%	0.06%
40	5.6%	0.12%
50	1.3%	0.43%

CITY OF FORT MYERS, FLORIDA
Employees' Pension Plans
Schedule of Changes in Net Pension Liability and Related Ratios
Firefighters' Retirement System
Last Five Fiscal Years

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability					
Service cost	\$ 1,969,349	\$ 1,930,988	\$ 1,505,575	\$ 1,986,264	\$ 2,070,654
Interest	9,828,439	9,417,309	8,758,455	8,383,338	8,024,792
Share plan allocation	233,883	302,760	362,631	435,503	417,144
Changes of benefit terms	-	-	-	(1,250,890)	-
Differences between expected and actual experience	2,544,751	897,499	179,085	(52,669)	-
Changes of assumptions	-	-	4,134,132	-	-
Contributions - members	13,639	47,664	9,569	7,737	-
Benefit payments, including refunds of members contributions	(7,389,968)	(7,526,478)	(6,549,368)	(4,948,778)	(4,331,258)
Net change in total pension liability	<u>7,200,093</u>	<u>5,069,742</u>	<u>8,400,079</u>	<u>4,560,505</u>	<u>6,181,332</u>
Total pension liability - beginning	<u>124,628,039</u>	<u>119,558,297</u>	<u>111,158,218</u>	<u>106,597,713</u>	<u>100,416,381</u>
Total pension liability - ending (a)	<u><u>\$ 131,828,132</u></u>	<u><u>\$ 124,628,039</u></u>	<u><u>\$ 119,558,297</u></u>	<u><u>\$ 111,158,218</u></u>	<u><u>\$ 106,597,713</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 5,656,025	\$ 6,685,155	\$ 6,534,956	\$ 4,907,703	\$ 5,171,336
Contributions - state	639,810	708,686	768,557	841,430	823,071
Contributions - members	599,335	711,392	615,760	591,653	624,354
Net investment income (loss)	9,248,134	10,499,660	7,231,319	(485,367)	6,281,680
Benefit payments, including refunds of members contributions	(7,389,968)	(7,526,478)	(6,549,368)	(4,948,778)	(4,331,258)
Administrative expense	(120,964)	(102,156)	(99,640)	(77,815)	(88,769)
Net change in plan fiduciary net position	<u>8,632,372</u>	<u>10,976,259</u>	<u>8,501,584</u>	<u>828,826</u>	<u>8,480,414</u>
Plan fiduciary net position - beginning	<u>92,217,121</u>	<u>81,240,862</u>	<u>72,739,278</u>	<u>71,910,452</u>	<u>63,430,038</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 100,849,493</u></u>	<u><u>\$ 92,217,121</u></u>	<u><u>\$ 81,240,862</u></u>	<u><u>\$ 72,739,278</u></u>	<u><u>\$ 71,910,452</u></u>
Net pension liability - ending (a) - (b)	<u><u>\$ 30,978,639</u></u>	<u><u>\$ 32,410,918</u></u>	<u><u>\$ 38,317,435</u></u>	<u><u>\$ 38,418,940</u></u>	<u><u>\$ 34,687,261</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	 76.50%	 73.99%	 67.95%	 65.44%	 67.46%
Covered payroll ⁽¹⁾	\$ 7,321,199	\$ 8,293,662	\$ 7,577,381	\$ 7,788,322	\$ 7,629,634
Net pension liability as a percentage of covered payroll	423.14%	390.79%	505.68%	493.29%	454.64%

Notes to schedule

⁽¹⁾ The Covered Payroll numbers reported are in compliance with GASB Statement 82 except for the 9/30/2015 measurement period, which includes DROP payroll.

Note: The City of Fort Myers implemented GASB Statement 67 in fiscal year 2014. Therefore, information is presented for the years for which information is available.

CITY OF FORT MYERS, FLORIDA
Employees' Pension Plans
Schedule of Contributions
Firefighter' Retirement System
Last Five Fiscal Years

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially determined contribution	\$ 6,061,953	\$ 7,091,082	\$ 6,940,882	\$ 5,313,630	\$ 5,577,263
Contributions in relation to the actuarially determined contributions ⁽¹⁾	6,295,835	7,393,841	7,303,513	5,749,133	5,994,407
Contribution deficiency (excess) ⁽²⁾	<u>\$ (233,882)</u>	<u>\$ (302,759)</u>	<u>\$ (362,631)</u>	<u>\$ (435,503)</u>	<u>\$ (417,144)</u>
Covered payroll ⁽³⁾	\$ 7,321,199	\$ 8,293,662	\$ 7,577,381	\$ 7,788,322	\$ 7,629,634
Contributions as a percentage of covered payroll	85.99%	89.15%	96.39%	73.82%	78.57%

Note: The City of Fort Myers implemented GASB Statement 67 in fiscal year 2014. Therefore, information is presented for the years for which information is available.

⁽¹⁾ Contributions consist of amounts from the City and the State, a non-employer contributing entity.

⁽²⁾ The excess contributions result from the fiscal year Share Plan allocation.

⁽³⁾ The Covered Payroll numbers reported are in compliance with GASB Statement 82 except for the 9/30/2015 measurement period, which includes DROP payroll.

Notes to Required Supplementary Information for the Year Ended September 30, 2018

Methods and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of the City's contributions are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in the schedule:

Actuarial cost method	Entry age normal																				
Amortization method	Level percentage of payroll, closed																				
Remaining amortization period	28 Years (as of 10/1/2016 valuation)																				
Asset valuation method	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average market value return. It is possible that, over time, this technique will produce an insignificant bias above or below market value.																				
Inflation	2.5% per year																				
Salary increases	<table><tr><th>Service</th><th>Expected Increase</th></tr><tr><td>< 2 years</td><td>8.0%</td></tr><tr><td>2-4 years</td><td>6.0%</td></tr><tr><td>5-9 years</td><td>5.5%</td></tr><tr><td>10-14 years</td><td>5.0%</td></tr><tr><td>15+ years</td><td>4.5%</td></tr></table>	Service	Expected Increase	< 2 years	8.0%	2-4 years	6.0%	5-9 years	5.5%	10-14 years	5.0%	15+ years	4.5%								
Service	Expected Increase																				
< 2 years	8.0%																				
2-4 years	6.0%																				
5-9 years	5.5%																				
10-14 years	5.0%																				
15+ years	4.5%																				
Investment rate of return	8.0% per year, compounded annually, net of investment-related expenses.																				
Payroll growth	0.0% per year																				
Cost of living adjustment (COLA)	Payments on the cost-of-living increase vary, based on retirement date. See Note 10 for specific disclosure.																				
Retirement age	<table><tr><th>Service</th><th>Projected</th></tr><tr><td>25 years</td><td>75.0%</td></tr><tr><td>26+ years</td><td>100.0%</td></tr></table>	Service	Projected	25 years	75.0%	26+ years	100.0%	This assumption for retirement age was adopted as a result of the October 13, 2016 actuarial experience study.													
Service	Projected																				
25 years	75.0%																				
26+ years	100.0%																				
With less than 25 years of service	<table><tr><th>Age</th><th>Projected</th></tr><tr><td>52 years</td><td>50.0%</td></tr><tr><td>53 years</td><td>50.0%</td></tr><tr><td>54 years</td><td>50.0%</td></tr><tr><td>55+ years</td><td>100.0%</td></tr></table>	Age	Projected	52 years	50.0%	53 years	50.0%			54 years	50.0%	55+ years	100.0%								
Age	Projected																				
52 years	50.0%																				
53 years	50.0%																				
54 years	50.0%																				
55+ years	100.0%																				
Early retirement	Commencing with attainment of early retirement status, members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. This assumption is supported by the results of the October 13, 2016 actuarial experience study.																				
Mortality	<p>Healthy active lives: Female - RP2000 Generational, 100% Combined Healthy White Collar, Scale BB; Male - RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB.</p> <p>Healthy inactive lives: Female - RP2000 Generational, 100% Annuitant White Collar, Scale BB; Male - 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.</p> <p>Disabled lives: Female - 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale; Male - 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.</p>																				
Termination and Disability Rate Tables	<table><tr><th></th><th>% Terminating</th><th>% Becoming disabled</th></tr><tr><th>Age</th><th>during the year</th><th>during the year</th></tr><tr><td>20</td><td>9.3%</td><td>0.14%</td></tr><tr><td>30</td><td>7.9%</td><td>0.18%</td></tr><tr><td>40</td><td>4.3%</td><td>0.30%</td></tr><tr><td>50</td><td>1.1%</td><td>1.00%</td></tr></table>				% Terminating	% Becoming disabled	Age	during the year	during the year	20	9.3%	0.14%	30	7.9%	0.18%	40	4.3%	0.30%	50	1.1%	1.00%
	% Terminating	% Becoming disabled																			
Age	during the year	during the year																			
20	9.3%	0.14%																			
30	7.9%	0.18%																			
40	4.3%	0.30%																			
50	1.1%	1.00%																			

CITY OF FORT MYERS, FLORIDA
Employees' Pension Plans
Schedule of Investment Returns
Last 10 Fiscal Years

Annual money-weighted rate of return, net of investment expense for the pension plans:

For the year ended September 30,	General Employees' Pension Plan	Police Officers' Retirement System	Firefighters' Retirement System
2018	13.63%	10.52%	10.60%
2017	14.75%	11.13%	13.69%
2016	7.98%	9.32%	10.89%
2015	0.36%	-0.98%	-0.78%
2014	8.22%	9.75%	10.36%
2013	13.09%	11.52%	13.70%
2012	16.23%	16.70%	17.70%
2011	-1.23%	-2.26%	1.17%
2010	8.84%	7.59%	8.44%
2009	0.12%	1.48%	-1.25%

CITY OF FORT MYERS, FLORIDA
Other Postemployment Benefits Plan
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Measurement Period Ended September 30, 2017

	<u>9/30/2018</u>
Total OPEB liability	
Service cost	\$ 964,834
Interest on the total OPEB liability	533,288
Changes in assumptions and inputs	(883,439)
Benefit payments	<u>(551,756)</u>
Net change in total OPEB liability	62,927
Total OPEB liability - beginning ⁽¹⁾	<u>16,513,886</u>
Total OPEB liability - ending	<u><u>\$ 16,576,813</u></u>
 Covered-employee payroll	 \$ 36,549,659
 Total OPEB liability as a percentage of covered-employee payroll	 45.35%

Notes to schedule

⁽¹⁾ Total OPEB liability at the beginning of the initial period of implementation was developed by rolling back the liability from the measurement date. Consequently, there was no difference between expected and actual experience.

Changes in assumptions.

The discount rate changed from 3.10% as of the beginning of the measurement period to 3.50% as of September 30, 2017.

Changes in benefit terms.

There were no benefit changes during the year.

Note: The City of Fort Myers implemented GASB Statement 75 in fiscal year 2018. Therefore, information is presented for the years for which information is available.





Combining Statements and Schedules



CITY OF FORT MYERS

Major Governmental Funds

Debt Service Fund

Revenue Bonds and Notes – To account for the accumulation of resources and the payment of principal and interest related to the City's Improvement Refunding Revenue Bonds, Series 2007; Capital Improvement and Refunding Revenue Bonds, Series 2014A; Taxable Capital Improvement Refunding Revenue Bonds, Series 2014B, and; Capital Improvement and Refunding Revenue Bonds, Series 2016.



CITY OF FORT MYERS, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Revenue Bonds and Notes
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ 400,000	\$ 14,500	\$ 20,449	\$ 5,949
Total revenues	400,000	14,500	20,449	5,949
EXPENDITURES				
Debt service:				
Principal retirement	6,979,800	6,408,700	6,343,180	65,520
Interest	5,244,000	3,822,500	3,808,335	14,165
Fiscal charges	6,500	5,300	3,891	1,409
Total expenditures	12,230,300	10,236,500	10,155,406	81,094
Excess (deficiency) of revenues over (under) expenditures	(11,830,300)	(10,222,000)	(10,134,957)	87,043
OTHER FINANCING SOURCES (USES)				
Transfers in	11,830,300	10,222,000	10,299,069	77,069
Total other financing sources and uses	11,830,300	10,222,000	10,299,069	77,069
Net change in fund balances	-	-	164,112	164,112
Fund balances - beginning	2,847,603	2,847,603	2,847,603	-
Fund balances - ending	<u>\$ 2,847,603</u>	<u>\$ 2,847,603</u>	<u>\$ 3,011,715</u>	<u>\$ 164,112</u>

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

CITY OF FORT MYERS

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

Law Enforcement Trust – To account for the proceeds collected under the Florida Contraband Forfeiture Act to be used for school resource officers, crime prevention, safe neighborhoods, drug abuse education and prevention programs, and for other law enforcement purposes and providing matching funds to obtain federal grants.

Federal Forfeiture – To account for federal forfeiture proceeds, which can be expended for any activity calculated to enhance future investigations, support investigations and operations that may result in further seizures and forfeitures.

FEMA Disaster Grant – To account for the expenditures related to the damage caused by Hurricane Irma and the associated cleanup cost to be reimbursed by the Federal government.

Grants – To account for monies, received from various Federal, State and local agencies or private foundations, which must be expended according to the terms of grant requirements.

Special Assessment Geographical Area Administration (SAGA) – To account for Special Assessment District administration fees.

Police Training – To account for the \$2 assessment paid by persons convicted for violation of city ordinances. This assessment may be used for criminal justice education and training for the local government unit's officers and support personnel.

Street Light Maintenance – To account for the accumulation of funds to provide repairs and maintenance for certain street light poles and ballasts.

Street Maintenance – To account for funds received from the State for traffic light and street maintenance.

Public Art Fund – To account for proceeds from in-lieu contributions and all other revenue to support Public Art.

Law Enforcement Equipment Fund – To account for donations required of developers for law enforcement equipment purchases necessitated by commercial and residential development.

Attainable Workforce Housing Fund – To account for resources from developer contributions to provide loans to eligible residents with income of 150% of the median income for Lee County.

Hurricane Shelter – To account for developer contributions made to rehabilitate downtown buildings for use as hurricane shelters.

Public-Private Parking – To account for developer fees paid in lieu of the provision for parking.

East Riverside Community Center – To account for operations and maintenance of the community center, built for the citizens and visitors of Fort Myers and Lee County.

Para-Transit Fund – To account for developer contributions made annually for a downtown trolley system.

CITY OF FORT MYERS

Nonmajor Governmental Funds (continued)

Special Revenue Funds (continued)

Patrons of the Palms – To account for operations and resources related to maintaining palm trees, to enhance the City's identity as the "City of Palms".

State Housing Initiative Partnership Program – To account for funds received from the State of Florida to assist very low, low, and moderate income persons or families in becoming single-family homeowners.

Community Redevelopment Agency:

Downtown Redevelopment Area – To account for the operations and resources related to the Downtown Redevelopment Area.

Other Redevelopment Areas – To account for the administration and resources related to implementing the Cleveland Avenue Redevelopment Areas, the Central Fort Myers Redevelopment Area, the Martin Luther King Redevelopment Areas, Velasco Village Redevelopment Area, the East Fort Myers Redevelopment Area, the Eastwood Village Redevelopment Area, and the Dunbar-Michigan Redevelopment Area.

Community Development Block Grant Program – To account for monies received from the U.S. Department of Housing and Urban Development for community redevelopment.

Crime Prevention Fund – To account for monies received from fines, which are used to advance the crime prevention program.

Permanent Fund

The permanent fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the government's programs.

Ned Fould's Police Award Fund – To account for a donation to the City to provide an award to the City's Police Officer of the Year. The interest is awarded to the Officer of the Year with the principal being retained in the fund.

CITY OF FORT MYERS, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2018

	Special Revenue Funds				
	Law Enforcement Trust	Federal Forfeiture	FEMA Disaster Grant	Grants	SAGA Administration
ASSETS					
Cash and cash equivalents	\$ 101,464	\$ 67,656	\$ -	\$ 1,049,243	\$ 108,320
Investments	72,811	48,550	-	-	77,730
Accounts receivable, net	-	-	83,309	-	-
Interest receivable	146	139	27	-	229
Due from other governmental agencies	-	-	-	328,255	-
Prepaid items	-	-	-	-	-
Notes receivable	-	-	-	-	-
Allowance for notes receivable	-	-	-	-	-
Assets held for resale	-	-	-	-	-
Total assets	<u>\$ 174,421</u>	<u>\$ 116,345</u>	<u>\$ 83,336</u>	<u>\$ 1,377,498</u>	<u>\$ 186,279</u>
LIABILITIES					
Accounts and contracts payable	\$ 63	\$ 42	\$ 151,813	\$ 246	\$ 67
Accrued and other liabilities	-	-	43	3,289	-
Due to other funds	-	-	7,498,992	-	-
Funds held in escrow	-	-	-	-	-
Unearned revenue - other	-	-	-	85,256	-
Advances from other funds	-	-	-	-	-
Total liabilities	<u>63</u>	<u>42</u>	<u>7,650,848</u>	<u>88,791</u>	<u>67</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - grants, contribution	-	-	-	20,501	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,501</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Prepaid items	-	-	-	-	-
Public safety principal, nonexpendable	-	-	-	-	-
Restricted for:					
Donations received	-	-	-	-	-
CRA	-	-	-	-	-
Economic environment	-	-	-	-	-
Law enforcement programs	174,358	116,303	-	1,351,963	-
Physical environment	-	-	-	-	186,212
Transportation	-	-	-	-	-
Committed to:					
Law enforcement programs	-	-	-	-	-
Unassigned	-	-	(7,567,512)	(83,757)	-
Total fund balances (deficits)	<u>174,358</u>	<u>116,303</u>	<u>(7,567,512)</u>	<u>1,268,206</u>	<u>186,212</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 174,421</u>	<u>\$ 116,345</u>	<u>\$ 83,336</u>	<u>\$ 1,377,498</u>	<u>\$ 186,279</u>

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

					Law	Attainable	
Police Training	Street Light Maintenance	Street Maintenance	Public Art		Enforcement Equipment	Workforce Housing	Hurricane Shelter
\$ 30,052	\$ 21,138	\$ 739,484	\$ 149,106	\$ 1,320	\$ 450,702	\$ 202,956	
21,565	15,347	530,656	106,999	947	323,425	145,642	
-	-	-	-	-	-	-	
135	171	899	185	3	1,291	429	
1,230	-	472,368	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	176,529	-	
-	-	-	-	-	(176,529)	-	
-	-	-	-	-	-	-	
<u>\$ 52,982</u>	<u>\$ 36,656</u>	<u>\$ 1,743,407</u>	<u>\$ 256,290</u>	<u>\$ 2,270</u>	<u>\$ 775,418</u>	<u>\$ 349,027</u>	
\$ 19	\$ 13	\$ 225,301	\$ 92	\$ 1	\$ 278	\$ 125	
-	-	7,241	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
<u>19</u>	<u>13</u>	<u>232,542</u>	<u>92</u>	<u>1</u>	<u>278</u>	<u>125</u>	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
52,963	-	-	-	2,269	-	-	
-	-	-	-	-	-	-	
-	36,643	1,510,865	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
<u>52,963</u>	<u>36,643</u>	<u>1,510,865</u>	<u>256,198</u>	<u>2,269</u>	<u>775,140</u>	<u>348,902</u>	
\$ 52,982	\$ 36,656	\$ 1,743,407	\$ 256,290	\$ 2,270	\$ 775,418	\$ 349,027	

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CITY OF FORT MYERS, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2018

	Special Revenue Funds				
	Public-Private Parking	East Riverside Community Center	Para-Transit	Patrons of the Palms	State Housing Initiative Partnership
ASSETS					
Cash and cash equivalents	\$ 219,329	\$ 13,660	\$ 54,816	\$ 10,966	\$ 616,348
Investments	157,391	9,802	39,336	7,869	442,293
Accounts receivable, net	-	-	-	-	-
Interest receivable	463	29	279	23	481
Due from other governmental agencies	-	-	-	-	-
Prepaid items	-	-	-	-	-
Notes receivable	-	-	-	-	2,264,345
Allowance for notes receivable	-	-	-	-	(2,264,345)
Assets held for resale	-	-	-	-	-
Total assets	<u>\$ 377,183</u>	<u>\$ 23,491</u>	<u>\$ 94,431</u>	<u>\$ 18,858</u>	<u>\$ 1,059,122</u>
LIABILITIES					
Accounts and contracts payable	\$ 135	\$ 8	\$ 34	\$ 6	\$ 2,548
Accrued and other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Funds held in escrow	-	-	-	-	-
Unearned revenue - other	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	<u>135</u>	<u>8</u>	<u>34</u>	<u>6</u>	<u>2,548</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - grants, contribution	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Prepaid items	-	-	-	-	-
Public safety principal, nonexpendable	-	-	-	-	-
Restricted for:					
Donations received	377,048	23,483	94,397	18,852	-
CRA	-	-	-	-	-
Economic environment	-	-	-	-	1,056,574
Law enforcement programs	-	-	-	-	-
Physical environment	-	-	-	-	-
Transportation	-	-	-	-	-
Committed to:					
Law enforcement programs	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>377,048</u>	<u>23,483</u>	<u>94,397</u>	<u>18,852</u>	<u>1,056,574</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 377,183</u>	<u>\$ 23,491</u>	<u>\$ 94,431</u>	<u>\$ 18,858</u>	<u>\$ 1,059,122</u>

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

Special Revenue Funds			Permanent Fund	Total Nonmajor Governmental Funds
Community Redevelopment Agency	Community Development Block Grant	Crime Prevention	Ned Fould's Police Award Fund	
\$ 2,474,246	\$ 84,355	\$ 41,143	\$ 1,424	\$ 6,437,728
1,807,187	60,533	29,524	1,034	3,898,641
-	-	-	-	83,309
5,845	-	66	3	10,843
-	147,205	174	-	949,232
-	92	-	-	92
-	4,784,763	-	-	7,225,637
-	(4,784,763)	-	-	(7,225,637)
386,686	140,000	-	-	526,686
<u>\$ 4,673,964</u>	<u>\$ 432,185</u>	<u>\$ 70,907</u>	<u>\$ 2,461</u>	<u>\$ 11,906,531</u>
\$ 68,237	\$ 55,728	\$ 25	\$ 1	\$ 504,782
6,075	904	-	-	17,552
-	-	-	-	7,498,992
-	-	-	460	460
-	236,614	-	-	321,870
617,000	-	-	-	617,000
<u>691,312</u>	<u>293,246</u>	<u>25</u>	<u>461</u>	<u>8,960,656</u>
-	-	-	-	20,501
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,501</u>
-	92	-	-	92
-	-	-	2,000	2,000
-	-	-	-	1,894,020
3,982,652	-	-	-	3,982,652
-	138,847	-	-	1,195,421
-	-	-	-	1,697,856
-	-	-	-	186,212
-	-	-	-	1,547,508
-	-	70,882	-	70,882
-	-	-	-	(7,651,269)
<u>3,982,652</u>	<u>138,939</u>	<u>70,882</u>	<u>2,000</u>	<u>2,925,374</u>
<u>\$ 4,673,964</u>	<u>\$ 432,185</u>	<u>\$ 70,907</u>	<u>\$ 2,461</u>	<u>\$ 11,906,531</u>

CITY OF FORT MYERS, FLORIDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2018

	Special Revenue Funds				
	Law Enforcement Trust	Federal Forfeiture	FEMA Disaster Grant	Grants	SAGA Administration
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	1,360,023	-
Fines and forfeitures	8,528	43,356	-	-	-
Miscellaneous	9,875	1,117	83,303	-	1,907
Contributions - private source	-	-	-	-	-
Total revenues	<u>18,403</u>	<u>44,473</u>	<u>83,303</u>	<u>1,360,023</u>	<u>1,907</u>
EXPENDITURES					
Current:					
General government	-	-	731,350	-	249
Public Safety:					
Police	26,374	32,793	25,697	1,073,050	-
Fire	-	-	13,399	692,425	-
Physical environment	-	-	1,113,824	-	-
Transportation	-	-	-	-	-
Economic environment	-	-	2,980,497	-	-
Culture and recreation	-	-	297,529	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>26,374</u>	<u>32,793</u>	<u>5,162,296</u>	<u>1,765,475</u>	<u>249</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,971)</u>	<u>11,680</u>	<u>(5,078,993)</u>	<u>(405,452)</u>	<u>1,658</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	1,135,057	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,135,057</u>	<u>-</u>
Net change in fund balances	(7,971)	11,680	(5,078,993)	729,605	1,658
Fund balances - beginning	182,329	104,623	(2,488,519)	538,601	184,554
Fund balances - ending	<u>\$ 174,358</u>	<u>\$ 116,303</u>	<u>\$ (7,567,512)</u>	<u>\$ 1,268,206</u>	<u>\$ 186,212</u>

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

Special Revenue Funds					
Police Training	Street Light Maintenance	Street Maintenance	Public Art	Law Enforcement Equipment	Attainable Workforce Housing
\$ -	\$ -	\$ 2,964,066	\$ -	\$ -	\$ -
-	-	674,111	-	-	-
-	-	-	-	-	-
19,896	428	638,072	5,055	23	76,885
-	-	-	60,021	-	-
19,896	428	4,276,249	65,076	23	76,885
-	-	-	-	-	-
14,977	-	-	-	3	-
-	-	-	-	-	-
-	-	-	-	-	-
-	12,192	3,873,521	-	-	-
-	-	-	-	-	969
-	-	-	939	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,977	12,192	3,873,521	939	3	969
4,919	(11,764)	402,728	64,137	20	75,916
-	-	5,000	-	-	-
-	-	(241,442)	(55,525)	-	-
-	-	(236,442)	(55,525)	-	-
4,919	(11,764)	166,286	8,612	20	75,916
48,044	48,407	1,344,579	247,586	2,249	699,224
\$ 52,963	\$ 36,643	\$ 1,510,865	\$ 256,198	\$ 2,269	\$ 775,140

(continued)

CITY OF FORT MYERS, FLORIDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2018

	Special Revenue Funds				
	Hurricane Shelter	Public-Private Parking	East Riverside Community Center	Para-Transit	Patrons of the Palms
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Miscellaneous	3,573	3,862	241	1,658	193
Contributions - private source	-	-	-	64,007	-
Total revenues	<u>3,573</u>	<u>3,862</u>	<u>241</u>	<u>65,665</u>	<u>193</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public Safety:					
Police	-	-	-	-	-
Fire	-	-	-	-	-
Physical environment	466	-	-	-	25
Transportation	-	505	-	178,552	-
Economic environment	-	-	-	-	-
Culture and recreation	-	-	31	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>466</u>	<u>505</u>	<u>31</u>	<u>178,552</u>	<u>25</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,107</u>	<u>3,357</u>	<u>210</u>	<u>(112,887)</u>	<u>168</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	127,200	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,200</u>	<u>-</u>
Net change in fund balances	3,107	3,357	210	14,313	168
Fund balances - beginning	345,795	373,691	23,273	80,084	18,684
Fund balances - ending	<u>\$ 348,902</u>	<u>\$ 377,048</u>	<u>\$ 23,483</u>	<u>\$ 94,397</u>	<u>\$ 18,852</u>

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

Special Revenue Funds				Permanent Fund	Total Nonmajor Governmental Funds
State Housing Initiative Partnership	Community Redevelopment Agency	Community Development Block Grant	Crime Prevention	Ned Fould's Police Award Fund	
\$ -	\$ 1,496,054	\$ -	\$ -	\$ -	\$ 4,460,120
354,726	-	674,654	-	-	3,063,514
-	-	-	3,179	-	55,063
50,690	92,962	114,953	704	-	1,105,397
-	140,000	-	-	-	264,028
405,416	1,729,016	789,607	3,883	-	8,948,122
-	-	-	-	-	731,599
-	-	-	221	-	1,173,115
-	-	-	-	-	705,824
-	-	-	-	-	1,114,315
-	-	-	-	-	4,064,770
397,045	2,818,440	789,668	-	-	6,986,619
-	-	-	-	-	298,499
-	496,154	-	-	-	496,154
-	100,861	-	-	-	100,861
397,045	3,415,455	789,668	221	-	15,671,756
8,371	(1,686,439)	(61)	3,662	-	(6,723,634)
-	3,188,506	-	-	-	4,455,763
-	(163,600)	-	-	-	(460,567)
-	3,024,906	-	-	-	3,995,196
8,371	1,338,467	(61)	3,662	-	(2,728,438)
1,048,203	2,644,185	139,000	67,220	2,000	5,653,812
\$ 1,056,574	\$ 3,982,652	\$ 138,939	\$ 70,882	\$ 2,000	\$ 2,925,374

CITY OF FORT MYERS, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds
For the Year Ended September 30, 2018

Law Enforcement Trust Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 8,528	\$ 8,528
Miscellaneous	75,000	75,000	9,875	(65,125)
Total revenues	75,000	75,000	18,403	(56,597)
EXPENDITURES				
Current:				
Police	75,000	75,000	26,374	48,626
Total expenditures	75,000	75,000	26,374	48,626
Excess (deficiency) of revenues over expenditures	-	-	(7,971)	(7,971)
Net change in fund balances	-	-	(7,971)	(7,971)
Fund balances - beginning	182,329	182,329	182,329	-
Fund balances - ending	\$ 182,329	\$ 182,329	\$ 174,358	\$ (7,971)

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

Federal Forfeiture Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 43,356	\$ 43,356
Miscellaneous	45,000	45,000	1,117	(43,883)
Total revenues	45,000	45,000	44,473	(527)
EXPENDITURES				
Current:				
Police	45,000	45,000	32,793	12,207
Total expenditures	45,000	45,000	32,793	12,207
Excess (deficiency) of revenues over expenditures	-	-	11,680	11,680
Net change in fund balances	-	-	11,680	11,680
Fund balances - beginning	104,623	104,623	104,623	-
Fund balances - ending	\$ 104,623	\$ 104,623	\$ 116,303	\$ 11,680

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

CITY OF FORT MYERS, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds
For the Year Ended September 30, 2018

	Grants			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental revenue	\$ 717,900	\$ 3,114,634	\$ 1,360,023	\$ (1,754,611)
Miscellaneous	-	704,448	-	(704,448)
Contributions - private source	-	105	-	(105)
Total revenues	<u>717,900</u>	<u>3,819,187</u>	<u>1,360,023</u>	<u>(2,459,164)</u>
EXPENDITURES				
Current:				
Police	500,000	4,191,665	1,073,050	3,118,615
Fire	<u>717,900</u>	<u>762,579</u>	<u>692,425</u>	<u>70,154</u>
Total expenditures	<u>1,217,900</u>	<u>4,954,244</u>	<u>1,765,475</u>	<u>3,188,769</u>
Excess (deficiency) of revenues over expenditures	<u>(500,000)</u>	<u>(1,135,057)</u>	<u>(405,452)</u>	<u>729,605</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	500,000	1,135,057	1,135,057	-
Total other financing source (uses)	<u>500,000</u>	<u>1,135,057</u>	<u>1,135,057</u>	<u>-</u>
Net change in fund balances	-	-	729,605	729,605
Fund balances - beginning	538,601	538,601	538,601	-
Fund balances - ending	<u>\$ 538,601</u>	<u>\$ 538,601</u>	<u>\$ 1,268,206</u>	<u>\$ 729,605</u>

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

	Police Training Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Miscellaneous	\$ 15,000	\$ 15,000	\$ 19,896	\$ 4,896
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>19,896</u>	<u>4,896</u>
EXPENDITURES				
Current:				
Police	15,000	15,000	14,977	23
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>14,977</u>	<u>23</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>4,919</u>	<u>4,919</u>
Net change in fund balances	-	-	4,919	4,919
Fund balances - beginning	48,044	48,044	48,044	-
Fund balances - ending	<u>\$ 48,044</u>	<u>\$ 48,044</u>	<u>\$ 52,963</u>	<u>\$ 4,919</u>

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

CITY OF FORT MYERS, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds
For the Year Ended September 30, 2018

	FEMA Disaster Grant			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 83,303	\$ 83,303
Total revenues	-	-	83,303	83,303
EXPENDITURES				
Current:				
General government	-	-	731,350	(731,350)
Police	-	-	25,697	(25,697)
Fire	-	-	13,399	(13,399)
Physical environment	-	-	1,113,824	(1,113,824)
Economic environment	-	6,920,000	2,980,497	3,939,503
Culture and recreation	-	-	297,529	(297,529)
Total expenditures	-	6,920,000	5,162,296	1,757,704
Excess (deficiency) of revenues over expenditures	-	(6,920,000)	(5,078,993)	1,841,007
OTHER FINANCING SOURCES (USES)				
Transfers in	-	6,920,000	-	(6,920,000)
Total other financing source (uses)	-	6,920,000	-	(6,920,000)
Net change in fund balances	-	-	(5,078,993)	(5,078,993)
Fund balances - beginning	(2,488,519)	(2,488,519)	(2,488,519)	-
Fund balances - ending	<u>\$ (2,488,519)</u>	<u>\$ (2,488,519)</u>	<u>\$ (7,567,512)</u>	<u>\$ (5,078,993)</u>

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

CITY OF FORT MYERS, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds
For the Year Ended September 30, 2018

Street Light Maintenance Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ 16,700	\$ 16,700	\$ 428	\$ (16,272)
Total revenues	16,700	16,700	428	(16,272)
EXPENDITURES				
Current:				
Transportation	16,700	16,700	12,192	4,508
Total expenditures	16,700	16,700	12,192	4,508
Excess (deficiency) of revenues over expenditures	-	-	(11,764)	(11,764)
Net change in fund balances	-	-	(11,764)	(11,764)
Fund balances - beginning	48,407	48,407	48,407	-
Fund balances - ending	<u>\$ 48,407</u>	<u>\$ 48,407</u>	<u>\$ 36,643</u>	<u>\$ (11,764)</u>

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

Street Maintenance Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,950,000	\$ 2,950,000	\$ 2,964,066	\$ 14,066
Intergovernmental revenue	575,000	575,000	674,111	99,111
Miscellaneous	1,291,200	1,233,226	638,072	(595,154)
Total revenues	4,816,200	4,758,226	4,276,249	(481,977)
EXPENDITURES				
Current:				
Transportation	4,416,200	4,421,200	3,873,521	547,679
Total expenditures	4,416,200	4,421,200	3,873,521	547,679
Excess (deficiency) of revenues over expenditures	400,000	337,026	402,728	65,702
OTHER FINANCING SOURCES (USES)				
Transfers in	-	5,000	5,000	-
Transfers out	(400,000)	(342,026)	(241,442)	100,584
Total other financing source (uses)	(400,000)	(337,026)	(236,442)	100,584
Net change in fund balances	-	-	166,286	166,286
Fund balances - beginning	1,344,579	1,344,579	1,344,579	-
Fund balances - ending	<u>\$ 1,344,579</u>	<u>\$ 1,344,579</u>	<u>\$ 1,510,865</u>	<u>\$ 166,286</u>

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

CITY OF FORT MYERS, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds
For the Year Ended September 30, 2018

Public Art Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ 249,592	\$ 5,055	\$ (244,537)
Contributions - private source	-	-	60,021	60,021
Total revenues	<u>-</u>	<u>249,592</u>	<u>65,076</u>	<u>(184,516)</u>
EXPENDITURES				
Current:				
Culture and recreation	-	-	939	(939)
Total expenditures	-	-	939	(939)
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>249,592</u>	<u>64,137</u>	<u>(185,455)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out		(249,592)	(55,525)	194,067
Total other financing source (uses)	<u>-</u>	<u>(249,592)</u>	<u>(55,525)</u>	<u>194,067</u>
Net change in fund balances	-	-	8,612	8,612
Fund balances - beginning	247,586	247,586	247,586	-
Fund balances - ending	<u>\$ 247,586</u>	<u>\$ 247,586</u>	<u>\$ 256,198</u>	<u>\$ 8,612</u>

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

Attainable Workforce Housing Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ 147,915	\$ 76,885	\$ (71,030)
Total revenues	<u>-</u>	<u>147,915</u>	<u>76,885</u>	<u>(71,030)</u>
EXPENDITURES				
Current:				
Economic environment	-	147,915	969	146,946
Total expenditures	-	147,915	969	146,946
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>75,916</u>	<u>75,916</u>
Net change in fund balances	-	-	75,916	75,916
Fund balances - beginning	699,224	699,224	699,224	-
Fund balances - ending	<u>\$ 699,224</u>	<u>\$ 699,224</u>	<u>\$ 775,140</u>	<u>\$ 75,916</u>

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

CITY OF FORT MYERS, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds
For the Year Ended September 30, 2018

Para-Transit Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ 500	\$ 1,658	\$ 1,158
Contributions - private source	51,200	51,200	64,007	12,807
Total revenues	<u>51,200</u>	<u>51,700</u>	<u>65,665</u>	<u>13,965</u>
EXPENDITURES				
Current:				
Transportation	178,400	178,900	178,552	348
Total expenditures	<u>178,400</u>	<u>178,900</u>	<u>178,552</u>	<u>348</u>
Excess (deficiency) of revenues over expenditures	<u>(127,200)</u>	<u>(127,200)</u>	<u>(112,887)</u>	<u>14,313</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	127,200	127,200	127,200	-
Total other financing source (uses)	<u>127,200</u>	<u>127,200</u>	<u>127,200</u>	<u>-</u>
Net change in fund balances	-	-	14,313	14,313
Fund balances - beginning	80,084	80,084	80,084	-
Fund balances - ending	<u>\$ 80,084</u>	<u>\$ 80,084</u>	<u>\$ 94,397</u>	<u>\$ 14,313</u>

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

State Housing Initiative Partnership Program				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenue	\$ 244,545	\$ 1,158,636	\$ 354,726	\$ (803,910)
Miscellaneous	-	49,833	50,690	857
Total revenues	<u>244,545</u>	<u>1,208,469</u>	<u>405,416</u>	<u>(803,053)</u>
EXPENDITURES				
Current:				
Economic environment	244,545	1,208,469	397,045	811,424
Total expenditures	<u>244,545</u>	<u>1,208,469</u>	<u>397,045</u>	<u>811,424</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>8,371</u>	<u>8,371</u>
Net change in fund balances	-	-	8,371	8,371
Fund balances - beginning	1,048,203	1,048,203	1,048,203	-
Fund balances - ending	<u>\$ 1,048,203</u>	<u>\$ 1,048,203</u>	<u>\$ 1,056,574</u>	<u>\$ 8,371</u>

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

CITY OF FORT MYERS, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds
For the Year Ended September 30, 2018

Community Redevelopment Agency				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,575,800	\$ 1,493,104	\$ 1,496,054	\$ 2,950
Intergovernmental revenue	334,700	2,606,037	92,962	(2,513,075)
Contributions - private source	-	-	140,000	140,000
Total revenues	<u>1,910,500</u>	<u>4,099,141</u>	<u>1,729,016</u>	<u>(2,370,125)</u>
EXPENDITURES				
Current:				
Economic environment	4,445,000	6,260,719	2,818,440	3,442,279
Total current	<u>4,445,000</u>	<u>6,260,719</u>	<u>2,818,440</u>	<u>3,442,279</u>
Debt service:				
Principal retirement	575,300	575,300	496,154	79,146
Interest	100,900	100,900	100,861	39
Total debt service	<u>676,200</u>	<u>676,200</u>	<u>597,015</u>	<u>79,185</u>
Total expenditures	<u>5,121,200</u>	<u>6,936,919</u>	<u>3,415,455</u>	<u>3,521,464</u>
Excess (deficiency) of revenues over expenditures	<u>(3,210,700)</u>	<u>(2,837,778)</u>	<u>(1,686,439)</u>	<u>1,151,339</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,365,100	3,188,506	3,188,506	-
Transfers out	(233,600)	(429,928)	(163,600)	266,328
Loan issuance	79,200	79,200	-	(79,200)
Total other financing source (uses)	<u>3,210,700</u>	<u>2,837,778</u>	<u>3,024,906</u>	<u>187,128</u>
Net change in fund balances	-	-	1,338,467	1,338,467
Fund balances - beginning	2,644,185	2,644,185	2,644,185	-
Fund balances - ending	<u>\$ 2,644,185</u>	<u>\$ 2,644,185</u>	<u>\$ 3,982,652</u>	<u>\$ 1,338,467</u>

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

CITY OF FORT MYERS, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds
For the Year Ended September 30, 2018

Community Development Block Grant Program				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenue	\$ 606,129	\$ 1,965,867	\$ 674,654	\$ (1,291,213)
Miscellaneous	-	102,347	114,953	12,606
Total revenues	606,129	2,068,214	789,607	(1,278,607)
EXPENDITURES				
Current:				
Economic environment	606,129	2,068,214	789,668	1,278,546
Total expenditures	606,129	2,068,214	789,668	1,278,546
Excess (deficiency) of revenues over expenditures	-	-	(61)	(61)
Net change in fund balances	-	-	(61)	(61)
Fund balances - beginning	139,000	139,000	139,000	-
Fund balances - ending	\$ 139,000	\$ 139,000	\$ 138,939	\$ (61)

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

Crime Prevention Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 2,500	\$ 2,500	\$ 3,179	\$ 679
Miscellaneous	20,000	20,000	704	(19,296)
Total revenues	22,500	22,500	3,883	(18,617)
EXPENDITURES				
Current:				
Police	22,500	22,500	221	22,279
Total expenditures	22,500	22,500	221	22,279
Excess (deficiency) of revenues over expenditures	-	-	3,662	3,662
Net change in fund balances	-	-	3,662	3,662
Fund balances - beginning	67,220	67,220	67,220	-
Fund balances - ending	\$ 67,220	\$ 67,220	\$ 70,882	\$ 3,662

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



CITY OF FORT MYERS

Nonmajor Enterprise Funds

The City's nonmajor enterprise funds report activities for which fees are charged to external users for goods or services.

Building Permits and Inspections – To account for operations and maintenance related to the City's issuance of building permits and the subsequent inspections.

Stormwater – To account for the operations and maintenance of stormwater run-off mechanisms throughout the City.

Fort Myers Country Club – To account for the operations and maintenance related to the City-owned Fort Myers Country Club.

Eastwood Golf Course – To account for the operations and maintenance related to the City-owned Eastwood Golf Course.

Yacht Basin – To account for the operations and maintenance of the City-owned yacht basin and dock facilities.

Downtown Parking Garages – To account for the operations and maintenance related to the City-owned Main Street Parking Garage and City of Palms Parking Garage.

Skatium – To account for the operations and maintenance related to the City-owned skating and recreation center.

CITY OF FORT MYERS, FLORIDA
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2018

	Building Permits and Inspections	Stormwater	Fort Myers Country Club
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,195,081	\$ 2,642,157	\$ 77,453
Investments	5,161,603	1,895,037	-
Restricted cash and cash equivalents	157,761	117,089	32,838
Restricted investments	114,535	85,007	1,680
Accounts receivable, net	-	-	-
Interest receivable	6,211	3,325	99
Restricted interest receivable	-	-	-
Due from other governmental agencies	-	24,317	-
Inventories	-	-	-
Prepaid items	197,081	-	34,000
Total current assets	<u>12,832,272</u>	<u>4,766,932</u>	<u>146,070</u>
Noncurrent assets:			
Intangible assets, net	-	78,551	-
Land and improvements	-	103,718	168,966
Construction in progress	1,094,047	-	-
Buildings, net	-	-	127,681
Improvements other than buildings, net	-	13,301,708	4,464,635
Equipment, net	7,891	1,040,064	113,975
Total noncurrent assets	<u>1,101,938</u>	<u>14,524,041</u>	<u>4,875,257</u>
Total assets	<u>13,934,210</u>	<u>19,290,973</u>	<u>5,021,327</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	-	3,465
Deferred outflows related to postemployment benefits	16,418	13,517	609
Deferred outflows related to pensions	110,820	64,977	7,768
Total deferred outflows of resources	<u>127,238</u>	<u>78,494</u>	<u>11,842</u>
LIABILITIES			
Current liabilities:			
Accounts and contracts payable	34,833	396,847	61,414
Accrued and other liabilities	5,460	4,500	8,949
Due to other governmental agencies	18,670	-	3,994
Customer deposits	41,300	-	-
Compensated absences	18,477	49,418	10,640
Accrued interest payable	-	-	2,956
Capital lease payable	-	-	78,208
Notes payable	-	-	-
Revenue bonds payable	-	-	36,894
Total current liabilities	<u>118,740</u>	<u>450,765</u>	<u>203,055</u>
Noncurrent liabilities:			
Net pension liability	2,654,628	1,556,485	186,081
Compensated absences	54,495	51,310	23,476
Total other postemployment benefits liability	483,777	398,297	17,934
Capital lease payable	-	-	23,572
Notes payable	-	-	-
Revenue bonds payable	-	-	149,365
Total noncurrent liabilities	<u>3,192,900</u>	<u>2,006,092</u>	<u>400,428</u>
Total liabilities	<u>3,311,640</u>	<u>2,456,857</u>	<u>603,483</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to postemployment benefits	21,816	17,961	809
Deferred inflows related to pensions	443,269	259,901	31,072
Total deferred inflows of resources	<u>465,085</u>	<u>277,862</u>	<u>31,881</u>
NET POSITION			
Net investment in capital assets	1,095,286	14,261,356	4,590,683
Restricted for:			
Capital projects	212,325	202,095	-
Debt service	-	-	29,882
Renewal and replacement	-	-	-
Transportation	-	-	-
Unrestricted	8,977,112	2,171,297	(222,760)
Total net position	<u>\$ 10,284,723</u>	<u>\$ 16,634,748</u>	<u>\$ 4,397,805</u>

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

Eastwood Golf Course	Yacht Basin	Downtown Parking Garages	Skatium	Total Nonmajor Enterprise Funds
\$ 47,615	\$ 481,182	\$ 1,174,031	\$ 25,922	\$ 11,643,441
34,149	343,090	842,422	17,734	8,294,035
2,403	203,121	39,922	738	553,872
1,745	147,466	5,722	536	356,691
771	23,184	9,987	47,147	81,089
273	187	229	-	10,324
-	642	-	-	642
-	-	-	-	24,317
-	93,490	-	4,235	97,725
34,000	-	-	-	265,081
120,956	1,292,362	2,072,313	96,312	21,327,217
-	-	-	-	78,551
729,261	195,315	551,713	-	1,748,973
-	-	-	-	1,094,047
1,448,462	1,751	1,823,810	14,983	3,416,687
3,040,200	3,700,533	-	-	24,507,076
433,022	28,839	-	1,170	1,624,961
5,650,945	3,926,438	2,375,523	16,153	32,470,295
5,771,901	5,218,800	4,447,836	112,465	53,797,512
-	-	-	-	3,465
3,152	3,544	-	2,757	39,997
15,375	19,586	-	14,022	232,548
18,527	23,130	-	16,779	276,010
71,386	29,620	10,519	13,190	617,809
6,739	5,578	483	16,253	47,962
3,792	8,149	4,041	1,274	39,920
-	46,833	9,563	-	97,696
-	31,752	-	-	110,287
-	11,462	-	-	14,418
116,688	-	-	-	194,896
-	246,947	-	-	246,947
-	-	-	-	36,894
198,605	380,341	24,606	30,717	1,406,829
368,305	469,159	-	335,892	5,570,550
6,015	2,991	-	20,567	158,854
92,875	104,438	-	81,227	1,178,548
339,565	-	-	-	363,137
-	2,826,249	-	-	2,826,249
-	-	-	-	149,365
806,760	3,402,837	-	437,686	10,246,703
1,005,365	3,783,178	24,606	468,403	11,653,532
4,188	4,710	-	3,663	53,147
61,499	78,340	-	56,087	930,168
65,687	83,050	-	59,750	983,315
5,194,692	853,242	2,375,523	16,153	28,386,935
356	170,336	-	-	585,112
-	-	-	-	29,882
-	114,343	-	-	114,343
-	-	38,757	-	38,757
(475,672)	237,781	2,008,950	(415,062)	12,281,646
\$ 4,719,376	\$ 1,375,702	\$ 4,423,230	\$ (398,909)	\$ 41,436,675

CITY OF FORT MYERS, FLORIDA
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended September 30, 2018

	Building Permits and Inspections	Stormwater	Fort Myers Country Club	Eastwood Golf Course
OPERATING REVENUES				
Charges for services	\$ 6,554,119	\$ 4,800,833	\$ 1,812,125	\$ 1,834,251
Rent	-	-	14,875	27,581
Miscellaneous	-	44,482	810	600
Total operating revenues	<u>6,554,119</u>	<u>4,845,315</u>	<u>1,827,810</u>	<u>1,862,432</u>
OPERATING EXPENSES				
Personnel services	1,982,758	1,557,179	168,253	171,493
Materials and supplies	156,472	183,091	260,795	386,062
Contractual services	323,614	398,378	623,956	749,912
General and administrative	258,365	146,842	129,389	124,940
Utilities	12,397	-	74,224	124,448
Repairs and maintenance	5,053	219,249	23,286	24,665
Rentals	466,573	209,200	126,663	131,331
Travel	4,216	1,109	-	-
Insurance	33,800	50,700	67,500	67,500
Depreciation	16,882	1,025,545	385,071	333,867
Total operating expenses	<u>3,260,130</u>	<u>3,791,293</u>	<u>1,859,137</u>	<u>2,114,218</u>
Operating income (loss)	<u>3,293,989</u>	<u>1,054,022</u>	<u>(31,327)</u>	<u>(251,786)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	106,846	49,646	1,412	3,615
Gain on disposal of capital assets	4,000	10,000	-	-
Interest expense and bond insurance costs	-	-	(14,322)	(2,589)
Total nonoperating revenues (expenses)	<u>110,846</u>	<u>59,646</u>	<u>(12,910)</u>	<u>1,026</u>
Income (loss) before contributions and transfers	3,404,835	1,113,668	(44,237)	(250,760)
Transfers in	-	1,011,380	236,400	653,705
Transfers out	-	(301,000)	(285,446)	(156,900)
Change in net position	3,404,835	1,824,048	(93,283)	246,045
Net position - beginning	6,879,888 ⁽¹⁾	14,810,700 ⁽¹⁾	4,491,088 ⁽¹⁾	4,473,331 ⁽¹⁾
Net position - ending	<u>\$ 10,284,723</u>	<u>\$ 16,634,748</u>	<u>\$ 4,397,805</u>	<u>\$ 4,719,376</u>

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

⁽¹⁾ Restated, as noted in Note 24

<u>Yacht Basin</u>	<u>Downtown Parking Garages</u>	<u>Skatium</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 2,741,010	\$ 1,446,664	\$ 1,131,611	\$ 20,320,613
32,857	56,957	-	132,270
70,516	5,464	210	122,082
<u>2,844,383</u>	<u>1,509,085</u>	<u>1,131,821</u>	<u>20,574,965</u>
428,914	-	504,251	4,812,848
1,183,688	3,405	176,927	2,350,440
119,323	972,338	135,184	3,322,705
155,345	32,491	92,694	940,066
204,951	894	232,236	649,150
101,086	74,423	69,842	517,604
82,294	3,100	81,785	1,100,946
-	-	-	5,325
67,500	-	67,500	354,500
220,465	307,236	2,956	2,292,022
<u>2,563,566</u>	<u>1,393,887</u>	<u>1,363,375</u>	<u>16,345,606</u>
<u>280,817</u>	<u>115,198</u>	<u>(231,554)</u>	<u>4,229,359</u>
13,430	19,743	116	194,808
-	-	-	14,000
(150,311)	-	-	(167,222)
<u>(136,881)</u>	<u>19,743</u>	<u>116</u>	<u>41,586</u>
143,936	134,941	(231,438)	4,270,945
-	-	253,800	2,155,285
<u>(33,500)</u>	<u>(100,000)</u>	<u>(27,200)</u>	<u>(904,046)</u>
110,436	34,941	(4,838)	5,522,184
1,265,266 ⁽¹⁾	4,388,289	(394,071) ⁽¹⁾	35,914,491 ⁽¹⁾
<u>\$ 1,375,702</u>	<u>\$ 4,423,230</u>	<u>\$ (398,909)</u>	<u>\$ 41,436,675</u>

CITY OF FORT MYERS, FLORIDA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2018

	Building Permits and Inspections	Stormwater	Fort Myers Country Club	Eastwood Golf Course
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 6,528,259	\$ 4,790,358	\$ 2,667,000	\$ 1,873,977
Other operating receipts	-	44,482	810	600
Payments to suppliers and service providers	(1,168,667)	(922,141)	(1,489,427)	(1,882,983)
Payments to employees for services	(2,254,524)	(1,362,749)	(162,683)	(367,223)
Other operating payments	(14,914)	(146,800)	(12,343)	(13,116)
Net cash provided by (used for) operating activities	<u>3,090,154</u>	<u>2,403,150</u>	<u>1,003,357</u>	<u>(388,745)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	1,011,380	236,400	653,705
Transfers out	-	(301,000)	(285,446)	(156,900)
Receipts on interfund loans	-	-	(699,060)	-
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>710,380</u>	<u>(748,106)</u>	<u>496,805</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(404,381)	(1,771,550)	-	(377,407)
Principal paid on notes and bonds	-	-	(35,112)	-
Interest paid on notes and bonds	-	-	-	-
Principal paid on capital lease	-	-	(93,498)	(32,333)
Interest paid on capital lease	-	-	(16,312)	(2,589)
Proceeds from sale of capital assets	4,000	10,000	-	-
Net cash used for capital and related financing activities	<u>(400,381)</u>	<u>(1,761,550)</u>	<u>(144,922)</u>	<u>(412,329)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(1,716,911)	(773,936)	(2,067)	-
Proceeds from sale of investments	-	-	-	106,072
Interest on investments	134,902	61,678	1,937	2,717
Net cash provided by (used for) investing activities	<u>(1,582,009)</u>	<u>(712,258)</u>	<u>(130)</u>	<u>108,789</u>
Net increase (decrease) in cash and cash equivalents	1,107,764	639,722	110,199	(195,480)
Balances - beginning of year	6,245,078	2,119,524	92	245,498
Balances - end of the year	<u>\$ 7,352,842</u>	<u>\$ 2,759,246</u>	<u>\$ 110,291</u>	<u>\$ 50,018</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 3,293,989	\$ 1,054,022	\$ (31,327)	\$ (251,786)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	16,882	1,025,545	385,071	333,867
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	10,598	840,000	12,146
(Increase) decrease in bad debt	-	(21,073)	-	-
Decrease in inventories	84,463	-	-	-
(Decrease) increase in customer deposits payable	(25,860)	-	-	-
(Decrease) increase in accounts payable - supplier	2,228	139,630	(7,561)	(290,615)
(Decrease) increase in accounts payable - other	(9,781)	-	578	3,374
(Decrease) increase in compensated absences	3,696	18,640	4,654	(3,728)
(Decrease) increase in total other postemployment benefits liability	(51,557)	170,494	(67,108)	(28,699)
(Increase) in other postemployment benefits deferred outflows of resources	(16,418)	(13,517)	(609)	(3,152)
Increase in other postemployment benefits deferred inflows of resources	21,816	17,961	809	4,188
(Decrease) in net pension liability	(495,685)	(158,116)	(137,664)	(198,576)
Decrease in net pension liability deferred outflows of resources	45,042	19,853	8,249	12,671
Increase in net pension liability deferred inflows of resources	221,339	139,113	8,265	21,565
Net cash provided (used) by operating activities	<u>\$ 3,090,154</u>	<u>\$ 2,403,150</u>	<u>\$ 1,003,357</u>	<u>\$ (388,745)</u>
Schedule of non-cash investing, capital, and financing activities:				
Interest receivable / unrealized gain (loss)	\$ (28,056)	\$ (12,032)	\$ (525)	\$ 898

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

Yacht Basin	Harborside Event Center	Downtown Parking Garages	Skatium	Dept of Cultural and Historic Affairs	Total Nonmajor Enterprise Funds
\$ 2,773,800	\$ -	\$ 1,540,634	\$ 1,157,462	\$ -	\$ 21,331,490
70,516	-	5,464	210	-	122,082
(1,950,518)	(73,918)	(1,081,671)	(829,792)	(1,135)	(9,400,252)
(449,835)	-	-	(518,131)	-	(5,115,145)
(32,171)	-	(9,446)	(4,409)	-	(233,199)
<u>411,792</u>	<u>(73,918)</u>	<u>454,981</u>	<u>(194,660)</u>	<u>(1,135)</u>	<u>6,704,976</u>
-	-	-	253,800	-	2,155,285
(33,500)	-	(100,000)	(27,200)	-	(904,046)
-	-	-	-	-	(699,060)
<u>(33,500)</u>	<u>-</u>	<u>(100,000)</u>	<u>226,600</u>	<u>-</u>	<u>552,179</u>
(9,956)	-	-	-	-	(2,563,294)
(235,687)	-	-	-	-	(270,799)
(151,190)	-	-	-	-	(151,190)
-	-	-	-	-	(125,831)
-	-	-	-	-	(18,901)
-	-	-	-	-	14,000
<u>(396,833)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,116,015)</u>
(61,934)	-	(244,888)	(14,183)	-	(2,813,919)
-	-	-	-	-	106,072
15,150	-	23,764	288	-	240,436
<u>(46,784)</u>	<u>-</u>	<u>(221,124)</u>	<u>(13,895)</u>	<u>-</u>	<u>(2,467,411)</u>
(65,325)	(73,918)	133,857	18,045	(1,135)	1,673,729
749,628	73,918	1,080,096	8,615	1,135	10,523,584
<u>\$ 684,303</u>	<u>\$ -</u>	<u>\$ 1,213,953</u>	<u>\$ 26,660</u>	<u>\$ -</u>	<u>\$ 12,197,313</u>
\$ 280,817	\$ -	\$ 115,198	\$ (231,554)	\$ -	\$ 4,229,359
220,465	-	307,236	2,956	-	2,292,022
(10,821)	-	37,013	25,851	-	914,787
11,190	-	-	-	-	(9,883)
8,025	-	-	2,722	-	95,210
(6,924)	-	1,926	-	-	(30,858)
(65,634)	(73,918)	(7,037)	18,941	(1,135)	(285,101)
(4,403)	-	645	304	-	(9,283)
461	-	-	2,479	-	26,202
(5,318)	-	-	(45,469)	-	(27,657)
(3,544)	-	-	(2,757)	-	(39,997)
4,710	-	-	-	-	49,484
(64,789)	-	-	(6,676)	-	(1,061,506)
6,832	-	-	2,926	-	95,573
<u>40,725</u>	<u>-</u>	<u>-</u>	<u>35,617</u>	<u>-</u>	<u>466,624</u>
<u>\$ 411,792</u>	<u>\$ (73,918)</u>	<u>\$ 454,981</u>	<u>\$ (194,660)</u>	<u>\$ (1,135)</u>	<u>\$ 6,704,976</u>
\$ (1,720)	\$ -	\$ (4,021)	\$ (172)	\$ -	\$ (45,628)



CITY OF FORT MYERS

Internal Service Funds

Internal service funds are used to account for services provided to other departments or agencies of the government, or to other governments on a cost-reimbursement basis.

Fleet Maintenance – To account for repair operations and maintenance related to City-owned vehicles.

Information Technology Services – To account for the City's information systems, hardware, software and maintenance.

Public Works Warehouse Operations – To account for all inventory received into the warehouse along with the issues out to user departments.

Risk Management – To account for the activities related to general liability, auto liability and physical damage, police and firefighters' professional liability and workers' compensation provided to other departments of the City.

CITY OF FORT MYERS, FLORIDA
Combining Statement of Net Position
Nonmajor Internal Service Funds
September 30, 2018

	Fleet Maintenance	Information Technology Services	Public Works Warehouse Operations	Risk Management	Total Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,514,541	\$ 1,549,772	\$ 29,905	\$ 7,012,749	\$ 10,106,967
Investments	1,086,840	1,112,122	21,460	5,132,803	7,353,225
Restricted cash and cash equivalents	-	-	-	2,897,208	2,897,208
Accounts receivable, net	13,974	-	-	534	14,508
Interest receivable	913	1,370	-	13,627	15,910
Due from other governmental agencies	-	-	-	224	224
Inventories	292,652	-	329,038	-	621,690
Prepaid items	450,936	284,358	-	1,398,912	2,134,206
Total current assets	<u>3,359,856</u>	<u>2,947,622</u>	<u>380,403</u>	<u>16,456,057</u>	<u>23,143,938</u>
Noncurrent assets:					
Intangible assets, net	-	2,916	-	-	2,916
Buildings, net	2,919	-	-	-	2,919
Equipment, net	<u>3,212,181</u>	<u>246,691</u>	<u>-</u>	<u>-</u>	<u>3,458,872</u>
Total noncurrent assets	<u>3,215,100</u>	<u>249,607</u>	<u>-</u>	<u>-</u>	<u>3,464,707</u>
Total assets	<u>6,574,956</u>	<u>3,197,229</u>	<u>380,403</u>	<u>16,456,057</u>	<u>26,608,645</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to other postemployment benefits	10,294	13,656	625	1,064	25,639
Deferred outflows on pensions	<u>60,240</u>	<u>93,810</u>	<u>2,121</u>	<u>5,973</u>	<u>162,144</u>
Total deferred outflows of resources	<u>70,534</u>	<u>107,466</u>	<u>2,746</u>	<u>7,037</u>	<u>187,783</u>
LIABILITIES					
Current liabilities:					
Accounts and contracts payable	706,380	63,950	41,787	475,459	1,287,576
Accrued and other liabilities	9,865	210,356	534	1,447	222,202
Compensated absences	44,208	13,394	-	9,984	67,586
Claims and judgments	-	-	-	3,402,200	3,402,200
Capital lease payable	<u>1,066,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,066,408</u>
Total current liabilities	<u>1,826,861</u>	<u>287,700</u>	<u>42,321</u>	<u>3,889,090</u>	<u>6,045,972</u>
Noncurrent liabilities:					
Net pension liability	1,443,002	2,247,169	50,809	143,083	3,884,063
Compensated absences	31,905	60,108	-	-	92,013
Total other postemployment benefits liability	<u>303,314</u>	<u>402,398</u>	<u>18,417</u>	<u>31,364</u>	<u>755,493</u>
Claims and judgments	-	-	-	5,897,600	5,897,600
Capital lease payable	<u>1,269,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,269,694</u>
Total noncurrent liabilities	<u>3,047,915</u>	<u>2,709,675</u>	<u>69,226</u>	<u>6,072,047</u>	<u>11,898,863</u>
Total liabilities	<u>4,874,776</u>	<u>2,997,375</u>	<u>111,547</u>	<u>9,961,137</u>	<u>17,944,835</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to other postemployment benefits	13,678	18,146	831	1,414	34,069
Deferred inflows related to pensions	<u>240,952</u>	<u>375,231</u>	<u>8,484</u>	<u>23,892</u>	<u>648,559</u>
Total deferred inflows of resources	<u>254,630</u>	<u>393,377</u>	<u>9,315</u>	<u>25,306</u>	<u>682,628</u>
NET POSITION					
Net investment in capital assets	878,998	249,607	-	-	1,128,605
Unrestricted	<u>637,086</u>	<u>(335,664)</u>	<u>262,287</u>	<u>6,476,651</u>	<u>7,040,360</u>
Total net position	<u>\$ 1,516,084</u>	<u>\$ (86,057)</u>	<u>\$ 262,287</u>	<u>\$ 6,476,651</u>	<u>\$ 8,168,965</u>

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

CITY OF FORT MYERS, FLORIDA
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended September 30, 2018

	Fleet Maintenance	Information Technology Services	Public Works Warehouse Operations	Risk Management	Total Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 6,400,655	\$ 6,398,200	\$ 464,692	\$ 5,830,519	\$ 19,094,066
Miscellaneous	67,601	875	-	1,029,976	1,098,452
Total operating revenues	<u>6,468,256</u>	<u>6,399,075</u>	<u>464,692</u>	<u>6,860,495</u>	<u>20,192,518</u>
OPERATING EXPENSES					
Personnel services	1,415,985	1,928,923	58,172	50,145	3,453,225
Materials and supplies	2,666,816	375,454	441,063	8,187	3,491,520
Contractual services	466,559	75,492	273	168,735	711,059
General and administrative	307,997	252,467	24,800	219,580	804,844
Utilities	50,020	604,551	-	-	654,571
Repairs and maintenance	5,774	1,379,564	-	-	1,385,338
Rentals	181,800	251,734	8,000	36,000	477,534
Travel	1,544	18,708	-	676	20,928
Insurance	33,800	5,100	-	1,403,257	1,442,157
Self insurance claims	-	-	-	3,479,854	3,479,854
Depreciation	900,897	89,203	-	-	990,100
Total operating expenses	<u>6,031,192</u>	<u>4,981,196</u>	<u>532,308</u>	<u>5,366,434</u>	<u>16,911,130</u>
Operating income (loss)	<u>437,064</u>	<u>1,417,879</u>	<u>(67,616)</u>	<u>1,494,061</u>	<u>3,281,388</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	23,718	21,198	549	149,456	194,921
Gain on disposal of capital assets	117,700	-	-	-	117,700
Interest expense	(41,185)	-	-	-	(41,185)
Total nonoperating revenues (expenses)	<u>100,233</u>	<u>21,198</u>	<u>549</u>	<u>149,456</u>	<u>271,436</u>
Income (loss) before contributions and transfers	537,297	1,439,077	(67,067)	1,643,517	3,552,824
Transfers out	<u>(276,500)</u>	<u>(696,296)</u>	<u>-</u>	<u>(40,565)</u>	<u>(1,013,361)</u>
Change in net position	260,797	742,781	(67,067)	1,602,952	2,539,463
Net position - beginning	1,255,287 ⁽¹⁾	(828,838) ⁽¹⁾	329,354 ⁽¹⁾	4,873,699 ⁽¹⁾	5,629,502 ⁽¹⁾
Net position - ending	<u>\$ 1,516,084</u>	<u>\$ (86,057)</u>	<u>\$ 262,287</u>	<u>\$ 6,476,651</u>	<u>\$ 8,168,965</u>

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

⁽¹⁾ Restated, as noted in Note 24

CITY OF FORT MYERS, FLORIDA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2018

	Fleet Maintenance	Information Technology Services	Public Works Warehouse Operations	Risk Management	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 6,386,681	\$ 6,398,200	\$ 464,692	\$ 6,267,436	\$ 19,517,009
Other operating receipts	67,601	875	-	1,029,976	1,098,452
Payments to suppliers and service providers	(3,701,397)	(2,901,599)	(415,738)	(3,273,530)	(10,292,264)
Payments to employees for services	(1,313,864)	(1,975,234)	(44,865)	(3,688,375)	(7,022,338)
Net cash provided by operating activities	<u>1,439,021</u>	<u>1,522,242</u>	<u>4,089</u>	<u>335,507</u>	<u>3,300,859</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out	(276,500)	(696,296)	-	(40,565)	(1,013,361)
Net cash used for noncapital financing activities	<u>(276,500)</u>	<u>(696,296)</u>	<u>-</u>	<u>(40,565)</u>	<u>(1,013,361)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from capital lease	2,565,525	-	-	-	2,565,525
Acquisition and construction of capital assets	(2,596,720)	(114,068)	-	-	(2,710,788)
Principal paid on capital lease	(953,581)	-	-	-	(953,581)
Interest paid on capital lease	(41,185)	-	-	-	(41,185)
Proceeds from sale of capital assets	117,700	-	-	-	117,700
Net cash used for capital and related financing activities	<u>(908,261)</u>	<u>(114,068)</u>	<u>-</u>	<u>-</u>	<u>(1,022,329)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(247,313)	(414,693)	(4,497)	(771,779)	(1,438,282)
Interest on investments	28,375	27,640	633	169,861	226,509
Net cash used for investing activities	<u>(218,938)</u>	<u>(387,053)</u>	<u>(3,864)</u>	<u>(601,918)</u>	<u>(1,211,773)</u>
Net increase (decrease) in cash and cash equivalents	35,322	324,825	225	(306,976)	53,396
Balances - beginning of year	1,479,219	1,224,947	29,680	10,216,933	12,950,779
Balances - end of the year	<u>\$ 1,514,541</u>	<u>\$ 1,549,772</u>	<u>\$ 29,905</u>	<u>\$ 9,909,957</u>	<u>\$ 13,004,175</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 437,064	\$ 1,417,879	\$ (67,616)	\$ 1,494,061	\$ 3,281,388
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	900,897	89,203	-	-	990,100
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(13,974)	-	-	436,917	422,943
(Increase) decrease in inventories	(485,626)	-	57,276	-	(428,350)
(Increase) in prepaid items	-	(74,167)	-	(1,282,610)	(1,356,777)
(Decrease) increase in accounts payable - supplier	498,540	135,639	1,122	(197,787)	437,514
Increase in compensated absences	10,578	15,699	-	4,980	31,257
(Decrease) increase in total other postemployment benefits liability	45,249	13,162	15,243	(21,440)	52,214
(Increase) in other postemployment benefits deferred outflows of resources	(10,294)	(13,656)	(625)	(1,064)	(25,639)
Increase in other postemployment benefits deferred inflows of resources	13,678	18,146	831	1,414	34,069
(Decrease) in net pension liability	(105,333)	(307,509)	(7,286)	(111,543)	(531,671)
Decrease in net pension liability deferred outflows of resources	16,365	32,583	753	6,625	56,326
Increase in net pension liability deferred inflows of resources	131,877	195,263	4,391	5,954	337,485
Net cash provided by operating activities	<u>\$ 1,439,021</u>	<u>\$ 1,522,242</u>	<u>\$ 4,089</u>	<u>\$ 335,507</u>	<u>\$ 3,300,859</u>
Noncash investing, capital, and financing activities:					
Interest receivable / unrealized gain (loss)	\$ (4,657)	\$ (6,442)	\$ (84)	\$ (20,405)	\$ (31,588)

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

CITY OF FORT MYERS

Fiduciary Funds

Agency Funds

Agency funds are used to account for monies that are collected by the City and held in a custodial capacity until remitted to the proper authority.

Regional Park Impact Fees Fund – To account for the City's collection of regional park fees. The fees are remitted to the County.

Emergency Medical Services (EMS) Impact Fees Fund – To account for the City's collection of impact fees for EMS services. The fees are remitted to the County.

School Board Impact Fees Fund – To account for the City's collection of impact fees for the School Board. The fees are remitted to the County.

Unclaimed Funds Fund – To account for funds that the City has been holding, and if not claimed, will eventually be remitted to the State of Florida.

Employees' Special Events Fund – To account for money held for special events for the City's employees. The Special Events Committee raises its own funds and the City provides the tracking and accounting of those funds.

CITY OF FORT MYERS, FLORIDA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended September 30, 2018

	Balance September 30, 2017	Additions	Deductions	Balance September 30, 2018
<u>Regional Park Impact Fees</u>				
ASSETS				
Cash and short-term investments	\$ 45,030	\$ 804,258	\$ (382,129)	\$ 467,159
Total assets	<u>\$ 45,030</u>	<u>\$ 804,258</u>	<u>\$ (382,129)</u>	<u>\$ 467,159</u>
LIABILITIES				
Accounts and contracts payable	\$ 34,464	\$ 599,069	\$ (166,374)	\$ 467,159
Due to other governmental agencies	10,566	588,771	(599,337)	-
Total liabilities	<u>\$ 45,030</u>	<u>\$ 1,187,840</u>	<u>\$ (765,711)</u>	<u>\$ 467,159</u>
<u>Emergency Medical Services Impact Fees</u>				
ASSETS				
Cash and short-term investments	\$ 9,725	\$ 148,435	\$ (76,082)	\$ 82,078
Total assets	<u>\$ 9,725</u>	<u>\$ 148,435</u>	<u>\$ (76,082)</u>	<u>\$ 82,078</u>
LIABILITIES				
Accounts and contracts payable	\$ 6,983	\$ 112,604	\$ (37,509)	\$ 82,078
Due to other governmental agencies	2,742	107,070	(109,812)	-
Total liabilities	<u>\$ 9,725</u>	<u>\$ 219,674</u>	<u>\$ (147,321)</u>	<u>\$ 82,078</u>
<u>School Board Impact Fees</u>				
ASSETS				
Cash and short-term investments	\$ 28,608	\$ 1,486,484	\$ (623,800)	\$ 891,292
Total assets	<u>\$ 28,608</u>	<u>\$ 1,486,484</u>	<u>\$ (623,800)</u>	<u>\$ 891,292</u>
LIABILITIES				
Accounts and contracts payable	\$ 24,508	\$ 1,101,913	\$ (235,129)	\$ 891,292
Due to other governmental agencies	4,100	1,029,881	(1,033,981)	-
Total liabilities	<u>\$ 28,608</u>	<u>\$ 2,131,794</u>	<u>\$ (1,269,110)</u>	<u>\$ 891,292</u>
<u>Unclaimed Funds</u>				
ASSETS				
Cash and short-term investments	\$ -	\$ 19,141	\$ (19,141)	\$ -
Total assets	<u>\$ -</u>	<u>\$ 19,141</u>	<u>\$ (19,141)</u>	<u>\$ -</u>
LIABILITIES				
Accounts and contracts payable	\$ -	\$ 19,141	\$ (19,141)	\$ -
Accrued and other liabilities	-	19,141	(19,141)	-
Total liabilities	<u>\$ -</u>	<u>\$ 38,282</u>	<u>\$ (38,282)</u>	<u>\$ -</u>
<u>Employees' Special Events</u>				
ASSETS				
Cash and short-term investments	\$ 20,708	\$ 41,081	\$ (45,500)	\$ 16,289
Interest receivable	54	-	(10)	44
Total assets	<u>\$ 20,762</u>	<u>\$ 41,081</u>	<u>\$ (45,510)</u>	<u>\$ 16,333</u>
LIABILITIES				
Accounts and contracts payable	\$ 54	\$ 32,784	\$ (31,529)	\$ 1,309
Accrued and other liabilities	20,708	26,422	(32,106)	15,024
Total liabilities	<u>\$ 20,762</u>	<u>\$ 59,206</u>	<u>\$ (63,635)</u>	<u>\$ 16,333</u>
<u>Total - All Agency Funds</u>				
ASSETS				
Cash and short-term investments	\$ 104,071	\$ 2,499,399	\$ (1,146,652)	\$ 1,456,818
Interest receivable	54	-	(10)	44
Total assets	<u>\$ 104,125</u>	<u>\$ 2,499,399</u>	<u>\$ (1,146,662)</u>	<u>\$ 1,456,862</u>
LIABILITIES				
Accounts and contracts payable	\$ 66,009	\$ 1,865,511	\$ (489,682)	\$ 1,441,838
Accrued and other liabilities	20,708	45,563	(51,247)	15,024
Due to other governmental agencies	17,408	1,725,722	(1,743,130)	-
Total liabilities	<u>\$ 104,125</u>	<u>\$ 3,636,796</u>	<u>\$ (2,284,059)</u>	<u>\$ 1,456,862</u>

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



Statistical Section



CITY OF FORT MYERS

Statistical Section

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

Contents	Page
Financial Trends	150
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	158
These schedules contain information to help the reader assess the City's most significant revenue sources, the property tax and water and wastewater sales.	
Debt Capacity	161
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.	
Note: The Constitution of the State of Florida (FS200.181) and the City of Fort Myers set no legal debt limit.	
Demographic and Economic Information	166
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	167
These schedules contain service 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.	

CITY OF FORT MYERS, FLORIDA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2009	2010	2011	2012
Governmental activities				
Net investment in capital assets	\$ 40,276,557	\$ 46,344,509	\$ 51,407,651	\$ 59,741,815 ⁽²⁾
Restricted				
Capital projects	46,286,423	51,823,762	41,275,888	43,801,907
Culture and recreation	280,019	255,071	63,445	64,156
Debt service	6,991,217	7,135,436	7,289,473	7,262,753
Economic environment	9,267,781	8,305,107	4,047,022	4,185,328
General government	1,255,036	1,271,958	-	-
Impact fee projects	21,822,142	19,039,083	2,956,361	2,367,429
Public safety:				
Expendable	2,121,578	1,862,166	1,004,294	838,983
Nonexpendable	2,000	2,000	2,000	2,000
Renewal and replacement	688,227	619,991	391,971	2,229
Transportation	1,347,675	2,000,218	1,840,923	1,214,186
Unrestricted	29,110,288	19,333,583	43,311,168	31,608,418
Total governmental activities net position	<u>\$ 159,448,943</u>	<u>\$ 157,992,884</u>	<u>\$ 153,590,196</u>	<u>\$ 151,089,204</u> ⁽²⁾
Business-type activities				
Net investment in capital assets	\$ 73,491,549 ⁽¹⁾	\$ 80,328,915	\$ 77,483,278	\$ 46,140,478 ⁽²⁾
Restricted				
Capital projects	6,075,450	1,198,244	2,663,957	13,767,152
Culture and recreation	-	28	7,299	-
Debt service	9,552,634	11,400,208	10,527,927	7,853,276
Impact fee projects	2,839,477	972,235	862,413	797,517
Physical environment	201,877	142,889	-	-
Renewal and replacement	6,074,195	6,121,090	6,108,968	6,661,111
Transportation	12,005	7,347	8,827	5,899
Unrestricted	23,926,440	21,024,664	27,827,659	38,251,249
Total business-type activities net position	<u>\$ 122,173,627</u> ⁽¹⁾	<u>\$ 121,195,620</u>	<u>\$ 125,490,328</u>	<u>\$ 113,476,682</u> ⁽²⁾
Primary government				
Net investment in capital assets	<u>\$ 113,768,106</u> ⁽¹⁾	<u>\$ 126,673,424</u>	<u>\$ 128,890,929</u>	<u>\$ 105,882,293</u> ⁽²⁾
Restricted				
Capital projects	52,361,873	53,022,006	43,939,845	57,569,059
Culture and recreation	280,019	255,099	70,744	64,156
Debt service	16,543,851	18,535,644	17,817,400	15,116,029
Economic environment	9,267,781	8,305,107	4,047,022	4,185,328
General government	1,255,036	1,271,958	-	-
Impact fee projects	24,661,619	20,011,318	3,818,774	3,164,946
Physical environment	201,877	142,889	-	-
Public safety:				
Expendable	2,121,578	1,862,166	1,004,294	838,983
Nonexpendable	2,000	2,000	2,000	2,000
Renewal and replacement	6,762,422	6,741,081	6,500,939	6,663,340
Transportation	1,359,680	2,007,565	1,849,750	1,220,085
Unrestricted	53,036,728	40,358,247	71,138,827	69,859,667
Total primary government net position	<u>\$ 281,622,570</u> ⁽¹⁾	<u>\$ 279,188,504</u>	<u>\$ 279,080,524</u>	<u>\$ 264,565,886</u> ⁽²⁾

⁽¹⁾ Restated per Note 6 in fiscal year 2010.

⁽²⁾ Restated per Note 25 in fiscal year 2013.

⁽³⁾ Restated per Note 24 in fiscal year 2015.

⁽⁴⁾ Restated per Note 24 in fiscal year 2018.

CITY OF FORT MYERS, FLORIDA
Net Position by Component (continued)
Last Ten Fiscal Years
(accrual basis of accounting)

2013	2014	2015	2016	2017	2018
\$ 58,088,422	\$ 49,609,728	\$ 54,323,549	\$ 56,482,531	\$ 60,134,131	\$ 65,903,703
40,910,394	34,732,077	31,831,335	27,834,549	21,865,715	20,066,414
168,328	163,808	157,454	142,267	289,543	298,533
7,265,355	5,620,962	5,241,087	1,924,799	1,579,142	1,719,419
5,292,390	3,517,564	3,384,862	3,948,768	4,530,612	5,953,304
-	-	-	-	-	-
14,019,479	15,393,894	14,982,630	14,002,426	14,773,232	18,658,766
839,717	671,268	646,857	1,250,752	1,490,567	2,067,261
2,000	2,000	2,000	2,000	2,000	2,000
3,661	-	-	-	-	-
2,036,261	1,641,906	1,761,702	2,171,175	2,031,314	2,205,166
3,352,665	(699,855) ⁽³⁾	(126,181,151)	(119,034,904)	(113,751,995) ⁽⁴⁾	(117,239,350)
<u>\$ 131,978,672</u>	<u>\$ 110,653,352</u> ⁽³⁾	<u>(\$13,849,675)</u>	<u>\$ (11,275,637)</u>	<u>\$ (7,055,739)</u> ⁽⁴⁾	<u>\$ (364,784)</u>
\$ 54,346,522	\$ 66,890,713	\$ 81,959,336	\$ 92,942,225	\$ 102,444,190	\$ 134,274,249
12,784,220	12,973,297	13,798,738	11,175,181	23,404,995	20,260,583
-	-	2,147	936	-	-
7,933,788	9,940,611	10,125,372	12,633,950	12,146,226	13,247,382
798,720	3,144,674	6,549,995	9,246,357	9,358,389	14,847,262
-	-	-	-	-	111,721
7,766,842	9,337,620	10,292,820	8,617,133	9,654,874	4,468,641
15,305	26,500	19,370	9,367	27,637	38,757
36,333,372	41,650,115 ⁽³⁾	14,535,250	15,100,749	25,126,666 ⁽⁴⁾	33,464,346
<u>\$ 119,978,769</u>	<u>\$ 143,963,530</u> ⁽³⁾	<u>\$ 137,283,028</u>	<u>\$ 149,725,898</u>	<u>\$ 182,162,977</u> ⁽⁴⁾	<u>\$ 220,712,941</u>
<u>\$ 112,434,944</u>	<u>\$ 116,500,441</u>	<u>\$ 136,282,885</u>	<u>\$ 149,424,756</u>	<u>\$ 162,578,321</u>	<u>\$ 200,177,952</u>
53,694,614	47,705,374	45,630,073	39,009,730	45,270,710	40,326,997
168,328	163,808	159,601	143,203	289,543	298,533
15,199,143	15,561,573	15,366,459	14,558,749	13,725,368	14,966,801
5,292,390	3,517,564	3,384,862	3,948,768	4,530,612	5,953,304
-	-	-	-	-	-
14,818,199	18,538,568	21,532,625	23,248,783	24,131,621	33,506,028
-	-	-	-	-	111,721
839,717	671,268	646,857	1,250,752	1,490,567	2,067,261
2,000	2,000	2,000	2,000	2,000	2,000
7,770,503	9,337,620	10,292,820	8,617,133	9,654,874	4,468,641
2,051,566	1,668,406	1,781,072	2,180,542	2,058,951	2,243,923
39,686,037	40,950,260 ⁽³⁾	(111,645,901)	(103,934,155)	(88,625,329) ⁽⁴⁾	(83,775,004)
<u>\$ 251,957,441</u>	<u>\$ 254,616,882</u> ⁽³⁾	<u>\$ 123,433,353</u>	<u>\$ 138,450,261</u>	<u>\$ 175,107,238</u> ⁽⁴⁾	<u>\$ 220,348,157</u>

CITY OF FORT MYERS, FLORIDA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2009	2010	2011	2012
Expenses				
Governmental Activities:				
General government	\$ 17,629,323	\$ 16,675,130	\$ 13,184,596	\$ 14,026,296 ⁽³⁾
Police	29,213,985	31,887,208	32,408,078	33,417,494
Fire	17,983,913	16,722,815	18,614,040	20,056,573
Protective inspections	2,402,582	1,555,000	1,470,340	1,627,330
Physical environment	3,248,941	2,357,311	2,260,742	4,879,919
Transportation	13,144,626	11,558,730	14,306,220	10,505,928
Economic environment	7,131,285	7,830,674	5,269,595	4,515,627
Culture and recreation	4,158,147	3,781,245	3,453,021	3,628,966
Interest on long-term debt	5,314,097	3,658,929	4,060,650	5,328,432
Total Governmental Activities	100,226,899	96,027,042	95,027,282	97,986,565 ⁽³⁾
Business-type Activities:				
Water-Wastewater	36,707,074	45,914,665	44,539,869	65,678,945 ⁽³⁾
Solid Waste	11,069,317	10,541,992	9,413,560	8,754,026 ⁽³⁾
Building Permits and Inspections	3,913,932	2,688,251	2,308,477	2,470,171
Stormwater	1,640,896	2,053,906	2,928,303	2,768,189
Golf Courses	3,321,542	3,273,457	3,086,750	3,258,666 ⁽³⁾
Yacht Basin	2,100,472	2,399,954	2,447,680	2,378,769 ⁽³⁾
Harborside Event Center	2,156,990	2,215,480	2,113,002	2,029,197
Downtown Parking Garages	1,028,549	1,026,229	1,003,244	984,598
Skatium	1,252,056	1,174,152	1,185,626	1,219,049
Historical Homes	1,703,697	-	-	-
Department of Cultural and Historic Affairs ⁽¹⁾	-	1,757,457	1,772,490	1,629,333
Total Business-type Activities	64,894,525	73,045,543	70,799,001	91,170,943 ⁽³⁾
Total Expenses	\$ 165,121,424	\$ 169,072,585	\$ 165,826,283	\$ 189,157,508 ⁽³⁾
Program Revenues				
Governmental Activities:				
Charges for services				
General government	\$ 597,963	\$ 520,803	\$ 559,612	\$ 1,168,929
Police	2,077,930	1,875,559	1,392,569	1,212,211
Fire	661,709	556,050	708,595	698,198
Protective inspections ⁽²⁾	898,571	1,101,054	942,495	1,163,024
Physical environment	460,202	405,602	644,802	3,651,110
Transportation	650	-	-	188,600
Economic environment	95,203	115,648	103,525	280,363
Culture and recreation	528,214	446,435	421,326	868,451
Operating grants and contributions	3,233,726	4,881,791	5,060,601	5,440,465
Capital grants and contributions	7,754,113	7,261,760	9,183,542	9,290,417
Total Governmental Activities	16,308,281	17,164,702	19,017,067	23,961,768
Business-type Activities:				
Charges for services				
Water-Wastewater	45,692,290	48,300,544	51,136,818	51,977,981
Solid Waste	13,973,878	14,123,999	14,068,617	13,969,091
Building Permits and Inspections	1,581,669	1,707,358	2,087,911	2,542,854
Stormwater	1,703,563	2,848,845	2,894,957	2,899,935
Golf Courses	3,132,618	3,006,715	3,078,401	3,120,235
Yacht Basin	1,771,060	1,949,748	2,032,894	1,986,434
Harborside Event Center	822,205	796,651	864,245	791,462
Downtown Parking Garages	794,992	743,828	742,936	803,829
Skatium	868,286	967,376	1,023,102	1,031,456
Historical Homes	492,281	-	-	-
Department of Cultural and Historic Affairs ⁽¹⁾	-	698,065	562,710	587,833
Operating grants and contributions	21,339	17,725	95,147	884
Capital grants and contributions	10,022,669	1,021,427	1,227,391	2,363,621
Total Business-type Activities	80,876,850	76,182,281	79,815,129	82,075,615
Total Program Revenues	\$97,185,131	\$93,346,983	\$98,832,196	\$106,037,383
Net (Expense)/Revenue				
Governmental Activities	\$ (83,918,618)	\$ (78,862,340)	\$ (76,010,215)	\$ (74,024,797) ⁽³⁾
Business-type Activities	15,982,325	3,136,738	9,016,128	(9,095,328) ⁽³⁾
Total Net Expense	\$ (67,936,293)	\$ (75,725,602)	\$ (66,994,087)	\$ (83,120,125) ⁽³⁾

CITY OF FORT MYERS, FLORIDA
Changes in Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting)

2013	2014	2015	2016	2017	2018
\$ 12,167,626	\$ 12,200,476	\$ 9,914,148	\$ 16,503,612	\$ 13,464,131	\$ 17,628,585
35,492,533	36,183,148	35,863,633	36,761,500	40,999,085	43,282,973
21,255,783	20,189,676	19,496,788	20,645,613	22,986,548	23,354,151
1,428,519	1,448,884	1,546,049	1,582,825	1,551,754	1,477,029
5,094,677	5,754,949	5,882,766	6,419,251	10,149,183	8,101,942
19,528,061	19,957,055	17,111,271	10,872,397	10,644,457	12,868,653
4,183,689	6,199,726	4,184,294	4,458,408	4,341,052	7,761,936
3,501,196	3,759,704	3,635,056	3,764,010	4,831,427	4,900,535
4,981,829	5,118,896	4,481,774	3,850,491	3,734,827	4,177,605
<u>107,633,913</u>	<u>110,812,514</u>	<u>102,115,779</u>	<u>104,858,107</u>	<u>112,702,464</u>	<u>123,553,409</u>
45,188,740	46,061,313	49,841,779	49,059,105	49,158,524	54,494,162
8,668,898	8,878,238	9,642,121	10,816,688	11,466,446	12,665,538
2,339,039	2,836,337	3,129,113	3,887,112	3,417,693	3,260,129
2,676,947	2,802,742	3,134,327	3,169,455	3,417,096	3,791,294
3,192,083	3,251,488	4,425,763	4,172,868	4,006,874	3,990,264
2,625,787	2,816,344	2,587,863	2,379,323	2,559,447	2,713,878
2,026,123	2,004,116	3,280,921	2,839,677	3,345,448	-
1,067,213	1,039,313	1,049,490	1,094,280	1,141,881	1,393,887
1,218,220	1,223,048	1,250,814	1,012,505	1,272,678	1,363,376
-	-	-	-	-	-
1,684,157	1,584,912	1,628,842	1,464,340	1,478,948	-
<u>70,687,207</u>	<u>72,497,851</u>	<u>79,971,033</u>	<u>79,895,353</u>	<u>81,265,035</u>	<u>83,672,528</u>
<u>\$ 178,321,120</u>	<u>\$ 183,310,365</u>	<u>\$ 182,086,812</u>	<u>\$ 184,753,460</u>	<u>\$ 193,967,499</u>	<u>\$ 207,225,937</u>
\$ 1,200,252	\$ 1,216,087	\$ 1,256,131	\$ 1,481,693	\$ 1,434,025	\$ 1,529,444
1,201,938	1,050,970	1,063,539	1,190,969	983,345	864,009
656,235	864,235	2,507,883	3,084,528	4,782,484	5,563,525
232,286	1,345,184	1,663,511	1,691,810	1,456,954	2,074,683
3,164,986	3,607,380	4,083,754	4,259,586	4,400,720	5,322,251
193,000	173,700	171,900	177,410	186,100	209,600
501,107	421,141	433,298	411,617	365,161	533,489
877,758	940,122	936,170	971,294	963,748	878,041
5,096,197	4,082,848	2,908,307	3,590,879	4,695,864	3,194,271
1,279,111	2,767,330	1,217,297	1,526,909	4,812,144	7,598,933
<u>14,402,870</u>	<u>16,468,997</u>	<u>16,241,790</u>	<u>18,386,695</u>	<u>24,080,545</u>	<u>27,768,246</u>
52,961,034	60,923,685	65,993,362	66,530,485	76,114,104	89,489,660
14,109,921	14,415,660	14,739,561	15,408,793	16,176,303	16,719,648
2,824,537	3,527,224	4,462,337	5,194,690	4,718,746	6,554,118
2,894,352	3,453,789	2,798,933	2,982,149	3,790,477	4,845,315
3,034,718	2,970,250	3,606,997	3,342,525	3,312,504	3,704,457
2,243,510	2,368,389	2,389,856	2,292,037	2,604,081	2,844,383
875,557	769,038	2,026,898	1,654,132	556,051	-
865,519	946,170	1,170,576	1,278,093	1,495,879	1,509,086
994,840	1,000,120	999,622	1,019,633	884,484	1,131,821
-	-	-	-	-	-
524,235	578,698	535,185	436,475	57,065	-
886	933	1,646	1,393	21,788	-
3,383,428	8,647,869	6,968,886	1,129,854	8,824,934	2,635,178
<u>84,712,537</u>	<u>99,601,825</u>	<u>105,693,859</u>	<u>101,270,259</u>	<u>118,556,416</u>	<u>129,433,666</u>
<u>\$99,115,407</u>	<u>\$116,070,822</u>	<u>\$121,935,649</u>	<u>\$119,656,954</u>	<u>\$142,636,961</u>	<u>\$157,201,912</u>
\$ (93,231,043)	\$ (94,343,517)	\$ (85,873,989)	\$ (86,471,412)	\$ (88,621,919)	\$ (95,785,163)
14,025,330	27,103,974	25,722,826	21,374,906	37,291,381	45,761,138
<u>\$ (79,205,713)</u>	<u>\$ (67,239,543)</u>	<u>\$ (60,151,163)</u>	<u>\$ (65,096,506)</u>	<u>\$ (51,330,538)</u>	<u>\$ (50,024,025)</u>

CITY OF FORT MYERS, FLORIDA
Changes in Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	2009	2010	2011	2012
General Revenues				
Governmental activities:				
Taxes				
Property taxes	\$ 50,344,893	\$ 40,719,474	\$ 35,438,308	\$ 34,770,474
Public service taxes	10,457,952	9,241,071	10,141,215	10,610,314
Fuel taxes	4,213,436	4,096,370	3,985,344	4,173,345
Local business tax ⁽²⁾	1,553,880	1,509,930	1,421,050	1,611,733
Franchise taxes	6,003,066	5,276,818	5,301,624	5,121,334
Intergovernmental, unrestricted	8,321,085	6,957,210	7,079,177	7,040,744
Interest and investment income	3,942,860	1,828,164	556,731	283,168
Miscellaneous	1,077,076	864,496	1,977,477	1,634,139
Gain (loss) on disposal of capital assets	(2,329,858)	-	-	-
Gain on transfer of assets	-	-	-	-
Transfers	3,836,399	6,912,748	5,706,601	6,278,554
Total general revenues and transfers	<u>87,420,789</u>	<u>77,406,281</u>	<u>71,607,527</u>	<u>71,523,805</u>
Business-type Activities:				
Intergovernmental, unrestricted	-	-	-	-
Interest and investment income	1,469,320	820,299	479,956	191,203
Miscellaneous	55,927	1,977,704	505,225	3,169,033
Loss on disposal of capital assets	-	-	-	-
Special items	-	-	-	-
Transfers	(3,836,399)	(6,912,748)	(5,706,601)	(6,278,554)
Total Business-type Activities	<u>(2,311,152)</u>	<u>(4,114,745)</u>	<u>(4,721,420)</u>	<u>(2,918,318)</u>
Total primary government	<u>\$ 85,109,637</u>	<u>\$ 73,291,536</u>	<u>\$ 66,886,107</u>	<u>\$ 68,605,487</u>
Change in Net Position				
Governmental activities	\$ 3,502,171	\$ (1,456,059)	\$ (4,402,688)	\$ (2,500,992) ⁽³⁾
Business-type activities	13,671,173	(978,007)	4,294,708	(12,013,646) ⁽³⁾
Total Change in Net Position	<u>\$ 17,173,344</u>	<u>\$ (2,434,066)</u>	<u>\$ (107,980)</u>	<u>\$ (14,514,638) ⁽³⁾</u>

⁽¹⁾ Department of Cultural and Historic Affairs was created in fiscal year 2010 by transfers of Historical Homes.

⁽²⁾ In fiscal year 2011, Local Business Tax was moved from Charges for Services-Protective Inspections to conform to the change in the State Uniform Chart of Accounts in fiscal year 2008.

⁽³⁾ Restated per Note 25 in fiscal year 2013.

CITY OF FORT MYERS, FLORIDA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2009	2010	2011	2012
General Fund				
Nonspendable	\$ 1,255,036	\$ 1,271,958	\$ 1,245,428	\$ 663,230
Assigned	13,127,595	12,740,333	11,382,758	10,244,081
Unassigned	12,010,174	12,148,678	11,285,161	11,401,537
Total General Fund	<u>\$ 26,392,805</u>	<u>\$ 26,160,969</u>	<u>\$ 23,913,347</u>	<u>\$ 22,308,848</u>
All other governmental funds				
Nonspendable	\$ 514,102	\$ 514,102	\$ 278,955	\$ 421,457
Restricted	98,018,804	92,355,223	76,378,558	71,797,817
Committed	32,209	40,255	46,564	52,945
Assigned	16,840,047	18,442,576	19,582,124	19,598,082
Unassigned	-	(357,948)	(457,579)	(285,666)
Total all other governmental funds	<u>\$ 115,405,162</u>	<u>\$ 110,994,208</u>	<u>\$ 95,828,622</u>	<u>\$ 91,584,635</u>
Total Fund Balance, All Governmental Funds	<u>\$ 141,797,967</u>	<u>\$ 137,155,177</u>	<u>\$ 119,741,969</u>	<u>\$ 113,893,483</u>

The City of Fort Myers implemented GASB Statement 54 in fiscal year 2011 and applied the statement retroactively to Schedule 3.

CITY OF FORT MYERS, FLORIDA
Changes in Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting)

2013	2014	2015	2016	2017	2018
\$ 34,988,658	\$ 36,692,230	\$ 39,540,177	\$ 43,228,377	\$ 47,489,913	\$ 52,492,216
11,043,981	11,390,495	11,128,791	11,657,511	12,391,892	12,878,111
4,141,260	4,372,936	4,757,761	4,989,361	5,109,905	5,194,989
2,656,676	1,566,244	1,866,306	2,063,988	2,277,282	2,345,133
5,086,525	5,646,716	5,587,985	5,554,198	5,933,105	5,844,019
7,483,242	8,358,062	8,707,856	9,418,377	9,822,260	10,726,651
214,613	227,329	231,581	567,493	938,962	1,328,876
859,424	1,547,857	1,334,794	2,079,352	1,549,585	3,145,764
-	-	-	-	-	-
-	-	-	-	1,188,193	-
7,646,132	3,216,328	9,048,150	9,486,793	5,945,695	8,520,360
74,120,511	73,018,197	82,203,401	89,045,450	92,646,792	102,476,119
-	-	-	-	-	-
61,974	66,895	166,314	340,870	565,845	1,274,054
60,915	30,220	148,851	213,887	349,507	35,133
-	-	-	-	(1,188,193)	-
-	-	-	-	1,790,819	-
(7,646,132)	(3,216,328)	(9,048,150)	(9,486,793)	(5,945,695)	(8,520,360)
(7,523,243)	(3,119,213)	(8,732,985)	(8,932,036)	(4,427,717)	(7,211,173)
<u>\$ 66,597,268</u>	<u>\$ 69,898,984</u>	<u>\$ 73,470,416</u>	<u>\$ 80,113,414</u>	<u>\$ 88,219,075</u>	<u>\$ 95,264,946</u>
\$ (19,110,532)	\$ (21,325,320)	\$ (3,670,588)	\$ 2,574,038	\$ 4,024,873	\$ 6,690,956
6,502,087	23,984,761	16,989,841	12,442,870	32,863,664	38,549,965
<u>\$ (12,608,445)</u>	<u>\$ 2,659,441</u>	<u>\$ 13,319,253</u>	<u>\$ 15,016,908</u>	<u>\$ 36,888,537</u>	<u>\$ 45,240,921</u>

CITY OF FORT MYERS, FLORIDA
Fund Balances of Governmental Funds (continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

2013	2014	2015	2016	2017	2018
\$ 630,175	\$ 634,617	\$ 630,305	\$ 657,877	\$ 665,752	\$ 654,971
10,068,201	2,354,553	3,174,670	4,954,240	5,669,783	8,301,345
8,146,193	12,654,296	11,064,377	16,015,483	20,189,290	24,546,267
<u>\$ 18,844,569</u>	<u>\$ 15,643,466</u>	<u>\$ 14,869,352</u>	<u>\$ 21,627,600</u>	<u>\$ 26,524,825</u>	<u>\$ 33,502,583</u>
\$ 421,457	\$ 273,004	\$ 261,135	\$ 2,000	\$ 2,000	\$ 2,092
80,733,854	75,719,336	66,686,745	73,303,052	59,439,741	49,045,326
56,991	61,662	66,838	71,497	67,220	70,882
4,778	2,359	2,361	2,382	2,393	2,413
(145,663)	(41,631)	(17,646)	(27,689)	(2,591,598)	(7,651,269)
<u>\$ 81,071,417</u>	<u>\$ 76,014,730</u>	<u>\$ 66,999,433</u>	<u>\$ 73,351,242</u>	<u>\$ 56,919,756</u>	<u>\$ 41,469,444</u>
<u>\$ 99,915,986</u>	<u>\$ 91,658,196</u>	<u>\$ 81,868,785</u>	<u>\$ 94,978,842</u>	<u>\$ 83,444,581</u>	<u>\$ 74,972,027</u>

CITY OF FORT MYERS, FLORIDA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2009	2010	2011	2012
Revenues				
Taxes	\$ 72,460,443	\$ 56,023,267	\$ 52,034,109	\$ 52,478,122
Permits and fees	2,653,764	7,769,030	6,715,722	6,755,761
Intergovernmental revenue	14,436,061	15,200,316	12,780,655	24,354,437
Charges for services	2,049,235	1,904,872	1,978,054	6,488,602
Fines and forfeitures	1,710,236	1,627,787	935,618	951,174
Miscellaneous	11,252,513	8,967,946	8,539,044	1,751,368
Contributions-private source	84,019	109,246	77,893	73,892
Total Revenues	<u>104,646,271</u>	<u>91,602,464</u>	<u>83,061,095</u>	<u>92,853,356</u>
Expenditures				
Current:				
General government	12,403,450	11,127,904	9,955,159	10,762,378
Police	31,121,908	31,927,083	31,982,530	33,177,103
Fire	18,354,021	16,175,874	18,220,477	19,397,852
Protective inspections	2,736,868	1,805,083	1,609,798	1,614,959
Physical environment	6,487,206	5,384,552	5,107,151	5,381,518
Transportation	4,016,411	3,556,950	3,700,760	3,854,550
Economic environment	6,548,851	7,402,593	5,337,223	4,252,182
Culture and recreation	3,984,351	3,646,629	2,922,878	2,743,359
Debt service:				
Principal retirement	8,008,654	7,725,115	6,762,529	7,077,669
Interest and fiscal charges	6,413,745	6,305,523	5,753,630	5,436,958
Capital outlay	14,973,154	12,251,087	16,031,705	16,558,859
Total Expenditures	<u>115,048,619</u>	<u>107,308,393</u>	<u>107,383,840</u>	<u>110,257,387</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(10,402,348)</u>	<u>(15,705,929)</u>	<u>(24,322,745)</u>	<u>(17,404,031)</u>
Other Financing Sources (Uses)				
Transfers in	37,706,723	35,596,761	25,864,588	31,451,250
Transfers out	(30,265,369)	(24,533,622)	(18,955,051)	(19,895,705)
Refunding bonds issued	-	-	-	-
Premiums on bonds issued	-	-	-	-
Payments to bond escrow agent	-	-	-	-
Proceeds from capital lease	-	-	-	-
Loan issuance	1,183,982	-	-	-
Total Other Financing Sources (Uses)	<u>8,625,336</u>	<u>11,063,139</u>	<u>6,909,537</u>	<u>11,555,545</u>
Net change in fund balances	<u>\$ (1,777,012)</u>	<u>\$ (4,642,790)</u>	<u>\$ (17,413,208)</u>	<u>\$ (5,848,486)</u>
Debt service as a percentage of noncapital expenditures ⁽¹⁾	14.0%	14.2%	13.1%	13.2%

⁽¹⁾ Updated in fiscal year 2017 to exclude fiscal charges.

CITY OF FORT MYERS, FLORIDA
Changes in Fund Balances of Governmental Funds (continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

2013	2014	2015	2016	2017	2018
\$ 53,145,080	\$ 61,016,850	\$ 64,285,118	\$ 68,936,377	\$ 74,425,669	\$ 80,326,454
7,313,589	3,149,666	4,594,785	6,344,149	7,648,622	13,847,782
14,800,700	12,672,281	10,450,816	11,632,039	13,819,824	12,490,090
6,371,315	6,323,264	6,666,238	6,908,940	7,024,815	7,457,400
883,510	655,683	638,039	610,711	446,734	473,273
1,935,388	1,961,842	2,046,053	2,923,160	2,900,130	4,717,054
104,916	60,419	127,963	334,978	187,822	330,673
<u>84,554,498</u>	<u>85,840,005</u>	<u>88,809,012</u>	<u>97,690,354</u>	<u>106,453,616</u>	<u>119,642,726</u>
9,517,063	9,926,424	10,417,815	11,530,400	12,681,709	15,327,081
35,095,897	35,933,246	38,019,221	37,160,135	40,862,828	44,222,198
20,414,983	20,157,916	20,494,102	20,783,032	23,621,467	23,259,848
1,473,063	1,455,396	1,625,700	1,607,047	1,502,826	1,594,763
5,157,049	5,530,652	5,968,175	5,827,071	8,879,263	7,912,701
12,753,774	12,049,594	4,683,326	7,171,333	7,149,986	4,602,034
3,940,848	4,270,410	3,876,766	4,378,959	4,356,079	7,421,064
2,553,649	2,931,606	2,852,402	2,712,057	3,183,413	3,593,302
7,473,199	7,783,154	7,334,189	7,526,084	5,342,979	6,839,334
5,100,001	5,073,238	4,196,644	4,560,435	3,487,356	3,913,087
6,180,523	4,361,479	9,495,953	11,970,997	14,127,394	18,963,590
<u>109,660,049</u>	<u>109,473,115</u>	<u>108,964,293</u>	<u>115,227,550</u>	<u>125,195,300</u>	<u>137,649,002</u>
<u>(25,105,551)</u>	<u>(23,633,110)</u>	<u>(20,155,281)</u>	<u>(17,537,196)</u>	<u>(18,741,684)</u>	<u>(18,006,276)</u>
29,111,268	37,207,922	28,086,124	47,503,053	27,559,883	27,707,436
(18,581,835)	(32,794,548)	(17,720,254)	(36,317,735)	(20,406,441)	(18,173,714)
-	39,910,000	-	52,130,000	-	-
-	1,778,586	-	5,067,430	-	-
-	(30,726,640)	-	(37,735,495)	-	-
598,621	-	-	-	53,981	-
-	-	-	-	-	-
<u>11,128,054</u>	<u>15,375,320</u>	<u>10,365,870</u>	<u>30,647,253</u>	<u>7,207,423</u>	<u>9,533,722</u>
<u>\$ (13,977,497)</u>	<u>\$ (8,257,790)</u>	<u>\$ (9,789,411)</u>	<u>\$ 13,110,057</u>	<u>\$ (11,534,261)</u>	<u>\$ (8,472,554)</u>
12.0%	11.6%	11.5%	11.0%	7.8%	8.8%

CITY OF FORT MYERS, FLORIDA
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(\$ in thousands)

Tax Year ⁽¹⁾	Real Property	Personal Property	Total Assessed Value	Allowable Exemptions ⁽²⁾	Total Taxable Assessed Value	Assessed Value as a Percentage of Actual Value ⁽⁴⁾	Estimated Actual Assessed Value ⁽³⁾	Total Direct Tax Rate
2008	\$ 8,552,631	\$ 824,237	\$ 9,376,868	\$ 2,530,069	\$ 6,846,799	73.02%	\$ 9,376,608	7.1634
2009	6,418,351	802,995	7,221,346	1,837,252	5,384,094	74.56%	7,221,156	7.4000
2010	5,052,642	765,227	5,817,869	1,477,179	4,340,690	74.61%	5,817,839	8.4000
2011	4,808,666	731,437	5,540,103	1,463,061	4,077,042	73.59%	5,540,212	8.4000
2012	5,033,514	653,918	5,687,432	1,621,546	4,065,886	71.49%	5,687,349	8.7760
2013	5,316,312	640,310	5,956,622	1,756,364	4,200,258	70.51%	5,956,968	8.7760
2014	5,978,526	606,789	6,585,315	2,028,995	4,556,320	69.19%	6,585,229	8.7760
2015	6,666,152	612,226	7,278,378	2,301,496	4,976,882	68.38%	7,278,271	8.7760
2016	7,629,258	617,739	8,246,997	2,765,783	5,481,214	66.46%	8,247,388	8.7500
2017	8,382,657	648,185	9,030,842	2,908,701	6,122,141	67.79%	9,031,039	8.6500

Source: Lee County Property Appraiser

⁽¹⁾ Calendar year basis.

⁽²⁾ Allowable exemptions include the assessment differential value of capped parcels, which is more commonly known as the "Save Our Homes" constitutional amendment.

⁽³⁾ Estimated actual value is calculated by dividing total taxable assessed value by assessed value as a percentage of actual value.

⁽⁴⁾ Florida Statutes require assessments at just valuation.

CITY OF FORT MYERS, FLORIDA
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(per \$1,000 of assessed value)

Tax Year ⁽¹⁾	Fiscal Year	City of Fort Myers Direct Rates			Overlapping Rates			Total Direct & Overlapping Rates ⁽⁴⁾
		Operating Millage ⁽²⁾	GO Debt Service Millage	Total Direct Tax Rate	Lee County General	Other ⁽³⁾	School District Millage	
2008	2008/09	7.1634	0.0000	7.1634	3.6506	1.6328	6.868	19.3148
2009	2009/10	7.4000	0.0000	7.4000	3.6506	1.6887	7.508	20.2473
2010	2010/11	8.4000	0.0000	8.4000	3.6506	1.7715	8.015	21.8371
2011	2011/12	8.4000	0.0000	8.4000	3.6506	1.5996	7.854	21.5042
2012	2012/13	8.7760	0.0000	8.7760	3.6506	1.5822	7.584	21.5928
2013	2013/14	8.7760	0.0000	8.7760	4.1506	1.3271	7.598	21.8517
2014	2014/15	8.7760	0.0000	8.7760	4.1506	1.2866	7.416	21.6292
2015	2015/16	8.7760	0.0000	8.7760	4.1506	1.2561	7.285	21.4677
2016	2016/17	8.7500	0.0000	8.7500	4.0506	1.2317	6.989	21.0213
2017	2017/18	8.6500	0.0000	8.6500	4.0506	1.2498	6.679	20.6294

Source: Lee County Tax Collector

⁽¹⁾ Calendar year basis.

⁽²⁾ The City's operating millage tax rate may be increased only by a majority vote of the City Council.

⁽³⁾ 'Other' consists of Lee County Capital Improvement, Lee County Library District, Lee County All Hazards, and other Independent Special Districts.

⁽⁴⁾ Total Direct and Overlapping Rates changed in fiscal year 2010 due to the addition of other overlapping rates.

CITY OF FORT MYERS, FLORIDA
Principal Property Taxpayers
September 30, 2018
Current Year and Nine Years Ago
(\$ in thousands)

Taxpayer	2018 ⁽¹⁾			2009 ⁽²⁾		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Edison Mall, LLC	\$ 98,710	1	1.61%	\$ 95,093	1	1.39%
Sof-x Gs Owner, L.P.	67,895	2	1.11%			
Northland Cypress Legends, LLC	36,677	3	0.60%			
Colonial Commons LLC	32,664	4	0.53%			
Oasis Tower II Condominium Assoc., Inc.	31,321	5	0.51%			
Alcat Fort Myers, LLC	29,643	6	0.48%			
Sienna Owner, L.P.	23,209	7	0.38%			
Sienna Owner, L.P.	23,181	8	0.38%			
KRG Fort Myers Colonial Square, LLC	22,106	9	0.36%			
Fort Myers Senior Housing	17,600	10	0.29%			
Centex Homes				70,698	2	1.03%
High Point Place L.P.				62,018	3	0.91%
Bay Colony Gateway, Inc.				58,774	4	0.86%
Champion Development Corporation				35,574	5	0.52%
Stock Development LLC				35,380	6	0.52%
Fort Myers LLC				28,890	7	0.42%
Lee County Homes Associates, LLLP				28,873	8	0.42%
Gulfstream Isles Apartments				28,557	9	0.42%
MC - Fort Myers Associates				20,894	10	0.31%
Total	<u>\$ 383,006</u>		<u>6.25%</u>	<u>\$ 464,751</u>		<u>6.80%</u>

Source: ⁽¹⁾ Lee County Property Appraiser - 2017 Tax Roll
City of Fort Myers Budget Office - FY 2017-18 Budget Book
⁽²⁾ Lee County Property Appraiser - 2008 Tax Roll
City of Fort Myers CAFR, September 30, 2009

Notes: 2017 Total Taxable Assessed Value for fiscal year 2018 is \$6,122,141, in thousands.
2008 Total Taxable Assessed Value for fiscal year 2009 is \$6,846,798, in thousands.

CITY OF FORT MYERS, FLORIDA
Property Tax Levies and Collections
Last Ten Tax Years
(\$ in thousands)

Tax Year ⁽¹⁾	Total Tax Levy	Collected within the Year of the Levy		Prior Years Tax Collections ⁽²⁾	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percent of Levy
2008	\$ 48,693	\$ 47,918	98.4%	\$ (24)	\$ 47,894	98.4%
2009	39,015	38,637	99.0%	395	39,032	100.0%
2010	35,959	35,680	99.2%	(77)	35,603	99.0%
2011	33,676	33,572	99.7%	1,349	34,921	103.7%
2012	35,586	35,454	99.6%	(141)	35,313	99.2%
2013	36,761	36,717	99.9%	233	36,950	100.5%
2014	39,701	39,634	99.8%	158	39,792	100.2%
2015	43,485	43,473	100.0%	44	43,517	100.1%
2016	47,770	47,794	100.1%	44	47,838	100.1%
2017	52,507	52,643	100.3%	90	52,733	100.4%

Source: Lee County Tax Collector

⁽¹⁾ Calendar year basis.

⁽²⁾ The Lee County Tax Collector auctions current year delinquent tax certificates in June of each year.
The County cannot reasonably provide us with delinquent taxes by year.

CITY OF FORT MYERS, FLORIDA
Water Sold by Type of Customer and Wastewater Billed by Type of Customer
Last Ten Fiscal Years
(in millions of gallons)

Water:

Type of Customer	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Residential	1,231.7	1,208.9	1,186.6	1,198.4	1,188.8	1,308.0	1,303.2	1,461.4	1,439.2	1,478.6
Commercial	2,778.0	2,630.9	2,979.4	3,024.1	2,773.1	2,899.0	2,863.8	3,027.3	2,181.3	1,791.5
Total	<u>4,009.7</u>	<u>3,839.8</u>	<u>4,166.0</u>	<u>4,222.5</u>	<u>3,961.9</u>	<u>4,207.0</u>	<u>4,167.0</u>	<u>4,488.7</u>	<u>3,620.5</u>	<u>3,270.1</u>

Total direct rate										
per 1,000 gallons	\$ 3.61	\$ 3.93	\$ 4.28	\$ 4.28 ⁽¹⁾	\$ 4.49	\$ 4.67	\$ 4.65	\$ 4.65	\$ 4.79	\$ 4.79

Wastewater:

Type of Customer	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Residential	1,183.6	1,159.6	1,139.8	1,156.5	1,146.7	1,266.2	1,261.4	1,304.7	1,366.2	1,403.3
Commercial	670.4	669.3	668.7	665.7	671.7	677.4	707.0	680.8	697.0	712.6
Total	<u>1,854.0</u>	<u>1,828.9</u>	<u>1,808.5</u>	<u>1,822.2</u>	<u>1,818.4</u>	<u>1,943.6</u>	<u>1,968.4</u>	<u>1,985.5</u>	<u>2,063.2</u>	<u>2,115.9</u>

Total direct rate										
per 1,000 gallons	\$ 8.79	\$ 9.58	\$10.44	\$10.44 ⁽¹⁾	\$10.96	\$11.40	\$13.25	\$13.25	\$13.65	\$13.65

Source: City of Fort Myers Utility Billing Department

Note: The City of Fort Myers' rates change incrementally with increases in usage of volume.

⁽¹⁾ Fiscal year 2012 direct rates were corrected in fiscal year 2013 to reflect no rate increase from fiscal year 2011 to fiscal year 2012.

CITY OF FORT MYERS, FLORIDA
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(\$ in thousands)

Fiscal Year	Governmental Activities ⁽²⁾			Business-Type Activities			
	Revenue Bonds	Capital Leases	Notes Payable	Utility Revenue Bonds ⁽²⁾	State Revolving Fund Loans	Other Utility Debt ⁽²⁾	Other Revenue Bonds ⁽²⁾
2009	\$ 129,500	\$ -	\$ 7,841	\$ 124,445	\$ 71,552	\$ 126,395	\$ 931
2010	123,307	-	6,079	119,005	70,144	83,845	907
2011	116,835	-	5,558	114,452	80,750	60,823	882
2012	110,062	-	5,037	136,974	82,018	50,000	853
2013	102,908	589	4,515	139,749	77,626	49,472	777
2014	108,614	702	3,994	136,497	73,162	48,912	665
2015	101,502	504	3,793	131,160	68,581	48,327	599
2016	114,426	1,418	3,275	125,602	63,880	47,705	530
2017	108,193	1,031	2,682	81,279	59,056	84,150	457
2018	101,367	2,607	2,088	42,935	54,105	115,062	381

Fiscal Year	Business-Type Activities		Total Primary Government ^{(1) (2)}	Percentage of Personal Income ^{(1) (3)}	Debt Per Capita ⁽³⁾
	Capital Leases	Other Proprietary Debt			
2009	\$ -	\$ 4,845	\$ 465,509	16.86%	\$ 6,764
2010	-	4,683	407,970	15.25%	5,983
2011	-	4,513	383,813	19.86%	6,029
2012	-	4,335	389,279	13.68%	5,824
2013	-	4,149	379,785	14.18%	5,662
2014	-	3,953	376,499	12.76%	5,424
2015	509	3,748	358,723	11.49%	4,955
2016	393	3,534	360,763	10.31%	4,740
2017	14,062	3,309	354,219	9.46%	4,478
2018	14,347	3,073	335,965	7.96%	4,104

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

⁽¹⁾ See Schedule 14 for personal income and population data.

⁽²⁾ Corrected fiscal years 2009 to 2012 to report outstanding debt net of related premiums, discounts, and adjustments.

⁽³⁾ Calculation changed for fiscal years 2009 to 2012 due to reporting change in net outstanding debt amounts.

CITY OF FORT MYERS, FLORIDA
Direct and Overlapping Governmental Activities Debt
September 30, 2018

Jurisdiction	Net Debt Outstanding	Percentage Applicable to Fort Myers ⁽¹⁾	Amount Applicable to Fort Myers
City of Fort Myers	\$ 106,062,900	100.00%	\$ 106,062,900
Overlapping Bonded Debt:			
Lee County	202,978,000	6.30%	12,792,337
School Board	435,271,045	6.30%	27,432,204
Total Overlapping Bonded Debt	638,249,045		40,224,541
Total net direct and net overlapping bonded debt	\$ 744,311,945		\$ 146,287,441

Sources: Lee County, Finance Division
Lee County Clerk of Court
Lee County School Board, Finance Division
City of Fort Myers Annual Budget Book

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Fort Myers. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

⁽¹⁾ Calculated as a ratio of taxable valuation of property in the City of Fort Myers (\$6,637,122,012) to total taxable valuation of property in Lee County, (\$105,312,245,000).

CITY OF FORT MYERS, FLORIDA
General Revenue Bonds - Pledged Revenue Coverage
Last Ten Fiscal Years
(\$ in thousands)

General Revenue Bonds					
Fiscal Year	Excess Utilities Tax	Communications Tax	Guaranteed Entitlement Funds	Franchise Taxes	Local Business Tax
2009	\$ 5,923	\$ 4,378	\$ 893	\$ 5,949	\$ 1,616
2010	6,338	3,571	893	5,223	1,568
2011	6,471	3,557	893	5,248	1,465
2012	6,694	4,064	893	5,072	1,651
2013	7,261	3,913	893	5,028	1,693
2014	8,048	3,342	893	5,433	1,745
2015	8,285	2,844	893	5,521	1,909
2016	8,626	3,032	893	5,488	2,112
2017	9,102	3,290	893	5,733	2,326
2018	9,624	3,254	893	5,844	2,407

Note: Debt service coverage is based on pledged revenues and annual debt service.

⁽¹⁾ Added Interest to the Debt Service requirements in fiscal year 2010 for fiscal year 2009.

⁽²⁾ Recalculated Bond Coverage for fiscal year 2009 due to the addition of Interest to the Debt Service requirements in fiscal year 2010.

General Revenue Bonds					
Fiscal Year	Excess Utilities Tax	Communications Tax	Guaranteed Entitlement Funds	Franchise Taxes	Local Business Tax
2009	\$ 5,923	\$ 4,378	\$ 893	\$ 5,949	\$ 1,616
2010	6,338	3,571	893	5,223	1,568
2011	6,471	3,557	893	5,248	1,465
2012	6,694	4,064	893	5,072	1,651
2013	7,261	3,913	893	5,028	1,693
2014	8,048	3,342	893	5,433	1,745
2015	8,285	2,844	893	5,521	1,909
2016	8,626	3,032	893	5,488	2,112
2017	9,102	3,290	893	5,733	2,326
2018	9,624	3,254	893	5,844	2,407

Note: Bond coverage is based on the bond document calculation.

⁽¹⁾ Revised in fiscal year 2017 to calculate maximum amounts on bonds covenanted with pledged revenues only, not total general revenue bonds.

Community Redevelopment Revenue Note, Series 2005			
Fiscal Year	Tax Increment Financing Revenues	Maximum Principal and Interest	Bond Coverage
2009	\$ 7,633	\$ 4,556	1.68
2010	5,117	735	6.96
2011	2,899	718	4.04
2012	2,496	698	3.58
2013	2,780	678	4.10
2014	2,942	658	4.47
2015	3,226	637	5.06
2016	3,538	618	5.72
2017	4,006	597	6.71
2018	4,685	577	8.12

CITY OF FORT MYERS, FLORIDA
General Revenue Bonds - Pledged Revenue Coverage (continued)
Last Ten Fiscal Years
(\$ in thousands)

General Revenue Bonds (continued)

Half-Cent Sales Tax	Total Pledged Revenues	Debt Service		Bond Coverage ⁽²⁾
		Principal	Interest ⁽¹⁾	
\$ 4,169	\$ 22,928	\$ 4,310	\$ 5,242	2.40
4,184	21,777	5,674	5,032	2.03
4,404	22,038	4,686	4,810	2.32
4,282	22,656	4,965	4,575	2.37
4,660	23,448	5,370	4,320	2.42
5,217	24,678	5,630	4,047	2.55
5,613	25,065	4,520	3,793	3.02
5,929	26,080	4,745	3,559	3.14
6,152	27,496	2,525	868	8.10
6,883	28,905	2,660	738	8.51

General Revenue Bonds (continued)

Half-Cent Sales Tax	Total Pledged Revenues	Maximum Principal and Interest	Bond Coverage
\$ 4,169	\$ 22,928	\$ 10,706	2.14
4,184	21,777	10,706	2.03
4,404	22,038	9,690	2.27
4,282	22,656	9,690	2.34
4,660	23,448	9,677	2.42
5,217	24,678	7,425 ⁽¹⁾	3.32 ⁽¹⁾
5,613	25,065	7,416 ⁽¹⁾	3.38 ⁽¹⁾
5,929	26,080	3,408 ⁽¹⁾	7.65 ⁽¹⁾
6,152	27,496	3,408	8.07
6,883	28,905	3,408	8.48

CITY OF FORT MYERS, FLORIDA
Water-Wastewater Utility - Pledged Revenue Coverage
Last Ten Fiscal Years
(\$ in thousands)

Fiscal Year	Gross Utility Revenues	Direct Operating Expenses	Net Operating Revenues	Pledged Impact Fees Available	Total Available Revenues
2009	\$ 45,692	\$ 33,194	\$ 12,498	\$ 426	\$ 12,924
2010	48,301	32,822	15,479	113	15,592
2011	51,137	32,594	18,543	117	18,660
2012	51,978	34,034	17,944	2	17,946
2013	52,961	34,941	18,020	1	18,021
2014	60,924	36,010	24,914	2,428	27,342
2015	65,993	40,264	25,729	3,630	29,359
2016	66,530	39,933	26,597	3,958	30,555
2017	76,114	40,947	35,167	5,309	40,476
2018	89,490	46,409	43,081	8,390	51,471

Coverage based on current year results and not calculated according to the bond documents.

Note: Corrected prior years for consistency in interpretation of bond documents.

Fiscal Year	Total Operating Revenues	Total Operating Expenses	Net Operating Revenues	Adjustments Per Bond Documents	Net Operating Revenues Available for Debt Service
2009	\$ 46,069	\$ 30,262	\$ 15,807	\$ 9,453	\$ 25,260
2010	48,752	26,203	22,549	8,647	31,196
2011	51,433	25,862	25,571	9,380	34,951
2012	52,008	26,891	25,117	9,410	34,527
2013	53,039	27,320	25,719	9,389	35,108
2014	58,558	28,381	30,177	9,923	40,100
2015	62,388	32,339	30,049	10,643	40,692
2016	62,746	31,563	31,183	11,012	42,195
2017	71,038	31,257	39,781	11,104	50,885
2018	78,722	33,005	45,717	11,287	57,004

Coverage calculated according to the bond documents for coverage and additional bonds test.

Note: Corrected prior years for consistency in interpretation of bond documents.

CITY OF FORT MYERS, FLORIDA
Water-Wastewater Utility - Pledged Revenue Coverage (continued)
Last Ten Fiscal Years
(\$ in thousands)

Debt Service		Bonded Coverage	State Revolving Loan Debt Service	Utility Bonds and Notes Coverage
Principal	Interest			
\$ 5,405	\$ 8,647	0.92	\$ 5,174	0.67
4,050	8,344	1.26	5,971	0.85
5,600	8,362	1.34	6,335	0.92
5,865	7,184	1.38	6,450	0.92
2,738	7,651	1.73	6,451	1.07
4,459	7,822	2.23	6,453	1.46
6,460	7,633	2.08	6,453	1.43
6,602	7,556	2.16	6,453	1.48
8,519	7,752	2.49	6,453	1.78
8,783	6,110	3.46	6,453	2.41

Impact Fees Available for Debt Service	Total Revenues Available for Debt Service	Maximum Debt Service	Coverage NOR Available for Debt Service	Coverage Total Revenues Available	State Revolving Loan Maximum Debt Service	Coverage Total Revenues Debt Service
\$ 426	\$ 25,686	\$ 15,875	1.59	1.62	\$ 5,694	1.72
113	31,309	15,781	1.98	1.98	7,004	2.22
117	35,068	16,083	2.17	2.18	6,815	2.79
2	34,529	16,271	2.12	2.12	6,453	2.83
1	35,109	16,499	2.13	2.13	6,453	2.88
2,428	42,528	16,271	2.46	2.61	6,453	4.07
3,630	44,322	16,271	2.50	2.72	6,453	4.35
3,958	46,153	16,271	2.59	2.84	6,453	4.63
5,309	56,194	15,846	3.21	3.55	6,453	6.25
8,390	65,394	15,556	3.66	4.20	6,453	7.72

CITY OF FORT MYERS, FLORIDA
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population		Lee County ⁽¹⁾				
	City of Fort Myers ⁽²⁾	Lee County ⁽³⁾	Total Personal Income (in thousands) ⁽⁴⁾	Per Capita Income ⁽⁵⁾	Labor Force ⁽⁶⁾	Unemployed ⁽⁶⁾	Unemployment Rate ⁽⁶⁾
2009	68,819	615,124	\$ 24,674,348	\$ 41,954	272,069	37,789	13.9%
City of Fort Myers ⁽¹⁾							
2010	62,298	618,754	1,422,762	22,838	30,049	3,378	11.2%
2011	63,662	625,310	1,465,062	23,517	29,786	3,034	10.2%
2012	66,835	638,029	1,570,288	23,495	28,211	2,436	8.6%
2013	67,081	643,367	1,579,154	23,541	28,885	1,928	6.7%
2014	69,413	653,485	1,569,566	22,612	30,728	1,746	5.7%
2015	72,395	665,845	1,645,104	22,724	30,300	1,574	5.2%
2016	76,108	680,539	1,946,158	25,571	31,950	1,493	4.7%
2017	79,106	698,468	2,156,904	27,266	32,654	1,426	4.4%
2018	81,868	713,903	2,324,559	28,394	34,034	1,258	3.7%
As Projected ⁽⁷⁾							
2023	91,233	802,412					

- Sources:
- (1) City of Fort Myers statistics were not available until 2010.
 - (2) Office of Economic and Demographic Research - Edr.state.fl (2009). Population is projected.
US Census Bureau (2010).
Bureau of Economic and Business Research, University of Florida (2011-2018). Population is projected.
 - (3) Office of Economic and Demographic Research - Edr.state.fl (2009). Population is projected.
US Census Bureau (2010).
Bureau of Economic and Business Research, University of Florida (2011-2018). Population is projected.
 - (4) Lee County, Florida, Comprehensive Annual Financial Report, Demographic Statistics (2009).
City of Fort Myers, Geographic Information Systems (2010-2018). Total personal income is estimated.
 - (5) Lee County, Florida, Comprehensive Annual Financial Report, Demographic Statistics (2009).
City of Fort Myers, Geographic Information Systems (2010-2018). Per capita income is estimated.
 - (6) Florida Agency for Workforce Innovation, Labor Market Statistics Center (2009).
Florida Department of Economic Opportunity (2010-2018).
 - (7) City of Fort Myers, Geographic Information Systems

LEE COUNTY, FLORIDA
Principal Employers ⁽¹⁾
September 30, 2018
Current Year and Nine Years Ago

Employer	2018 ⁽²⁾			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee Health	13,257	1	4.04%	8,600	2	3.67%
Lee County School District	11,561	2	3.52%	10,405	1	4.43%
Publix Super Markets	4,613	3	1.41%	4,215	3	1.80%
Walmart Corporation	3,550	4	1.08%	2,071	5	0.88%
Lee County Administration	2,387	5	0.73%	2,559	4	1.09%
Lee County Sheriff's Office	1,558	6	0.47%	1,544	7	0.66%
City of Cape Coral	1,350	7	0.41%	1,700	6	0.72%
Florida Gulf Coast University	1,350	8	0.41%	1,292	9	0.55%
Chico's FAS, Inc.	1,147	9	0.35%	-	-	-
Home Depot	1,072	10	0.33%	-	-	-
U.S. Postal Service	-	-	-	1,397	8	0.60%
Bonita Bay Group	-	-	-	1,035	10	0.44%
Total	41,845		12.75%	34,818		14.84%

Source: Lee County Office of Economic Development, Florida Research and Economic Database, and U.S. Bureau of Labor Statistics.

⁽¹⁾ The information provides Lee County statistics since statistics for the City of Fort Myers are not available.

⁽²⁾ The employer ranking and employee totals remain the same as reported for 2017 due to the 2018 information not being available until a later date.

CITY OF FORT MYERS, FLORIDA
Full-Time Equivalent Government - Employees by Function/Program
Last Ten Fiscal Years

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	143.6	119.6	114.0	114.0	114.0	117.0	116.5	118.2	119.2	121.2
Public Safety	511.7	412.5	427.4	427.4	426.9	436.8	436.6	438.6	455.3	488.8
Physical Environment	295.9	259.7	253.8	253.8	253.8	252.5	254.9	256.8	254.9	258.9
Transportation	22.6	18.6	19.0	19.0	19.0	19.0	19.0	18.3	18.3	18.3
Culture/Recreation	122.4	103.6	100.3	103.4	104.9	103.4	103.0	100.3	101.8	66.6
Community Development	17.4	14.0	13.4	13.4	13.9	13.9	13.9	13.9	13.9	14.9
Total	1,113.6	928.0	927.9	931.0	932.5	942.6	943.9	946.1	963.4	968.7

Source: City of Fort Myers Budget Office

Note: In fiscal year 2011, the data was expanded to reflect the accurate ratio of full-time positions.

CITY OF FORT MYERS, FLORIDA
Operations Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Number of Police personnel and officers	257	268	264	250	250	251	262	262	255	307
Physical arrests	5,398	5,697	5,498	5,844	5,829	5,381	3,424 ⁽⁷⁾	3,060	2,962	2,927
Traffic violations	10,213	20,964	18,463	24,602	20,623	19,253	14,587 ⁽¹⁾	7,981 ⁽¹⁾	6,782 ⁽¹⁾	5,494
Parking violations	7,616	6,976	7,400	8,232	7,373	7,000 ⁽³⁾	15,238 ⁽⁸⁾	11,886	10,968	12,661
Fire										
Number of Fire personnel and officers	121	120	149	142	140	140	121	125	125	124
Number of calls answered	14,690	14,725	15,793	15,933	15,592	14,250	10,847 ⁽⁶⁾	15,572	12,584	17,818
Number of inspections conducted	5,405	3,452	3,429	2,943	3,375	3,969	3,366	4,484	4,685	4,917
Solid Waste										
Commercial MSW (tonnage)	29,607	28,325	30,997	31,802	29,742	28,946	32,735	31,533	31,496	33,875
Residential MSW (tonnage)	8,488	7,952	5,588	5,359	8,442	9,916	8,781	12,897	13,327	14,355
Roll-Off Debris (tonnage)	14,949	15,307	15,075	14,945	16,398	16,748	17,639	16,442	15,920	19,146
Recycling (tonnage)	-	-	-	-	4,014	4,300	4,699	5,079	5,497	4,993
Culture and Recreation										
City Recreation Venues ⁽²⁾	555,145	990,185	1,056,291	1,188,389	1,073,336	900,826	579,642	656,936	815,278	752,242
Water system										
Number of service connections	20,576	21,010	21,365	22,193	22,919	23,132	23,692	25,210	26,069	26,257
Daily average finished flow in gallons	6,129,000	6,020,000	6,024,910	6,042,200	6,326,401	6,820,250	6,880,750	6,921,666	7,292,833	7,422,500
Maximum daily capacity of plants, in gallons	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Wastewater system										
Number of service connections	16,552	16,690	16,859	17,530	18,680	21,058	21,351	23,051	23,825	24,022
Daily average treatment in gallons	14,230,000	14,857,000	13,710,000	14,540,000	14,890,000	11,648,000 ⁽⁴⁾	14,810,000	14,780,000	15,040,000	14,410,000
Maximum daily capacity of treatment plants, in gallons	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000
Building Permits and Inspection										
Building permits issued	4,122	4,941	5,323	5,836	6,548	7,465	8,916	9,174	7,982	8,611
Golf Courses										
Number of rounds per year, Eastwood	56,399	55,327	56,117	52,196	54,920	59,741	56,466	52,439	42,815	52,197
Number of rounds per year, Fort Myers	57,905	55,625	55,444	52,335	53,565	38,930 ⁽⁵⁾	58,756	58,245	63,461	61,687

Sources: Various City departments

Note: In fiscal year 2013, the City changed this schedule to enhance the reporting of Operating Indicators. Therefore, the Capital Assets Statistics reported in previous fiscal years' Schedule 17 transferred to Schedule 18.

⁽¹⁾ Citations declined due to fewer traffic stops.

⁽²⁾ Comprises attendance at City community centers, athletics and aquatics venues, and special events.

⁽³⁾ Reporting period January 2014 to September 2014.

⁽⁴⁾ Less influent from Lee County to South Plant and lower rainfall than normal.

⁽⁵⁾ Fort Myers Country Club closed five months for renovations, which led to a temporary increase at the Eastwood Golf Course.

⁽⁶⁾ Decrease due to low acuity call types dispatched by 911 as an EMS only response, not requiring the additional response by Firefighters.

⁽⁷⁾ Decline due to change in reporting software.

⁽⁸⁾ Increase due to the inclusion of warning citations, FMPD citations issued after hours, and a better enforcement program.

CITY OF FORT MYERS, FLORIDA
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function/program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Number of Enterprise Center buildings	2	2	2	2	2	2	2	2	2	2
Number of Facility Management vehicles	14	14	14	14	13	12	14	14	14	12
Police										
Number of stations	2	2	2	2	2	2	2	2	1	1
Number of substations	0	0	0	0	0	0	0	0	3	3
Number of patrol vehicles	120	120	120	114	111	109	111	136	135	154
Number of unmarked vehicles	43	43	43	43	43	43	43	50	49	60
Number of pickup trucks	4	4	4	4	4	4	4	3	3	3
Number of vans	6	6	6	6	6	6	6	6	8	6
Number of motorcycles	2	2	2	2	2	2	2	2	2	2
Number of boats	1	1	1	1	1	1	1	1	1	1
Number of boat trailers	1	1	1	1	1	1	1	1	1	1
Number of Volunteers in Policing units	3	3	3	3	3	3	3	3	1	1
Mobile command post	1	1	1	1	1	1	1	1	1	1
ERV (MCOPS vehicle)	1	1	1	1	1	1	1	1	1	1
Hostage negotiator truck	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations	6	6	6	6	6	6	6	6	6	6
Number of fire fighting units	10	10	10	10	10	11	11	10	11	11
Number of rescue units	2	2	2	2	2	2	2	2	2	4
Number of marine units	2	2	2	2	2	2	2	2	1	1
Number of support/specialty units	5	5	5	5	5	5	5	5	5	14
Culture and Recreation										
Number of community centers	3	3	3	3	3	3	3	3	3	1
Number of parks	34	35	35	35	35	35	35	35	35	35
Park acreage (including golf courses)	451	451	537 ⁽¹⁾	537 ⁽¹⁾	537 ⁽¹⁾	537	537	537	497	497
Number of swimming pools	4	4	4	4	4	4	4	4	4	4
Number of tennis courts	16	16	16	16	16	16	16	16	16	17
Number of skate parks	1	1	1	1	1	1	1	0	0	0
Public Works										
Number of Public Works buildings	n/a	n/a	n/a	n/a	132	132	132	132	132	155
Miles of City maintained streets	240	240	240	240	240	240	240	226 ⁽⁴⁾	247	224
Number of street lights	10,346	10,346	10,346	10,346	10,346	10,346	10,346	10,425 ⁽⁴⁾	10,425	10,425
Number of bridges	n/a	n/a	n/a	n/a	16	27 ⁽⁴⁾	27	27	27	27
Number of culverts	n/a	n/a	n/a	n/a	12	12	12	35 ⁽⁵⁾	35	35
Sewer system										
Miles of sanitary sewers	388	400	406	410	410	422	422	357 ⁽⁴⁾	368	430
Number of sewer treatment plants	2	2	2	2	2	2	2	2	2	2
Water system										
Number of water treatment plants	1	1	1	1	1	1	1	1	1	1
Miles of water mains	397	413	441	453	458	469	469	434 ⁽⁴⁾	439	439
Number of fire hydrants	4,600	4,600	3,185 ⁽²⁾	3,188 ⁽²⁾	3,188 ⁽²⁾	3,231	3,231	3,189 ⁽⁴⁾	4,100	4,194
Stormwater										
Miles of storm drainage pipes	n/a	n/a	n/a	n/a	139	139	139	58 ⁽⁴⁾	59	54
Number of catch basins ⁽⁶⁾	n/a	n/a	n/a	n/a	831	844	844	4,681	4,691	4,691
Solid Waste										
Number of refuse collection vehicles	39	38	37	38	41	44	46	47	44	45
Golf Courses										
Number of golf courses	2	2	2	2	2	2	2	2	2	2
Number of holes	36	36	36	36	36	36	36	36	36	36
Yacht Basin/Marina										
Number of slips	296	296	295	295	284	284	284	284	284	284
Number of non-transient boats docked ⁽³⁾	135	130	130	130	147	140	145	155	156	177

(continued)

CITY OF FORT MYERS, FLORIDA
Capital Asset Statistics by Function
Last Ten Fiscal Years (continued)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function/program										
Downtown Parking Garages										
Number of parking garages	2	2	2	2	2	2	2	2	2	2
Harborside Event Center										
Number of event center buildings	1	1	1	1	1	1	1	1	1	
Cultural and Recreation										
Number of buildings	4	4	4	4	4	4	4	4	4	

Sources: Various city departments

Note: In fiscal year 2013, the City changed this schedule to provide more details on Capital Assets Statistics. Previous fiscal years' Schedule 18 reported number of assets by function.

⁽¹⁾ Fluctuation from fiscal year 2010 to 2011 based on GPS enhancements available in fiscal year 2011.

In fiscal year 2014, acreage corrected for fiscal years 2011 - 2013 to remove the inclusion of wellfield acres for the golf courses.

⁽²⁾ In fiscal year 2014, hydrants corrected for fiscal years 2011 - 2013 to remove the inclusion of hydrants owned and maintained privately or by Lee County.

⁽³⁾ Updated description in fiscal year 2015 to non-transient boats (leases longer than thirty days).

⁽⁴⁾ Updated, based on GIS data.

⁽⁵⁾ Verified with Google Earth by City of Fort Myers, Florida Stormwater Resource Manager.

⁽⁶⁾ Updated, based on GIS data, in fiscal year 2016 to include manholes, curb inlets, headwalls and mitered end sections.



Single Audit Report





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

Honorable Mayor and City Council
City of Fort Myers, Florida
Fort Myers, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Fort Myers, Florida, (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 28, 2019.

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Fort Myers, Florida
March 28, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and City Council
City of Fort Myers, Florida
Fort Myers, Florida

Report on Compliance for Each Major Federal Program

We have audited City of Fort Myers, Florida's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2018. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes 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 audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-001, 2018-002, and 2018-004. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-002, 2018-003, and 2018-004 to be significant deficiencies.

Honorable Mayor and City Council
City of Fort Myers, Florida

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of 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. We issued our report thereon dated March 28, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Fort Myers, Florida
April 12, 2019

CITY OF FORT MYERS, FLORIDA
Schedule of Expenditures of Federal Awards
For the Period Ended September 30, 2018

FUNDING AGENCY / GRANT NAME	FEDERAL CFDA NUMBER	FEDERAL OR Passed through GRANT NUMBER	TOTAL EXPENDITURES	TRANSFER TO SUBRECIPIENTS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Community Development Block Grant / Entitlement Grant Cluster				
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-12-0006	\$ 77,118	\$ -
Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-12-0006	27,619	3,900
Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-12-0006	124,526	-
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-12-0006	445,390	61,400
Community Development Block Grants/Entitlement Grants-NSP 1	14.218	B-08-MN-12-0008	14,526	-
Community Development Block Grants/Entitlement Grants-NSP 3	14.218	B-11-MN-12-0008	100,290	-
Total Community Development Block Grant / Entitlement Grant Cluster		14.218 Total	789,469	65,300
Total U.S. Department of Housing and Urban Development			789,469	65,300
U.S. DEPARTMENT OF JUSTICE				
Bulletproof Vest Partnership Program FY 2017	16.607	None	10,056	
Public Safety Partnership and Community Policing Grants	16.710	2015-UM-WX-0166	288,212	
Public Safety Partnership and Community Policing Grants	16.710	2017-UM-WX-0136	27,384	
		16.710 Total	315,596	
Edward Byrne Memorial Justice Assistance Grant Program FY 2017-2019	16.738	2016-DJ-BX-0575	56,777	
Total U.S. Department of Justice			382,429	
U.S. DEPARTMENT OF TRANSPORTATION				
Federal Highway Administration				
<i>Passed through State of Florida, Department of Transportation</i>				
Highway Planning and Construction Cluster				
Federal-Aid Highway Program, Federal Lands Highway Program				
Highway Planning and Construction - John Yarbrough Linear Park Phase IV Feasibility Study	20.205	FM #431321-1-18-01, G0I24	169,798	
Highway Planning and Construction - McGregor Boulevard Flexible Pavement Reconstruction	20.205	FM #437137-1-58/68-01, G0D33	1,203,107	
Highway Planning and Construction - Winkler Canal Shared Use Path Feasibility Study	20.205	FM #431322-1-18-01, G0C17	149,758	
Highway Planning and Construction - Veronica Shoemaker Left Turn Lane	20.205	FPN 430885-1-58-01, G0850	131,421	
Total Highway Planning and Construction Cluster		20.205 Total	1,654,084	
Total U.S. Department of Transportation			1,654,084	
U.S. DEPARTMENT OF HOMELAND SECURITY				
Federal Emergency Management Agency				
<i>Passed through Florida Division of Emergency Management</i>				
Homeland Security Grant Program				
Homeland Security Grant Program FY 2016	97.067	17-DS-V4-09-21-01-307/EMW-2016-SS-00092-S01	7,035	
Homeland Security Grant Program FY 2017	97.067	18-DS-X1-09-21-02-244/EMW-2017-SS-00061-501	34,860	
		97.067 Total	41,895	
Staffing for Adequate Fire and Emergency Response (SAFER) Grant FY 2014	97.083	EMW-2014-FH-00254-001	650,531	
Total U.S. Department of Homeland Security			692,426	
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,518,408	\$ 65,300

See accompanying notes to Schedule of Expenditures of Federal Awards.

CITY OF FORT MYERS, FLORIDA
Schedule of Expenditures of State Financial Assistance
For the Period Ended September 30, 2018

FUNDING AGENCY / GRANT NAME	STATE CSFA NUMBER	STATE GRANT NUMBER	TOTAL EXPENDITURES	TRANSFER TO SUBRECIPIENTS
FLORIDA HOUSING FINANCE CORPORATION				
State Housing Initiatives Partnership Program	40.901	None	\$ 397,045	
Total Florida Housing Finance Corporation			<u>397,045</u>	
FLORIDA DEPARTMENT OF LAW ENFORCEMENT				
Community Violence Reduction Initiative				
Safe Communities Violence Reduction	71.023	G1606	154,056	
Total Florida Department of State and Secretary of State			<u>154,056</u>	
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 551,101</u>	<u>\$ -</u>

See accompanying notes to Schedule of Expenditures of State Financial Assistance.

CITY OF FORT MYERS, FLORIDA
Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the City of Fort Myers, Florida (City) under programs of the federal government for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – COMMUNITY DEVELOPMENT BLOCK GRANTS / ENTITLEMENT GRANTS

In accordance with the terms of the award, program income totaling \$114,816 was used to reduce the amount of federal awards used to complete the project.

CITY OF FORT MYERS, FLORIDA
Notes to Schedule of Expenditures of State Financial Assistance
Year Ended September 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance (State Schedule) includes the state award activity of the City of Fort Myers, Florida (City) under programs of the State of Florida for the year ended September 30, 2018. The information in the State Schedule is presented in accordance with the requirements of Section 215.97, Florida Statutes, and *Rules of the Auditor General*, Chapter 10.550. Because the State Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

**CITY OF FORT MYERS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2018**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported
3. Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? X yes _____ no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? X yes _____ no
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X yes _____ no

Identification of Major Federal Programs

CFDA Number

14.218

20.205

Name of Federal Program or Cluster

CDBG – Entitlement Grants Cluster

Highway Planning and Construction Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes X no

**CITY OF FORT MYERS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2018**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

2018-001

Federal agency: U.S. Department Housing and Urban Development

Federal program: CDBG – Entitlement Grants Cluster

CFDA Number: 14.218

Award Period: Various

Type of Finding: Material Weakness in Internal Control over Compliance, Other Matters

Criteria: 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* requires compliance with the provisions of monitoring and reporting program performance.

Condition: During our testing, we noted that the City's CAPER report and supporting reports filed with the U.S. Department of Housing and Urban Development contained an error in the amount of \$107,000. Expenditures reported were inaccurate and did not reconcile to the City's general ledger. The error noted during the audit was subsequently corrected by the City and updated reports were filed with the granting agency.

Questioned costs: None

Context: Expenditures reported did not agree to the City's general ledger and an error of approximately \$107,000 was reported.

Cause: The City's controls and processes did not prevent or detect the error.

Effect: The City was not in compliance with reporting requirements of the grant agreement.

Repeat Finding: No

Recommendation: We recommend that the City design controls to ensure that all reporting requirements are followed and review and approval is sufficiently performed prior to submission.

Views of responsible officials: Management is in agreement with the audit finding.

**CITY OF FORT MYERS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2018**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2018-002

Federal agency: U.S. Department Housing and Urban Development

Federal program: CDBG – Entitlement Grants Cluster

CFDA Number: 14.218

Award Period: Various

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria: 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* requires compliance with the provisions of monitoring and reporting program performance.

Condition: During our testing, we noted that the City did not have adequate internal controls designed to ensure that required reports were submitted to the granting agency by the required due date.

Questioned costs: None

Context: For one of the two financial reports (SF 425 Federal Cash Transaction Report) selected for testing, the City did not remit the report to granting agency timely. Additionally, three of the five required quarterly performance reports that were tested were not submitted timely.

Cause: The City's internal controls did not function properly to ensure the timely filing of all required reports.

Effect: The City was not in compliance with reporting requirements of the grant agreement.

Repeat Finding: No

Recommendation: We recommend that the City's policies and procedures be followed to ensure that all reporting requirements are met and that reporting due dates be carefully monitored to ensure that reports are submitted timely.

Views of responsible officials: Management is in agreement with the audit finding.

2018-003

Federal agency: U.S. Department Housing and Urban Development

Federal program: CDBG – Entitlement Grants Cluster

CFDA Number: 14.218

Award Period: Various

Type of Finding: Significant Deficiency in Internal Control over Compliance

**CITY OF FORT MYERS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2018**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Criteria: 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* requires that all pass-through entities must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes and that subaward performance goals are achieved.

Condition: During our testing, we noted that the City's internal controls over subrecipient monitoring do not include documenting the procedures performed during their monthly desk reviews of subrecipients.

Questioned costs: None

Context: The City did not document monthly desk reviews for four of the four subrecipients selected for testing.

Cause: During our testing, we noted that the City's policies and internal controls over subrecipient monitoring include performing annual onsite monitoring. However, this policy does not include provisions to document the procedures performed.

Effect: Without proper controls in place, federal funds could be expended that are not in compliance with the provisions of the grant.

Repeat Finding: Yes, 2017-002

Recommendation: We recommend that the City document the procedures performed during monthly desk reviews to document performance of the procedure.

Views of responsible officials: Management is in agreement with the audit finding.

2018-004

Federal agency: U.S. Department of Transportation

Federal program: Highway Planning and Construction Cluster

CFDA Number: 20.205

Passed-through Agency: Florida Department of Transportation

Pass-Through Numbers: Various

Award Period: Various

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria: The grant agreement with the Florida Department of Transportation states the City is obligated to submit an invoice or other request for reimbursement to the Florida Department of Transportation for all work completed for projects no less than on a quarterly basis.

Condition: The City did not submit invoices or requests for reimbursement to the Florida Department of Transportation on a basis that was quarterly or less.

**CITY OF FORT MYERS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2018**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Questioned costs: None

Context: We tested 5 of 13 reimbursement requests submitted in 2018 and noted that the reimbursement requests were not being made in the time period required by the grant agreement.

Cause: The City's policies and procedures did not establish internal controls to ensure that project reimbursement requests were submitted to the grantor at least quarterly.

Effect: The City was not in compliance with reporting requirements of the grant agreement.

Repeat Finding: No

Recommendation: We recommend that the City strengthen internal controls to ensure that all reporting procedures are being performed within the time period required by the Florida Department of Transportation.

Views of responsible officials: Management is in agreement with the audit finding.



City of Palms

City of Fort Myers, Florida

FINANCIAL SERVICES ADMINISTRATION

PO Box 2217

Fort Myers, Florida 33902-2217

239.321.7147

**CITY OF FORT MYERS, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2018**

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2017 – 001

Condition: During our testing, we noted that the City did not have internal controls designed to ensure that the review and approval of required reports is documented prior to submission to the granting agency. Additionally, the expenditures reported were inaccurate and did not reconcile to the City's general ledger.

Status: Corrected in the current fiscal year.

2017 – 002

Condition: During our testing, we noted that the City did not have adequate internal controls designed to ensure that required reports were submitted to the granting agency by the required due date.

Status: Partially corrected in the current fiscal year. The Housing and Real Estate Division changed procedures to ensure reports are submitted on the due date after the audit finding last. In addition, the staff determined that the City Manager may sign the SF425 reports. This change reduced the time to obtain signature(s) from elected officials.

Reason for finding's recurrence: For one of the two financial reports (SF 425 Federal Cash Transaction Report) selected for testing, the City did not remit to granting agency timely. Additionally, three of the five required quarterly performance reports that were tested were not submitted timely. The finding recurred because the corrective action did not take place until after the completion of the fiscal year 2017 audit and some reports for fiscal year 2018 were delayed.

Corrective Action: The Housing and Real Estate Division (HRE), in addition to changing their procedures to include Microsoft Outlook notification for quarterly and annual reports, has hired a part-time person to help ensure timely grant monitoring and reporting.

2017 – 003

Condition: During our testing, we noted that the City's internal controls over earmarking do not include documenting the procedures performed during their monthly desk reviews of subrecipients. Because the procedures were not documented, we were unable to determine if the earmarking requirement was monitored throughout the year.

**CITY OF FORT MYERS, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2018**

Status: Partially corrected in the current fiscal year. The Housing and Real Estate Division performed the required monitoring but did not document the review and approval of the desk reviews.

Reason for finding's recurrence: The City did not document monthly desk reviews for four of the four subrecipients selected for testing. City staff provided payment approval of the disbursements to the subrecipients, which does not provide documentation of the review and approval of the desk reviews. Documentation was insufficient to meet the audit evidence requirements.

Corrective Action: Housing and Real Estate will work with the Neighborly software providers to add an audit review checklist to subrecipient module. The checklist will identify items reviewed during the desk reviews.

2017 – 004

Condition: During our testing, we noted that the City's policies and internal controls over subrecipient monitoring include performing annual onsite monitoring and documenting procedures performed. The City did not perform annual onsite monitoring visits as stated in the City's subrecipient monitoring policy.

Status: Corrected in the current fiscal year.

If the Department of Homeland Security has questions regarding this schedule, please call Steven Belden, Community Development Director, at 239.321.7902.



City of Palms

City of Fort Myers, Florida

FINANCIAL SERVICES ADMINISTRATION

PO Box 2217

Fort Myers, Florida 33902-2217

239.321.7147

**CITY OF FORT MYERS, FLORIDA
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2018**

The City of Fort Myers respectfully submits the following corrective action plan for the year ended September 30, 2018.

Audit period: September 30, 2018

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

Federal agency: U.S. Department of Housing and Urban Development

2018-001 Federal program: CDBG – Entitlement Grants Cluster

CFDA Number: 14.218

Recommendation: We recommend that the City design controls to ensure that all reporting requirements are followed and review and approval is sufficiently performed prior to submission.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action planned/taken in response to findings: The Housing and Real Estate Division(HRE) hired a part-time staff person to assist with grant compliance in March 2019. This staff person will work with the Senior Staff Assistance and the Housing and Development Planner to ensure that the information in the Neighborly system, Eden expenditures report and the Integrated Disbursement and Information System (IDIS) is reconciled and verified. The reconciliation of documents and reports will be reviewed with HRE Manager prior to submission for City Council approval.

Name(s) of the contact person(s) responsible for corrective action: Sharon Rozier, Beverly Reed

Planned completion date for corrective action plan: April 2019

Federal agency: U.S. Department of Housing and Urban Development

2018-002 Federal program: CDBG – Entitlement Grants Cluster

CFDA Number: 14.218

Recommendation: We recommend that the City's policies and procedures be followed to ensure that all reporting requirements are followed and that reporting due dates be carefully monitored to ensure that reports are submitted timely.

**CITY OF FORT MYERS, FLORIDA
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2018**

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action planned/taken in response to finding: The Housing and Real Estate Division (HRE) changed their procedures to include Microsoft Outlook notification for quarterly and annual reports. The required grant reporting is also monitored by Senior Staff Assistance. HRE also hired a part-time person to help ensure timely grant reporting.

Name(s) of the contact person(s) responsible for corrective action: Sharon Rozier, Beverly Reed and Shelley Mason

Planned completion date for corrective action plan: April 1, 2019

Federal agency: U.S. Department of Housing and Urban Development

2018-003 Federal program: CDBG – Entitlement Grants Cluster

CFDA Number: 14.218

Recommendation: We recommend that the City document the procedures performed during monthly desk reviews to document performance of the procedure.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Housing and Real Estate will work with the Neighborly software providers to add an audit review checklist to Subrecipient module. The checklist will identify items reviewed during the desk reviews.

Name(s) of the contact person(s) responsible for corrective action: Sharon Rozier, Beverly Reed

Planned completion date for corrective action plan: May 2019

Federal agency: U.S. Department of Transportation

2018-004 Federal program: Highway Planning and Construction Cluster

CFDA Number: 20.205

Passed-through Agency: Florida Department of Transportation

Recommendation: We recommend that the City strengthen internal controls to ensure that all reporting procedures are being performed within the time period required by the Florida Department of Transportation.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The Public Works Contracts and Grants Specialist will comply with all grant requirements, specifically with requesting timely reimbursements. The Public Works Department hired a second Contracts and Grants Specialist in December 2018 to ensure timely reimbursement requests and reporting.

Name(s) of the contact person(s) responsible for corrective action: Thaddeus Boston

Planned completion date for corrective action plan: April 2019

**CITY OF FORT MYERS, FLORIDA
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2018**

If the Department of Homeland Security has questions regarding the plans for Findings 2018-001, 2018-002 and 2018-003, please call Steven Belden, Community Development Director, at 239.321.7902.

If the Department of Homeland Security has questions regarding the plan for Finding 2018-004, please call Richard Moulton, Director of Public Works, at 239.321.7216.



Management Letter





MANAGEMENT LETTER

Honorable Mayor and City Council
City of Fort Myers, Florida
Fort Myers, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Fort Myers, Florida (City), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 28, 2019.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' 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 which are dated March 28, 2019. We also issued our Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance and Schedule of Findings and Questioned Costs which are dated April 12, 2019. Disclosures in those reports and schedule 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. The status of prior year findings and recommendations are listed in Appendix A.

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 to 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 to identify 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.b. 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 recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

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

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 which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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



CliftonLarsonAllen LLP

Fort Myers, Florida
April 12, 2019

**CITY OF FORT MYERS, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2018**

APPENDIX A – STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Finding Number	Current Year Finding Number	Current Year Status	
		Cleared	Not Cleared
2017-001	NA	X	
2017-002	2018-003		X
2017-003	NA	X	
2017-004	NA	X	
2017-005	NA	X	
2017-006	NA	X	



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INDEPENDENT ACCOUNTANTS' REPORT

Honorable Mayor and City Council
City of Fort Myers, Florida
Fort Myers, Florida

We have examined City of Fort Myers, Florida's (City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on City's compliance with the specified requirements based on our examination.

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

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

In our opinion, the City complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
March 28, 2019

